

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year-to-Date Ended 31 March 2023**

	31.03.2023 RM'000	Quarter Ended 31.03.2022 RM'000	Changes %	31.03.2023 RM'000	Year-To-Date Ended 31.03.2022 RM'000	Changes %
Revenue	250,298	337,349	-26%	250,298	337,349	-26%
Cost of sales	(165,560)	(198,578)	-17%	(165,560)	(198,578)	-17%
Gross profit	84,738	138,771	-39%	84,738	138,771	-39%
Other operating income	8,004	15,000	-47%	8,004	15,000	-47%
Other operating expenses	(51,743)	(88,908)	-42%	(51,743)	(88,908)	-42%
Operating profit	40,999	64,863	-37%	40,999	64,863	-37%
Finance costs	(5,364)	(8,949)	-40%	(5,364)	(8,949)	-40%
Share of profit of an associate, net of tax	2,002	6,289	-68%	2,002	6,289	-68%
Share of (loss)/profit of joint ventures, net of tax	(6,843)	4,482	nm	(6,843)	4,482	nm
Core profit before taxation	30,794	66,685	-54%	30,794	66,685	-54%
Loss on foreign exchange	(4,173)	(4,061)	3%	(4,173)	(4,061)	3%
Gain on disposal of assets held for sale	27,604	53,225	-48%	27,604	53,225	-48%
Profit before taxation	54,225	115,849	-53%	54,225	115,849	-53%
Taxation	(16,292)	(9,149)	78%	(16,292)	(9,149)	78%
Profit for the period	37,933	106,700	-64%	37,933	106,700	-64%
Other comprehensive income						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	73,411	6,042	1115%	73,411	6,042	1115%
Net loss on financial assets at fair value through other comprehensive income ("FVOCI")	(391)	-	100%	(391)	-	100%
Other comprehensive income for the period, net of tax	73,020	6,042	1109%	73,020	6,042	1109%
Total comprehensive income for the period	110,953	112,742	-2%	110,953	112,742	-2%
Profit attributable to :						
Owners of the Company	29,428	96,476	-69%	29,428	96,476	-69%
Non-controlling interests	8,505	10,224	-17%	8,505	10,224	-17%
	37,933	106,700	-64%	37,933	106,700	-64%
Total comprehensive income attributable to :						
Owners of the Company	93,431	101,864	-8%	93,431	101,864	-8%
Non-controlling interests	17,522	10,878	61%	17,522	10,878	61%
	110,953	112,742	-2%	110,953	112,742	-2%
Earnings per share attributable to owners of the Company						
Basic (sen)	2.13	6.99		2.13	6.99	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

*nm = not meaningful

Note

Revenue and profitability for the quarter and year-to-date ended 31 March 2023 and the corresponding periods last year were impacted by the Indonesia Export Levy and Duty on CPO which is tabulated below:

	31.03.2023 RM'000	Quarter Ended 31.03.2022 RM'000	Variance RM'000	31.03.2023 RM'000	Year-To-Date Ended 31.03.2022 RM'000	Variance RM'000
Indonesia Export Levy and Duty on CPO	26,002	45,935	(19,933)	26,002	45,935	(19,933)

Condensed Consolidated Statement of Financial Position
As at 31 March 2023

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,289,312	1,256,556
Biological assets	365,119	364,842
Right-of-use assets	258,787	255,082
Intangible assets	51,762	50,350
Investment in an associate	76,813	77,437
Investments in joint ventures	99,241	106,083
Deferred tax assets	506	6,026
Other receivables	57,154	53,946
Investment securities	24,544	50
	<u>2,223,238</u>	<u>2,170,372</u>
Current assets		
Biological assets	16,089	13,531
Inventories	139,961	132,923
Trade and other receivables	44,916	39,725
Other current assets	9,303	6,432
Tax recoverable	11,215	8,789
Investment securities	1	1
Derivative assets	-	30
Short term funds	5,214	6,385
Cash and bank balances	303,197	375,580
	<u>529,896</u>	<u>583,396</u>
Assets held for sale	215,029	205,510
	<u>744,925</u>	<u>788,906</u>
TOTAL ASSETS	<u><u>2,968,163</u></u>	<u><u>2,959,278</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	(190,903)	(254,906)
Retained earnings	1,446,128	1,416,700
	<u>1,994,270</u>	<u>1,900,839</u>
Non-controlling interests	246,781	231,219
TOTAL EQUITY	<u><u>2,241,051</u></u>	<u><u>2,132,058</u></u>
Non-current liabilities		
Loans and Borrowings	147,650	164,860
Retirement benefits	19,364	17,324
Lease liabilities	1,221	1,320
Deferred tax liabilities	86,099	86,555
	<u>254,334</u>	<u>270,059</u>
Current liabilities		
Loans and Borrowings	290,080	394,251
Trade and other payables	162,445	142,158
Derivative liabilities	2,344	3,282
Lease liabilities	410	615
Current tax payable	17,499	16,855
	<u>472,778</u>	<u>557,161</u>
TOTAL LIABILITIES	<u><u>727,112</u></u>	<u><u>827,220</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,968,163</u></u>	<u><u>2,959,278</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 2022

**Condensed Consolidated Statement of Changes In Equity
For The Quarter Ended 31 March 2023**

	Attributable to owners of the Company									
	Non-distributable			Equity attributable to owners of the						
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserves RM'000	Share Of Associate Reserves RM'000	Fair Value Reserves RM'000	Foreign Currency Translation Reserves RM'000	Retained Earnings RM'000	Company Total RM'000	Non-controlling Interests RM'000	Equity Total RM'000
Balance as at 1 January 2023	740,512	(1,467)	9,630	100	-	(264,636)	1,416,700	1,900,839	231,219	2,132,058
Profit for the period	-	-	-	-	-	-	29,428	29,428	8,505	37,933
Other comprehensive income:										
Foreign currency translations	-	-	-	-	-	64,394	-	64,394	9,017	73,411
Net loss on financial assets at FVOCI	-	-	-	-	(391)	-	-	(391)	-	(391)
Other comprehensive income for the period, net of tax	-	-	-	-	(391)	64,394	-	64,003	9,017	73,020
Total comprehensive income for the period	-	-	-	-	(391)	64,394	29,428	93,431	17,522	110,953
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,960)	(1,960)
Balance as at 31 March 2023	740,512	(1,467)	9,630	100	(391)	(200,242)	1,446,128	1,994,270	246,781	2,241,051
Balance as at 1 January 2022	740,512	(1,467)	9,630	100	-	(218,623)	1,111,178	1,641,330	172,258	1,813,588
Profit for the period	-	-	-	-	-	-	96,476	96,476	10,224	106,700
Other comprehensive income:										
Foreign currency translations	-	-	-	-	-	5,388	-	5,388	654	6,042
Other comprehensive income for the period, net of tax	-	-	-	-	-	5,388	-	5,388	654	6,042
Total comprehensive income for the period	-	-	-	-	-	5,388	96,476	101,864	10,878	112,742
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	(980)	(980)
Balance as at 31 March 2022	740,512	(1,467)	9,630	100	-	(213,235)	1,207,654	1,743,194	182,156	1,925,350

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 2022

Condensed Consolidated Statement of Cash Flows
For The Quarter Ended 31 March 2023

	Quarter Ended	
	31.3.2023	31.3.2022
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	54,225	115,849
Adjustments for :-		
Depreciation and amortisation	24,568	27,131
Fair value gain on commodity futures contract	(15)	(899)
Net unrealised foreign exchange loss	3,625	4,129
Net gain on disposal of assets held for sale and property, plant and equipment ("PPE")	(27,548)	(53,363)
Write back of impairment losses on trade and other receivables	-	(255)
PPE written off	20	127
(Write back of inventories written down)/Inventories written down	(1,566)	8,167
Inventories written off	404	358
Gain from fair value adjustment of fresh fruit bunches ("FFB")	(1,920)	(8,856)
Share of loss/(profit) of joint ventures	6,843	(4,482)
Share of profit of an associate	(2,002)	(6,289)
Interest expense	5,364	8,949
Interest income	(2,662)	(2,214)
Dividend income	-	(18)
Operating cash flows before working capital changes	59,336	88,334
Changes in working capital :-		
Increase in inventories	(5,875)	(35,232)
Increase in receivables	(15,235)	(11,921)
Increase in payables	22,875	5,972
Cash flows from operations	61,101	47,153
Net income tax paid	(14,030)	(7,882)
Net cash flows from operating activities	47,071	39,271
Cash Flows from Investing Activities		
Addition of right of use assets	(536)	-
Purchases of PPE	(9,928)	(13,603)
Purchases of financial assets at FVOCI	(24,525)	-
Forest planting expenditure	(559)	(424)
Proceeds from disposal of assets held for sale and PPE	28,914	159,502
Interest received	2,662	2,214
Dividends received	2,627	6,322
Net cash flows (used in)/from investing activities	(1,345)	154,011
Cash Flows from Financing Activities		
Net repayments of term loans/medium term notes	(26,658)	(12,692)
Net repayments of other borrowings	(94,805)	(121,800)
Payments of lease liabilities and lease interest	(319)	(281)
Interest paid	(5,345)	(8,902)
Dividends paid to non-controlling interests	(1,960)	(980)
Net cash flows used in financing activities	(129,087)	(144,655)
Net (decrease)/increase in cash and cash equivalents	(83,361)	48,627
Cash and cash equivalents at beginning of period	376,231	292,751
Effects of changes in exchange rates	10,056	510
Cash and cash equivalents at end of period	302,926	341,888
Cash and Cash Equivalents comprised:		
Cash and bank balances	303,197	340,446
Short term funds	5,214	5,996
Less : Bank overdraft	-	(187)
Less : Deposits pledged with security	(4,992)	(3,877)
Less : Deposits with maturity of over 3 months	(493)	(490)
Cash and bank balances	302,926	341,888

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2022

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EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2023
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 2022.

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 2022.

The material accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 except for the adoption of the following Amendments to MFRSs during the current financial period.

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</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

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

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

Title	Effective Date
Amendments to MFRS 16 <i>Lease liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
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 2022 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 of the Group for the current quarter ended 31 March 2023 except for the recognition of gain on disposal of RM27.6 million arising from the completion of the disposal of 574.56 hectares of uncertified land by a subsidiary, PT Bulungan Citra Agro Persada ("BCAP") on 18 January 2023 as disclosed in Note 7 of Part B.

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 March 2023.

7. Dividends paid

There were no dividends paid during the quarter ended 31 March 2023.

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8. Segmental information

i) Business segments

Business Segment For Quarter Ended

	Palm Products		Others		Total	
	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000	31.03.2023 RM'000	31.03.2022 RM'000
SEGMENT REVENUE	233,124	312,264	17,174	25,085	250,298	337,349
Segment operating profit/(loss)	50,524	76,185	(3,263)	(4,303)	47,261	71,882
Gain on disposal of assets held for sale	27,604	53,225	-	-	27,604	53,225
SEGMENT PROFIT/ (LOSS)	78,128	129,410	(3,263)	(4,303)	74,865	125,107
Unallocated corporate expenses					(6,262)	(7,019)
Loss on foreign exchange					(4,173)	(4,061)
Finance costs					(5,364)	(8,949)
Share of profit of an associate					2,002	6,289
Share of (loss)/profit of joint ventures					(6,843)	4,482
Consolidated profit before tax					54,225	115,849

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8. Segmental information (continued)

i) Business segments (continued)

Business Segment For Year-To-Date Ended

	Palm Products		Others		Consolidated	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENTS ASSETS	2,085,154	2,153,667	610,958	705,653	2,696,112	2,859,320
Investments in joint ventures					99,241	93,944
Investment in an associate					76,813	82,058
Deferred tax assets					506	3,077
Tax recoverable					11,215	2,959
Unallocated assets					84,276	238,166
Consolidated total assets					2,968,163	3,279,524
SEGMENT LIABILITIES	160,511	209,958	29,332	39,669	189,843	249,627
Borrowings					437,730	979,130
Lease liabilities					1,631	3,894
Deferred tax liabilities					86,099	109,630
Unallocated liabilities					11,809	11,893
Consolidated total liabilities					727,112	1,354,174

ii) Geographical segments

	Quarter Ended			
	Total revenue from external customers		Non-Current Assets	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	74,683	134,133	998,114	1,125,683
Indonesia	163,102	184,480	1,357,949	1,435,165
United States of America	5,619	11,202	-	-
South West Pacific	4,987	4,875	-	-
Others	1,907	2,659	-	5
Total	250,298	337,349	2,356,063	2,560,853

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9. Changes in composition of the Group

On 3 January 2023, Ekowood (USA) Inc. (“Ekowood USA”), a wholly-owned subsidiary of Ekowood International Berhad, which in turn is a wholly-owned subsidiary of the Group received a notification from the Secretary of the State of the United States of America that Ekowood USA had been successfully dissolved. The dissolution of Ekowood USA will not have any material impact on the net assets and earnings per share of the Group.

On 27 January 2023, PT Sinar Bersatu (“PTSB”), a 99% owned subsidiary of CocoaHouse Sdn Bhd, which in turn is a wholly-owned subsidiary of the Group received a notification from the Ministry of Finance, Republic of Indonesia that PTSB had been duly wound-up. The members’ voluntary winding up of PTSB will not have any material impact on the net assets and earnings per share of the Group.

On 27 March 2023, Polar Vertex Sdn. Bhd. (“PVSB”), a wholly-owned subsidiary of TSH Resources Berhad has had its final meeting (“Final Meeting”) to conclude its Member’s Voluntary Winding-Up. Return by Liquidator relating to the Final Meeting together with a copy of the accounts were subsequently submitted to the Companies Commission of Malaysia and Official Receiver on 3 April, 2023 and PVSB will be fully dissolved on the expiration of 3 months from the date of lodgement of the Return by the Liquidator.

Apart from the above, there were no significant changes in the composition of the Group for the quarter ended 31 March 2023 including business combination, acquisition or disposal of subsidiaries and long-term investments, and restructuring.

10. Capital commitments

The amount of commitments for capital expenditure as at 31 March 2023 is as follows:

	As at 31.03.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted for	19,177	13,580
Approved but not contracted for	72,304	31,719
	<u>91,481</u>	<u>45,299</u>

11. Changes in contingent liabilities or contingent assets

Contingent tax expenses pending outcome of court cases were disclosed in the last reporting period. In addition, there are also ongoing objections with the local tax authority on certain disputed tax assessments, which the Group is of the view that it has valid explanations to justify.

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

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12. Material related party transactions

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

	Year-To-Date Ended 31 March 2023 RM'000
Sales of crude palm oil	57,499
Sales of palm kernel	7,835

13. Subsequent event

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

14. Fair Value of Financial Instruments

The Group uses the following hierarchy in determining the fair value of all financial instruments carried at fair value:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

As at 31 March 2023, the Group held the following financial instruments that are measured at fair value:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Assets:				
Non-current assets:				
Financial assets at fair value through profit or loss:				
• Investment securities (Unquoted)	-	-	50	50
Financial assets at fair value through other comprehensive income:				
• Investment securities (Unquoted)	-	24,494	-	24,494
Current assets:				
Financial assets at fair value through profit or loss:				
• Investment securities (Quoted in Malaysia)	1	-	-	1
• Short term funds	5,214	-	-	5,214

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14. Fair Value of Financial Instruments (Continued)

As at 31 March 2023, the Group held the following financial instruments that are measured at fair value: (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial Liabilities:				
Current liabilities:				
Financial liabilities measured at fair value through profit or loss:				
• Derivative liabilities	-	2,344	-	2,344

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

	Quarter Ended		
	31.03.2023 RM'000	31.03.2022 RM'000	Changes %
Revenue	250,298	337,349	(26%)
Core profit before taxation	30,794	66,685	(54%)
Profit before taxation ("PBT")	54,225	115,849	(53%)

The Group's revenue for the quarter ended 31 March 2023 ("Q1 2023") decreased 26% to RM250.3 million compared with RM337.3 million for the corresponding period last year ("Q1 2022") due to lower average Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices.

Core Profit for Q1 2023 of RM30.8 million was lower compared with RM66.7 million for Q1 2022 in tandem with the decrease in revenue and share of losses of joint ventures amounting to RM6.8 million in Q1 2023 as opposed to share of gain of RM4.5 million in Q1 2022. Consequently, PBT for Q1 2023 of RM54.2 million was lower compared with Q1 2022 of RM115.8 million. Lower PBT for Q1 2023 was also due to lower gain on disposal of BCAP's uncertified land of RM27.6 million, compared to gain on disposals of Ladang Ong Yah Ho and Lahad Datu Palm Oil Mill totalling RM53.2 million in Q1 2022.

1.1 Segmental Revenue

Revenue contributions from the respective segments are analysed as follows:

Revenue	Quarter Ended		
	31.03.2023 RM'000	31.03.2022 RM'000	Changes %
Palm Products	233,124	312,264	(25%)
Others	17,174	25,085	(32%)
Total	250,298	337,349	(26%)

Revenue for Q1 2023 was lower compared with Q1 2022 mainly due to decline in revenue contributions from Palm Products segment attributable to lower average selling prices of CPO and PK despite higher volume sold.

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1. Performance review (Continued)
1.1 Segmental Revenue (Continued)

The average selling prices of CPO and PK for Q1 2023 and Q1 2022 are as shown below:

Average selling prices	Quarter Ended		
	31.03.2023 RM/MT	31.03.2022 RM/MT	Changes %
CPO	3,555	4,779	(26%)
PK	1,770	3,950	(55%)

1.2 Segmental Profit or Loss

Further comments on the segment profit or loss for Q1 2023 are as follows:

1.2.1 Palm Products Segment

Palm Products Segment	Quarter Ended		
	31.03.2023 RM'000	31.03.2022 RM'000	Changes %
Operating profit	50,524	76,185	(34%)

Profit for Palm Products segment for Q1 2023 was lower compared with Q1 2022 in line with lower CPO and PK prices.

Nonetheless, FFB production (as shown in the table below) for Q1 2023 was slightly higher compared with the corresponding period last year due to higher FFB yield per hectare despite the disposals of estates in the previous financial year.

	Quarter Ended		
	31.03.2023 MT	31.03.2022 MT	Changes %
FFB production	199,334	197,947	1%

Both the segment revenue and profit for Q1 2023 and the corresponding period last year were impacted by the Indonesia Export Levy and Duty on CPO as shown below:

	Quarter Ended		
	31.03.2023 RM'000	31.03.2022 RM'000	Changes %
Indonesia Export Levy and Duty on CPO	26,002	45,935	(43%)

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1. Performance review (Continued)
1.2.2 Others Segment

Others Segment	Quarter Ended		
	31.03.2023 RM'000	31.03.2022 RM'000	Changes %
Operating loss	(3,263)	(4,303)	(24%)

Others segment reported a lower operating loss of RM3.3 million for Q1 2023 compared with loss of RM4.3 million for Q1 2022. Higher operating loss in Q1 2022 is mainly due to temporary decommissioning of the bio-mass power plant following the expiry of the erstwhile power purchase agreement. A new power purchase agreement has since been executed and the plant recommenced operation in March 2022. Others segment reported loss in Q1 2023 mainly due to low revenue as a result of low demand for wood products and closure of bio-mass power plant for maintenance.

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

	Q1 2023 RM'000	Q4 2022 RM'000	Changes RM'000
Revenue:	250,298	281,584	(31,286)
Palm Products	233,124	256,887	(23,763)
Others	17,174	24,697	(7,523)
Core profit before taxation	30,794	57,662	(26,868)
PBT	54,225	66,542	(12,317)

Group revenue for Q1 2023 of RM250.3 million was lower compared with Q4 2022 of RM281.6 million. This is mainly attributable to lower revenue contributions from the Palm Products segment as a result of seasonally lower FFB production and lower volume of CPO and PK sold.

Consequently, a lower core profit of RM30.8 million was registered for Q1 2023 compared with RM57.7 million for Q4 2022 in line with lower profit contribution from Palm Products segment, as well as share of losses of joint ventures amounting to RM6.8 million in Q1 2023 as opposed to share of gain of RM8.4 million in Q4 2022.

PBT for Q1 2023 was lower at RM54.2 million compared with RM66.5 million for Q4 2022 mainly due to lower core profit and foreign exchange loss of RM4.2 mil arising from the weakening of Ringgit as opposed to the foreign exchange gain of RM10.9 million in Q4 2022. The impact was cushioned by the recognition of gain on disposal of uncertified land by BCAP of RM27.6 million in Q1 2023.

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3. Commentary on the prospects

CPO price has been downtrending since May 2023 and is currently hovering around RM3,700 per MT. However, the direction of CPO price for the rest of the year will depend on how various influencing factors pan out. The Indonesian government had recently announced that they will gradually ease palm oil domestic sales rules, which will allow more export of palm oil, and thus potentially lowering CPO price. On the other hand, weather related phenomenon such as El Nino may also impact edible oil supplies and prices, depending on the severity and timing of such occurrences.

Notwithstanding the uncertainty in the near term CPO price outlook, the Group 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 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 will remain the core contributor to the Group.

Underpinned by its strong financial position, the Group will strive to progressively increase the planted hectareage to maintain production growth. Barring any unforeseen circumstances, the Group is optimistic of achieving satisfactory performance for year 2023.

4. Profit forecast or profit guarantee

The Group is not involved in any profit guarantee arrangement or providing any forecast profit.

5. Profit Before Taxation

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

	Quarter Ended 31.03.2023 <u>RM'000</u>	Year-To- Date Ended 31.03.2023 <u>RM'000</u>
Depreciation and amortisation	24,568	24,568
Interest expense	5,364	5,364
Interest income	(2,662)	(2,662)
Write-back of inventories written down	(1,566)	(1,566)
Gain from fair value adjustment of FFB	(1,920)	(1,920)
Fair value gain on derivatives:		
- Forward currency contracts	(893)	(893)
- Commodity futures contracts	(15)	(15)
Net foreign exchange loss:		
- Realised	548	548
- Unrealised	4,518	4,518
Rental income	(256)	(256)
Net gain on disposal of assets held for sale and PPE	(27,548)	(27,548)

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6. Taxation

	Quarter Ended 31.03.2023 <u>RM'000</u>	Year-To-Date Ended 31.03.2023 <u>RM'000</u>
Current tax:		
Malaysian income tax	982	982
Foreign tax	10,871	10,871
(Over)/Under-provision in prior year:		
Foreign tax	(40)	(40)
Malaysian income tax	2	2
Deferred tax:		
Relating to origination of temporary differences	4,120	4,120
Under provision in prior year	357	357
	<u>16,292</u>	<u>16,292</u>

The effective tax rate of the Group for the year-to-date ended 31 March 2023 is higher than the statutory tax rate mainly due to non-deductibility of certain expenses for taxation purpose and non-recognition of deferred tax assets for certain subsidiaries.

7. Corporate proposals

On 4 April 2022, BCAP, PT Kawasan Industri Kalimantan Indonesia (“KIKI”) and PT Kalimantan Industrial Park Indonesia (“KIPI”) had entered into a conditional sale, purchase and compensation of land agreement for the proposed disposal by BCAP of 13,214.90 hectares of certificated land together with the 683.36 hectares of uncertified land adjoining thereto (collectively referred to as “the Sale Land”) for a total cash consideration of IDR 2,428.86 billion (or equivalent to approximately RM731.09 million).

On 8 August 2022, the disposal of 7,817.36 hectares of certificated land was completed.

On 18 January 2023, the disposal of 574.56 hectares of uncertified land was completed.

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7. Corporate proposals (Continued)

As at 31 March 2023, total proceeds raised from the disposal was RM457.5 million. RM444.5 million was utilised by the Group as follows:

Details of Utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Balance RM'000
Partial repayment of interest-bearing borrowings	550,000	393,773	156,227
New planting and replanting of oil palm	45,000	126	44,874
Infrastructure works and capital expenditure	47,000	3,162	43,838
General working capital	68,944	34,093	34,851
Defray estimated expenses relating to the disposals	20,143	13,305	6,838
	731,087	444,459	286,628

The remaining balance of RM13.0 million was retained in deposits with licensed financial institutions.

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

8. Group Borrowings and Debt Securities

Comprised:

	As at 31.03.2023					
	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	38,340	22,000	51,900	95,750	90,240	117,750
Unsecured	-	229,740	-	-	-	229,740
Total	38,340	251,740	51,900	95,750	90,240	347,490

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9. Derivatives

The forward currency contracts are entered into by the Group as hedges for committed sales, purchases and loans and borrowings 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.

As at 31 March 2023, the values and maturity analysis of the outstanding derivatives were as follows:

Group

	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000	
Non-hedging derivatives:				
Current				
Forward currency contracts	41,525	-	(2,344)	Less than 1 year

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 except as disclosed in Note 11 of Part A.

11. Proposed Dividend

The Company did not declare any interim dividend for the current quarter ended 31 March 2023.

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12. Earnings per share
(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the quarter and year-to-date ended attributable to 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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Net profit attributable to owners of the Company (RM'000)	29,428	96,476	29,428	96,476
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)	2.13	6.99	2.13	6.99

(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 22 May 2023.