

**Condensed Consolidated Statement of Comprehensive Income
For The Quarter and Year-to-Date Ended 30 June 2023**

	30.06.2023 RM'000	Quarter Ended 30.06.2022 RM'000	Changes %	30.06.2023 RM'000	Year-To-Date Ended 30.06.2022 RM'000	Changes %
Revenue	256,570	424,413	-40%	506,868	761,762	-33%
Cost of sales	(163,219)	(258,775)	-37%	(328,779)	(457,353)	-28%
Gross profit	93,351	165,638	-44%	178,089	304,409	-41%
Other operating income	9,206	10,291	-11%	17,201	25,292	-32%
Other operating expenses	(65,963)	(87,634)	-25%	(117,697)	(176,542)	-33%
Operating profit	36,594	88,295	-59%	77,593	153,159	-49%
Finance costs	(5,523)	(7,151)	-23%	(10,887)	(16,101)	-32%
Share of profit of an associate, net of tax	1,823	6,786	-73%	3,825	13,075	-71%
Share of profit/(loss) of joint ventures, net of tax	1,571	10,905	-86%	(5,272)	15,386	nm
Core profit before taxation	34,465	98,835	-65%	65,259	165,519	-61%
Loss on foreign exchange	(6,962)	(19,516)	-64%	(11,135)	(23,577)	-53%
Gain on disposal of assets held for sale	-	31,755	-100%	27,604	84,980	-68%
Impairment of property, plant and equipment	-	(30,607)	-100%	-	(30,607)	-100%
Profit before taxation	27,503	80,467	-66%	81,728	196,315	-58%
Taxation	(10,923)	(9,302)	17%	(27,215)	(18,451)	47%
Profit for the period	16,580	71,165	-77%	54,513	177,864	-69%
Other comprehensive income						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation differences	94,576	16,619	469%	167,987	22,661	641%
Net loss on financial assets at fair value through other comprehensive income ("FVOCI")	(3)	-	100%	(394)	-	100%
Less: Cumulative loss on financial assets at FVOCI reclassified to profit or loss upon disposal	97	-	100%	97	-	100%
Other comprehensive income for the period, net of tax	94,670	16,619	470%	167,690	22,661	640%
Total comprehensive income for the period	111,250	87,784	27%	222,203	200,525	11%
Profit attributable to :						
Owners of the Company	10,562	57,335	-82%	39,990	153,810	-74%
Non-controlling interests	6,018	13,830	-56%	14,523	24,054	-40%
	16,580	71,165	-77%	54,513	177,864	-69%
Total comprehensive income attributable to :						
Owners of the Company	93,824	72,641	29%	187,255	174,502	7%
Non-controlling interests	17,426	15,143	15%	34,948	26,023	34%
	111,250	87,784	27%	222,203	200,525	11%
Earnings per share attributable to owners of the Company						
Basic (sen)	0.77	4.15		2.90	11.14	

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 30 June 2023 and the corresponding periods last year were impacted by the Indonesia Export Levy and Duty on CPO which is tabulated below:

	Quarter Ended			Year-To-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Variance RM'000	30.06.2023 RM'000	30.06.2022 RM'000	Variance RM'000
Indonesia Export Levy and Duty on CPO	33,765	100,455	(66,690)	59,767	146,390	(86,623)

Condensed Consolidated Statement of Financial Position
As at 30 June 2023

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,333,376	1,256,556
Biological assets	365,455	364,842
Right-of-use assets	264,137	255,082
Intangible assets	53,499	50,350
Investment in an associate	76,534	77,437
Investments in joint ventures	100,812	106,083
Deferred tax assets	854	6,026
Other receivables	57,882	53,946
Investment securities	28,345	50
	<u>2,280,894</u>	<u>2,170,372</u>
Current assets		
Biological assets	17,571	13,531
Inventories	118,765	132,923
Trade and other receivables	36,750	39,725
Other current assets	10,148	6,432
Tax recoverable	16,522	8,789
Investment securities	1	1
Derivative assets	-	30
Short term funds	5,261	6,385
Cash and bank balances	261,347	375,580
	<u>466,365</u>	<u>583,396</u>
Assets held for sale	230,232	205,510
	<u>696,597</u>	<u>788,906</u>
TOTAL ASSETS	<u><u>2,977,491</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	(107,641)	(254,906)
Retained earnings	1,456,690	1,416,700
	<u>2,088,094</u>	<u>1,900,839</u>
Non-controlling interests	259,193	231,219
TOTAL EQUITY	<u><u>2,347,287</u></u>	<u><u>2,132,058</u></u>
Non-current liabilities		
Loans and Borrowings	137,428	164,860
Retirement benefits	21,728	17,324
Lease liabilities	1,124	1,320
Deferred tax liabilities	85,744	86,555
	<u>246,024</u>	<u>270,059</u>
Current liabilities		
Loans and Borrowings	243,284	394,251
Trade and other payables	137,633	142,158
Derivative liabilities	550	3,282
Lease liabilities	410	615
Current tax payable	2,303	16,855
	<u>384,180</u>	<u>557,161</u>
TOTAL LIABILITIES	<u><u>630,204</u></u>	<u><u>827,220</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,977,491</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 30 June 2023**

	Attributable to owners of the Company						Equity attributable to owners of the Company			
	Non-distributable						Company Total		Non-controlling Interests	Equity Total
	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	-	-	-	-	-	-	39,990	39,990	14,523	54,513
Other comprehensive income:										
Foreign currency translations	-	-	-	-	-	147,562	-	147,562	20,425	167,987
Net loss on financial assets at FVOCI	-	-	-	-	(394)	-	-	(394)	-	(394)
Cumulative loss on financial assets at FVOCI reclassified to profit or loss upon disposal	-	-	-	-	97	-	-	97	-	97
Other comprehensive income for the period, net of tax	-	-	-	-	(297)	147,562	-	147,265	20,425	167,690
Total comprehensive income for the period	-	-	-	-	(297)	147,562	39,990	187,255	34,948	222,203
Additional interest in subsidiaries	-	-	-	-	-	-	-	-	2,736	2,736
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(9,710)	(9,710)
Balance as at 30 June 2023	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>(297)</u>	<u>(117,074)</u>	<u>1,456,690</u>	<u>2,088,094</u>	<u>259,193</u>	<u>2,347,287</u>
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	-	-	-	-	-	-	153,810	153,810	24,054	177,864
Other comprehensive income:										
Foreign currency translations	-	-	-	-	-	20,692	-	20,692	1,969	22,661
Other comprehensive income for the period, net of tax	-	-	-	-	-	20,692	-	20,692	1,969	22,661
Total comprehensive income for the period	-	-	-	-	-	20,692	153,810	174,502	26,023	200,525
Dividends paid to owners of the Company	-	-	-	-	-	-	(41,406)	(41,406)	-	(41,406)
Dividends paid to non controlling interests	-	-	-	-	-	-	-	-	(2,263)	(2,263)
Balance as at 30 June 2022	<u>740,512</u>	<u>(1,467)</u>	<u>9,630</u>	<u>100</u>	<u>-</u>	<u>(197,931)</u>	<u>1,223,582</u>	<u>1,774,426</u>	<u>196,018</u>	<u>1,970,444</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 2022

Condensed Consolidated Statement of Cash Flows
For The Quarter Ended 30 June 2023

	Quarter Ended	
	30.06.2023	30.06.2022
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	81,728	196,315
Adjustments for :-		
Depreciation and amortisation	50,076	55,093
Fair value gain on commodity futures contract	(6)	(14,975)
Net unrealised foreign exchange loss	11,096	21,148
Net gain on disposal of assets held for sale and property, plant and equipment ("PPE")	(27,568)	(85,326)
(Write back of impairment losses)/Impairment losses on trade and other receivables	(145)	4,584
PPE written off	230	197
(Inventories written back)/Inventories written down	(3,675)	24,993
Loss on disposal of financial assets	188	-
Inventories written off	980	462
Fair value loss on investment securities	-	2
Impairment of assets on cessation of an operation	-	30,607
Gain from fair value adjustment of fresh fruit bunches ("FFB")	(2,580)	(404)
Bad debts written off	22	189
Share of loss/(profit) of joint ventures	5,272	(15,386)
Share of profit of an associate	(3,825)	(13,075)
Interest expense	10,887	16,101
Interest income	(6,325)	(4,404)
Dividend income	-	(18)
Operating cash flows before working capital changes	116,355	216,103
Changes in working capital :-		
Decrease/(Increase) in inventories	16,853	(32,077)
Increase in receivables	(12,728)	(18,111)
Increase/(Decrease) in payables	3,695	(26,197)
Cash flows from operations	124,175	139,718
Net income tax paid	(46,399)	(41,149)
Net cash flows from operating activities	77,776	98,569
Cash Flows from Investing Activities		
Addition of right of use assets	(3,372)	-
Placement of deposits with maturity of over 3 months	(3)	(3)
Purchases of PPE	(22,217)	(29,770)
Purchases of financial assets at FVOCI	(29,261)	-
Proceeds from disposal of financial assets at FVOCI	2,040	-
Forest planting expenditure	(1,176)	(985)
Proceeds from disposal of assets held for sale and PPE	29,114	249,364
Interest received	6,325	4,404
Dividends received	4,728	12,625
Net cash flows (used in)/from investing activities	(13,822)	235,635
Cash Flows from Financing Activities		
Net repayments of term loans/medium term notes	(144,498)	(40,417)
Net repayments of other borrowings	(39,628)	(251,209)
Proceeds from issuance of preference shares to non-controlling interests	2,736	-
Payments of lease liabilities and lease interest	(448)	(565)
Interest paid	(10,850)	(16,009)
Dividends paid to non-controlling interests	(9,710)	(2,263)
Dividends paid to owners of the Company	-	(41,406)
Net cash flows used in financing activities	(202,398)	(351,869)
Net decrease in cash and cash equivalents	(138,444)	(17,665)
Cash and cash equivalents at beginning of period	376,231	292,751
Effects of changes in exchange rates	22,485	2,177
Cash and cash equivalents at end of period	260,272	277,263
Cash and Cash Equivalents comprised:		
Cash and bank balances	261,347	276,748
Short term funds	5,261	5,996
Less : Bank overdraft	(577)	(1,058)
Less : Deposits pledged with security	(5,263)	(3,930)
Less : Deposits with maturity of over 3 months	(496)	(493)
Cash and bank balances	260,272	277,263

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

TSH RESOURCES BERHAD

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

EXPLANATORY NOTES FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023
PART A – EXPLANATORY NOTES PURSUANT TO MFRS 134
1. Basis of preparation

The condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting, IAS 34: 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 Report 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 107 and MFRS 7 <i>Supplier Finance Arrangements</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

TSH RESOURCES BERHAD

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

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 and year-to-date ended 30 June 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 land by a subsidiary, PT Bulungan Citra Agro Persada ("BCAP") on 18 January 2023 as disclosed in Note 7(a) 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

During the current quarter and year-to-date ended 30 June 2023, the Group redeemed Sukuk Murabahah Medium Term Notes at nominal value of RM90 million.

Apart from the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and year-to-date ended 30 June 2023.

7. Dividends paid

There were no dividends paid during the quarter and year-to-date ended 30 June 2023.

TSH RESOURCES BERHAD

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

8. Segmental information

i) Business segments

Business Segment For Quarter Ended

	Palm Products		Others		Total	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
SEGMENT REVENUE	240,509	396,651	16,061	27,762	256,570	424,413
Segment operating profit/(loss)	51,382	96,122	(1,977)	(1,733)	49,405	94,389
Gain on disposal of assets held for sale	-	31,755	-	-	-	31,755
Impairment of assets on cessation of an operation	-	-	-	(30,607)	-	(30,607)
SEGMENT PROFIT/ (LOSS)	51,382	127,877	(1,977)	(32,340)	49,405	95,537
Unallocated corporate expenses					(12,811)	(6,094)
Loss on foreign exchange					(6,962)	(19,516)
Finance costs					(5,523)	(7,151)
Share of profit of an associate					1,823	6,786
Share of profit of joint ventures					1,571	10,905
Consolidated profit before tax					27,503	80,467

TSH RESOURCES BERHAD

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

8. Segmental information

i) Business segments

Business Segment For Year-To-Date Ended

	Palm Products		Others		Total	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
SEGMENT REVENUE	473,633	708,915	33,235	52,847	506,868	761,762
Segment operating profit/(loss)	101,906	172,307	(5,241)	(6,037)	96,665	166,270
Gain on disposal of assets held for sale	27,604	84,980	-	-	27,604	84,980
Impairment of assets on cessation of an operation	-	-	-	(30,607)	-	(30,607)
SEGMENT PROFIT/ (LOSS)	129,510	257,287	(5,241)	(36,644)	124,269	220,643
Unallocated corporate expenses					(19,072)	(13,111)
Loss on foreign exchange					(11,135)	(23,577)
Finance costs					(10,887)	(16,101)
Share of profit of an associate					3,825	13,075
Share of (loss)/profit of joint ventures					(5,272)	15,386
Consolidated profit before tax					81,728	196,315

TSH RESOURCES BERHAD

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

8. Segmental information (Continued)

i) Business segments (Continued)

Business Segment For Year-To-Date Ended

	Palm Products		Others		Consolidated	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
SEGMENTS ASSETS	2,101,693	2,128,553	603,487	664,297	2,705,180	2,792,850
Investments in joint ventures					100,812	104,849
Investment in an associate					76,534	82,541
Deferred tax assets					854	2,462
Tax recoverable					16,522	4,844
Unallocated assets					77,589	140,182
Consolidated total assets					2,977,491	3,127,728
SEGMENT LIABILITIES	130,471	171,606	21,011	33,480	151,482	205,086
Borrowings					380,712	840,113
Lease liabilities					1,534	3,654
Deferred tax liabilities					85,744	97,572
Unallocated liabilities					10,732	10,859
Consolidated total liabilities					630,204	1,157,284

ii) Geographical segments

	Quarter Ended		Year-To-Date Ended			
	Total revenue from external customers		Total revenue from external customers		Non-Current Assets	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	75,161	130,192	149,844	264,325	998,861	1,062,556
Indonesia	172,809	271,812	335,911	456,292	1,425,185	1,441,658
United States of America	5,205	10,970	10,824	22,172	-	1
South West Pacific	2,048	7,376	7,035	12,251	-	-
Others	1,347	4,063	3,254	6,722	-	5
Total	256,570	424,413	506,868	761,762	2,424,046	2,504,220

TSH RESOURCES BERHAD

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

9. Changes in composition of the Group

There were no significant changes in the composition of the Group for the quarter ended 30 June 2023 including business combination, acquisition or disposal of subsidiaries and long-term investments, and restructuring.

Subsequent to the quarter ended 30 June 2023, Ekowood Iberica S.L (“Ekowood Iberica”), a 99.96% owned subsidiary of Ekowood International Berhad, which in turn is a wholly-owned subsidiary of TSH Resources Berhad (“TSH” or the “Company”), has received a notification from the liquidator informing that Ekowood Iberica has been duly liquidated on 3 July 2023. The members’ voluntary liquidation of Ekowood Iberica will not have any material impact on the net assets and earnings per share of the Group.

10. Capital commitments

The amount of commitments for capital expenditure as at 30 June 2023 is as follows:

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Approved and contracted for	20,030	13,580
Approved but not contracted for	64,307	31,719
	84,337	45,299

11. Changes in contingent liabilities or contingent assets

Contingent tax expenses pending outcome of court cases were disclosed in the last annual 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.

In June 2023, PT Teguh Swakarsa Sejahtera (“PT TSS”), a subsidiary of the Group, has submitted a tax appeal to the Local Tax Court on Tax Loss Carry Forward amounting to approximately RM9,424,512 for fiscal year 2019. Based on consultation with our tax consultants, our Group is of the opinion that PT TSS has a valid defence against the said assessments by the relevant tax office.

Apart from the above, there were no other material changes in the contingent liabilities and contingent assets since the last reporting date.

12. Material related party transactions

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

	Year-To-Date Ended 30 June 2023 RM'000
Sales of crude palm oil	113,090
Sales of palm kernel	15,125

TSH RESOURCES BERHAD

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

13. Subsequent event

There was no material event subsequent to the end of this reporting period except for those as disclosed in Note 9 of Part A and Note 7 of Part B.

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 30 June 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)	-	28,295	-	28,295
Current assets:				
Financial assets at fair value through profit or loss:				
• Investment securities (Quoted in Malaysia)	1	-	-	1
• Short term funds	5,261	-	-	5,261
Financial Liabilities:				
Current liabilities:				
Financial liabilities measured at fair value through profit or loss:				
• Derivative liabilities	(9)	(541)	-	(550)

TSH RESOURCES BERHAD

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

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

	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Revenue	256,570	424,413	(40%)	506,868	761,762	(33%)
Core profit before taxation	34,465	98,835	(65%)	65,259	165,519	(61%)
Profit before taxation ("PBT")	27,503	80,467	(66%)	81,728	196,315	(58%)

The Group's revenue for the quarter ended 30 June 2023 ("Q2 2023") decreased 40% to RM256.6 million compared with RM424.4 million for the corresponding period last year ("Q2 2022"). On year-to-date basis, revenue for the six months period ended 30 June 2023 ("6M 2023") decreased 33% to RM506.9 million from RM761.8 million achieved for the corresponding period last year ("6M 2022"). The decrease in revenue for Q2 2023 and 6M 2023 were mainly due to significantly lower average Crude Palm Oil ("CPO") and Palm Kernel ("PK") prices (refer section 1.1 below).

Core profit before taxation for Q2 2023 and 6M 2023 decreased 65% and 61% respectively, to RM34.5 million and RM65.3 million in tandem with the decrease in revenue and lower profit contributions from the associate. Compared to Q2 2022, joint venture also contributed a lower profit for Q2 2023 and registered a loss for 6M 2023 versus a profit for 6M 2022.

Consequently, PBT for Q2 2023 and 6M 2023 of RM27.5 million and RM81.7 million respectively, were lower compared with the corresponding periods last year of RM80.5 million and RM196.3 million. In addition, the variances in PBT were also impacted by the changes in the loss on foreign exchange, gain on disposal of assets held for sale and impairment loss arising from impairment review as presented below.

	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Loss on foreign exchange	(6,962)	(19,516)	64%	(11,135)	(23,577)	53%
Gain on disposal of assets held for sale	-	31,755	(100%)	27,604	84,980	(68%)
Impairment of property, plant and equipment	-	(30,607)	100%	-	(30,607)	100%

The gain on disposal of RM31.8 million for Q2 2022 relates to the disposal of a plantation in Sabah whereas no such gain was recorded for Q2 2023. Similarly, the gain on disposal of RM85.0 million for 6M 2022 relates to the disposals of two plantations and a mill in Sabah whereas for 6M 2023, the gain of RM27.6 was in respect of the disposal of 574.56 hectares of land in Kalimantan completed on 18 January 2023, as detailed in Section 7(a) below.

TSH RESOURCES BERHAD

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

1. Performance review (Continued)
1.1 Segmental Revenue

Revenue from the respective segments are analysed as follows:

Revenue	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Palm Products	240,509	396,651	(39%)	473,633	708,915	(33%)
Others	16,061	27,762	(42%)	33,235	52,847	(37%)
Total	256,570	424,413	(40%)	506,868	761,762	(33%)

Revenue for Q2 2023 and 6M 2023 was lower compared with Q2 2022 and 6M 2022 mainly due to decline in revenue from Palm Products segment attributable to significantly lower average selling prices of CPO and PK as shown in the table below.

Average selling prices	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM/MT	30.06.2022 RM/MT	Changes %	30.06.2023 RM/MT	30.06.2022 RM/MT	Changes %
CPO	3,493	5,076	(31%)	3,523	4,941	(29%)
PK	1,785	3,290	(46%)	1,778	3,586	(50%)

1.2 Segmental Profit or Loss

Further comments on the segment profit or loss for Q2 2023 and 6M 2023 are as follows:

1.2.1 Palm Products Segment

Palm Products Segment	Quarter Ended			Year-to-Date Ended		
	30.06.2023 RM'000	30.06.2022 RM'000	Changes %	30.06.2023 RM'000	30.06.2022 RM'000	Changes %
Operating profit	51,382	96,122	(47%)	101,906	172,307	(41%)

Palm products Segment reported lower operating profits of RM51.4 million and RM101.9 million for Q2 2023 and 6M 2023 compared with RM96.1 million and RM172.3 million in the corresponding periods last year due to significantly lower average selling prices of CPO and PK.

TSH RESOURCES BERHAD

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

1. Performance review (Continued)
1.2.1 Palm Products Segment (Continued)

FFB production (as shown in the table below) for Q2 2023 and 6M 2023 was slightly lower compared with the corresponding periods last year due to the disposals of estates in Sabah during 6M 2022 and an estate in Indonesia in the second half of the previous financial year.

	Quarter Ended			Year-to-Date Ended		
	30.06.2023	30.06.2022	Changes	30.06.2023	30.06.2022	Changes
	MT	MT	%	MT	MT	%
FFB production	222,119	239,398	(7%)	421,453	437,345	(4%)

Both the segment revenue and profit for Q2 2023 and 6M 2023 and the corresponding periods last year were impacted by the Indonesia Export Levy and Duty on CPO as shown below:

	Quarter Ended			Year-to-Date Ended		
	30.06.2023	30.06.2022	Changes	30.06.2023	30.06.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Indonesia Export Levy and Duty on CPO	33,765	100,455	(66%)	59,767	146,390	(59%)

1.2.2 Others Segment

Others Segment	Quarter Ended			Year-to-Date Ended		
	30.06.2023	30.06.2022	Changes	30.06.2023	30.06.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Operating loss	(1,977)	(1,733)	(14%)	(5,241)	(6,037)	13%

Others segment reported a marginally higher operating loss of RM2.0 million for Q2 2023 compared with RM1.7 million for Q2 2022, mainly due to low revenue as a result of poor demand for wood products and lower production of latex. However, loss for 6M 2023 is lower compared with the corresponding period last year. This was due to higher operating loss registered in 6M 2022 as a result of temporary decommissioning of the bio-mass power plant following the expiry of the erstwhile power purchase agreement in 2021. A new power purchase agreement has since been executed and the plant recommenced operation in March 2022.

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

	Q2 2023 RM'000	Q1 2023 RM'000	Changes RM'000
Revenue:	256,570	250,298	6,272
Palm Products	240,509	233,124	7,385
Others	16,061	17,174	(1,113)
Core profit before taxation	34,465	30,794	3,671
PBT	27,503	54,225	(26,722)

TSH RESOURCES BERHAD

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

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

Group revenue for Q2 2023 of RM256.6 million was higher compared with Q1 2023 of RM250.3 million. This is mainly attributable to higher revenue from the Palm Products segment as a result of seasonally higher FFB production and higher volume of CPO and PK sold.

Consequently, a higher core profit of RM34.5 million was registered for Q2 2023 compared with RM30.8 million for Q1 2023 in line with higher profit contribution from Palm Products segment, as well as share of profit of joint ventures amounting to RM1.6 million in Q2 2023 as opposed to share of losses of RM6.8 million in Q1 2023.

PBT for Q2 2023 was lower at RM27.5 million compared with RM54.2 million for Q1 2023. This was mainly due to the recognition of gain on disposal of land by BCAP of RM27.6 million in Q1 2023.

3. Commentary on the prospects

CPO price has been trending sideways recently hovering around RM3,700 per MT amidst the surge in export and widening of discount with soybean oil due to disruption of supply of sunoil and temporary production setback in soybean oil. However, the upside support was neutralised by the forecasted rise in the CPO inventories.

The Group expects the uncertainties regarding the demand and supply condition due to weather phenomenon, export outlook for India and China and geopolitical tensions to continue influencing the direction of CPO price for the remaining months of 2023.

Notwithstanding the uncertainty in the near term CPO price outlook, the Group remains optimistic on the long term prospect of the palm oil industry. Underpinned by its strong financial position, the Group will strive to progressively increase the planted hectareage to maintain production growth. Palm products segment will remain the core contributor to the Group. 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.

TSH RESOURCES BERHAD

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

5. Profit Before Taxation

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

	Quarter Ended 30.06.2023 RM'000	Year-To- Date Ended 30.06.2023 RM'000
Depreciation and amortisation	25,508	50,076
Interest expense	5,523	10,887
Interest income	(3,663)	(6,325)
Inventories written back	(2,109)	(3,675)
Gain from fair value adjustment of FFB	(660)	(2,580)
Fair value (gain)/loss on derivatives:		
- Forward currency contracts	(1,803)	(2,696)
- Commodity futures contracts	9	(6)
Net foreign exchange (gain)/ loss:		
- Realised	(509)	39
- Unrealised	9,274	13,792
Rental income	(265)	(521)
Net gain on disposal of assets held for sale and PPE	(20)	(27,568)

6. Taxation

	Quarter Ended 30.06.2023 RM'000	Year-To-Date Ended 30.06.2023 RM'000
Current tax:		
Malaysian income tax	766	1,748
Foreign tax	11,562	22,433
Over provision in prior year:		
Foreign tax	(1)	(41)
Malaysian income tax	(2)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,412)	2,708
Under provision in prior year	10	367
	<u>10,923</u>	<u>27,215</u>

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

TSH RESOURCES BERHAD

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

7. Corporate proposals

- a) 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 (“CSPA”) 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.

On 4 July 2023, KIKI and KIPI had respectively exercised their options to grant BCAP an Extended Long Stop Date period of the CSPA of 12 months from 4 July 2023 to 4 July 2024.

As at 30 June 2023, total proceeds raised from the disposal was RM457.5 million, which was fully 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	400,304	149,696
New planting and replanting of oil palm	45,000	593	44,407
Infrastructure works and capital expenditure	47,000	9,204	37,796
General working capital	68,944	34,093	34,851
Defray estimated expenses relating to the disposals	20,143	13,305	6,838
	731,087	457,499	273,588

- b) On 21 July 2023, the Company announced its intention to undertake the followings:
- (i) a secondary listing of and quotation for its entire issued ordinary shares on the Main Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) by way of introduction (“Proposed Secondary Listing”); and
 - (ii) amendments to the Constitution of the Company (“Proposed Amendments”).

On 25 July 2023, PrimePartners Corporate Finance Pte Ltd, the Issue Manager for the Proposed Secondary Listing in Singapore, has submitted Section (A) and Section (B) of the Listing Admissions Pack to the SGX-ST on behalf of the Company.

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

TSH RESOURCES BERHAD

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

8. Group Borrowings and Debt Securities

Comprised:

	As at 30.06.2023					
	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	30,789	22,000	47,117	90,311	77,906	112,311
Unsecured	-	190,495	-	-	-	190,495
Total	30,789	212,495	47,117	90,311	77,906	302,806

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 30 June 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	20,772	-	(541)	Less than 1 year
Commodity futures contracts	1,886	-	(9)	Less than 1 year
		-	(550)	

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 30 June 2023.

TSH RESOURCES BERHAD

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

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

Basic earnings per share is calculated by dividing profit for the 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	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Net profit attributable to owners of the Company (RM'000)	10,562	57,335	39,990	153,810
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)	0.77	4.15	2.90	11.14

(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 August 2023.