

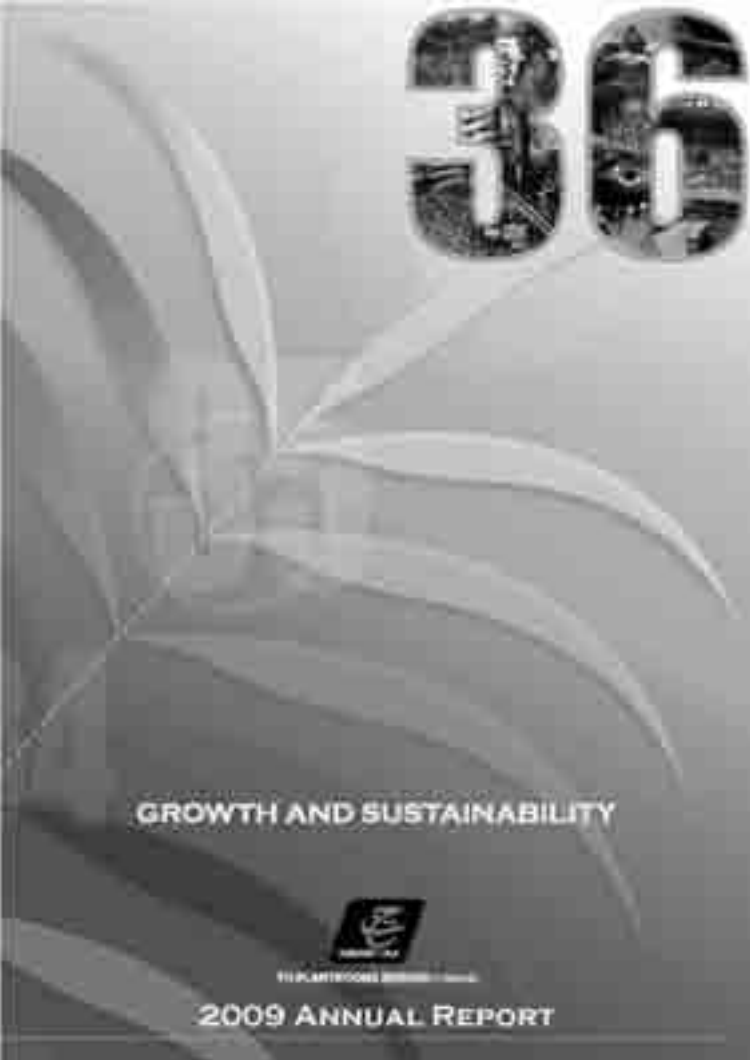
30

**GROWTH AND SUSTAINABILITY**



PT PLANTATIONS BERHAD (12696-M)

**2009 ANNUAL REPORT**



## Cover Rationale

The oil palm frond is portrayed on the front cover of TH Plantations Berhad ("THP") 2009 Annual Report as it symbolizes growth and sustainability, being the two most important objectives that THP strives to achieve in the pursuit of its business. It also signifies the Company's path to growth and prosperity since its inception in 1971.

The changing colours of the leaves from green to yellow represent the expansion and progress that THP had achieved from being a player in the oil palm industry. The colour of green signifies the gift of nature that the oil palm industry had benefited of which THP is part of it and yellow represents the abundant wealth that the oil palm tree produces.

The leaves, large and branching out, illustrate the continuous and sustained economic benefits that THP had reaped throughout the lifetime of the oil palm tree. They contribute to the resilience of the oil palm tree in withstanding the test of time and this is what THP aspires to be.

The numbers, 34 and 35 represent the wealth of experience that THP had gained throughout the years and 36 epitomizes the years that THP had been involved in the oil palm industry as testimony to the Company's existence and achievements today.



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## GLORIOUS YEARS



**Y.BHG TAN SRI DATO'  
JAFFAR BIN HUSSEIN**  
October 1972 - July 1985



**Y.BHG DATO'  
HJ. MOHD SHAMSUDDIN BIN HJ. MOHD YAACOB**  
July 1985 - December 1987



**Y.BHG TAN SRI DATO'  
HJ. HANAFIAH BIN HJ. AHMAD**  
January 1988 - December 1992



**Y.BHG DATO'  
HJ. SULAIMAN BIN HASHIM**  
January 1993 - October 1995



**Y.BHG DATUK  
HJ. HARUN BIN BABA**  
October 1995 - October 2001



**Y.BHG LT. JEN. (B) DATUK  
ABDUL AZIZ BIN HASSAN**  
November 2001 - June 2005



**Y.BHG. TAN SRI DATUK  
DR YUSOF BIN BASIRAN**  
June 2005 - Current

*TH Plantations Berhad ("THP") since its inception in 1971 has always been blessed and gifted by a succession of capable and farsighted Chairmen. The success of their Chairmen in executing and implementing the Company's policy of growth and sustainability has successfully transformed THP into a respected and dynamic organisation. THP holds high regards to the commitment and dedication shown by its esteemed Chairmen.*



### 3

## THE HISTORY OF GROWTH AND SUSTAINABILITY

TH Plantations Berhad (“THP”) since its inception in 1971 has been a story of success. THP has been truly blessed throughout the years served by a pool of credible Board of Directors, captained by dedicated Chairmen, supported by professional management team and led by resourceful and farsighted Managing Directors. This is a testimony to the commitment and dedication shown by everyone in THP.

Lembaga Tabung Haji (“LTH”) incorporated its first plantation arm ie THP in 1971, initially known as Perbadanan Ladang-Ladang Tabung Haji Sendirian Berhad (“PLLTH”), with the purpose of developing *tanah kurnia* granted by the State Government of Pahang to LTH. Ladang Sungai Mengah in Keratong, Pahang with a land size of 4,054 hectares is LTH’s first estate developed and managed by THP on behalf of LTH.

With the knowledge and experience acquired over the years, THP made a significant move in 1982 by acquiring more lands in Terengganu and Johor thus expanding its plantations acreage to 10,756 hectares. By 1985, THP had nine estates and by

1992 the total number of estates developed and managed by THP increased to fourteen with a total acreage of 22,151 hectares.

Due to its rapid expansion, PLLTH underwent a corporate exercise to change its name to TH Plantations Sendirian Berhad (“THPSB”) on 15 September 1997 to reinforce its corporate image.

THP further enhances its role as a management agent by managing plantations in Riau, Indonesia owned by LTH. By 1999, THP had managed a total hectare of 10,492 in Riau, Indonesia owned by LTH and 24,276 hectares in Malaysia, making a total of 34,768 hectares owned and managed by THP.

On 26 May 2005 THPSB was converted into a public company and changed its name to TH Plantations Berhad (“THP”). This marks a new milestone in the corporate history of THP as well as LTH.

On 27 April 2006, THP was listed on the Main Board of Bursa Malaysia Securities Berhad and voted as the best Initial Public Offering (“IPO”) for 2006.

# 4

## THE HISTORY OF GROWTH AND SUSTAINABILITY

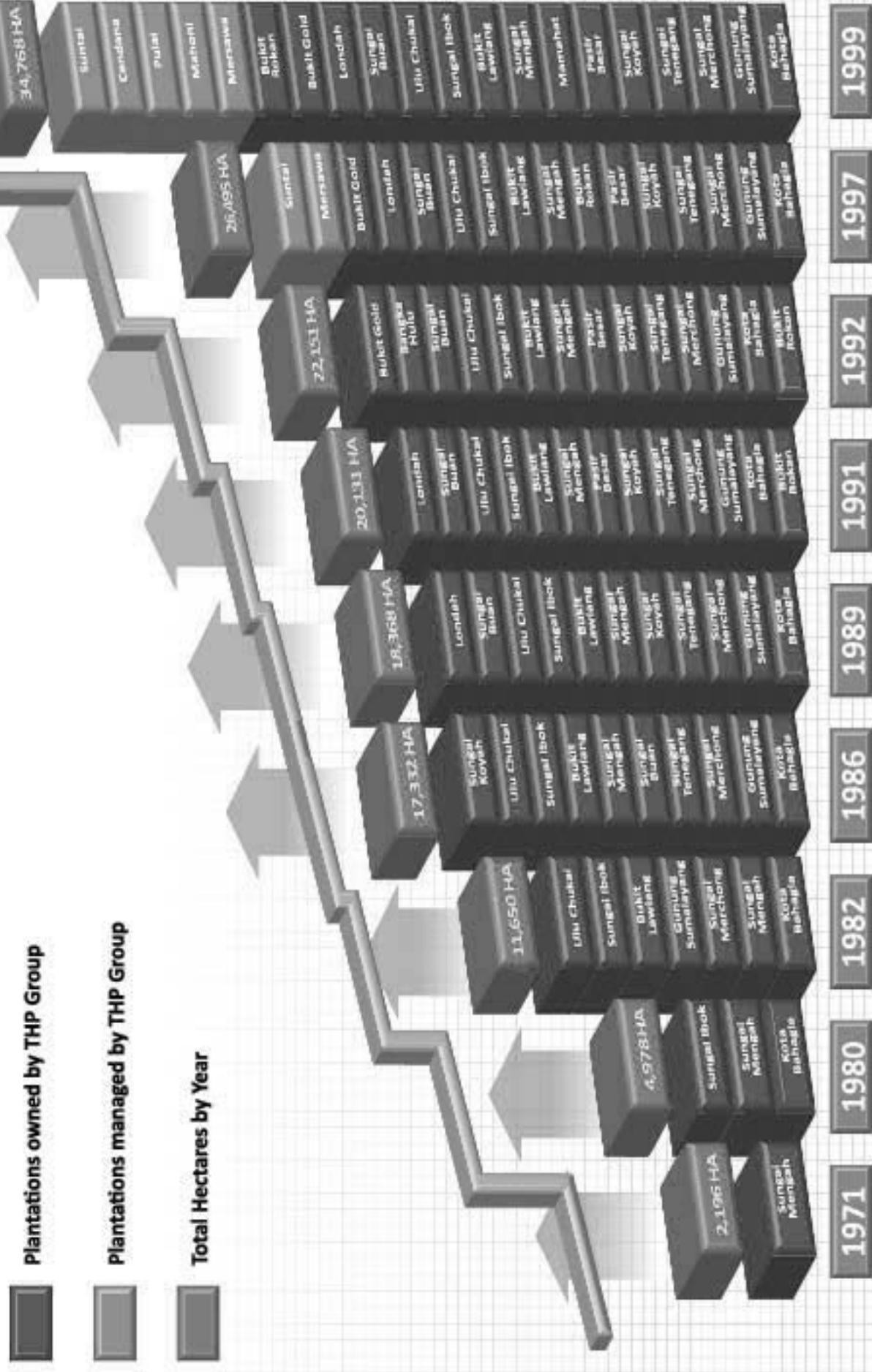


In 2006, post IPO, THP Group expanded its plantation land bank by another 13,000 hectares with the acquisition of estates housed under THP Saribas Sdn. Bhd. and the joint development of the estates of THP-YT Plantation Sdn. Bhd. THP Group also further fortifies its role in providing management services to LTH's oil palm operations of an additional 18,900 hectares in Sarawak.

As at 31 December 2009, THP Group has a total plantation land bank of 39,159 hectares and five palm oil mills with a combined processing capacity of 702,000 MT per annum. On its role as the management agent, THP Group provides management services to LTH's oil palm operations in Malaysia, Indonesia and teak and rubber plantations in Sabah totaling 118,002 hectares.



# SUSTAINABLE GROWTH



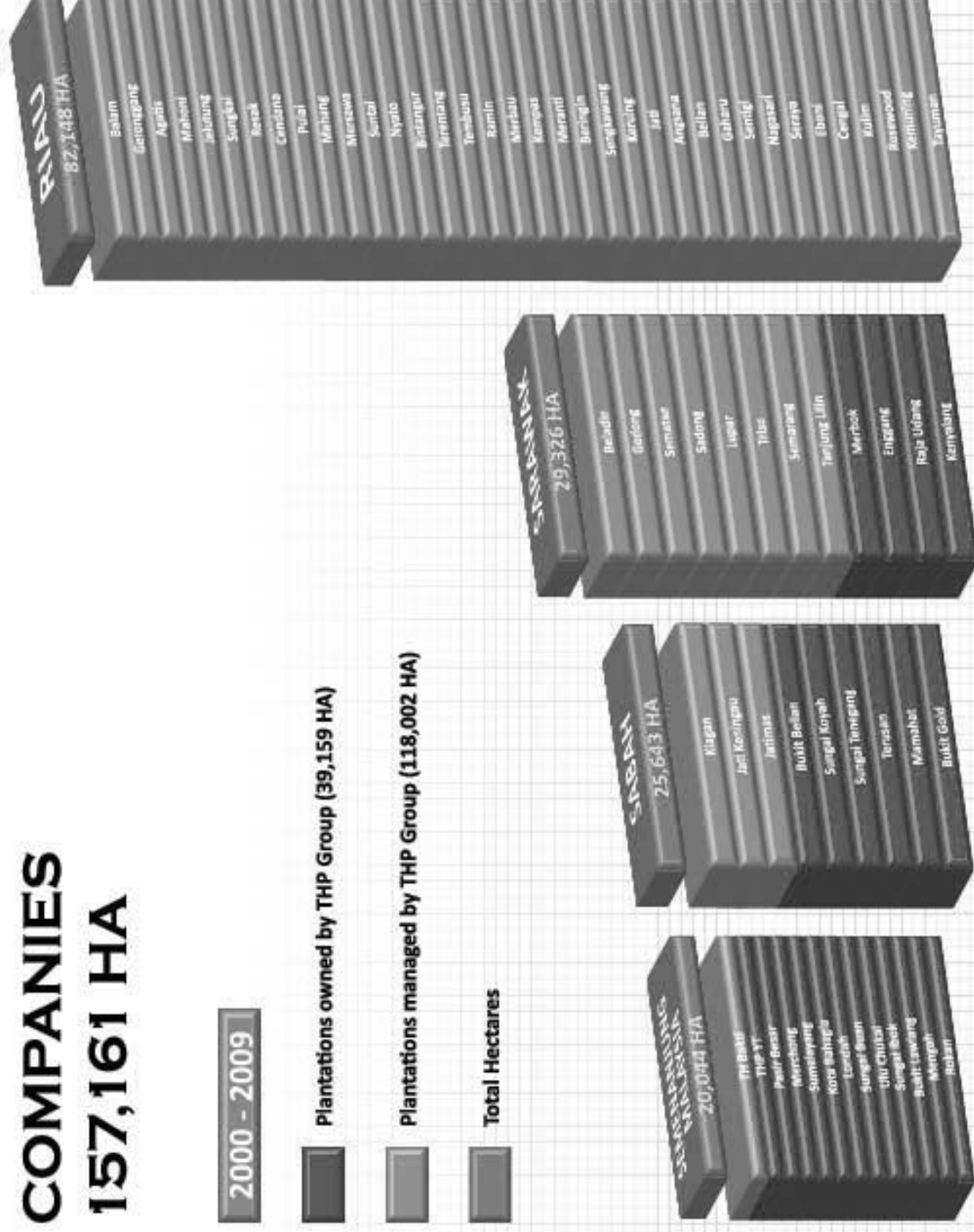


# LTH PLANTATION GROUP OF COMPANIES

## 157,161 HA

2000 - 2009

- Plantations owned by THP Group (39,159 HA)
- Plantations managed by THP Group (118,002 HA)
- Total Hectares





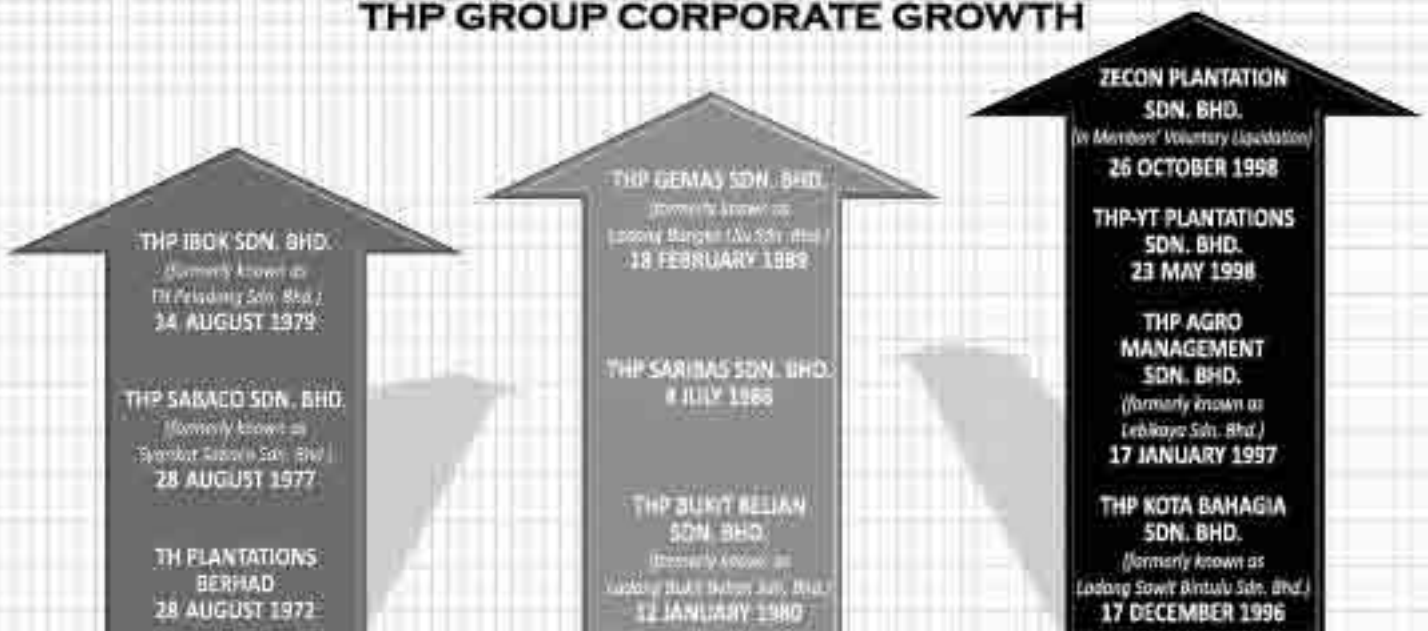
## THP GROUP MILLING CAPACITY IN MALAYSIA



## THP GROUP MILLING CAPACITY IN INDONESIA



## THP GROUP CORPORATE GROWTH



8

## NOTICE OF ANNUAL GENERAL MEETING



Visit by the late YAB Tun Haji Abdul Razak bin Hussein, Malaysia's 2nd Prime Minister for the opening ceremony of Kota Bahagia Palm Oil Mill, at Kota Bahagia, Keratong, Pahang Darul Makmur on 8 November 1975.

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## NOTICE OF ANNUAL GENERAL MEETING



### TH PLANTATIONS BERHAD

Company No. : 12696-M  
(Incorporated in Malaysia)

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Sixth Annual General Meeting of TH Plantations Berhad (“THP” or “the Company”) will be held at Pacific Ballroom, Level 2, Best Western Premier Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Thursday, 6 May 2010 at 10.00 a.m. for the following purposes :-

#### As Ordinary Business

1.	To receive the Audited Financial Statements for the year ended 31 December 2009 and the Reports of Directors and Auditors thereon.	<b>Resolution 1</b>
2.	To approve a Final Gross Dividend of 8.5 sen per ordinary share less tax at 25% for the year ended 31 December 2009.	<b>Resolution 2</b>
3.	To approve the payment of Directors’ Fees of RM408,000 for the year ended 31 December 2009.	<b>Resolution 3</b>
4.	To re-elect Tan Sri Datuk Dr Yusof bin Basiran who retires by rotation in accordance with Article 84 of the Company’s Articles of Association.	<b>Resolution 4</b>
5.	To re-elect Datuk Dr Abdul Samad bin Haji Alias who retires by rotation in accordance with Article 84 of the Company’s Articles of Association.	<b>Resolution 5</b>
6.	To re-appoint Dato’ Zainal Azwar bin Zainal Aminuddin as Director who retires in accordance with Article 89 of the Company’s Articles of Association.	<b>Resolution 6</b>
7.	To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.	<b>Resolution 7</b>

## NOTICE OF ANNUAL GENERAL MEETING



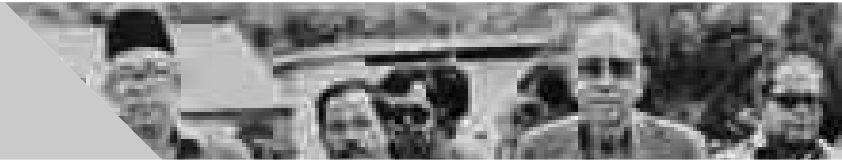
### As Special Business

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

### Ordinary Resolutions

8.	<p><b>Proposed Grant Of Options To Dato' Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP Under THP Employees' Share Option Scheme ("Scheme")</b></p> <p><b>"THAT</b>, the Company be and is hereby authorised to specifically offer and grant to Dato' Zainal Azwar bin Zainal Aminuddin, being the Chief Executive Officer and Executive Director of THP, options to subscribe for up to an additional 1,000,000 new ordinary shares of RM0.50 each in THP ("THP Shares") available under the Scheme, provided always that:</p> <ul style="list-style-type: none"> <li>(i) the aggregate allocation to the Directors and/or Senior Management of THP shall not exceed fifty per centum (50%) of the total number of THP Shares available under the Scheme; and</li> <li>(ii) in the event he, either singly or collectively through persons connected with the Eligible Person (within the meaning given under the Listing Requirements of Bursa Malaysia Securities Berhad), holds twenty per centum (20%) or more in the issued and paid-up share capital of the Company, shall not exceed ten per centum (10%) of the total number of THP Shares available under the Scheme,</li> </ul> <p>and subject always to such terms and conditions of the Scheme as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the Scheme."</p>	Resolution 8
9.	<p><b>Proposed Renewal Of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading in Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue and/or Trading in Nature</b></p> <p><b>"THAT</b>, subject always to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given, for the Renewal of the Existing Shareholders' Mandate for the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or trading in nature as set out in Section 2.4.1 of the Circular to Shareholders dated 14 April 2010 with the related parties described therein provided such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;</p>	Resolution 9

## NOTICE OF ANNUAL GENERAL MEETING



**THAT** a New Shareholders' Mandate be and is hereby granted for the Company and/or its Subsidiaries to enter into additional recurrent related party transactions of a revenue or trading in nature as set out in Section 2.4.2 of the Circular to Shareholders dated 14 April 2010 with the related party described therein provided such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

**AND THAT** such approval granted shall commence immediately upon passing of this Resolution until :

- a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such Ordinary Resolution is passed, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is again renewed; or
- b) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- c) revoked or varied by a resolution passed by the Company's shareholders in a general meeting before the next AGM,

whichever is the earliest.

**AND FURTHER THAT** the Directors of the Company and/or its subsidiaries be and are hereby authorised to do all such acts and things as they may consider expedient or necessary to give effect to the transactions as authorised by this Resolution."

### Any Other Business

- |     |   |
|-----|---|
| 10. | To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association. |
|-----|---|

## NOTICE OF ANNUAL GENERAL MEETING



### Notice of Dividend Entitlement and Book Closure

**NOTICE IS HEREBY GIVEN THAT** subject to the approval of shareholders at the Thirty-Sixth Annual General Meeting of the Company, a Final Gross Dividend of 8.5 sen per ordinary share less tax at 25% in respect of the year ended 31 December 2009 will be paid on 21 May 2010 to shareholders whose names appear in the Record of Depositors at the close business on 10 May 2010.

A Depositors shall qualify for entitlement to the dividend only in respect of :

- (i) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 May 2010 in respect of ordinary transfers; and
- (ii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

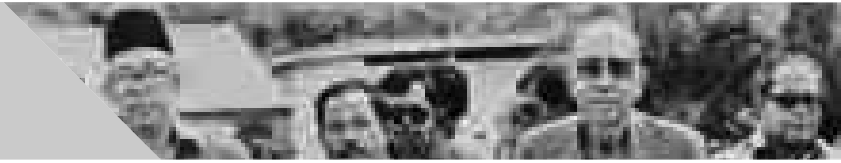
By order of the Board

**ALIATUN BINTI MAHMUD (LS 0008841)**  
Company Secretary

Kuala Lumpur  
Date : 14 April 2010

#### NOTES:

1. A member entitled to attend and vote at the Annual General Meeting ("AGM"), is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. Each proxy appointed, shall represent a minimum of 100 shares. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised in that behalf.
4. The instrument appointing a proxy shall be deposited at the Company's Registered Office at Tingkat 23, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.



#### Explanatory Notes on Special Business :

- **Proposed Grant Of Options To Dato' Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP Under THP Employees' Share Option Scheme ("Scheme")**

The proposed Ordinary Resolution No. 8, if passed will allow the Company to grant an additional 1,000,000 new THP Shares to Dato' Zainal Azwar bin Zainal Aminuddin pursuant to Clause 7 of the ESOS By-Laws of the Scheme.

On 8 June 2009, Dato' Zainal Azwar bin Zainal Aminuddin was granted an amount of 1,000,000 new THP Shares by the ESOS Committee, in the category of the Senior Management of THP. On 1 September 2009, Dato' Zainal Azwar bin Zainal Aminuddin was appointed as an Executive Director of THP. Pursuant to Clause 7 of the By-Laws of the Scheme, a director is entitled to grant of options amounting to 2,000,000 new THP Shares and therefore an additional of 1,000,000 new THP Shares will be granted to Dato' Zainal Azwar bin Zainal Aminuddin in his capacity as an Executive Director of the Company.

- **Proposed Renewal Of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading in Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue and/or Trading in Nature**

The proposed Ordinary Resolution No. 9, if passed will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue and trading in nature with the mandated related parties provided that such transactions are necessary for the Group's day to day operations, carried out in the normal course of business, at arm's length, on commercial terms which are not more favourable to the related parties than those generally to the public and not detrimental to the minority shareholders. Shareholders are advised to refer to the Circular to Shareholders dated 14 April 2010 for more information.

#### STATEMENT ACCOMPANYING NOTICE OF THIRTY-SIXTH ANNUAL GENERAL MEETING

1. The following Directors are retiring by rotation pursuant to Article 84 of the Company's Articles of the Association:-
  - a) Tan Sri Datuk Dr Yusof bin Basiran has indicated his intention to seek re-election at the forthcoming AGM;
  - b) Datuk Dr Abdul Samad bin Haji Alias has indicated his intention to seek re-election at the forthcoming AGM; and
  - c) Syed Hood bin Syed Edros has indicated his intention not to seek re-election at the forthcoming AGM.
2. Dato' Zainal Azwar bin Zainal Aminuddin who is retiring in accordance to Article 89 of the Company's Articles of the Association has indicated his intention to seek re-election at the forthcoming AGM.

The profile of the Directors who are standing for re-election and re-appointment are set out on pages 43, 47 and 44 of this Annual Report. The details of the Directors' Shareholdings in the Company are set out on page 194 of this Annual Report. None of the Company's Directors hold any interests in the Company's subsidiaries.





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CHAIRMAN'S STATEMENT



***Assalammualaikum Warahmatullahi Wabarakatuh***

On behalf of the Board of Directors, I am pleased to present the 4th Annual Report incorporating the Audited Financial Statements of TH Plantations Berhad and its subsidiaries (“THP Group”) for the year ended 31 December 2009.

**Business Environment**

The period under review witnessed the world rising to the challenge of grappling with the global financial crisis, the year in which the global economy suffered its deepest slump since the 1930s. Amid the adverse developments, the impact to the domestic market was mitigated by our Government’s immediate actions via the introduction of two stimulus packages and monetary expansion. Consequently, the growth of Malaysian economy has contracted to -1.7% in 2009 from an earlier projection of between -4.0% and -5.0%.

On the back of the challenging environment, the local plantation industry remained resilient and recorded a satisfactory performance in 2009. Based on the Malaysian Palm Oil Board (“MPOB”) statistics, the

Crude Palm Oil (“CPO”) production declined by 1.0% to 17.56 million metric tonnes (“MT”) (2008:17.73 million MT) due to biological stress following bumper production in 2008 coupled with the effects of adverse weather in Sabah and Sarawak. The above effects have reduced the national average of Fresh Fruit Bunches (“FFB”) production per hectare (“Ha”) by 4.9% to 19.2 MT from 20.18 MT recorded in 2008. The export earnings of palm oil declined by 24.0% to RM49.6 billion from RM65.2 billion due to lower export prices in 2009. However, the export volume expanded by 2.9% to 22.4 million MT in 2009 compared with 21.8 million MT in 2008. China remains the largest importer followed by European Union, Pakistan, India, USA, Egypt and Ukraine. MPOB stated that the palm oil stock closed at 2.24 million MT, higher by 12.2% compared to 2.0 million MT in 2008. The average CPO price declined by 19.2% to RM2,244.50 per MT in 2009 compared with RM2,777.50 per MT in 2008. The highest monthly average CPO price recorded during the year was in May at RM2,743.50 whilst the lowest was in January at RM1,842.00.

## CHAIRMAN'S STATEMENT

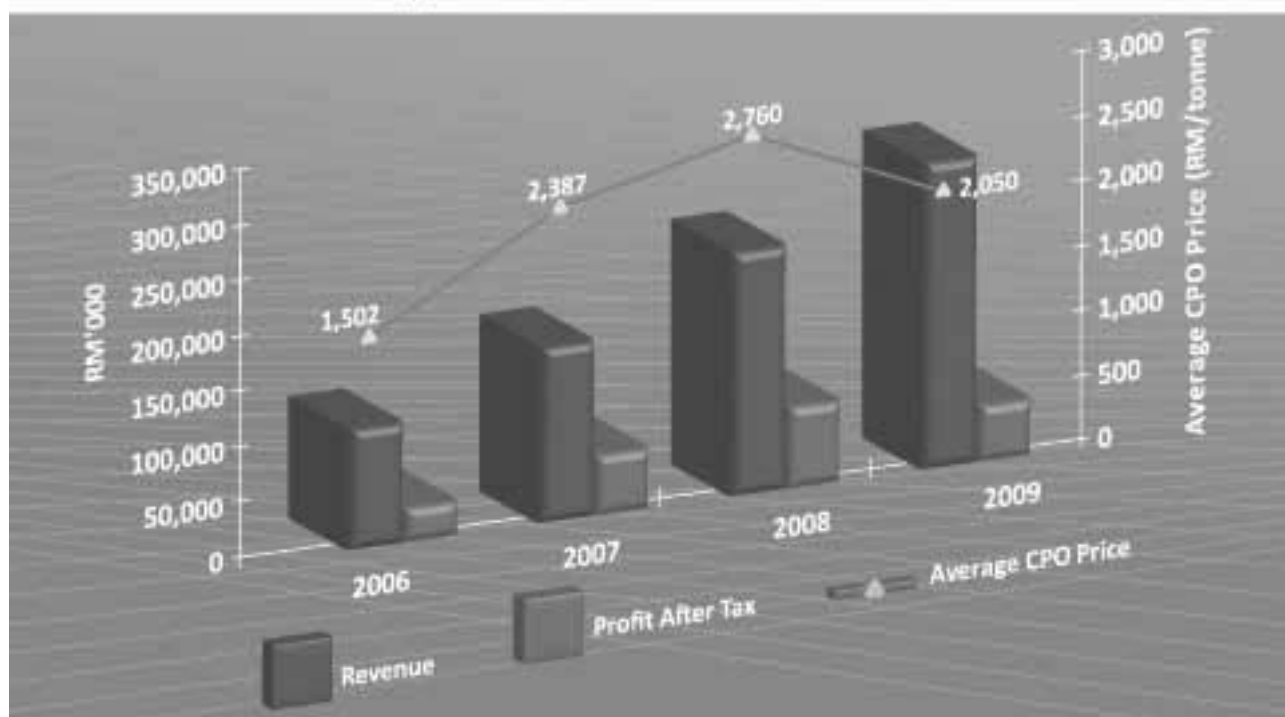
**Financial Highlights**

THP Group recorded an increase of 25% in revenue from RM243.4 million in 2008 to RM304.4 million in 2009. This was mainly contributed by higher sales volume for CPO and Palm Kernel ("PK") supported by contribution from the two subsidiaries acquired in the fourth quarter of 2008 despite lower commodity prices in 2009. Management fees have also been recognised as revenue in 2009 where previously treated as other income.

The profit after tax ("PAT") of THP Group contracted by 32% to RM57.1 million in 2009 from RM83.4 million in 2008. (2008: PAT of RM83.4 million was inclusive of one off other income of RM11.1 million arising from negative goodwill on acquisition of the two subsidiaries in 2008). The contraction of THP Group's PAT was mainly due to lower average CPO and PK prices realised in 2009 of RM2,050

per MT and RM1,036 per MT respectively. (2008: CPO price of RM2,760 per MT and PK price of RM1,567 per MT). Additionally, there were higher expenses amounting to RM32.7 million as a result of non-cash accounting treatments; the adoption of Financial Reporting Standard ("FRS"), namely FRS 2 on Share Based Payment, FRS 139 on Financial Instruments: Recognition and Measurements and higher amortisation cost incurred due to additional amortisation on the fair value assets acquired as a result of acquisition of subsidiaries during the last quarter.

Consequently, the earnings per share decreased by 47% to 11.03 sen from 21.01 sen. This was also as a result of the corporate exercises undertaken in 2008 that involved issuance of new shares and subsequently bonus issue on the basis of one new bonus share for every one existing ordinary share.

**REVENUE, PROFIT AFTER TAX AND AVERAGE CPO PRICE**

## CHAIRMAN'S STATEMENT

**Dividend**

We are still committed in honouring our dividend policy of distributing approximately 50% of the annual profit after tax and minority interests ("PATAMI") and as a showcase of our appreciation to the shareholders for their unwavering support in us, the Board of the Company has recommended a first and final dividend of 8.50 sen per share less 25% tax for the financial year ended 31 December 2009, subject to shareholders' approval during the Annual General Meeting of the Company. (2008: an interim dividend of 10.00 sen per share less 26% tax and final dividend of 18.65 sen per share less tax 25%).

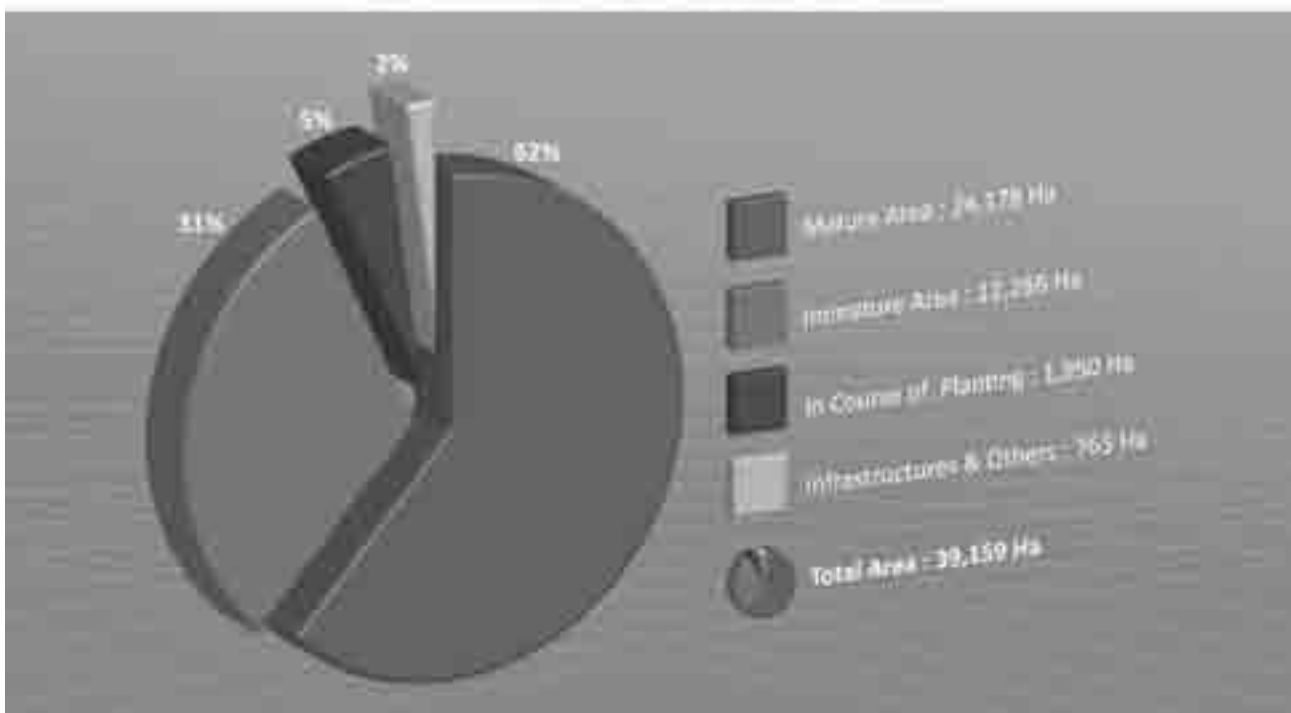
**Operational Highlights**

For the financial year under review, THP Group's total plantation land bank is 39,159 Ha of which 36,444 Ha has been fully planted with palms. Approximately

66% (24,178 Ha) is in the mature stage whilst the remaining 34% (12,266 Ha) is still immature. THP Group's plantations are concentrated approximately 48% in Peninsular Malaysia whilst the remaining 52% in the state of Sabah and Sarawak. The plantation land bank in its various stages of development is shown in the chart below.

THP Group's production of FFB increased by 49% to 519,290 MT compared with 347,547 MT in 2008. The additional production of FFB was mainly due to the contribution from the acquired plantation of 9,930 Ha in Sabah. Due to the adverse weather factor and biological tree stress, our plantation experienced a lower cropping pattern of 21.48 MT per Ha in 2009 compared with 22.12 MT per Ha in 2008.

THP Group currently has five (5) palm oil mills namely, Bukit Lawiang Palm Oil Mill in Kluang, Johor; Kota Bahagia Palm Oil Mill in Muadzam Shah, Pahang;

**AREA STATEMENT AS AT 31 DECEMBER 2009**



Ladang Pasir Besar Palm Oil Mill in Gemas, Negeri Sembilan; Sungai Tenegang Palm Oil Mill in District of Kinabatangan, Sabah and Ladang Mamahat Palm Oil Mill in District of Beluran, Sabah. These mills have a combined FFB processing capacity of 702,000 MT per annum. In 2009, approximately 504,575 MT of FFB were processed from our own plantations and external crop purchases, an increase of 35% from 372,528 MT in 2008. The total CPO and PK produced in 2009 were 103,440 MT and 27,636 MT respectively, an increase of 38% for CPO and 32% for PK produced in 2008. (2008: CPO of 75,071 MT and PK of 21,000 MT). Our mills registered an Oil Extraction Rate ("OER") and Kernel Extraction Rate ("KER") of 20.50% and 5.48% respectively. (2008: OER of 20.15% and KER of 5.64%).

Consequently, with FFB yield for FY2009 at 21.48 MT (FY2008: 22.12 MT) per mature Ha and with oil extraction rate of 20.50% (FY2008: 20.15%), the average CPO yield per Ha is 4.40 MT per mature Ha for FY2009.

I am pleased to state that in essence, the Group has always adopted a comprehensive approach in managing escalating costs of production and more importantly how it affects profitability without compromising the environmental and social responsibilities. On this score, we leveraged on our sustainable Good Agriculture & Milling Practices ("GAMP") that emphasizes greatly on continuous improvement in yields and production of premium quality oil. This would enable us to be a cost effective producer in the industry, Insya-Allah. The continued strengthening of the implementation of Performance Improvement Programme ("PIP"), which focused among others on the usage of superior planting materials, hands-on management, proactive attitude and attention to details have contributed to the optimum sustainability of our oil palm business. PIP also concentrates on an in-house R&D to

## CHAIRMAN'S STATEMENT

rectify immediate or short term issues faced by our plantations.

THP Group, from the early days of its operations in the plantation industry, has been practicing sustainable plantation operations ("SPO"). It encompasses development of efficient effluent treatment systems in our mills, efficient utilization of mill by-products particularly empty fruit bunches & palm oil mill effluent as organic fertilizer, integrated pest management, water management, soil conservation practices and zero burning. The adoption of SPO also covers our new planting and replanting areas and incorporates a well-planned development through the conduct of environmental impact assessment studies.

### Corporate Developments

On the corporate front, I am pleased to announce that THP Group was focusing at internal rationalisation and streamlining. The pursued strategic internal restructuring exercises in 2009 were as follows:-

- On 1 April 2009, THP entered into two separate conditional share sale agreements with TH Ladang (Sabah & Sarawak) Sdn. Bhd. ("THLSS") to acquire 100% equity interests in THP Kota Bahagia Sdn. Bhd. (formerly known as Ladang Sawit Bintulu Sdn. Bhd.) and THP Agro Management Sdn. Bhd. (formerly known as Lebigaya Sdn. Bhd.) ("THPAM") from THLSS for a total purchase consideration of RM200,000 and RM2.00 respectively.

THP Kota Bahagia Sdn. Bhd. (formerly known as Ladang Sawit Bintulu Sdn. Bhd.) ("THP Kota Bahagia") was a company that had ceased its operations in cultivation of oil palm and selling of FFB on 1 June 2008. THP is currently sub-leasing a few of its estates and one mill to THP





Kota Bahagia with the aim of achieving financial efficiency. Thus, THP Kota Bahagia is a full-fledged wholly-owned plantation subsidiary of THP.

THPAM has taken over THP's all encompassing functions as a management agent/management services provider to all the companies within THP Group as well as all other plantation companies under Lembaga Tabung Haji ("LTH").

- Pursuant to the terms of the Share Sale Agreement executed on 1 September 2009, THP acquired 80% of equity interest in THP Saribas Sdn. Bhd. ("THPS") from Zecon Plantation Sdn. Bhd. ("ZPSB"), a wholly-owned subsidiary of THP, for a purchase consideration of RM6.63 million. The amount owing by THPS to ZPSB amounting to RM124.94 million was assigned directly to THP via an assignment of debt arrangement between THP, ZPSB and THPS. Subsequently, THPS is a direct subsidiary of THP and ZPSB will be wound up voluntarily.

In addition, THP Group has also successfully achieved two (2) of its three (3) Key Performance Indicators i.e. a Return on Equity of 12.6% against a target of 7.5% and dividend distribution of approximately 50% of its annual PATAMI by proposing a final dividend of 8.50 sen per share less tax at 25%, subject to the shareholders' approval. However, the Group's FFB production fell short by 4.5% to 21.4 MT per Ha from the targeted FFB yield of 22.5 MT per Ha.

#### **Sustainable Growth Initiatives**

THP Group will continue exploring new growth opportunities while constantly improving its financial and operational performance with emphasis on human capital development. On this note, after firmly placing ourselves as a medium-size plantation,



## CHAIRMAN'S STATEMENT

we target to expand our land bank to 50,000 Ha by 2012 at strategic locations to complement our existing growth strategy. We plan to crystallize the expansion via third party acquisitions or related party transactions. We have a stand-by credit line facility of approximately RM120 million through issuance of Bai Murabahah Medium Term Notes to LTH, as the sole subscriber, to finance future acquisitions.

On the development of new plantations, THP Group has invested approximately RM203 million over the last 3 years covering areas of 10,390 Ha in Sarawak and 2,594 in Terengganu. We are poised to reap the benefits of the first yielding when approximately 1,115 Ha starts contributing to our bottom line in 2010. The remaining areas will progressively come into maturity over the next 4 years. This would result in a better differentiation of age profile to achieve an optimum yield potential.

At the operational level, THP Group will continue to leverage on its human capital strength, competitiveness, efficiency and productivity. Key areas such as mechanization and information technology will be further intensified to address the Group transformational and operational requirements. In this regard, the Group's strategic plan with an objective of achieving tangible results and attaining greater success will be further strengthened in 2010. The emphasized initiatives among others are yield maximization, improvement of OER, enhancing quality and sustainability practices. I am pleased to highlight that THP Group is committed to producing palm oil in an environmentally sustainable and socially responsible manner while achieving its economic benefits.

The Government-Linked Companies ("GLCs") Transformation, a 10-year programme launched in 2004 has acted as a financial and operational impetus



to our Group. We focused on aligning strategy and plans in accordance with the 10 overarching themes of initiatives for overall improvements. In essence, THP Group's transformation is divided into three categories of change – strategic, operational and cultural to sustain our position on the back of more dynamic and competitive business environment.

The Company's wholly owned subsidiary namely THPAM is poised to enjoy more returns from providing management services for LTH's plantations as LTH is aiming to expand its plantation land banks. Currently, THPAM manages LTH's oil palm operations in Malaysia, Indonesia and teak and rubber plantations in Sabah totalling approximately 118,002 Ha, contributing to RM29.2 million in year



2009 (2008: RM21.4 million). This serves as a means of income diversification to THP Group and would further complement our well-integrated operations.

Barring unforeseen circumstances, the Board is therefore of the view that the Group would achieve better performance in 2010.

#### **Corporate Responsibility**

I am proud to announce that THP Group's tagline of "Kesinambungan Pembangunan Ummah" is our showcase of commitment to Corporate Responsibility ("CR"). We are operating in an economically, socially and environmentally sustainable manner that is transparent and increasingly satisfying to our stakeholders. Our aim is to build value for our employees, shareholders, community, whilst balancing economic growth with environmental sustainability and social cohesion:

#### ***Our Sustainable Plantation Operations***

We are continuously looking for ways to promote green activities and reduce our ecological footprint. Our approach to sustainability is guided by the principles and criteria of the Roundtable on Sustainable Palm Oil that underlines the 'Triple Bottom Line' principle of responsibility to People, Planet and Profit. We integrate social investment, environmental concern and economic development into our management and business decisions, and it represents a fundamental part of our core values. By reducing the environmental impact of operations, THP Group provides better value for its stakeholders, reduces ongoing cost and efficiently uses precious resources. Moreover, palm oil is an efficient-yielding vegetable oil as its production capacity per Ha is close to 10 times that of soyabean which allows for greater production using small area. In this regard, palm oil only occupies 5.6% of the world's total combined land

## CHAIRMAN'S STATEMENT

area of the seven major oil seeds, and yet produces an output of 38% of the total production of the seven major oil seeds. This is sustainability at its best.

***Our Communities***

THP Group's commitment to our communities is a vital part of our corporate initiative. It is our continuing quest to promote healthy, high functioning communities especially in locations where our estates and mills reside. Our operations provide opportunity for jobs, steady livelihood and income generation to the local people. We also assist in improving the living condition, power supply and access to education. With a focus of eradication of poverty for the indigenous people, a venture has been undertaken between LTH and Native Customary Rights land of approximately 1,500 Ha located in Beladin, Sarawak to develop oil palm plantations. This venture, managed by our THPAM is a balancing act between economics and ecologies as we are well aware that our future is directly connected to our natural surroundings and the people living close to our operations.

Our CR also emphasize on the training of unemployed local graduates under our management trainee programme, "Program Pelatih Pengurusan" and enhancing the value of education by adopting schools located within the perimeter of our plantations known as "Program Pintas Pintar".

We pledge our support and commitment to the Government Transformation Programme that has identified six National Key Result Areas aspirations. THP Group's concentration is on the eradication of poverty and improving rural infrastructure, which will be implemented by enhancing our CR practices to the communities within the perimeter of our plantations.





### ***Our People***

THP Group believes that sustainability of our business is initiated from a good, healthy and committed workforce. We demonstrate our commitment by respecting our employees and want to be a good employer. We have implemented initiatives to ensure our human capital is equipped with the qualities and skills that promote personal and professional growth. These would help us nurture, mentor and retain excellent employees, and also attract the right people to the Group. Even in the current economic downturn, we still continue to invest in their health and wellness programs as we have long understood that healthy employees tend to experience better quality of life and higher productivity. All these elements create an environment in which our employees can not only do well but also do their best.

### ***Our Shareholders***

THP Group is guided by a robust and pragmatic framework based on the principles and best practices of corporate governance in its business decision. The underlying tenet of our corporate governance

is good management practices, risk management performance, accountability, transparency, integrity and relevant; and timeliness & accuracy in dissemination of information, in order to establish the foundation for achieving long term sustainable investment returns to our shareholders.

On this note, I am pleased to announce that for two consecutive years (2008 and 2009), we have bagged the sectoral winner and winner of KPMG Shareholder Value Award under the industry category of Agriculture and Fisheries. These recognitions demonstrate our exemplary practices to continuously strive to achieve higher governance standards in the face of a challenging and competitive business environment which ultimately translate value to our shareholders.

### **Prospects**

The world economy is expected to rebound but on a fragile recovery after experiencing one of the worst global financial crises. Domestically, Malaysian economy is expected to record a modest growth in 2010 driven by prudent fiscal and monetary policies with support from private investment and consumption.

On the plantation front, the outlook for palm oil industry, an extremely versatile and most productive oil, is expected to be bullish in 2010 supported by steady global demand on the back of tight supply due to biological tree stress, replanting programme and possible resurgent of El Nino. The robust demand of palm oil for food uses is based on higher and stronger economic growth in the big populated countries like China and India. There has also been increasing demand for palm oil resulting from awareness of the trans-fatty acid issues in the United States. Historically, the recovering economy would re-ignite interest for non-food uses namely bio-diesel, as a

## CHAIRMAN'S STATEMENT

source of cheaper renewable energy in view of higher crude oil prices. The higher interest in bio-diesel is also expected due to the nations' commitment for a greener world.

**Acknowledgements**

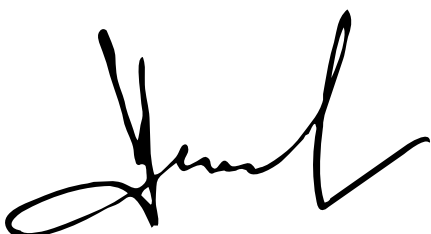
On behalf of the Board, I wish to record my most sincere gratitude to the management and staff of THP Group for their devotion, commitment and contribution in taking the Group to a sustainable level of achievement and success amidst the backdrop of tumultuous environment.

The Board would like to extend our vote of thanks and appreciation to YBhg. Dato' Rashidi bin Omar, who has retired from the Board and the Company for his invaluable contributions and dedicated services during his tenure with the Group. He was instrumental in transforming THP Group to a greater height by positioning us as a medium sized public listed plantation entity. Following his retirement, YBhg. Dato' Zainal Azwar bin Zainal Aminuddin has been promoted from Deputy Managing Director to Executive Director and Chief Executive Officer of THP. We wish to congratulate him and extend our best wishes to him on his new roles. To my colleagues on the Board, I would like to personally thank all of them and convey my sincerest appreciation and gratitude for their wise counsel and wisdom.

I would also like to extend my gratitude to our shareholders, associates, government authorities and all other stakeholders for their undying support and guidance that are so essential for the future growth of the Group.

Alhamdulillah, we are grateful to the Mercy and Bounty of Him, we have attained a sustainable performance and achievements for 2009 and for Him to bless us with profitable and productive years ahead.

Assalamualaikum Warahmatullahi Wabarakatuh,



Tan Sri Datuk Dr Yusof bin Basiran





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CORPORATE INFORMATION

**BOARD OF DIRECTORS****Tan Sri Datuk Dr Yusof bin Basiran***(Independent Non-Executive Chairman)***Dato' Zainal Azwar bin Zainal Aminuddin***(Chief Executive Officer/Executive Director)***Datuk Dr Abdul Samad bin Haji Alias***(Independent Non-Executive Director)***Datuk Azizan bin Abd Rahman***(Independent Non-Executive Director)***Datuk Ismee bin Haji Ismail***(Non-Independent Non-Executive Director)***Dato' Wan Zakaria bin Abd Rahman***(Independent Non-Executive Director)***Dato' Noordin bin Md Noor***(Independent Non-Executive Director)***Md. Yusof bin Hussin***(Independent Non-Executive Director)***Syed Hood bin Syed Edros***(Independent Non-Executive Director)*



**SECRETARY**

**Aliatun binti Mahmud (LS 0008841)**

**AUDITORS****KPMG Desa Megat & Co**

Level 10, KPMG Tower,  
8, First Avenue,  
Bandar Utama,  
47800 Petaling Jaya,  
Selangor.  
Tel : 03 7721 3388  
Fax : 03 7721 3399

**REGISTERED OFFICE**

Tingkat 23, Bangunan TH Selborn  
153, Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : 03 2687 6666  
Fax : 03 2687 6719

**SHARE REGISTRARS****Symphony Share Registrars Sdn Bhd**

Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor  
Tel : 03 7841 8000  
Fax : 03 7841 8008

**AUDIT COMMITTEE****Datuk Dr Abdul Samad bin Haji Alias**

*Chairman/Independent Non-Executive Director*

**Datuk Azizan bin Abd Rahman**

*Member/Independent Non-Executive Director*

**Syed Hood bin Syed Edros**

*Member/Independent Non-Executive Director*

**Dato' Noordin bin Md Noor**

*Member/Independent Non-Executive Director*

**CORPORATE INFORMATION****PRINCIPAL BANKERS**

Bank Islam Malaysia Berhad  
CIMB Bank Berhad  
Standard Chartered Bank Malaysia Berhad

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia Securities Berhad

**STOCK SHORT NAME**


TH PLANT (5112)

**PLACE OF INCORPORATION AND DOMICILE**

Malaysia

**WEBSITE**

[www.thplantations.com.my](http://www.thplantations.com.my)

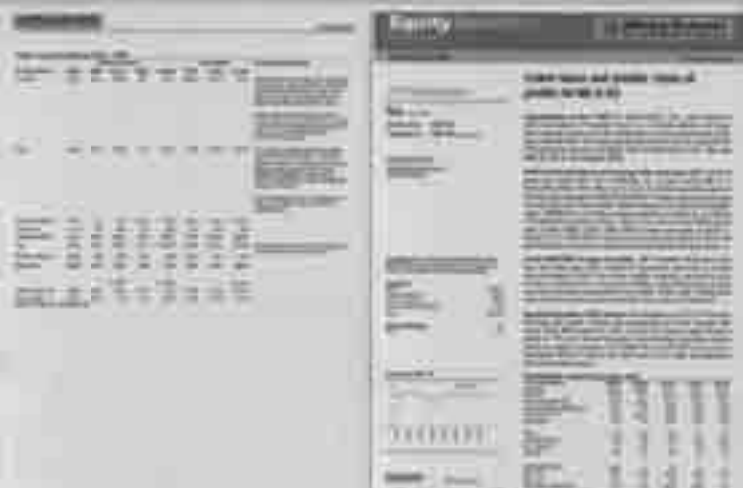


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CORPORATE HIGHLIGHTS 2009

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MEDIA HIGHLIGHTS



CORPORATE EVENT HIGHLIGHTS



18 March 2009

Signing Ceremony on Kalimantan Projects, Indonesia as Management Agent



5 May 2009

35th Annual General Meeting



30 June 2009

Farewell for Y.Bhg Dato' Rashidi Omar, Managing Director (1 January 2003 to 1 July 2009)

CORPORATE EVENT HIGHLIGHTS



1 July 2009

1st Management Meeting with Y.Bhg Dato' Zainal Azwar bin Zainal Aminuddin



23 July 2009

Signing Ceremony on Acquisition of Plantation in Sarawak as Management Agent



13 August 2009

Farewell for Tuan Haji Mohamad bin Karim, Senior Manager, Marketing

## CORPORATE EVENT HIGHLIGHTS



21 August 2009

KPMG Award 2008 - THP bagged the sectoral winner and winner of KPMG Shareholder Value Award under the industry category of Agriculture & Fisheries.



18 November 2009

Analyst briefing chaired by Y.Bhg Dato' Zainal Azwar bin Zainal Aminuddin



21 November 2009

Working Visit by Board of Directors of THP Sabaco Sdn. Bhd. and THP Saribas Sdn. Bhd.





1 February 2009  
Management Trainee Program



9 March 2009  
Parade of Maulidur Rasul



10 - 14 March 2009  
Team Building Training



21 – 23 April 2009

THP Leadership Development Programme



6 June 2009

Family Day – Ladang Bukit Rokan, Gemas, Negeri Sembilan



4 July 2009

LTH Group Sports Carnival



June 2009

RECAL – Recognition of Employee’s Children Ability In Learning. Award ceremony held for top achievers in UPSR, PMR and SPM



12 July 2009

Hari Raya Open House



27 July 2009

Health Screening Programme



20 – 26 August 2009  
UPSR Workshop PINTAS PINTAR Programme



10 October 2009  
THP's contribution to Sahabat Korporat TH



20 October 2009  
Fitrah Perkasa Programme Training



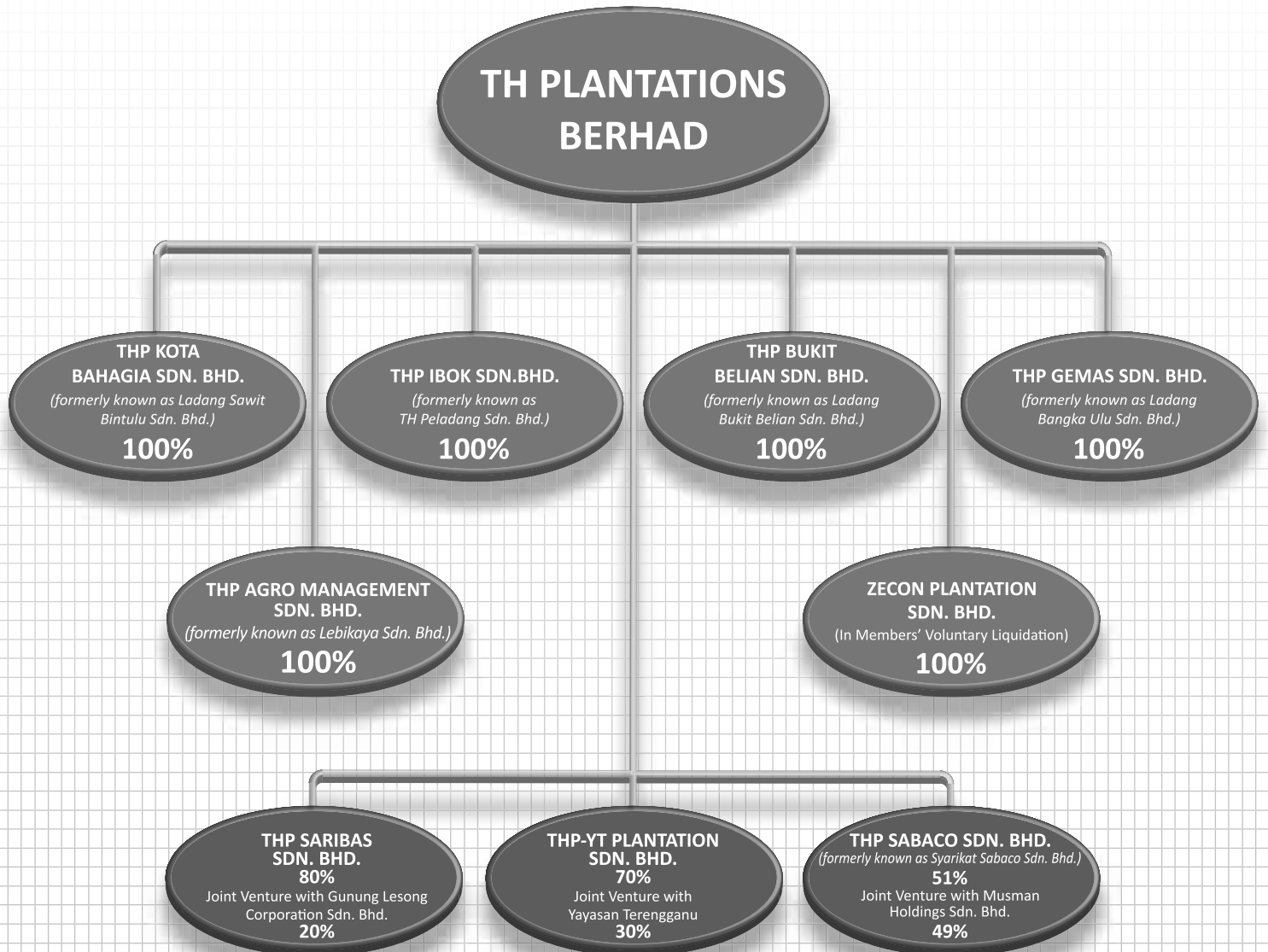
12 December 2009  
Finance for Non Finance Executive Training

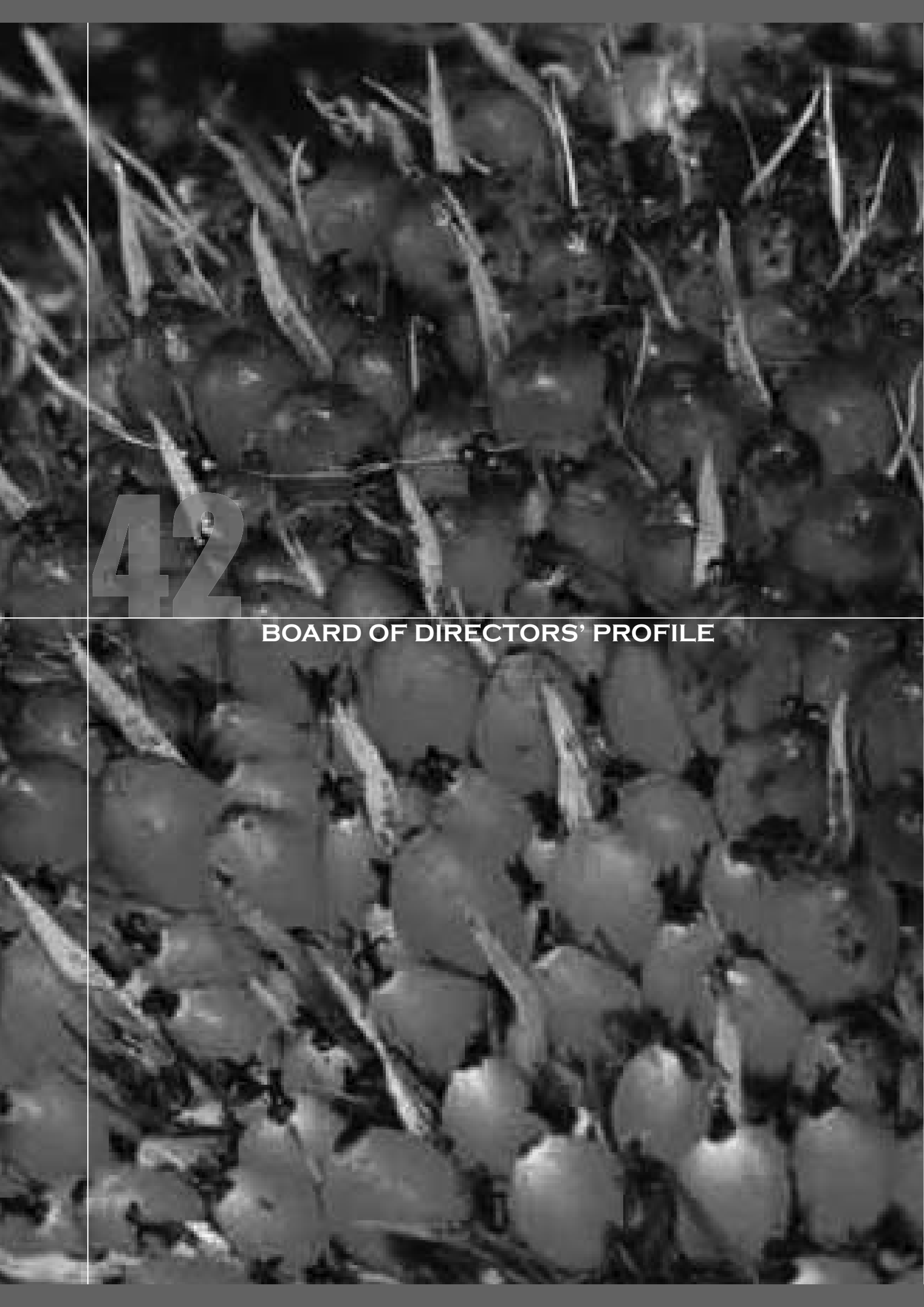


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CORPORATE STRUCTURE

## CORPORATE STRUCTURE AS AT 31 MARCH 2010





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**BOARD OF DIRECTORS' PROFILE**



**TAN SRI DATUK DR YUSOF  
BIN BASIRAN**  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

**Tan Sri Datuk Dr Yusof bin Basiran** has been with THP as an Independent Non-Executive Chairman for almost 5 years. He was appointed on 1 June 2005.

His notable academic achievements are as follows:-

- In 1972, he obtained his Bachelor in Chemical Engineering Degree from the University of Canterbury, New Zealand,
- In 1974, he obtained his Post-Graduate Degree in Rubber Technology (ANCRT) in the United Kingdom,
- In 1976, he obtained his Masters Degree in Engineering specialising in Industrial Management (M.E) and also in Business Administration (MBA) from the Catholic University of Leuven in Belgium.

Before he joined Palm Oil Research Institute of Malaysia (PORIM) in 1979, he held the position of Rubber Technologist/Techno-Economist with the Rubber Research Institute (RRI)/ Malaysian Rubber Research Development Board (MRRDB).

In 1986, he completed his doctorate with a PhD in Applied Economics and Management Science from the University of Stirling, Scotland. He was later appointed as the Director-General of PORIM in 1992. He held the position for 8 years until April 2000 before assuming the role of the Director-General of Malaysia Palm Oil Board (MPOB), an organisation which existed as a result of a PORIM and Palm Oil Registration and Licensing Authority (PORLA) merger, from 1 May 2000 until 18 January 2006.

He is presently holding several important positions which include :

- Chief Executive Officer (CEO) of Malaysian Palm Oil Council (MPOC),
- Director of FELDA Holdings Bhd and 2 of its subsidiaries,
- Chairman and Director of CB Industrial Product Holding Berhad.

Apart from holding distinguished corporate positions, he is also involved in other organisations which are :

- President of Academy of Sciences Malaysia,
- Fellow member of Malaysian Scientific Association (MSA),
- Fellow member of Malaysian Oil Scientists' and Technologists' Association (MOSTA),
- Past member of the National Science and Research Development Council of Malaysia. He was involved in the preparation of the National Science Policy II and the National Biofuel Policy.

For all these services, he was conferred the Federal Awards Darjah JOHAN MANGKU NEGARA (J.M.N), Darjah Yang Mulia PANGKLIMA JASA NEGARA (P.J.N) and Darjah Kebesaran PANGKLIMA SETIA MAHKOTA (P.S.M).

He is the Chairman of the Remuneration Committee of the Company.

Tan Sri Datuk Dr Yusof bin Basiran, aged 61, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. He attended all 5 meetings of the Board of Directors for the year ended 31 December 2009.



**DATO' ZAINAL AZWAR  
BIN ZAINAL AMINUDDIN  
CHIEF EXECUTIVE OFFICER/EXECUTIVE  
DIRECTOR**

**Dato' Zainal Azwar bin Zainal Aminuddin** was appointed as the Chief Executive Officer of the Company on 1 July 2009 and subsequently he was appointed as an Executive Director of the Company on 1 September 2009.

He obtained his Bachelor of Agriculture Science Degree from Universiti Putra Malaysia in 1983. He is a member of Malaysia Soil Science Society, Incorporated Society Of Planters, Malaysian Plant Protection Society and International Society of Oil Palm Agronomist.

He began his career as an Agriculture Officer with the Agriculture Department in 1983. In 1990, he joined Zeenex Sdn Bhd as a Techno Commercial Executive and later joined Kumpulan Guthrie Berhad as a Technical Adviser in 1991. In 1998, he joined the Company as Senior Agronomist and in 2003, he was designated as Head of Operations (Overseas) until January 2009. He was appointed as Deputy Managing Director of the Company in February 2007 and holds the same position until June 2009, prior to his appointment as the Chief Executive Officer of the Company in July 2009.

He is a member of the ESOS Committee of the Company.

Dato' Zainal Azwar bin Zainal Aminuddin, aged 51, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. From the date of his appointment, he attended all 2 meetings of the Board of Directors for the year ended 31 December 2009.



**DATUK ISMEE BIN HAJI ISMAIL**  
**NON-INDEPENDENT NON-EXECUTIVE**  
**DIRECTOR**

**Datuk Ismee bin Haji Ismail** has been with THP as the Company's Non-Independent Non-Executive Director for about 4 years. He was appointed on 1 January 2006.

His career began when he assumed the post of Management Accountant for Arab Malaysian Development Berhad in 1987. He completed the professional stages of Chartered Institute of Management Accountant (CIMA) at the London School of Accountancy and is currently its associate member and a member of the Malaysian Institute of Accountants (MIA).

He later moved to Shell Group Malaysia. He held several posts in the Group which included the Head of Forex and Banking of Shell Malaysia Ltd and the Group Accountant of Shell Malaysia Trading Sdn. Bhd.

The year 1996 saw him returning to Arab Malaysian Development Berhad Bank as its General Manager. He held the post for two years before joining Pengurusan Danaharta Nasional Berhad as its Chief Accountant/Treasurer.

Subsequently, he made career moves to other organisations that have helped him to build his corporate experience. His other corporate and directorial roles are :

- In 2000, he joined Medical Online (M) Sdn. Bhd. as its Senior Vice-President,
- In 2001, he joined Lembaga Tabung Haji as its Senior General Manager (Finance),
- In 2003, he joined ECM Libra Securities Sdn. Bhd. as its Chief Executive Officer,
- In 2006, he was appointed as Director of Bank Islam Malaysia Berhad and BIMB Holdings Berhad.

Datuk Ismee is the Group Managing Director and the Chief Executive Officer of Lembaga Tabung Haji and sits on the Board of several of its subsidiaries.

He is a member of the Remuneration Committee and the Tender Committee A of the Company.

Datuk Ismee bin Haji Ismail, aged 45, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. He attended 4 out of 5 meetings of the Board of Directors for the year ended 31 December 2009.



## DATUK AZIZAN BIN ABD RAHMAN INDEPENDENT NON-EXECUTIVE DIRECTOR

**Datuk Azizan bin Abd Rahman** has been with THP as the Company's Independent Non-Executive Director for almost 5 years. He was appointed on 1 June 2005.

His career began when he assumed the post of a Shipping Executive of Harper Gilfillan (M) Sdn Bhd in 1973 after graduating from the University of Malaya with a Bachelor of Arts Degree. He later moved to Malaysian International Shipping Company Group as its Branch Manager in 1975 and was subsequently appointed as its Tanker Division Marketing Manager.

His other corporate experiences include the following :

- In 1981, he held a position in Panocean Tankers Ltd Chartering Department, London.
- In 1982, he joined JF Apex Securities Berhad (JFASB) as its Director which launched his career in stockbroking and finance.
- In 1995, he was appointed to the Board of Tongkah Holdings Berhad and Bina Darul Aman Berhad.
- In 2000, he joined MBf Group and was subsequently appointed as the Managing Director of MBf Capital Berhad and the Executive Director of MBf Holdings Berhad in 2001.
- In 2005, he became the Chairman of Eastern & Oriental Berhad Group.

While he was a Director of JFASB, he was an active member of the stockbrokers' fraternity and held the post President of the Association of Stockbroking Companies of Malaysia until he left the industry.

Datuk Azizan was also involved in the restructuring of a few public listed companies such as MBf Group of Companies, Tongkah Holdings Berhad (THB) and Bina Darul Aman Berhad (BDAB). He was actively involved in the companies' debt restructuring plans and identifying their new business strategies.

Datuk Azizan is the Chairman and Business Development Advisor of Eastern & Oriental Berhad. His other corporate and directorial roles are :

- Chairman of Isyoda Corporation Berhad,
- Chairman of Gefung Holdings Berhad,
- Chairman of the Investment Panel of Lembaga Tabung Haji,
- Director of MBf Holdings Berhad,
- Director of Apex Equity Holdings Berhad,
- Chairman and Director of Ramunia Holdings Berhad.



He is a member of the Audit Committee and the Nomination Committee of the Company.

Datuk Azizan bin Abd Rahman, aged 60, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. He attended 4 out of 5 meetings of the Board of Directors for the year ended 31 December 2009.

**DATUK DR ABDUL SAMAD  
BIN HAJI ALIAS  
INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Datuk Dr Abdul Samad bin Haji Alias** has been with THP as the Company's Independent Non-Executive Director for almost 5 years. He was appointed on 1 June 2005.

He is a Professional Accountant who holds a Bachelor's Degree in Commerce from the University of Western Australia; a Fellow of the Institute of Chartered Accountants, Australia; a member of the Malaysian Institute of Accountants (MIA) and also a member of the Malaysian Institute of Certified Public Accountants (MICPA).

Between 1999 to 2002, he was the President of MICPA and had served as a member of the Malaysian Accounting Standards Board (MASB) and Financial Reporting Foundation. From September 2000 to August 2005, he was the President of MIA. He is the first Malaysian to be elected to the 22-member Board of the International Federation of Accountants.

Datuk Dr Abdul Samad bin Haji Alias is a member of the Lembaga Tabung Haji Board. His other directorial and chairmanship roles are :

- Director of Perbadanan Insurans Deposit Malaysia,
- Director of Perbadanan Kemajuan Iktisad Negeri Kelantan,
- Director of Felda Holdings Bhd,
- Chairman of Malaysian Venture Capital Management Bhd,
- Chairman of Malaysia Debt Ventures Berhad,
- Chairman of Bank Pembangunan Malaysia Bhd.

He holds Chairmanship of the Audit Committee and the Nomination Committee of the Company.

Datuk Dr Abdul Samad bin Haji Alias, aged 67, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. He attended all 5 meetings of the Board of Directors for the year ended 31 December 2009.



**DATO' HAJI WAN ZAKARIA  
BIN ABD RAHMAN  
INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Dato' Haji Wan Zakaria bin Abd Rahman** has been with THP as the Company's Independent Non-Executive Director for almost 5 years. He was appointed on 1 June 2005.

His career began when he assumed the post of a teacher with the Education Department in 1966 after graduating from the University of Malaya with an Honours Degree in Malay Studies. In 1974, he became the Administrative Officer of the Terengganu State Government. The period 1978 to 1982 saw him serving as the Political Secretary of the Terengganu Chief Minister. From 1982 to 1995 he was the Executive Committee Member (Exco) of the Terengganu State Government. He is presently the Chairman of Pertubuhan Peladang Negeri Terengganu.

He is a member of the Remuneration Committee and the Tender Committee A of the Company.

Dato' Haji Wan Zakaria bin Abd Rahman, aged 65, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. He attended all 5 meetings of the Board of Directors for the year ended 31 December 2009.



**SYED HOOD BIN SYED EDROS**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Syed Hood bin Syed Edros** has been with THP as the Company's Independent Non-Executive Director for almost 5 years. He was appointed on 1 June 2005.

He graduated from the International Islamic University with an Honours Degree in Law and a Certificate in Legal Administration from the same university.

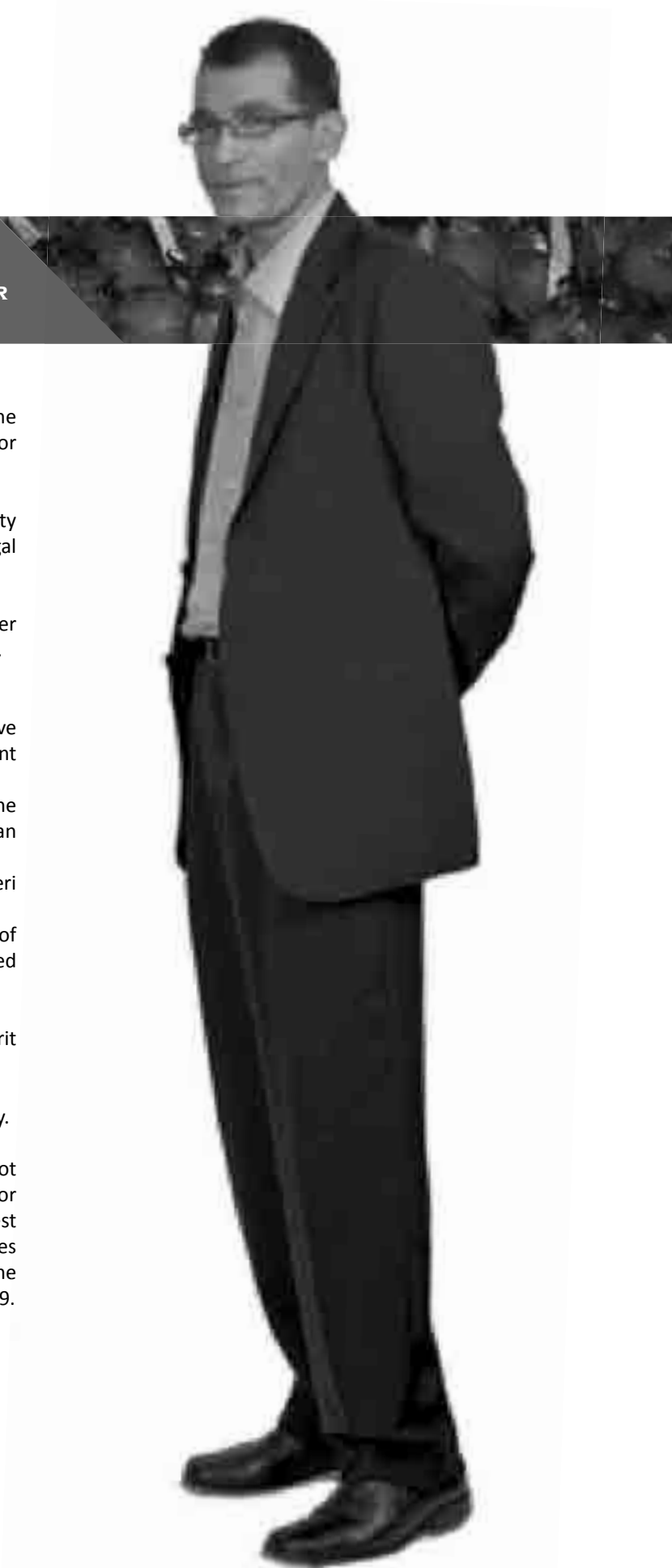
In 1995, he was appointed as a Manager by the Chamber of Commerce and the Professional Muslims of Malaysia.

His experiences include the following :

- In 1994, he was appointed as the Administrative and Diplomatic Officer of the Malaysian government until 1995,
- In 1996, he was appointed the Legal Adviser to the Prime Minister's Department and the Timbalan Pendakwaraya for the State of Johor until 1997,
- In 1998, he became the Special Officer for Dato' Seri Hishammudin Tun Hussein Onn until 1999,
- In 2000, he was appointed the General Manager of Yayasan Gerakbakti Kebangsaan after he was called to the Malaysian Bar on 23 October 1999,
- In 2002, he became an Advocate and Solicitor,
- In 2004, he became a Member of Parliament of Parit Sulong until 2008.

He is a member of the Audit Committee of the Company.

Syed Hood bin Syed Edros, aged 40, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict interest with the Company. He has not been convicted for offences within the past 10 years. He attended all 5 meetings of the Board of Directors for the year ended 31 December 2009.



**MD. YUSOF BIN HUSSIN**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Md. Yusof bin Hussin** has been with THP as the Company's Independent Non-Executive Director for almost 5 years. He was appointed on 1 June 2005.

His career began when he assumed the post of an Accountant for Robur Tea Co. Ltd. , Australia for a year after graduating with a Bachelor of Economics Degree from the University of Tasmania, Australia in 1973. He later assumed the position of an Audit Supervisor for Coopers & Lybrand, Malaysia in 1975. He was admitted to the Malaysian Institute of Accountants (MIA) as its member in 1977. The following year, he qualified as a member of the Malaysian Institute of Certified Public Accountants (MICPA).

His working experience include the following :

- In 1978, he was a Senior Manager, Banking of Utama Wardley Merchant Bank,
- In 1982, he was the Group Chief Accountant of Harper Gilfillan Group before being promoted to its Director of Corporate and Finance Division,
- In 1987, he was appointed the General Manager Corporate Services Division of Permodalan Nasional Berhad,
- In 1993, he was the Managing Director of Island & Peninsular Berhad until 1999.

He is entrusted with several directorial and chairmanship roles which include :

- Non-Executive Chairman of TPPT Sdn. Bhd. (an associated company of Bank Negara Malaysia),
- Chairman of Debts Restructuring Committee for Small and Medium Scale Industries (SDRC),
- Director of Glenealy Plantations (Malaya) Berhad,
- Director of Credit Guarantee Corporation Malaysia Berhad,
- Director of Iskandar Investment Berhad,
- Director of Lafarge Malayan Cement Berhad.

He is the Chairman of the Tender Committee of the Company as well as a member of the Nomination Committee of the Company.

Md. Yusof bin Hussin, aged 60, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. He attended all 5 meetings of the Board of Directors for the year ended 31 December 2009.





**DATO' NOORDIN BIN MD NOOR**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Dato' Noordin bin Md Noor** has been with THP as the Company's Independent Non-Executive Director for almost 2 years. He was appointed on 22 December 2008.

His career began after graduating with a Diploma in Business Studies from the University Technology Mara (UiTM) in 1976. He has 21 years of experience in business, information technology, construction, service and manufacturing and transport industry.

He has been actively involved in the nation's political scene since 1976. He has held various positions in the United Malays National Organisation of Malaysia (UMNO) at the Division, State and National level. He was an UMNO Youth Exco Member (1993-2002), Vice-Chairman of UMNO Youth Education Bureau (1993-1996), UMNO Youth Chief, Pulau Pinang (1993-1998), the Chairman of UMNO Youth Entrepreneur Development Council (1996-1998), the Chairman of UMNO Youth Economy and Entrepreneur Development Council (1998-2002) and a committee member of UMNO Youth Management and Administration.

He is a Director of PLB Engineering Berhad as well as a member of the Audit Committee and Chairman of the Nomination Committee of PLB Engineering Berhad.

He also a Chairman of the ESOS Committee and a member of the Audit Committee of the Company.

Dato' Noordin bin Md Noor, aged 52, Malaysian, does not have any family relationship with any director and/or major shareholder of the Company or any conflict of interest with the Company. He has not been convicted for offences within the past 10 years. He attended 4 out of 5 meetings of the Board of Directors for the year ended 31 December 2009.





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MANAGEMENT TEAM



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## MANAGEMENT

DATO' ZAINAL AZWAR BIN ZAINAL AMINUDDIN  
CHIEF EXECUTIVE OFFICER

The policy on growth and sustainability adopted by TH Plantations Berhad ("THP") has proven to be a successful formula which has established THP as a solid, medium sized player in the oil palm industry since its inception in 1971. The growth of THP is contributed principally by its highly regarded management team. Equipped with knowledge and skills, they are focused and determined towards achieving the Company's objectives.

Our goal is to maintain a developed work culture by exemplifying professionalism in values and ethics, hence demonstrating leadership qualities in everyday work. THP acknowledges its most important capital, the human resources, is the core of the organization in spearheading towards the Company's success.

We supplemented the existing laws and regulations with our human development policy to further enhance the already fortified, effective and strong management team. This policy extends beyond top management positions to encompass those at all levels of management from senior management to department units and groups, whether at the mills, estates or headquarters.

The essence of our successful management team lies remarkably in the high level of interdependence among the loyal and committed members, preparedness in contributing resourceful ideas, possessing good people skills, knack in developing a relaxed climate for communication, skills in taking calculated risks, capabilities in meeting pre-planned goals and targets, talent in creating constructive ideas and above all, ability in influencing the team's overall agenda. THP strive to further enhance this near perfect embodiment of a team that is its management team.



*right to left*

**Mohamed Azman Shah bin Ishak**  
Chief Financial Officer

**Othman bin Somadi**  
General Manager (Marketing)

**Maizura binti Mohamed**  
General Manager (Corporate Services)

**Megat Rizal Ezzudin bin Abd Maulud**  
Senior Manager (Audit)



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## SUPPORT

*right to left*

**Aruludin Raj bin Azman Arasu**  
General Manager (CEO Office)

**Roslina binti Samat**  
Senior Manager (Administration)

**Roslan bin Baba**  
Director Finance - Overseas

**Aliatun binti Mahmud**  
General Manager (Legal & Secretarial)

**Fadzil bin Abdullah**  
Deputy General Manager (Human Resource)



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OPERATION

*right to left*

**Hassan Fikri bin Mohamad**  
Head Of Operations - Domestic

**Abd Rashid bin Sahibjan**  
General Manager (Planting Advisor)

**Marzuki bin Abd Rahman**  
Head Of Engineer

**Muhammad Ariff bin Ariffin**  
General Manager (Planting Advisor)



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## OPERATION

*right to left*

**Mhamod bin Mokhtar**

Chief Executive Officer,  
Trurich Resources Sdn. Bhd. (secondment)

**Mat Saad bin Ramli**

Head Of Operations – Overseas

**Hamidon bin Hassan**

Deputy General Manager (IT)

**Ghazali bin Limat**

General Manager (Planting Advisor)



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## OPERATION

*right to left*

**Radin Rosli bin Radin Suhadi**  
Senior General Manager (Operations Sarawak)

**Ahmad Anuar bin Sairi**  
Deputy General Manager (Agronomy)


**Hassni bin Abu Hassan Bashri**  
Deputy General Manager (Estate Department)

**Syed Ali bin Syed Idros**  
General Manager (Planting Advisor)





**TH Plantations Berhad's Work Force**



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**STATEMENT ON  
CORPORATE GOVERNANCE**

## STATEMENT ON CORPORATE GOVERNANCE

**THE BOARD OF DIRECTORS (“THE BOARD”) OF TH PLANTATIONS BERHAD (“THP” OR “THE COMPANY”) REMAINS COMMITTED IN ITS EFFORTS TO IMPLEMENT THE PRINCIPLES AND BEST PRACTICES SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE. THE ADOPTION OF GOOD CORPORATE GOVERNANCE IS A FUNDAMENTAL PART OF THE BOARD’S RESPONSIBILITY TO PROTECT AND ENHANCE SHAREHOLDERS’ VALUE AND THE PERFORMANCE OF THP AND ITS SUBSIDIARIES (“THP GROUP”).**

As one of the Government-Linked Companies (“GLCs”) in Malaysia, THP not only abides by the principles and best practices as set out in the Malaysian Code on Corporate Governance (“the Code”), but also subscribes to the principles introduced by the Putrajaya Committee on GLCs High Performance (“PCG”). PCG’s Guidelines to Enhance Board Effectiveness, as codified in the “Green Book” launched on 26 April 2006, reinforced the recommendations contained in the Code.

The Board of Directors plays a key role in the governance process through its review and approval of the Group’s direction and strategy, its monitoring

of professional standards and business performance, its review of the adequacy and integrity of the Group’s internal control systems, including the identification of principal risks and ensuring the implementation of appropriate systems to manage those risks, and the acceptance of its underlying duty to ensure that THP Group meets its responsibilities to its shareholders.

### THE BOARD OF DIRECTORS

#### Composition, Size and Effectiveness of the Board

For the first six months of 2009, the operations of THP Group were steered by Dato’ Che Abdullah @ Rashidi bin Che Omar as the Managing Director of THP, a position he had held since 2003.

In July 2009, Dato’ Rashidi bin Omar had opted for early retirement and the leadership baton was passed to Dato’ Zainal Azwar bin Zainal Aminuddin as the Chief Executive Officer of THP. Prior to July 2009, Dato’ Zainal Azwar bin Zainal Aminuddin had been the Deputy Managing Director of THP since February 2007.

## STATEMENT ON CORPORATE GOVERNANCE

Eventhough he had retired as the Managing Director of THP, Dato' Rashidi bin Omar had still graciously remained on the THP Board as a Non-Executive Director in order to ensure the smooth transition of leadership from him to Dato' Zainal Azwar bin Zainal Aminuddin.

In September 2009, Dato' Rashidi bin Omar resigned as a Non-Executive Director of THP and paved the way for Dato' Zainal Azwar bin Zainal Aminuddin to be appointed as the Executive Director of THP.

With this, the Board remains nine (9) members comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Director and seven (7) Independent Non-Executive Directors. THP is led by an effective Board of Directors where seven (7) of the Non-Executive Directors fulfill the criteria of independence as defined in the Bursa Malaysia Main Market Listing Requirements ("Listing Requirements").

The Board views that the number and composition of the current Board members is sufficient and well-balanced for the Company, taking into consideration its present activities and size in carrying out its duties effectively, whilst providing greater assurance that no individual or small group of individuals can dominate the Board's decision making.

The position of Chairman and Chief Executive Officer are held by Tan Sri Datuk Dr Yusof bin Basiran and Dato' Zainal Azwar bin Zainal Aminuddin respectively. The Chairman has never held the post of Chief Executive Officer of the Company. There is a distinct and clear division of responsibility between the Chairman and the Chief Executive Officer to ensure that there is a balance of power and authority. The roles of the Chairman and Chief Executive Officer are separated and clearly defined.

Datuk Ismee bin Haji Ismail, who is the Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji, is the Non-Independent Non-Executive Director who represents Lembaga Tabung Haji, the majority shareholder of the Company, brings with him the relevant business, financial and professional backgrounds relevant to the policy formulations and direction of THP Group.

The other seven (7) Independent Non-Executive Directors do not engage in the day-to-day management of the Company and do not participate in any business dealings and are not involved in any other relationship with the Company. This ensures that the Independent Non-Executive Directors remain free of conflict of interest situations which facilitate them to carry out their roles and responsibilities as Independent Directors effectively.

Although all Directors shoulder equal responsibilities for THP Group's operations, the roles of these Independent Non-Executive Directors have proven to be particularly important in ensuring that all business strategies proposed by the management are fully discussed and examined, and taking into account the long-term interests, not only of shareholders, but also the employees, customers, suppliers and other stakeholders in which the THP Group operates.

The profile of each Board member are contained in page 42 to page 51 of this Annual Report.

### **Duties and Responsibilities of the Board**

The Board members, in discharging their duties, are constantly mindful that the interests of the THP Group's customers, investors and all other stakeholders are well safeguarded.

The six (6) principle responsibilities of the Board include the following:

## STATEMENT ON CORPORATE GOVERNANCE

- a. Reviewing and adopting a strategic plan for the Company. The Board will review and approve the five-year rolling strategic plan for THP Group.

On an ongoing basis as need arises, the Board assesses whether projects, acquisitions and disposals as well as other strategic considerations being proposed at Board meetings during the year under review are in line with the objectives and broad outline of the adopted strategic plans.

- b. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed. At Board meetings, all operation matters are discussed and expert advice are sought where necessary.

The performances of the various operating units of THP Group represent the major element of Board agenda. When and where available, data are compared against national trends and performances of similar companies.

THP Group uses Key Performance Indicators (KPI's) as the primary driver and anchor to its performance management system, of which is continually refined and enhanced to reflect the changing business circumstances.

- c. Identifying principal risks and ensure the implementation of appropriate systems to manage these risks. The THP Group has set up a Risk Management Committee comprising senior members of the Management team for this purpose to assist the Board.
- d. Implementing succession planning, including the appointment and recruitment of senior management team members.

The Board's responsibility in this aspect is being closely supported by the Human Resource Department. Due to the importance of succession planning, this subject has now become an ongoing agenda being reviewed at various high-level management and operational meetings of THP Group.

- e. Developing and implementing an investor relations programme or shareholder communications policy for the Company.

The Board has approved the Company's Investor Relations Policy ("IR Policy") on 9 August 2007. In the IR Policy, the Company has authorised selected spokespersons from the senior management together with the Chairman and the Chief Executive Officer to communicate with financial analysts, shareholders and investors in relation to industry overview including press interviews, investor analyst briefings together with THP's yearly and quarterly results announcements, so as to ensure that investors and shareholders are well-informed about THP Group's affairs and developments.

- f. Reviewing the adequacy and the integrity of the Company's internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

The Board's function with regards to fulfilling this responsibility is supported and reinforced through the various committees established at both the Board and management levels. Aided by the Internal Audit Department, the active function of these committees through their regular meetings and discussions would provide a strong check and balance and

## STATEMENT ON CORPORATE GOVERNANCE

reasonable assurance on the adequacy of the Company's internal controls.

Details on the Internal Audit functions are further discussed in the Audit Committee Report as mentioned on page 99 of this Annual Report.

As mentioned earlier, the Company subscribes to the principles in the Green Book as the Policy Manual of the Board to assist the Board in discharging its duties effectively. Thus, the Board is guided by the Green Book in the following areas :

- The Group Organisation
- Board Organisation
- Board Responsibilities
- Board Procedures
- Director Evaluation Guidelines and Procedures
- Managing Director Evaluation Guidelines and Procedures

At the same time, the Board also ensures the sustenance of a dynamic and robust corporate climate focused on strong ethical values. This emphasises active participation and dialogues on a structured basis involving key people at all levels, as well as ensuring accessibility to information and transparency on all executive action. The corporate climate is also continuously nourished by value-centred programmes for team-building and active subscription to core values.

### **Board Meetings and Supply of Information to the Board**

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year to facilitate the Directors to plan ahead and organise the next year's Board meetings into their respective schedules.

The Board received the Board Papers prior to each meeting. The Board papers provide information on THP Group's performance and major operational, financial and corporate issues. Minutes of the Board Committees were also tabled at the Board meetings for the Board's information and deliberation. In addition, Circular Resolutions were used for determination of matters arising in between meetings. All conclusions of the Board meetings were duly recorded and minutes kept by the Company Secretary.

A total of five (5) board meetings were held in 2009 and all Directors have complied with the minimum 50% attendance as required under Paragraph 15.05 of the Listing Requirements.

The Chairman of the Audit Committee would inform the Directors at Board meetings, of any salient matters noted by the Audit Committee arising from the findings of management and which require the Board's attention or direction.

In addition to matters relating to the six principal stewardship's responsibilities of the Board, other specific topics tabled for Board's deliberation are the key financial and operational results and performances of THP Group, THP Group's strategic and corporate initiatives such as approval of corporate plans and budgets, acquisitions and disposal of material assets, major investments, and changes to management and control structure of THP Group, including key policies, procedures and authority limits.

## STATEMENT ON CORPORATE GOVERNANCE

Apart from the scheduled meetings or on separate occasions, the Directors also visited locations of estates and mills to allow them to have better assessments of the operational progress, status of developments and any important issues to be addressed. In December 2009, the Board visited several THP Group's estates located in Sabah and Sarawak to have better perspective and understanding of THP Group's business.

The attendance at Board meetings in 2009 of the members of the Board are set out below:

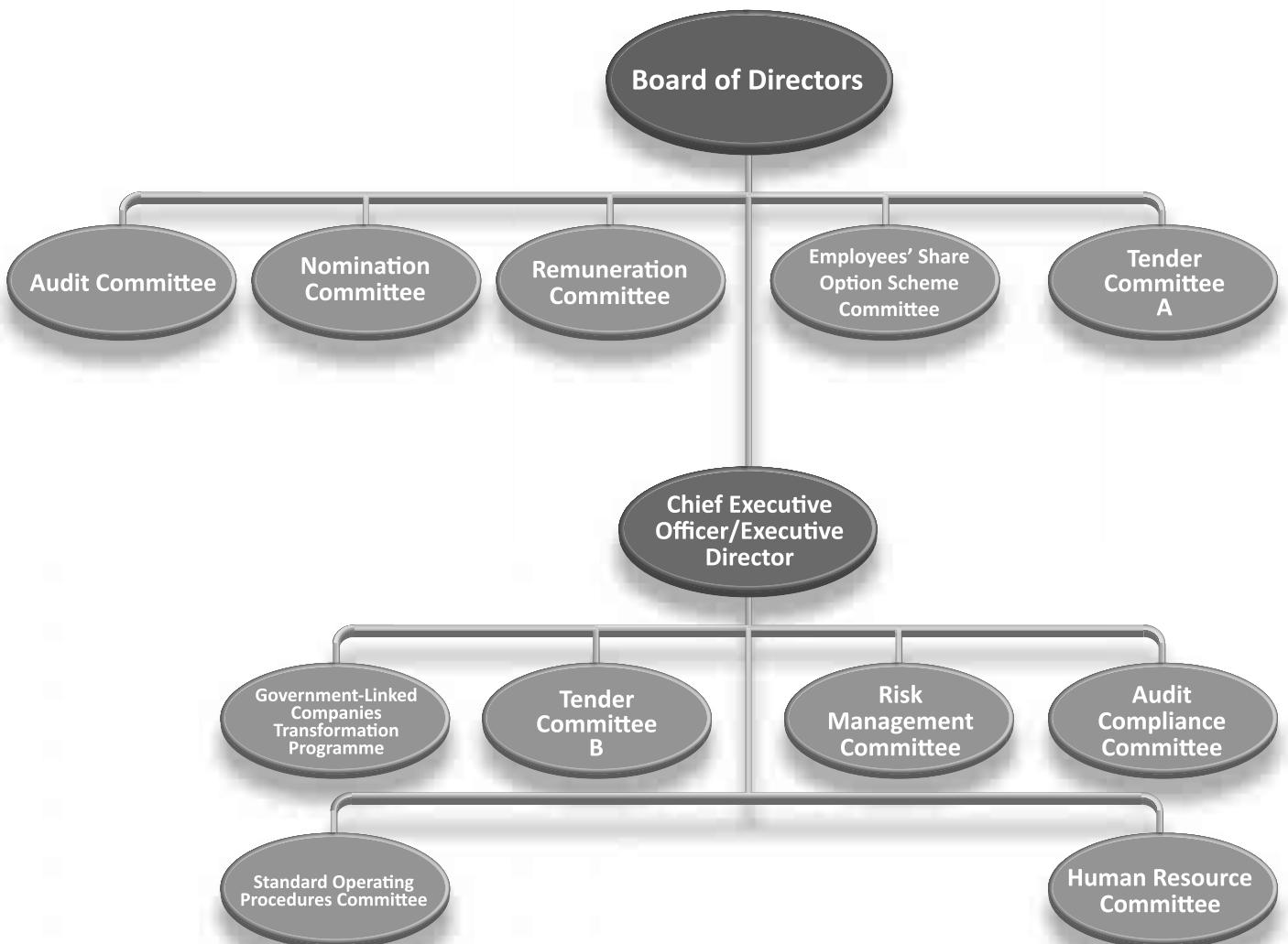
Name of Directors	18-2-09	22-5-09	30-7-09	9-11-09	10-12-09	%
<b>Tan Sri Datuk Dr Yusof bin Basiran</b>	√	√	√	√	√	<b>100</b>
<b>Datuk Dr Abdul Samad bin Haji Alias</b>	√	√	√	√	√	<b>100</b>
<b>Datuk Azizan bin Abd Rahman</b>	X	√	√	√	√	<b>80</b>
<b>Datuk Ismee bin Haji Ismail</b>	√	X	√	√	√	<b>80</b>
<b>Dato' Che Abdullah @ Rashidi bin Che Omar</b>	√	√	X	Resigned as a Director w.e.f. 1 September 2009		<b>67</b>
<b>Dato' Haji Wan Zakaria bin And Rahman</b>	√	√	√	√	√	<b>100</b>
<b>Dato' Noordin bin Md Noor</b>	√	√	X	√	√	<b>80</b>
<b>Md. Yusof bin Hussin</b>	√	√	√	√	√	<b>100</b>
<b>Syed Hood Syed Edros</b>	√	√	√	√	√	<b>100</b>
<b>Dato' Zainal Azwar bin Zainal Aminuddin</b>	Appointed as an Executive Director w.e.f. 1 September 2009			√	√	<b>100</b>

All Directors have unrestricted access to all information within the Company in furtherance of their duties. In addition, all Directors have access to the advice of the Company Secretary and where necessary, independent professional advice at THP Group's expense.

The Board is always provided with not just quantitative information but also with those of qualitative nature that is pertinent and of a quality necessary to allow the Board to effectively deal with matters that are tabled in the meeting. These include current updates of THP Group's performances and external factors that may influence its business.

## STATEMENT ON CORPORATE GOVERNANCE

### TH Plantations Berhad Board and Management Committees





**Board Committees**

The Board had delegated certain responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee, Employees' Share Option Scheme Committee and Tender Committee A to assist in the execution of its responsibilities. The Committees operate under clearly defined terms of reference. The Committees have the authority to examine particular issues within their terms of reference and report to the Board with their recommendations.

Apart from the Board Committees, there are Management Committees established by the management which facilitate the function of the Board namely, Government Linked Companies Transformation Programme, Tender Committee B, Standard Operating Procedures Committee, Human Resource Committee, Risk Management Committee and Audit Compliance Committee.

The details of the Board Committees during the year are outlined below.

**a. Audit Committee**

Pursuant to Paragraph 15.16 of the Listing Requirements, the Audit Committee Report for the financial year ended 31 December 2009 is contained in page 90 to page 99 of this Annual Report.

**b. Nomination Committee****Membership**

The members of the Nomination Committee comprised of entirely Independent Non-Executive Directors as follows:

- i. Datuk Dr Abdul Samad bin Haji Alias  
Chairman, Independent Non-Executive Director
- ii. Datuk Azizan bin Abd Rahman  
Member, Independent Non-Executive Director
- iii. Encik Md. Yusof bin Hussin  
Member, Independent Non-Executive Director

## STATEMENT ON CORPORATE GOVERNANCE

### Terms of reference

The terms of reference of the Nomination Committee are as follows:

#### 1. Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall comprise exclusively of Non-Executive Directors, a majority of whom are independent.

The Committee shall consist of at least three (3) members.

#### 2. Quorum

Two (2) members shall form a quorum for a meeting of the Committee provided that the majority of members present must be Independent Directors.

#### 3. Chairman

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

#### 4. Secretary

The Company Secretary shall act as Secretary of the Committee.

### 5. Meetings and Minutes

- a) The Committee shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.
- b) The Secretary shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda not less than five (5) days prior to the meeting.
- c) Minutes of each meeting shall be distributed to each member of the Board.
- d) Questions arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question in issue, shall not have a casting vote.
- e) A resolution in writing signed by a majority of the Committee Members which shall consist of the signatures of at least two (2) Independent Directors, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

## STATEMENT ON CORPORATE GOVERNANCE

### 6. Functions and Responsibilities

The functions and responsibilities of the Committee shall include the following:

- a) To review regularly the Board structure, size and composition and make recommendations to the Board on any adjustments that are deemed necessary;
- b) To identify and propose to the Board suitable candidates to act as Directors of the Company;
- c) To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- d) To consider and recommend to the Board, candidates for all directorships to be filled in the Company and its Group;
- e) To evaluate and recommend to the Board, Directors to fill the seats on Board Committees;
- f) To consider, in making its recommendations, candidates for directorship proposed by the Chief Executive Officer and, within the bound of practicability by any other senior executive or any Director or shareholder;
- g) To recommend to the Board for continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation;
- h) To review the Board's mix of skills, experience and other qualities including core competencies which non-executive directors should bring to the Board on an annual basis;
- i) To orientate and educate new directors on the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the directors and the general responsibilities of directors;
- j) Such other functions as may be delegated by the Board from time to time; and
- k) To review and recommend promotions, extension of contracts, creation of new posts and all other related matters with regards to senior management of the Company and its Group.

### 7. Reporting Procedures

- a) The actual decision as to who shall be appointed to the Board shall be the responsibility of the Board after considering the recommendation of the Committee.
- b) The Committee should report to the Board for its consideration and implementation.

### 8. Access to Advice

In furtherance to their duties as Committee members of the Company, there shall be an agreed procedure for the members, whether as

## STATEMENT ON CORPORATE GOVERNANCE

a full committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

The members' attendance at the Committee Meetings in 2009 are set out below:

Committee Members	22-5-2009	17-8-2009	14-9-2009	%
Datuk Dr Abdul Samad bin Haji Alias	√	√	√	100
Datuk Azizan bin Abd Rahman	√	√	√	100
Md. Yusof bin Hussin	√	√	√	100

### Appointment of New Directors

The number and composition of Board membership are reviewed on a regular basis to ensure the effectiveness of the Board for the long term interests of the Company. In any case, the appointment of the Board member(s) is effected only after the official approval by the Board.

#### c. Remuneration Committee

##### Membership

The members of the Remuneration Committee comprised of 2 Independent Non-Executive Directors and one Non-Independent Non-Executive Director as follows:

- i. Tan Sri Datuk Dr Yusof bin Basiran  
Chairman, Independent Non-Executive Director
- ii. Datuk Ismee bin Haji Ismail  
Member, Non-Independent Non-

Executive Director

- iii. Dato' Haji Wan Zakaria bin Abd Rahman  
Member, Non-Independent Non-Executive Director

### Terms of reference

The terms of reference of the Remuneration Committee are as follows:

#### 1. Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall comprise wholly or mainly of Non-Executive Directors.

The Committee shall consist of at least three (3) members.

#### 2. Quorum

Two (2) members shall form a quorum for each meeting.

#### 3. Chairman

The members of Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Committee, the remaining members shall elect one of their members as Chairman of the meeting.

#### 4. Secretary

The Company Secretary shall act as Secretary of the Committee.

## STATEMENT ON CORPORATE GOVERNANCE

### 5. Meetings and Minutes

- a) The Committee shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.
- b) The Secretary shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda not less than five (5) days prior to the meeting.
- c) Minutes of each meeting shall be distributed to each member of the Board.
- d) Questions arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question in issue, shall not have a casting vote.
- e) A resolution in writing by a majority of the Committee Members which shall consist of the signatures of at least two (2) Independent Directors, shall be valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

### 6. Functions and Responsibilities

The functions and responsibilities of the Committee shall include the following:

- a) To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director (if applicable), based on the Scheme of Service of the Company;
- b) To recommend to the Board the allowance and benefits of the Non-Executive Directors;
- c) To recommend to the Board the seating allowance of the Directors and Committee members;
- d) To recommend to the Board any review on the Scheme of Services of the Company, whenever deemed necessary and appropriate; and
- e) To recommend to the Board the remuneration framework and the remuneration package allowances, bonus etc. for the senior management based on the Scheme of Service of the Company.

### 7. Structures and Procedures

- a) The remuneration of Directors shall be the ultimate responsibility of the Board after considering the recommendation of the Committee.
- b) Executive Director do not participate in discussion on his own remuneration.

## STATEMENT ON CORPORATE GOVERNANCE

- c) The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman shall be a matter for the Board as a whole.
- d) Level of remuneration should be sufficient to attract and retain the directors needed to run the Company successfully. The component parts of remuneration should be structured so as to link rewards to corporate and individual performance, in the case of Executive Director. The level of remuneration should reflect the experience and responsibilities undertaken by the particular Non-Executive Directors concerned.

### 8. Reporting Procedures

- a) The actual decision as to the remuneration framework and the remuneration package allowances, bonus etc shall be the responsibility of the Board after considering the recommendation of the Committee.
- b) The Committee should report to the Board for its consideration and implementation.

### 9. Access to Advice

In furtherance to their duties as Committee members of the Company, there shall be an agreed procedure for the members, whether as a full committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

The members' attendance at the Committee meetings in 2009 are set out below:

Committee Members	17-3-2009	20-8-2009	29-9-2009	%
Tan Sri Datuk Dr Yusof bin Basiran	√	√	√	100
Datuk Ismee bin Haji Ismail	√	√	√	100
Dato' Haji Wan Zakaria bin Abd Rahman	√	√	√	100

### Re-election of The Board of Directors

In compliance with Paragraph 7.28(2) of the Listing Requirements, all Directors shall retire once at least in every 3 years.

### d) Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee administers the THP Employees' Share Option Scheme which was established on 25 November 2008 and implemented on 8 May 2009.

The Committee is headed by Dato' Noordin bin Md Noor, an Independent Non-Executive Director and assisted by several members of the management team.

The ESOS Committee is established primarily:

- i. To administer the ESOS in accordance with the By-Laws of the ESOS and in such manner as it shall in its discretion deem fit and within such powers and duties as are conferred upon it by the Board.

## STATEMENT ON CORPORATE GOVERNANCE

- ii. To review and amend, at any time and from time to time, any provision of the By-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modification/variation shall be subject to the approvals of the Board and the relevant regulatory authorities.

The members' attendance at the Committee meetings in 2009 are set out below:

Committee Members	8-5-2009	%
Dato' Noordin bin Md Noor	√	100
Dato' Zainal Azwar bin Zainal Aminuddin	√	100
Haji Hassan Fikri bin Mohamad	√	100
Mohamed Azman Shah bin Ishak	√	100
Aliatun binti Mahmud	√	100
Fadzil bin Abdullah	√	100

### e) Tender Committee A

#### Membership

The members of the Tender Committee A comprised of the following Directors:

- i. Encik Md Yusof bin Hussin  
Chairman, Independent Non-Executive Director
- ii. Datuk Ismee bin Haji Ismail  
Member, Non-Independent Non-Executive Director
- iii. Dato' Wan Zakaria bin Abd Rahman  
Member, Independent Non-Executive Director

#### Terms of reference

The terms of reference of the Tender Committee A are as follows:

##### 1. Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall comprise exclusively of Non-Executive Directors, a majority of whom are independent.

The Committee shall consist of at least three (3) members.

##### 2. Quorum

A quorum shall consist of simple majority of members of the committee (Secretary not inclusive) provided that the Chairman and the Secretary of the meeting must be present during the meeting.

##### 3. Chairman

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

##### 4. Secretary

The Secretary of the Committee is appointed by the Board.

**5. Meetings and Minutes**

- a. The Committee shall meet at least once a year or at such other times as the Chairman of the Committee deemed necessary.
- b. The Secretary shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda not less than five (5) days prior to the meeting.
- c. Minutes of each meeting shall be distributed to each member of the Board.
- d. Questions arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question in issue, shall not have a casting vote.
- e. A resolution in writing signed by a majority of the Committee Members which shall consist of the signatures of at least two (2) Independent Directors, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.

**6. Functions and Responsibilities**

The primary duties and responsibilities of the Committee shall include the following:

- a. To details of all tenders called and let, including the nature of the procurement contract, budget provision, number of tenders received, value of successful tender, name of successful tenderer and, if the successful tenderer was not the lowest tender, the reasons for selection of the tenderer;
- b. To ensure that the procurement process complies with the relevant procurement ethics, policies and requirements;
- c. To consider, evaluate and approve or recommend awards which are beneficial to THP Group, taking into consideration various price factors, usage of product and services, quantity, duration of service and other relevant factors;
- d. To waive the requirement for formal tenders to be called for a particular acquisition, in accordance with Committee's discretion.

**7. Reporting Procedures**

The actual decision as to successful tenderer shall be the responsibility of the Board and Audit Committee to review any related party transactions and conflict on interest situation that may arise within the Company or THP Group including any transaction, procedure or course of conduct that may raise questions on management integrity after considering the recommendation of the Tender Committee.



## STATEMENT ON CORPORATE GOVERNANCE

### 8. Access to Advice

In furtherance to their duties as Committee members of the Company, there shall be an agreed procedure for the members, whether as a full committee or in their individual capacity, to take independent professional advice at the Company's expense, if necessary.

The attendance at the Committee meetings in 2009 are set out below:

Committee Members	18-2-2009	7-3-2009	23-6-2009	%
Md. Yusof bin Hussin	√	√	√	100
Datuk Ismee bin Haji Ismail	√	√	√	100
Dato' Haji Wan Zakaria bin Abd Rahman	√	X	√	67

### DIRECTORS' REMUNERATION

The Board believes that the levels of remuneration offered by the THP Group are sufficient to attract and retain Directors of calibre and with sufficient experience and talents to contribute to performance of the THP Group. Comparisons with similar position within the industry and other major public listed companies are made in order to arrive at a fair rate of remuneration.

The details of the remuneration (including benefits-in-kind) of each Director for the year ended 31 December 2009 are as follows:

Name of Directors	RM					
	Salary	Fees*	Bonus	Other Emoluments	Benefits-in-kind	Total
<b>Executive Directors</b>						
1. Dato' Che Abdullah @ Rashidi bin Che Omar (Resigned w.e.f 01.09.2009)	300,000	24,000	450,000	161,368	3,600	938,968
2. Dato' Zainal Azwar bin Zainal Aminuddin (Appointed w.e.f 01.09.2009)	390,000	12,000	198,450	97,200	12,793	710,443

## STATEMENT ON CORPORATE GOVERNANCE

Name of Directors	RM					
	Salary	Fees*	Bonus	Other Emoluments	Benefits-in-kind	Total
<b>Non-Executive Directors</b>						
1. Tan Sri Datuk Dr Yusof bin Basiran	-	72,000	-	-	18,300	90,300
2. Datuk Dr Abdul Samad bin Haji Alias	-	60,000	-	-	-	60,000
3. Datuk Azizan bin Abd Rahman	-	48,000	-	-	-	48,000
4. Datuk Ismee bin Haji Ismail	-	36,000	-	-	-	36,000
5. Dato' Haji Wan Zakaria bin Abd Rahman	-	36,000	-	-	-	36,000
6. Dato' Noordin bin Md Noor	-	36,000	-	-	-	36,000
7. Md. Yusof bin Hussin	-	36,000	-	-	-	36,000
8. Syed Hood bin Syed Edros	-	48,000	-	-	-	48,000
<b>Total</b>	<b>690,000</b>	<b>408,000</b>	<b>648,450</b>	<b>258,568</b>	<b>34,693</b>	<b>2,039,711</b>

Note: \* Fees include for being a member of the Board Committees.

Number of Directors whose remuneration falls within the following bands:

	Executive Directors	Non-Executive Directors	Total
<i>Below RM50,000</i>	-	6	6
<i>RM50,001 to RM100,000</i>	-	2	2
<i>RM700,001 to RM750,000</i>	1	-	1
<i>RM900,001 to RM950,000</i>	1	-	1

## STATEMENT ON CORPORATE GOVERNANCE

### DIRECTORS' TRAINING

The Company complies with the requirements as set out in the Listing Requirements whereby it regularly assesses the training needs of its Directors to ensure that they are equipped with the requisite knowledge and competencies to make effective contribution to the Board's functioning.

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. In addition, the Directors are also encouraged to continue attending various training programmes that are relevant to the discharge of their responsibilities.

Particulars of training programmes attended by the Directors during the year under review:

Directors	Training Programme Title
Tan Sri Datuk Dr Yusof bin Basiran	1. Corporate Law For Non Legal Professional Organiser : The Asia Business Forum
Datuk Dr Abdul Samad bin Haji Alias	1. Financial Institution Directors Education (FIDE) Module 1 Organiser : Bank Negara Malaysia
	2. Financial Institution Directors Education (FIDE) Module 2 Organiser : Bank Negara Malaysia
	3. Financial Institution Directors Education (FIDE) Module 3 Organiser : Bank Negara Malaysia
	4. Financial Institution Directors Education (FIDE) Module 4 Organiser : Bank Negara Malaysia
	5. Financial Institution Directors Education (FIDE) Module 5 Organiser : Bank Negara Malaysia
Datuk Azizan bin Abd Rahman	1. Asia's New Competitive Games Organiser : Asian Academy For Corporate Administration Sdn. Bhd. (AACAA)
Datuk Ismee bin Haji Ismail	1. Finance For Directors and Executive Management Organiser : Marcus Evans (Malaysia) Sdn Bhd
Dato' Haji Wan Zakaria bin Abd Rahman	1. The Non-Executive Director Development Series (NEDDS) Is It Worth The Risk? Organiser : PricewaterhouseCoopers & SIDC
	2. Corporate Law For Non Legal Professional Organiser : The Asia Business Forum
Dato' Che Abdullah @ Rashidi bin Che Omar	1. Corporate Law For Non Legal Professional Organiser : The Asia Business Forum

## STATEMENT ON CORPORATE GOVERNANCE

Directors	Training Programme Title
Dato' Noordin bin Md Noor	1. Corporate Compliance Forum Organiser : LexisNexis Malaysia Sdn. Bhd.
	2. Corporate Law For Non Legal Professional Organiser : The Asia Business Forum
	3. The Non-Executive Director Development Series (NEDDS) Is It Worth The Risk? Organiser : PricewaterhouseCoopers & SIDC
Md. Yusof bin Hussin	1. Corporate Compliance Forum Organiser : LexisNexis Malaysia Sdn. Bhd.
	2. Corporate Law For Non Legal Professional Organiser : The Asia Business Forum
Syed Hood bin Syed Edros	1. Corporate Compliance Forum Organiser : LexisNexis Malaysia Sdn. Bhd.
	2. The Non-Executive Director Development Series (NEDDS) Is It Worth The Risk? Organiser : PricewaterhouseCoopers & SIDC
Dato' Zainal Azwar bin Zainal Aminuddin	1. Mandatory Accreditation Programme For Directors of Public Listed Companies Organiser : Bursatra Sdn. Bhd.
	2. Seminar Pengarah Wakil-Wakil Tabung Haji 2009 Organiser : Lembaga Tabung Haji
	3. Palm Oil International Palm Oil Congress 2009 Organiser : MPOB

### INVESTORS AND SHAREHOLDERS COMMUNICATION AND RELATIONSHIP

The Company continually ensures that it maintains a high level of disclosure and communication with its shareholders and stakeholders through various practicable and legitimate channels. The Company is duty bound to keep the shareholders and investors informed of any major developments and changes affecting the Group.

Other than the annual reports, press releases and analyst briefings presentation slides, THP's website, [www.thplantations.com.my](http://www.thplantations.com.my) also houses all other corporate and financial information that is made public, such as the quarterly announcement of the financial results of THP, announcements and disclosures made pursuant to the disclosure requirements of Listing Requirements and other corporate information on THP.

Meetings and briefings were held periodically with investors, research analysts, bankers and the press to explain on THP Group's latest performance results, current developments and future directions. During

## STATEMENT ON CORPORATE GOVERNANCE

meetings, participants were encouraged to pose any question to the Chief Executive Officer and Executive Director or the senior management team of THP Group to seek any clarification or explanation on any issues raised. Whilst these forms of communications are important, the Company takes full cognisance of its responsibilities not to disclose price-sensitive information.

The board has approved the Investor Relations Policy (“IR Policy”) on 9 August 2007 to enable appropriate communications to all stakeholders. In the said IR Policy, the authorised spokespersons will guide and steer communication by THP’s senior management and employees. This is to avoid THP from making contradicting and differing views on certain issues and ensuring that it only gives the media and the markets clear and precise information required.

For further information or queries on Investor Relations matters, the following authorised management personnel may be contacted:

1. **Mohamed Azman Shah bin Ishak**  
Chief Financial Officer  
Contact No. 03 2687 6666  
Email : ashah@thplantations.com
2. **Maizura binti Mohamed**  
General Manager – Corporate Services  
Contact No. 03 2687 6666  
Email : maizura@thplantations.com

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board aims to present a balanced and meaningful assessment of THP Group’s financial performance and prospects to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman’s Statement and the accompanying financial statements.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy and completeness of information.

#### Internal Controls

The review on the system of internal control is set out under the Statement on Internal Control on pages 85 to 89 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE

In 2009, the Audit Committee met twice with the External Auditors without the presence of the management.

### Related Party Transaction

All related party transactions are reviewed by the internal auditors on a quarterly basis and the reports are subsequently reviewed by the Audit Committee to ensure compliance with the Listing Requirements and the appropriateness of such transactions before recommending to the Board for its approval. With regard to recurrent related party transactions ("RRPT"), the Board has to ensure such transactions are negotiated and agreed at an arm's length basis, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public, and are not detriment of the minority shareholders of the Company.

The Shareholders' mandate in respect of RRPT is obtained at the annual general meeting of the Company on a yearly basis. Details of these transaction are set out on pages 82 to 83 of this Annual Report.

### Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report on pages 91 to 99 of this Annual Report.

The Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

### Relationship with the Management

The Board maintains a close and transparent relationship with the management. The Board is

furnished with information relating to the running of THP Group's operations through various financial and operational monthly and quarterly reports prepared by the management. This will allow them to understand the operations better and make decisions in steering the Company towards a profitable business.

### STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company continuously strives to achieve high standards of corporate governance throughout THP Group and to the highest level of integrity and ethical standards in all its business dealings. The Board considers that it has complied with the principles and best practices as set out in Part I and Part II respectively of the Code throughout the year under review.

### DIRECTORS' RESPONSIBILITY STATEMENT IN PREPARATION OF AUDITED FINANCIAL STATEMENTS

The Board of Directors is required under Paragraph 15.27(a) of the Listing Requirements to issue a statement explaining their responsibility in the preparation of the annual financial statements. The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of THP's Group as at the end of the financial year and of the profit and loss of the Company and of the Group for the financial year. In preparing these financial statements, the Directors have:

- Used appropriate accounting policies and consistently applied them;
- Made judgements and estimates that are reasonable and prudent; and

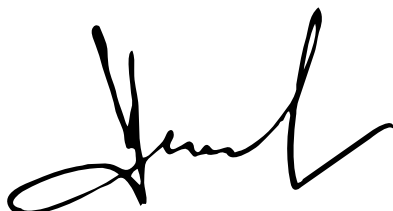
## STATEMENT ON CORPORATE GOVERNANCE

- Stated whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of THP Group and to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking such steps that are necessary to safeguard the assets of THP Group and to prevent fraud and other irregularities.

This Statement on Corporate Governance is made in accordance with the Resolution of the Board of Directors dated 5 April 2010.



**Tan Sri Datuk Dr Yusof bin Basiran**  
Independent Non-Executive Chairman

### ADDITIONAL COMPLIANCE INFORMATION

**a) Utilisation of proceeds from Corporate Proposals**

Not applicable.

**b) Share Buy-Back**

During the financial year, there were no share buy-backs made by the Company.

**c) Options, Warrants or Convertible Securities**

There were no new options, warrants or convertible securities issued during the financial year under review.

**d) American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme**

The Company did not sponsor any ADR or GDR programme during the financial year.

**e) Imposition of Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority for the financial year ended 31 December 2009.

**f) Non-Audit Fees**

There was a total amount of non-audit fees of RM150,000 incurred for the financial year ended 31 December 2009.

## STATEMENT ON CORPORATE GOVERNANCE

### g) Variation in Results

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the fourth quarter announcement of unaudited results for the financial year ended 31 December 2009 and the audited financial statements of THP Group for the financial year ended 31 December 2009.

### h) Profit Guarantee

The Company did not give any profit guarantee during the financial year.

### i) Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting at the end of the financial year under review or if not then subsisting, entered into since the end of the previous financial period.

### j) Revaluation Policy on Landed Properties

The Company did not adopt any revaluation policy on landed properties during the financial year under review.

### k) Recurrent Related Party Transaction

The aggregate value of the Recurrent Related Party Transactions of a revenue or trading nature conducted pursuant to the shareholders' mandate during the financial year under review between the Company and/or its subsidiary companies with related parties are set out below:-

#### Transactions with THP

Related Party Involved with the Company and/or Subsidiary	Relationship	Type of Transaction	Aggregate Value of Transaction RM'000
Lembaga Tabung Haji	Holding Company	Lease of land	2,200
Lembaga Tabung Haji	Holding Company	Rental of office	1,403
CCM Fertilizer Sdn Bhd	Holding Company	Purchase of fertilizers	12,220
TH Travel Services Sdn Bhd	Related Company	Purchase of flight ticket	979



## STATEMENT ON CORPORATE GOVERNANCE

### Transactions with THP Agro Management Sdn Bhd (*formerly known as Lebigaya Sdn Bhd*) (wholly owned subsidiary of THP)

Related Party Involved with the Company and/or Subsidiary	Relationship	Type of Transaction	Aggregate Value of Transaction RM'000
TH Ladang (Sabah & Sarawak) Sdn Bhd	Related Company	Provision of management services	5,233
TH Pelita Gedong Sdn Bhd ( <i>formerly known as DD Pelita Gedong Plantation Sdn Bhd</i> )	Related Company	Provision of management services	603
TH Pelita Sadong Sdn Bhd ( <i>formerly known as DD Pelita Sadong Plantation Sdn Bhd</i> )	Related Company	Provision of management services	137
Ladang Jati Keningau Sdn Bhd	Related Company	Provision of management services	76
TH – Usia Jatimas Sdn Bhd	Related Company	Provision of management services	128
TH Bonggaya Sdn Bhd	Related Company	Provision of management services	265
PT. TH Indo Plantations	Related Company	Provision of management services	16,735
TH Bakti Sdn Bhd	Related Company	Provision of management services	147
TH Pelita Meludam Sdn Bhd	Related Company	Provision of management services	821
TH Pelita Beladin Sdn Bhd	Related Company	Provision of management services	42
Trurich Resources Sdn Bhd	Related Company	Provision of management services	5,000



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STATEMENT ON INTERNAL CONTROL

## STATEMENT ON INTERNAL CONTROL

*(Pursuant to paragraph 15.27(b) of the Listing Requirement (LR) of Bursa Malaysia Securities Berhad)*

### **INTRODUCTION**

The Board of Directors (“the Board”) of TH Plantations Berhad (“THP” or “the Company”) is pleased to present its Statement on Internal Control for the financial year under review, prepared in line with the guidance issued by Bursa Malaysia Securities Berhad (“Statement on Internal Control: Guidance for Directors of Public Listed Companies”).

### **BOARD RESPONSIBILITIES**

The Board acknowledges its overall responsibility for maintaining a sound system of internal control that needs to be continuously reviewed to maintain its adequacy, effectiveness and integrity. THP Group’s system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives. Hence, it can only be expected to provide reasonable but not absolute assurance against misstatement, fraud or loss.

The Management responsibility is to implement the established policies and procedures as approved by the Board, on risks and controls by identifying and evaluating THP Group’s risks and in response, design, operate and monitor a suitable system of internal control and formulate relevant policies and procedures to manage those risks.

The Board also recognises the importance of a sound internal control and risk management practices to support good corporate governance and to safeguard the interest of the stakeholders, their investment and THP Group's assets.

#### **RISK MANAGEMENT**

Management has established a Risk Management Committee ("RMC") since 2007 to continuously monitor, evaluate, assess and recommend steps to be taken in managing the risks faced by THP Group and to be in line with the policy as adopted by the Board per the enterprise-wide risk management framework.

RMC is chaired by the Chief Operating Officer with the other committee members being the respective Head of Departments from Finance, Legal, Operations and Administration. RMC meetings have been held periodically to monitor and obtain updates on risk management matters of THP Group.

#### **KEY INTERNAL CONTROL ELEMENTS**

The important elements of THP Group's system of internal control are outlined in the table below:

<p>Organisation Structure &amp; Authorisation Procedures</p>	<p>THP Group maintains a formal organisation structure with clear lines of reporting to the Board, Committees and Senior Management with defined roles and responsibilities, authority limits, review and approval procedures and proper segregation of duties.</p> <p>Apart from the Management of THP Group, the Board is also assisted by the Audit Committee, the Nominations Committee, the Remunerations Committee, and the Tender Committee, each with a clear Terms of Reference (TOR), to effectively and efficiently manage the operations of THP Group. The structure in place is designed to also ensure good and strong corporate governance of THP Group.</p>
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## STATEMENT ON INTERNAL CONTROL

<p>Standard Operating Procedures (SOP)</p>	<p>The Board acknowledges the importance of documented SOP in managing the operations of THP Group, at head office as well as at THP Group's estates and mills. The SOPs of various operations are updated as and when required, taking into consideration current requirements and changes.</p> <p>In the financial year under review, the operation and technical SOPs were reviewed and updated internally while all support departments' SOPs were reviewed and updated by an external consultant. This is to ensure that proper internal control measures are incorporated to manage the risks of fraud and misstatements, which may compromise the goals and objectives of THP Group.</p>
<p>Independent Members in Audit Committee</p>	<p>The Audit Committee, whose members are Independent Non-Executive Directors, assesses on a periodic basis, the adequacy and integrity of the system of internal control through various reports it received from the Internal Audit Department, the Management and THP Group's External Auditor. Any internal control issues were brought to the attention of the Audit Committee which, in turn, will report to the Board on any matter requiring the latter's attention.</p>
<p>Internal Audit Function</p>	<p>The Internal Audit Department reports directly to the Audit Committee and assists in discharging the Audit Committee's responsibilities by performing periodic and systematic reviews of the business processes of the entities within THP Group. These reviews include examining and evaluating the adequacy and effectiveness of the financial and operational controls at each operating unit.</p> <p>IA reports together with management's comments and responses are periodically followed up for compliance and also to ensure management are accountable for their actions.</p>

## STATEMENT ON INTERNAL CONTROL

<p>Information &amp; Communication</p>	<p>Through the use of the THP Management Information System (THPMIS), information critical to the management of key business risks and meeting THP Group's business objectives are communicated within THP Group and ensuring that matters requiring the attention of the Board and Senior Management are highlighted on a timely basis for review, deliberation and decision-making.</p>
<p>Operations Review and Monitoring</p>	<p>Operations of THP Group is constantly monitored by the Board with up-to-date reports being presented by Management, which reviews the performance of THP Group against budget and prior year performance on a monthly basis. Variances are carefully analysed and corrective actions are taken where necessary.</p> <p>Management also monitors the performance of the estates and its managers through reports produced internally on a regular basis by the Plantation Advisors (PA). The role of the PA is to ensure that the technical aspects of all estates under THP Group are using the current and better practices in plantation management.</p>
<p>Human Capital Development and Training</p>	<p>Emphasis is placed on enhancing the quality and ability of THP Group's directors and employees through continuous training and development. Directors have attended training to maintain good corporate awareness and governance.</p> <p>THP Group's employees' competencies are assessed annually through reviews of Key Performance Indicators (KPI) and subsequently, potential areas for further development and training are highlighted by Head of Departments and business units.</p>

## STATEMENT ON INTERNAL CONTROL

Group Takaful and Physical Safeguards	Adequate takaful cover on assets of THP Group is in place to ensure sufficient protection against mishap that may result in material losses to THP Group. Review on the adequacy of coverage is conducted annually by Management.
Procurement and Tender Award System	A clearly defined policy on awarding of tenders is adopted to enhance the control and coordination of procurement of goods and services. Various internal control measures are in place throughout the procurement and tender award process to safeguard the interest of THP Group.

### CONCLUSION

Based on the observations and reports provided to the Board for the financial year under review, the Board is of the opinion that the system of internal control that is in place is sound and adequate to safeguard the interest of THP Group's stakeholders, their investments and THP Group's assets. Additionally, the Board and Management monitor the risks faced by THP Group to ensure that they are within tolerable levels in relation to the business environment THP Group operates in.

No major internal control issues were identified that may result in any material loss or fraud that would require disclosure in this annual report and the Board and Management are continuously taking improvement measures to strengthen THP Group's system of internal control and its related framework.



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AUDIT COMMITTEE REPORT



## INTRODUCTION

The Board of Directors (“The Board”) of TH Plantations Berhad (“THP” or “the Company”) is pleased to present the report on the Audit Committee of the Board for the financial year ended 31 December 2009.

## COMPOSITION

The Audit Committee currently comprises the following members of which all of them are Independent Non-Executive Directors:

### Directors

Datuk Dr Abdul Samad bin Haji Alias \* (Chairman)  
Independent Non-Executive Director

Datuk Azizan bin Abd Rahman  
Independent Non-Executive Director

Syed Hood bin Syed Edros  
Independent Non-Executive Director

*\* A member of the Malaysian Institute of Accountants*

**TERMS OF REFERENCE**

The Audit Committee's Terms of Reference, by which the Committee refers to in performing its duties and responsibilities, are as follows:

1	<b>Composition</b>	<p>The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members.</p> <p>All members of the Audit Committee shall be non-executive Directors, a majority of whom shall be Independent Directors.</p> <p>An alternate Director must not be appointed as a member of the Audit Committee.</p> <p>In the event of any vacancy in the Audit Committee resulting in the number of members reduced to below three (3), the Board shall within three (3) months appoint a new member to fill the vacancy.</p>
2	<b>Membership</b>	<p>At least one (1) member of the Audit Committee: -</p> <ul style="list-style-type: none"> <li>a) must be a member of the Malaysian Institute of Accountants; or</li> <li>b) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and: <ul style="list-style-type: none"> <li>i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or</li> <li>ii) he must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or</li> </ul> </li> <li>c) must have a degree/master/doctorate in accounting or finance and at least three (3) years' post qualification experience in accounting or finance; or</li> <li>d) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or</li> <li>e) possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.</li> </ul>
3	<b>Chairman</b>	<p>The members of the Audit Committee shall elect a Chairman from amongst their members who shall be an Independent Non-Executive Director.</p>

4	<b>Quorum</b>	The quorum of the Audit Committee meeting shall not be less than two (2), the majority of whom shall be Independent Non-Executive Directors.
5	<b>Meeting</b>	<ul style="list-style-type: none"> <li>a) The Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;</li> <li>b) The Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an Independent Director nominated by the Audit Committee;</li> <li>c) The Company Secretary shall act as Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the Notice of meeting, together with supporting explanatory documentation to members not less than five (5) days prior to each meeting;</li> <li>d) The Secretary of the Committee shall be entrusted to record the proceedings of the Committee meeting;</li> <li>e) The Committee may invite any Board member or any member of the senior management or any relevant employees within the Company or THP Group whom the Committee thinks fit to attend the Audit Committee Meeting, to assist in resolving and clarifying matters raised in the audit report and/or to brief on their respective reports and findings; and</li> <li>f) The Committee shall report to the full Board from time to time, its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board.</li> </ul>
6	<b>Voting and Proceeding of Meeting</b>	<p>The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question in issue, the Chairman shall not have a casting vote.</p> <p>Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at a meeting of the Audit Committee.</p>

7	<b>Minutes</b>	<p>The Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.</p> <p>Minutes of the Committee Meeting will be made available to all Board members. The Chairman of the Audit Committee will provide written or a verbal report of significant matters of each meeting of the Audit Committee at the next Board meeting or as may otherwise be required by the Board.</p> <p>The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at the registered office of the Company, and shall be opened for the inspection of any member of the Committee and the Board.</p>
8	<b>Authority</b>	<p>The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference or as otherwise directed by the Board. The Audit Committee shall have:</p> <ol style="list-style-type: none"> <li>a) the authority to investigate any matter within its terms of reference;</li> <li>b) the resources which are required to perform its duties;</li> <li>c) full and unrestricted access to any information, records, properties and personnel of the Company and of THP Group;</li> <li>d) direct communication channels with the external auditors and internal auditors;</li> <li>e) the right to obtain independent professional or other advice and to invite any person with relevant experience and expertise to attend the Committee Meeting whenever deemed necessary; and</li> <li>f) the right to convene meeting with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.</li> </ol>

9	<b>Functions and Responsibilities</b>	<p>The functions and responsibilities of the Audit Committee shall include the following:</p> <ul style="list-style-type: none"> <li>a) to consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including the audit fees);</li> <li>b) to review with the external auditors of the Company: <ul style="list-style-type: none"> <li>i) their audit plan;</li> <li>ii) their audit report;</li> <li>iii) their management letter and management's response; and</li> <li>iv) the assistance given by the employees of the Company and THP Group to the external auditors;</li> </ul> </li> <li>c) to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of management where necessary);</li> <li>d) to review the quarterly financial results and annual audited financial statements of THP Group before recommending the same for the Board's approval, focusing particularly on: <ul style="list-style-type: none"> <li>i) compliance with accounting standard and any other legal requirements;</li> <li>ii) any changes in or implementation of accounting policies and practices;</li> <li>iii) significant and unusual issues and adjustments arising from the audit;</li> <li>iv) the going concern assumption.</li> </ul> </li> <li>e) to review and consider the adequacy of scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;</li> <li>f) to review the internal audit programme, the reports prepared by the internal audit department and to ensure that appropriate actions are taken on the recommendations of the internal audit function;</li> <li>g) to review any appraisal or assessment of the performance of members of the internal audit function;</li> </ul>
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- h) to approve any appointment or termination of senior members of the internal audit function;
- i) to be informed of any resignation of internal audit staff members and provide an avenue for the resigning staff member to explain or submit his/her reasons for resignation;
- j) to review any related party transactions and conflict of interest situation that may arise within the Company or THP Group including any transaction, procedure or course of conduct that may raise questions on management integrity;
- k) to consider the reports and major findings of any internal investigations and management's responses thereto;
- l) to verify, on an annual basis, the allocation of options under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the By-Laws of the relevant option scheme;
- m) to promptly report to Bursa Malaysia Securities Berhad of a matter reported by the Audit Committee to the Board of Directors which has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and
- n) such other functions or responsibilities as may be agreed to by the Committee and the Board.

10	<b>Review of the Audit Committee Charter</b>	The Audit Committee shall review and assess the adequacy of the Audit Committee Charter at least once a year. The Audit Committee shall recommend to the Board for approval on any amendments, whenever deemed necessary and appropriate.
11	<b>Review of the Audit Committee</b>	The Board of Directors shall review and assess the term of office and performance of the Audit Committee and each of its members at least once every three (3) years.

## AUDIT COMMITTEE REPORT

### ATTENDANCE

A summary of the attendance at the Audit Committee meetings held during the financial year are as follows:

Meeting Number	01/09	02/09	03/09	04/09	05/09	06/09	07/09	
Directors	18-02-2009	11-03-2009	09-04-2009	22-05-2009	30-07-2009	20-08-2009	09-11-2009	Attend- ance
<b>Datuk Dr. Abdul Samad bin Haji Alias (Chairman)</b>	√	√	√	√	√	√	√	7/7
<b>Datuk Azizan bin Abd Rahman</b>	-	√	√	√	√	√	√	6/7
<b>Syed Hood bin Syed Edros</b>	√	-	√	√	√	-	√	5/7

Meetings were also attended by the Managing Director, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, the Head of Internal Audit and external auditors as well as various members of the Senior Management team as and when required by the Committee.

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee have carried out its duties and responsibilities during the period in accordance with its terms of reference. The main activities undertaken by the Committee during the financial year under review were as follows:

- a) Reviewed the quarterly financial and operational reports, interim financial results, the interim financial report to Bursa Securities and the annual audited financial statements;
- b) Reviewed the application of corporate governance principles and the extent of THP Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance in conjunction with the preparation of the Statement on Corporate Governance and Statement on Internal Control;
- c) Reviewed and approved the external auditors' scope of work and audit plan;
- d) Reviewed with the external auditors on the compliance, in particular the annual financial statements of the Company and THP Group, with the Listing Requirements of Bursa Securities and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB);

- e) Reviewed with the external auditors the results of the audit, the audit report including management's responses on matters highlighted in the report;
- f) Reviewed the conduct and considered the remuneration and re-appointment of the external auditors;
- g) Held independent meetings (without the presence of Management) with the external auditors on significant findings in the course of their audit;
- h) Reviewed and approved the internal audit team's scope of work and audit plan;
- i) Reviewed the Report on the Audit Committee, Statement on Internal Control and Statement on Corporate Governance prior to their inclusion in the Annual Report 2009;
- j) Reviewed the internal audit reports and reported to the Board on relevant matters deliberated at the Audit Committee meetings;
- k) Held independent meetings (without the presence of Management) with the internal auditors on significant findings in the course of their audit;
- l) Performed periodic site visits to familiarise and confirm that internal controls are in place and being observed;
- m) Reviewed all related party transactions entered into by the Company and THP Group to ensure that such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the related internal control procedures are both sufficient and effective.



**INTERNAL AUDIT FUNCTION AND ACTIVITIES**

The internal audit function of THP Group is performed in-house and is independent from the main activities and operations of THP Group's operating units. The Internal Audit Department reports directly to the Audit Committee. It is the responsibility of the Internal Audit Department to provide the Audit Committee with periodic, independent and objective reports on the state of internal controls of THP Group's operations and the extent of these units' compliance to both THP Group's established policies and procedures, and relevant statutory requirements.

During the financial year under review, the internal auditors have:

- a) Conducted 37 audits on various operating units based on the annually approved internal audit plan;
- b) Reviewed and appraised the adequacy and application of financial and operational control and continuously promote effective control throughout THP Group;
- c) Appraised the extent of compliance with established policies, procedures and statutory requirements of the operating units;
- d) Presented findings and recommendations for improvements to the Audit Committee for further deliberation;
- e) Performed follow-ups on the status of the recommendations and corrective actions as carried out by Management;
- f) Collaborated with the external auditors to ensure sufficient coverage in audit scope and avoid duplication where possible;
- g) Assisted Management in promoting better environmental, safety and health practices throughout THP Group;
- h) Undertaken special assignments or quarterly reviews as and when requested by the Audit Committee and/or Management and notified the outcome to the Audit Committee and/or Management.

The cost incurred for the internal audit function is RM0.68 million for the financial year under review.

This report on the Audit Committee is prepared in accordance with a resolution of the Board of Directors dated 5 April 2010.

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## CORPORATE RESPONSIBILITY





THP Group recognizes the Corporate Responsibility (CR)'s roles in contributing positively not only to our bottom line, but also in encouraging the well being of stake holders such as employees and communities in line with the tag line of 'Kesinambungan Pembangunan Ummah'.

THP Group continued with its commitment to further develop and foster better relations at the community level and elevate the work and social environment for its employees through various CR programmes and activities.

### COMMUNITIES

As a good corporate citizen, THP Group acknowledges its responsibilities to work in partnership with the community. Several initiatives were carried out by THP Group as its contribution towards the well being of the community.

#### *Management Trainees*

Responding to the Government call to reduce the unemployment among graduates in Malaysia, THP Group has initiated a programme called Management Trainees in 2007. Until end 2009, there were 50 unemployed graduates (approximately 8.6% of THP Group's workforce) were recruited and trained.





Total amount spent to date for this programme was RM204,000 since the year 2007. THP Group has benefited from the programme whereby 58% of the trainees under this programme has been absorbed as permanent employees.

	Total No. Recruited	Total Amount Spent (RM)
1st Batch (Year 2007)	12	47,250.00
2nd Batch (Year 2008)	13	68,560.00
3rd Batch (Year 2009)	15	88,627.34
4th Batch (Year 09/10)	10	*
<b>Total</b>	<b>50</b>	<b>204,437.34</b>

\* The programme is yet to be completed

## PINTAR

PINTAR Programme (Promoting Intelligence, Nurturing Talents and Advocating Resources), is an initiative spearheaded by Khazanah National Berhad with the aim of assisting schools in achieving their excellence through the school adoption programme. Since 2007, THP Group has been actively supportive towards educational activities designed to help the students achieved outstanding academic results.

Due to the success of PINTAR Programme in SRK Ladang Kota Bahagia, THP Group has extended the programme to SRK Bukit Rokan Utara, Gemas, Negeri Sembilan making the schools adopted in THP Group becomes 2. The focus group are the Standard 6 (UPSR) students, 31 students from SRK Ladang Kota Bahagia and 33 students from SRK Bukit Rokan Utara, Gemas, Negeri Sembilan.





On 24 - 27 August 2009, with the collaboration from the teachers of both schools, THP Group organizes UPSR Workshop called the 'PINTAR PINTAS' in both school simultaneously. These educational workshops were conducted by experts and qualified experienced teachers who are in charge of appraising the UPSR papers in the Ministry of Education. The workshop covers core subject of UPSR exams and our PINTAR students were taught the correct formats, techniques and strategies in answering examination questions and to enhance their level of confidence.

## HUMAN CAPITAL

THP Group believes that people are our most valuable resource and in order to ensure the sustainability of our businesses, the human capital development plays an essential role in preparing the workforce with qualities and skills in order to attain organizational excellence and to broaden our competitive edge.

THP Group has embarked on a few initiatives to show its commitment towards upgrading the employees' skills and quality:

### 1. Training

In Year 2009, THP Group has invested RM1,000,000 in providing various types of training for the employees according to the Competency Based Training Programmes and was divided into 3 types of training:

#### *i) Professionals & Public Programmes*

234 number of employees have been sent to various National & International Conferences in Year 2009. Some of the seminars and Public Programmes are :

Nos.	Titles of Training	Organizer	No. of Participant
1.	The International Palm Oil Congress (PIPOC 2009)	MPOB	19
2.	PRIME Seminar 2009	MPOC	1
3.	POC 2009 – Annual Palm & Lauric	Bursa Malaysia Berhad	1
4.	5th Annual National Employment Law Conf. 2009	My Seminar Sdn Bhd	2
5.	National Medical Seminar Update	EHA Association Malaysia	4
6.	Transfer of Technology Seminar	MPOB	8
7.	6th International ISP Conference	ISP	8
8.	National Conference on Human Resource (NCHR2009)	UTM Space	2
9.	MAICSA Annual Conference 2009	MAICSA	2



Nos.	Titles of Training	Organizer	No. of Participant
10.	2009 Palm Oil Industry Leadership Award (PILA)	MPOC	2
11.	CIMA World Conference 2009	Crystal Edge Sdn Bhd	4
12.	MAICSA Seminar	MAICSA	4
13.	2009 International Conference on Oil Palm & Environment	MPOB	4
14.	Corporate Governance Summit 2009	Asian World Summit	5
15.	Seminar on Related Party Transactions	MAICSA	2
16.	National Accountants Conference 2009	MIA	4
17.	The 2009 ACIIA Conference	AOS Conventions & Event	2
18.	International Workshop on Awareness, Detection and Control.	MPOB	9
	<b>Total</b>		<b>83</b>

#### ii) *Leaderships Programme*

96 employees have been exposed to various leadership programmes that will sharpen their management skills.

Nos.	Titles of Training	Organizer	No. of Participant
1.	THP Team Building Program 1/2009	THP/Bright Future	22
2.	THP Leadership Program 2/2009	THP/Bright Future	17
3.	THP Team Building Program 2/2009	THP/Bright Future	20
4.	THP Leadership Program 2/2009	THP/Bright Future	17
5.	THP Team Building Program 3/2009	THP/Bright Future	20
	<b>Total</b>		<b>96</b>



iii) *Spiritual Programme*

55 employees attended Programme 'Kesedaran Pencetus Perkasa Diri'.

Nos.	Titles of Training	Organizer	No. of Participant
1.	Kesedaran Pencetus Perkasa Diri Siri 1	THP/Fitrah Perkasa	19
2.	Kesedaran Pencetus Perkasa Diri Siri 2	THP/Fitrah Perkasa	31
3.	ESQ Leadership Training	ESQ Leadership Centre	5
	<b>Total</b>		<b>55</b>





## 2. Employees' Welfare

The well being of employees' will be upgraded according to the current situation and needs as an initiative to retained and gained employees' loyalty. In Year 2009, on top of the existing insurance coverage protection for the employees, there are additional benefits in kind that has been implemented:

- i) THP Group has given extra protection over and above the minimum requirement (SOCSSO) to 1500 local estates workers in the form of insurance protection. The local workers (labors) were covered under 3 policies, Life Insurance, Group Personal Accident and Medical Health Plan. The premium involved in this coverage is approximately around RM250,000.00 per year.
- ii) *Recognition of Employees' Children's Achievement in Learning (RECAL)*

The objective of RECAL is to motivate, acknowledge and to reward the employees' children. Therefore, THP Group has introduced an incentive by awarding the excellence achievers in the schools examination among the employees children.

In 2009, 10 recipients among the children of THP Group's employees were given the award for academic excellence in UPSR, PMR and SPM. The ceremony was held at the Grand Seasons Hotel Kuala Lumpur on 2 June 2009.







iii) *Buletin THP/Website*

Recognizing the employees' feedbacks are keys to driving the group ahead, we constantly seek innovative ways to improve employees' communication, staff bonding and teamwork. With this in mind, a collaborative effort between Bahagian Penerbitan Korporat and other related departments resulted in the launch of Buletin THP incorporated as the company's employee web portal which created new communication channels between employees. Project updates, company news and events as well as announcements on new employees, employees' welfare and other related matters are posted in this portal to keep all employees informed.





### OCCUPATIONAL SAFETY & HEALTH (OSH)

THP Group is committed towards adhering to the policy of Occupational Safety & Health (“OSH”) in all her estates and mills. In 2009, the Group continued with its efforts to implement and instill a safe work culture and ethics within its companies.

In order to achieve the hazardous free working environment, THP Group has taken steps to increase the employees awareness and religiously comply to OSH policies and guidelines in their day to day operation. THP Group has carried out the Chemical Health Risk Assessment (“CHRA”) in all estates aiming to identify and assess the hazardous stage in all estates. Besides that, THP Group has given top priority on supplying the Personal Protection Equipment (PPE) to all employees in all estates and mills at all time.

The assessment is also used as a tool to eliminate and to minimize the health risk caused by the use of



## CORPORATE RESPONSIBILITY

hazardous chemicals. THP Group provides training on OSH to all employees in the estates and mills to provide greater knowledge and awareness in OSH for more effective management and safety related issues. At the same time, a committee has been set up in order to strengthen the enforcement of OSH among the employees.

### ENVIRONMENT

THP Group considers environmental protection as a critical and integral part of its operations. Given that its primary source of income is directly and indirectly dependent on the well-being of the environment, THP emphasizes on a high degree of commitment towards achieving the highest standard of environmental management with the aim of preserving it. Being a member of the Roundtable Sustainable Palm Oil (RSPO), THP Group ensures that its operations are conducted in accordance with RSPO's principles and guidelines.



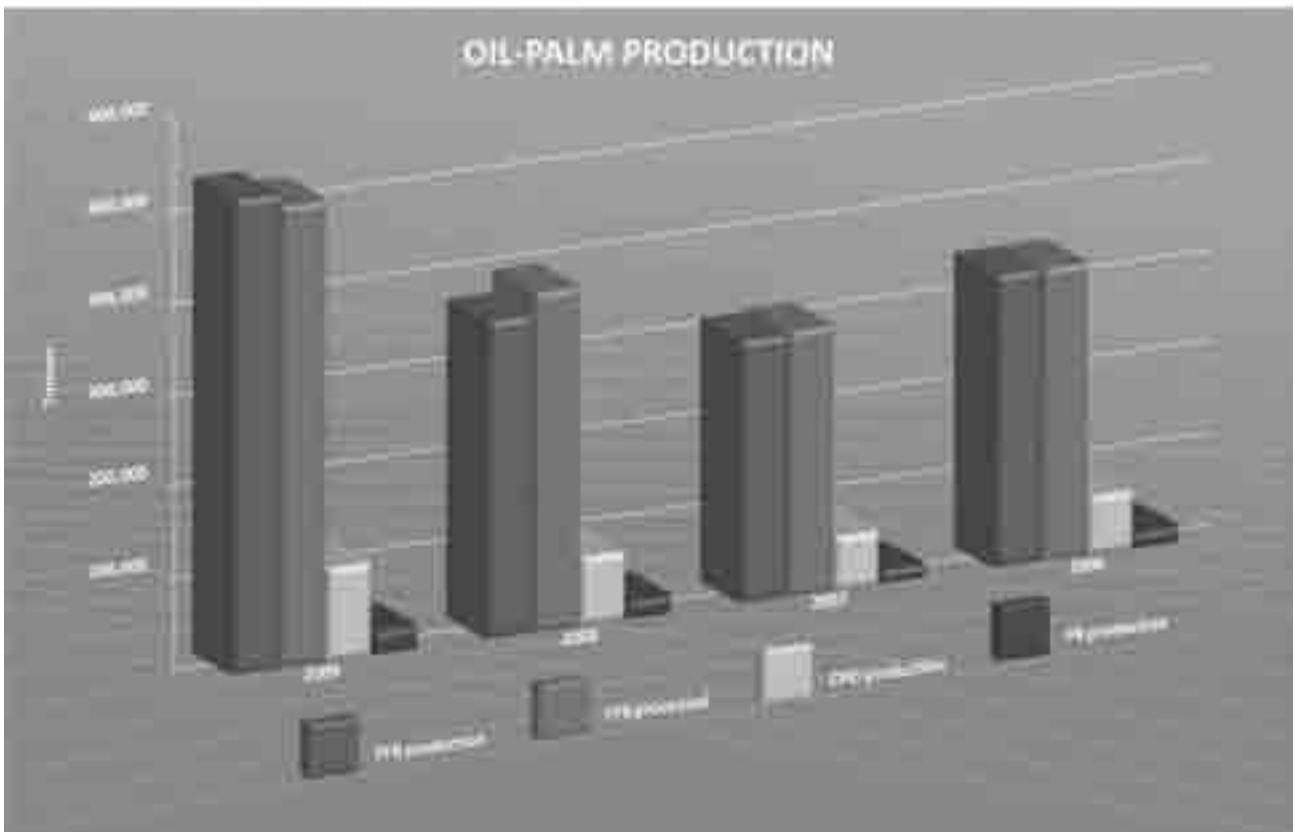


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PERFORMANCE STATISTICS

PERFORMANCE  
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GROUP 4-YEAR PLANTATION STATISTICS



**GROUP 4-YEAR PLANTATION STATISTICS**

	2009	2008	2007	2006
<b>Production (metric tonnes)</b>				
FFB produced - total	519,290	347,547	286,723	321,233
FFB produced - processed by own mill	461,734	303,654	252,669	292,906
FFB produced - sold to others	57,428	43,827	34,054	28,327
FFB Purchased	42,841	68,874	37,221	28,613
<b>Yield and Extraction Rates</b>				
FFB yield (tonnes per mature hectare)	21.48	22.12	19.92	22.43
OER (%)	20.50%	20.15%	20.15%	20.26%
KER (%)	5.48%	5.64%	5.64%	5.60%
<b>Average Selling prices (RM per tonne)</b>				
Crude palm oil	2,050	2,760	2,387	1,502
Palm Kernel	1,036	1,567	1,422	896
FFB	429	516	512	291
<b>Area Statement (Hectares)</b>				
Oil Palm				
- mature	24,178	24,138	14,452	14,322
- immature	12,266	6,405	3,479	1,067
Planted Area	36,444	30,543	17,931	15,389
<b>Planted area</b>	36,444	30,543	17,931	15,389
<b>In Course of Planting</b>	1,950	7,495	1,050	-
Reserve land, building sites etc	765	1,021	9,749	357
Titled Area	39,159	39,059	28,730	15,747

**GROUP 4-YEAR KEY FINANCIAL INDICATORS**

	2009	2008	2007	2006
<b>Profitability and returns</b>				
Gross profit margin	<b>33.28%</b>	46.92%	50.12%	41.82%
PBT margin	<b>23.30%</b>	47.46%	47.00%	39.77%
Profit after tax and minority interest margin	<b>17.68%</b>	34.54%	34.88%	29.55%
Return on average shareholders' Equity	<b>15.43%</b>	27.80%	40.79%	29.89%
Return on Average Capital Employed	<b>21.80%</b>	136.45%	86.95%	80.82%
Net assets per share (RM)	<b>0.93</b>	1.64	1.03	0.80
<b>Solvency and liquidity</b>				
Gearing ratios (times)	0.16	0.03	0.17	-
Interest cover (times)	9.91	2,407.38	-	-
Current ratio (times)	1.41	0.92	1.38	3.36
<b>Financial Market</b>				
EPS (sen)				
- basic	11.03	21.01	31.24	18.19
- diluted	10.22	21.01	31.24	18.19
Gross dividend paid per share (sen)	8.50	31.10	12.50	-
Gross dividend paid rate (%)	17.00%	62.20%	25.00%	0.00%
Gross dividend yield (%)	5.82%	13.58%	3.70%	0.00%
Net dividend payout rate (%)	12.75%	46.03%	18.25%	0.00%
Price-to-earnings ratio (times)	13.24	10.90	10.82	14.35
Price-to-book ratio (times)	1.17	0.81	3.17	3.24

## PERFORMANCE STATISTICS

### GROUP 4-YEAR FINANCIAL STATISTICS INCOME STATEMENT HIGHLIGHTS (RM'000)

	2009	2008	2007	2006
Revenue	304,358	243,373	175,587	120,683
Profit from Operations	77,995	111,123	82,055	47,124
Profit margin income from short term investments and receivables	879	4,431	479	825
Finance cost	(7,962)	(48)	-	-
Share of results of associate	-	-	-	49
<b>Profit before tax</b>	<b>70,912</b>	<b>115,506</b>	<b>82,534</b>	<b>47,998</b>
Taxation	(13,848)	(32,152)	(21,346)	(12,338)
<b>Net profit for the year</b>	<b>57,064</b>	<b>83,354</b>	<b>61,188</b>	<b>35,660</b>
Attributable to :				
Equity holders of the Company	53,807	84,051	61,251	35,660
Minority interest	3,257	(697)	(63)	-
<b>Net profit for the year</b>	<b>57,064</b>	<b>83,354</b>	<b>61,188</b>	<b>35,660</b>





## GROUP 4-YEAR FINANCIAL STATISTICS BALANCE SHEET HIGHLIGHTS (RM'000)

	2009	2008	2007	2006
<b>ASSETS EMPLOYED</b>				
Other non-current assets	843,317	781,328	226,737	114,448
<b>Total Non-Current Assets</b>	<b>843,317</b>	<b>781,328</b>	<b>226,737</b>	<b>114,448</b>
Other current assets	79,523	72,243	66,778	49,076
Cash and cash equivalents	19,923	59,167	38,636	39,681
<b>Total Current Assets</b>	<b>99,446</b>	<b>131,410</b>	<b>105,414</b>	<b>88,757</b>
Other current liabilities	68,343	140,529	55,035	26,438
Loans and borrowings	1,979	1,857	21,200	-
<b>Total Current Liabilities</b>	<b>70,322</b>	<b>142,386</b>	<b>76,235</b>	<b>26,438</b>
	<b>872,441</b>	<b>770,352</b>	<b>255,916</b>	<b>176,767</b>
<b>FINANCED BY:</b>				
Share capital	243,893	121,911	98,047	98,047
Share premium	13,809	135,548	-	-
Other reserves	26,126	-	-	-
Share option reserve	7,965	-	-	-
Retained earnings	162,103	142,033	103,111	59,753
<b>Shareholders' equity</b>	<b>453,896</b>	<b>399,492</b>	<b>201,158</b>	<b>157,800</b>
Minority interest	152,641	156,914	7,603	-
Long Term borrowings	95,254	16,802	13,760	-
Other long term liabilities	170,650	197,144	33,395	18,967
	<b>872,441</b>	<b>770,352</b>	<b>255,916</b>	<b>176,767</b>
Average capital employed	821,397	513,134	216,342	160,513
Average shareholders' equity	426,694	300,325	179,479	140,970

GROUP 4-YEAR FINANCIAL STATISTICS  
CASH FLOW STATEMENT HIGHLIGHTS (RM'000)

	2009	2008	2007	2006
<b>Profit before tax</b>	70,912	115,506	82,534	47,998
Adjustment for non-cash items	55,197	4,093	10,286	9,646
Changes in working capital	(99,272)	120,441	(4,497)	(9,777)
<b>Cash generated from operations</b>	26,837	240,040	88,323	47,867
Profit margin income from short term investments and receivables	864	4,243	424	717
Profit margin expenses on payables, borrowing cost and tax paid	(20,894)	(40,003)	(18,711)	(11,770)
<b>Net cash generated from operating activities</b>	6,807	204,280	70,036	36,814
Purchase of property, plant and equipment	(20,518)	(10,245)	(9,535)	(6,310)
Estate development expenditure	(75,830)	(64,737)	(35,393)	(3,251)
Purchase of subsidiaries	(145)	(38,265)	(30,496)	
Other investing activities	376	(4,602)	1,078	(112)
<b>Net cash used in investing activities</b>	(96,117)	(117,849)	(74,346)	(9,673)
Proceeds from loans and borrowings	80,000	-	21,200	-
Proceeds from issuance of new shares	243	-	-	-
Repayments of loans and borrowings	(2,250)	(21,200)	-	-
Dividends paid to shareholders	(27,731)	(45,118)	(17,820)	(31,049)
<b>Net cash generated from/(used in) financing activities</b>	50,262	(66,318)	3,380	(31,049)
<b>Net change in cash and cash equivalents</b>	(39,048)	20,113	(930)	(3,908)

## PERFORMANCE STATISTICS

### GROUP QUARTERLY PERFORMANCE FINANCIAL PERFORMANCE (RM'000)

	2009			
	Q4	Q3	Q2	Q1
Revenue	87,357	72,129	84,889	59,983
Profit from Operations	34,968	15,719	13,351	14,836
Finance cost	(1,818)	(2,202)	(2,358)	(1,584)
<b>Profit before tax</b>	33,150	13,517	10,993	13,252
Taxation	(7,807)	(672)	(1,111)	(4,258)
Net profit for the period	25,343	12,845	9,882	8,994
Attributable to :				
Equity holders of the Company	22,542	12,845	10,046	8,374
Minority interest	2,801	-	(164)	620
Net profit for the year	25,343	12,845	9,882	8,994
Earnings per share (sen)				
- basic	4.62	2.63	2.06	1.72
- diluted	4.28	2.63	2.06	1.72



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**CONSOLIDATED FINANCIAL  
STATEMENTS**



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**CONSOLIDATED  
FINANCIAL STATEMENTS**



**TH Plantations Berhad**  
(Company No. 12696-M)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Financial statements for the year  
ended 31 December 2009**

## CONSOLIDATED FINANCIAL STATEMENTS

**TH Plantations Berhad**  
(Company No. 12696-M)  
(Incorporated in Malaysia)  
**and its subsidiaries**

### Directors' report for the year ended 31 December 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

#### Principal activities

The Company is principally engaged in investment holding, cultivation of oil palm, processing of fresh fruit bunches ("FFB"), marketing of crude palm oil ("CPO"), palm kernel ("PK") and FFB and provision of management services. The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

#### Results

	Group RM'000	Company RM'000
Profit attributable to:		
Equity holders of the Company	53,807	27,763
Minority interest	3,257	-
	<b>57,064</b>	<b>27,763</b>

#### Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

#### Dividends

Since the end of the previous financial year, the Company paid a final ordinary dividend payment of 18.65 sen per share less tax at 25% for the year ended 31 December 2008 totalling RM27.43 million (17.98 sen net per share) on 20 May 2009.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2009 is 8.50 sen per share less tax at 25% totalling RM31.10 million (6.38 sen net per share).

## CONSOLIDATED FINANCIAL STATEMENTS

### Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Datuk Dr. Yusof bin Basiran  
 Datuk Dr. Abdul Samad bin Haji Alias  
 Datuk Azizan bin Abd Rahman  
 Datuk Ismee bin Ismail  
 Dato' Noordin bin Md Noor  
 Dato' Wan Zakaria bin Abd Rahman  
 Dato' Zainal Azwar bin Zainal Aminuddin (appointed on 1.09.09)  
 Md. Yusof bin Hussin  
 Syed Hood bin Syed Edros  
 Dato' Che Abdullah @ Rashidi bin Che Omar (resigned on 1.09.09)

### Directors' interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each				
	At 1.1.2009	Bonus issue	Bought	Sold	At 31.12.2009
Interest in the Company:					
Tan Sri Datuk Dr. Yusof bin Basiran					
- own	2,000	2,000	-	-	4,000
- others*	29,000	29,000	-	-	58,000
Datuk Dr. Abdul Samad bin Haji Alias					
- own	51,500	51,500	35,000	-	138,000
Dato' Wan Zakaria bin Abd Rahman					
- own	2,000	2,000	-	-	4,000
Dato' Zainal Azwar bin Zainal Aminuddin					
- own	2,000	2,000	-	-	4,000

\* Refer to shareholding by spouse to Tan Sri Datuk Dr. Yusof bin Basiran. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of the spouse in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Tan Sri Datuk Dr. Yusof bin Basiran.

## CONSOLIDATED FINANCIAL STATEMENTS

### Directors' interests (continued)

	Number of options over ordinary shares of RM0.50 each			
	At 1.1.2009	Granted	Exercise	At 31.12.2009
Share options in the Company:				
Dato' Zainal Azwar bin Zainal Aminuddin				
- own	-	1,000,000	-	1,000,000

By virtue of their interests in the shares of the Company, the above Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

The other Director holding office at 31 December 2009 had no interest in the ordinary shares of the Company and of its related corporations during financial year.

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statement or the fixed salary of a full time employees of the company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, apart from the issue of the Employees Share Option Scheme.

### Issue of shares

During the financial year, the Company issued:

- i) Bonus issue of 243,822,000 new ordinary shares of RM0.50 each on the basis of one new bonus share for every one existing ordinary shares.
- ii) 141,100 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an option price of RM1.52 per ordinary share.

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.



## CONSOLIDATED FINANCIAL STATEMENTS

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year apart from the issue of options pursuant to the Employee's Share Option Scheme.

At an extraordinary general meeting held on 25 November 2008, the company's shareholders approved the establishment of an Employees' Share Option Scheme (ESOS) of not more than 13% of the issued share capital of the Company to eligible Directors and employees of the Group. The ESOS was initially offered and granted on 8 June 2009.

The salient features of the ESOS scheme are, inter alia, as follows:

- i) Eligible employee are those employees (including full-time executive directors) of the Group who have been confirmed in service on the date of the offer. The maximum allowable allotments for the full-time executive directors have been approved by the shareholders of the Company in a general meeting.
- ii) The aggregate number of shares to be issued under the ESOS shall not exceed 13% of the total issued and paid up ordinary share capital of the Company for the time being.
- iii) The Scheme shall be in force for a period of five (5) years from 8 June 2009.
- iv) The option price shall not be at discount of more than ten percent (10%) (or such discount as the relevant authorities shall permit) from 5-day weighted average market price of the shares of the preceding the date of offer and shall be less than the par value of the shares of the Company of RM0.50.
- v) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate as determined by the ESOS committee or the Board of Directors as specified in the option certificate.
- vi) The option granted to eligible employees will lapse when they are no longer in employment of the Group.

The options offered to take up unissued ordinary shares of RM0.50 each and the exercise price is as follows:

Date of offer	Exercise price	Number of option over ordinary shares of RM0.50 each			
		At 1 January 2009 '000	Granted '000	Exercised '000	At 31 December 2009 '000
8 June 2009	RM1.52	-	38,995	(141)	38,854

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of persons to whom options have been granted to subscribe for less than 1,000,000 shares of RM0.50 each, except for Directors.

## CONSOLIDATED FINANCIAL STATEMENTS

### Options granted over unissued shares (continued)

The names of option holders granted options under the ESOS to subscribe for 1,000,000 or more ordinary shares of RM0.50 each during the financial year are as follow:

#### Number of options over ordinary shares of RM0.50 each

	At 1.1.2009	Granted	Exercise	At 31.12.2009
Share options in the Company:				
Dato' Che Abdullah @ Rashidi bin Che Omar	-	1,200,000	-	1,200,000
Hassan Fikri bin Mohamad	-	1,000,000	-	1,000,000
Mhamod bin Mokhtar	-	1,000,000	-	1,000,000

Details of options granted to a director is disclosed in the Directors' Interests section of this report.

### Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company's financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

**CONSOLIDATED  
FINANCIAL STATEMENTS**

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

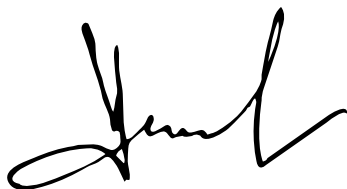
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2009 have not been substantially affected by any item, except for impairment of investment in a subsidiary to the Company and fair value of share options granted pursuant to the ESOS to the Group and Company, as stated in Note 6 and Note 22 respectively to the financial statements, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**Auditors**

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



**Tan Sri Datuk Dr Yusof bin Basiran**



**uddin**

Kuala Lumpur,  
Date: 22 February 2010

## CONSOLIDATED FINANCIAL STATEMENTS

### Balance sheets at 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Assets</b>					
Property, plant and equipment	3	269,963	279,739	9,625	48,281
Plantation development expenditure	4	201,918	125,376	313	5,182
Prepaid lease payments	5	370,837	375,505	8,122	8,218
Investment in subsidiaries	6	-	-	338,548	294,920
Receivables, deposits and prepayments	7	-	-	110,965	111,703
Other investment		599	708	599	708
<b>Total non-current assets</b>		<b>843,317</b>	<b>781,328</b>	<b>468,172</b>	<b>469,012</b>
Inventories	8	27,347	39,654	6,728	14,891
Receivables, deposits and prepayments	7	52,176	32,589	74,132	20,636
Cash and cash equivalents	9	19,923	59,167	16,847	55,427
<b>Total current assets</b>		<b>99,446</b>	<b>131,410</b>	<b>97,707</b>	<b>90,954</b>
<b>Total assets</b>		<b>942,763</b>	<b>912,738</b>	<b>565,879</b>	<b>559,966</b>
<b>Equity</b>					
Share capital		243,893	121,911	243,893	121,911
Share premium		13,809	135,548	13,809	135,548
Other reserves		26,126	-	6,755	-
Share option reserve		7,965	-	7,965	-
Retained earnings		162,103	142,033	133,252	133,050
<b>Total equity attributable to equity holders of the Company</b>	10	<b>453,896</b>	<b>399,492</b>	<b>405,674</b>	<b>390,509</b>
<b>Minority interest</b>		<b>152,641</b>	<b>156,914</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>606,537</b>	<b>556,406</b>	<b>405,674</b>	<b>390,509</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### Balance sheets at 31 December 2009 (continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Liabilities</b>					
Deferred tax liabilities	11	116,273	119,508	7,481	6,193
Loans and borrowings	12	95,254	16,802	80,000	-
Payables and accruals	13	54,377	77,636	-	-
<b>Total non-current liabilities</b>		265,904	213,946	87,481	6,193
Payables and accruals	13	61,884	138,040	70,419	163,264
Loans and borrowings	12	1,979	1,857	-	-
Current tax liabilities		6,459	2,489	2,305	-
<b>Total current liabilities</b>		70,322	142,386	72,724	163,264
<b>Total liabilities</b>		336,226	356,332	160,205	169,457
<b>Total equity and liabilities</b>		942,763	912,738	565,879	559,966

The notes on pages 134 to 187 form an integral part of these financial statements.

## CONSOLIDATED FINANCIAL STATEMENTS

### Income statements for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Revenue</b>	14	304,358	243,373	141,730	210,000
Cost of sales		(203,061)	(129,175)	(57,751)	(103,782)
<b>Gross profit</b>		101,297	114,198	83,979	106,218
Other income		5,544	34,347	8,646	23,304
Administrative expenses		(12,564)	(26,259)	(10,523)	(25,623)
Other expenses		(12,014)	(10,389)	(39,908)	(10,229)
Zakat expense		(4,268)	(774)	(3,571)	(697)
<b>Operating profit</b>		77,995	111,123	38,623	92,973
Borrowing cost		(7,962)	(48)	(5,200)	(117)
Profit margin income from short term investments and receivables		879	4,431	6,090	5,278
<b>Profit before tax</b>	15	70,912	115,506	39,513	98,134
Tax expense	17	(13,848)	(32,152)	(11,750)	(27,964)
<b>Profit for the year</b>		57,064	83,354	27,763	70,170
<b>Attributable to:</b>					
Equity holders of the Company		53,807	84,051	27,763	70,170
Minority interest		3,257	(697)	-	-
		57,064	83,354	27,763	70,170
<b>Earnings per ordinary share (sen)</b>					
- Basic	18	11.03	21.01		
- Diluted		10.22	21.01		

The notes on pages 134 to 187 form an integral part of these financial statements.

## CONSOLIDATED FINANCIAL STATEMENTS

### Statement of changes in equity for the year ended 31 December 2009

Group	/-----Attributable to equity holders of the Company-----/						Total RM'000	Minority interest RM'000	Total equity RM'000
	/-----Non-distributable-----/					Distribu- table Retained earnings RM'000			
	Note	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share option reserve RM'000				
<b>At 1 January 2008</b>		98,047	-	-	-	103,111	201,158	7,603	208,761
Profit for the year		-	-	-	-	84,051	84,051	(697)	83,354
Acquisition of subsidiaries		-	-	-	-	-	-	150,008	150,008
Shares issued - acquisition of subsidiaries		23,864	135,548	-	-	-	159,412	-	159,412
Dividends to shareholders	19	-	-	-	-	(45,129)	(45,129)	-	(45,129)
<b>At 31 December 2008/ 1 January 2009, as previously stated</b>		121,911	135,548	-	-	142,033	399,492	156,914	556,406
Effect of adopting of FRS 139	27	-	-	26,126	-	(6,307)	19,819	(5,623)	14,196
<b>At 1 January 2009, restated</b>		121,911	135,548	26,126	-	135,726	419,311	151,291	570,602
Profit for the year		-	-	-	-	53,807	53,807	3,257	57,064
Issuance of bonus shares	10	121,911	(121,911)	-	-	-	-	-	-
Share option granted under ESOS	10	-	-	-	7,994	-	7,994	-	7,994
Issuance of ordinary shares pursuant to ESOS	10	71	172	-	(29)	-	214	-	214
Dividends to shareholders		-	-	-	-	(27,430)	(27,430)	(1,907)	(29,337)
<b>At 31 December 2009</b>		243,893	13,809	26,126	7,965	162,103	453,896	152,641	606,537

## CONSOLIDATED FINANCIAL STATEMENTS

### Statement of changes in equity for the year ended 31 December 2009 (continued)

Company	/-----Non-distributable-----/					Distribu- table Retained earnings RM'000	Total equity RM'000
	Note	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share option reserve RM'000		
<b>At 1 January 2008</b>		98,047	-	-	-	108,009	206,056
Profit for the year		-	-	-	-	70,170	70,170
Shares issued - acquisition of subsidiaries	10,24	23,864	135,548	-	-	-	159,412
Dividends to shareholders	19	-	-	-	-	(45,129)	(45,129)
<b>At 31 December 2008/1 January 2009, as previously stated</b>		121,911	135,548	-	-	133,050	390,509
Effect of adopting of FRS 139	27	-	-	6,755	-	(131)	6,624
<b>At 1 January 2009, restated</b>		121,911	135,548	6,755	-	132,919	397,133
Profit for the year		-	-	-	-	27,763	27,763
Issue of bonus share	10	121,911	(121,911)	-	-	-	-
Share option granted under ESOS	10	-	-	-	7,994	-	7,994
Issuance of ordinary shares pursuant to ESOS	10	71	172	-	(29)	-	214
Dividends to shareholders	19	-	-	-	-	(27,430)	(27,430)
<b>At 31 December 2009</b>		243,893	13,809	6,755	7,965	133,252	405,674

The notes on pages 134 to 187 form an integral part of these financial statements.



## CONSOLIDATED FINANCIAL STATEMENTS

### Cash flow statements for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		70,912	115,506	39,513	98,134
<i>Adjustments for:</i>					
Impairment of investment in:					
- Subsidiary	15	-	-	30,519	-
- Other investment	15	-	45	-	45
Amortisation of prepaid lease payments	15	4,492	1,537	96	89
Bad debt written off	15	58	198	3	-
Borrowing cost	15	5,529	48	1,694	117
Depreciation of property, plant and equipment	15	30,725	11,556	2,978	8,609
Dividend income	14	-	-	(46,984)	(11,858)
Gain on disposal of property, plant and equipment	15	(49)	(110)	(1)	(100)
Gain on disposal of short term investment		(22)	-	(22)	-
Impairment of goodwill	25	506	-	-	-
Profit margin expense on payables:					
- Subsidiaries	15	-	-	1,073	427
- Related companies	15	2,433	5,555	2,433	5,555
Negative goodwill arising from acquisition of subsidiaries	25	-	(11,123)	-	-
Property, plant and equipment written off	15	142	44	49	-
Profit margin income from short term investments and receivables	15	(879)	(4,431)	(2,916)	(5,278)
Zakat expense		4,268	774	3,571	697
Fair value of ESOS granted	22	7,994	-	7,994	-
<b>Operating profit before changes in working capital</b>		<b>126,109</b>	<b>119,599</b>	<b>40,000</b>	<b>96,437</b>
<i>Changes in working capital:</i>					
Inventories		12,307	(12,531)	8,163	(9,310)
Payables and accruals		(125,199)	49,328	(152,414)	119,903
Receivables, deposits and prepayments		13,620	83,644	(37,528)	(51,388)
<b>Cash generated from/(used in) operations</b>		<b>26,837</b>	<b>240,040</b>	<b>(141,779)</b>	<b>155,642</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### Cash flow statements for the year ended 31 December 2009 (continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash generated from/(used in) operations (continued)</b>		26,837	240,040	(141,779)	155,642
Borrowing cost paid		(6,223)	(1,181)	(1,694)	(117)
Profit margin expenses on payables:					
- Subsidiaries		-	-	(1,073)	(427)
- Related companies		(2,433)	(5,555)	(2,433)	(5,555)
Profit margin income from short term investments and receivables		864	4,243	2,916	5,278
Tax paid		(12,238)	(33,267)	(8,795)	(28,673)
<b>Net cash generated from/(used in) operating activities</b>		6,807	204,280	(152,858)	126,148
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(20,518)	(10,245)	(2,125)	(4,649)
Acquisition of subsidiaries, net cash acquired	25	(145)	(38,265)	-	(40,000)
Acquisition of prepaid lease payments	5	-	(4,209)	-	(4,209)
Dividends received		-	-	27,765	11,858
Decrease/(Increase) in deposits pledged		196	(418)	246	505
Increase in short term investment		-	(155)	-	(155)
Investment in subsidiary		-	-	(6,935)	-
Plantation development expenditure	(i)	(75,830)	(64,737)	-	(1,761)
Proceeds from disposal of property, plant and equipment		49	180	39,350	117
Proceeds from disposal of prepaid lease payments		-	-	3,274	-
Proceeds from disposal of short term investment		131	-	131	-
<b>Net cash (used in)/generated from investing activities</b>		(96,117)	(117,849)	61,706	(38,294)

## CONSOLIDATED FINANCIAL STATEMENTS

### Cash flow statements for the year ended 31 December 2009 (continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Cash flows from financing activities</b>					
Proceeds from drawdown of loans and borrowings		80,000	-	80,000	-
Proceeds from issue of share capital		243	-	243	-
Repayment of loans and borrowings		(2,250)	(21,200)	-	(21,200)
Dividend paid to shareholders		(27,731)	(45,118)	(27,425)	(45,118)
<b>Net cash generated from/(used in) financing activities</b>		<b>50,262</b>	<b>(66,318)</b>	<b>52,818</b>	<b>(66,318)</b>
Net (decrease)/increase in cash and cash equivalents		(39,048)	20,113	(38,334)	21,536
Cash and cash equivalents at 1 January	(ii)	57,160	37,047	54,343	32,807
<b>Cash and cash equivalents at 31 December</b>	<b>(ii)</b>	<b>18,112</b>	<b>57,160</b>	<b>16,009</b>	<b>54,343</b>
<b>(i) Plantation development expenditure</b>					
Addition of plantation development expenditure	4	(78,137)	(66,445)	-	(1,802)
Depreciation of property, plant and equipment	4	1,022	393	-	34
Amortisation of prepaid lease payments	4	176	182	-	7
Borrowing cost capitalised	4	1,109	1,133	-	-
		(75,830)	(64,737)	-	(1,761)
<b>(ii) Cash and cash equivalents</b>					
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:					
Deposits with licensed banks	9	6,811	37,007	5,838	36,084
Cash and bank balances	9	13,112	22,160	11,009	19,343
		19,923	59,167	16,847	55,427
Less: Deposits pledged	9	(1,811)	(2,007)	(838)	(1,084)
		18,112	57,160	16,009	54,343

The notes on pages 134 to 187 form an integral part of these financial statements.

## CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the financial statements

TH Plantations Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follow:

#### Principal place of business/registered office

Tingkat 23, Bangunan TH Selborn  
153, Jalan Tun Razak  
50400 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the Group).

The Company is principally engaged in investment holding, cultivation of oil palm, processing of FFB, marketing of CPO, PK and FFB and provision of management services, while the other Group entities are primarily involved in cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.

The holding corporation is Lembaga Tabung Haji, a statutory body established under the Tabung Haji Act 1995 (Act 535).

The financial statements were approved by the Board of Directors on 22 February 2010.

#### 1. Basis of preparation

##### (a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards (FRS), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

In this set of financial statements, the Company have chosen to early adopt FRS 139, *Financial Instruments: Recognition and Measurement*, *IC Interpretation 9, Reassessment of Embedded Derivatives and IC Interpretation 10, Interim Financial Reporting and Impairment* which are effective for annual periods beginning on or after 1 January 2010. The principal change in accounting policies resulting from the adoption is set out in Note 2(b).

The effect of adopting FRS 139 is set out in Note 27.

The adoption of *IC Interpretation 9* and *IC Interpretation 10* has no impact on the opening retained earnings of the Group and of the Company.

## CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

The Malaysian Accounting Standards Board (MASB) has issued the following FRSs, Amendments to FRSs and Interpretations applicable to the Company which are not yet effective for the Group and the Company:

<b>FRSs / Interpretations</b>	<b>Effective date</b>
FRS 1, <i>First-time Adoption of Financial Reporting Standards (revised)</i> ,	1 July 2010
FRS 3, <i>Business Combinations (revised)</i> ,	1 July 2010
FRS 7, <i>Financial Instruments: Disclosures</i> ,	1 January 2010
FRS 8, <i>Operating Segments</i> ,	1 July 2009
FRS 101, <i>Presentation of Financial Statements (revised)</i> ,	1 January 2010
FRS 123, <i>Borrowing Costs (revised)</i> ,	1 January 2010
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> and FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i> ,	1 January 2010
Amendments to FRS 2, <i>Share-based Payment</i> ,	1 July 2010
Amendment to FRS 2, <i>Share-based Payment; Vesting Conditions and Cancellations</i> ,	1 January 2010
Amendment to FRS 8, <i>Operating Segments</i> ,	1 July 2010
Amendment to FRS 107, <i>Cash Flow Statements</i> ,	1 January 2010
Amendment to FRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> ,	1 January 2010
Amendment to FRS 110, <i>Events After the Balance Sheet Date</i> ,	1 January 2010
Amendment to FRS 116, <i>Property, Plant and Equipment</i> ,	1 January 2010

## CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

FRSs / Interpretations	Effective date
Amendment to FRS 117, <i>Leases</i> ,	1 January 2010
Amendment to FRS 119, <i>Employee Benefits</i> ,	1 January 2010
Amendment to FRS 118, <i>Revenue</i> ,	1 January 2010
FRS 127, <i>Consolidated and Separate Financial Statements</i> ,	1 July 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation</i> ,	1 January 2010
Amendment to FRS 134, <i>Interim Financial Reporting</i> ,	1 January 2010
Amendment to FRS 136, <i>Impairment of Assets</i> ,	1 January 2010
Amendment to FRS 138, <i>Intangible Assets</i> ,	1 July 2010
FRS 139 Explanatory, <i>Financial Instruments: Recognition and Measurement</i> ,	1 January 2010
Amendments to IC 9, <i>Reassessment of Embedded Derivatives</i> ,	1 January 2010
IC Interpretation 11 FRS 2, <i>Group and Treasury Transactions</i> ,	1 January 2010

The Group and Company plans to apply the abovementioned standards, amendments and interpretations:

- i) from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2010; and
- ii) from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010.

## CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

The impact of applying FRS 7 on the financial statements upon first adoption as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other applicable standards, amendments and interpretations are not expected to have any material impact on the financial statements or any material change in accounting policies of the Group and of the Company.

#### **FRS 8, Operating Segments**

FRS 8 replaces FRS 114<sup>2004</sup>, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group report its segment result under one segment which is plantation business. The adoption of FRS 8 may change the Group reporting on segment results.

#### **Amendment to FRS 117, Leases**

The amendment clarifies that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of this amendment will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in reclassification of certain lease of land from prepaid lease payments to property, plant and equipment.

The Malaysian Accounting Standards Board has issued FRSs, Amendments to FRS and Interpretations but for which are not applicable to the Company and hence no further disclosure is warranted.

## CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of preparation (continued)

#### (a) Statement of compliance (continued)

FRSs / Interpretations	Effective date
FRS 4, <i>Insurance Contracts</i> ,	1 January 2010
Amendment to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i> ,	1 July 2010
Amendment to FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i> ,	1 January 2010
Amendment to FRS 128, <i>Investments in Associates</i> ,	1 January 2010
Amendment to FRS 129, <i>Financial Reporting in Hyperinflationary Economies</i> , and	1 January 2010
Amendment to FRS 131, <i>Interests in Joint Ventures</i> .	1 January 2010

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

#### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which are the Group's and the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousands, unless otherwise stated.

#### (d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.



## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

#### (a) Basis of consolidation

##### (i) *Subsidiaries*

Subsidiaries are entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses.

##### (ii) *Minority interest*

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### *(iii) Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

#### (b) Financial instruments

The adoption of FRS 139 has resulted in a change in the accounting policy in relation to recognition and measurement of financial instruments.

In summary, prior to the adoption of FRS 139, the accounting policies for financial assets and financial liabilities were as follows:

- receivables were stated initially at cost and subsequently at cost less allowance for doubtful debts; and
- payables and borrowings were measured initially and subsequently at cost.

Following the adoption of FRS 139, financial instrument are accounted as follows:

##### *(i) Initial recognition and measurement*

A financial instrument is recognised in the financial statements when, and only when, the Group the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit and loss, transaction cost that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit and loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract. The assessment on whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative occurs when the Group and the Company first becomes a party to the contract. There is no requirement for reassessment

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### (i) *Initial recognition and measurement (continued)*

unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

##### (ii) *Financial instrument categories and subsequent measurement*

The Group and the Company categorise financial instruments as follows:

#### *Financial assets*

##### (a) *Financial assets at fair value through profit and loss*

Fair value through profit or loss category comprises financial assets that are held for trading, financial assets that are specifically designed into this category upon initial recognition and derivatives.

Other financial assets categorized as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit and loss.

##### (b) *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group and the Company has the positive intention and ability to hold to maturity.

Financial assets categorized as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

##### (c) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorized as loans and receivables are subsequently measured at amortised cost using the effective interest method.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### (ii) *Financial instrument categories and subsequent measurement (continued)*

##### *Financial assets (continued)*

##### (d) *Available for sale financial assets*

Available-for-sale category comprises investment in equity and debt securities that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to the hedge risks of fair value hedges which are recognised in profit and loss of hedged items attributable to hedge risks of fair value hedges which are recognised in profit and loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit and loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit and loss.

All financial assets, except for those measured at fair value through profit and loss, are subject to review for impairment.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorized as fair value through profit and loss.

Fair value through profit and loss category comprises financial liabilities that are held for trading, derivatives or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorized as fair value through profit and loss are subsequently measured at their fair values within the gain or loss recognised in profit and loss.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### (iii) *Regular way purchase or sale of financial assets*

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) The recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) Derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

##### (iv) *Derecognition*

A financial asset or part of it is derecognized when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognized in equity is recognized in the profit and loss.

A financial liability or a part of it is derecognized when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the profit or loss.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (c) Property, plant and equipment

##### (i) *Recognition and measurement*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and the difference is charged to income statement as "other income" or "other operating expenses" respectively.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (c) Property, plant and equipment (continued)

##### (ii) *Subsequent costs*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

The net book value of replaced parts will be charged to the income statement.

##### (iii) *Depreciation*

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Estates	25 years
• Buildings	25 years
• Temporary buildings	5 years
• Plant, machinery and equipments	10 years
• Computer equipments	3 years
• Motor vehicles	5 years

Estates consist of matured plantation development expenditure and are depreciated over twenty five (25) years, based on estimated annual production yield table. The maturity date for estates is thirty six (36) months from the date of planting.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (d) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised on a straight line basis over the lease term.

The prepaid lease payments are amortised over the lease term of sixty (60) to nine hundred ninety-nine (999) years.

#### (e) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and the leased assets are not recognised on the Group's balance sheet.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

#### (f) Intangible assets

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.



## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (g) Plantation development expenditure

All expenditure relating to development of oil palm estate (immature estate) will be capitalised under plantation development expenditure. This cost will be amortised when the expenditure is transferred to property, plant and equipment when the estate matures.

All expenditure relating to planting and maintenance of sentang trees will be capitalised under plantation development expenditure. The cost will be expensed off to income statement once the trees are felled.

Estate overhead expenditure is apportioned to revenue and plantation development expenditure on the basis of the proportion of mature to immature areas.

#### (h) Inventories

Finished goods are measured at lower of cost and net realisable value. The cost of finished goods is determined based on weighted average cost. The cost of finished goods comprises costs of estates expenditure and other direct costs such as mill costs, processing costs and transportation costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Stores are stated at cost. The cost of inventory is based on supplier's invoices.

Nurseries are stated at cost. This cost relates to nursery maintenance costs.

#### (i) Receivables

Prior to 1 January 2009, receivables was initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(b).

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (j) Impairment of assets

##### (i) *Financial assets*

All financial assets (except for financial assets categorised as fair value through profit or loss) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

##### (ii) *Non-financial assets*

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("the cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (j) Impairment of assets (continued)

##### (ii) *Non-financial assets (continued)*

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

#### (k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balance and deposit with banks which have an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

#### (l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective yield method.

#### (m) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

##### *Issue expenses*

Incremental costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (n) Revenue recognition

##### (i) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

##### (ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### (o) Management fees

Management fees income is recognised in the income statements upon services rendered.

#### (p) Profit margin from short term Islamic deposits and receivables/payables

Profit margin from short term Islamic deposits and receivables from subsidiaries and related companies are recognised as it accrues, using the effective yield method.

#### (q) Employee benefits

##### i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed off as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the Employees' Provident Fund is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (q) Employee benefits (continued)

##### (ii) *Share-based payment transactions*

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The fair value of employee share options is measured using the Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

#### (r) Borrowing cost

All borrowing costs are recognised in the income statements using the effective yield method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred. Borrowing costs are being incurred on activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

## CONSOLIDATED FINANCIAL STATEMENTS

### 2. Significant accounting policies (continued)

#### (u) Zakat expense

Zakat expense is recognised when the Group has a current zakat obligation as a result of a zakat assessment and an outflow of resources embodying economic benefits will be required to satisfy the zakat obligation. The amount of zakat assessed shall be recognised as an expense in the period in which it is incurred.

Zakat expense is calculated by multiplying zakat rate with zakat base. The rate of zakat expense, as determined by National Fatwa Council, is 2.5% of zakat base. Zakat base is the net adjusted amount of zakat assets and liabilities used for or derived from business activities.

The Group applies adjusted working capital method in determining the zakat base. The adjusted working capital method calculates zakat base as net current assets, adjusted for items that do not meet the conditions for zakat assets and liabilities.

## CONSOLIDATED FINANCIAL STATEMENTS

### 3. Property, plant and equipment

Group	Note	Estates RM'000	Buildings RM'000	Plant, machinery and equip- ment RM'000	Compu- ter equip- ments RM'000	Motor vehicles RM'000	Work-in progress RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2008		78,239	35,716	39,798	4,499	10,904	9,804	178,960
Acquisition of subsidiaries	25	159,235	16,007	11,558	37	2,222	17,646	206,705
Additions		-	886	1,937	335	2,280	4,807	10,245
Transfer from plantation development expenditure	4	3,355	-	-	-	-	-	3,355
Disposals		-	(94)	-	(8)	(391)	-	(493)
Written off		-	(134)	(748)	(77)	(519)	-	(1,478)
Transfers		-	1,756	1,287	4,710	-	(7,753)	-
At 31 December 2008/ 1 January 2009		240,829	54,137	53,832	9,496	14,496	24,504	397,294
Additions		-	611	3,850	272	3,719	12,066	20,518
Transfer from plantation development expenditure	4	1,595	-	-	-	-	-	1,595
Disposals		-	-	-	-	(10)	-	(10)
Written off		-	(357)	(111)	(42)	(425)	-	(935)
Transfers		-	9,124	17,588	-	-	(26,712)	-
At 31 December 2009		242,424	63,515	75,159	9,726	17,780	9,858	418,462
<b>Accumulated depreciation</b>								
At 1 January 2008		48,815	18,932	27,765	3,488	8,464	-	107,464
Depreciation for the year	(i)	2,388	2,099	2,268	3,919	1,275	-	11,949
Disposals		-	(41)	-	(4)	(378)	-	(423)
Written off		-	(133)	(708)	(75)	(519)	-	(1,435)
At 31 December 2008/ 1 January 2009		51,203	20,857	29,325	7,328	8,842	-	117,555
Depreciation for the year	(i)	19,327	3,104	5,445	1,591	2,280	-	31,747
Disposals		-	-	-	-	(10)	-	(10)
Written off		-	(237)	(92)	(42)	(422)	-	(793)
At 31 December 2009		70,530	23,724	34,678	8,877	10,690	-	148,499



## CONSOLIDATED FINANCIAL STATEMENTS

### 3. Property, plant and equipment (continued)

Group	Note	Estates RM'000	Buildings RM'000	Plant, machinery and equip- ment RM'000	Compu- ter equip- ments RM'000	Motor vehicles RM'000	Work-in progress RM'000	Total RM'000
<b>Carrying amounts</b>								
At 1 January 2008		29,424	16,784	12,033	1,011	2,440	9,804	71,496
At 31 December 2008/ 1 January 2009		189,626	33,280	24,507	2,168	5,654	24,504	279,739
At 31 December 2009		171,894	39,791	40,481	849	7,090	9,858	269,963
Company	Note	Estates RM'000	Buildings RM'000	Plant, machinery and equip- ment RM'000	Compu- ter equip- ments RM'000	Motor vehicles RM'000	Work-in progress RM'000	Total RM'000
<b>Cost</b>								
At 1 January 2008		55,711	27,710	30,705	4,299	8,212	9,338	135,975
Additions		-	391	547	265	889	2,557	4,649
Transfer from plantation development expenditure	4	3,355	-	-	-	-	-	3,355
Disposals		-	-	-	(8)	(391)	-	(399)
Written off		-	(132)	(683)	(9)	(331)	-	(1,155)
Transfers		-	1,283	427	4,710	-	(6,420)	-
At 31 December 2008/ 1 January 2009		59,066	29,252	30,996	9,257	8,379	5,475	142,425
Additions		-	113	310	16	386	1,300	2,125
Transfer from plantation development expenditure	4	1,595	-	-	-	-	-	1,595
Disposals		(41,302)	(12,743)	(15,269)	(9,069)	(5,399)	(6,239)	(90,021)
Written off		-	(109)	(98)	(40)	(258)	-	(505)
Transfers		-	480	56	-	-	(536)	-
At 31 December 2009		19,359	16,993	15,995	164	3,108	-	55,619

## CONSOLIDATED FINANCIAL STATEMENTS

### 3. Property, plant and equipment (continued)

Company	Note	Estates RM'000	Buildings RM'000	Plant, machinery and equip- ment RM'000	Compu- ter equip- ments RM'000	Motor vehicles RM'000	Work-in progress RM'000	Total RM'000
<b>Accumulated depreciation</b>								
At 1 January 2008		35,569	17,042	24,365	3,360	6,702	-	87,038
Depreciation for the year	(i)	1,995	972	1,152	3,644	880	-	8,643
Disposals		-	-	-	(4)	(378)	-	(382)
Written off		-	(132)	(683)	(9)	(331)	-	(1,155)
At 31 December 2008/ 1 January 2009		37,564	17,882	24,834	6,991	6,873	-	94,144
Depreciation for the year	(i)	796	751	628	687	116	-	2,978
Disposals		(19,579)	(7,594)	(11,838)	(7,492)	(4,169)	-	(50,672)
Written off		-	(71)	(87)	(40)	(258)	-	(456)
At 31 December 2009		18,781	10,968	13,537	146	2,562	-	45,994
<b>Carrying amounts</b>								
At 1 January 2008		20,142	10,668	6,340	939	1,510	9,338	48,937
At 31 December 2008/ 1 January 2009		21,502	11,370	6,162	2,266	1,506	5,475	48,281
At 31 December 2009		578	6,025	2,458	18	546	-	9,625

(i) Breakdown of depreciation charge for the year, are as follows:

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income statement	14	30,725	11,556	2,978	8,609
Plantation development expenditure	4	1,022	393	-	34
		31,747	11,949	2,978	8,643

## CONSOLIDATED FINANCIAL STATEMENTS

### 4. Plantation development expenditure

Group	Note	Sentang RM'000	Oil palm RM'000	/-----Total-----/	
				2009 RM'000	2008 RM'000
At 1 January		734	124,642	125,376	62,185
Acquisition of subsidiaries	25	-	-	-	101
Additions during the year		14	78,123	78,137	66,445
		748	202,765	203,513	128,731
Less: Transfer to property, plant and equipment	3	-	(1,595)	(1,595)	(3,355)
At 31 December		748	201,170	201,918	125,376

\* Included are additions for oil palm of RM12,105,000 in relation to a joint venture between the Company and a third party joint venture partner. In accordance with Joint Venture Agreement ("JVA") dated 3 April 2007, the joint venture partner should transfer a piece of land to a subsidiary of the Group to be used for the plantation. As at year end, the transfer of the land title is still pending approval by relevant state authorities and the Group has recognised the plantation development expenditure based on the rights over the land as stipulated in the JVA.

Company	Note	Sentang RM'000	Oil palm RM'000	/-----Total-----/	
				2009 RM'000	2008 RM'000
At 1 January		352	4,830	5,182	6,735
Additions during the year		-	-	-	1,802
		352	4,830	5,182	8,537
Less: Transfer to property, plant and equipment	3	-	(1,595)	(1,595)	(3,355)
Less: Disposals		(39)	(3,235)	(3,274)	-
At 31 December		313	-	313	5,182

## CONSOLIDATED FINANCIAL STATEMENTS

### 4. Plantation development expenditure (continued)

Included in additions during the year are as follows:

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Depreciation of property, plant and equipment	3	1,022	393	-	34
Amortisation of prepaid lease payments	5	176	182	-	7
Personnel expenses:					
- Wages, salaries and others		6,175	2,368	-	-
- Contribution to Employee Provident Fund		475	251	-	-
Borrowing cost capitalised*		1,109	1,133	-	-

\* Profit margin is capitalised at a rate of 6.65% per annum (2008 - 8.25% per annum).

### 5. Prepaid lease payments

Group	Note	Leasehold land Unexpired period more than 50 years RM'000
<b>Cost</b>		
At 1 January 2008		97,481
Acquisition of subsidiaries	25	280,558
Additions		4,209
At 31 December 2008/1 January 2009/31 December 2009		382,248
<b>Amortisation</b>		
At 1 January 2008		5,024
Amortisation for the year	(ii)	1,719
At 31 December 2008/1 January 2009		6,743
Amortisation for the year	(ii)	4,668
At 31 December 2009		11,411
<b>Carrying amounts</b>		
At 1 January 2008		92,457
At 31 December 2008/1 January 2009		375,505
At 31 December 2009		370,837

## CONSOLIDATED FINANCIAL STATEMENTS

### 5. Prepaid lease payments (continued)

Company	Note	Leasehold land Unexpired period more than 50 years RM'000
<b>Cost</b>		
At 1 January 2008		5,202
Addition		4,209
At 31 December 2008/1 January 2009/At 31 December 2009	4	9,411
<b>Amortisation</b>		
At 1 January 2008		1,097
Amortisation for the year	(ii)	96
At 31 December 2008/1 January 2009		1,193
Amortisation for the year	(ii)	96
At 31 December 2009		1,289
<b>Carrying amounts</b>		
At 1 January 2008		4,105
At 31 December 2008/1 January 2009		8,218
At 31 December 2009	(i)	8,122

(i) Leased leasehold land

During the year, the Company entered into a lease agreement with its subsidiary THP Kota Bahagia Sdn. Bhd. to lease a portion of its leasehold land. At 31 December 2009, the carrying amount of the leasehold land leased to the subsidiary was RM5,276,000 (2008-nil).

(ii) Breakdown of amortisation charge for the year are as follows:

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Income statement	15	4,492	1,537	96	89
Plantation development expenditure	4	176	182	-	7
		4,668	1,719	96	96

(iii) Security

At 31 December 2009, Group's leasehold land with a carrying amount of RM15,098,000 (2008 - RM15,308,000) are subject to a registered debenture to secure bank loans (see Note 12).

## CONSOLIDATED FINANCIAL STATEMENTS

### 6. Investments in subsidiaries

	Note	Company	
		2009 RM'000	2008 RM'000
At cost			
Unquoted shares		301,855	294,920
Less: Impairment		(30,519)	-
Effect of adoption of FRS 139	27	67,212	-
		<b>338,548</b>	<b>294,920</b>

Details of the subsidiaries, of which all are incorporated in Malaysia, are as follows:

Name of subsidiary	Effective ownership interest		Principal activities
	2009	2008	
THP Ibok Sdn. Bhd. (formerly known as TH Peladang Sdn. Bhd.)	100%	100%	Cultivation of oil palm and selling of FFB.
THP Gemas Sdn. Bhd. (formerly known as Ladang Bangka Ulu Sdn. Bhd.)	100%	100%	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
Zecon Plantation Sdn. Bhd.	100%	100%	Investment holding company.
THP-YT Plantation Sdn. Bhd.	70%	70%	Cultivation of oil palm and selling of FFB.
THP Sabaco Sdn. Bhd. (formerly known as Syarikat Sabaco Sdn. Bhd.)	51%	51%	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Bukit Belian Sdn. Bhd. (formerly known as Ladang Bukit Belian Sdn. Bhd.)	100%	100%	Cultivation of oil palm and selling of FFB.
THP Saribas Sdn. Bhd.	80%	80%	Cultivation of oil palm and selling of FFB.
THP Kota Bahagia Sdn. Bhd. (formerly known as Ladang Sawit Bintulu Sdn. Bhd.)*	100%	-	Cultivation of oil palm and selling of FFB.
THP Agro Management Sdn. Bhd. (formerly known as Lebigaya Sdn. Bhd.)*	100%	-	Management services

\* Refer to Note 25 on the effect of the acquisition of these subsidiaries.

## CONSOLIDATED FINANCIAL STATEMENTS

### 7. Receivables, deposits and prepayments

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables		24,603	20,640	5,762	11,403
<b>Non-trade</b>					
Amount due from holding corporation	7.1	-	403	-	403
Amount due from subsidiaries	7.2	-	-	43,587	-
Amount due from related companies	7.3	18,771	1,687	738	1,590
Tax credit	7.4	409	2,408	-	1,572
Other receivables		5,753	6,324	4,150	4,657
Deposits		2,622	603	660	487
Prepayments		18	524	17	524
Dividend receivables		-	-	19,218	-
		27,573	11,949	68,370	9,233
		52,176	32,589	74,132	20,636
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due from subsidiaries	7.5	-	-	110,965	111,703

#### Note 7.1

The amount due from holding corporation are unsecured, no profit margin applied and repayable on demand.

#### Note 7.2

The amount due from subsidiaries are unsecured, no profit margin applied and has no fixed term of repayment except for an amount of RM29,513,000 (2008 - Nil), which is subject to profit margin ranges from 2.05% to 2.60%.

#### Note 7.3

The amount due from related companies are unsecured, no profit margin applied and repayable on demand except for an amount RM1,419,000 in 2008 which is subject to profit margin ranges from 3.28% to 3.5%.

## CONSOLIDATED FINANCIAL STATEMENTS

### 7. Receivables, deposits and prepayments (continued)

#### Note 7.4

Tax credit is subject to agreement by the Inland Revenue Board.

#### Note 7.5

The amount due from subsidiaries are unsecured, no profit margin applied and has no fixed term of repayment except for an amount of RM119,315,000 (2008 - RM103,772,000), which is subject to profit margin ranges from 2.05% to 2.60% (2008 - 3.28% to 3.5%).

Prior to the adoption of FRS 139, the amount due from subsidiaries is stated initially and subsequently at cost.

Upon adoption of FRS 139, the amount due from subsidiaries is stated at fair value on initial recognition. The fair value on initial recognition is estimated based on the borrowing rate on the date of the initial recognition and expected repayment periods. Subsequently, the amount due from subsidiaries are stated at amortised cost based on effective yield, less any repayment made.

### 8. Inventories

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Finished goods	14,209	27,779	4,708	12,768
Stores	7,572	4,022	713	1,095
Nurseries	5,566	7,853	1,307	1,028
	27,347	39,654	6,728	14,891

There is no write down during the year (Group-2008-RM994,000 and Company-RM750,000).

### 9. Cash and cash equivalents

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Deposits placed with licensed banks	9.1	6,811	37,007	5,838	36,084
Cash and bank balances	9.2	13,112	22,160	11,009	19,343
		19,923	59,167	16,847	55,427



## CONSOLIDATED FINANCIAL STATEMENTS

### 9. Cash and cash equivalents (continued)

#### Note 9.1

Deposits which are placed with licensed banks for Group and Company have profit margins ranging between 2.05% to 2.6% (2008-3.28% to 3.55%).

#### Deposits placed with licensed banks pledged for a bank facility

Included in the deposits placed with licensed banks for Group and Company are RM1,811,000 (2008 - RM2,007,000) and RM838,000 (2008 - RM1,084,000) respectively pledged for a bank guarantee issued to a third party.

#### Note 9.2

Included in the bank balances is RM9,716,610 (2008-RM17,993,821) and RM8,960,303 (2008-RM17,731,278) which is maintained by the Group and the Company respectively with a related company.

### 10. Share capital and reserves

	Group and Company			
	Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '000
<b>Share capital</b>				
Authorised:				
Ordinary shares of RM0.50 each				
At 1 January	350,000	700,000	100,000	200,000
Increased during the year	-	-	250,000	500,000
At 31 December	350,000	700,000	350,000	700,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
At 1 January	121,911	243,822	98,047	196,094
Issued - acquisition of subsidiaries	-	-	23,864	47,728
Issued - bonus shares	121,911	243,822	-	-
Issue of shares under ESOS	71	141	-	-
At 31 December	243,893	487,785	121,911	243,822

## CONSOLIDATED FINANCIAL STATEMENTS

### 10. Share capital and reserves (continued)

	Group and Company	
	2009 RM'000	2008 RM'000
<b>Share premium</b>		
At 1 January	135,548	-
Issued – Bonus issue	(121,911)	135,548
Issue of shares under ESOS	172	-
At 31 December	13,809	135,548

#### Other reserves

Other reserves relate to fair value adjustment on initial recognition of financial instruments.

#### Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

	Group and Company	
	2009 RM'000	2008 RM'000
At 1 January	-	-
Fair value of ESOS granted	7,994	-
Issue of shares under ESOS	(29)	-
At 31 December	7,965	-

#### Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank approximately RM90,120,190 out of its distributable reserves at 31 December 2009 if paid out as dividends.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

## CONSOLIDATED FINANCIAL STATEMENTS

### 11. Deferred tax liabilities

#### Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2009 RM'000	2008 RM'000
<b>Group</b>		
Property, plant and equipment	(111,534)	(119,508)
FRS 139 adjustment on initial recognition	(4,739)	-
At 31 December	(116,273)	(119,508)
<b>Company</b>		
Property, plant and equipment	(5,272)	(6,193)
FRS 139 adjustment on initial recognition	(2,209)	-
At 31 December	(7,481)	(6,193)

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2009 RM'000	2008 RM'000
Deductible temporary differences	99,595	(43,121)
Unutilised tax loss carry-forwards	(34,970)	18,311
Capital allowance carry-forwards	(116,654)	43,218
	(52,029)	18,408

The deductible temporary differences do not expire under current tax legislation. Unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards of approximately RM34,970,000 and RM116,654,000 respectively. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

## CONSOLIDATED FINANCIAL STATEMENTS

### 11. Deferred tax assets and liabilities (continued)

#### Movement in temporary differences during the year

	At 1.1.2008 RM'000	Recognised in income state- ment (Note 17) RM'000	Acquired in busi- ness Combi- nation (Note 25) RM'000	At 31.12. 2008 RM'000	Effect of adoption of FRS 139 RM'000	Recognised in income state- ment (Note 17) RM'000	At 31.12. 2009 RM'000
<b>Group</b>							
Property, plant and equipment	(33,395)	855	(86,968)	(119,508)	-	7,974	(111,534)
FRS 139 adjustment on initial recognition of amount due to immediate holding company and related company	-	-	-	-	(4,739)	-	(4,739)
	(33,395)	855	(86,968)	(119,508)	(4,739)	7,974	(116,273)
<b>Company</b>							
Property, plant and equipment	(6,566)	373	-	(6,193)	-	921	(5,272)
FRS 139 adjustment on initial recognition of amount due to subsidiaries and related company	-	-	-	-	(2,209)	-	(2,209)
	(6,566)	373	-	(6,193)	(2,209)	921	(7,481)

## CONSOLIDATED FINANCIAL STATEMENTS

### 12. Loans and borrowings

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Non-current</b>				
<i>Secured</i>				
Bai-Bithaman Ajil loan	15,254	16,802	-	-
<i>Unsecured</i>				
Murabahah Medium Term Notes ("MMTN")	80,000	-	80,000	-
	95,254	16,802	80,000	-
<b>Current</b>				
<i>Secured</i>				
Bai-Bithaman Ajil loan	1,979	1,857	-	-
	97,233	18,659	80,000	-

#### **Security**

The Bai-Bithaman Ajil loan is secured over prepaid lease payments (leasehold land) with a carrying amount of RM15,098,000 (2008 - RM15,308,000) (see Note 5).

#### **Significant covenants**

The Bai-Bithaman Ajil loan is subject to the fulfillment of the following significant covenants:

- i) Not to change principal activity, issued share capital, existing shareholders or their respective shareholdings and/or its directors and/or its management line-up without prior consent of the bank;
- ii) To increase paid up capital in line with the progress of plantation project with the ratio of borrowings/paid up capital of 4:1;
- iii) To notify of any loan or advances given to the directors, shareholders, associated companies, related companies and subsidiaries;
- iv) Not to declare, distribute or pay any dividend or bonus issue or other distribution whether of an income or capital nature and whether in cash or otherwise without prior consent of the Bank;

## CONSOLIDATED FINANCIAL STATEMENTS

### 12. Loans and borrowings (continued)

#### Significant covenants (continued)

- v) Not to give guarantees of the debts or obligations of any parties other than as spelt in the facility agreements without the prior consent of the Bank;
- vi) Not to alter the Memorandum or Articles of Association which would be inconsistent with the agreement or other facility documents or to alter the financial year; or principal activity; or to sell, transfer, charge, or dispose of the whole or any part of its assets otherwise than in the normal course of the business; or makes any arrangement of business combination or restructuring;
- vii) Not to reduce its authorised or issued share capital;
- viii) Not to make payments or advances related to the indebtedness given to the Company by its shareholders, directors, related companies and subsidiaries otherwise than in the normal course of the Company's business;
- ix) Not to give or deal with the hire purchase arrangement or any credit arrangements otherwise than in the normal course of the Company's business;
- x) Not to sell or transfer the whole or any part of the Company's assets otherwise than in the normal course of the Company's business;
- xi) To inform any significant litigation, legal proceeding or claim, involving the Company.

#### Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	2-3 years RM'000	Over 5 years RM'000
<b>2009</b>					
<i>Secured</i> Bai-Bithaman Ajil loan	2016	17,233	1,979	-	15,254
MMTN	2016	80,000	-	-	80,000
<b>2008</b>					
<i>Secured</i> Bai-Bithaman Ajil loan	2016	18,659	1,857	1,548	15,254

## CONSOLIDATED FINANCIAL STATEMENTS

### 12. Loans and borrowings (continued)

#### Significant covenants (continued)

#### Terms and debt repayment schedule (continued)

Company	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	2-3 years RM'000	Over 5 years RM'000
<b>2009</b>					
<i>Unsecured</i> MMTN	2016	80,000	-	-	80,000

### 13. Payables and accruals

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade payables		14,449	6,992	1,582	1,568
Amount due to subsidiaries	13.1	-	-	-	954
Amount due to related companies		-	-	4,074	-
		14,449	6,992	5,656	2,522
<b>Non-trade</b>					
Amount due to holding corporation	13.2	84	-	84	-
Amount due to subsidiaries	13.3	-	-	41,047	42,400
Amount due to related companies	13.4	9,860	106,606	9,860	106,591
Other payables		31,690	21,823	13,067	11,583
Accrued expenses		4,109	2,534	615	83
Dividend payable		1,692	85	90	85
		47,435	131,048	64,763	160,742
		61,884	138,040	70,419	163,264
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due to holding corporation	13.5	54,377	77,636	-	-

## CONSOLIDATED FINANCIAL STATEMENTS

### 13. Payables and accruals (continued)

#### Note 13.1

The amount due to subsidiaries are subject to the normal trade terms.

#### Note 13.2

The amount due to holding corporation is unsecured, no profit margin applied and repayable on demand.

#### Note 13.3

The amount due to subsidiaries are unsecured and repayable on demand except for an amount of RM40,976,000 (2008 - RM42,400,000), which is subject to profit margin ranges from 2.05% to 2.60% (2008 - 3.28% to 3.5%).

#### Note 13.4

The amount due to related companies are unsecured, no profit margin applied and repayable on demand except for an amount of RM6,527,000 (2008 - RM88,280,000), which is subject to profit margin ranges from 2.05% to 2.60% (2008 - 3.28% to 3.5%).

#### Note 13.5

Prior to the adoption of FRS 139, the amount due to holding corporation is stated initially and subsequently at cost.

Upon adoption of FRS 139, the amount due to holding corporation is stated at fair value on initial recognition. The fair value on initial recognition is estimated based on the borrowing rate on the date of the initial recognition and expected repayment periods. Subsequently, the amount due to holding corporation stated at amortised cost based on effective interest rate, less any repayment made.

### 14. Revenue

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Sales	279,405	243,373	94,746	198,142
Dividends	-	-	46,984	11,858
Management fees - related companies	24,953	-	-	-
	304,358	243,373	141,730	210,000



## CONSOLIDATED FINANCIAL STATEMENTS

### 15. Profit before tax

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Profit before tax is arrived at after charging:</b>					
Auditors' remuneration:					
- Statutory audit					
- Current year		398	240	110	100
- Under provision in previous year		18	43	8	5
- Other services		150	301	150	301
Impairment of investment in:					
- Subsidiary		-	-	30,519	-
- Other investment		-	45	-	45
Amortisation of prepaid lease payments	5	4,492	1,537	96	89
Bad debts written off		58	198	3	-
Borrowing cost		5,529	48	1,694	117
Depreciation of property, plant and equipment	3	30,725	11,556	2,978	8,609
Fair value of ESOS granted		7,994	-	7,994	-
Impairment of goodwill		506	-	-	-
Profit margin expense on payables:					
- Subsidiaries		-	-	1,073	427
- Related companies		2,433	5,555	2,433	5,555
Personnel expenses:					
- Wages, salaries and others		59,829	39,321	32,048	32,048
- Contribution to Employee's Provident Fund		4,099	3,368	3,051	3,051
Property, plant and equipment written off		142	44	49	-
Rental of premises		1,403	1,213	303	1,213
Rental of land		2,200	2,200	2,200	2,200
Write-down of inventories		-	994	-	750
<b>and after crediting:</b>					
Gain on disposal of property, plant and equipment		49	110	1	100
Gain on disposal of short term investment		22	-	22	-

## CONSOLIDATED FINANCIAL STATEMENTS

### 15. Profit before tax (continued)

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>and after crediting: (continued)</b>					
Negative goodwill arising from acquisition of subsidiaries	24	-	11,123	-	-
Management fee income from related companies		4,235	21,395	4,770	22,384
Rental income		-	44	2,884	7
Profit margin income from short term investments and receivables:					
- Subsidiaries		-	-	2,037	886
- Related companies		215	182	215	182
- Short term Islamic deposits		664	4,249	664	4,210

### 16. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Directors</b>				
- Fees	958	693	408	372
- Remuneration	1,597	1,403	1,582	1,403
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	35	149	35	149
	2,590	2,245	2,025	1,924
<b>Other key management personnel:</b>				
- Short-term employee benefits	960	1,573	960	1,573
	3,550	3,818	2,985	3,497

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

## CONSOLIDATED FINANCIAL STATEMENTS

### 17. Tax expense

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Current tax expense</b>					
Malaysia - current year		20,876	30,269	11,617	25,042
- prior years		946	2,738	1,054	3,295
Total current tax recognised in the income statement		21,822	33,007	12,671	28,337
<b>Deferred tax expense</b>					
- current year		(7,884)	59	(906)	(119)
- prior year		22	(504)	(15)	(7)
- effect of change in tax rate**		-	(410)	-	(247)
- effect of current year tax losses		(112)	-	-	-
Total deferred tax recognised in the income statement	11	(7,974)	(855)	(921)	(373)
Total tax expense		13,848	32,152	11,750	27,964

### Reconciliation of effective tax expense

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Profit before tax		70,912	115,506	39,513	98,134
Tax calculated using Malaysian tax rate of 25% (2008 - 26%)		17,728	30,032	9,878	25,515
Effect of lower tax rate for certain subsidiaries*		-	(11)	-	-
Effect of changes in tax rate**		-	(410)	-	(247)
Effect of deferred tax asset not recognised		-	39	-	-
Effect of deferred tax asset previously not recognised		(6,594)	-	-	-
Non-deductible expenses		1,746	268	833	(592)
Under/(over) provided in prior years					
- tax expense		946	2,738	1,054	3,295
- deferred tax		22	(504)	(15)	(7)
		13,848	32,152	11,750	27,964

## CONSOLIDATED FINANCIAL STATEMENTS

### 17. Tax expense (continued)

#### Reconciliation of effective tax expense (continued)

- \* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.
- \*\* The corporate tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

### 18. Earnings per share

#### Basic earnings per share

The calculation of basic and diluted earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2009 RM'000	2008 RM'000
Profit for the year attributable to shareholders	53,807	84,051
	Group	
	2009 '000	2008 '000 Restated
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	243,822	196,094
Effect of ordinary shares issued in 9 December 2008	-	3,977
Effect of bonus shares issued	243,822	200,071
Effect of ordinary shares issued under ESOS	141	-
Weighted average number of ordinary shares at 31 December	487,785	400,142

## CONSOLIDATED FINANCIAL STATEMENTS

### 18. Earnings per share (continued)

#### Basic earnings per share (continued)

	Group	
	2009 '000	2008 '000 Restated
<b>Weighted average number of ordinary shares (diluted)</b>		
Issued ordinary shares at 1 January	243,822	196,094
Effect of ordinary shares issued in 9 December 2008	-	3,977
Effect of bonus shares issued	243,822	200,071
Effect of ordinary shares issued under ESOS	141	-
Effect of share options on issue	38,854	-
Weighted average number of ordinary shares at 31 December	526,639	400,142

	Group	
	2009 Sen	2008 Sen
Basic earnings per ordinary share	11.03	21.01
Diluted earnings per ordinary share	10.22	21.01

### 19. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
<b>2009</b>			
Final for ordinary - 2008	17.98	27,430	20 May 2009
		27,430	
<b>2008</b>			
Interim for ordinary - 2008	7.40	14,511	28 August 2008
Final for ordinary - 2007	16.04	30,618	27 May 2008
		45,129	

After the balance sheet date the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders.

## CONSOLIDATED FINANCIAL STATEMENTS

### 19. Dividends (continued)

	Sen per share (net of tax)	Total amount RM'000
Final ordinary	6.38	31,096

### 20. Financial instruments

Exposure to credit, profit margin and liquidity and cash flow risks arises in the normal course of the Group's business.

#### Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the balance sheet date, there were no significant concentrations of credit risk other than disclosed in Note 8. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

#### Profit margin risk

The Group's exposure to profit margin risk arises mainly from changes in profit margin relates to deposits with financial institutions and bank borrowings.

#### Liquidity and cash flow risks

The Group manages its operating cash flows and maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

#### Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, other payables and accruals, approximate fair values due to the relatively short term nature of these financial instruments.

## CONSOLIDATED FINANCIAL STATEMENTS

### 20. Financial instruments (continued)

#### Fair values (continued)

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

Group	Note	2009		2008	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial assets</b>					
Other investment					
Unquoted company		599	599	599	599
Quoted shares		-	-	109	109
<b>Financial liabilities</b>					
Bai-Bithaman Ajil loan - <i>secured</i>	12	17,233	17,233	18,659	18,659
Medium term notes		80,000	80,000	-	-
Amount due to holding corporation	13	54,377	*	77,636	*
<b>Company</b>					
<b>Financial assets</b>					
Other investment					
Unquoted company		599	599	599	599
Quoted shares		-	-	109	109
Amount due from subsidiaries	7	224,496	**	111,703	**

\* It is not practical to estimate the fair value of the Group's amount due to holding corporation at the balance sheet date because of no profit margin levied and repayment terms.

\*\* It is not practical to estimate the fair value of the Company's amount due from subsidiaries at the balance sheet date because of no profit margin levied and repayment terms.

## CONSOLIDATED FINANCIAL STATEMENTS

### 20. Financial instruments (continued)

#### *Effective profit margin and repricing analysis*

In respect of profit margin financial assets and profit margin financial liabilities, the following table indicates the average effective profit margin at the balance sheet date and the periods in which they mature, or if earlier reprice.

2009	Note	Average effective profit margin %	Total RM'000	Less than 1 year RM'000	1-2 years RM'000	More than five years RM'000
<b>Group</b>						
<b>Financial asset</b>						
Deposits placed with licensed banks	9	2.14	6,811	6,811	-	-
			6,811	6,811	-	-
<b>Financial liabilities</b>						
Bai-Bithaman Ajil loan - <i>secured</i>	12	5.74	17,233	1,979	-	15,254
Medium term notes		5.00	80,000	-	-	80,000
Amount due to related companies	13	2.09	6,527	6,527	-	-
Amount due to holding corporation			54,377	-	-	54,377
			158,137	8,506	-	149,631
<b>Company</b>						
<b>Financial assets</b>						
Deposits placed with licensed banks	9	2.14	5,838	5,838	-	-
Amount due from related companies	7	2.09	738	738	-	-
Amount due from subsidiaries	7	2.09	148,828	-	29,513	119,315
			155,404	6,576	29,513	119,315
<b>Financial liabilities</b>						
Amount due to subsidiaries	13	2.09	40,976	40,976	-	-
Medium term notes		5.00	80,000	-	-	80,000
			120,976	40,976	-	80,000



## CONSOLIDATED FINANCIAL STATEMENTS

### 20. Financial instruments (continued)

#### *Effective profit margin and repricing analysis (continued)*

2008	Note	Average effective profit margin %	Total RM'000	Less than 1 year RM'000	1-2 years RM'000	More than five years RM'000
<b>Group</b>						
<b>Financial assets</b>						
Deposits placed with licensed banks	9	3.37	37,007	37,007	-	-
Amount due from related companies	7	3.46	1,419	1,419	-	-
			<b>38,426</b>	<b>38,426</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Bai-Bithaman Ajil loan - <i>secured</i>	12	5.61	18,659	1,857	1,548	15,254
Amount due to related companies	13	3.46	88,280	88,280	-	-
			<b>106,939</b>	<b>90,137</b>	<b>1,548</b>	<b>15,254</b>
<b>Company</b>						
<b>Financial asset</b>						
Deposits placed with licensed banks	9	3.37	36,084	36,084	-	-
Amount due from related companies	7	3.46	1,419	1,419	-	-
Amount due from subsidiaries	7	3.46	103,772	103,772	-	-
			<b>141,275</b>	<b>141,275</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>						
Amount due to related companies	13	3.46	88,280	88,280	-	-
Amount due to subsidiaries	13	3.46	42,400	42,400	-	-
			<b>130,680</b>	<b>130,680</b>	<b>-</b>	<b>-</b>

## CONSOLIDATED FINANCIAL STATEMENTS

### 21. Operating leases

#### Leases as lessor

The Company leases out certain portion of its leasehold land under operating leases (see note 5). The future minimum lease payments under non-cancellable leases are as follows:

	Company	
	2009 RM'000	2008 RM'000
Less than one year	3,606	-
Between one and three years	6,565	-
	10,171	-

### 22. Employee benefits

#### Share-based payments

On 25 November 2008, the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. In accordance with these programmes options are exercisable at the market price of the shares at the date of grant.

The terms and conditions of the grants are as follows; all options are to be settled by physical delivery of shares:

Grant date / employees entitled	Number of instruments '000	Vesting conditions	Contractual life of options
Option granted to Director and employees on 8 June 2009	38,854	Based on completed year of service	5 years

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2009	Number of options ('000) 2009
Outstanding at 1 January	-	-
Granted during the year	1.52	38,995
Exercised during the year	1.52	141
Outstanding at 31 December	1.52	38,854

The options outstanding at 31 December 2009 have an exercise price at RM1.52 per ordinary share and a weighted average contractual life of 5 years.

## CONSOLIDATED FINANCIAL STATEMENTS

### 22 Employee benefits (continued)

During the year, 141,000 share options were exercised. The weighted average share price for the year was RM1.52 per ordinary share.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using *blackscholes model*, with the following inputs:

	Directors and employees 2009
<b>Fair value of share options and assumptions</b>	
Fair value at grant date	RM0.205
Weighted average share price exercise price	RM1.52
Option life (expected weighted average life)	5 years

Employee expenses	Group and Company 2009 RM'000
Share options granted in 2009	7,994
Total expense recognised as share-based payments	7,994

### 23. Capital and other commitments

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Plant and equipment</b>				
<i>Contracted but not provided for and payable:</i>				
Within one year	-	5,380	-	2,376
<i>Approved but not contracted for:</i>				
Within one year	50,925	27,212	7,439	7,534
<b>Plantation development expenditure</b>				
<i>Contracted but not provided for and payable:</i>				
Within one year	15,171	8,425	-	-
More than one year and no later than 5 years	-	23,810	-	-
<i>Approved but not contracted for:</i>				
Within one year	57,514	66,436	10,922	1,299
More than one year and no later than 5 years	531	23,178	-	-
	124,141	154,441	18,361	11,209

## CONSOLIDATED FINANCIAL STATEMENTS

### 24. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

	Transactions amount for the year ended 31 December		Gross/Net balance outstanding at 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Group</b>				
<b>Holding corporation</b>				
<b>Expenses</b>				
Rental of premise	1,403	1,213	-	-
Rental of land	2,200	2,200	-	-
<b>Related companies</b>				
<b>Income</b>				
Management fees income	29,188	21,395	29,188	21,395
Profit margin income from related companies receivables	181	182	181	-
<b>Expenses</b>				
Purchase of fertiliser	12,220	23,201	2,109	1,267
Profit margin expense on related companies payables	2,433	5,555	2,433	-
Purchase of flight ticket	979	-	-	-
<b>Company</b>				
<b>Holding corporation</b>				
<b>Expenses</b>				
Rental of premise	303	1,213	-	-
Rental of land	2,200	2,200	-	-

## CONSOLIDATED FINANCIAL STATEMENTS

### 24. Related parties (continued)

Company	Transactions amount for the year ended 31 December		Gross/Net balance outstanding at 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
<b>Subsidiaries companies</b>				
<b>Income</b>				
Profit margin income from subsidiaries receivables	2,070	886	2,070	-
Disposal of fixed assets	23,784	-	-	-
<b>Expenses</b>				
Profit margin expense on subsidiaries payables	1,073	427	1,073	-
<b>Related companies</b>				
<b>Income</b>				
Management fees income	4,770	22,384	4,770	22,384
Profit margin income from related companies receivables	181	182	181	-
<b>Expenses</b>				
Purchase of fertiliser	2,045	16,905	122	140
Profit margin expense on related companies payables	2,433	5,555	2,433	-
Purchase of flight ticket	979	-	-	-

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

### 25. Acquisition of subsidiaries

#### a) Acquisition of subsidiaries in 2009

- 1) On 1 April 2009, the Company has entered into two share sale agreements with TH Ladang (Sabah & Sarawak) Sdn. Bhd. ("THLSS") in relation to the following:
  - (a) Acquisition of 24,000,003 ordinary shares of RM1 each representing 100% equity interest in THP Kota Bahagia Sdn. Bhd. (formerly known as Ladang Sawit Bintulu Sdn. Bhd.) from THLSS for a purchase consideration of RM200,000 in cash; and
  - (b) Acquisition of 2 ordinary shares of RM1 each representing 100% equity interest in THP Agro Management Sdn. Bhd. ("THPAM") (formerly known as Lebigaya Sdn. Bhd.) from THLSS for a total consideration of RM2.

## CONSOLIDATED FINANCIAL STATEMENTS

### 25. Acquisition of subsidiaries (continued)

#### a) Acquisition of subsidiaries in 2009 (continued)

The impact on the results of the Group on these acquisitions is immaterial.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Receivables, deposits and prepayments	18,594	-	18,594
Cash and cash equivalents	55	-	55
Payables and accruals	(18,835)	-	(18,835)
Current tax liabilities	(120)	-	(120)
Net identifiable assets and liabilities	(306)	-	(306)
Goodwill on acquisition*			506
Total consideration			200
Cash acquired			(55)
Net cash outflow			145

\* The goodwill was subsequently impaired at year end.

- 2) On 1 September 2009 as part of internal restructuring scheme, the Company has acquired 80% of equity interest in THP Saribas Sdn. Bhd. ("THPS") from Zecon Plantation Sdn. Bhd. ("ZPSB"), a wholly owned subsidiary of the Company, for a purchase consideration of RM6.63 million to be satisfied by way of setting off the entire Purchase Consideration against the total debt currently owing by ZPSB to the Company, which also equivalent to the Purchase Consideration.

#### b) Acquisition and incorporation of subsidiaries in 2008

##### Acquisition of subsidiaries

On 25 July 2008, the Company has entered into share sale agreements with Lembaga Tabung Haji ("LTH") in relation to the following:

- (a) Acquisition of 15,234,256 Syarikat Sabaco Sdn. Bhd. ("Sabaco") shares, representing 51% equity interest in Sabaco from LTH for a purchase consideration of RM147,468,000, of which RM112,661,920 was satisfied by the issuance of 33,731,114 new ordinary shares of the Company and RM34,806,080 by cash; and

## CONSOLIDATED FINANCIAL STATEMENTS

### 25. Acquisition of subsidiaries (continued)

#### b) Acquisition and incorporation of subsidiaries in 2008 (continued)

- (b) Acquisition of 16,810,354 Ladang Bukit Belian Sdn. Bhd. (“Bukit Belian”) shares, representing 100% equity interest in Bukit Belian from LTH for a purchase consideration of RM51,944,000, of which RM46,749,600 was satisfied by the issuance of 13,996,886 new ordinary shares of the Company and RM5,194,400 by cash.

These acquisitions have been completed on 9 December 2008. These companies are involved in oil palm plantations. As at 31 December 2008, contributions of one (1) month results of these subsidiaries are not material to the consolidated net profit.

The acquisition had the following effect on the Group’s assets and liabilities on acquisition date:

	Note	Pre-acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Property, plant and equipment	3	111,229	95,476	206,705
Prepaid lease payments	5	64,309	216,249	280,558
Plantation development expenditure		101	-	101
Inventories		13,971	-	13,971
Receivables, deposits and prepayments		80,271	-	80,271
Cash and cash equivalents		1,735	-	1,735
Loans and borrowings		(3,560)	-	(3,560)
Payables and accruals		(130,353)	-	(130,353)
Deferred tax liabilities	11	(9,037)	(77,931)	(86,968)
Current tax liabilities		(1,917)	-	(1,917)
Net identifiable assets and liabilities		126,749	233,794	360,543
Minority interest				(150,008)
Group’s share of net assets				210,535
Negative goodwill on acquisition				(11,123)
Total consideration				199,412
Issuance of ordinary shares of the Company				(159,412)
Consideration paid, satisfied in cash				40,000
Cash acquired				(1,735)
Net cash outflow				38,265

## CONSOLIDATED FINANCIAL STATEMENTS

### 26. Segmental information

The Group operates principally in plantation industry and predominantly in Malaysia and therefore segmental reporting is not applicable.

### 27. Effect on adoption of FRS 139

At the beginning of the current financial year, the Company had adopted new FRS's issued by MASB as disclosed in Note 1(a).

#### **FRS 139, Financial Instruments**

The adoption of FRS 139 has resulted in a change in the accounting policy in relation to recognition and measurement of financial instruments as stated in Note 2(b).

There were no material impact on the opening retained earnings of the Group and of the Company on adoption of FRS 139 other than the effect of fair value on initial recognition on non-current payables and receivables from and to holding corporation, subsidiaries and related companies.

Prior to the adoption of FRS 139, these receivables and payables are stated initially and subsequently at cost.

Upon adoption of FRS 139, these receivables and payables are stated at fair value on initial recognition. The fair value on initial recognition is estimated based on the borrowing rate on the date of the initial recognition and expected repayment periods. Subsequently, these receivables and payables are stated at amortised cost based on effective yield, less any repayment received or made. The amortisation of these receivables and payables are based on effective yield and is charged (payables) or recognised (receivables) annually to the income statement.

The fair value adjustment on initial recognition on receivables from subsidiaries increased the Company's investment in those companies whereas the fair value adjustment on initial recognition for payables to the ultimate holding corporation and subsidiaries is recognised as other reserve in equity.

The impact on the opening retained earnings reflects the amortisation of expenses and income on amortisation of these receivables and payables from the date of initial recognition to 1 January 2009.



## CONSOLIDATED FINANCIAL STATEMENTS

### 27. Effect on adoption of FRS 139 (continued)

#### FRS 139, Financial Instruments (continued)

The effect of the adoption of FRS 139 on the opening retained profits as at 1 January 2009 is analysed as follows:

Group	Other reserve 2009 RM'000	Retained earnings 2009 RM'000
At 1 January, as previously stated	-	142,033
Effect of FRS 139		
- Fair value on initial recognition of amount due to holding company and related company, net of tax	26,126	(6,307)
At 1 January, as restated	26,126	135,726
<b>Company</b>		
At 1 January, as previously stated	-	133,050
Effect of FRS 139		
- Fair value on initial recognition of amount due to related company, net of tax	6,755	(131)
At 1 January, as restated	6,755	132,919

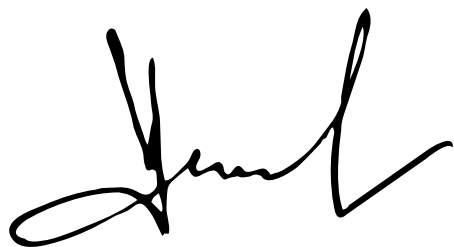
**CONSOLIDATED  
FINANCIAL STATEMENTS**

**TH Plantations Berhad**  
(Company No. 12696-M)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Statement by Directors pursuant to  
Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 126 to 187 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



**Tan Sri Datuk Dr Yusof bin Basiran**



**Dato' Zainal Azwar bin Zainal Aminuddin**

Kuala Lumpur,

Date: 22 February 2010

## CONSOLIDATED FINANCIAL STATEMENTS

**TH Plantations Berhad**  
(Company No. 12696-M)  
(Incorporated in Malaysia)  
**and its subsidiaries**

**Statutory declaration pursuant to  
Section 169(16) of the Companies Act, 1965**

I, **Mohamed Azman Shah bin Ishak**, the officer primarily responsible for the financial management of TH Plantations Berhad, do solemnly and sincerely declare that the financial statements set out on pages 126 to 187 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 22 February 2010.



**Mohamed Azman Shah bin Ishak**

Before me:



Lot 2.42, Tingkat 2, The Mail  
100, Jalan Putra  
50350 Kuala Lumpur, Malaysia  
HP: 019-283 9000

## CONSOLIDATED FINANCIAL STATEMENTS

**Independent auditors' report to the members of  
TH Plantations Berhad**  
(Company No. 12696-M)  
(Incorporated in Malaysia)

### **Report on the Financial Statements**

We have audited the financial statements of TH Plantations Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 126 to 187.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## CONSOLIDATED FINANCIAL STATEMENTS

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.


### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:


- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### **Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**KPMG Desa Megat & Co.**  
Firm Number: AF 0759  
Chartered Accountants



**Mohamed Raslan Abdul Rahman**  
Approval Number: 1825/05/11(J/PH)  
Chartered Accountant

Petaling Jaya,  
Date: 22 February 2010



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ANALYSIS OF SHAREHOLDINGS

## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2010

### SHAREHOLDINGS STRUCTURE

Authorised share capital	:	RM350,000,000.00
Issued and paid-up share capital	:	RM243,892,550.00
Class of Shares	:	Ordinary Shares of RM0.50 each
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every share held

### ANALYSIS BY SIZE OF SHAREHOLDINGS

Category	No. of Holders	%	No. of Shares	%
Less than 100	11	0.13	174	0.00
100 to 1,000	659	7.51	444,926	0.09
1,001 to 10,000	7,226	82.38	27,083,800	5.55
10,001 to 100,000	777	8.86	21,634,964	4.44
100,001 to less than 5% of issued shares	97	1.11	107,565,236	22.05
5% and above of issued shares	1	0.01	331,056,000	67.87
<b>TOTAL</b>	<b>8,771</b>	<b>100.00</b>	<b>487,785,100</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS

### DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Tan Sri Datuk Dr Yusof bin Basiran	4,000	0.001	58,000*	0.012*
2.	Dato' Zainal Azwar bin Zainal Aminuddin	4,000	0.001	Nil	Nil
3.	Datuk Dr Abdul Samad bin Haji Alias	148,000	0.03	Nil	Nil
4.	Datuk Azizan bin Abd Rahman	Nil	Nil	Nil	Nil
5.	Datuk Ismee bin Haji Ismail	Nil	Nil	Nil	Nil
6.	Dato' Haji Wan Zakaria bin Abd Rahman	4,000	0.001	Nil	Nil
7.	Md. Yusof bin Hussin	Nil	Nil	Nil	Nil
8.	Syed Hood bin Syed Edros	Nil	Nil	Nil	Nil
9.	Dato' Noordin bin Md Noor	Nil	Nil	Nil	Nil

\* deemed interest by virtue of shares held by his spouse.

### SUBSTANTIAL SHAREHOLDER

No.	Name of Substantial Shareholder	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Lembaga Tabung Haji	331,056,000	67.87	Nil	Nil

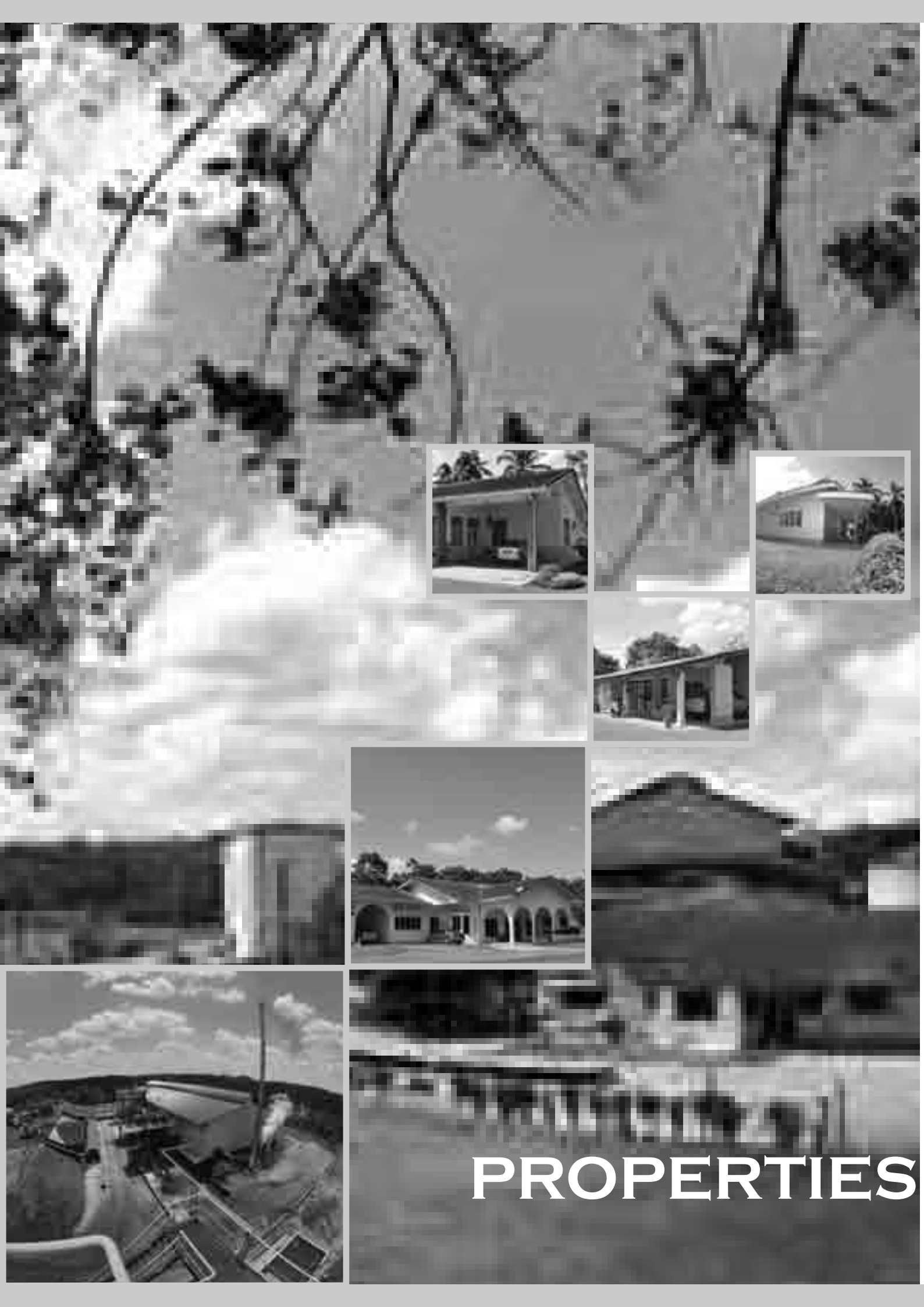
### TOP THIRTY SHAREHOLDERS AS AT 31 MARCH 2010

No.	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1.	LEMBAGA TABUNG HAJI	331,056,000	67.87
2.	EMPLOYEES PROVIDENT FUND BOARD	19,524,600	4.00
3.	AIBB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR YAYASAN POK DAN KASSIM	10,459,800	2.14
4.	AMANAH RAYA TRUSTEES BERHAD AMANAH SAHAM WAWASAN 2020	7,080,600	1.45
5.	AMANAH RAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	6,669,600	1.37
6.	AMANAH RAYA TRUSTEES BERHAD AMANAH SAHAM DIDIK	5,694,700	1.17
7.	PERTUBUHAN PELADANG NEGERI TERENGGANU	4,891,912	1.00
8.	AMANAH RAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	3,890,200	0.80

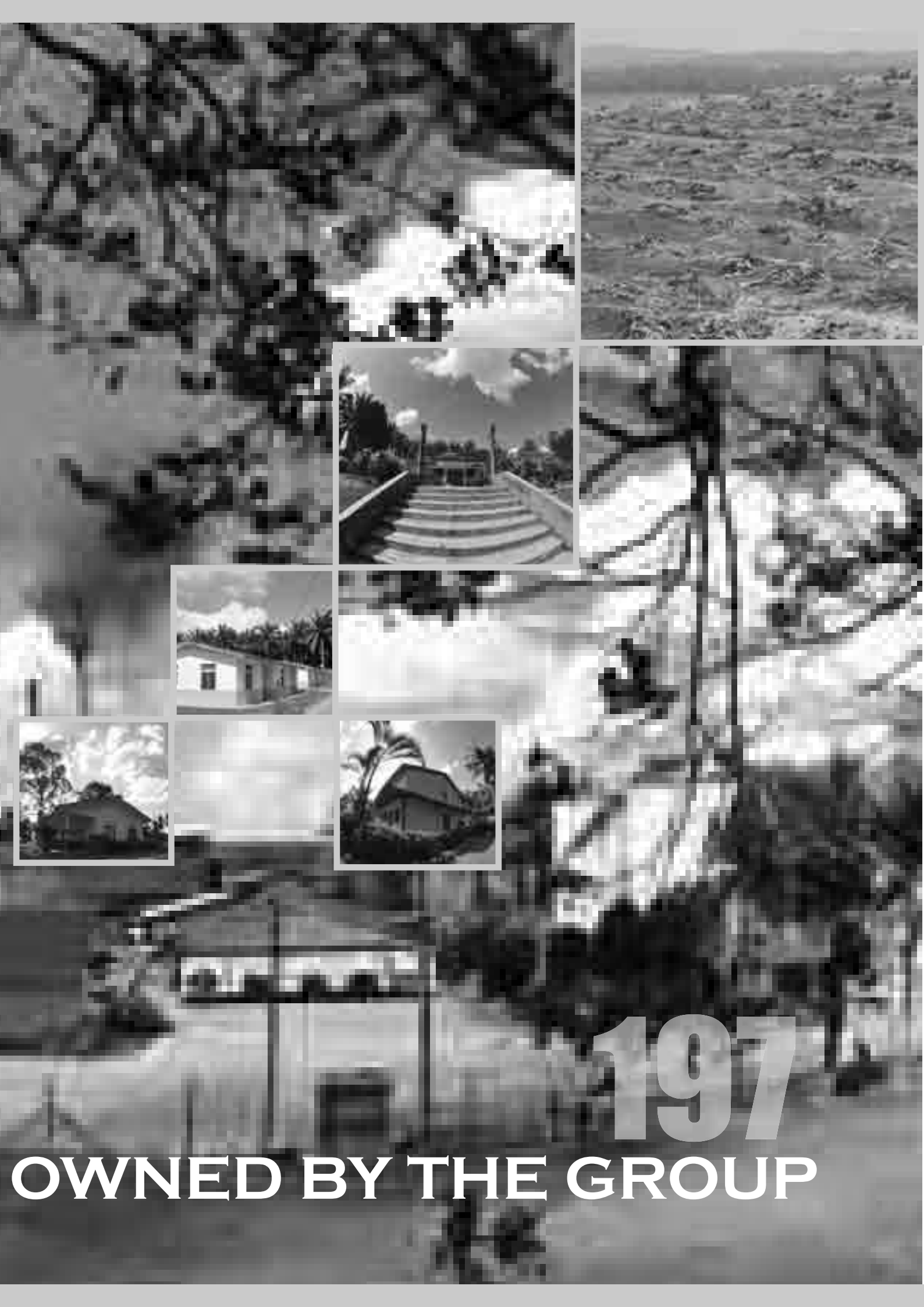


## ANALYSIS OF SHAREHOLDINGS

9.	AFFIN NOMINEES (TEMPATAN) SDN BHD AFFIN FUND MANAGEMENT SDN BHD FOR MAJLIS UGAMA ISLAM DAN ADAT RESAM MELAYU PAHANG	3,218,800	0.66
10.	AMSEC NOMINEES (TEMPATAN) SDN BHD ASSAR ASSET MANAGEMENT SDN BHD FOR TABUNG BAITULMAL SARAWAK (MAJLIS ISLAM SARAWAK) (FM-ASSAR-TBS)	2,575,000	0.53
11.	KOPERASI PERMODALAN FELDA BERHAD	2,096,100	0.43
12.	MAYBAN NOMINEES (TEMPATAN) SDN BHD AMANAH RAYA INVESTMENT MANAGEMENT SDN BHD FOR MAJLIS AGAMA ISLAM NEGERI SEMBILAN (C417-260272)	2,013,200	0.41
13.	MAJLIS AGAMA ISLAM DAN ADAT MELAYU PERAK DARUL RIDZUAN	2,000,000	0.41
14.	AMIN BAITULMAL JOHOR	2,000,000	0.41
15.	MAJLIS AGAMA ISLAM WILAYAH PERSEKUTUAN	2,000,000	0.41
16.	AMANAH RAYA TRUSTEES BERHAD SEKIM AMANAH SAHAM NASIONAL	2,000,000	0.41
17.	AMANAH RAYA TRUSTEES BERHAD DANA ISLAMIAH AFFIN	1,999,000	0.41
18.	KOPERASI PERMODALAN FELDA BERHAD	1,959,900	0.40
19.	AMANAH RAYA TRUSTEES BERHAD AFFIN ISLAMIC EQUITY FUND	1,530,200	0.31
20.	KOPERASI PERMODALAN FELDA BERHAD	1,306,800	0.27
21.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL AL-FAID (4389)	1,185,400	0.24
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AMERICAN INTERNATIONAL ASSURANCE BERHAD	1,102,000	0.23
23.	KUMPULAN WANG SIMPANAN PEKERJA	1,000,000	0.21
24.	MAJLIS AGAMA ISLAM MELAKA	1,000,000	0.21
25.	SEE HONG CHEEN @ SEE HONG CHEN	900,000	0.18
26.	AMANAH RAYA TRUSTEES BERHAD ASM PREMIER FUND	880,800	0.18
27.	KOPERASI PERMODALAN FELDA BERHAD	852,800	0.17
28.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAAKL PROGRESS FUND (4082)	800,000	0.16
29.	MAYBAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBAN INVESTMENT MANAGEMENT SDN BHD (RESIDENT)	748,000	0.15
30.	MAYBAN NOMINEES (TEMPATAN) SDN BHD AFFIN FUND MANAGEMENT BERHAD FOR CIMB AVIVA ASSURANCE BERHAD (270185)	710,000	0.15
	<b>TOTAL</b>	<b>423,145,412</b>	<b>86.75</b>



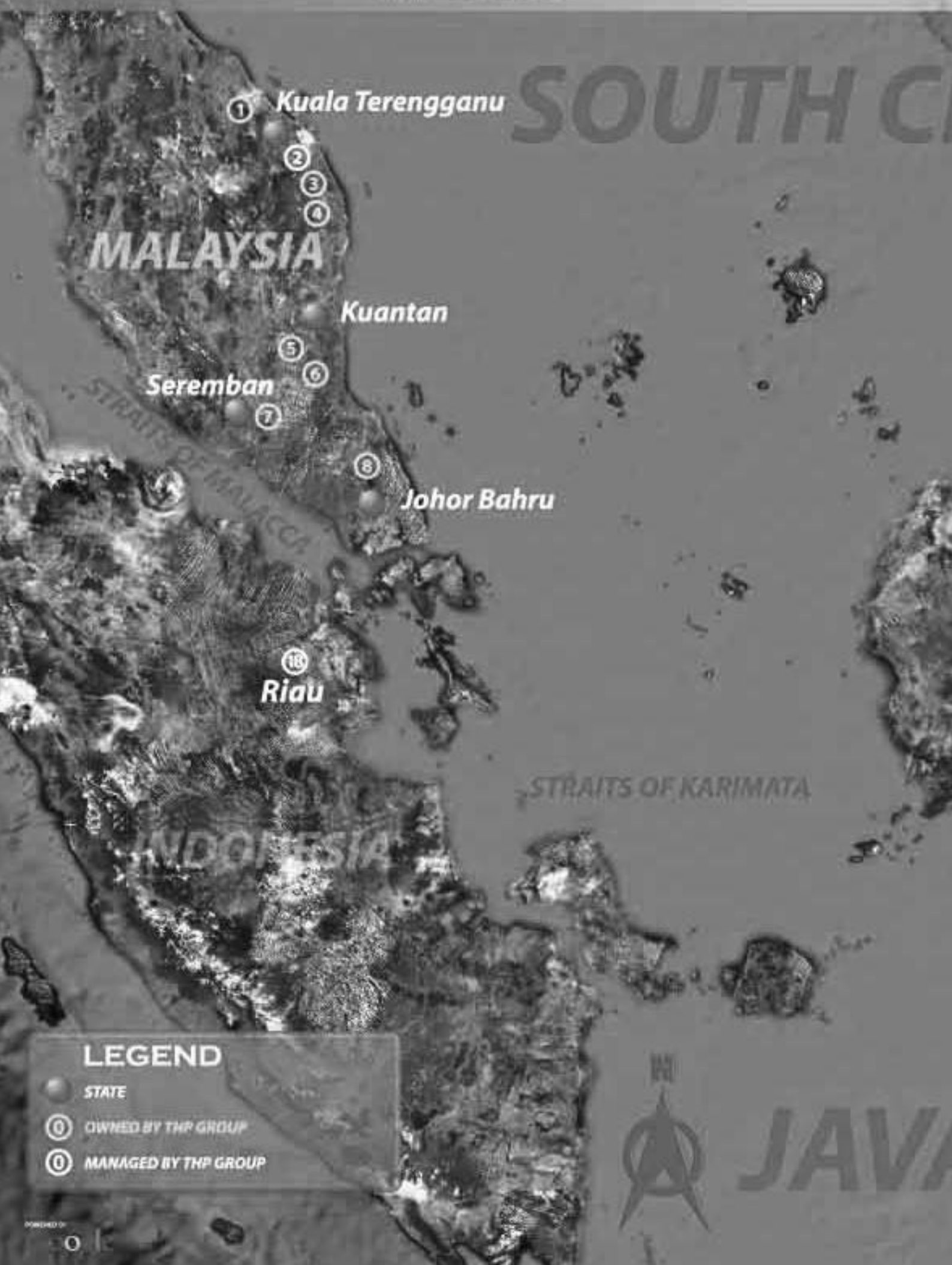
# PROPERTIES



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OWNED BY THE GROUP

# PROPERTIES OWNED & MANAGED BY THP GROUP





Kota Kinabalu

CHINA SEA

SABAH

MALAYSIA

SARAWAK

Kuching

A SEA

# MALAYSIA

Kuala Terengganu

1

2

3

4

5

6

Seremban

7

8

Johor Bahru



- 7 LADANG LONDAH  
Gemas, Negeri Sembilan
- LADANG PASIR BESAR  
Gemas, Negeri Sembilan
- LADANG BUKIT ROKAN  
Gemas, Negeri Sembilan
- KILANG SAWIT PASIR BESAR  
Gemas, Negeri Sembilan



- 8 LADANG BUKIT LAWIANG  
Kluang, Johor
- LADANG GUNUNG SUMALAYANG  
Kluang, Johor
- KILANG SAWIT BUKIT LAWIANG  
Kluang, Johor



- 1 LADANG THP-YT  
Setiu, Terengganu
- 2 LADANG TH BAKTI  
Dungun, Terengganu
- 3 LADANG SUNGAI IBOK  
Kemaman, Terengganu
- 4 LADANG ULU CHUKAI  
Kemaman, Terengganu



- 5 LADANG SUNGAI MERCHONG  
Muadzam Shah, Pahang
- 6 LADANG KOTA BAHAGIA  
Keratong, Pahang
- LADANG SUNGAI MENGAH  
Keratong, Pahang
- LADANG SUNGAI BUAN  
Keratong, Pahang
- KILANG SAWIT KOTA BAHAGIA  
Keratong, Pahang

## LOCATION MAP

Terengganu, Pahang,  
Negeri Sembilan, Johor





Kota Kinabalu

SABAH

MALAYSIA  
SARAWAK

Kuching



- ⑨ LADANG TANIUNG LILIN  
Meludam, Sarawak
- LADANG SEMARANG  
Meludam, Sarawak
- LADANG TRISO  
Meludam, Sarawak
- LADANG BELADIN  
Meludam, Sarawak

- ⑨ LADANG KENYALANG  
Pusa, Sarawak
- LADANG RAJA UDANG  
Pusa, Sarawak
- LADANG ENGGANG  
Pusa, Sarawak
- LADANG MERBOK  
Pusa, Sarawak

- ⑩ LADANG GEDONG  
Serian, Sarawak
- LADANG SEMATAN  
Serian, Sarawak
- KILANG SAWIT GEDONG  
Serian, Sarawak
- LADANG SADONG  
Serian, Sarawak
- LADANG LUPAR  
Serian, Sarawak

- ⑭ LADANG MAMAHAT  
Sandakan, Sabah
- LADANG TERUSAN  
Sandakan, Sabah
- KILANG SAWIT MAMAHAT  
Sandakan, Sabah

- ⑮ LADANG BUKIT BELIAN  
Sandakan, Sabah

- ⑯ LADANG BUKIT GOLD  
Lahad Datu, Sabah

- ⑰ LADANG SUNGAI TENEGANG  
Lahad Datu, Sabah
- LADANG SUNGAI KOYAH  
Lahad Datu, Sabah
- KILANG SAWIT SUNGAI TENEGANG  
Lahad Datu, Sabah

- ⑪ LADANG JATI KENINGAU  
Sandakan, Sabah

- ⑫ LADANG KLAGAN  
Sandakan, Sabah

- ⑬ LADANG JATIMAS  
Sandakan, Sabah

## LOCATION MAP

### Sabah & Sarawak

# SOUTH CHINA SEA

18

LADANG CENDANA  
LADANG PULAI  
LADANG SENGKAWANG  
LADANG SUNTAI  
LADANG JATI  
LADANG KERUING  
LADANG MERBAU  
LADANG RAMIN  
LADANG KEMPAS  
LADANG BERINGIN  
LADANG MERANTI  
LADANG SUNGKAI  
LADANG TERENTANG  
LADANG MERSAWA  
LADANG MAHONI  
LADANG JELUTUNG  
LADANG TEMBUSU  
LADANG MAHANG  
LADANG NYATO  
LADANG BINTANGUR  
LADANG BALAM  
LADANG AGATIS  
LADANG GERONGGANG  
LADANG ANGSANA  
LADANG BELIAN  
LADANG GAHARU  
LADANG RESAK  
LADANG SENTIGI  
LADANG NAGASARI  
LADANG SERAYA  
LADANG EBONI  
LADANG CENGAL  
LADANG KULIM  
LADANG ROSEWOOD  
LADANG KEMUNING  
LADANG TAYUMAN  
KILANG SAWIT PULAI  
KILANG SAWIT NYATO  
KILANG SAWIT SUNTAI  
KILANG SAWIT RAMIN  
KILANG SAWIT TEMBUSU  
KILANG SAWIT JATI

MALAYSIA

STRAITS OF MALACCA

18  
Riau

INDONESIA

MAP OF INDONESIA  
Riau



## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows :

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM' 000
TH Plantations Berhad <sup>1</sup>	Ladang Kota Bahagia	Lot No. PT 306— Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 03.02.2073	Oil palm plantation	980.80	Nil	4 February 1974	
TH Plantations Berhad <sup>1</sup>	Ladang Kota Bahagia	Lot No. PT 288— Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 29.09.2071	Oil palm plantation	182.70	Nil		12,206
TH Plantations Berhad <sup>1</sup>	Ladang Kota Bahagia	Lot No. PT 289— Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 29.09.2071	Oil palm plantation	694.54	Nil	30 September 1972	
TH Plantations Berhad <sup>1</sup>	Kilang Sawit Kota Bahagia	Part of Lot No. PT 289 – Mukim of Keratong, District of Rompin, Pahang	14 - 30	99 years leasehold expiring on 29.09.2071	Palm Oil Mill~	9.804 <sup>^</sup>	Nil		11,028
TH Plantations Berhad <sup>1</sup>	Ladang Sungai Mengah	Lot No. PT 452 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 13.07.2093	Oil palm plantation	877.00	Nil	14 July 1994	
TH Plantations Berhad <sup>1</sup>	Ladang Sungai Mengah	Lot No. PT 305 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 03.02.2073	Oil palm plantation	987.95	Nil	4 February 1974	
TH Plantations Berhad <sup>1</sup>	Ladang Sungai Mengah	Lot No. PT 2549 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 20.08.2090	Oil palm plantation	198.30	Nil	21 August 1991	13,131
TH Plantations Berhad <sup>1</sup>	Ladang Sungai Mengah	Kelulusan PT.ROM.2/ 02.A.003/2004 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 25.01.2107	Oil palm plantation	132.50	Nil	25 January 2008	

## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows : (continued)

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM '000
TH Plantations Berhad <sup>2</sup>	Ladang Sungai Merchong	Lot No. PT 3031 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 19.06.2085	Oil palm plantation	1,720.00	Nil	20 June 1986	1,112
TH Plantations Berhad <sup>2</sup>	Ladang Sungai Buan	Lot No. PT 2297 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 09.07.2093	Oil palm plantation	1,388.90	Nil	10 July 1994	
TH Plantations Berhad <sup>2</sup>	Ladang Sungai Buan	Lot No. PT 11440 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 24.03.2108	Oil palm plantation	305.851	Nil	25 March 2009	3,770
TH Plantations Berhad <sup>2</sup>	Ladang Sungai Buan	Lot No. PT 11451 – Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 22.06.2108	Oil palm plantation	101.174	Nil	23 June 2009	
TH Plantations Berhad <sup>2</sup>	Ladang Ulu Chukai	Lot No. 2413 – Mukim of Hulu Cukai, District of Kemaman, Terengganu	N/a	60 years leasehold expiring on 10.11.2051	Oil palm plantation	580.06	Nil		
TH Plantations Berhad <sup>2</sup>	Ladang Ulu Chukai	Lot No. 2414 – Mukim of Hulu Cukai, District of Kemaman, Terengganu	N/a	60 years leasehold expiring on 10.11.2051	Oil palm plantation	314.00	Nil	11 November 1991	877

## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows : (continued)

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM '000
TH Plantations Berhad <sup>2</sup>	Ladang Gunung Sumalayang	Lot No. PTD 4743 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	165.20	Nil		
TH Plantations Berhad <sup>2</sup>	Ladang Gunung Sumalayang	Lot No. PTD 4744 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	136.90	Nil		
TH Plantations Berhad <sup>2</sup>	Ladang Gunung Sumalayang	Lot No. PTD 4745 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	570.40	Nil		
TH Plantations Berhad <sup>2</sup>	Ladang Gunung Sumalayang	Lot No. PTD 4746 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	1,033.00	Nil	27 October 1992	2,568
TH Plantations Berhad <sup>2</sup>	Ladang Gunung Sumalayang/ Bukit Lawiang	Part of Lot No. PTD 4747 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	331.70	Nil		
TH Plantations Berhad <sup>2</sup>	Ladang Gunung Sumalayang/ Bukit Lawiang	Part of Lot No. PTD 4748 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	163.00	Nil		
TH Plantations Berhad <sup>2</sup>	Ladang Gunung Sumalayang/ Bukit Lawiang	Part of Lot No. PTD 4749 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	139.00	Nil		

## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows : (continued)

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM '000
TH Plantations Berhad <sup>2</sup>	Ladang Bukit Lawiang	Lot No. PTD 4750 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	506.30	Nil		
TH Plantations Berhad <sup>2</sup>	Ladang Bukit Lawiang	Lot No. PTD 4751 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	925.00	Nil	27 October 1992	3,333
TH Plantations Berhad <sup>2</sup>	Ladang Bukit Lawiang	Lot No. PTD 4752 – Mukim of Rengam, District of Kluang, Johor	N/a	99 years leasehold expiring on 26.10.2091	Oil palm plantation	87.36	Nil		
TH Plantations Berhad <sup>2</sup>	Kilang Sawit Bukit Lawiang	Part of Lot No. PTD 4747 – Mukim of Rengam, District of Kluang, Johor	12 - 16	99 years leasehold expiring on 26.10.2091	Palm Oil Mill~	10.00 <sup>A</sup>	Nil		3,712

## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows : (continued)

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM '000
THP Gemas Sdn Bhd	Ladang Pasir Besar	Lot No. PT 3918 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 14.10.2091	Oil palm plantation	59.44	This land is under a Malay Reservation area	15 October 1992	
THP Gemas Sdn Bhd	Ladang Pasir Besar	Lot No. PT 3919 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 14.10.2091	Oil palm plantation	726.24	Nil	14 October 1992	
THP Gemas Sdn Bhd	Ladang Londah	Lot No. PT 2400 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 19.09.2088	Oil palm plantation	926.69	Nil	19 September 1989	23,760
THP Gemas Sdn Bhd	Ladang Londah	Lot No. 4044 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 07.08.2093	Oil palm plantation	20.61	Nil	8 August 1994	
THP Gemas Sdn Bhd	Ladang Londah	Lot No. PT 3479 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 25.04.2090	Oil palm plantation	3.48	Nil	26 April 1991	
THP Gemas Sdn Bhd	Ladang Londah	Lot No. PT 3480 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 25.04.2090	Oil palm plantation	85.34	Nil	26 April 1991	
THP Gemas Sdn Bhd	Ladang Bukit Rokan	Lot No. PT 3965 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 30.03.2092	Oil palm plantation	325.02	Nil	30 March 1993	11,298
THP Gemas Sdn Bhd	Ladang Bukit Rokan	Lot No. 11848 – Mukim of Gemenech, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 09.11.2090	Oil palm plantation	652.48	Nil	9 November 1991	
THP Gemas Sdn Bhd	Kilang Sawit Pasir Besar	Part of Lot No. PT 3919 – Mukim of Gemas, District of Tampin, Negeri Sembilan	1	99 years leasehold expiring on 14.10.2091	Palm Oil Mill~	5.00^	Nil	-	7,291

## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows : (continued)

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM '000
THP Ibook Sdn Bhd <sup>3</sup>	Ladang Sungai Ibook	Lot No. PT 345 (P) – Mukim of Hulu Cukai, District of Kemaman, Terengganu	N/a	60 years leasehold expiring on 19.10.2042	Oil palm plantation	137.20	Nil	20 October 1982	8,722
THP Ibook Sdn Bhd <sup>3</sup>	Ladang Sungai Ibook	Lot No. PT 342 (P) – Mukim of Hulu Cukai, District of Kemaman, Terengganu	N/a	60 years leasehold expiring on 19.10.2042	Oil palm plantation	298.20	Nil	20 October 1982	
THP Ibook Sdn Bhd <sup>3</sup>	Ladang Sungai Ibook	Lot No. PT 341 (P) – Mukim of Hulu Cukai, District of Kemaman, Terengganu	N/a	60 years leasehold expiring on 19.10.2042	Oil palm plantation	416.50	Nil	20 October 1982	
THP Ibook Sdn Bhd <sup>3</sup>	Ladang Sungai Ibook	Lot No. PT 369 (P) – Mukim of Hulu Cukai, District of Kemaman, Terengganu	N/a	60 years leasehold expiring on 16.06.2052	Oil palm plantation	72.13	Nil	17 June 1992	
THP-YT Plantation Sdn Bhd <sup>4</sup>	Ladang THP-YT	Lot No. PT 3489 – Mukim of Merang District of Setiu, Terengganu	N/a	60 years leasehold expiring on 22.12.2064	Oil palm plantation	1,837.68	Nil	23 December 2004	862
THP-YT Plantation Sdn Bhd <sup>4</sup>	Ladang THP-YT	Lot No. PT 9792 – Mukim of Caluk District of Setiu, Terengganu	N/a	60 years leasehold expiring on 22.12.2064	Oil palm plantation	652.4	Nil	23 December 2004	
THP-YT Plantation Sdn Bhd <sup>4</sup>	Ladang THP-YT	Lot No. PT 9793 – Mukim of Caluk District of Setiu, Terengganu	N/a	60 years leasehold expiring on 22.12.2064	Oil palm plantation	103.68	Nil	23 December 2004	

## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows : (continued)

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM '000
THP Saribas Sdn Bhd <sup>5</sup>	Ladang Kenyalang Ladang Raja Udang	Lot No. 1 Block 3 – Sablor Land District, Sri Aman Division, Sarawak	N/a	60 years leasehold expiring on 19.03.2060	Oil palm plantation	5,000.0	Nil	20 March 2000	61,051
THP Saribas Sdn Bhd <sup>5</sup>	Ladang Raja Udang (partly) Ladang Enggang (partly)	Lot No. 3 Block 16 – Awik-Krian Land District, Sri Aman Division, Sarawak	N/a	60 years leasehold expiring on 19.03.2060	Oil palm plantation	1,270.0	Nil	20 March 2000	
THP Saribas Sdn Bhd <sup>5</sup>	Ladang Enggang (partly) Ladang Merbok (partly)	Lot No. 410 Block 18 – Awik-Krian Land District, Sri Aman Division, Sarawak	N/a	60 years leasehold expiring on 19.03.2060	Oil palm plantation	2,600.0	Nil	20 March 2000	
THP Saribas Sdn Bhd <sup>5</sup>	Ladang Merbok (partly)	Lot No. 121 Block 19 – Kalaka Land District, Sri Aman Division, Sarawak	N/a	60 years leasehold expiring on 19.03.2060	Oil palm plantation	1,520.0	Nil	20 March 2000	

## PROPERTIES OWNED BY THP GROUP



The details of the properties of our Group as at 31 December 2009 are as follows : (continued)

Registered Owner/Lessee	Estate/Mill	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use	Land Area (Ha)	Endorsements/ Encumbrances	Date of Acquisition	Net Book Value as at 31 December 2009 RM '000
THP Sabaco Sdn Bhd	Ladang Sungai Tenegang & Sungai Koyah	Locality of Koyah, Tenegang District of Kinabatangan, Sabah	N/a	99 years leasehold expiring on 31.12.2083	Oil palm plantation	3,886.0	Nil	9 December 2008	142,748
THP Sabaco Sdn Bhd	Ladang Terusan	Locality of Sg. Sugut District of Beluran, Sabah	N/a	99 years leasehold expiring on 31.12.2098	Oil palm plantation	810.80	Nil	9 December 2008	38,129
THP Sabaco Sdn Bhd	Ladang Bukit Gold	Locality of Segama District of Lahad Datu Sabah	N/a	99 years leasehold expiring on 31.12.2076	Oil palm plantation	2,020.23	Nil	9 December 2008	96,657
THP Sabaco Sdn Bhd	Ladang Mamahat	i) Locality of Sg. Sugut District of Beluran, Sabah # ii) Locality of Sg. Marmahat District of Beluran, Sabah ***	N/a	i) 99 years leasehold expiring on 31.12.2096 # ii) 99 years sub-lease expiring on 11.12.2099 ***	Oil palm plantation	2,124.84	i) All the Country Leases are charged to Bank Pertanian Malaysia Berhad ii) Nil	9 December 2008	104,666
THP Sabaco Sdn Bhd	Kilang Sawit Sungai Tenegang	Locality of Koyah, Tenegang District of Kinabatangan, Sabah	N/a	99 years leasehold expiring on 31.12.2083	Palm Oil Mill ~	50.0**	Nil	9 December 2008	18,268
THP Sabaco Sdn Bhd	Kilang Sawit Mamahat	Locality of Sg. Sugut District of Beluran, Sabah	N/a	99 years leasehold expiring on 31.12.2096	Palm Oil Mill ~	25.0^^	Charged to Bank Pertanian Malaysia Berhad	9 December 2008	18,764
THP Bukit Belian Sdn Bhd	Ladang Bukit Belian	Locality of Sg. Segaliud District of Sandakan, Sabah	N/a	999 years leasehold expiring on 04.07.2887	Oil palm plantation	1,088.16	Nil	9 December 2008	50,080





<b>Notes :</b>	
<b>1.</b>	<i>Registered under the ownership of Lembaga Tabung Haji.</i>
<b>2.</b>	<i>Registered under the ownership of Perbadanan Ladang-Ladang Tabung Haji Sdn Bhd (the former name of TH Plantations Berhad).</i>
<b>3.</b>	<i>Registered under the ownership of Syarikat Peladang LUTH Sdn Bhd (the former name of TH Peladang Sdn Bhd).</i>
<b>4.</b>	<i>Registered under the ownership of Lembaga Pemegang Amanah Yayasan Terengganu.</i>
<b>5.</b>	<i>Registered under the ownership of Kenyalang Resources Sdn Bhd. (the former name of THP Saribas Sdn. Bhd.)</i>
<b>^</b>	<i>The built-up area of Kilang Sawit Kota Bahagia, Kilang Sawit Bukit Lawiang and Kilang Sawit Pasir Besar are 29,400 square metres, 30,000 square metres and 15,000 square metres respectively.</i>
<b>~</b>	<i>The production capacity of Kilang Sawit Kota Bahagia, Kilang Sawit Bukit Lawiang, Kilang Sawit Pasir Besar, Kilang Sawit Sungai Tenegang and Kilang Sawit Mamahat are 30 MT/Hr, 40 MT/Hr, 10 MT/Hr, 30 MT/Hr and 20MT/Hr respectively.</i>
<b>#</b>	<i>The eleven (11) Country Leases.</i>
<b>***</b>	<i>The ten (10) Native Titles</i>
<b>**</b>	<i>Part of the titled area under Ladang Sungai Tenegang.</i>
<b>^^</b>	<i>Part of the titled area under Ladang Mamahat.</i>
<b>N/a</b>	<i>Not applicable</i>
<b>NT</b>	<i>Native Title</i>
<b>CL</b>	<i>Country Lease</i>



**THP KOTA BAHAGIA SDN BHD**  
**Ladang Kota Bahagia**  
Peti Surat 19  
26700 Muadzam Shah, Pahang  
Tel : 09 452 4826  
Fax : 09 452 4821  
Pengurus Kanan :  
Mohamed Fuzi b Jaafar  
H/P : 019 883 1286



**TH PLANTATIONS BERHAD**  
**Ladang Bukit Lawiang**  
Karung Berkunci No. 522  
86009 Kluang, Johor  
Tel : 07 7863063  
Fax : 07 786 4271  
Pengurus : Mukhtar b Yusof  
H/P : 012 792 5535



**Ladang Sungai Mengah**  
Peti Surat 21  
26700 Muadzam Shah, Pahang  
Tel : 09 4524979  
Fax : 09 4524979  
Pengurus Kanan :  
Mohamed Fuzi b Jaafar  
H/P : 019 883 1286



**Ladang Gunung Sumalayang**  
Karung Berkunci No. 535  
86009 Kluang, Johor  
Tel : 07 786 3444  
Fax : 07 786 4606  
Pengurus : Mohd Sofi b Harun  
H/P : 019 718 7414



**Ladang Sungai Buan**  
Peti Surat 18  
26700 Muadzam Shah, Pahang  
Tel : 09 452 4996  
Fax : 09 452 4995  
Pengurus : Tuah b Nawi  
H/P : 012 985 0950



**Ladang Ulu Chukai**  
Peti Surat 2  
24107 Kijal, Kemaman,  
Terengganu  
Tel : 09 867 6336  
Fax : 09 867 6336  
Pengurus : Faizal b Zulkifli  
H/P : 019 852 3500



**Ladang Sungai Merchong**  
Peti Surat 4  
26700 Muadzam Shah, Pahang  
Tel : 09 453 0807  
Fax : 09 453 0804  
Pemangku Pengurus :  
Masuki b Bandu  
H/P : 012 771 8873



**Kilang Sawit Bukit Lawiang**  
Peti Surat 114  
86007 Kluang, Johor  
Tel : 07 786 4540  
Fax : 07 786 4540  
Pengurus : Mohamad Zairudi  
b Mohamad  
H/P : 019 640 4117



**Kilang Sawit Kota Bahagia**  
Peti Surat 20  
26700 Muadzam Shah, Pahang  
Tel : 09 452 4936  
Fax : 09 452 4828  
Pengurus : Mohd Fadzley  
b Mohd Nazri  
H/P : 019 386 9630



**THP IBOK SDN BHD**  
**Ladang Sungai Ibok**  
Peti Surat 2, 24107 Kijal,  
Kemaman, Terengganu  
Tel : 09 867 6543  
Fax : 09 867 6336  
Pengurus : Faizal b Zulkifli  
H/P : 019 852 3500



**THP GEMAS SDN BHD**  
**Ladang Londah**  
Peti Surat 28, 73400 Gemas,  
Negeri Sembilan  
Tel : 07 948 4700  
Fax : 07 948 4701  
Pemangku Pengurus :  
Mahya b Masrom  
H/P : 019 963 6725



**Ladang Pasir Besar**  
Peti Surat 28  
73400 Gemas, Negeri Sembilan  
Tel : 07 948 4700  
Fax : 07 948 4701  
Pemangku Pengurus :  
Mahya b Masrom  
H/P : 019 963 6725



**Ladang Bukit Rokan**  
Peti Surat 28  
73400 Gemas, Negeri Sembilan  
Tel : 019 239 7479  
Fax : 019 264 7610  
Pemangku Pengurus :  
Muhamad Termeze b Mat Nor  
H/P : 019 980 3896



**Kilang Sawit Ladang Pasir Besar**  
Peti Surat 30  
73400 Gemas, Negeri Sembilan  
Tel : 019 267 7479  
Fax : 019 264 7479  
Pemangku Pengurus :  
Md Nazri b Md Noh  
H/P : 019 892 4688



**TH BAKTI SDN BHD**  
**Ladang TH Bakti**  
Peti Surat 3,  
Bandar Al Muktaffi Billah Shah,  
23400 Dungun, Terengganu  
Tel : 09 822 1884. Fax : 09 822 2884  
Pemangku Pengurus :  
Ursan b Mohd Zin  
H/P : 019 986 1380



**THP-YT PLANTATION SDN BHD**  
**Ladang THP -YT**  
206, Kampung Pengkalan Attap  
Batu Rakit, 21020 Kuala Terengganu,  
Terengganu  
Tel : 09 669 3260. Fax : 09 669 3254  
Pengurus Kanan :  
Mohamad Zuzari b Abd Aziz  
H/P : 019 9881570



**THP SARIBAS SDN BHD**  
**Ladang Kenyalang**  
No. 8, Ground Floor, Jalan Feeder  
Pusa, Pusa Bazaar, New Shophouse  
94950 Pusa Betong, Sarawak  
Tel : 083 465 822. Fax : 083 465 811  
Pemangku Pengurus : Hanizam b  
Hashim. H/P : 019 387 3537



**Ladang Raja Udang**  
No. 8, Ground Floor, Jalan Feeder  
Pusa, Pusa Bazaar, New Shophouse  
94950 Pusa Betong, Sarawak  
Tel : 083 465 833  
Fax : 083 465 844  
Pengurus : Rozali b Md Desa  
H/P : 019 288 7147



**Ladang Enggang**  
No. 8, Ground Floor, Jalan Feeder  
Pusa, Pusa Bazaar, New Shophouse  
94950 Pusa Betong, Sarawak  
Tel : 083 465 877  
Fax : 083 465 855  
Pemangku Pengurus : Alias b Bakir  
H/P : 013 838 5848



**Ladang Merbok**  
No. 8, Ground Floor, Jalan Feeder  
Pusa, Pusa Bazaar, New Shophouse  
94950 Pusa Betong, Sarawak  
Tel : 083 465 977  
Fax : 083 465 855  
Pengurus : Ismail b Sadari  
H/P : 019 620 3132

**THP SABACO SDN BHD****Ladang Sungai Tenegang**

Karung Berkunci No. 12  
91109 Lahad Datu, Sabah  
Tel : 089 563 027. Fax : 089 563 028  
Pengurus : Mohd Jafri b Arshad  
H/P : 019 961 9472

**Ladang Sungai Koyah**

Karung Berkunci No. 691109  
Lahad Datu, Sabah  
Tel : 089 565 026  
Fax : 089 565 025  
Pengurus : Juna b Palatuwi  
H/P : 019 822 8517

**Ladang Mamahat**

d/a ABX Express Courier Services  
Tingkat 1 Block C, Lot 2 Pekan Baru  
SEDCO 89109 Kota Marudu, Sabah  
Tel : 089 259 177  
Fax : 089 259 188  
Pengurus : Ghazali b Ab Talib  
H/P : 019 883 2991

**Ladang Bukit Gold**

Peti Surat 60389  
91113 Lahad Datu, Sabah  
Tel : 089 897 013  
Fax : 089 897 013  
Pengurus Kanan : Yazit b Jalil  
H/P : 019 740 8400

**Ladang Terusan**

d/a ABX Express Courier Services  
Tingkat 1 Block C, Lot 2 Pekan Baru  
SEDCO 89109 Kota Marudu, Sabah  
Tel : 089 262 188.  
Fax : 089 262 199  
Pengurus : Ghazali b Ab Talib  
H/P : 019 883 2991

**Kilang Sawit Sungai Tenegang**

Peti Surat 60626  
91113 Lahad Datu, Sabah  
Tel : 089 845 488  
Fax : 089 845 499  
Pengurus :  
Ahmad Zaidi b Mohd Din  
H/P : 013 883 3843

**Kilang Sawit Ladang Mamahat**

d/a ABX Express Courier Services  
Tingkat 1 Block C, Lot 2 Pekan Baru  
SEDCO 89109 Kota Marudu, Sabah  
Tel : 089 259 100/122  
Fax : 089 259 133  
Pengurus : Isa b Jabar  
H/P : 019 843 6361

**THP BUKIT BELIAN SDN BHD****Ladang Bukit Belian**

WDT No. 167, Kota Kinabatangan  
90200 Sandakan, Sabah  
Tel : 089 622 339. ax : 089 622 339  
Pemangku Pengurus :  
Alinan b Kadar  
H/P : 019 726 7590



**LADANG JATI KENINGAU SDN BHD**  
**Ladang Jati Keningau**

Lot 451, Lorong Megah 6, Taman Megah, Batu 7 Jalan Labuk, 90000 Sandakan, Sabah  
Tel : 089 514 721. Fax : 089 514 721  
Pengurus : Hamidun b Hamzah  
H/P : 012 744 7830



**TH PELITA MELUDAM SDN BHD**  
**Ladang Tanjung Lilin**

No. 8, Ground Floor, Jalan Feeder Pusa, Pusa Bazaar, New Shophouse 94950 Pusa Betong, Sarawak  
Tel : 083 466 342. Fax : 083 466 966  
Pengurus : Mohammad Shukri b Othman  
H/P : 019 998 6916



**TH-USIA JATIMAS SDN BHD**  
**Ladang Jatimas**

Lot 451, Lorong Megah 6 Taman Megah, Batu7, Jalan Labuk 90000 Sandakan, Sabah  
Tel : 089 514 721. Fax : 089 514 721  
Pengurus : Hamidun b Hamzah  
H/P : 012 744 7830



**Ladang Semarang**

No. 8, Ground Floor, Jalan Feeder Pusa, Pusa Bazaar, New Shophouse 94950 Pusa Betong, Sarawak  
Tel : 083 466 566  
Fax : 083 466 966  
Pengurus : Girman Sirah  
H/P : 013 888 6583



**TH-BONGGAYA SDN BHD**  
**Ladang Klagan**

Lot 451, Lorong Megah 6, Taman Megah, Batu 7 Jalan Labuk, 90000 Sandakan, Sabah  
Tel : 089 514 721. Fax : 089 514 721  
Pengurus : Hamidun b Hamzah  
H/P : 012 744 7830



**Ladang Triso**

No. 8, Ground Floor, Jalan Feeder Pusa, Pusa Bazaar, New Shophouse 94950 Pusa Betong, Sarawak  
Tel : 083 466 566  
Fax : 083 466 966  
Pengurus : Girman Sirah  
H/P : 013 888 6583

**TH PELITA GEDONG SDN. BHD.****Ladang Gedong**

KM 8, Jalan Gedong Serian,  
94700 Serian, Sarawak  
Pengurus : Mohamad Sakri Idris  
Tel : 082 895 513/14  
H/P : 019 885 5967

**Ladang Sematan**

KM 8, Jalan Gedong Serian,  
94700 Serian, Sarawak  
Pengurus : Nor Hasrin Musa  
Tel : 019 8243657  
H/P : 019 3606067

**Kilang Sawit Gedong**

KM 8, Jalan Gedong Serian,  
94700 Serian, Sarawak  
Pengurus Kanan : Adnan Ariffin  
Tel : 082 896 515  
Fax : 082 895 517  
H/P : 013 975 7620

**TH PELITA SADONG SDN. BHD.****Ladang Sadong**

KM 8, Jalan Gedong Serian,  
94700 Serian, Sarawak  
Pengurus : Martin Soili  
Tel : 082 895 512  
H/P : 013 887 4322

**Ladang Lupar**

KM 8, Jalan Gedong Serian,  
94700 Serian, Sarawak  
Pengurus : Ismail Sadari  
Tel : 019 889 8657  
H/P : 019 620 3132

**PT. TH INDO PLANTATIONS**

Kompleks PT THIP, Saka Pasir, Ulu Sungai Guntung, Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia

Tel : 0062778 429053. Fax : 0062778 429056



**Wilayah I**  
Ladang Cendana, Pulau,  
Sengkawang, Suntai, Jati, Keruing,  
Angsana, Belian, Gaharu  
Pengurus : Asmadi b Jani



**Wilayah II**  
Ladang Merbau, Ramin, Resak,  
Kempas, Beringin, Meranti,  
Mersawa, Sungkai, Sentigi  
Pengurus :  
Ab Wahab b Ab Rashed



**Wilayah III**  
Ladang Terentang, Mahoni,  
Jelutung, Tembusu, Nagasari,  
Seraya, Eboni, Cengal, Kulim  
Pengurus : Rosli b Ahmed Khalil



**Wilayah IV**  
Ladang Mahang, Nyato, Bintangur,  
Balam, Agatis, Geronggang,  
Rosewood, Kemuning, Tayuman  
Pengurus : Md Hanif b Md Nor



**Kilang Sawit Pulau**  
Pengurus : Masland b Marzuki



**Kilang Sawit Suntain**  
Pengurus :  
Mohd Azahar b Yassin



**Kilang Sawit Nyato**  
Pengurus : Mohd Azahar b Yassin



**Kilang Sawit Ramin**  
Pengurus : Suhaimin b Kasim



**Kilang Sawit Tembusu**  
Pengurus :  
Denny Suadaya Putra Sebayang



**Kilang Sawit Jati**  
Pengurus : Suhaimin b Kasim



I/We, \_\_\_\_\_ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_  
(ADDRESS)

Being a member/members of TH PLANTATIONS BERHAD ("the Company") hereby appoint \_\_\_\_\_  
\_\_\_\_\_  
(FULL NAME IN BLOCK LETTER)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_  
(ADDRESS)

or failing him/her \_\_\_\_\_ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_  
(ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Sixth Annual General Meeting ("AGM") of the Company to be held at Pacific Ballroom, Level 2, Best Western Premier Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Thursday, 6 May 2010 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. (Please indicate with an "X" how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
<b>Ordinary Resolution 1</b>	To receive the Audited Financial Statements for the year ended 31 December 2009 and the Reports of Directors and Auditors thereon.		
<b>Ordinary Resolution 2</b>	To approve a Final Gross Dividend of 8.5 sen per ordinary share less tax at 25% for the year ended 31 December 2009.		
<b>Ordinary Resolution 3</b>	To approve the payment of Directors' Fees of RM408,000 for the year ended 31 December 2009.		
<b>Ordinary Resolution 4</b>	To re-elect Tan Sri Datuk Dr Yusof bin Basiran who retires by rotation in accordance with Article 84 of the Company's Articles of Association.		
<b>Ordinary Resolution 5</b>	To re-elect Datuk Dr Abdul Samad bin Haji Alias who retires by rotation in accordance with Article 84 of the Company's Articles of Association.		
<b>Ordinary Resolution 6</b>	To re-appoint Dato' Zainal Azwar bin Zainal Aminuddin as Director who retires in accordance with Article 89 of the Company's Articles of Association.		
<b>Ordinary Resolution 7</b>	To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
RESOLUTION NO.	SPECIAL BUSINESS	FOR	AGAINST
<b>Ordinary Resolution 8</b>	Proposed Grant Of Options To Dato' Zainal Azwar bin Zainal Aminuddin, Chief Executive Officer and Executive Director of THP Under THP Employees' Share Option Scheme ("Scheme").		
<b>Ordinary Resolution 9</b>	Proposed Renewal Of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading in Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue and/or Trading in Nature.		

For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies :

	NO. OF SHARES	PERCENTAGE
PROXY 1		
PROXY 2		
<b>TOTAL</b>		<b>100%</b>

**Number of Ordinary Shares Held**

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Contact No. \_\_\_\_\_

\_\_\_\_\_  
Signature/Common Seal of Shareholder

**NOTES:**

1. A member entitled to attend and vote at the AGM, is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. Each proxy appointed, shall represent a minimum of 100 shares. Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised in that behalf.
4. The instrument appointing a proxy shall be deposited at the Company's Registered Office at Tingkat 23, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time set for holding the Meeting or at any adjournment thereof.

---

**The Company Secretary**  
**TH Plantations Berhad**  
Level 23, Bangunan TH Selborn  
153, Jalan Tun Razak  
50400 Kuala Lumpur  
Malaysia

Affix  
Stamp  
Here



**TH PLANTATIONS BERHAD**  
BUKIT LAWANG PALM OIL MILL  
KLUANG, JOHOR DARUL TAKZIM



**TH PLANTATIONS BERHAD (12696-M)**

Level 23, Bangunan TH Selbom, 153 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia  
[www.thplantations.com.my](http://www.thplantations.com.my)