

ANNUAL REPORT
2 0 0 6

A pair of hands is shown holding a small, vibrant green plant with several long, pointed leaves. The plant is still in its natural soil, which is held together in a mound. The background is dark, making the green of the plant and the skin of the hands stand out. The overall mood is one of care and nurturing.

Nurturing Future Heritage



TH PLANTATIONS BERHAD



Cover Rational

The Front-Cover illustration focuses on an oil-palm seedling supported by a pair of hands that are seemingly disembodied by the sea of black surrounding it. This depiction was chosen to adorn the Front-Cover of TH Plantations Berhad's Annual Report 2006 because it directly reflects the Company's core business interest within the palm-oil production industry. Also, the choice of an oil-palm seedling here is intentional as it is a metaphor for the inaugural nature of this statutory publication, seeing as 2006 was the Company's first year of life as a public-listed entity traded on Bursa Malaysia's First-Board.

As is the case in nature, a newborn business entity requires just as much caring for (daily management) and proper guidance (strategic planning and development) early on in its life-cycle if it is to go on surviving and eventually succeed on its own strengths and capabilities. Additionally, the disembodied pair of hands supporting (or more accurately, cupping) the oil-palm seedling in the illustration is intended as a metaphor for TH Plantations Berhad's dynamic Management function that is entrusted with the responsibility of defining, developing and eventually realising the Company's future success and corporate heritage.

An additional aspect of the Cover Page illustration's design here is the subliminal employment of only TH Plantations Berhad's official green and black corporate colours where colours are necessary (other than sepia-tinted sections).

Pengenalan Muka Hadapan

Gambaran muka pengenalan tertumpu kepada anak benih sawit yang di sokong oleh sepasang tangan yang diliputi bayangan gelap. Paparan ini dipilih sebagai penghias kulit Laporan Tahunan 2006 TH Plantations Berhad kerana ia mencerminkan teras perniagaan THPB di dalam perusahaan perladangan dan pengeluaran minyak sawit. Pilihan anak pokok sawit ini disengajakan kerana ia juga merupakan kiasan yang mengimbas kembali akan sifat percetakan ulung THPB di mana tahun 2006 merupakan tahun pertama ianya dikendalikan sebagai sebuah syarikat awam yang tersenarai di Papan Utama Bursa Malaysia.

Permulaan awal sesebuah perniagaan boleh diambil kira seperti resmi kudrat alam di mana pengasuhan (pengurusan) dan pendidikan (perancangan dan pembangunan strategik) amat diperlukan bagi membolehkannya kekal hidup dan akhirnya terus membesar dan berkembang di bawah kekuatan dan kebolehannya yang tersendiri. Di dalam konteks yang sama, gambaran sepasang tangan yang dilihat seperti menadahkan anak benih sawit tersebut diibaratkan sebagai sebuah kiasan yang menjelaskan kitaran dan fungsi pengurusan THPB yang diberi amanah untuk mengurus dan membangunkan warisan korporat THPB di masa hadapan.

Sebagai tambahan, gambar penghias Kulit Muka mengimbas kembali akan warna rasmi korporat THPB yang merupakan warna hijau serta hitam.



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

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of the Company will be held at Mahkota III, (Ballroom Level) Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 24 May 2007 at 10.00 a.m. for the following purposes :-

AGENDA

As Ordinary Business

- | | |
|---|---------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2006 and the Reports of Directors and Auditors thereon. | Resolution 1 |
| 2. To approve a first and final dividend of 12.5 sen per share less tax at 27% for the financial year ended 31 December 2006. | Resolution 2 |
| 3. To approve the payment of Directors' Fees of RM162,000 for the financial year ended 31 December 2006. | Resolution 3 |
| 4. To re-elect the following Directors retiring pursuant to Article 84 of the Company's Articles of Association:- | |
| a. Tan Sri Datuk Dr. Yusof Bin Basiran | Resolution 4 |
| b. Datuk Dr. Abdul Samad Bin Haji Alias | Resolution 5 |
| c. Dato' Che Abdullah @ Rashidi Bin Che Omar | Resolution 6 |
| 5. 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 7 |

As Special Business

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

Ordinary Resolution

- | | |
|--|---------------------|
| 6. Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965 | Resolution 8 |
| "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." | |
| 7. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | Resolution 9 |
| "THAT subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 3.2 of the Circular to Shareholders ("Circular") dated 30 April 2007 and provided that such transactions are undertaken in the ordinary course of business, at 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 detrimental to the interests of the minority shareholders of the Company. | |
| THAT the mandate granted shall continue to be in force until : | |
| a. the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed; or | |
| b. the expiration of the period within which the next AGM of the Company 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 whichever is the earliest. | |

AND THAT the Directors of the Company be and are hereby authorised to take all steps and to do all such acts and deeds as they may consider expedient or necessary to give effect to the Proposed Mandate."

Special Resolution

8. Proposed Amendments to the Articles of Association of the Company

Special Resolution 1

"THAT the amendments to the Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 30 April 2007 be and is hereby approved and adopted.

THAT the Directors and Secretary of the Company be and are hereby authorised to carry out all the necessary formalities in effecting the amendments as set out in Appendix I of the Circular to Shareholders dated 30 April 2007.

AND THAT the Directors of the Company, be and are hereby authorised to assent to any condition, modification, variation and/or amendments as may be required by Bursa Malaysia Securities Berhad."

9. 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 Dividend Entitlement And Payment Dates

NOTICE IS HEREBY GIVEN THAT the First and Final Dividend of 12.5 sen per share less tax at 27% in respect of the financial year ended 31 December 2006 if approved by the shareholders at the Thirty-Third Annual General Meeting, will be paid on 6 June 2007 to Depositors whose names appear in the Records of Depositors at the close of business on 29 May 2007.

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

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 29 May 2007 in respect of ordinary transfers;
- b) 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)
NURULUYUN BINTI ABDUL JABAR (MIA 9113)
Company Secretaries

Kuala Lumpur
Date : 30 April 2007

NOTES:

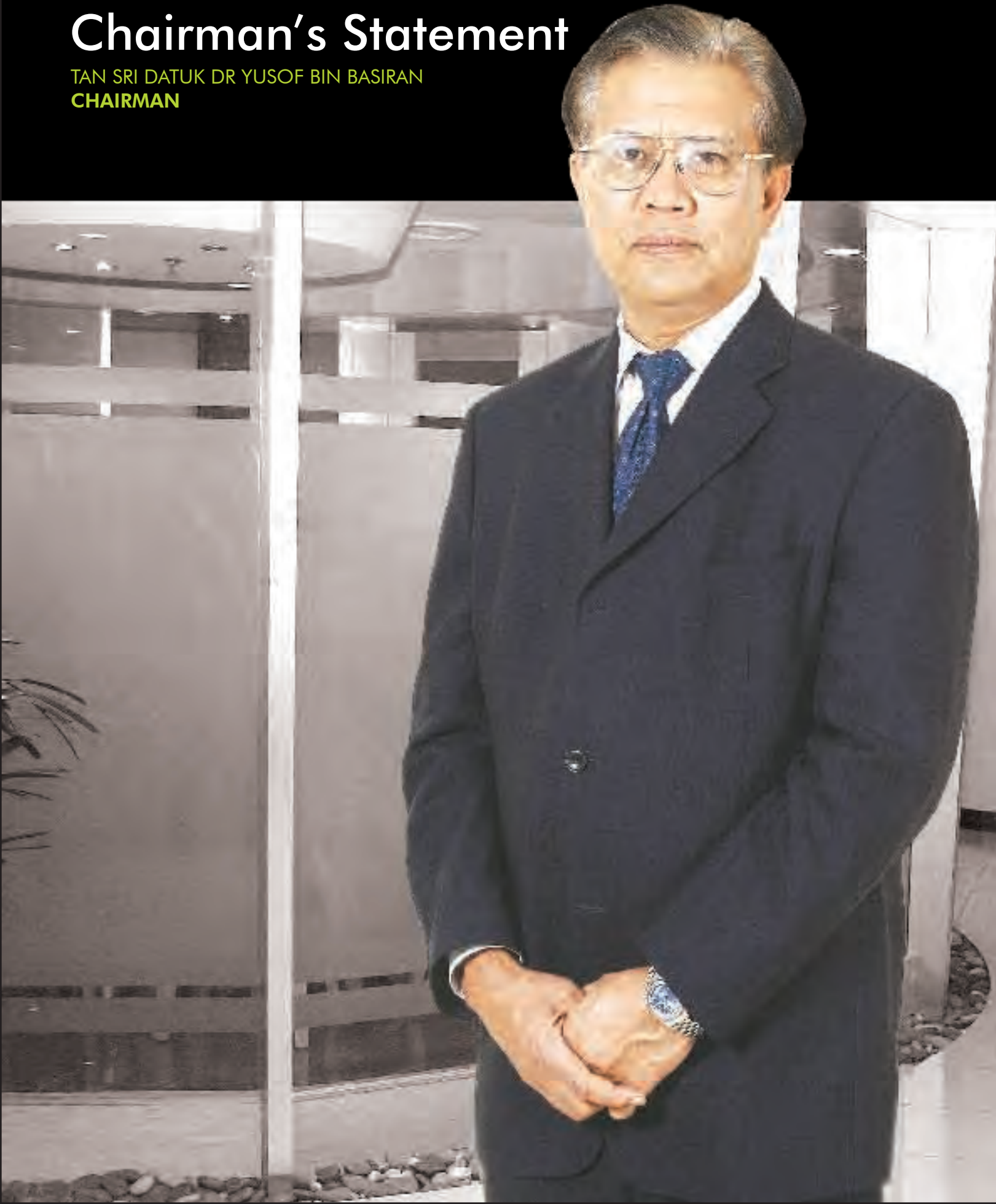
1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy/proxies to attend and vote on his/her behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member is entitled to appoint more than (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. Each proxy appointed, shall represent a minimum of one hundred (100) shares.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or if such appointer is a corporation, either under its Common Seal or the hand of its attorney.
4. The instrument appointing a proxy must be deposited at the Company's registered office of the Company at TH Plantations Berhad, Tingkat 26, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned meeting.
5. Explanatory Notes on Special Business :-
 - a. Ordinary Resolution 8
The Ordinary Resolution 8 proposed, if passed, will empower the Directors to issue shares up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting.
 - b. Ordinary Resolution 9
Please refer to Circular to Shareholders dated 30 April 2007.
 - c. Special Resolution 1
Please refer to Circular to Shareholders dated 30 April 2007.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The profiles of the Directors who are standing for re-election are set out on page 25 and 31 of the Annual Report.
2. The details of the Directors' shareholdings in the Company, are set out on page 101 of the Annual Report.
3. None of the Company's Directors hold any interests in the Company's subsidiaries.

Chairman's Statement

TAN SRI DATUK DR YUSOF BIN BASIRAN
CHAIRMAN



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of TH Plantations Berhad (THPB), it is my distinct pleasure to present THPB's maiden Annual Report and Audited Financial Statements for the financial year ended 31st December 2006.

CORPORATE DEVELOPMENT HIGHLIGHTS

Public-Flotation and Listing Exercise of TH Plantations Berhad

27th April 2006 heralded the birth of THPB as a public-listed entity with its successful flotation and listing on the Main Board of Bursa Malaysia Securities Berhad with an offer for sale of 74,515,700 ordinary shares of RM0.50 each in THPB at an offer price of RM1.25 per share which was fully subscribed.

Overwhelming investing public sentiment in its future corporate prospects added further significance to THPB's birth as reflected in its initial listing price debuted at RM1.68 and closed at RM2.00. This impressive 34.40% and 60.00% opening and closing price premiums over THPB's offer price gained further acclaim when it was voted by The Edge financial publication as the best performing Main Board Initial Public Offering (IPO) of 2006, leading to its nomination as one of the top ten listed Companies to be watched by investors in 2007.



The official launch of THPB's IPO Prospectus.

Selection for Participation in the Government-linked Companies Transformation Programme (GLCT Programme)

THPB was accorded the privilege of being one of the twenty (20) Government-linked Companies (GLCs) collectively known as the G20 selected to participate in the GLC-Transformation Programme aimed at enhancing economic performance and developing benefits for all stakeholders to accelerate the nation's social and economic development toward Malaysia's National Mission and Vision 2020.

Bagi pihak Jemaah Lembaga Pengarah TH Plantations Berhad (THPB), dengan sukacitanya saya membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit THPB bagi tahun kewangan berakhir pada 31 Disember 2006.



The historic occasion marking the official debut for trading of THPB's shares on the Bursa Main Board

SOROTAN PERKEMBANGAN KORPORAT

Aktiviti Penyenaraian dan Pengapungan Saham TH Plantations Berhad.

THPB telah menjadi sebuah entiti awam pada 27 April 2006 dengan kejayaan pengapungan saham dan penyenaianya di Papan Utama Bursa Malaysia Securities Berhad. Ia telah melaksanakan tawaran awam penjualan 74,515,700 unit saham biasa pada nilai RM0.50 sesaham pada harga tawaran RM1.25 setiap saham yang telah dilanggan sepenuhnya.



Members of THPB's Key Management Team having a cordial discussion over coffee.

Keyakinan pelabur di atas prospek masa hadapan THPB juga telah memberi impak yang positif dengan harga pembukaan pada RM1.68 dan ditutup pada harga RM2.00. Kenaikan nilai premium sebanyak 34.40% dan 60.00% bagi harga pembukaan dan harga penutup berbanding dengan harga tawaran telah menyebabkan ia dipilih sebagai Penawaran Awam Awal yang terbaik



FFB loading point at the Kota Bahagia Mill in Bandar Muadzam Shah, Pahang.

Corporate Performance Targets - Key Performance Indicators (KPIs)

On 3rd July 2006, THPB announced its Headline Key Performance Indicators (KPIs) for Financial Year 2006 which were:

1. To achieve a return on equity (ROE) of 20.29%.
2. To achieve fresh fruit bunches (FFB) yield per mature hectare of 22.34 metric tonne (MT); and
3. To distribute dividend of approximately 50% of the Group's annual profit after tax and minority interests (PATAMI).

Additionally, THPB also announced a three-year rolling Headline KPI running from Financial Year 2007 through to Financial Year 2009, of doubling the Group's total land-bank.

The Group successfully achieved 2 of its 3 KPI targets i.e. attaining a ROE of 22.60% and FFB yield of 22.43 MT per Hectare.

In view of 2006's positive performance and to honour the commitment made to shareholders in its IPO prospectus dated 23rd March 2006, the Board of Directors proposes to distribute a first and final dividend of 12.5 sen per share less income tax of 27% for the financial year ended 31 December 2006, subject to shareholders' approval.

di Papan Utama Bursa Malaysia 2006 oleh majalah The Edge. Ini juga menjurus kepada pencalonannya sebagai salah satu daripada sepuluh syarikat senarai yang perlu diberikan perhatian oleh para pelabur pada tahun 2007.

Pemilihan bagi Penyertaan di dalam Program Transformasi Syarikat-Syarikat Berkaitan Kerajaan (Program GLCT).

THPB telah diberi penghormatan sebagai salah satu daripada dua puluh (20) syarikat-syarikat berkaitan kerajaan (GLC atau dikenali sebagai kumpulan G20) yang dipilih untuk menyertai Program Transformasi GLC yang bermatlamat untuk meningkatkan prestasi ekonomi dan menjana keuntungan kepada pemilik-pemilik saham demi meningkatkan pembangunan sosial dan ekonomi sejajar dengan Misi dan Wawasan Malaysia 2020.

Sasaran Prestasi Korporat – Penunjuk Prestasi Utama (KPI)

Pada 3 Julai 2006, THPB telah mengumumkan Paparan Penunjuk Utama Prestasi bagi Tahun Kewangan 2006 iaitu:

1. Pencapaian pulangan ekuiti (ROE) sebanyak 20.29%.
2. Pencapaian hasil pengeluaran buah tandan segar (FFB) pada kadar 22.34 tan metrik bagi setiap hektar yang matang, dan
3. Pengagihan dividen sebanyak 50% daripada keuntungan kumpulan selepas cukai dan kepentingan minoriti (PATAMI).



Depot for CPO Storage Tanks at the Kota Bahagia Mill.

THPB's Proposed Acquisition of the Entire Equity Interest in Zecon Plantation Sdn. Bhd. from Zecon Engineering Berhad

On 28th December 2006, THPB entered into a conditional Sale and Purchase Agreement to acquire the entire equity interest in Zecon Plantation Sdn. Bhd. from Zecon Engineering Berhad comprising of two (2) Zecon Plantation Sdn. Bhd. RM1.00 Ordinary Shares for a total cash consideration of RM51.4 million.



Oil palm milling facility in Pasir Besar, Gemas

The proposed acquisition is considered a strategic investment by THPB in line with its expansion program to enhance the Group's longer-term earnings profile which is ultimately expected to translate into an improvement in shareholders' value. This proposed acquisition would increase the Group's plantation land-bank by 10,390 Hectares or 66% from 15,746 Hectares to 26,136 Hectares.

FINANCIAL HIGHLIGHTS

For the financial year under review, the Group registered Revenues and Profits after Tax of RM120.7 million and RM35.7 million respectively. These results exceeded the related IPO forecasts of RM118.5 million and RM30.8 million. Consequently, Earnings Per Share (EPS) increased by 15.80% to 18.19 sen from 15.72 sen.

The additional RM2.16 million revenue (1.83% increase) arose mainly due to the higher selling prices realized for Crude Palm Oil (CPO) which averaged at RM1,502 per MT as compared to the IPO forecast of RM1,350 per MT. This however, was somewhat offset by the lower selling prices of Palm Kernel (PK) which averaged RM896 per MT compared to the forecast of RM1,000 per MT.

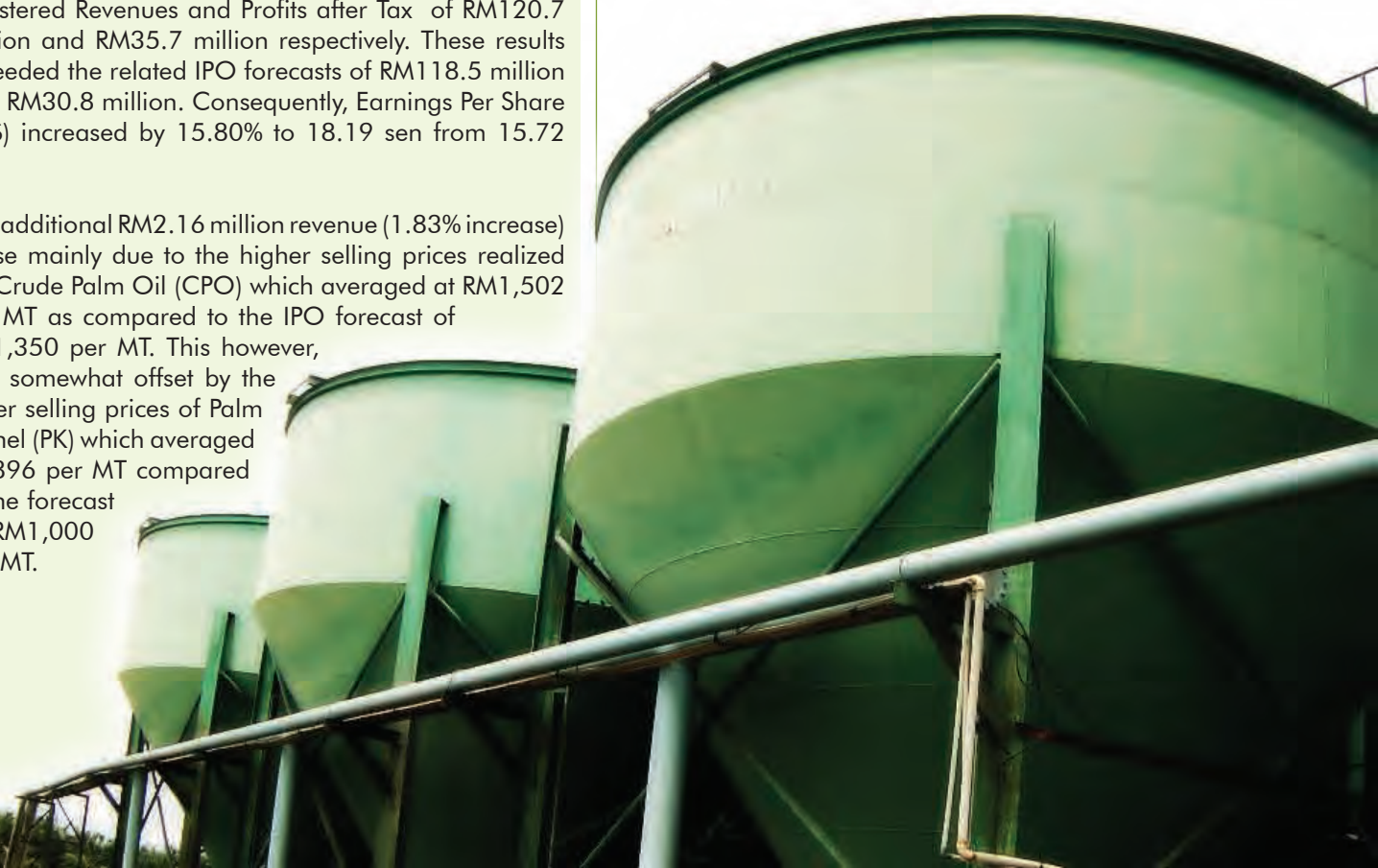


Signatories representing THPB and Zecon Engineering Berhad concluding negotiations the old-fashioned way.

THPB juga turut mengumumkan sasaran untuk menggandakan keluasan tanah perladangannya dalam jangka masa tiga tahun bermula dari tahun kewangan 2007 hingga tahun kewangan 2009.

THPB telah berjaya mencapai dua (2) daripada tiga (3) sasaran Petunjuk Utama Prestasinya, iaitu pencapaian ROE sebanyak 22.60% dan hasil pengeluaran FFB sebanyak 22.43 tan metrik bagi setiap hektar yang matang.

Sejajar dengan pencapaian positif tahun 2006 dan untuk memenuhi cadangan pengisytiharan dividen kepada para pemegang saham di dalam prospektus IPO bertarikh 23 Mac 2006, Jemaah Lembaga Pengarah telah mengusulkan untuk mengagih dividen sebanyak 12.5 sen sesaham ditolak cukai pendapatan sebanyak 27% bagi tahun kewangan berakhir 31hb Disember 2006, tertakluk kepada persetujuan para pemegang saham.



In line with the Group's aforementioned commitment to its shareholders, the Board recommends payment of a first and final dividend of 12.5 sen per share less income tax of 27% for the financial year ended 31 December 2006, subject to shareholders' approval.

OPERATIONAL HIGHLIGHTS

The Group currently has a plantation land-bank totalling approximately 15,746 ha of which 15,389 ha has been fully planted. The estates are located in Pahang, Johor, Negeri Sembilan and Terengganu. Out of the total planted area, approximately 93% of the plantations are currently at mature stage.

For the year under review, the Group's operations recorded higher FFB production of 321,233 MT or 22.43 MT per Hectare, an increase of 0.44% as compared to the IPO forecast of 319,840 MT or 22.34 MT per Hectare.

The Group's three (3) wholly-owned palm-oil mills; Bukit Lawiang Palm-Oil Mill in Kluang, Johor; Kota Bahagia Palm-Oil Mill in Bandar Muadzam Shah, Pahang; and Pasir Besar Palm-Oil Mill in Gemas, Negeri Sembilan, have a combined FFB production capacity of 419,000 MT per annum.

The Group's associated company, Kilang Sawit Panji Alam Sdn. Bhd. also has a palm oil mill in Kemaman, Terengganu which serves two (2) of the Group's estates in Terengganu as well as several other third-party estates.

The Group's combined CPO production (from both internally cultivated FFB and external crop purchases) was lower by 3.33% at 65,140 MT as at 31st December 2006 compared to the 67,387 MT IPO forecast due to lower quantity of FFB purchased from external suppliers relative to the forecast. Consequently, total PK production was lower by 1.08% at 18,009 MT compared to the 18,206 MT IPO forecast.



Cadangan Pembelian Keseluruhan Kepentingan Ekuiti Zecon Plantation Sdn. Bhd. daripada Zecon Engineering Berhad oleh THPB.

Pada 28hb Disember 2006, THPB telah memeterai satu Perjanjian Jual Beli bersyarat untuk membeli keseluruhan kepentingan ekuiti di dalam Zecon Plantation Sdn. Bhd. daripada Zecon Engineering Berhad yang terdiri daripada dua (2) saham biasa Zecon Plantation Sdn Bhd berharga RM1 dengan jumlah sebanyak RM51.4 juta.

Cadangan pembelian ini disifatkan sebagai sebuah pelaburan strategik bagi THPB selaras dengan hasrat pengembangansyarikat untuk meningkatkan perolehan jangka panjang kumpulan yang dapat diterjemahkan sebagai peningkatan nilai para pemegang saham. Cadangan pembelian ini juga akan meningkatkan keluasan tanah perladangan kumpulan sebanyak 10,390 hektar atau 66%, iaitu daripada 15,746 hektar kepada 26,136 hektar.

SOROTAN KEWANGAN

Bagi tahun kewangan 2006, kumpulan THPB telah mencatatkan Hasil sebanyak RM120.7 juta dan Keuntungan Selepas Cukai sebanyak RM35.7 juta. Pencapaian ini melebihi ramalan IPO yang telah dibuat sebanyak RM118.5 juta dan RM30.8 juta. Berikutan itu, Perolehan Sesaham (EPS) juga telah melonjak sebanyak 15.80% kepada 18.19 sen daripada 15.72 sen.

Pertambahan hasil sebanyak RM2.16 juta (1.83%) adalah disebabkan oleh kenaikan harga jualan Minyak Sawit Mentah (CPO) yang dicapai pada harga purata sebanyak RM1,502 setiap tan metrik (MT) berbanding dengan harga ramalan IPO sebanyak RM1,350 setiap tan metrik. Walau bagaimanapun, ianya diimbangi oleh harga jualan lebih rendah bagi Isirong Sawit (PK) pada harga purata sebanyak RM896 setiap tan metrik berbanding dengan harga ramalan sebanyak RM1,000 setiap tan metrik.

Selari dengan cadangan pengisytiharan dividen kepada para pemegang saham, Jemaah Lembaga Pengarah telah mengusulkan untuk mengagih dividen sebanyak 12.5 sen sesaham ditolak cukai pendapatan sebanyak 27% bagi tahun kewangan berakhir 31 Disember 2006, tertakluk kepada persetujuan para pemegang saham.



Fresh fruit bunches in transit to the nearest palm-oil mill.

For the year under review, the Group's mills registered an Oil Extraction Rate (OER) and Kernel Extraction Rate (KER) of 20.26% and 5.60% respectively. The actual OER and KER figures were higher compared to the corresponding IPO forecasts of 20.00% and between 5.25-5.50% respectively.



FFB Collection

MANAGEMENT SERVICES

Besides being a plantation owner of 15,746 Hectares, THPB also provides management services for Lembaga Tabung Haji's palm-oil operations in Malaysia and Indonesia, and its teak plantations in East Malaysia totalling approximately 122,000 Hectares. THPB ventured into the management services to enable diversification of our revenue base. Through these services, THPB has successfully developed and managed large scale plantation on peat soil that is known with its concomitant challenges. With the experience acquired, THPB has the capability to cultivate future plantations on peat soil in Malaysia. In 2006, contribution from management fees was RM13.4 million, and going forward, THPB is keen on fortifying and expanding this aspect of its business.

FUTURE PROSPECTS

The outlook for the plantation industry in 2007 is expected to be positive due to higher palm-oil demand from both the edible and non-edible oil market sectors. Globally, among the attributing factors are the increasing demand from fast growing economies such as China and India and the abolishment of the



The front-end of the Kota Bahagia Mill which is currently being upgraded from a conventional cage-based conveyor system to that of a continuously sterilised production flow system

SOROTAN OPERASI

Kumpulan THPB memiliki tanah perladangan seluas 15,746 hektar dimana 15,389 hektar daripadanya telah ditanam. Ladang-ladang yang dimiliki oleh THPB terletak di Pahang, Johor, Negeri Sembilan dan Terengganu. Dianggarkan 93% daripada keseluruhan kawasan tanaman telah mencapai peringkat matang. Bagi tahun kewangan 2006, operasi Kumpulan THPB mencatatkan penghasilan FFB yang lebih tinggi sebanyak 321,233 tan metrik atau 22.43 tan metrik bagi setiap hektar yang matang. Kenaikan ini adalah 0.44% berbanding dengan ramalan IPO sebanyak 319,840 tan metrik atau 22.34 tan metrik bagi setiap hektar yang matang.

Kumpulan THPB mempunyai tiga (3) buah kilang sawit milik penuh iaitu Kilang Sawit Bukit Lawiang di Kluang, Johor, Kilang Sawit Kota Bahagia di Bandar Muadzam Shah, Pahang dan juga Kilang Sawit Pasir Besar di Gemas, Negeri Sembilan dengan jumlah kapasiti sebanyak 419,000 tan metrik setahun.

Syarikat bersekutu Kumpulan THPB iaitu Kilang Sawit Panji Alam Sdn. Bhd., memiliki sebuah kilang sawit di Kemaman, Terengganu untuk memproses FFB daripada dua (2) ladang-ladang kepunyaan Kumpulan THPB di Terengganu beserta dengan beberapa ladang-ladang yang lain yang dimiliki oleh pihak ketiga.

Penghasilan CPO terkumpul (daripada FFB yang ditanam sendiri dan juga pembelian luar) menurun sebanyak 3.33% atau 65,140 tan metrik sehingga 31 Disember 2006, berbanding dengan ramalan IPO berjumlah 67,387 tan metrik berikutan dengan pembelian yang berkurangan daripada pengusaha luar. Penghasilan keseluruhan isirong sawit (PK) juga menurun sebanyak 1.08% atau 18,009 tan metrik berbanding dengan ramalan IPO sebanyak 18,206 tan metrik.

Bagi tahun kewangan 2006, kilang-kilang Kumpulan THPB telah mencatatkan Kadar Perahan Minyak (OER) dan Kadar Perahan Isirong (KER) sebanyak 20.26% dan 5.60%. Kadar OER dan KER ini adalah lebih tinggi berbanding dengan ramalan IPO sebanyak 20% dan di antara 5.25%-5.50%.

PERKHIDMATAN PENGURUSAN

Disamping mengusahakan ladang-ladang kepunyaan sendiri dengan keluasan 15,746 hektar, THPB juga menguruskan operasi perladangan kelapa sawit di Malaysia dan Indonesia, serta operasi perladangan jati di Sabah milik Lembaga Tabung Haji seluas 122,000 hektar. THPB menawarkan perkhidmatan pengurusan ini untuk mempelbagaikan pendapatan kumpulan.

Melalui perkhidmatan pengurusan ini, THPB telah berjaya membangun dan mengurus perladangan kelapa sawit di atas tanah gambut pada skala yang besar. Dengan pengetahuan dan pengalaman ini, THPB



Loading of harvested FFB onto trailers

Tariff Rate Quota on Vegetable Oils effective 1st January 2006 by China.

There is also higher demand for palm-oil from the European Union particularly for biodiesel industry. On the back of the recent global warming issues, greater attention and focus are expected to be channelled towards the reduction of greenhouse gas emissions especially through legislations enforcing the use of alternative fuels among signatory countries to the Kyoto Protocol by 2012.

In the United States, the growing awareness of the dangers associated with the consumption of trans-fatty acids (hydrogenated vegetable oil) and mandatory labelling of food items containing trans-fatty acids has made and will continue to make palm-oil a much more popular option as an alternative ingredient in packaged grocery products.

Domestically, the country's national bio-fuel policy also envisions bio-fuel as one of the key energy sources aimed at reducing the country's dependence on depleting fossil fuels. This was reflected in the launch of Envo Diesel in March 2006 and the opening of Malaysia's first integrated palm-oil biodiesel plant utilising Malaysia Palm Oil Board (MPOB) technology in August 2006. Additionally, the Malaysian and Indonesian Governments recently announced commitments to set aside 40% of their respective future annual CPO production volumes as feedstock for bio-fuel and biodiesel manufacturing.

In line with the positive industry outlook, the Group plans to double its land bank to 32,000 Hectares within three (3) years' time through both third-party and related-party acquisitions. At the same time, the Group is also committed to improving its own internal capabilities such as increasing the productivity and efficiency of existing estates and mills through embracing best plantation practices that leads to the sustenance of its business. Efforts are in progress to upgrade the front end of our 30 MT per hour Kota Bahagia Palm Oil Mill to facilitate the migration from the conventional batch sterilization to continuous sterilization. This will improve the mill's efficiency upon its expected commissioning in March 2007.

Historically, the Group has been able to acquire land economically through strategic ventures with state and

mempunyai keupayaan untuk mengusahakan ladang-ladang baru di atas tanah gambut di Malaysia. Pada tahun 2006, sumbangan yang diperolehi daripada yuran perkhidmatan pengurusan adalah sebanyak RM13.4 juta.

Ini mendorong THPB untuk terus bergiat cergas dalam aspek ini.

PROSPEK MASA HADAPAN

Senario industri perladangan bagi tahun 2007 dijangka akan mencatatkan pertumbuhan positif berikutan dengan permintaan terhadap minyak sawit yang meningkat bagi kegunaan makanan dan juga industri. Permintaan yang kian meningkat terutamanya dari negara-negara membangun seperti China dan India serta pemansuhan "Tariff Rate Quota" terhadap minyak sawit oleh negara China yang berkuatkuasa pada 1hb Januari 2006 adalah di antara faktor-faktor yang menyumbang kepada pertumbuhan kenaikan permintaan tersebut.

Terdapat juga peningkatan permintaan untuk minyak sawit daripada Kesatuan Eropah terutamanya bagi kegunaan industri biodiesel. Berikutan isu pemanasan global yang kian meruncing, perhatian khusus dijangka akan diberikan terhadap pengurangan kesan penghasilan gas rumah-hijau melalui peraturan-peraturan yang dikuatkuasakan untuk penggunaan bahan api alternatif di kalangan negara-negara yang menandatangani Protokol Kyoto menjelang tahun 2012.

Kesedaran yang semakin meningkat terutamanya di Amerika Syarikat tentang bahaya berkaitan dengan "trans-fatty acids" (minyak sayuran yang dihidroksidakan) dan juga keperluan untuk melabelkan barangan makanan yang mengandungi "trans-fatty acids" akan terus menjadikan minyak sawit sebagai pilihan alternatif di dalam pembuatan barangan runcit yang dipakejkan.

Di Malaysia, polisi biofuel negara juga telah mengenalpasti penggunaan biofuel sebagai salah satu sumber tenaga utama yang menasaskan ke arah pengurangan dan penggantungan negara terhadap bahan api fosil yang semakin berkurangan. Ini dapat dilihat melalui pelancaran Envo Diesel pada Mac 2006 dan pembukaan loji bio-diesel minyak sawit berintegrasi dengan menggunakan kepakaran serta teknologi Lembaga Minyak Sawit Malaysia (MPOB) pada Ogos 2006. Kerajaan Malaysia serta Indonesia juga telah mengumumkan peruntukan 40% daripada jumlah pengeluaran minyak sawit mentah hadapan untuk dijadikan sebagai stok bahan mentah bagi pembuatan bahan biofuel dan bio-diesel.

Sejajar dengan pandangan industri yang positif, Kumpulan THPB bercadang untuk menggandakan keluasan tanah perladangannya kepada 32,000 hektar

government agencies such as Majlis Agama Islam Negeri Sembilan and Pertubuhan Peladang Negeri Terengganu. THPB plans to continue capitalising on its previous successes by entering into further strategic partnerships with such agencies to develop otherwise unproductive land into sustainable, value-generating plantations in exchange for their equity participation in the Group.

The Group has a dedicated and capable human resources pool to ensure that the planning and execution of its plans are carried out efficiently and effectively.

The Board is therefore of the view that, barring unforeseen circumstances, the year 2007 should see an increased performance by the Group.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere appreciation to the Group's Management and staff for their commitment, hard work, dedicated services and loyalty to the Group. I also take this opportunity to acknowledge the contributions of our valued customers and suppliers for their unwavering support and confidence in the Group. Our gratitude also goes to the various Government authorities and agencies, bankers and business associates for their co-operation and continued support.

Finally, I would also like to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

TAN SRI DATUK DR YUSOF BIN BASIRAN CHAIRMAN

dalam masa 3 tahun melalui pembelian dari pihak ketiga dan juga pihak yang berkaitan. Pada masa yang sama, Kumpulan THPB juga berhasrat untuk mempertingkatkan produktiviti dan efisiensi ladang-ladang dan kilang-kilangnya dengan mempraktikkan pentadbiran asas tani yang terbaik lantas membawa kepada kesinambungan di dalam bidang dagangannya. THPB kini sedang menaik taraf bahagian hadapan kilang sawit Kota Bahagia dari sistem pengsterilan konvensional kepada sistem yang disterilkan secara berterusan dan ini dijangka akan meningkatkan tahap efisiensi kilang apabila ia beroperasi pada Mac 2007.

Kumpulan THPB telah berjaya memperolehi tanah dengan kos yang lebih rendah melalui kerjasama strategik dengan beberapa agensi kerajaan negeri seperti Majlis Agama Islam Negeri Sembilan dan Pertubuhan Peladang Negeri Terengganu. THPB merancang untuk mengeksploitasi kejayaan ini dengan memeterai perkongsian-perkongsian strategik secara lebih lanjut untuk membangunkan tanah-tanah ladang yang tidak produktif kepada yang berdaya maju dan mampu menghasilkan lebih nilai sebagai tukaran terhadap penyertaan ekuiti oleh rakan-rakan kongsi.

Kumpulan THPB juga mempunyai sumber manusia yang berkemampuan dan berdedikasi untuk memastikan agar segala perancangan dan perlaksanaannya dapat dijalankan secara berkesan.

Jemaah Lembaga Pengarah dengan ini berpendapat, dengan menolak kemungkinan di luar jangkaan, tahun 2007 seharusnya memperlihatkan peningkatan prestasi bagi Kumpulan THPB.

PENGHARGAAN

Bagi pihak Jemaah Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk merakamkan penghargaan kepada pihak pengurusan Kumpulan THPB dan kakitangannya ke atas segala usaha dan perkhidmatan yang berterusan dan tidak berbelah bagi. Tidak lupa juga penghargaan ke atas sumbangan-sumbangan pelanggan yang tidak ternilai dan sokongan yang tidak berbelah bahagi dari para pembekal serta keyakinan yang ditunjukkan terhadap Kumpulan THPB. Rasa kesyukuran juga dipanjatkan kepada semua pihak berkuasa dan agensi-agensi kerajaan, pihak bank dan juga rakan-rakan niaga ke atas kerjasama dan sokongan yang berterusan.

Akhir kata, saya ingin merakamkan setinggi-tinggi penghargaan dan terima kasih kepada semua Jemaah Lembaga Pengarah dan juga para pemegang saham di atas segala sokongan dan kepercayaan yang telah diberikan kepada Jemaah Lembaga Pengarah dan juga pihak Pengurusan Kumpulan THPB.

TAN SRI DATUK DR YUSOF BIN BASIRAN PENGERUSI



Corporate Information

The epitome of oil-palm fruit production. A freshly-halved ripe oil-palm fruit bares its fibrous yellow and white flesh which are the sources for Crude Palm Oil (CPO) and palm-olein respectively.



BOARD OF DIRECTORS

Tan Sri Datuk Dr Yusof Bin Basiran
(Independent Non-Executive Chairman)

Dato' Che Abdullah @ Rashidi Bin Che Omar
(Managing Director)

Datuk Dr Abdul Samad Bin Haji Alias
(Independent Non-Executive Director)

Datuk Azizan Bin Abd Rahman
(Independent Non-Executive Director)

Ismee Bin Ismail
(Non-Independent Non-Executive Director)

Dato' Haji Wan Zakaria Bin Abd Rahman
(Independent Non-Executive Director)

Md. Yusof Bin Hussin
(Independent Non-Executive Director)

Syed Hood Bin Syed Edros
(Independent Non-Executive Director)

SECRETARIES

Aliatun Binti Mahmud (LS 0008841)
Nuruluyun Binti Abd Jabar (MIA 9113)

AUDITORS

KPMG Desa Megat & Co
Chartered Accountants
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 03 - 2095 3388
Fax: 03 - 2095 0971

REGISTERED OFFICE

Tingkat 26, Bangunan TH Selborn
153, Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03 - 2687 6666
Fax: 03 - 2681 0714

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03 - 2721 2222
Fax: 03 - 2721 2530 / 2531

PRINCIPAL BANKERS

CIMB Bank Berhad
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

STOCK SHORT NAME

THPLANT (5112)

PLACE OF INCORPORATION AND DOMICILE

Malaysia



Corporate Highlights 2006

A panoramic bird's-eye view of THPB's Sungai Ibok Estate in Terengganu.





Love Your Heart Programme
24- 26 January 2006

The first in-house training program for 2006 was Love Your Heart Program and was held from 24-26 January at Selesa Hill Homes, Bentong. The course was attended by THPB management staff and conducted by medical professional from National Institute of Occupational, Safety & Health. The program emphasized on promoting a healthy life style and eating habit, stress management, fitness program and individual medical test. The participants also have to undergo several medical check-ups and personal medical consultation.

Launching of THPB's Prospectus
23 March 2006

In conjunction with the listing of THPB on the Main Board of Bursa Malaysia Securities Behad, its prospectus was launched on 23 March 2006. The prospectus was graciously launched by Datuk Dr. Abdullah Md Zin, Minister in the Prime Minister's Department at a ceremony held in Dewan Lembaga Tabung Haji.



Board of Directors at Complex Kota Bahagia
20 & 21 April 2006

The Board of Directors made a site visit to Complex Kota Bahagia i.e. Ladang Kota Bahagia, Ladang Sungai Mengah, Ladang Sungai Buan, Ladang Sungai Merchong & Kilang Sawit Kota Bahagia in Pahang from 20 – 21 April 2006. They were given a hands-on assessment on operational activities and performance.





Initial Public Offering of TH Plantations Berhad 27 April 2006

THPB was successfully listed on the Main Board of Bursa Malaysia Securities Berhad on 27 April 2006 with an offer for sale of 74,515,700 ordinary shares of RM0.50 each in THPB at an offer price of RM1.25 per share which was fully subscribed. Minister in the Prime Minister's Department, Datuk Dr. Abdullah Md Zin strike the gong to mark the start of THPB shares first trading day and the share made an impressive debut by opening at RM1.68 or 43 sen above its offer price of RM1.25 and closing price of RM2.00 or 60% premium over its offer price.

Business Zakat Payment To Majlis Agama Islam And Adat Melayu Terengganu

26 July 2006

TH Peladang Sdn Bhd (a subsidiary of THPB) paid a business zakat amounting to RM1,068,422.60 to Majlis Agama Islam And Adat Melayu Terengganu. Dato' Hj Wan Zakaria Abd Rahman, Board of Director of TH Peladang Sdn Bhd, presented the mock cheque to Chief Minister of Terengganu, Dato' Seri Idris Jusoh on 26 July 2006 at Bangunan Dewan Undangan Negeri, Wisma Darul Iman in the presence of Managing Director of THPB, Dato' Rashidi Omar.



Team Building Programme

8 - 11 August 2006

The Group has designed an outdoor training programme known as Team Building Programme aimed to inculcate team spirit among its work force. The first Team Building Programme for this year was attended by the management was held from 8-11 August at Dusun Eco Resort. Among the activities were jungle trekking, rafting, night trekking, paramilitary trainings and paint ball war game.



Business Zakat Payment To Pusat Zakat Negeri Sembilan

22 August 2006

Ladang Bangka Ulu Sdn Bhd (a subsidiary of THPB) paid a business zakat amounting to RM310,464.22 to Pusat Zakat Negeri Sembilan. Minister in the Prime Minister's Department, Dato' Dr. Abdullah bin Md Zin presented the mock cheque to Chief Minister of Negeri Sembilan, Dato' Seri Utama Haji Mohamad b Haji Hassan on 22 August 2006 at Allson Kelana Resort, Seremban.

English Language Course for Staff

4 September 2006

The Group has organised an English Language Course for executives and clerical staff which kick-off on 4 September 2006 at THPB's training room. The 6-week course was conducted by SEGi International Berhad, aimed to improve proficiency of English language in their working life.



Kursus Kesedaran Pencetus Perkasa Diri

5 & 7 September 2006

Kursus Kesedaran Pencetus Perkasa Diri is an ongoing spiritual programme organised by the Group for its employees. Using the Islamic approach, the objective of the program is to instil a sense of accountability and responsibility towards being a better individual. The programme was held from 5-7 September 2006 at Felda, Port Dickson Beach Resort.



Business Zakat Payment To Pusat Zakat Negeri Pahang

6 September 2006

TH Plantations Berhad paid a business zakat amounting to RM633,256.69 to Pusat Zakat Negeri Pahang. Chief Operating Officer (Domestic) of THPB, Tuan Haji Hassan Fikri b Mohamad presented a cheque to Yang Dipertua Majlis Agama Islam Pahang on 6th September 2006 at Hotel Vistana, Kuantan, Pahang.



Risk Assessment Workshop

2 & 3 November 2006

Risk Assessment Workshop was held in conjunction with THPB's Enterprise Risk Management (ERM) exercise. The workshop organized from 2-3 November 2006 at Awana Genting Highland Golf & Country Resort, was attended by 56 management staff including THPB's Managing Director and Board of Directors

Appreciation Ceremony for Retirement of Staff

28 December 2006

An appreciation ceremony was held for a long serving Manager of Ladang Kota Bahagia, Haji Mohd Nazri Abdul H amid on 28 November 2006 at Complex Kota Bahagia, Pahang.



Proposed Acquisition By THPB of the Entire Equity Interest in Zecon Plantations Berhad from Zecon Engineering Berhad

28 December 2006

On 28 December 2006, THPB has entered into a conditional sale and purchase agreement in relation to the proposed acquisition by THPB of the entire equity interest in Zecon Plantation Sdn Bhd from Zecon Engineering Berhad comprising two (2) ordinary shares of RM1.00 each in Zecon Plantation Sdn Bhd for a cash consideration of RM51.4 million. The proposed acquisition is a strategic investment by THPB in line with its expansion programme to enhance the Group's earnings profile in the long term.

Corporate Structure

Natural bio-degradation at work – the husks of oil-palm FFB's once freed of their precious fruits, are left to dry and rot naturally under the sun (and return to the soil as free fertiliser) at the Sungai Tenegang Estate in Sabah. This practice is not only environmentally correct, it is also cost-effective.



TH PLANTATIONS BERHAD**LADANG BANGKA ULU
SDN BHD**
100%**TH PELADANG
SDN BHD**
100%**KILANG SAWIT
PANJI ALAM SDN BHD**
24.01%



**Board of
Directors'
Profile**



Tan Sri Datuk Dr. Yusof Basiran, aged 59, Malaysian, was appointed as an Independent Non-Executive Chairman of the Company on 1 June 2005. He graduated with a Bachelor of Chemical Engineering (Hons) Degree from University of Canterbury, New Zealand in 1972. He also studied rubber technology post graduate degree (ANCRT) in the United Kingdom in 1974. He obtained his Masters Degree in Engineering specialising in Industrial Management (M.E) and also Business Administration (MBA) at the Catholic University of Leuven in Belgium in 1976. He completed his Ph.D in Applied Economics and Management Science at the University of Stirling, Scotland in 1986.

Tan Sri Datuk began his career as a Rubber Technologist/Techno-Economist with the Rubber Research Institute/MRRDB and joined Palm Oil Research Institute of Malaysia (PORIM) in 1979. In 1992, he was appointed as Director-General of PORIM, a position he held for 8 years until April



Dato' Che Abdullah @ Rashidi bin Che Omar, aged 59, was appointed to the Board on 1 January 2002. He graduated with a Diploma in Plantation Management from Universiti Teknologi Mara.

2000. Thereafter, he was appointed as the Director-General of Malaysia Palm Oil Board (MPOB) from 1 May 2000 till 18 January 2006. MPOB is the result of the merger of PORIM and Palm Oil Registration and Licensing Authority (PORLA).

Currently, Tan Sri Datuk is the Chief Executive Officer of Malaysian Palm Oil Council (MPOC) and sits in the Board of FELDA Holdings Berhad and 3 of its subsidiaries. He is also a Chairman and Director of CB Industrial Product Holding Berhad (CBIPH) and TH Ladang (Sabah & Sarawak) Sdn. Bhd. He is a fellow member of Malaysian Scientific Association (MSA), Malaysian Oil Scientists' and Technologists' Association (MOSTA) and Academy of Sciences Malaysia.

Tan Sri Datuk was a member of the National Science and Research Development Council of Malaysia, involved in the preparation of the National Science Policy II and the National Biofuel Policy. He has received Federal Awards Darjah JOHAN MANGKU NEGARA (J.M.N), Darjah Yang Mulia PANGLIMA JASA NEGARA (P.J.N) and Darjah Kebesaran PANGLIMA SETIA MAHKOTA (P.S.M) for his services.

Tan Sri Datuk does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.

He began his career with FELDA as a Cadet Planter in 1968 and left as a Manager. In 1974, he joined Kuala Lumpur Kepong Berhad as an Assistant Manager and left as Senior Manager. In 1989, he joined Austral Enterprise Berhad as a Senior Manager. In 1990, he joined Tradewinds (M) Berhad as a Manager in the Plantation Division and was subsequently promoted to General Manager in 1993. In 1996, he was seconded to Tradewinds Plantation Services Sdn Bhd and promoted to the position of Senior General Manager. In 1999, he became the Executive Director of Tradewinds Plantation Services Sdn Bhd. In 2002, he joined Lembaga Tabung Haji as its Plantation Director and in 2003, he was appointed as the Managing Director of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.



Ismee bin Ismail, aged 42, was appointed as a Non-Independent Non-Executive Director of the Company on 1 January 2006. He completed the professional stages of CIMA at the London School of Accountancy in 1987 and is an associate member of Chartered Institute of Management Accountants and a member of MIA.



Datuk Azizan bin Abd Rahman, aged 57, was appointed as an Independent Non-Executive Director of the Company on 1 June 2005. He holds a Bachelor of Arts Degree from University of Malaya. He started his career as a Shipping Executive in Harper Gilfillan (M) Sdn Bhd in 1973. In 1975, he joined MISC Group as a Branch Manager and subsequently became a Marketing Manager of MISC Group's Tanker Division. In 1981, he was attached to Panocean Tankers Ltd Chartering Department in London.

He started his career in 1987 with Arab Malaysian Development Berhad as a Management Accountant. In 1989, he joined the Shell group of companies in Malaysia and had held several positions including as the Head of Forex and Banking of Shell Malaysia Ltd and Group Accountant of Shell Malaysia Trading Sdn Bhd. In 1996, he joined Arab Malaysian Development Bhd as a General Manager. Subsequently in year 1998, he joined Pengurusan Danaharta Nasional Berhad and was the Chief Accountant/Treasurer. He joined Medical Online (M) Sdn Bhd in 2000 as Senior Vice President. In 2001, he joined Lembaga Tabung Haji (LTH) as the Senior General Manager (Finance). He served LTH for two (2) years and left in 2003 to join ECM Libra Securities Sdn Bhd as the Chief Executive Officer.

Currently, he is the Group Managing Director and Chief Executive Officer of LTH and sits on the Board of a few subsidiaries of LTH.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.

He joined JF Apex Securities Berhad in 1982 as a Director and launched his career in stockbroking and finance. He was an active member of the stockbrokers fraternity and held the post of President of the Association of Stockbroking Companies of Malaysia until he left the industry. In 1995, he was appointed to the Board of Tongkah Holdings Berhad and Bina Darulaman Berhad, to assist these two (2) companies in their debt restructuring plan and to identify new business strategies.

He joined MBf Group in 2000 to assist in the restructuring of MBF Group. Subsequently, he was appointed as the Managing Director of MBf Capital Berhad in 2001.

Datuk Azizan is currently the Chairman and Business Development Advisor of Eastern & Oriental Berhad. He is also a member of the Investment Panel of Lembaga Tabung Haji and sits on the board of Commerce Asset Ventures Sdn Bhd., MBf Holdings Berhad, Gefung Holdings Berhad, Apex Equity Holdings Bhd and KGN-PDC Holdings Sdn Bhd.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.



Md. Yusof bin Hussin, aged 58, was appointed as an Independent Non-Executive Director of the Company on 1 June 2005. He graduated with a Bachelor of Economics degree from University of Tasmania, Australia in 1973 and was admitted as a member of the MIA in 1977. He is also a Certified Public Accountant with the MICPA since 1978.



Syed Hood bin Syed Edros, aged 38, was appointed as an Independent Non-Executive Director of the Company on 1 June 2005. He holds an Ijazah Undang-Undang (Kepujian) and Sijil Undang-Undang Pentadbiran from the International Islamic University. Prior to his university education, he obtained the Sijil 4 Thanawi from Kolej Islam Klang and Sijil Kelas Khas from Sekolah Agama Johor.

Upon graduation, he started his career as an Accountant with Robur Tea Co. Ltd., Australia for one (1) year before joining Coopers & Lybrand Malaysia as an Audit Supervisor in 1975. Subsequently in 1978, he joined Utama Wardley Merchant Bank and was a Senior Manager, Banking when he resigned in 1982. He later joined Harper Gilfillan Group in 1982 as the Group Chief Accountant and subsequently promoted to Director of Corporate and Finance Division. In 1987, he joined Permodalan Nasional Berhad as the General Manager of Corporate Services Division and served the company until 1992. He was the Managing Director of Island & Peninsular Berhad from 1993 to 1999.

Currently, he is a Non-Executive Chairman of TPPT Sdn Bhd (an associated company of Bank Negara Malaysia) and Chairman of Debts Restructuring Committee for small and medium scale industries.

He also holds directorships in UMW Holding Berhad, Gleanealy Plantations (Malaya) Berhad, Tebrau Teguh Bhd, Credit Guarantee Corporation Malaysia Berhad and several private limited companies.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.

He began his career as a religious teacher in Sekolah Agama Johor in 1995 and was appointed as a Manager by the Chamber of Commerce and Professional Muslim Malaysia in the same year. From 1994 to 1995, he was the Administration and Diplomatic Officer of the Malaysian Government. In the two (2) subsequent years, he was appointed as the Legal Adviser by the Jabatan Perdana Menteri and Timbalan Pendakwaraya by the State Government of Johor. He then became the Information Bureau Secretary of UMNO Johor and Special Officer to Dato' Seri Hishammudin Tun Hussein Onn in 1998 and 1999 respectively. On 23 October 1999, he was called to the Malaysian Bar. He was then appointed as the General Manager of Yayasan Gerakbakti Kebangsaan in 2000 before he became an Advocate and Solicitor in 2002. He became a Member of Parliament of Parit Sulong in 2004.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.



Dato' Haji Wan Zakaria bin Abd Rahman, aged 63, was appointed as an Independent Non-Executive Director of the Company on 1 June 2005.



Datuk Dr Abdul Samad bin Haji Alias, aged 64, was appointed as an Independent Non-Executive Director of the Company on 1 June 2005. He holds a Bachelor Degree in Commerce from the University of Western Australia. He is a Fellow of the Institute of Chartered Accountants, Australia; a member of the Malaysian Institute of Accountants ("MIA") and a member of the Malaysian Institute of Certified Public Accountants ("MICPA").

He holds an honours degree in Malay Studies from University of Malaya. He began his career as a teacher with the Jabatan Pendidikan in 1966. He was the Administrative Officer of the Terengganu State Government in 1974. From 1978 to 1982, he served as the Political Secretary to the Terengganu Chief Minister and from 1982 to 1995, he was an Executive Committee member of the Terengganu State Government.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.

He was the President of MICPA from 1999 to 2002 and had served as a member of Malaysian Accounting Standards Board and Financial Reporting Foundation. From September 2000 to August 2005, he was the President of MIA. He is also the first Malaysian to be elected to the twenty-two (22) member board of the International Federation of Accountants. Currently, Datuk Dr. Abdul Samad sits on the Board of Lembaga Tabung Haji and is the Chairman of Malaysian Venture Capital Management Bhd, Malaysia Debt Ventures Bhd and Felda Holdings Bhd; and a Non-Executive Chairman of Ernst & Young, Malaysia.

He does not have any family relationship with any director and/or major shareholder of the Company. He has no material conflict of interest with the Group other than that which has been disclosed to the Board of Directors. He has no convictions for offences within the past 10 years.

Management Team

Operations

Muhamad Ariff bin Ariffin
General Manager
(Planting Advisor - Sabah & Sarawak)

Baharuddin bin Omar
Senior Manager
(Quality, Safety & Health)

Syed Ali bin Syed Idrus
General Manager
(Planting Advisor 2-Overseas)

Ir. Ramli bin Mohd Tahar
General Manager
(Group Engineer-Malaysia)

Radin Rosli bin Radin Suhadi
General Manager
(Planting Advisor 1-Overseas)

Ahmad Anuar bin Sairi
Deputy General Manager
(Agronomy)



YBhg. Dato' Rashidi Omar
Managing Director

Hassan Fikri bin Mohamed
Head of Operations (Domestic)

Zainal Azwar bin Zainal Aminuddin
Deputy Managing Director

Mat Saad bin Ramli
Head of Operations
(Overseas)

Ilyas bin Sulaiman
General Manager
(Planting Advisor - Semenanjung)

Ahmad Nordzri Razali
Deputy General Manager
(Estate Department)

Marzuki bin Abd Rahman
Senior General Manager
(Group Engineer - Overseas)

Azmi @ Sohaimi bin Mohamad Salleh
Head of Audit

Mhamod bin Mokhtar
Senior General Manager (General Administration)

Othman bin Somadi
Deputy General Manager (Marketing)

Zainal Azwar bin Zainal Aminuddin
Deputy Managing Director



YBhg. Dato' Rashidi Omar
Managing Director

Maizura binti Mohamed
General Manager (Corporate Services)

Aliatun binti Mahmud
General Manager (Legal & Secretarial)

Mohamed Azman Shah bin Ishak
Senior General Manager (Finance)

Roslan bin Baba
General Manager Finance (Overseas)

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Statement of Corporate Governance

An oil palm nursery managed by TH Plantations
Berhad located in Riau, Indonesia



The Board of Directors is committed to ensure the highest standard of corporate governance is practised throughout TH Plantations Berhad and its subsidiaries ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board of Directors is pleased to report to the shareholders the manner in which the Group has applied the principles, and the extent of compliance with the best practices and good governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance ("the Code").

1. BOARD OF DIRECTORS

1.1 The Board

TH Plantations Berhad is led and managed by an experienced Board comprising of members with a range of experience in relevant fields such as plantations, business administration, public service, legal, planning, development and marketing. The Board comprises eight (8) members.

Six (6) out of eight (8) members of the Board are independent non-executive Directors. As such, more than one third (1/3) of the Board comprises of independent non-executive Directors. The presence of independent non-executive Directors fulfils a pivotal role in corporate accountability. Although all the Directors have an equal responsibility to the Group, the role of these independent non-executive Directors is particularly important as they provide unbiased and independent views, advice and judgement to take account of the interests not only of the Group, but also of the shareholders, employees, customers and the community in which the Group conducts its business. The Company recognises the contribution of non-executive Directors as equal Board members to the development of the Company's strategy, the importance of representing the interests of public shareholders and providing a balanced and independent view to the Board. All non-executive Directors are independent of management and free from any relationship which could interfere with their independent judgement.

The Board has identified Tan Sri Datuk Dr Yusof bin Basiran as the Senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

1.2 Board Meetings

The Board meets at least four (4) times a year and additional meetings are held as and when required.

During the financial year ended 31 December 2006, the Board met a total of eight (8) times. Details of the attendance are as follows:

No.	Directors	Designation	No. of Board Meetings Attended
1	Tan Sri Datuk Dr Yusof bin Basiran	Independent Non-Executive Chairman	7/8
2	Datuk Dr. Abdul Samad bin Haji Alias	Independent Non-Executive Director	8/8
3	Datuk Azizan bin Abd Rahman	Independent Non-Executive Director	6/8
4	Ismee bin Ismail	Non-Independent Non-Executive Director	7/8
5	Md. Yusof bin Hussin	Independent Non-Executive Director	7/8
6	Dato' Haji Wan Zakaria bin Abd Rahman	Independent Non-Executive Director	5/8
7	Syed Hood bin Syed Edros	Independent Non-Executive Director	6/8
8	Dato' Che Abdullah @ Rashidi bin Che Omar	Managing Director	8/8

1.3 Supply of Information

All Directors are provided with an agenda and board papers prior to every meetings to enable the Directors to obtain further information or explanations, where necessary, in order to be properly briefed before the meeting. The Minutes of the previous Board meetings are also circulated to the Directors and confirmed at each meeting. Minutes of the Board meetings are maintained by the Company Secretary.

There is a schedule of matters reserved specifically for the Board's decision, including the Group's financial results, the business plan, the direction of the Group, new investment and business proposals, the management or performance of the business of subsidiaries, corporate plans and annual budgets.

The Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense and all Directors have access to the advice and services of the Company Secretary in carrying out their duties.

1.4 Re-election of the Directors

In accordance with the Company's Articles of Association, one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office once at least in each three (3) years. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office only until the next annual general meeting and shall then be eligible for re-election.

2. BOARD COMMITTEES

The following Board Committees have been established to assist the Board in the discharge of its duties and execution of specific responsibilities. All the Committees listed below do not have executive powers but report to the Board on all matters considered and submit recommendations for the Board's approval (except the power of the Audit Committee to report to the Bursa Malaysia Securities Berhad ("Bursa Securities")) in circumstances described in the Audit Committee Report):

2.1 Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Committee has full access to the auditors, who in turn, have access at all times to the Chairman of the Committee.

The Audit Committee terms of reference together with the Audit Committee Report are disclosed on pages 47 to 51 of the Annual Report. The activities of the Audit Committee during the year ended 31 December 2006 are also set out under the Audit Committee Report.

2.2 Remuneration Committee

The Remuneration Committee for the financial year ended 31 December 2006 comprises the following members:

No.	Directors	Designation
1	Tan Sri Datuk Dr Yusof bin Basiran	Independent Non-Executive Chairman
2	Dato' Haji Wan Zakaria bin Abd Rahman	Independent Non-Executive Director
3	Ismee bin Ismail	Non-Independent Non-Executive Director

The Committee is responsible for developing a remuneration policy and determining remuneration packages for Executive Directors of TH Plantations Berhad. The Committee makes recommendations to the Board for all elements of remuneration, terms of employment, reward structures and fringe benefits for Executive Directors. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

The Remuneration Committee met once during the financial year ended 31 December 2006.

2.3 Nomination Committee

For the financial year ended 31 December 2006, the Committee comprises the following members:

No.	Directors	Designation
1	Datuk Dr. Abdul Samad bin Haji Alias	Independent Non-Executive Director
2	Datuk Azizan bin Abd Rahman	Independent Non-Executive Director
3	Md. Yusof bin Hussin	Independent Non-Executive Director

The Committee is responsible for identifying and recommending new nominees to the Board as well as Committees of the Board. In addition, the Committee is also entrusted with the task of assessing the performance of the existing Directors on an ongoing basis. The Nomination Committee also considers the balance of the board membership and determines the core competencies and skills required of the Board.

The Nomination Committee met twice during the financial year ended 31 December 2006.

3. DIRECTORS' TRAINING

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board members. This is supplemented by visits to key locations and meetings with other key senior executives. Directors also receive further training from time to time, particularly on relevant new laws and regulations and changing commercial risks.

In year 2006, the Directors attended the following training :-

- (i) Mandatory Accreditation Programme (MAP)
- (ii) Corporate Governance 2006 "Corporate Social Responsibility & Directors Duties"
- (iii) "Risk Assessment Workshop"

All the Directors have attended and successfully completed the Mandatory Accreditation Programme ("MAP").

4. DIRECTORS' REMUNERATION

The details of the total remuneration of the Directors during the financial year ended 31 December 2006 are as follows:

	Executive Directors RM'000	Non-Executive Directors RM'000
Remuneration	-	-
Fees	18,000	144,000
Salaries & other emoluments	600,400	-
Benefits-in-kind	7,800	14,800
Pension costs	-	-
Total	626,200	158,800

Number of Directors whose remuneration falls within the following bands:-

	Executive Directors	Non-Executive Directors	Total
Below RM50,000	-	7	7
RM200,001 to RM250,000	-	-	-
RM450,001 to RM500,000	-	-	-
Above RM500,000	1	-	1

5. SHAREHOLDERS' COMMUNICATIONS AND INVESTORS RELATIONS

The Board acknowledges the need for the shareholders to be informed of all material business matters affecting the Company. As such, the Company communicates with its shareholders, institutional and potential investors through the various announcements made during the year. In addition, the Board also ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance.

The Annual General Meeting ("AGM") of the Company is also a means of communication with its shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board, as well as the external auditors and legal advisers of the Company are present to answer questions raised at the meeting. The Board has also been encouraging the participation from shareholders through questions and answers session during the AGM, where the Directors are available to answer questions on the financial performances and the business operations of the Group.

6. ACCOUNTABILITY AND AUDIT

6.1 Financial Reporting

The Board aims to present a balanced and meaningful assessment of the 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 scrutinizing information for disclosure to ensure accuracy and completeness of information.

6.2 Internal Controls

The Board is responsible in ensuring that the Group's systems of internal control are in place and that its effectiveness be constantly reviewed to ensure the adequacy of these systems.

The review on the systems of internal control is set out under the Statement on Internal Control on pages 43 to 44 of the Annual Report.

6.3 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 47 to 51 of the 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.

6.4 Relationship with the Management

The Board maintains a close and transparent relationship with all the management staff. The Board is furnished with information relating to the running of the Group's operations through various reports prepared by the management staff. This will allow them to understand the operations better and make decisions in steering the Company towards a profitable business. In addition, the Executive Directors also hold frequent monthly management meetings with the management staff in order to discuss and plan the Group's operations.

7. STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

The Company is committed to achieving high standards of corporate governance throughout the 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 Best Principles as set out in the Code throughout the financial year.

8. DIRECTORS' RESPONSIBILITY STATEMENT

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 the Company and of the 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
- 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 disclosed with reasonable accuracy at any time the financial position of the Company and of the 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 the Group and to prevent fraud and other irregularities.

9. ADDITIONAL COMPLIANCE INFORMATION.

9.1 Utilisation of proceeds from Corporate Proposals

There were no corporate proposals carried out for the financial year ended 2006.

9.2 Share Buy-Back

The company did not carry out any share buy-backs during the financial year.

9.3 Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the financial year.

9.4 American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

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

9.5 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 2006 save and except for the following :-.

- i. Department of Environment, State of Pahang.
Date : 7 August 2006
Compound value : RM 1000.00
Fine imposed for the emission of black smoke exceeding the limit stipulated under Production Chart 2 for 16 minutes.
- ii. Department of Environment, State of Negeri Sembilan.
Date : 13 December 2006
Compound value : RM 8000.00
Fine imposed for operating without a valid license.

9.6 Non-Audit Fee

There was a total amount of non-audit fees of RM138,413 which was paid or payable to the external auditors and their affiliate companies for the financial year ended 31 December 2006.

9.7 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 2006 and the audited financial statements of the Group for the financial year ended 31 December 2006.

9.8 Profit Guarantee

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

9.9 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 or if not then subsisting, entered into since the end of the previous financial period.

9.10 Revaluation Policy on Landed Properties

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

Statement on Internal Control

Baskets of loose fruits handpicked from the ground and ready for transportation to the nearest mill.



STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Statement on Internal Control is made pursuant to paragraph 15.27(b) of the Listing Requirement (LR) of Bursa Malaysia Securities Berhad. The Board of Directors (the Board) of TH Plantations Berhad is pleased to present its Statement on Internal Control for financial year ended 31 December 2006, prepared in accordance with the Statement on Internal Control: Guidance for Directors of Public Listed Companies. The Statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal controls and the need to review its effectiveness on a continuous basis in order to safeguard the Group's assets and ultimately shareholders' investments in the Group. This statement by its nature, can only provide reasonable but not absolute assurance against material misstatement, frauds or losses.

The Board and Management are currently undertaking a formal approach towards risk management and working towards complying with guidance established by the Task Force on Internal Control.

KEY FEATURE OF THE GROUP'S INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the internal control system has been delegated by the Board to the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the internal control system through independent reviews conducted and reports it received from internal audit function and management. Significant internal control matters were brought to the attention of the Audit Committee. Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

Other principal features of the Group's system of internal control that have been established to facilitate the proper conduct of the Group's business can be summarised as follows:

1. CONTROL ENVIRONMENT

- Organisation Structure & Authorisation Procedures

The Group maintains a formal organisation structure with clear lines of reporting to the Board, Committees and Senior Management including lines of accountability within which senior management operates, such as role and responsibilities, authority limits, review and approval procedures.

- Policies, Procedures and Limit of Authority

The Board acknowledges the importance of written standard procedures in managing the operations of the Group, both at head office as well as estates/mills level. This is to ensure that proper internal control measures are taken to manage the risk of fraud and misstatements, which would affect the Group's financial performance. The current Standard Operating Procedures (SOP) of various operations are being updated, taking into consideration current requirements and changes to operations.

To effectively and efficiently manage the operations of the Group, various committees with clear Term of Reference (TOR) has been set up by the Board to assist the Board in discharging its responsibilities.

2. ENTERPRISE RISK MANAGEMENT

The Group constantly faces variety of global and domestic business risks, which are ever changing. These risks either originated internally or externally might have influence over the Group's goals and strategic objectives. Acknowledging these factors, the Board have engaged on a Group-wide Enterprise Risk Management (ERM) framework identification exercise and came up with a comprehensive ERM report and action plan, which involves identifying the risk, risk owner, assessment, treatment, monitoring, reporting and managing significant risks on a Group-wide basis.

3. INFORMATION & COMMUNICATION

Information critical to the identifying risk and meeting Group's business objectives are communicated within the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on timely basis.

4. OPERATIONS REVIEW AND MONITORING

Operations of the Group is constantly monitored by the Board with up-to-date reports being presented by management, which reviews the Group's performance against budget and previous year's performance on a monthly basis. Variances are carefully analyzed and corrective actions taken when necessary. Detailed performance review reports with steps taken are being presented to the Board on quarterly basis and explanation by management are sought during each Board of Directors meeting.

Internal management meetings are being held on regular basis to review and monitor performance of each operating unit with necessary action to be taken being minuted and monitored by Head of Operations.

5. MANAGEMENT INFORMATION SYSTEM

The Board emphasizes on the importance of availability of reliable and timely information to assist in decision making. Therefore, the Board had approved budget for upgrading its existing information system, both at head office and estates/mills level. With the new information system, financial and statistical data would be able to be gathered on timely and reliable basis. It would also assist the management in tracking the operations at estates/mills level on a more efficient manner.

6. PROCUREMENT AND TENDER AWARD SYSTEM

A policy on awarding of tenders has been practiced to enhance coordination and control on procurement of goods and services. The policy serves to ensure efficiency and places assurance on the effectiveness of the system of internal control embedded in the process of awarding tenders.

7. INSURANCE AND PHYSICAL SAFEGUARDS

Adequate insurance cover on assets of the Group is in place to ensure sufficient coverage against mishap that may result in material losses to the Group. Annual review on the adequacy of insurance coverage is conducted by the management.

CONCLUSION

The Board is of the view that the risks faced by the Group are within tolerable levels in the context of the business environment the Group operates in and the system of internal control that existed throughout the year is sound and adequate to safeguard the interest of the Group and to facilitate the evolution of its business.

There were no material losses or material fraud incurred during the current financial year as a result of weaknesses in internal controls. Management continues to take measures to improve and strengthen the internal control environment.

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Audit Committee Report

Barges navigating one of the numerous canals delivering palm-oil Fresh Fruit Bunches to a loading point prior to final delivery to palm-oil mills managed by THPB in Riau, Indonesia.



AUDIT COMMITTEE REPORT

In compliance with Paragraph 15.16 (1) of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa), the Board of Directors (the Board) of TH Plantations Berhad is pleased to present the Audit Committee's Report which lays out its activities held throughout the financial year ended 31 December 2006.

MEMBERSHIP

The Audit Committee currently comprises of three (3) Independent Non-Executive members of the Board. The members are as follows:-

Directors	Designation
1) Datuk Dr. Abdul Samad bin Haji Alias (Chairman)*	Independent Non-Executive Director
2) Datuk Azizan bin Abdul Rahman	Independent Non-Executive Director
3) Syed Hood bin Syed Edros	Independent Non-Executive Director
* A member of the Malaysian Institute of Accountants.	

AUDIT COMMITTEE MEETINGS

Throughout the financial year under review, the Audit Committee convened eight (8) meetings. Details of members' attendance at these Committee meetings are as follows:

Members	Meetings Attended	(%)
1) Datuk Dr. Abdul Samad bin Haji Alias	7/8	87.5%
2) Datuk Azizan bin Abdul Rahman	7/8	87.5%
3) Syed Hood bin Syed Edros	8/8	100%

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

Attendance at all these meetings were also attended by the Managing Director, the Senior General Manager of Finance, the external and/or internal Audit teams as well as various members of the Senior Management team.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee carried out its duties in accordance with its terms of reference.

The main activities undertaken by the Audit Committee during the financial year under review were as follows:

Financial and Operations Review

- Reviewed the quarterly financial and operational reports, interim financial results, the interim financial report to Bursa and the Annual Audited Financial Statements; and
- Reviewed corporate governance principles adopted by the Group and the extent of their compliance with the best practices/guideline set out under the Malaysian Code of Corporate Governance in conjunction with the preparation of the Corporate Governance and Internal Controls Statements.

External Audit

- Reviewed and approved the appointed external auditors' scope of works and audit plan;
- Reviewed the approved accounting standards adopted in the preparation of the financial statements of the Company and the Group together with the external auditors.
- Reviewed the results of the Annual Audit and the Auditors' Report together with the external auditors.

- d) Reviewed the conduct and considered the remuneration and reappointment of the external auditors; and
- e) Assessed and recommended the appointment of external auditors to assist in the implementation of the Financial Reporting Standards adopted by the Group.

Internal Audit

- a) Reviewed and approved the internal audit team's scope of work and audit plan;
- b) Prepared the Audit Committee Report for inclusion in the Annual Report 2006.
- c) Reviewed the Statement of Internal Control for inclusion in the Annual Report 2006.
- d) Reviewed the internal audit reports.

Related Party Transactions

The Audit Committee reviewed all related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on normal commercial terms and that internal control procedures employed are both sufficient and effective.

THE INTERNAL AUDIT FUNCTION

In discharging their duty, the Audit Committee was well-supported by both Internal Audit team as well as the independent external auditor appointed to undertake activities within the ambit here.

The Internal Audit acts independently on the activities and operations of other operating units. Their principal role is to undertake independent, regular and systematic reviews of the internal control system so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. It is the responsibility of the Internal Audit to provide the Audit Committee with independent and objective reports on the state of internal controls of the Group's major operating units and the extent of these units' compliance to both the Group's established policies and procedures, and relevant statutory requirements.

During the financial year under review, the internal auditors conducted audits on certain operating units and carried out regular reviews of the operations of companies within the Group in accordance to the approved internal audit plan. Findings and recommendations for improvements made here were presented to the Audit Committee and Board for further deliberation.

Other than the scheduled reviews, the Group Internal Audit additionally undertakes special audits as and when they are required to by the Management.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference adopted and adhered to by the Audit Committee are as follows:

1. Composition

The Audit Committee shall be appointed by the Board of Directors from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Non-Executive Directors. An alternate Director must not be appointed as a member of the Audit Committee.

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.

2. Membership

At least one (1) member of the Audit Committee:

- a) must be a member of the Malaysian Institute of Accountants; or
- b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must possess at least three (3) years' of working experience and
 - i) he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

- ii) he/she 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
- c) he/she must have a degree/master/doctorate in accounting or finance and at least three (3) years' post-qualification experience in accounting or finance; or
- d) he/she must have at least seven (7) years of experience in the position of 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.

3. Chairman

The members of the Audit Committee shall elect a chairman from amongst their members who shall be an Independent Non-Executive Director.

4. Quorum

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. Committee Meetings

- a) The Committee shall convene at least four (4) meetings in any each one financial year and at any such additional meetings as its Chairman deems necessary to fulfill its duties;
- 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;
- 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;
- d) The Secretary of the Committee shall be entrusted to record the proceedings of the Committee Meeting;
- e) The Committee may invite any Board member or any member of the senior management or any relevant employees within the Company or the 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
- 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 after considering the recommendation of the Committee.

6. Voting and Proceeding of Meetings

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.

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.

7. Minutes of Meetings

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.

Minutes of the Committee Meeting will be made available to all Board members. The Chairman of the Audit Committee will provide a written or verbal report on significant matters discussed at each meeting to the Board members at the next meeting or as may be required otherwise.

The books containing the minutes of proceedings of any meeting of the Committee shall be kept by the Company at its registered office, and shall be opened for inspection by any member of the Committee or Board of Directors upon request.

8. Authority

The Audit Committee is authorised by the Board to investigate any activity of the Company and its subsidiaries within its terms of reference or otherwise directed by the Board. It shall have: -

- a) the authority to investigate any matter within its terms of reference;
- b) the resources which are required to perform its duties;
- c) full and unrestricted access to any information, records, properties and personnel of the Company and of the Group;
- d) direct communication channels with the external auditors and internal auditors;
- 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
- f) the rights to convene meeting with the external auditors, excluding the attendance of the executive members of the Audit Committee and the Management, whenever deemed necessary.

9. Functions and Responsibilities

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

- a) to review with the external auditors
 - i) their audit plan, their evaluation of the system of internal controls and their audit report;
 - ii) the assistance given by the employees of the Company to the external auditors;
- b) to review and consider the adequacy of scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
- c) to review the financial condition of the Group, its internal audit programme, the performance and findings of internal audit staff and to recommend action to be taken thereon by management and whether or not appropriate action is taken on the recommendations of the internal audit function;
- d) to review the quarterly financial results and annual audited financial statements of the Group before recommending the same for the Board's approval, focusing particularly on :-
 - i) compliance with accounting standards and any other legal requirements;
 - ii) changes in or implementation of major accounting policies;
 - iii) significant and unusual issues arising from the audit;
- e) to review any related party transactions and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- f) to review and report to the Board
 - i) any letter of resignation from the external auditors of the Company;
 - ii) any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- g) to make recommendations to the Board concerning the appointment of external auditors;
- h) 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;
- i) to promptly report to Bursa Securities of any matters 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
- j) to review any other related functions or responsibilities as may be agreed to by the Committee or the Board.

10. Review of the Audit Committee Charter

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. Review of the Audit Committee

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.

An aerial photograph showing a large-scale reforestation project. The landscape is filled with neat rows of young, green trees planted in a grid pattern. A dirt road or path runs through the center of the plantation. The background shows a vast, hazy landscape under a bright, cloudy sky.

Corporate Social Responsibility Statement

Replanting process being undertaken in accordance to THPB's zero-burning practice seen from above.

Corporate Social Responsibility (CSR) is widely defined as “the continuing commitment by businesses to have ethically and contribute to economic development while improving the quality of life of its workforce and their families, as well as the local community and society at large” (World Business Council for Sustainable Development in ‘CSR: Meeting Changing Expectations’, 1999).

THPB recognizes its role in promoting and incorporating both socially and environmentally correct values throughout all levels of its daily business operations and activities, whether directly or indirectly. As such, THPB views its commitment towards its CSR’s seriously and this is reflected in (1) its efforts to promote good business ethics and behaviour amongst all its employees, (2) formulation and adoption of competitive employee remuneration and benefits packages, (3) adoption and implementation of work-place related health and safety programs, training and seminars, (4) the incorporation of environmentally-correct policies and practices throughout THPB’s day-to-day business operations and practices, (5) development and assimilation of graduates through THPB’s industrial training program and (6) sponsorship and development of community-based programs and activities benefiting Muslims and the population at large.



Housing complex provided by THPB for its plantation workers in Kota Bahagia, Pahang.

Good Employee Ethics and Behaviour

THPB requires its employees to strictly adhere to both legal and ethical business standards throughout the course of their employment with the Company by identifying and integrating both professional and industry best work-practices into all its business activities. These work-practices are enforced through formal Standard Work Procedures and Instructions wherever applicable, or through more informal ‘codes of conduct’ that make up part of the Company’s work culture. THPB’s secondary aim here is that over time, its optimal practices will rub-off on those of the external parties it deals with such as suppliers and customers.

Employee Relations and Development

Despite operating within a production-oriented industry, THPB



A busy day at the office

realises that its greatest asset lies in its workforce. This is why THPB is committed towards attracting and retaining the best talents within its workforce. In attracting fresh talents into its fold, THPB not only offers a competitive

remuneration system, but also invests in industrial training programs aimed at university graduates. The training program here covers the entire breadth of business functions at THPB such as planting management, mill operations,

THPB memperakui peranannya untuk menggalakkan dan menggabungkan nilai-nilai mesra-alam serta kesinambungan sosial yang merangkumi setiap lapisan perniagaan dan juga aktiviti-aktiviti hariannya. Dengan itu, THPB sentiasa memandang berat terhadap Tanggungjawab Sosial Korporatnya yang tergambar jelas dari (1) kesungguhannya di dalam menggalakkan kelakuan serta etika perniagaan yang terbaik di kalangan para pekerja, (2) menyediakan pakej imbuhan dan faedah yang setanding, (3) pelaksanaan program latihan, seminar, kesihatan dan keselamatan ditempat kerja, (4) penganjuran dan penerapan dasar-dasar mesra-alam yang bersesuaian dalam operasi perniagaan harian, (5) perkembangan dan asimilasi para graduan menerusi program latihan industri yang dianjurkan dan (6) perkembangan dan penajaan program-program berteraskan masyarakat yang pada khususnya akan memanfaatkan Ummah serta masyarakat secara keseluruhannya.



Medical facility provided by THPB to all its plantation workers

Baik Laku dan Etika Para Pekerja

THPB menyarankan para pekerjanya untuk mematuhi segala bentuk perundangan serta piawaian etika perniagaan di sepanjang tempoh perkhidmatan dengan mengenal pasti dan menyepadukan nilai-nilai profesional serta amalan-amalan industri yang terbaik di dalam setiap aktiviti perniagaan harian. Nilai serta amalan tersebut secara rasmi dikuatkuasakan mengikut kepada Piawaian Arahan dan Tatacara Kerja yang bersesuaian dan juga menerusi pengendalian “etika kerja” yang lebih informal lantas membentuk sebahagian daripada budaya bekerja yang positif di THPB. Manakala, objektif kedua THPB adalah agar latihan serta amalan kerja yang telah dimanfaatkan akan, pada masa hadapan kelak, dapat memudahkan segala urusan yang dijalankan khususnya yang berkaitan dengan pihak-pihak luar seperti pembekal dan juga para pelanggan.

Pembangunan dan Perhubungan Pekerja

Walaupun beroperasi di dalam industri berorientasikan pengeluaran, THPB menyedari akan kepentingan sumber manusianya sebagai aset yang paling utama. Oleh kerana itu, THPB menitikberatkan usaha untuk menarik serta mengekalkan para pekerja yang terbaik dan berbakat. Dalam usahanya pula untuk menarik para graduan muda, THPB tidak sahaja menawarkan pakej-pakej pekerjaan yang lebih setanding, malah ia juga melabur dengan menganjurkan program-program latihan industri yang disasarkan kepada para graduan lepasan universiti. Program-program latihan yang disebutkan merangkumi setiap fungsi perniagaan dan bidang pekerjaan di THPB seperti pengurusan penanaman, operasi kilang, Teknologi Maklumat, Kewangan dan juga Pentadbiran.



Most decisions are made collectively through rigorous discussions

Information Technology, Finance and Administration Suitable graduates who have the right skills and/or aptitude for further development are then identified and offered employment with THPB. For those graduates who do not eventually make it into THPB's employment, the training and knowledge gained from the program will still benefit them in whatever careers they eventually pursue.

THPB additionally offers all its employees a comprehensive range of on- and off-the job training to complement the skills and knowledge that they already possess so that they are better equipped to serve not only THPB, but also their families and the larger society that they belong to.

The Management has also put into place a work performance measurement program in the form of a Key Performance Index (KPI) where employees' performances on the job are periodically defined, monitored and their effectiveness measured. Employees' performances here are then index-weighted and cross-linked to THPB's annual work performance bonus-allocation for determining each individual employee's bonus entitlement. Although the KPI system in its original form is a means for organisations to streamline or tie-in an employee's efforts to those of its own, the process of periodical interim performance reviews between employees and their immediate superiors can be seen as a means for employee self-governance to improve their work motivation and abilities.

Health and Safety at Work

Apart from the legal requirements stipulated by the Occupational Safety and Health Act of 1994 (Act 514)(OSHA), THPB recognizes the importance of maintaining workplace safety and health as it can additionally impact on all employees' morale and productivity. In conjunction with an external consultant, THPB is currently in the process of conducting the OSHA-defined Chemical, Health and Risk assessment to ensure workplace health and safety of its field-operations.

THPB has implemented a Workplace Health and Safety policy that generally prescribes guidelines for adherence to by business units in planning, designing and managing health and safety at their respective workplaces. Detailed support for business units on this matter is provided by the Company's Quality, Health and Safety

Department. As a complement to this policy, THPB also practices the following:

1. Regular audit and update of all safety and health aspects relating to THPB's operations and activities.
2. Education of employees on workplace health and safety issues through regular seminars, and both classroom and hands-on training.

Para graduan yang memiliki kemahiran dan kebolehan yang bersesuaian yang dapat dikembangkan kemudiannya akan dikenal pasti dan seterusnya ditawarkan untuk berkhidmat di THPB. Kepada para graduan yang tidak terpilih, latihan serta pengetahuan yang ditimba semasa menjalani program-program latihan tersebut akan tetap memberi faedah kepada mereka untuk digunakan di dalam apa jua kerjaya di masa hadapan.

THPB turut menawarkan kepada para pekerjaannya latihan kerja yang serba menyeluruh yang bertujuan untuk melengkapkan lagi kemahiran serta pengetahuan yang telah sedia ada untuk dimanfaatkan bukan sahaja kepada THPB tetapi juga kepada kaum keluarga serta masyarakat keseluruhannya.

Pihak Pengurusan juga telah memperkenalkan ukuran prestasi kerja berbentuk "Key Performance Index" (KPI) di mana prestasi setiap pekerja akan dipantau pada masa yang ditentukan dengan mengambil kira kemahiran dan kecekapan yang dimiliki. Prestasi setiap pekerja kemudiannya dihubungkan dengan sistem peruntukan bonus tahunan THPB untuk menentukan bonus yang bakal diterima oleh setiap pekerja. Walaupun pada asalnya penggunaan sistem KPI ini lebih bermaksud untuk mengukur mutu-kerja yang telah dilaksanakan, proses penilaian secara berperingkat ini juga dapat dilihat sebagai satu usaha oleh para pekerja untuk lebih meningkatkan lagi kebolehan individu serta motivasi kerja.

Kesihatan dan Keselamatan di Tempat Kerja

Selain memenuhi keperluan perundangan yang telah disyaratkan oleh Akta Kesihatan dan Keselamatan Pekerjaan 1994 (Akta 514)(OSHA), THPB memperakui pentingnya untuk mengekalkan tahap keselamatan dan kesihatan di tempat kerja yang secara langsung dapat mempengaruhi semangat-kerja dan juga daya pengeluaran setiap pekerja. Dengan kerjasama sebuah syarikat perunding, THPB pada masa ini sedang di dalam menjalani proses penilaian Kimia, Kesihatan dan Risiko OSHA untuk menentukan keselamatan dan kesihatan para pekerja yang terjamin.



An estate worker equipped with protective clothing when handling pesticides

THPB juga telah melaksanakan dasar Kesihatan dan Keselamatan Tempat Kerja yang secara umumnya menyediakan garis panduan yang perlu dipatuhi terutamanya bagi mereka yang bekerja di dalam bidang pengurusan kesihatan serta keselamatan di tempat kerja. Sokongan secara terperinci juga diberikan kepada setiap unit kerja yang disediakan oleh Jabatan Kualiti, Kesihatan dan Keselamatan Syarikat. Untuk melengkapkan polisi ini, THPB juga turut mengamalkan perkara-perkara berikutnya:

1. Audit serta kerja kemas-kini yang menyeluruh di dalam segenap aspek keselamatan dan kesihatan yang berkaitan dengan operasi serta aktiviti harian THPB.

3. Ample provision of suitable protective equipment and appliances for employees' use at their respective workplace.
4. Requiring all contractors and suppliers to abide by THPB's health and safety rules while on its premises.
5. Taking disciplinary action on employees found guilty of neglecting THPB health and safety rules during the course of their daily employment.

Caring for the Environment

THPB takes its role in preserving the environment very seriously, given that its primary source of income directly and indirectly depends on the well-being of the environment. As such in addition to ensuring that all its operations adhere to both local and national environmental by-laws and legislations, THPB adopts a zero-burning technique for its plantations new planting and replanting process. Additionally whenever and wherever possible, THPB strives to reduce the use of chemical fertilisers to avoid accidental pollution of waterways by using its own oil-palm by-products such as POME and EFB as substitutes.



Replanting process undertaken the environmental-friendly way

THPB engages the external services of a professional consultant to closely monitor its operations and activities for continued adherence to environmental legislations.

Giving Back to the Community

THPB believes that businesses should not only be a responsible corporate citizen but also a responsible citizen within the larger community it belongs to. In line with the history and objectives of our majority shareholder LTH, THPB realises the significance of the Muslim community in contributing toward the success story of LTH. As such, as a means of giving back to the community that has birthed its existence, THPB makes annual Zakat contributions (tithes) to State Baitul-Mals so that they in turn can redistribute it to the needy and those deserving of financial assistance.



Handing of cheque for the contribution of Zakat

2. Pendidikan terhadap pengetahuan pekerja mengenai isu-isu kesihatan dan keselamatan di tempat kerja menerusi seminar yang merangkumi latihan-latihan yang dijalankan di pejabat dan juga di tempat kerja.
3. Peruntukan peralatan perlindungan diri di tempat kerja yang cukup dan bersesuaian untuk kegunaan para pekerja pada setiap masa.
4. Memberikan arahan kepada pihak kontraktor dan juga pembekal untuk mematuhi segala peraturan keselamatan dan kesihatan yang telah ditetapkan semasa berada di dalam kawasan kerja THPB.
5. Tindakan disiplin akan diambil ke atas para pekerja yang gagal mematuhi peraturan-peraturan keselamatan dan kesihatan di tempat kerja semasa berada di dalam tempoh perkhidmatan dengan THPB.

Prihatin terhadap Alam Persekitaran

THPB amat prihatin terhadap isu-isu pemeliharaan alam sekitar memandangkan sumber pendapatan utama THPB adalah bergantung kepada alam sekitar yang terjaga. Sebagai tambahan, di dalam usaha untuk memenuhi segala keperluan perundangan tempatan dan juga negara yang berkaitan dengan alam sekitar, THPB juga mengamalkan teknik pembakaran sifar bagi proses tanaman baru dan penanaman semula yang telah dijalankan. THPB juga berusaha untuk mengelakkan penggunaan baja kimia yang berlebihan bagi mengelakkan pencemaran punca air di sungai-sungai yang berdekatan dengan mengitar semula bahan-bahan buangan sawit seperti POME dan EFB sebagai pengganti.

THPB melantik khidmat penasihat profesional luaran untuk memantau dengan secara teliti setiap operasi serta aktiviti yang dijalankan untuk mematuhi segala perundangan yang berkaitan dengan pemeliharaan alam sekitar.

Sumbangan kepada Masyarakat

THPB juga percaya bahawa setiap perniagaan mestilah bertanggungjawab bukan sahaja terhadap kepentingan korporatnya malah juga terhadap segenap lapisan masyarakat secara keseluruhannya. Sejarah dengan sejarah dan matlamat pemegang saham utamanya, LTH, THPB menyedari akan kepentingan masyarakat terutamanya masyarakat yang beragama Islam di dalam menyumbang dan menjanakan kejayaannya sehingga hari ini. Oleh itu, sebagai salah satu usaha untuk menyumbang kembali kepada masyarakat, THPB menetapkan pembayaran zakat tahunan kepada Baitul-Mal negeri untuk diagih-agihkan kepada mereka yang memerlukan bantuan.



Social contribution to the society by heading off a blood donation drive.

Consolidated Financial Statements

TH Plantations Berhad

(Company No. 12696-M)

(Incorporated in Malaysia)

and its subsidiaries

**Financial statements for the year
ended 31 December 2006**

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

Directors' report for the year ended 31 December 2006

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 2006.

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 5 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group Group RM	Company RM
Profit for the year	35,659,961	37,471,308

Reserves and provision

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

Dividend

Since the end of the previous financial year the Company paid :

- i. a first interim ordinary dividend payment of 40.00 sen per share less tax at 28% for the year ended 31 December 2005 totalling RM 14,400,000 on 10 March 2006 and 13 September 2006;
- ii. a second interim ordinary dividend payment of 21.74 sen per share less tax at 28% for the year ended 31 December 2005 totalling RM 7,825,000 on 13 September 2006; and
- iii. a third interim ordinary dividend of 6.25 sen per share less tax at 28% for the year ended 31 December 2005 totalling RM8,824,230 on 18 January 2006 and 24 August 2006.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2006 is 12.5 sen per share less tax at 27% totalling RM 17,883,772.

Company No. 12696-M

Directors of the Company

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

Tan Sri Datuk Dr. Yusof bin Basiran
 Dato' Che Abdullah @ Rashidi bin Che Omar
 Datuk Dr. Abdul Samad bin Haji Alias
 Datuk Azizan bin Abd Rahman
 Ismee bin Ismail
 Dato' Wan Zakaria bin Abd Rahman
 Md. Yusof bin Hussin
 Syed Hood bin Syed Edros

Directors' interests

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

Number of ordinary shares of RM0.50 each

	At 1.1.2006	Bought	Sold	At 31.12.2006
<i>Shareholdings in which Directors have direct interest in the Company</i>				
Tan Sri Datuk Dr. Yusof bin Basiran	-	2,000	-	2,000
Dato' Che Abdullah @ Rashidi bin Che Omar	-	200,000	(200,000)	-
Datuk Dr. Abdul Samad bin Haji Alias	-	12,000	-	12,000
Datuk Azizan bin Abd Rahman	-	5,000	(5,000)	-
Dato' Wan Zakaria bin Abd Rahman	-	2,000	-	2,000

None of the other Directors holding office at 31 December 2006 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Company No. 12696-M

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) 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.

Issue of shares and debentures

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the financial 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) all current assets have been stated at the lower of cost and net realisable value.

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 Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group's 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.

Company No. 12696-M

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 results of the operations of the Group and of the Company for the year ended 31 December 2006 have not been substantially affected by any item, 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



.....
Lau Sze Abdullah @ KPMG bin Sze Umar

Kuala Lumpur,

Date: 2 March 2007

TH Plantations Berhad

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

and its subsidiaries

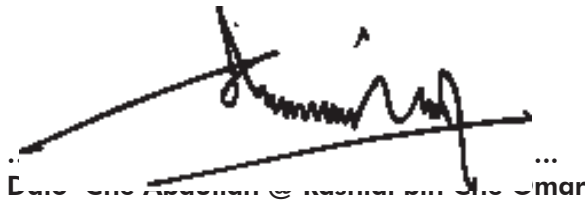
**Statement by Directors pursuant to
Section 169(15) of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 65 to 98 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....
Tan Sri Datuk Dr. Yusof bin Basiran



.....
Datuk Seri Abdullah bin Kasim bin Yusof bin Umar

Kuala Lumpur,

Date: 2 March 2007

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 65 to 98 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 2 March 2007.



.....
Mohamed Azman Shah bin Ishak

Before me:



Mazzanina Floor
No. 86, Jalan Putra
50350 Kuala Lumpur

Report of the auditors to the members of TH Plantations Berhad

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

We have audited the financial statements set out on pages 65 to 98. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company at 31 December 2006 and the results of their operations and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements 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 consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.



KPMG Desa Megat & Co.
Firm Number: AF 0759
Chartered Accountants



Johan Idris
Partner
Approval Number: 2585/10/08(J)

Kuala Lumpur,

Date: 2 March 2007

TH Plantations Berhad

(Company No. 12696-M)

(Incorporated in Malaysia)

and its subsidiaries**Consolidated balance sheet at 31 December 2006**

	Note	2006 RM	2005 RM
Assets			
Property plant and equipment	3	106,753,984	107,875,211
Plantation development expenditure	4	7,095,408	5,841,107
Investment in associates	6	598,961	550,320
Deferred tax assets	7	393	393
Total non-current assets		114,448,746	114,267,031
Inventories	8	3,326,093	2,670,040
Receivables, deposits and prepayments	9	45,750,349	44,030,793
Cash and cash equivalents	10	39,680,618	43,476,360
Total current assets		88,757,060	90,177,193
Total assets		203,205,806	204,444,224
Equity			
Share capital	11	98,047,000	98,047,000
Share premium	11	-	2,000,000
Retained earnings		59,753,270	24,093,309
Total equity		157,800,270	124,140,309
Liabilities			
Deferred tax liabilities	7	18,966,929	20,119,050
Total non-current liabilities		18,966,929	20,119,050
Payables and accruals	12	24,480,335	26,703,164
Current tax liabilities		1,958,272	2,432,471
Dividend payable		-	31,049,230
Total current liabilities		26,438,607	60,184,865
Total liabilities		45,405,536	80,303,915
Total equity and liabilities		203,205,806	204,444,224

The notes on pages 75 to 98 form an integral part of these financial statements.

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

Consolidated income statement for the year ended 31 December 2006

	Note	2006 RM	2005 RM
Revenue	13	120,683,093	112,046,032
Cost of sales		(70,208,201)	(70,253,595)
Gross profit		50,474,892	41,792,437
Administrative expenses		(14,737,837)	(13,460,466)
Other expenses		(1,615,512)	(2,718,408)
Other income		14,094,684	16,357,720
Operating profit	14	48,216,227	41,971,283
Share of profit from short term Islamic deposits		824,857	524,113
Share of profit after tax of equity accounted associates		48,641	30,920
Profit before tax and zakat		49,089,725	42,526,316
Tax expense	15	(12,337,944)	(12,257,480)
Zakat		(1,091,820)	(959,744)
Profit for the year		35,659,961	29,309,092
Attributable to :			
Shareholders of the Company		35,659,961	28,732,979
Minority interest		-	576,113
Profit for the year		35,659,961	29,309,092
Basic and diluted earnings per ordinary share – sen	16	18.19	15.04

The notes on pages 75 to 98 form an integral part of these financial statements.

TH Plantations Berhad

(Company No. 12696-M)

(Incorporated in Malaysia)

and its subsidiaries**Consolidated statement of changes in equity for the year ended 31 December 2006**

/-----Attributable to shareholders of the Company-----/

/-----Non-distributable-----/Distributable

Group	Note	Share capital RM	Share premium RM	Retained earnings RM	Total RM	Minority interest RM	Total equity RM
At 1 January 2005		50,000,000	-	67,797,765	117,797,765	23,492,920	141,290,685
Profit for the year		-	-	28,732,979	28,732,979	576,113	29,309,092
Shares issued	11	1,603,700	7,055,095	-	8,658,795	-	8,658,795
Bonus shares issued	11	46,443,300	(5,055,095)	(41,388,205)	-	-	-
Acquisition of minority interest		-	-	-	-	(24,069,033)	(24,069,033)
Dividends to shareholders	17	-	-	(31,049,230)	(31,049,230)	-	(31,049,230)
At 31 December 2005		98,047,000	2,000,000	24,093,309	124,140,309	-	124,140,309
Listing expenditure	11	-	(2,000,000)	-	(2,000,000)	-	(2,000,000)
Profit for the year		-	-	35,659,961	35,659,961	-	35,659,961
At 31 December 2006		98,047,000	-	59,753,270	157,800,270	-	157,800,270

The notes on pages 75 to 98 form an integral part of these financial statements.

TH Plantations Berhad

(Company No. 12696-M)

(Incorporated in Malaysia)

and its subsidiaries
Consolidated cash flow statement for the year ended 31 December 2006

	Note	2006 RM	2005 RM
Cash flows from operating activities			
Profit before tax and zakat		49,089,725	42,526,316
Adjustments for:			
Amortisation of fair value adjustment	3	1,106,424	1,128,648
Depreciation of property, plant and equipment	3	8,100,234	7,354,465
Share of profit from short term Islamic deposits		(824,857)	(524,113)
Property, plant and equipment written off	14	221,597	531,661
Share of profit of equity accounted associates – net of tax		(48,641)	(30,920)
Deferred income		-	(1,018,360)
Expenditure written back		-	(703,912)
Expenditure written off		-	(895,978)
Goodwill written off	14	-	1,062,333
Gain on disposal of property, plant and equipment	14	-	(417,789)
Operating profit before changes in working capital		57,644,482	49,012,351
Change in inventories		(656,053)	1,431,504
Change in payables and accruals		(1,469,786)	252,001
Change in receivables, deposits and prepayments		(7,650,330)	16,425,667
Cash generated from operations		47,868,313	67,121,523
Share of profit from short term Islamic deposits received		716,979	524,113
Tax paid		(13,635,301)	(12,735,612)
Tax refund		1,864,826	-
Net cash from operating activities		36,814,817	54,910,024
Cash flows from investing activities			
Purchase of property, plant and equipment	3, (ii)	(6,309,863)	(11,614,356)
Increase in deposits pledged		(112,312)	(629,250)
Plantation development expenditure	4	(3,251,466)	(2,003,648)
Increase in investment in subsidiaries		-	(36,391,870)
Proceeds from disposal of property, plant and equipment		-	417,802
Proceeds from disposal of investments		-	200,006
Net cash used in investing activities		(9,673,641)	(50,021,316)

Company No. 12696-M

Consolidated cash flow statement for the year ended 31 December 2006 (continued)

	Note	2006 RM	2005 RM
Cash flows from financing activities			
Dividend paid to shareholders of the Company	17	(31,049,230)	(9,255,918)
Net cash used in financing activities		(31,049,230)	(9,255,918)
Net decrease in cash and cash equivalents		(3,908,054)	(4,367,210)
Cash and cash equivalents at 1 January	(i)	41,884,821	46,252,031
Cash and cash equivalents at 31 December	(i)	37,976,767	41,884,821

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Note	2006 RM	2005 RM
Deposits	10	19,203,851	10,801,539
Cash and bank balances	10	20,476,767	32,674,821
		39,680,618	43,476,360
Less : Deposits pledged	10	(1,703,851)	(1,591,539)
		37,976,767	41,884,821
(ii) Additions to property, plant and equipment	3	6,309,863	12,318,268
Expenditure written back		-	(703,912)
		6,309,863	11,614,356

The notes on pages 75 to 98 form an integral part of these financial statements.

TH Plantations Berhad

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

Balance sheet at 31 December 2006

	Note	2006 RM	2005 RM
Assets			
Property plant and equipment	3	49,789,265	48,610,743
Plantation development expenditure	4	6,336,396	5,590,317
Investment in subsidiaries	5	64,919,006	64,919,006
Investment in associates	6	385,126	385,126
Total non-current assets		121,429,793	119,505,192
Inventories	8	2,357,272	2,072,319
Receivables deposits and prepayments	9	42,747,835	47,788,194
Cash and cash equivalents	10	32,593,697	22,285,334
Total current assets		77,698,804	72,145,847
Total assets		199,128,597	191,651,039
Equity			
Share capital	11	98,047,000	98,047,000
Share premium	11	-	2,000,000
Retained earnings		61,662,030	24,190,722
Total equity		159,709,030	124,237,722
Liabilities			
Deferred tax liabilities	7	7,059,592	7,721,081
Total non-current liabilities		7,059,592	7,721,081
Payables and accruals	12	30,401,703	26,499,490
Current tax liabilities		1,958,272	2,143,516
Dividend payable		-	31,049,230
Total current liabilities		32,359,975	59,692,236
Total liabilities		39,419,567	67,413,317
Total equity and liabilities		199,128,597	191,651,039

The notes on pages 75 to 98 form an integral part of these financial statements.

TH Plantations Berhad
(Company No. 12696-M)
(Incorporated in Malaysia)

Income statement for the year ended 31 December 2006

	Note	2006 RM	2005 RM
Revenue	13	109,937,030	104,511,843
Cost of sales		(56,555,555)	(58,317,114)
Gross profit		53,381,475	46,194,729
Administrative expenses		(14,643,332)	(13,294,467)
Other expenses		(1,495,437)	(1,504,351)
Other income		13,996,255	15,812,805
Operating profit	14	51,238,961	47,208,716
Share of profit from short term Islamic deposits		630,348	184,185
Profit before tax and zakat		51,869,309	47,392,901
Tax expense	15	(13,437,198)	(12,982,628)
Zakat		(960,803)	(860,257)
Profit for the year		37,471,308	33,550,016
Attributable to :			
Shareholders of the Company		37,471,308	33,550,016

The notes on pages 75 to 98 form an integral part of these financial statements.

TH Plantations Berhad

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

Statement of changes in equity for the year ended 31 December 2006

Company	Note	/---Non-distributable---/		Distributable	Total equity RM
		Share capital RM	Share premium RM	Retained earnings RM	
At 1 January 2005		50,000,000	-	63,078,141	113,078,141
Profit for the year		-	-	33,550,016	33,550,016
Shares issued	11	1,603,700	7,055,095	-	8,658,795
Bonus shares issued	11	46,443,300	(5,055,095)	(41,388,205)	-
Dividends to shareholders	17	-	-	(31,049,230)	(31,049,230)
At 31 December 2005		98,047,000	2,000,000	24,190,722	124,237,722
Listing expenditure	11	-	(2,000,000)	-	(2,000,000)
Profit for the year		-	-	37,471,308	37,471,308
At 31 December 2006		98,047,000	-	61,662,030	159,709,030

The notes on pages 75 to 98 form an integral part of these financial statements.

TH Plantations Berhad

(Company No. 12696-M)

(Incorporated in Malaysia)

Cash flow statement for the year ended 31 December 2006

	Note	2006 RM	2005 RM
Cash flows from operating activities			
Profit before tax and zakat		51,869,309	47,392,901
Adjustments for:			
Depreciation of property, plant and equipment	3	5,612,194	5,105,436
Dividend income	13	(8,750,000)	(8,715,278)
Share of profit from short term Islamic deposits		(630,348)	(184,185)
Property, plant and equipment written off	14	174,106	436,198
Deferred income		-	(1,018,360)
Expenditure written back		-	(703,912)
Expenditure written off		-	(895,978)
Gain on disposal of property, plant and equipment	14	-	(402,990)
		48,275,261	41,013,832
Operating profit before changes in working capital			
Change in inventories		(284,953)	1,765,617
Change in payables and accruals		4,192,078	(1,989,426)
Change in receivables, deposits and prepayments		(7,116,722)	19,065,169
Cash generated from operations		45,065,664	59,855,192
Share of profit from short term Islamic deposits received		522,470	184,185
Tax paid		(10,959,466)	(10,289,598)
Tax refund		1,864,826	-
Net cash from operating activities		36,493,494	49,749,779
Cash flows from investing activities			
Acquisition of property, plant and equipment	3, (ii)	(4,967,659)	(5,884,987)
Dividends received		12,575,000	864,888
Increase in deposits pledged		(112,312)	(629,250)
Plantation development expenditure	4	(2,743,244)	(1,997,445)
Proceeds from disposal of property, plant and equipment		2	403,002
Increase in investment in subsidiaries		-	(36,391,870)
Proceeds from disposal of investments		-	200,006
Net cash from/(used in) investing activities		4,751,787	(43,435,656)

Company No. 12696-M

Cash flow statement for the year ended 31 December 2006 (continued)

	Note	2006 RM	2005 RM
Cash flows from financing activities			
Dividend paid to shareholders of the Company	17	(31,049,230)	(7,200,000)
Net cash used in financing activities		(31,049,230)	(7,200,000)
Net increase/(decrease) in cash and cash equivalents			
		10,196,051	(885,877)
Cash and cash equivalents at 1 January	(i)	20,693,795	21,579,672
Cash and cash equivalents at 31 January	(i)	30,889,846	20,693,795

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Note	2006 RM	2005 RM
Deposits	10	19,203,851	2,101,539
Cash and bank balances	10	13,389,846	20,183,795
		32,593,697	22,285,334
Less: Deposits pledged	10	(1,703,851)	(1,591,539)
		30,889,846	20,693,795
(ii) Additions to property, plant and equipment			
	3	4,967,659	6,588,899
Expenditure written back		-	(703,912)
		4,967,659	5,884,987

The notes on pages 75 to 98 form an integral part of these financial statements.

TH Plantations Berhad

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

and its subsidiaries**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 its registered office and principal place of business are as follows:

Registered office

Tingkat 26, Bangunan TH Selborn
153, Jalan Tun Razak
50400 Kuala Lumpur

Principal place of business

Tingkat 26, Bangunan TH Selborn
153, Jalan Tun Razak
50400 Kuala Lumpur

The consolidated financial statements as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates. The financial statements of the Company as at and for the year ended 31 December 2006 do not include other entities.

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

1. Basis of preparation**(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB) and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

Company No. 12696-M

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The MASB has issued the following new and revised Financial Reporting Standards (FRSs) or Interpretation that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

- (i) FRS 117, *Leases* - This FRS is effective for annual periods beginning on or after 1 October 2006. By virtue of the exemption in paragraph 67B of FRS 117, the impact of applying FRS 117 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed;
- (ii) FRS 124, *Related Party Disclosures* – This FRS is effective for annual periods beginning on or after 1 October 2006. By virtue of the exemption in paragraph 22A of FRS 124, the impact of applying FRS 124 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not disclosed;
- (iii) FRS 139, *Financial Instruments: Recognition and Measurement* – This FRS has been issued by the MASB but the MASB has yet to announce the effective date of this standard. By virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not disclosed;
- (iv) Amendment to FRS 119₂₀₀₄, *Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures* – Certain amendments made to FRS 119₂₀₀₄ are effective for annual periods beginning on or after 1 January 2007. The adoption of these amendments does not have any significant impact on the financial statements of the Group and of the Company in the period of initial application.
- (v) FRS 6, *Exploration for and Evaluation of Mineral Resources* – This FRS is effective for annual periods beginning on or after 1 January 2007. This standard is not applicable to the Group and the Company.

All adoption of amendment to FRS and ICs announced by MASB on 15 February 2007 are either not applicable or do not have a significant impact on the financial statements of the Group and of the Company.

The Group plans to apply FRS 117, FRS 124, and the Amendment to FRS 119₂₀₀₄ for the annual period beginning 1 January 2007.

The financial statements were approved by the Board of Directors on 2 March 2007.

Company No. 12696-M

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(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.

2. Significant accounting policies

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

Certain comparative amounts have been represented to conform to the current year's presentation.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the 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. 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 impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Company No. 12696-M

2. Significant accounting policies (continued)

(ii) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale. The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investment in associates is stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Transactions eliminated on consolidation

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

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Recognition and measurement

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

(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 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.

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2. Significant accounting policies (continued)**(b) Property, plant and equipment (continued)****(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. Freehold land is not depreciated. 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:

Buildings	25 years
Estates	25 years
Long term leasehold lands	60 – 99 years
Plant, machinery and equipments	10 years
Motor vehicles	5 years
Computer equipments	3 years

Estates consist of plantation development expenditure and are depreciated over 25 years, based on annual production yield.

The depreciable amount is determined after deducting the residual value.

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

(c) Inventories

Finished goods are measured at lower of cost and net realisable value (fair value less cost to sell). 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.

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2. Significant accounting policies (continued)

(d) Receivables

Receivables are 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.

Receivables are not held for the purpose of trading.

(e) Impairment of assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. 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.

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.

Impairment losses recognised in prior periods are assessed at each reporting date 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. 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 the income statement in the year in which the reversals are recognised.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances 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.

Company No. 12696-M

2. Significant accounting policies (continued)**(g) Payables**

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(h) Revenue**(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.

(i) Share of profit from short term Islamic deposits

Share of profit from short term Islamic deposits are recognised as it accrues, using the effective yield method.

(i) Employee benefits**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 as the related service is provided.

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

(k) Plantation development expenditure

All expenditures relates to development of oil palm estates will be classified under plantation development expenditure. This cost will be amortised when the expenditure were capitalised to property, plant and equipment as estates cost and as when the estate commence production.

Company No. 12696-M

2. Significant accounting policies (continued)

(k) Plantation development expenditure (continued)

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

(l) 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.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(m) 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.

Company No. 12696-M

3. Property, plant and equipment

Group	Note	Estates RM	Long term leasehold lands RM	Buildings RM	Plant, machinery and equipments RM	Computer equipments RM	Motor vehicles RM	Work-in progress RM	Total RM
Cost									
At 1 January 2005		69,985,910	12,170,624	30,336,242	30,734,123	3,190,590	9,638,266	5,938,018	161,993,773
Additions		-	1,043,912	475,073	3,541,280	393,101	1,298,221	5,566,681	12,318,268
Fair value adjustment		2,215,141	27,151,867	-	-	-	-	-	29,367,008
Disposals		-	-	-	-	-	(1,299,531)	-	(1,299,531)
Written off		(399,668)	-	(233,355)	(717,201)	(14,880)	(247,472)	-	(1,612,576)
Transfer from plantation development expenditure	4	7,721,247	-	-	-	-	-	-	7,721,247
Transfers		-	-	2,999,401	6,164,344	-	-	(9,163,745)	-
At 31 December 2005/ 1 January 2006		79,522,630	40,366,403	33,577,361	39,722,546	3,568,811	9,389,484	2,340,954	208,488,189
Additions		-	-	680,095	1,205,129	118,536	785,228	3,520,875	6,309,863
Written off		(4,509,421)	-	(356,999)	(465,246)	(13,639)	(365,375)	-	(5,710,680)
Transfer from plantation development expenditure	4	1,997,165	-	-	-	-	-	-	1,997,165
Transfers		-	-	246,422	10,056	-	-	(256,478)	-
At 31 December 2006		77,010,374	40,366,403	34,146,879	40,472,485	3,673,708	9,809,337	5,605,351	211,084,537

Company No. 12696-M

3. Property, plant and equipment (continued)

Group	Note	Estates RM	Long term leasehold lands RM	Buildings RM	Plant, machinery and equipments RM	Computer equipments RM	Motor vehicles RM	Work-in progress RM	Total RM
Accumulated depreciation At 1 January 2005		41,983,013	2,131,608	15,869,342	24,872,484	1,974,597	7,679,254	-	94,510,298
Depreciation for the year	14	3,226,687	260,827	1,131,770	1,584,594	290,543	860,044	-	7,354,465
Fair value adjustment	14	681,989	446,659	-	-	-	-	-	1,128,648
Disposals		-	-	-	-	-	(1,299,518)	-	(1,299,518)
Written off		(20,975)	-	(148,496)	(649,102)	(14,878)	(247,464)	-	(1,080,915)
At 31 December 2005/ 1 January 2006		45,870,714	2,839,094	16,852,616	25,807,976	2,250,262	6,992,316	-	100,612,978
Depreciation for the year	14	3,106,213	140,944	1,231,318	1,972,115	723,245	926,399	-	8,100,234
Fair value adjustment	14	659,765	446,659	-	-	-	-	-	1,106,424
Written off		(4,509,421)	-	(192,913)	(408,994)	(12,399)	(365,356)	-	(5,489,083)
At 31 December 2006		45,127,271	3,426,697	17,891,021	27,371,097	2,961,108	7,553,359	-	104,330,553
Carrying amounts At 1 January 2005		28,002,897	10,039,016	14,466,900	5,861,639	1,215,993	1,959,012	5,938,018	67,483,475
At 31 December 2005/ 1 January 2006		33,651,916	37,527,309	16,724,745	13,914,570	1,318,549	2,397,168	2,340,954	107,875,211
At 31 December 2006		31,883,103	36,939,706	16,255,858	13,101,388	712,600	2,255,978	5,605,351	106,753,984

Company No. 12696-M

3. Property, plant and equipment (continued)

Company	Note	Estates RM	Long term leasehold lands RM	Buildings RM	Plant, machinery and equipments RM	Computer equipments RM	Motor vehicles RM	Work-in progress RM	Total RM
Cost									
At 1 January 2005		45,990,706	4,361,986	26,508,354	28,768,328	3,119,190	8,021,250	865,600	117,635,414
Additions		-	845,270	386,867	2,419,698	345,350	1,209,518	1,382,196	6,588,899
Disposals		-	-	-	-	-	(1,241,448)	-	(1,241,448)
Written off		(399,668)	-	-	(681,098)	(14,880)	(200,853)	-	(1,296,499)
Transfers from plantation development expenditure	4	6,893,848	-	-	-	-	-	-	6,893,848
At 31 December 2005/ 1 January 2006		52,484,886	5,207,256	26,895,221	30,506,928	3,449,660	7,788,467	2,247,796	128,580,214
Additions		-	-	554,785	1,058,685	91,731	538,965	2,723,493	4,967,659
Disposals		-	-	-	-	-	(77,210)	-	(77,210)
Written off		-	-	(356,999)	(396,547)	(13,639)	(333,732)	-	(1,100,917)
Transfers from plantation development expenditure	4	1,997,165	-	-	-	-	-	-	1,997,165
At 31 December 2006		54,482,051	5,207,256	27,093,007	31,169,066	3,527,752	7,916,490	4,971,289	134,366,911

Company No. 12696-M

3. Property, plant and equipment (continued)

Company	Note	Estates RM	Long term leasehold lands RM	Buildings RM	Plant, machinery and equipments RM	Computer equipments RM	Motor vehicles RM	Work-in progress RM	Total RM
Accumulated depreciation At 1 January 2005		29,441,014	819,175	14,607,643	23,585,543	1,915,226	6,597,171	-	76,965,772
Depreciation for the year	14	2,015,208	173,472	919,119	1,042,385	287,605	667,647	-	5,105,436
Disposals		-	-	-	-	-	(1,241,436)	-	(1,241,436)
Written off		(20,975)	-	-	(623,601)	(14,878)	(200,847)	-	(860,301)
At 31 December 2005/ 1 January 2006		31,435,247	992,647	15,526,762	24,004,327	2,187,953	5,822,535	-	79,969,471
Depreciation for the year	14	2,076,208	52,585	945,966	1,102,276	688,861	746,298	-	5,612,194
Disposals		-	-	-	-	-	(77,208)	-	(77,208)
Written off		-	-	(192,913)	(387,785)	(12,399)	(333,714)	-	(926,811)
At 31 December 2006		33,511,455	1,045,232	16,279,815	24,718,818	2,864,415	6,157,911	-	84,577,646
Carrying amounts At 1 January 2005		16,549,692	3,542,811	11,900,711	5,182,785	1,203,964	1,424,079	865,600	40,669,642
At 31 December 2005/ 1 January 2006		21,049,639	4,214,609	11,368,459	6,502,601	1,261,707	1,965,932	2,247,796	48,610,743
At 31 December 2006		20,970,596	4,162,024	10,813,192	6,450,248	663,337	1,758,579	4,971,289	49,789,265

Company No. 12696-M

4. Plantation development expenditure

	Note	Sentang RM	Oil Palm RM	/-----Total-----/	
				2006 RM	2005 RM
Group					
At 1 January		570,331	5,270,776	5,841,107	11,558,706
Additions during the year		19,145	3,232,321	3,251,466	2,003,648
		589,476	8,503,097	9,092,573	13,562,354
Less: Transfer to property plant and equipment	3	-	(1,997,165)	(1,997,165)	(7,721,247)
At 31 December		589,476	6,505,932	7,095,408	5,841,107
Company					
At 1 January		319,541	5,270,776	5,590,317	10,486,720
Additions during the year		12,460	2,730,784	2,743,244	1,997,445
		332,001	8,001,560	8,333,561	12,484,165
Less: Transfer to property plant and equipment	3	-	(1,997,165)	(1,997,165)	(6,893,848)
At 31 December		332,001	6,004,395	6,336,396	5,590,317

5. Investments in subsidiaries

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	64,919,006	64,919,006

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

	Effective ownership interest		Principal activities
	2006	2005	
TH Peladang Sdn. Bhd.	100.00%	100.00%	Cultivation of oil palm and selling of FFB.
Ladang Bangka Ulu Sdn. Bhd.	100.00%	100.00%	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.

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6. Investments in associates

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost:				
Unquoted shares	1,825,000	1,825,000	1,825,000	1,825,000
Share of post acquisition reserves	(1,226,039)	(1,274,680)	-	-
Less: Allowance for diminution in value	-	-	(1,439,874)	(1,439,874)
	598,961	550,320	385,126	385,126

The Group's share of post acquisition reserves in associate is based on management accounts as at 31 December 2006.

Summary financial information on associates:

Group						
	Country of incorporation	Effective ownership interest	Revenues (100%) RM	Profit / (Loss) (100%) RM	Total assets (100%) RM	Total liabilities (100%) RM
2006						
Kilang Sawit Panji Alam Sdn. Bhd.	Malaysia	24.01%	56,367,756	202,588	11,578,626	9,228,326
2005						
Kilang Sawit Panji Alam Sdn. Bhd.	Malaysia	24.01%	44,353,385	120,975	8,601,840	6,459,919

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7. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
Group						
Property, plant and equipment	-	-	(18,966,929)	(20,119,050)	(18,966,929)	(20,119,050)
Inventories	393	393	-	-	393	393
Net tax assets/ (liabilities)	393	393	(18,966,929)	(20,119,050)	(18,966,536)	(20,118,657)
Company						
Property, plant and equipment	-	-	(7,059,592)	(7,721,081)	(7,059,592)	(7,721,081)

Movement in temporary differences during the year

	At 1.1.2005 RM	Recognised in income statement (Note 15) RM	Acquired in business combinations RM	At 31.12.205 RM	Recognised in income statement (Note 15) RM	At 31.12.2006 RM
Group						
Property, plant and equipment	(11,942,516)	46,228	(8,222,762)	(20,119,050)	1,152,121	(18,966,929)
Inventories	-	393	-	393	-	393
	(11,942,516)	46,621	(8,222,762)	(20,118,657)	1,152,121	(18,966,536)
Company						
Property, plant and equipment	(7,890,443)	169,362	-	(7,721,081)	661,489	(7,059,592)

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8. Inventories

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost:				
Finished goods	2,523,232	1,734,652	1,757,263	1,566,106
Stores	591,463	420,256	450,722	289,664
Nurseries	211,398	515,132	149,287	216,549
	3,326,093	2,670,040	2,357,272	2,072,319

9. Receivables, deposits and prepayments

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Trade					
Trade receivables	a	14,383,931	10,222,043	11,623,744	8,918,262
Non trade					
Amount due from subsidiaries	b	-	-	1,594,567	125,310
Amount due from related companies	c	20,147,834	24,438,689	20,147,834	24,438,689
Tax recoverable	d	1,778,366	896,077	336,787	-
Other receivables		7,211,099	3,967,914	6,896,955	9,831,620
Deposits		526,306	511,103	480,143	479,346
Prepayments		1,702,813	3,994,967	1,667,805	3,994,967
		31,366,418	33,808,750	31,124,091	38,869,932
		45,750,349	44,030,793	42,747,835	47,788,194

Note a

Included in trade receivables are receivables due from associated company of RM2,330,490 (2005 – RM1,181,875) for the Group and RM1,441,372 (2005- RM 650,381) for the Company which are subjected to normal trade terms.

Note b

The receivables due from subsidiaries are unsecured, interest-free and have no fixed term of repayment.

Note c

The receivables due from related companies are unsecured, interest-free and have no fixed term of repayment.

Note d

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

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10. Cash and cash equivalents

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Deposits placed with licensed banks	19,203,851	10,801,539	19,203,851	2,101,539
Cash and bank balances	20,476,767	32,674,821	13,389,846	20,183,795
	39,680,618	43,476,360	32,593,697	22,285,334

Deposits which are placed with licensed banks for Group and Company have profit margins ranging between 3.00% to 3.55% (2005 – 2.70% to 3.00%)

Deposits placed with licensed banks pledged for a bank facility

Included in the deposits placed with licensed banks for Group and Company are RM1,703,851 (2005 - RM1,591,539) pledged for a bank guarantee issued to a third party.

11. Capital and reserves

Share Capital	Group and Company	
	2006 RM	2005 RM
Authorised:		
Ordinary shares of RM0.50 each	100,000,000	100,000,000
Issued and fully paid:		
At 1 January	98,047,000	50,000,000
Issue of new shares	-	1,603,700
Bonus issue	-	46,443,300
At 31 December	98,047,000	98,047,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Share Premium	Note	Group and Company	
		2006 RM	2005 RM
At 1 January		2,000,000	-
Issue of new shares		-	7,055,095
Bonus issue		-	(5,055,095)
Listing expenditure	(i)	(2,000,000)	-
At 31 December		-	2,000,000

(i) Expenditures related to listing exercise, which are permitted to be utilised against share premium in accordance to Company Act, 1965 Section 60(2)(1e) – Share Premium Act.

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11. Capital and reserves (continued)

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 all of its distributable reserves at 31 December 2006 if paid out as dividends.

12. Payables and accruals

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Trade					
Trade payables		2,927,646	1,166,607	2,408,792	1,007,545
Amount due to subsidiaries	a	-	-	2,540,038	1,414,007
		2,927,646	1,166,607	4,948,830	2,421,552
Non-trade					
Amount due to holding company	b	2,743,180	1,904,882	2,743,180	1,904,882
Amount due to subsidiaries	c	-	-	5,324,316	396,723
Amount due to related companies	d	11,412,361	13,917,108	11,412,361	13,917,108
Other payables		6,712,434	9,032,061	5,626,466	7,665,659
Accrued expenses		684,714	682,506	346,550	193,566
		21,552,689	25,536,557	25,452,873	24,077,938
		24,480,335	26,703,164	30,401,70	26,499,490

Note a

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

Note b

The payable due to holding company are unsecured, interest free and has no fixed term of repayment.

Note c

The payable due to subsidiaries are unsecured, interest free and has no fixed term of repayment.

Note d

The payable due to related companies are unsecured, interest free and has no fixed term of repayment.

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13. Revenue

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sales of goods	120,683,093	112,046,032	101,187,030	95,796,565
Dividends	-	-	8,750,000	8,715,278
	120,683,093	112,046,032	109,937,030	104,511,843

14. Operating profit

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Operating profit is arrived at after charging :					
Auditors remuneration		95,000	95,000	60,000	60,000
Amortisation of fair value adjustment	3	1,106,424	1,128,648	-	-
Directors' remuneration		176,100	207,200	162,000	111,000
Depreciation of property, plant and equipment	3	8,100,234	7,354,465	5,612,194	5,105,436
Property, plant and equipment written off		221,597	531,661	174,106	436,198
Personnel expenses :					
- Wages, salaries and others		27,433,996	24,844,591	23,047,863	20,664,733
- Contribution to Employee Provident Fund		2,146,750	1,717,068	1,928,123	1,537,282
Rental of premise		1,213,452	1,213,452	1,213,452	1,213,452
Rental of land		1,999,990	1,999,990	1,999,990	1,999,990
Goodwill written off		-	1,062,333	-	-
Bad debts written off		-	1,739	-	1,739
and after crediting :					
Gain on disposal of property, plant and equipment		-	417,789	-	402,990
Dividend income from subsidiary		-	-	8,750,000	8,715,278
Expenditure written back		-	895,978	-	895,978
Management fee income from related companies		13,358,483	12,505,141	13,358,483	12,505,141
Rental income		4,005	7,301	2,520	5,829

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15. Tax expense

Recognised in the income statement

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Current tax expense					
Malaysia- current year		13,939,487	12,113,974	14,420,660	13,151,990
- prior years		(449,422)	188,253	(321,973)	-
Total current tax recognised in the income statement		13,490,065	12,302,227	14,098,687	13,151,990
Deferred tax expense					
- current year		(579,647)	(36,822)	(346,994)	(160,262)
- prior year		6,008	(9,799)	(53,028)	(9,100)
- effect of change in tax rate*		(578,482)	-	(261,467)	-
Total deferred tax recognised in the income statement	7	(1,152,121)	(46,621)	(661,489)	(169,362)
Share of tax of equity accounted associates		-	1,874	-	-
Total tax expense		12,337,944	12,257,480	13,437,198	12,982,628
Reconciliation of effective tax expense					
Profit before tax and zakat		<u>49,089,725</u>	<u>42,526,316</u>	<u>51,869,309</u>	<u>47,392,901</u>
Tax calculated using Malaysian tax rate of 28% (2005 – 28%)		13,745,124	11,907,368	14,523,407	13,270,012
Effect of changes in tax rate*		(578,482)	-	(261,467)	-
Non-deductible expenses		(385,284)	169,784	(449,741)	(278,284)
Share of tax of equity accounted associates		-	1,874	-	-
Under/(over) provided in prior years		-	-	-	-
- tax expense		(449,422)	188,253	(321,973)	-
- deferred tax		6,008	(9,799)	(53,028)	(9,100)
		12,337,944	12,257,480	13,437,198	12,982,628

* In the Malaysian budget 2007, it was announced that the corporate income tax rate will be reduced to 27% in 2007 and to 26% in 2008. Consequently deferred tax assets and liabilities are measured using these tax rates.

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16. Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share at 31 December 2006 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2006 RM	2005 RM
Profit for the year attributable to shareholders	35,659,961	29,309,092
Weighted average no of shares at 31 December	196,094,000	194,929,670
Basic and diluted earnings per share (sen)	18.19	15.04

17. Dividends

There is no interim dividend declared in 2006.

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM	Date of payment
2005			
First interim 2005 ordinary	40.00	14,400,000	10 March 2006 and 13 September 2006
Second interim 2005 ordinary	21.74	7,825,000	13 September 2006
Third interim 2005 ordinary	6.25	8,824,230	18 January 2006 and 24 August 2006
Total amount		31,049,230	

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.

	Sen per share	Total amount RM
2006		
Final ordinary	12.5	17,883,772

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18. Financial instruments

Exposure to credit and liquidity risks arises in the normal course of the Company'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 Company does not require collateral in respect of financial assets.

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

Liquidity risk

The Company 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.

Effective share of profit rates and repricing analysis

In respect of share of profit-earning financial assets, the following table indicates the average effective share of profit rates at the balance sheet date and the periods in which they mature or reprice.

2006	Note	Average effective share of profit rate %	Total RM	Less than 1 year RM
Group Deposits	10	3.24	19,203,851 =====	19,203,851 =====
Company Deposits	10	3.34	19,203,851 =====	19,203,851 =====
2005				
Group Deposits	10	2.78	10,801,539 =====	10,801,539 =====
Company Deposits	10	2.81	2,101,539 =====	2,101,539 =====

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19. Capital and other commitments

Capital expenditure commitments	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Plant and equipment				
<i>Contracted but not provided for and payable:</i>				
Within one year	5,168,030	-	4,970,390	-
<i>Approved but not contracted for:</i>				
Within one year	5,317,700	8,695,500	4,276,920	7,678,600
Plantation development expenditure				
<i>Contracted but not provided for and payable:</i>				
Within one year	364,810	-	364,810	-
<i>Approved but not contracted for:</i>				
Within one year	1,457,740	3,285,940	1,089,700	2,702,060
	12,308,280	11,981,440	10,701,820	10,380,660

20. Related parties

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Holding company:				
Rental of premise	1,213,452	1,213,452	1,213,452	1,213,452
Rental of land	1,999,990	1,999,990	1,999,990	1,999,990
Subsidiaries:				
Dividend income	-	-	8,750,000	8,715,278
Sales of crude palm oil	-	-	-	648,670
Purchase of FFB	-	-	1,126,321	2,439,685
Associated company:				
Sales of FFB	4,658,821	8,376,030	1,441,372	4,818,724
Related companies:				
Management fees	13,358,483	12,505,141	13,358,483	12,505,141
Purchase of fertiliser	8,199,904	8,312,344	6,389,338	6,054,453
Palm oil mill upgrading	491,435	-	491,435	-

These transactions are subject to the normal trade terms.

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21. Significant event

On 28 December 2006, the company had entered into a conditional sale and purchase agreement ("Conditional SPA") for the proposed acquisition of the entire equity interest in Zecon Plantation Sdn. Bhd. ("Zecon Plantation") from Zecon Engineering Berhad comprising two (2) shares of RM1.00 each in Zecon Plantation for a cash consideration of RM51.4 million.

Upon execution of the Conditional SPA, TH Plantations Berhad paid a refundable deposit of RM5.14 Million equivalent to 10% of the purchase consideration and the balance of the purchase consideration to be paid on the Completion Date in accordance with the terms and conditions of the Conditional SPA. The purchase consideration is to be funded by internally generated funds and bank borrowings.

Zecon Plantation is the registered and beneficial owner of 2,792,000 ordinary shares of RM1.00 each in Kenyalang Resources Sdn Bhd ("KRSB"), representing 80% of the issued and paid-up capital of KRSB, which carries on the principal business of oil palm plantation and investment holding. KRSB owns four (4) parcels of land held under a Provisional Lease of State Land which are described as Lot 1 Block 3 Sablor Land District, Lot 3 Block 16 Awik-Krian Land District, Lot 410 Block 18 Awik-Krian Land District and Lot 121 Block 19 Kalaka Land District (collectively referred to as the "KRSB Land"), measuring approximately 10,390 hectares and are currently being developed into an oil palm plantation.

22. Segmental information

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

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Analysis of Shareholdings

Heaps of FFB accumulated at the collection point before milling.



As at 28 March 2007

SHAREHOLDINGS STRUCTURE

Authorised share capital	: RM100,000,000.00
Issued and paid up capital	: RM98,047,000.00
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

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 to 99	2	0.02	100	0.00
100 to 1,000	4,433	49.78	4,133,800	2.11
1,001 to 10,000	4,085	45.88	12,977,292	6.62
10,001 to 100,000	297	3.34	8,269,728	4.22
100,001 to less than 5% of issued shares	86	0.97	52,913,080	26.98
5% and above of issued shares	1	0.01	117,800,000	60.07
TOTAL	8,904	100.00	196,094,000	100.00

DIRECTORS' SHAREHOLDINGS

No. of Ordinary Shares Held

No.	Name of Directors	Direct	%	Indirect	%
1.	Tan Sri Datuk Dr. Yusof bin Basiran	2,000	0.00	-	0.00
2.	Dato' Che Abdullah @ Rashidi bin Che Omar	-	0.00	-	0.00
3.	Datuk Dr. Abdul Samad bin Haji Alias	12,000	0.01	-	0.00
4.	Datuk Azizan bin Abd Rahman	-	0.00	-	0.00
5.	Ismee bin Ismail	-	0.00	-	0.00
6.	Dato' Haji Wan Zakaria bin Abd Rahman	2,000	0.00	-	0.00
7.	Md. Yusof bin Hussin	-	0.00	-	0.00
8.	Syed Hood bin Syed Edros	-	0.00	-	0.00

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Lembaga Tabung Haji	117,800,000	60.07	-	

TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issue Capital
1.	Lembaga Tabung Haji	117,800,000	60.07
2.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yayasan Pok dan Kassim	5,548,800	2.83
3.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For American International Assurance Company Limited	3,623,500	1.85
4.	Employees Provident Fund Board	3,233,700	1.65
5.	Universal Trustee (Malaysia) Berhad SBB Emerging Companies Growth Fund	2,767,400	1.41
6.	Pertubuhan Peladang Negeri Terengganu	2,445,956	1.25
7.	Universal Trustee (Malaysia) Berhad SBB Dana Al-Azam	1,725,400	0.88
8.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Islamic Opportunities Fund	1,668,800	0.85
9.	Affin Nominees (Tempatan) Sdn Bhd Affin Fund Management Sdn Bhd for Majlis Ugama Islam dan Adat Resam Melayu Pahang	1,609,400	0.82
10.	AMMB Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (7-776-5)	1,500,000	0.76
11.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB-Principal Asset Management Berhad for Pensions Trust Fund Council	1,190,000	0.61
12.	BIMSEC Nominees (Tempatan) Sdn Bhd Syarikat Takaful Malaysia Berhad	1,186,800	0.61
13.	AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Pacific Pearl Fund (5/1-9)	1,180,000	0.60
14.	Majlis Agama Islam dan Adat Melayu Perak Darul Ridzuan	1,000,000	0.51
15.	Amin Baitulmal Johor	1,000,000	0.51
16.	Majlis Agama Islam Wilayah Persekutuan	1,000,000	0.51
17.	Citigroup Nominees (Asing) Sdn Bhd Citibank Singapore Global Window for Savers Malaysia Fund	1,000,000	0.51
18.	Mayban Nominees (Tempatan) Sdn Bhd Amanahraya-JMF Asset Management Sdn Bhd for Majlis Agama Islam Negeri Sembilan (C4117-260272)	1,000,000	0.51

No.	Name of Shareholders	No. of Shares Held	% of Issue Capital
19.	Yayasan Islam Perlis	1,000,000	0.51
20.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	908,100	0.46
21.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	700,000	0.36
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Employees Provident Fund	613,600	0.31
23.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Bhd for Amanah Saham Wanita	600,000	0.31
24.	Amanah Raya Nominees (Tempatan) Sdn Bhd Dana Al-Aiman	582,900	0.30
25.	Majlis Agama Islam Melaka	580,400	0.30
26.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Life Assurance Berhad (Prem Equity Fd)	580,000	0.29
27.	BIMSEC Nominees (Tempatan) Sdn Bhd Bank Islam Malaysia Behad	517,000	0.26
28.	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for MAAKL-CM Flexi Fund (260651)	510,000	0.26
29.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB-Principal Asset Management Berhad for Commerce Assurance Berhad	475,000	0.24
30.	AMMB Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for SBB Dana Al-Ihsan (5-2-7)	468,000	0.24
	TOTAL	158,014,756	80.58

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Properties Owned by the Group

Oil Palm Mill belonging to THPB located in Kluang, Johore



The details of the properties of our Group as at 31 December 2006 are as follows:

Registered Owner/ Lessee	Estate	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use
THP ¹	LKB	Lot No. PT 306– Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 03.02.2073	Oil palm plantation
THP ¹	LKB	Lot No. PT 288– Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 29.09.2071	Oil palm plantation
THP ¹	LKB	Lot No. PT 289– Mukim of Keratong, District of Rompin, Pahang	N/a	99 years leasehold expiring on 29.09.2071	Oil palm plantation
THP ¹	KSKB	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~
THP ¹	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
THP ¹	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
THP ²	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

	Land Area (Ha)	Endorsements/ Encumbrances	Date of Aquisition	Net Book Value as at 31 December 2006 RM
	980.80	Nil	4 February 1974	8,276,336
	182.70	Nil	30 September 1972	
	707.63 ⁴	Nil		
	9.80 ^{4^}	Nil		4,331,925
	877.00	Nil	14 July 1994	9,772,091
	987.15	Nil	4 February 1974	
	198.30	Nil	21 August 1991	

Registered Owner/ Lessee	Estate	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use
THP ²	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
THP ²	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
THP ²	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
THP ²	Ladang Ulu Chukai	Lot No. 2414 – Mukim of Hulu Cukai, District of Kemaman, Terengganu	14 - 30	60 years leasehold expiring on 10.11.2051	Oil palm plantation

	Land Area (Ha)	Endorsements/ Encumbrances	Date of Aquisition	Net Book Value as at 31 December 2006 RM
	1,720.00	Nil	20 June 1986	1,720,022
	1,388.90	Nil	10 July 1994	2,736,026
	609.10	Nil	11 November 1991	967,261
	314.00	Nil		

Registered Owner/ Lessee	Estate	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use
THP ²	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
THP ²	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
THP ²	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
THP ²	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
THP ²	Ladang Gunung Sumalayang	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
THP ²	Ladang Gunung Sumalayang	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
THP ²	Ladang Gunung Sumalayang	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

	Land Area (Ha)	Endorsements/ Encumbrances	Date of Aquisition	Net Book Value as at 31 December 2006 RM
	165.20	Nil	27 Oktober 1992	3,835,176
	136.90	Nil		
	570.41	Nil		
	1,033.02	Nil		
	330.49 ⁴	Nil		
	163.00	Nil		
	139.00	Nil		

Registered Owner/ Lessee	Estate	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use
THP ²	Ladang 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
THP ²	Ladang 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
THP ²	Ladang 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
THP ²	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
THP ²	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
THP ²	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
THP ²	KSBL	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~

	Land Area (Ha)	Endorsements/ Encumbrances	Date of Aquisition	Net Book Value as at 31 December 2006 RM
	330.49 ⁴	Nil	27 Oktober 1992	3,552,750
	163.00	Nil		
	139.00	Nil		
	506.31	Nil		
	925.02	Nil		
	86.07	Nil		
	10.00 ^	Nil		5,308,690

Registered Owner/ Lessee	Estate	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use
LBU	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
LBU	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
LBU	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
LBU	Ladang Londah	Lot No. PT 4080 – Mukim of Gemas, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 07.08.2093	Oil palm plantation
LBU	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
LBU	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
LBU	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
LBU	Ladang Bukit Rokan	Lot No. PT 4231 – Mukim of Gemencheh, District of Tampin, Negeri Sembilan	N/a	99 years leasehold expiring on 09.11.2090	Oil palm plantation
LBU	KSPB	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~

	Land Area (Ha)	Endorsements/ Encumbrances	Date of Aquisition	Net Book Value as at 31 December 2006 RM
	59.44	This land is under a Malay Reservation area	15 October 1992	11,613,763
	726.24	Nil	14 October 1992	
	926.69	Nil	19 September 1989	
	20.61	Nil	8 August 1994	
	3.48	Nil	26 April 1991	
	85.34	Nil	26 April 1991	
	325.02	Nil	30 March 1993	6,962,186
	621.00	Nil	9 November 1991	
	5.00 ^	Nil	-	8,944,624

Registered Owner/ Lessee	Estate	Title/ Location	Approximate Age of Building (years)	Tenure/ Expiry of Lease	Description/ Existing use
THPE ³	Ladang Sungai Ibok	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
THPE ³	Ladang Sungai Ibok	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
THPE ³	Ladang Sungai Ibok	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
THPE ³	Ladang Sungai Ibok	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

	Land Area (Ha)	Endorsements/ Encumbrances	Date of Aquisition	Net Book Value as at 31 December 2006 RM
	132.66	Nil	17 June 1992	2,312,208
	310.01	Nil	20 October 1982	
	433.37	Nil		
	81.51	Nil	17 June 1992	

Notes:

1. Registered under the ownership of Lembaga Tabung Haji.
 2. Registered under the ownership of Perbadanan Ladang-Ladang Tabung Haji Sdn Bhd (the former name of TH Plantations Berhad).
 3. Registered under the ownership of Syarikat Peladang LUTH Sdn Bhd (the former name of TH Peladang Sdn Bhd).
 4. Mill sites are part of the respective sites.
- ^ The built-up area of KSKB, KSBL and KSPB are 29,400 square metres, 30,000 square metres and 15,000 square metres respectively.
- ~ The production capacity of KSKB, KSBL and KSPB are 30 MT/Hr, 40 MT/Hr and 10 MT/Hr respectively.

Corporate Directory

Oil palm FFB being unloaded from dumper trucks into processing cages at Bukit Lawiang Mill in Klauang, Johore.



TH PLANTATIONS BERHAD

1. **Ladang Kota Bahagia**
Peti Surat 19
26700 Muadzam Shah
Pahang
Tel : 09 4524 826 Fax : 09 4524 821
Pengurus : Abdul Wahab b Rashid
2. **Ladang Sungai Mengah**
Peti Surat 21
26700 Muadzam Shah
Pahang
Tel : 09 4524 979 Fax : 09 4524 981
Pengurus : Asmadi b Jani
3. **Ladang Sungai Buan**
Peti Surat 18
26700 Muadzam Shah
Tel : 09 4524 996 Fax : 09 4524 995
Pengurus : Mohd Maznan b Aris
4. **Ladang Sungai Merchong**
Peti Surat 4
26700 Muadzam Shah
Pahang
Tel : 09 4530 807 Fax : 4530 804
Pengurus : Aruludin Raj b Azman Arasu
5. **Ladang Bukit Lawiang**
Karung Berkunci No 522
86009 Kluang
Johor
Tel : 07 786 3063 Fax : 07 7864 271
Pengurus : Mukhtar b Yusuf
6. **Ladang Gunung Sumalayang**
Karung Berkunci No 535
86009 Kluang
Johor
Tel : 07 7863 444 Fax : 07 786 4606
Pengurus : Ghazali b Limat
8. **Ladang Ulu Chukai**
Peti Surat 2
24107 Kijal,
Kemaman, Terengganu
Tel : 09 8676 336 Fax : 09 8676 336
Pemangku Pengurus : Mohamad Shukri
b. Othman
9. **Ladang Sungai Ibok**
Peti Surat 2
24107 Kijal,
Kemaman, Terengganu
Tel : 09 8676 543 Fax : 09 8676 336
Pemangku Pengurus : Mohamad Shukri
b.Othman
10. **Ladang Londah / Ladang Pasir Besar**
Peti Surat 28
73400 Gemas
Negeri Sembilan
Tel : 07 9484 700 Fax : 09 9484 700
Pengurus : Hamidun b Hamzah
11. **Ladang Bukit Rokan**
Peti Surat 28
73400 Gemas
Negeri Sembilan
Tel : 013 2182 718 Fax : 09 9484 700
Pengurus : Mohd Sakri b Idris
12. **Kilang Sawit Kota Bahagia**
Peti Surat 20
26700 Muadzam Shah
Pahang
Tel : 09 4524 936 Fax : 09 4524 828
Pengurus : Adnan b Ariffin
13. **Kilang Sawit Bukit Lawiang**
Peti Surat 114
86007 Kluang
Johor
Tel : 07 7864 540 Fax : 07 7864 540
Pengurus : Abd Samad b Shafie
14. **Kilang Sawit Pasir Besar**
Peti Surat 30
73400 Gemas
Negeri Sembilan
Tel : 019 2677479 Fax : 019 2647 479
Pen. Pengurus : Zairy Juazry b. Mohd Zaki

TH PLANTATIONS BERHAD (12696-M)
(Incorporated in Malaysia)

Thirty-Third Annual General Meeting
Form of Proxy

I/We, _____ of _____

being a member/members of the above Company hereby appoint _____ of _____
_____ or failing him/her _____

_____ of _____ 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-Third Annual General Meeting of the Company to be held at Mahkota III, (Ballroom Level) Hotel Istana, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, 24 May 2007 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below :-

RESOLUTION NO.	ORDINARY BUSINESS	FOR	AGAINST
ORDINARY RESOLUTION 1	To receive the Audited Financial Statements and Directors' and Auditors' Reports		
ORDINARY RESOLUTION 2	To approve a first and final dividend of 12.5 sen per share less tax at 27%		
ORDINARY RESOLUTION 3	To approve the payment of Directors' Fees		
ORDINARY RESOLUTION 4	To re-elect Tan Sri Datuk Dr Yusof Bin Basiran		
ORDINARY RESOLUTION 5	To re-elect Datuk Dr Abdul Samad Bin Haji Alias		
ORDINARY RESOLUTION 6	To re-elect Dato' Che Abdullah @ Rashidi Bin Che Omar		
ORDINARY RESOLUTION 7	To re-appoint Messrs Desa Megat & Co. as the Company's Auditors		
	SPECIAL BUSINESS		
ORDINARY RESOLUTION 8	To authorise the Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
ORDINARY RESOLUTION 9	To approve the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
SPECIAL RESOLUTION 1	To approve the Proposed Amendments to the Company's Articles of Association		

(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.)

Number of Shares Held

Dated this _____

(Signature/Common Seal of Shareholder)

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy/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)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member is entitled to appoint more than (1) proxy to attend and vote at the Meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy. Each proxy appointed, shall represent a minimum of one hundred (100) shares.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing or if such appointer is a corporation, either under its Common Seal or the hand of its attorney.
4. The instrument appointing a proxy must be deposited at the Company's registered office at TH Plantations Berhad, Tingkat 26, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting or adjourned meeting.

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POSTAGE

THE COMPANY SECRETARY
TH PLANTATIONS BERHAD
Level 26, Bangunan TH Selborn,
153, Jalan Tun Razak,
50400, Kuala Lumpur, Malaysia.
URL : www.thplantations.com.my

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TH PLANTATIONS BERHAD (17496-M),
Level 26, Bangunan TH Selborn,
153, Jalan Tun Razak,
50400, Kuala Lumpur, Malaysia.
URL : www.thplantations.com.my