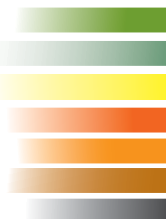


2010
ANNUAL REPORT

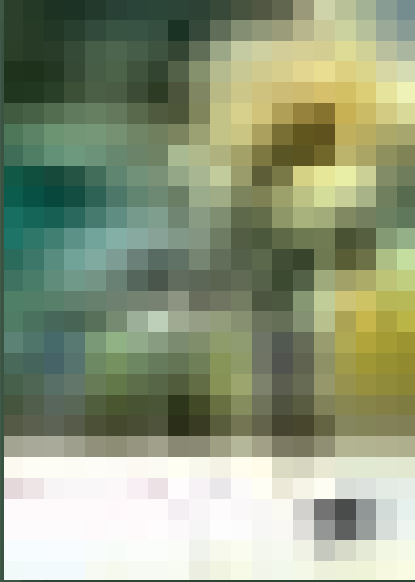
**growth &
sustainability**



TH PLANTATIONS BERHAD (12696-M)



Cover Rationale



The colour green represents TH Plantations Berhad's ("THP") official colour, signifying its synergistic relationship with the earth, cultivating land into verdant plantations for human benefit while protecting the environment with sustainable initiatives.

The bee is an insect whose flight has perplexed scientists for many years. It is said that their wings are far too small to generate enough lift given their weight. However bees has defied this observation and flown far and wide and recognised as a growth agent by assisting in pollination. Similarly, THP Group, despite being a medium sized player in the plantations business, has evolved formidably to manage plantations not only owned by the Company but also by Lembaga Tabung Haji in Malaysia and Indonesia.

The Turnera subulata – the prim and pretty yellow flowers that are planted on the grounds of all THP Group's estates, is the host for insects that prey on palm oil pests. Just as it is home for these beneficial insects, THP Group has also evolved to become a sanctuary for the populace in the remote areas it operates in; creating jobs to sustain and grow the economy in the vicinity of its operations, and in the long run creating growth and sustainability within the industry and the nation at large.

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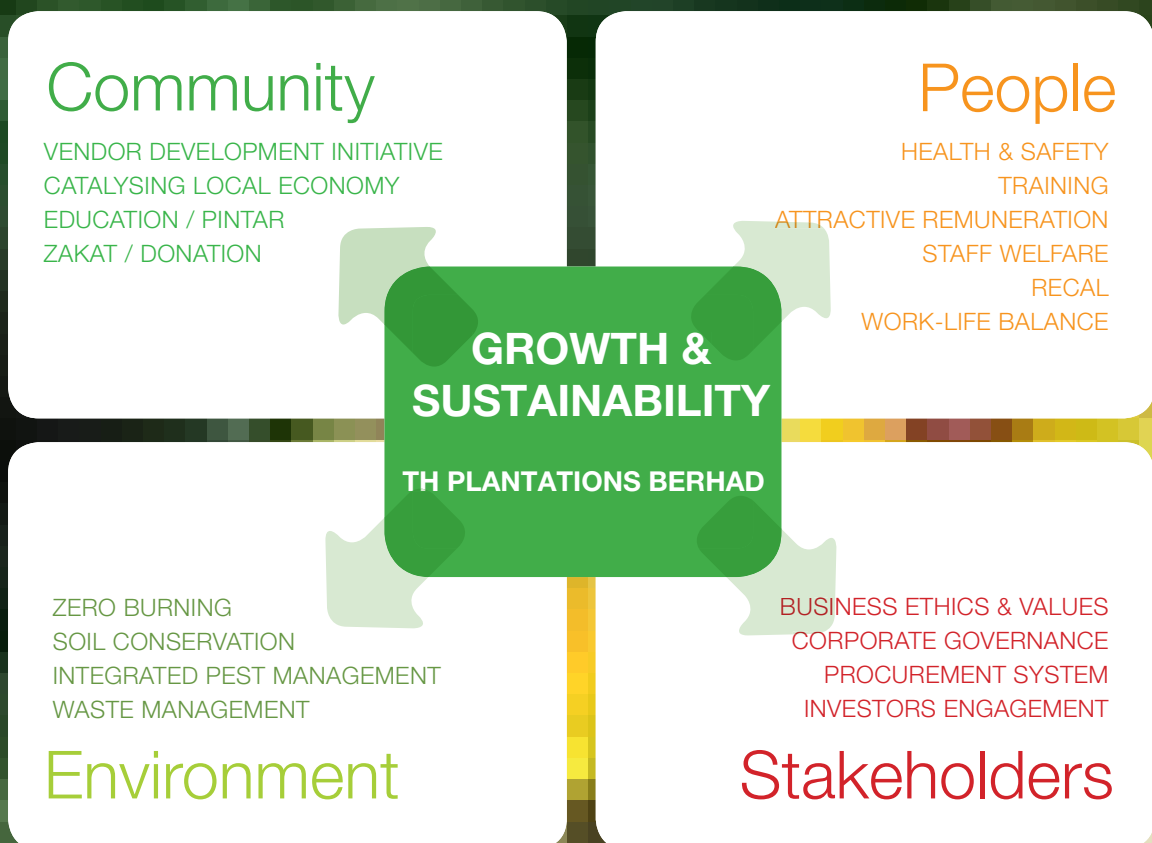
OVERVIEW OF CORPORATE RESPONSIBILITY

Corporate Responsibility is an initiative that THP Group has embarked upon to ensure that it stays on the course of ensuring sustainability on all fronts.

Sustainability is a buzzword that means different things to different people. At THP Group, sustainability is our cornerstone which means balancing our bottom line, along with the well being of our stakeholders, namely our people comprising our workforce and shareholders, the community we work in and our environment as a whole. It also means working towards capacity building for our future generation – in terms of economy, environment and society.

THP Group brings together directors from throughout the business, and helps ensure that social, environmental and ethical issues are a natural part of the way we do business, with the aim to ensure that we take a sustainable approach to business – to do the right thing for our shareholders, customers, suppliers, the community and the environment.”

Our Corporate Responsibility efforts are divided into four main pillars:



Community

THP Group is fully aware of the interdependencies between the company's operations and the community it operates in. It is fully cognisant that the company will thrive when the community it operates in is vibrant and progressive. To ensure growth and sustainability within the company which can be cascaded down to the community within the vicinity of its operations, THP Group has formulated the following Corporate Responsibility initiatives:

1. THE VENDOR DEVELOPMENT INITIATIVE

The Vendor Development Initiative ("VDI") stemmed from THP's relentless commitment to support the government's aspiration to eradicate poverty and progress towards a high-income nation.

Since its inception, promoting growth and sustainability has been at the heart of THP Group's agenda. As such, the VDI has been practiced in an informal manner even before "sustainability" or "vendor development" became a buzzword, whereby entrepreneurs from the local communities were always given the opportunity to participate in the Groups business activities. It was only in 2007 when THP Group began its venture into Sarawak, that the effort began to be structured into a more organised initiative. Even in its infancy, positive effects could be discerned, and as such, in 2009, THP Group decided to formalise it into a full fledged initiative with a well structured programme to achieve the following objectives:

- to accelerate local economic and social development
- to start up and mentor vendors who will provide high-quality services to support THP and the industry
- to nurture local businesses to create jobs for the local population
- to reduce dependency on vendors and services from outside the community we operate in
- to guide and mentor these vendors to eventually participate in the open market





To ensure the enduring success of the VDI, THP Group has taken the following steps in formulating the initiative:

• Identification of operation areas for VDI

THP Group assesses the process flows involved in its operations to identify areas and job scopes that can be outsourced to the vendors who will be involved in the initiative to perpetuate their start up.

• Strategy Formulation and Pre-Procurement Process

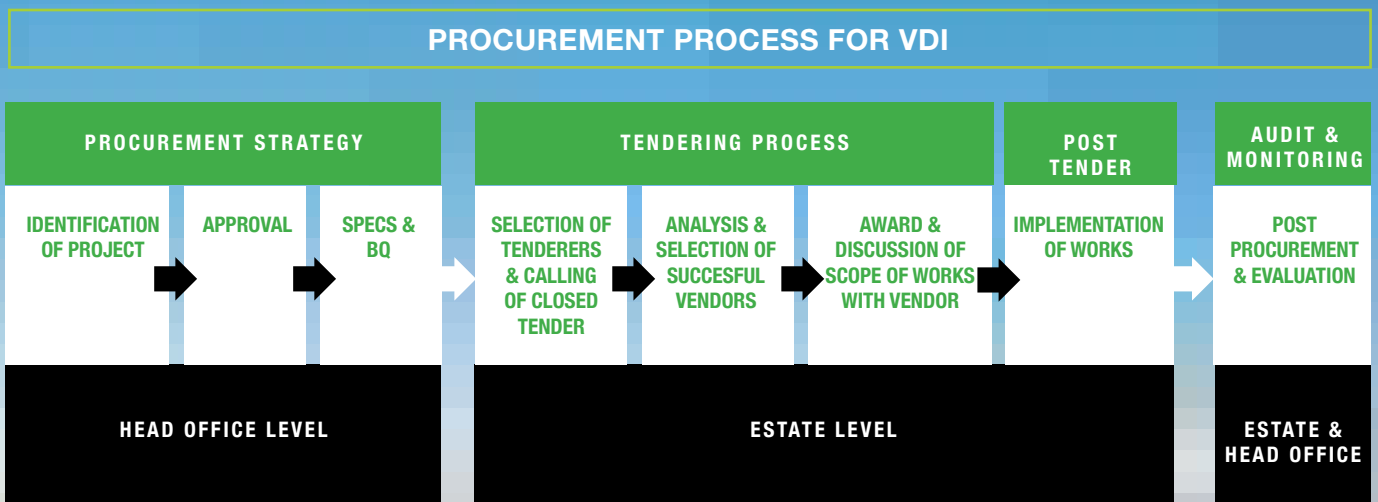
In establishing the strategy for the VDI, THP Group's Corporate Responsibility objectives at the operations level is aligned with those of the Group's and finally with the nation as a whole.

This involves studying the feasibility, objectives and rationale of the proposed works to be awarded to the selected vendors as well as in what way the Company can assist in developing vendors with very little financial capacity but a huge potential in terms of diligence and passion. After considering the major issues and challenges that will be faced

at the operations level, the following criteria and exemptions are set:

- the maximum contract value to be awarded under this program is RM150,000
- the vendors participating in the tender are exempted from providing tender deposits
- the vendor must be from the locality of the estate awarding the contract
- the vendor should preferably use local resources, particularly manpower in completing the project awarded.

The development of resource strategies for production, technology, and people is also considered. The tender documents comprising specifications of the contract and bills of quantities are then prepared at the Head Office level and sent out to the respective plantations for further procurement.



• **Vendor Identification**

In selecting vendors to be included in the VDI, the current performance of existing small time vendors and individuals with potential both from within and outside THP Group estates are observed and assessed. During this stage THP Group is always cognisant of the resource capability gaps that may exist for these new vendors, particularly in terms of financial capabilities, and plans are drawn up to support them accordingly.

Training, mentoring, monitoring and auditing are also conducted during the implementation stages of the project.

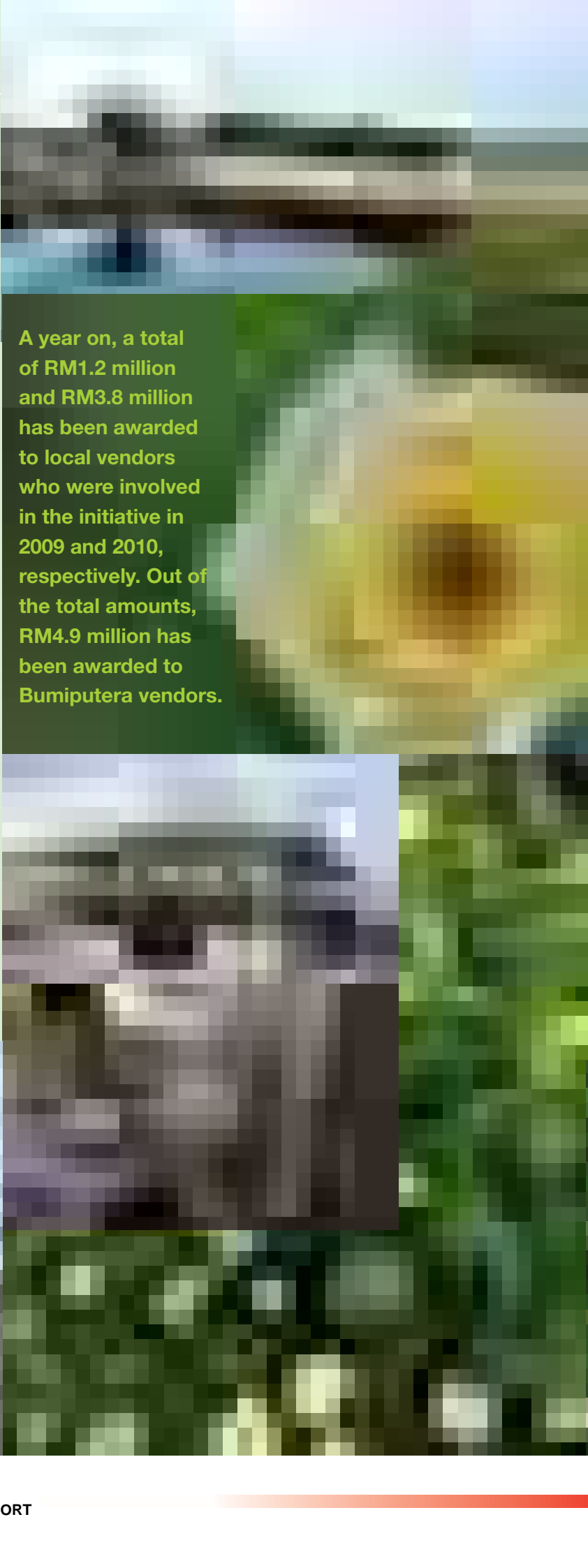
• **Procurement Process**

Upon identification and assessment of individuals who are qualified to be included in the Initiative, the normal procurement procedures are applied, through a closed tender process. The successful vendor is selected based on the best price given and the capabilities observed in their previous involvement with THP Group.

• **Implementation and Post Procurement Process**

During the implementation stages, THP Group supports these new vendors by honouring their payments on a timely basis, providing on the job mentoring and advice and guidance on quality. This enables the vendor to honour their payments to their suppliers and workers and allow for the smooth completion and success of the projects. The profits can then be rolled over by the vendors for future projects, enabling them to be more independent and progressive.

Upon completion, the job and vendor are assessed to establish whether they may be included for future projects to be awarded by THP Group.



A year on, a total of RM1.2 million and RM3.8 million has been awarded to local vendors who were involved in the initiative in 2009 and 2010, respectively. Out of the total amounts, RM4.9 million has been awarded to Bumiputera vendors.

Current achievements

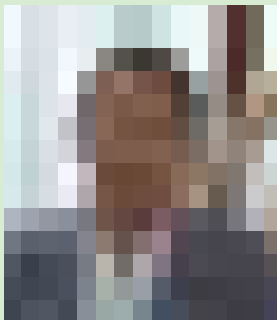
A year on, a total of RM1.2 million and RM3.8 million has been awarded to local vendors who were involved in the initiative in 2009 and 2010, respectively. Out of the total amounts, RM4.9 million has been awarded to local Bumiputera vendors. Most vendors were selected among small scale subcontractors or those who have been working with other contractors and decided to set up their own businesses. The contracts include supply of plantation materials and equipment, transportation of young palm trees from nursery to the main fields and Fresh Fruit Bunches (“FFB”) from the plantations to external mills, construction of temporary structures such as temporary housing for workers, construction of surau, bridges, stores, temporary plantation site office and dining hall and sports facilities.

During the year, these vendors were further assessed to evaluate their quality of work, as well as their administrative and financial capacity, to determine whether they are able to graduate to more complicated and larger projects. As these vendors graduate, and are able to procure bigger tasks, new opportunities are opened up for new vendors to participate in those simpler tasks they used to handle, creating a dynamic growth path for the community.



Gearing for Growth

As the plantations in Sarawak and Sabah become more mature, new needs and opportunities will present to those vendors who are able and willing to take on the challenge. Plans are well underway to construct mills that will cater to the huge plantation hectareage owned and managed by THP Group in this area. This opens up opportunities in the area of transportation of not only FFB but also Crude Palm Oil (“CPO”) to the nearest refineries. These vendors are being schooled up to expand their operations for the transportation of CPO from THP Group’s mills.



Encik Omar bin Jamu
VDI PARTICIPANT



The vendors are also encouraged to network among themselves, to come up with tangible solutions, and promote solutions that they feel other members in their community can benefit from economically. Even within a short span of time, the fruits of this initiative can be discerned, and it is hoped that, with consistent efforts in this area, the programme will catalyse positive change in the lives of the communities in Sarawak in particular and East Malaysia as a whole. As we take the path of sustainable growth, this goal of enriching the community through our VDI will continue to challenge us to seek new ideas and greater creativity so as to ensure that we come up with activities which are mutually beneficial to THP Group's bottom line as well as to the community in the present and in the years to come.



**We seek new ideas
to come up with
activities which are
mutually beneficial to
THP Group and the
community.**

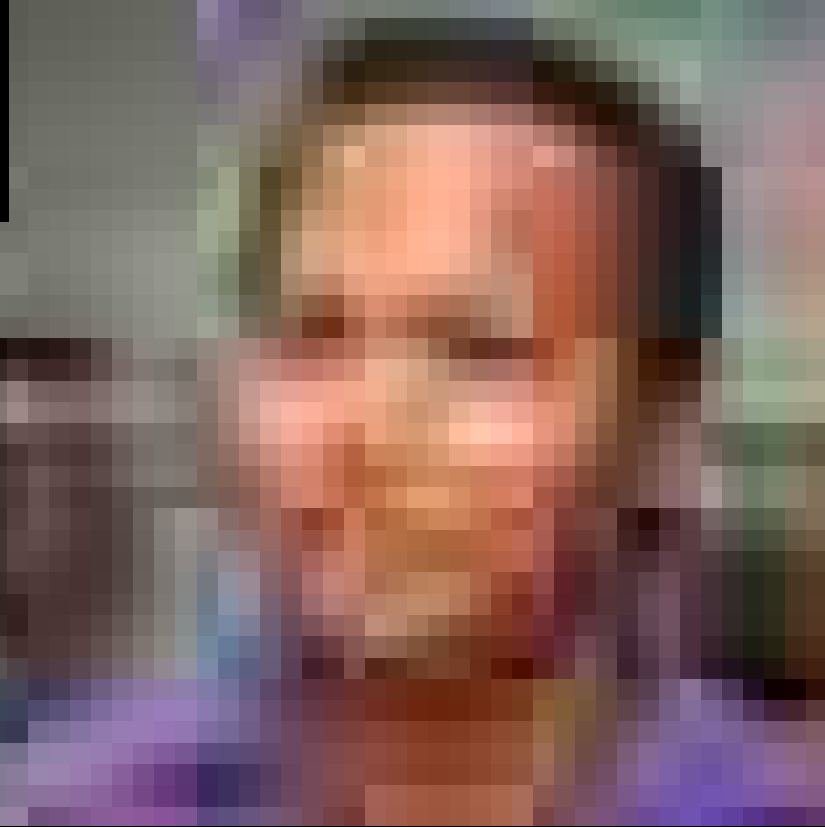


Encik Rahman bin Ujang
VDI PARTICIPANT

“ I am thankful to THP for giving me the opportunity to provide small time food catering services for their events. Later when they opened up the opportunity for local small time contractors to bid for minor supply and construction works, I jumped at the opportunity. Since then, the supply of work with fast turnaround time was constant. Their exemplary payment ethics, has enabled me to sustain and grow my operations and I am pleased that I am able to provide jobs for the local community. Thank you, THP”

Fauzi bin Sani, 22
VENDOR DEVELOPMENT INITIATIVE PARTICIPANT
KG. PUSA, SIBU, SARAWAK

The Rising Star



Where It All Began

It was the last day of SPM examinations in Sekolah Menengah Kebangsaan Simunjan and the students were already making plans on what they were going to do over the long three-month holiday while they await their results. Many are planning to travel to the Peninsular, visit friends who are already working there, and perhaps find jobs too. They heard that unlike their hometown, work is in abundance there, as cashiers at department stores, bus drivers and even construction workers working in massive real estate developments. Pay is also said to be very good. Others will have to stay put and help their parents tend to the few family owned rubber trees and little clusters of padi fields that they have. There are also some who have to help take care of younger brothers and sisters.

There is however a disquiet in the young unassuming Fauzi bin Sani. His plans were different. He doesn't have much land to argue or fight about. He just has his quick wit and intelligence, the uncanny ability to understand instructions at lightning speed and the resolve to finish whatever he started. He felt that is more than enough to get him started. And so, at the tender age of 16, he began his first step of a thousand-mile journey to prosperity and never looked back.

Living, Learning With Passion

Fauzi had done his homework. He knew that with the vast hinterlands in Sarawak, plantations would be the best industry for him to delve into. He got his hands on a list of all plantations operating within his vicinity and decided to go to one of those that was said to have the largest operations in the country. Incidentally it operates around where he lives. Fauzi was lucky. They were looking for unskilled labour.

His humility and ability to learn quickly soon gained his superior's favour. He worked hard and learned as much as he could. Soon, he heard of a vacancy in Miri. He applied and easily secured a position with the credentials he established.

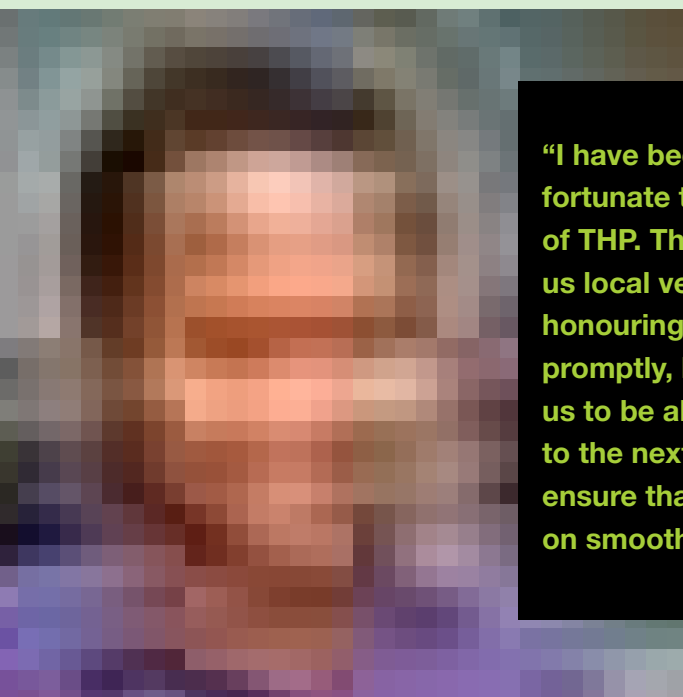
When THP began operations in 2007, it advertised for workers and Fauzi was among the first to apply. Due to his previous experience, and recommendations from his previous employers, he was given the post of estate conductor. He proved himself as a person with great ethics, resilience and diligence in carrying out his duties.

One thing leads to another

In 2010, in its bid to enrich and empower the local community, THP Group formalised its VDI. Looking at his ability to control and guide those under him, the estate's leadership decided to ask whether he would like to start his own business and participate in a bid they were planning to call. The first contract he bid for and won was for the building of one unit of cement bridge. The criteria provided under the VDI which does not require the successful vendor to present any form of bank guarantee allowed him to put a foot in the business world. He gathered enough savings, borrowed from family members and set out to complete the contract, without asking for any advance payments. THP Group was most impressed and did its part by paying him promptly. Due to the commendable quality of his work, he was offered another bridge contract.

This time there was no need to beg or borrow. He could roll over the profits from the previous project thanks to THP Group's prompt progress payments. Fauzi moved on to be entrusted with bigger and more complex projects such as the construction of temporary housing for workers, the supply of water and diesel tanks and the most recent the construction of a surau and canteen at another site.

With Fauzi's good management of cash flow, coupled with THP Group's excellent business ethics of prompt payment, it wasn't long before he had the capacity to purchase assets such as lorries and cement mixers. He was soon assisting the plantations to transport young palm trees from the seedling nursery for replanting in the main fields.



“I have been very fortunate to gain the trust of THP. They support us local vendors by honouring their payments promptly, hence allowing us to be able to roll it over to the next project and to ensure that the job goes on smoothly.”

From Zero to Hero

At 22 years of age, Fauzi has grown from a teenager with a dream to overcome a life mired in poverty to a business man with a potential of making it big in the construction and plantation industry. His contracts for 2010 totalled approximately RM700,000 while for 2011, he has already been awarded a total of approximately RM300,000. He now owns a number of vehicles including four lorries and four cement mixers.

When asked how he managed to grow from the quintessential 'zero to hero', he had this to say:

"I have been very fortunate to gain the trust of THP. They supported us, the local vendors by honouring their payments promptly, hence allowing us to be able to roll it over to the next project and to ensure that the job goes on smoothly. They are also generous enough to ensure a constant flow of jobs, enabling me to support my operations."

At 22 years old, Fauzi has grown from a teenager with a dream to get out of poverty into a businessman with the potential of making it big in the construction and plantations industry



"Without the help of THP, I would have still been caught in the poverty cycle, living from hand to mouth. I might even have to leave my home to find better prospects. Thanks to THP, I now provide jobs to more than 15 local people at a time, and sometimes more. I have managed to bring my brother-in-laws and other relatives who were working in West Malaysia and Singapore home, so that they can work with me."

Fauzi bin Sani is most certainly a rising star in Pusa, Sarawak, and before long he will be sprinkling his bright sparks to greater Sarawak.

Thanks to TH Plantations Berhad and its visionary Vendor Development Initiative.

2. CATALYSING LOCAL ECONOMIC DEVELOPMENT



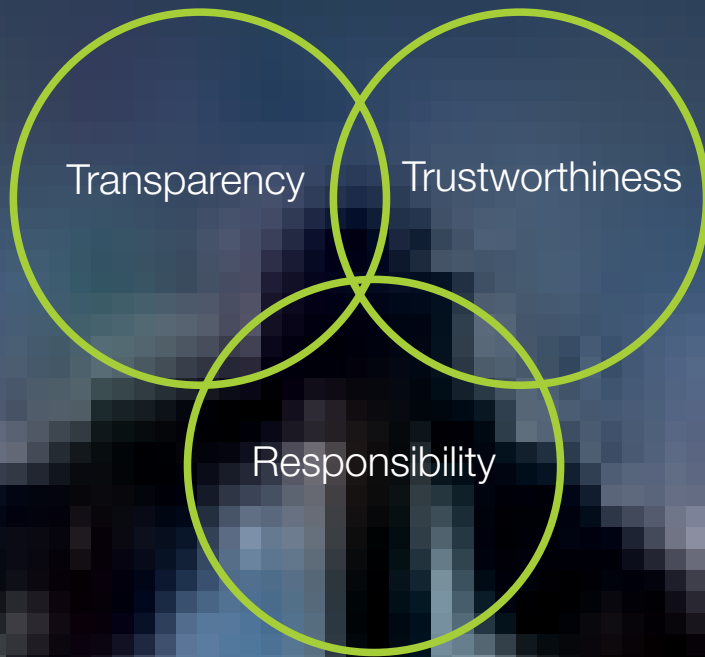
Managing the Development of Land for the Local Owners

In the vast hinterlands of Sarawak, 1.5 million hectares have been designated Native Customary Rights (“NCR”) land. Applied to land, NCR covers the indigenous rights of natives to claim the land as their own, a dictum recognised under the State Land Code of 1958, and has in recent years been a thorny issue.

Much of NCR land is thick jungle, with small isolated plots devoted to farming rubber, sago, fruits and vegetables, mainly for self-sustenance. Recognising the income-generating potential of this land, yet understanding its sensitivities, THP Group evolved an empathic approach to help local owners develop their unused land, so as to generate income and improve their livelihood. In efforts to garner support to develop the land, THP is mindful of the following objectives:

- Ensuring that community, corporate responsibility and sustainability is at the heart of our business
- Being a good as well as responsible, fair and honest partner
- Empathic about our social, economic and environmental impact

Through its constant synergistic relationship with the local population, THP Group presented its proposal to manage the development of land in the Meludam area into palm oil plantations for the local owners, and after much negotiation, garnered enough support to proceed with its proposal.



THP strives to be an emphatic partner who is responsible, fair & honest

Poverty alleviation is at the heart of THP Group's CR initiative

Through a joint venture company, namely, TH Pelita Beladin Sdn Bhd, comprising 35% attributed to the land owners, 55% to Lembaga Tabung Haji via its wholly owned subsidiary TH Ladang (Sabah & Sarawak) Sdn Bhd (THLSS) and 10% to Pelita Holdings Berhad a vehicle of the Land Custody Development Authority, THP Group has been able manage the development of 1,250 hectares of idle land into full fledged oil palm plantation, for the joint venture company, of which the land owners have a substantial stake, and hence generate a generous income for the locals in years to come. The agreement between the parties involved was signed on 17 August 2005.

The agreement provides that, during the pre-mature stages of the plantation, land owners will be paid compensation of RM60 per hectare per month or RM720 per hectare per year. When the plantations begin to produce, the profits will be shared accordingly, in the form of dividend payments.

The first payment of cultivation incentive compensation for the year 2010 amounting to approximately RM800,000 has been disbursed to the land owners. This payment galvanised the trust in THP Group among the local communities. It became an eye opener for the non-participating land owners



Encik Mohammad Sukri bin Othman
TH PELITA MELUDAM SDN. BHD.

“THP Group evolved an empathic approach to help local owners develop their unused land, so as to generate income and improve their livelihood”

who had adopted the wait and see attitude. Today, many more local land owners have approached THP Group to join the scheme.

Much improvements have been seen in the life of the owners who participated in the scheme. Some have started to expand into other businesses from their extra income earned, and this has certainly created a positive economic impact in the local area.



Land owners, who participated in the NCR Land Development Programme

“I have a total of 16 hectares of NCR land in the area of Tanjung Lilin. The land has been left for many years without any yield prior to my involvement with THP’s programme. I was initially skeptical with THP’s proposal. However, upon being urged by fellow villages who have participated in the program I relented. Today, I am so grateful to THP. I have never imagined that I would be earning so much. To date they have honoured their payments twice even when the palm trees are still immature. THP is a highly ethical organisation and they are sincere in helping the locals.”

Mohd Parhi bin Hj. Ujang,
NCR land owner, who participated in the NCR Land Development Programme



3. PINTAR: PROMOTING INTELLIGENCE, NURTURING TALENTS, AND ADVOCATING RESPONSIBILITY



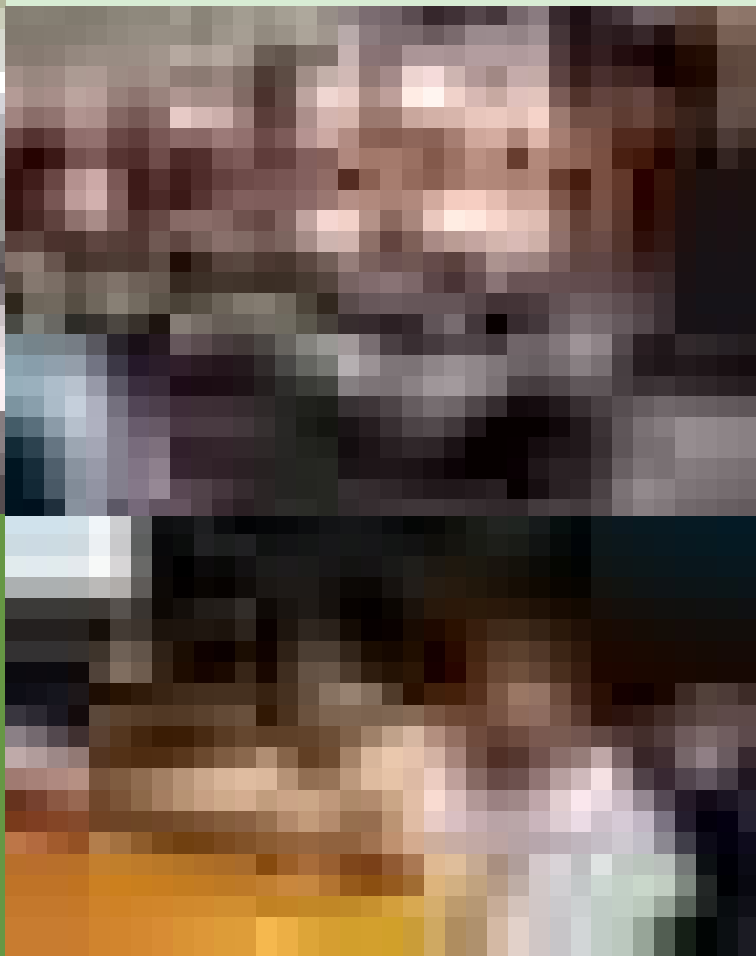
At THP Group the path to sustainability is charted by building on future human capital capacity through supporting and enhancing education at the primary and secondary school levels.

On this score, THP Group has embraced wholeheartedly the Promoting Intelligence, Nurturing Talent and Advocating Responsibility (“PINTAR”) programme, an initiative spearheaded by Khazanah Nasional Berhad.

THP Group began its PINTAR programme in 2007 by adopting two primary schools. It expanded its programme to cover a third, this time, a secondary school in 2010.

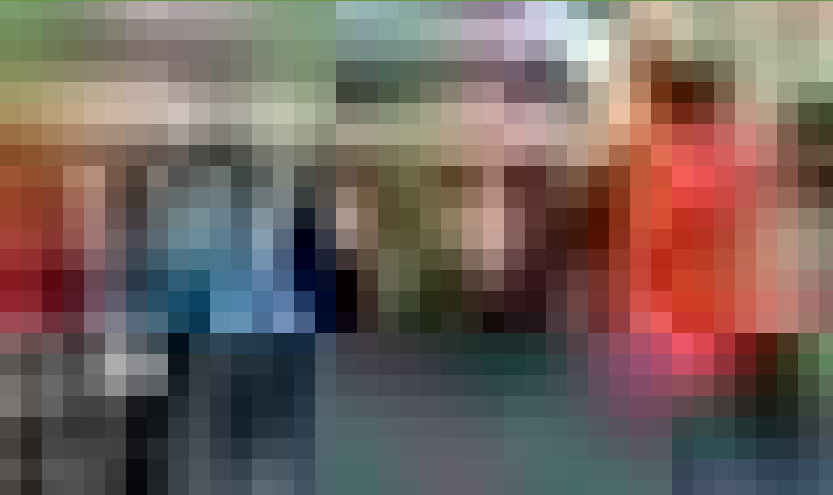
The three (3) schools located within the vicinity of THP Group’s plantations are:

- i. Sekolah Rendah Kebangsaan Ladang Kota Bahagia, Keratong, Pahang
- ii. Sekolah Rendah Kebangsaan Bukit Rokan Utara, Gemas, Negeri Sembilan
- iii. Sekolah Menengah Kebangsaan Bandar T6, Kluang, Johor



THP Group’s PINTAR mission is two pronged, namely

- to motivate the children to learn: and
- to provide better learning experience for the children



The programmes under PINTAR are geared towards helping the students from these schools to prepare for their major public examinations, namely, the Ujian Penilaian Sekolah Rendah (“UPSR”) and Peperiksaan Menengah Rendah (“PMR”). THP Group sources for credible motivators as well as teachers, who are specialised in their respective subjects to conduct seminars, intensive classes and motivational sessions with the costs borne by THP Group. While programmes such as these are mainstays in urban areas, they are hard to come by and a real privilege in the rural areas where these schools are located.

KEY AREAS OF PINTAR

SCHOOL
SELECTION



TYPE OF
STUDENT



SCHOOL
SUBJECTS



EXAM
TARGET

The programmes conducted for the year in review are as follows:

A. Examination answering techniques (7 May 2010 to 9 May 2010) for UPSR students

The program was held at the Amansari Beach Resort, Pantai Sepat, Kuantan and involved 100 students from both Sekolah Rendah Kebangsaan Ladang Kota Bahagia, Keratong, Pahang and Sekolah Rendah Kebangsaan Bukit Rokan Utara, Gemas Negeri Sembilan. 11 specialist teachers and facilitators were engaged to provide the students with motivation, hands on study tips and answering techniques in a relaxed and beautiful beach resort environment.

The programme was officially closed by the former Head of THP Group's Domestic Operations, Tuan Haji Hassan Fikri bin Mohamad.

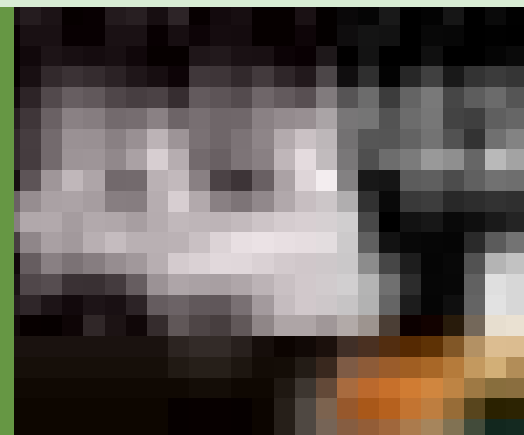
B. Kempen Jaya UPSR (May 2010 to August 2010) for UPSR students

This programme was a follow-up to the earlier Answering Techniques programme held in May. It spanned over a period of four (4) months, from May 2010 to August 2010, whereby the facilitators allocated a day in each month to visit the schools and provide assistance to the students in each subject at a personal level.

C. PINTAR PMR (10-11 July 2010 and 17-18 July 2010)

This programme was held at Dewan Kejora, Taman Sri Lambak, Kluang, Johor. During the programme, seminars were conducted to help 220 form three students from Sekolah Menengah Kebangsaan Bandar T6, Kluang, Johor prepare for their impending PMR.

Promoting the
use of English
& Mathematics
skills among rural
Malaysians.



We believe strongly that education is the foundation of the nation's development and growth

The programme was officially closed by YBhg. Dato' Zainal Azwar Zainal Aminuddin, the Chief Executive Officer of THP.

**D. Intensive English Language Classes
(Between 28 July 2010 to 2 October 2010)**

Understanding that weakness in English language has been the main reason behind the weak academic performance of Sekolah Menengah Kebangsaan Bandar T6, Kluang, Johor, THP Group initiated a series of intensive English language classes for the students. During these classes, students were divided into small groups, and were guided by four external specialist teachers. A total of fourteen (14) classes or an equivalent of 42 hours of intensive English lessons were held.

THP Group monitors the results closely to ensure that these initiatives were effective to the benefactors. Based on the results obtained, the schools adopted have shown tremendous improvements in their overall results as well as their performance in individual subjects, including the English language.



The programmes under PINTAR are geared towards helping the students from these schools to prepare for their major public examinations, namely, the Ujian Penilaian Sekolah Rendah ("UPSR") and Peperiksaan Menengah Rendah ("PMR"). THP Group sources for credible motivators as well as teachers, who are specialised in their respective subjects to conduct seminars.

PINTAR ACHIEVEMENTS FOR 2010

UPSR Results for Sekolah Rendah Kebangsaan Ladang Kota Bahagia, Keratong, Pahang

| SUBJECT % | PASSES IN 2009 % | PASSES IN 2010 | IMPROVEMENT/(DECLINE) |
|---------------------|------------------|-------------------|-----------------------|
| Bahasa Malaysia 1 | 96.7 % | 94.9 % | -1.8 % |
| Bahasa Malaysia 2 | 86.7 % | 97.4 % | +10.7 % |
| English | 50 % | 92.3 % | +42.3 % |
| Science | 73.3 % | 100 % | +26.7 % |
| Mathematics | 83.3 % | 92.3 % | +9 % |
| Overall 5A's | 1 student | 8 students | |

UPSR Results for Sekolah Rendah Kebangsaan Bukit Rokan Utara, Gemas, Negeri Sembilan

| SUBJECT % | PASSES IN 2009 % | PASSES IN 2010 | IMPROVEMENT/(DECLINE) |
|---------------------|------------------|-------------------|-----------------------|
| Bahasa Malaysia 1 | 90.9 % | 97.3 % | +6.4 % |
| Bahasa Malaysia 2 | 93.9 % | 100 % | +6.1 % |
| English | 72.7 % | 67.6 % | -5.1 % |
| Science | 75.8 % | 89.2 % | +13.4 % |
| Mathematics | 78.8 % | 86.5 % | +7.7 % |
| Overall 5A's | 1 student | 2 students | |

PMR Results for Sekolah Menengah Kebangsaan Bandar T6, Kluang, Johor

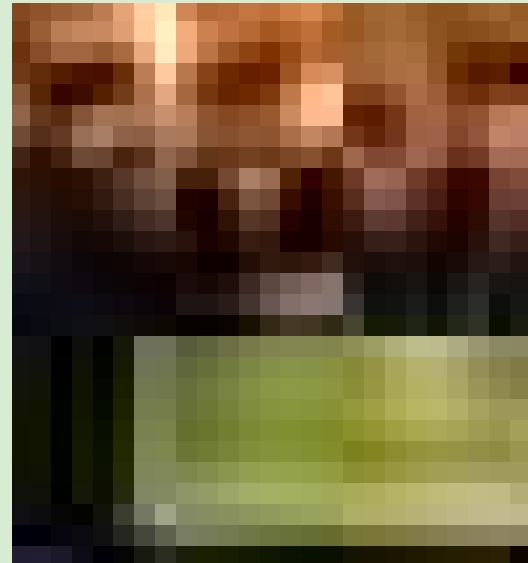
| SUBJECT % | PASSES IN 2009 % | PASSES IN 2010 | IMPROVEMENT/(DECLINE) |
|---------------------|------------------|--------------------|-----------------------|
| Bahasa Malaysia | 99 % | 99.5 % | +0.5 % |
| English | 75.5 % | 78.6 % | +3.1 % |
| Sejarah | 94.2 % | 95 % | +0.8 % |
| Science | 96.6 % | 100 % | +3.4 % |
| Mathematics | 95.2 % | 97.5 % | +2.3 % |
| Geography | 96.6 % | 98.5 % | +1.9 % |
| Overall 8A's | | 20 students | |

4. ZAKAT AND DONATION

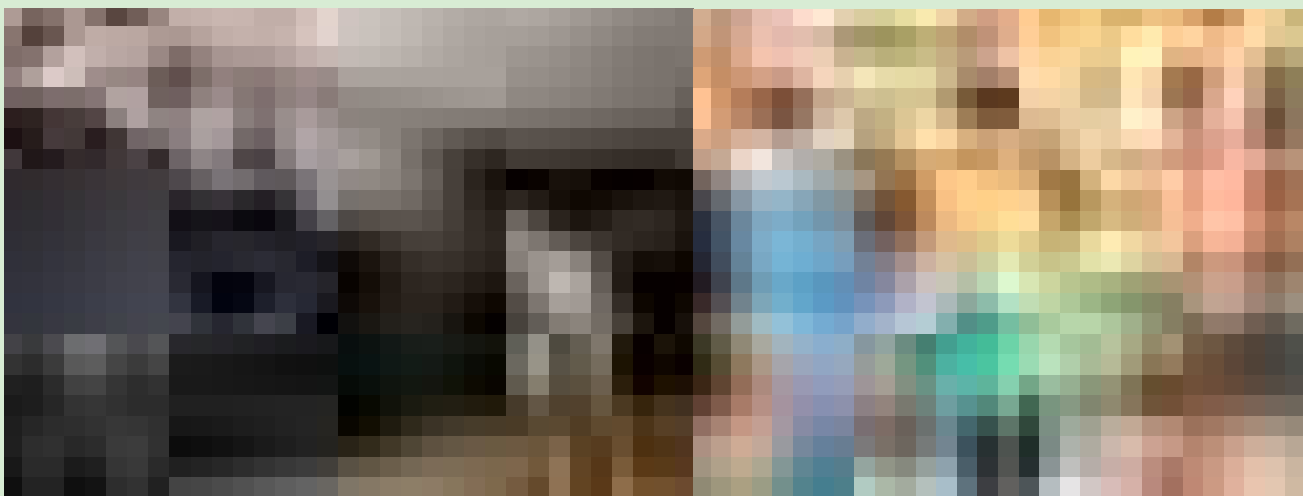
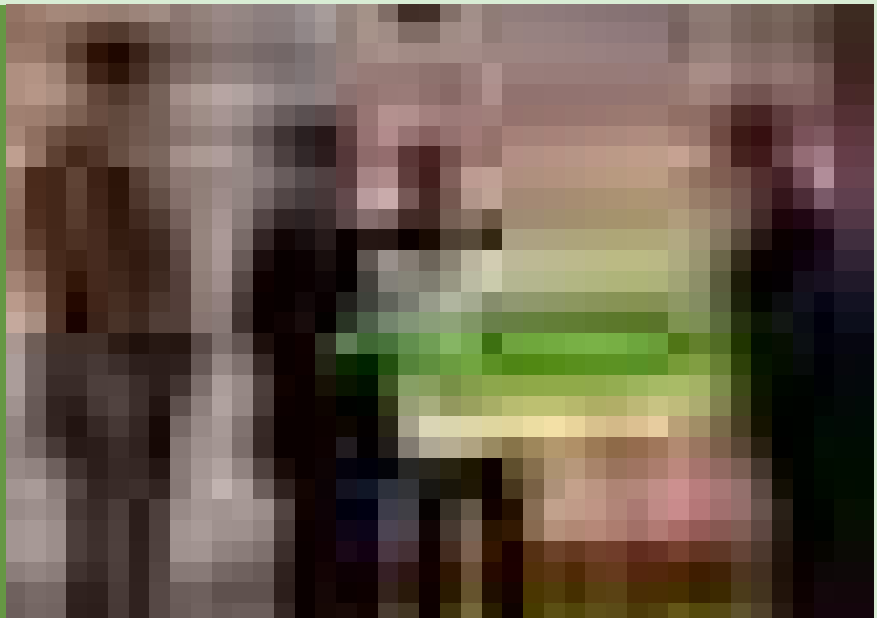
Allah s.w.t. decreed in the Holy Quran; “ Take alms of their wealth and make them pure and clean”. THP Group, being a shariah compliant public listed company is cognisant that Business Zakat is compulsory and an effective poverty alleviation mechanism designed by Allah swt to ensure a fair and just distribution of wealth.

THP Group honours this mandatory contribution and makes it a practice to offer zakat contributions to Zakat collection agencies in states housing its profitable estates which fulfill the zakat limits.

Over and above this mandatory contribution, THP Group also extends contributions to Sahabat Korporat Lembaga Tabung Haji (“TH”).



“Take alms of their wealth and make them pure and clean.”





People

THP Group is committed towards adhering to the policy of Occupational Safety & Health Administration (“OSHA”).

As such, caring for the well being of its people, making sure that their work environment is conducive and safe, while ensuring a sustainable work-life balance is always at the forefront of its priorities. In caring for its people, THP Group has in place its workplace initiatives which include the following:

Health and Safety

THP Group is serious about ensuring that its people work in a healthy and safe environment. Its concern for health and safety extends beyond its workforce to encompass the contractors, suppliers as well as the general public within the vicinity of its operations. To this end, THP Group is committed towards adhering to the policies of Occupational Safety & Health Administration (“OSHA”) in all its operations.

At the head office level, a dedicated unit handling OSHA issues is established and headed by a THP Group staff who is a qualified OSHA officer. All THP Group’s plantations and mills are also OSHA compliant.



THP’s Health & Safety initiative is to ensure:

- **all applicable OSHA legislations, guidelines and other requirements are observed at all times;**
- **OSHA requirements are imposed on all employees, suppliers and contractors on THP Groups sites; and**
- **awareness on Health & Safety responsibility is created and raised at all levels through periodical health and safety programmes conducted by qualified OSHA officers.**

These health and safety objectives are continuously monitored, reviewed and improved through Health Safety and Environmental (HSE) audits and surprise inspections that are conducted on a regular basis.

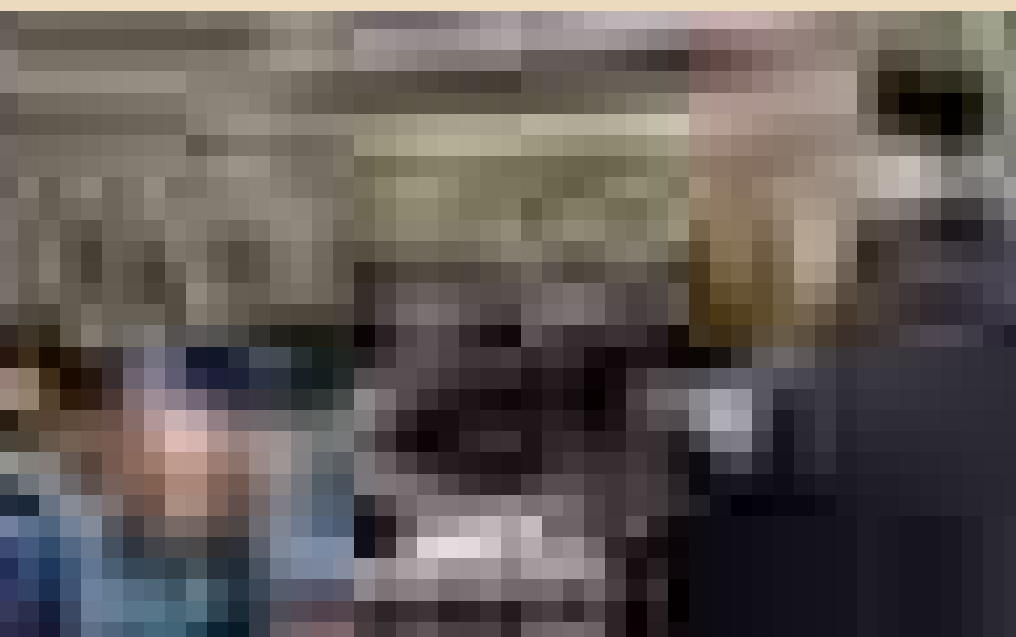


Training

At THP Group, we recognise that recruiting, motivating and retaining the best people are critical for our success in upholding sustainability. As such, we are committed towards developing the full potential of our employees.

Besides having stringent recruitment procedures, THP Group provides continuous training for its staff to ensure that employees' talents are honed and they are consistently updated with the latest development in the industry.

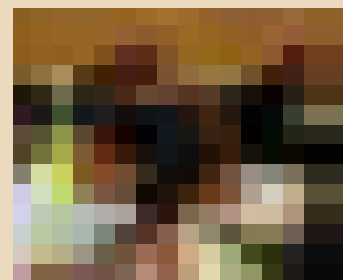
To this end, a total of 678 staff were trained in the area of leadership, professionalism and spirituality. For the year in review a total of RM2 million was spent in the area of staff training and development.



Attractive Remuneration

To ensure that the best talents are retained in the Group, a competitive remuneration package for its employees is maintained. Continuous assessment is carried out and measured with industry standards and the marketplace. Performance related increments and bonuses are awarded to ensure that staff are attractive remunerated based on their qualifications, experience, job expectations, as well as performance.

In order to reward loyalty and retain staff, THP Group also grants an Employee Share Option Scheme and allots shares to eligible employees.



Besides having stringent recruitment procedures, THP Group provides continuous training for its staff to ensure that employees' talents are honed and they are consistently updated with the latest development in the industry.

Staff Welfare

To protect and ensure peace of mind among its staff, besides the compulsory coverage under SOCSO, all THP Group's personnel and their dependents are covered under the following additional insurance coverage:

- Group Hospitalisation & Surgical (Including Dependents)
- Group Personal Accident (Personnel only)
- Takaful Group Family Plan (Personnel only)



RECAL (Recognition of Employees' Children's Achievement in Learning)

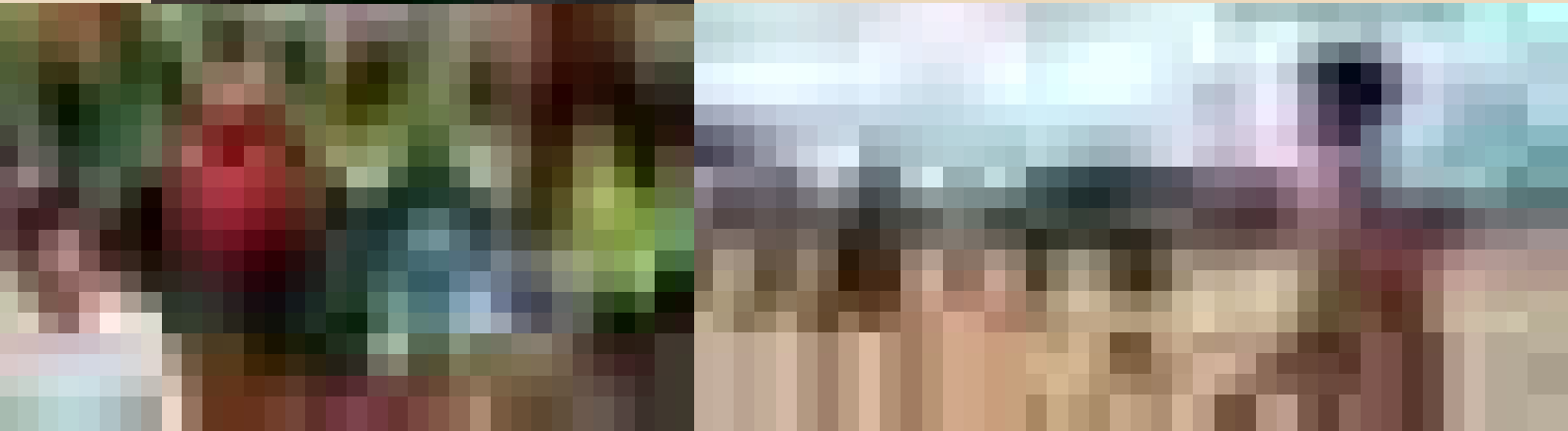
As an extension to the PINTAR programme, THP Group also celebrates the success of employees children in their outstanding academic achievements in the public examinations, namely the UPSR, PMR and SPM for the previous year. Prizes are given in the form of cash to those who obtained 5As in UPSR and 8As in PMR and SPM. For 2010, 11 students received the award presented during a ceremony held on 18 June 2010 at Dewan Perkasa of TH Selborn. It is hoped that the award will encourage all the children of THP staff to excel in their studies, and along with that, enhance parental involvement in their education.

Work-Life Balance

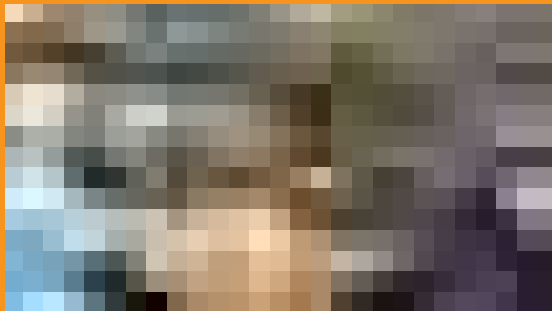
THP Group understands that happy, secure and satisfied staff who are well engaged and loyal are prerequisites to achieving the best bottom line. As such, life at THP Group consist not only of work, but staff are also engaged in recreational and spiritual activities, creating an environment of holistic work-life balance.



Suraus are built in every estate and congregational prayers and religious classes are held for the staff and workers. At the Head office level, to strengthen THP Group's employees spiritually, the recitation of the The



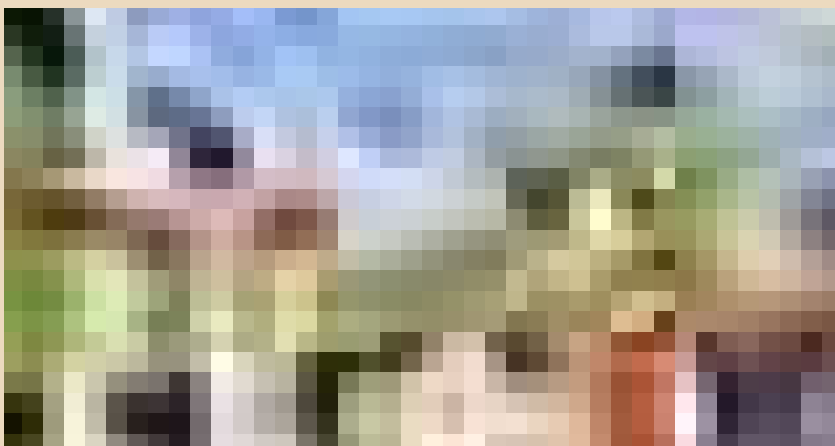
THP has build various sports facilities such as football fields, as well as takraw and badminton courts in all its plantations. Staff and workers are encouraged to use these facilities, which has become a means of forging closer ties and understanding across ranks within the estates.



recital of Surah Yasin and religious sermons or the Tazkirah are held every Friday mornings from 8.30 am to 9.30 am.

All THP Group's plantations are equipped with sports facilities such as football fields, as well as takraw and badminton courts. Staff and workers are encouraged to use these facilities, which has become a means of forging closer ties and understanding across ranks within the estates. The teams from the different estates also participated in various tournaments held within their area.

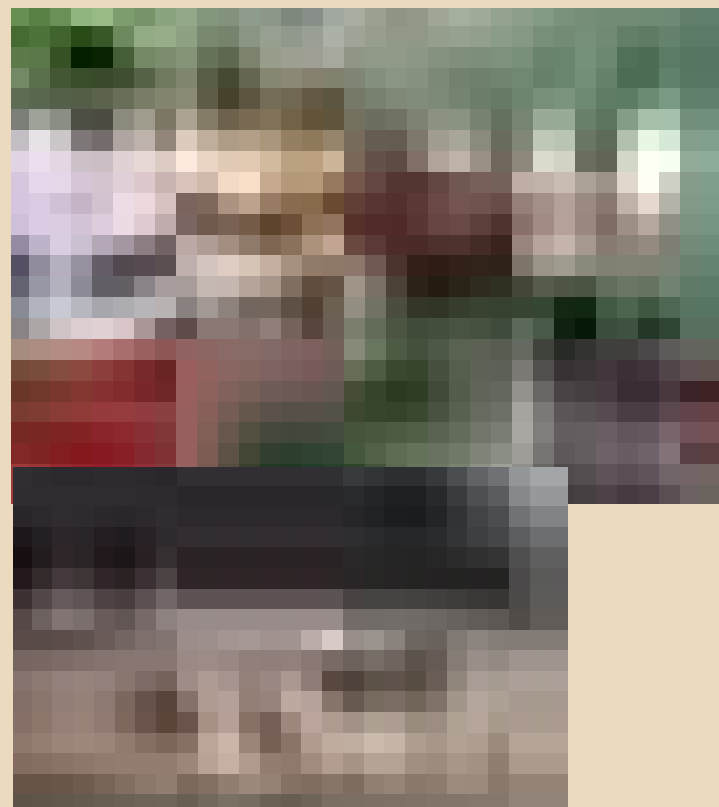
THP Group participated in **TH's** annual sports carnival which was held in June 2010 in Penang. Various other events were also held throughout the year, to foster closer ties and encourage socialisation beyond working hours; one of the most memorable being the THP Family Day, held at a holiday resort in Cherating, Kuantan, Pahang.



The Hari Raya Open House held at Dewan Perdana Felda was also another memorable event held on 21 September 2010, to honour THP Group's stakeholders and forge closer ties among them.

THP also celebrated the award of Darjah Kebesaran Mahkota Pahang to YBhg. Dato' Zainal Azwar bin Zainal Aminuddin with a Majlis Kesyukuran or Thanksgiving Dinner held at Hotel Putra Kuala Lumpur in March 2010.

Recognising the importance of its people, THP Group endeavours to uphold and improve the values and practices in its workplace, and along with that, consistently improve on its work-life balance initiatives, encompassing work, spirituality and recreation.





Environment

In upholding THP Group's aspiration of growth and sustainability, it has been steadfast in ensuring that all business operations and processes minimize their impact on the environment. THP Group's Environment conservation practices go beyond mere compliance to existing laws, and are driven by the cognisance that long term sustainability of the industry is dependent upon the perseverance of the symbiotic existence between THP Group's activities and elements of the environment; namely, soil, water and air.

Zero Burning

THP adopts zero burning in its land development activities. This method involves felling of existing trees and plants, shredding and chipping, which produces biomass. The biomass is then piled up in between planting rows and left to rot. These biomasses have substantial nutrient content and in decomposing, provide humus, which help to improve the soil. In addition to costs saved from handling pollution related to burning, the practice of zero burning techniques by THP Group is testimony to its seriousness in preserving the environment.

ZERO BURNING: METHOD OF REPLANTING



recycling
obsolete trees

0%
BURNING

biomass
production

improved
soil

THP adopts zero burning in its land development activities. The practice of zero burning techniques by THP Group is testimony to its seriousness in preserving the environment.

Soil Conservation

To minimise soil erosion in THP Group’s plantations, the planting of leguminous cover crops is set as a standard practice. Besides protecting the soil surface, the species selected as cover crop aids in nitrogen fixation, enhancing the soil’s organic and moisture content. Empty Fruit Bunches (“EFB”) are also used to supplement the organic fertilisers. They also help to retain moisture in the soil.



Integrated Pest Management

THP strives to maintain the ecosystem within its plantations by using an integrated pest management system. It involves a combination of environmentally friendly techniques to ensure that the pest population is contained below the harmful level from the economic point of view.

For example, barn owls are used to suppress the rat population, instead of chemical rodenticides. Meanwhile, bio control on pests are done by nurturing beneficial insects through the cultivation of beneficial plants such as *Turnera subulata*, *Euphorbia heterophylla*, *Cassia cobanensis* and *Antigonon leptopus*. These plants encourage the proliferation of oil palm pest predators namely, bagworms and nettle caterpillars.



Stakeholders

In ensuring the sustainability of long term shareholders' value, THP Group is cognisant that it is imperative to command the confidence of its customers, suppliers, business partners, investors, bankers, governments and regulatory bodies.

As such, the company inculcates excellent business ethics and values, good corporate governance practices, good procurement system, along with a stakeholders' engagement programme to garner shareholders and stakeholders' trust.

Business Ethics & Values

THP Group is focused on building a corporate climate which builds on strong Islamic ethical values.

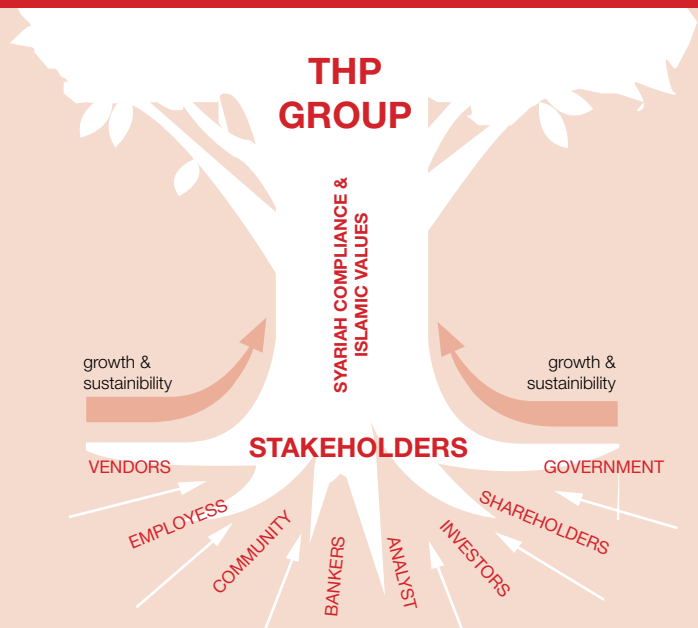
To this end, THP Group goes beyond the mere development and improvement of policies, practices and procedures; it also promotes ethical leadership from the top as an important means of inculcating and pre-severing moral foundation throughout the organisation. By instilling this ethical culture, THP Group helps ensure that all businesses are conducted in a fair and professional manner.

Corporate Governance

A culture of good corporate governance and accountability is cultivated throughout the Group.

The Board of THP Group is also committed to ensure that true and fair financial reporting, maintenance of sound internal control systems and appropriate risk management framework, is established to properly safeguard the Group's assets and prevent fraud and other irregularities.

THP Group's excellent corporate governance practices has accorded it the MSWG Malaysian Corporate Governance (MCG) Index 2010 Award under the Industry Excellence Award – Plantation where it ranked 4th among companies that Scored A in the MCG Index 2010. This award is initiated by the Minority Shareholder Watchdog



Group and is a premier index used by investors to determine the level of corporate governance among public listed companies in Malaysia. Details on THP Group's corporate governance practice are published under the Corporate Governance Statement on pages 81 to 105 of the Annual Report.

Procurement System

THP Group has established a procurement system whereby the policy on awarding of tenders is clearly defined with a goal to engage reliable, qualified and competent suppliers and to procure materials and services economically without compromising on quality. This is done through the establishment of Tender Committees A and B to assist the Company's Board of Directors.

Various internal control measures are also in place throughout the procurement and tender award processes to ensure that the process is completed within the procurement ethics, policies and requirements and selection is done with absolute transparency.



Investors Engagement

THP Group understands that accountability, openness and transparent communication will enable its investors to make informed and accurate decisions on their investments. The Company is also duty bound to keep shareholders and investors informed of any major developments or changes affecting the group. To ensure dissemination of accurate and consistent information, the Board of Directors has approved the Company's Investor Relations Policy ("IR Policy") on 9 August 2007. Under the IR Policy, only mandated company officials along with the Chairman and the

Chief Executive Officer will be authorised to provide such sensitive information in the form of press interviews, investor analyst briefings as well as make THP's yearly and quarterly results announcements.

The Company has in place a dividend policy to distribute approximately 50% of its profit after tax and minority interest ("PATAMI") as dividend to shareholders. This policy has been complied with for the past five (5) years. Barring any unforeseen circumstances or change of plans, it commit sto uphold it in years to come.

In demonstrating its seriousness in ensuring accurate financial performance information is disseminated to existing and potential shareholders and investors, THP Group has designated dedicated contact persons for this purpose. It also encourages feedback from all relevant parties to be channelled through these personnel. Details of Investor Relations activities and contacts are provided in the Investor Relations section of THP Group's website at www.thplantations.com



In ensuring shareholders engagement, THP Group has approved a pledge to distribute 50% of its profit after tax and minority interest ("PATAMI") in 2006. For the past five (5) years, it has proven to honour this pledge and barring any unforeseen circumstances or change of plans, commit to uphold it in years to come.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirty-Seventh Annual General Meeting of TH Plantations Berhad (“THP” or “the Company”) will be held at Mahkota 2 Ballroom, Hotel Istana Kuala Lumpur, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 27 April 2011 at 10.00 a.m. for the following purposes:

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2010 and the Reports of Directors and Auditors thereon.
2. To approve a Final Gross Dividend of 12.50 sen per ordinary share less tax at 25% for the year ended 31 December 2010.
3. To approve the Directors’ Fees of RM576,500 for the year ended 31 December 2010. (2009: RM408,000)
4. To re-elect the following Directors who retire by rotation in accordance with Article 84 of the Company’s Articles of Association:
 - 4.1 Datuk Azizan bin Abd Rahman
 - 4.2 Dato’ Haji Wan Zakaria bin Abd Rahman
 - 4.3 Dato’ Noordin bin Md Noor
5. To re-elect Mahbob bin Abdullah as Director who retires in accordance with Article 89 of the Company’s Articles of Association.
6. To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

As Special Business

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

7. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature

“THAT the mandate granted by the shareholders of the Company on 6 May 2010 pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.1 of the Circular to Shareholders dated 5 April 2011 with the related parties mentioned therein which are necessary, for the Company and/or its subsidiaries’ day-to-day operations and which are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders, be and is hereby renewed.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:

- i. the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- ii. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965, (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

Resolution 1

Resolution 2

Resolution 3

**Resolution 4
Resolution 5
Resolution 6**

Resolution 7

Resolution 8

Resolution 9



Notice of Annual General Meeting

- iii. revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.

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

Any Other Business

8. 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 BOOK CLOSURE

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Thirty-Seventh Annual General Meeting of the Company, a Final Gross Dividend of 12.50 sen per ordinary share less tax at 25% in respect of the year ended 31 December 2010 will be paid on 11 May 2011 to shareholders whose names appear in the Record of Depositors at the close of business on 3 May 2011.

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

- i. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 3 May 2011 in respect of ordinary transfers; and
- ii. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

ALIATUN BINTI MAHMUD (LS 0008841)
Company Secretary

Kuala Lumpur
Date: 5 April 2011



Notice of Annual General Meeting

Notes:

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

Explanatory Notes on Special Business:

- **Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature**

The proposed Ordinary Resolution No. 9, if passed will allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature with the mandated related parties provided that such transactions are necessary for the Group’s day to day operations, carried out in the normal course of business, at arm’s length, on commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders. Shareholders are advised to refer to the Circular to Shareholders dated 5 April 2011 for more information.

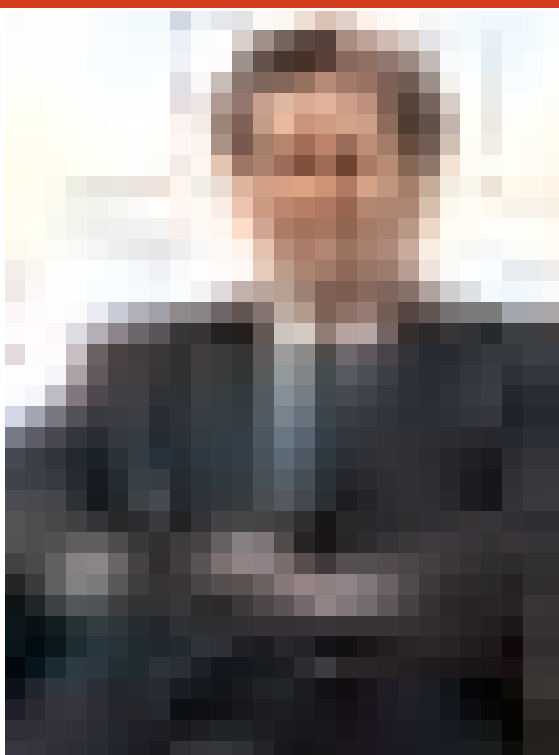
STATEMENT ACCOMPANYING NOTICE OF THE THIRTY-SEVENTH ANNUAL GENERAL MEETING

1. Directors who are standing for re-election in accordance with Article 84 of the Company’s Articles of Association are:
 - i. Datuk Azizan bin Abd Rahman;
 - ii. Dato’ Haji Wan Zakaria bin Abd Rahman; and
 - iii. Dato’ Noordin bin Md Noor.
2. Director who is standing for re-election in accordance with Article 89 of the Company’s Articles of Association is:
 - i. Mahbob bin Abdullah.

The details of the above Directors who are standing for re-election at the Thirty-Seventh Annual General Meeting are stated on pages 69, 70, 71 and 73 of this Annual Report. The details of any interest in the securities of the Company or its subsidiaries (if any) held by the said Directors are stated on page 133 of the Consolidated Financial Statements of the Annual Report.



Chairman's Statement



Tan Sri Datuk Dr Yusof bin Basiran

Independent Non-Executive Chairman

Dear Shareholders,

Assalamualaikum Warahmatullahi Wabarakatuh

On behalf of the Board of Directors, I have the pleasure of presenting to you the Annual Report and Audited Financial Statements of TH Plantations Berhad and its subsidiaries ("THP Group") for the year ended 31 December 2010.

Business Environment

The year 2010 saw the world economy showing signs of recovery, registering a positive growth as opposed to a contraction experienced in 2009. This was largely attributed to sustained fiscal stimulus and accommodative monetary policies introduced by governments worldwide. Strong growth in many emerging and developing economies also supported this positive development. Against this backdrop, driven by robust domestic demand and strong export performance, the Malaysian economy registered a strong growth of 7.2% in 2010 after contracting 1.7% in 2009.

On the local plantation front, the oil palm industry recorded mixed performance in 2010. Based on the Malaysian Palm Oil Board ("MPOB") statistics, the Crude Palm Oil ("CPO") production declined by 3.3%

to 16.99 million metric tonnes ("MT") (2009:17.56 million MT). The national average of Fresh Fruit Bunches ("FFB") production per hectare ("Ha") reduced by 6.1% to 18.0 MT from 19.2 MT recorded in 2009. This is due to unusual weather patterns of hot and dry conditions from the El Nino phenomena in the first half of the year and excessive rainfall from the La Nina phenomena in the second half. In contrast, the export earnings of palm oil increased by 20.4% to RM59.8 billion from RM49.6 billion due to higher export prices in 2010. The export volume also expanded by 2.8% to 23.1 million MT in 2010 compared to 22.4 million MT in 2009 with China remaining as the largest importer followed by Pakistan, the European Union, India, USA, Egypt and Japan. MPOB stated that the palm oil stock closed at 1.61 million MT, lower by 27.9% compared to 2.24 million MT in 2009 on the back of lower CPO production coupled with increased export demand. Supported by positive sentiments related to supply tightness of vegetable oils in the world market, the average CPO price increased by 20.5% to RM2,704.50 per MT in 2010 compared to RM2,244.50 per MT in 2009. The highest monthly average CPO price during the year was recorded in December at RM3,620.00, whilst the lowest was in July at RM2,453.00.

Chairman's Statement

Financial Highlights

It is my greatest pleasure to announce a stellar financial result for the year under review which saw THP Group registering a revenue of RM366.0 million with a corresponding profit after tax ("PAT") of RM108.4 million compared to RM304.4 million and RM57.1 million, respectively, in the previous year. As a result, THP Group's earnings per share also increased to 18.32 sen from 11.03 sen recorded last year.

The 20.2% increase in revenue was mainly due to higher CPO and palm kernel ("PK") selling prices despite lower sales volumes. The average CPO and PK prices realized during the year were RM2,617 per MT and RM1,773 per MT, respectively, in

line with the market trend (2009: CPO price of RM2,050 per MT and PK price of RM1,036 per MT). Revenue generated from management fees in 2010 was RM24.1 million, almost equivalent to the contribution registered in 2009 (2009: Management fees was RM29.2 million inclusive of one off revenue for services rendered to a related party amounting to RM5.0 million). In the current year, THP Group also paid a windfall profit tax of RM2.4 million.

Our shareholders' funds during the year stood at RM513.4 million while cash & cash equivalents amount to RM130.6 million compared to RM453.9 million and RM19.9 million respectively in the previous year.

REVENUE, PROFIT AFTER TAX AND AVERAGE CPO PRICE



Chairman's Statement

Dividend

In return for the continuous support, trust and confidence accorded to us by our shareholders, THP Group upholds its commitment to honour our promise of enhancing our shareholders' value. This is clearly demonstrated in the Company's dividend policy of distributing approximately 50% of the Group's annual profit after tax and minority interests ("PATAMI").

I am pleased to announce that for the financial year ended 31 December 2010, the Board of Directors has recommended a first and final dividend of 12.50 sen per share less 25% tax, subject to shareholders' approval during the Company's Annual General Meeting. (2009: 8.50 sen per share less 25% tax).

Operational Highlights

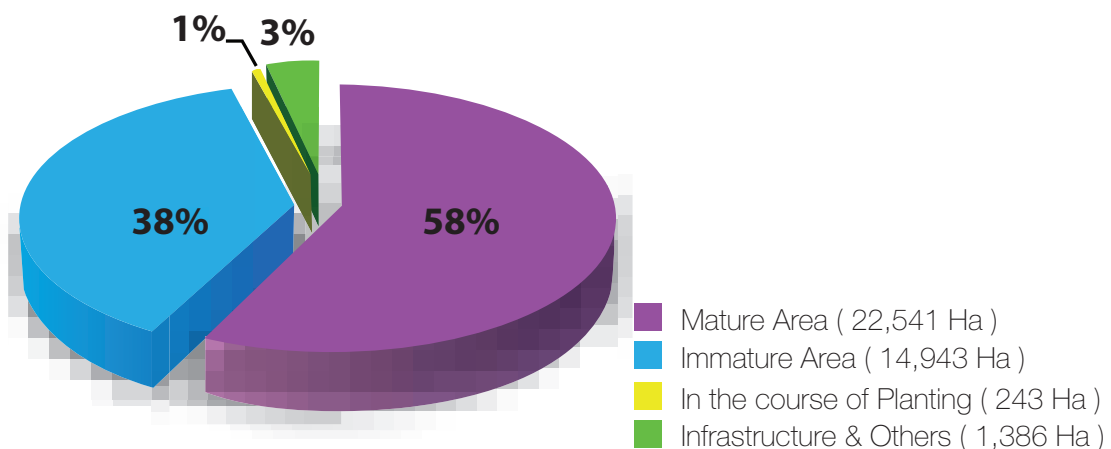
THP Group owns estates located in the states of Pahang, Johor, Negeri Sembilan, Terengganu, Sabah and Sarawak. For the financial year under

review, the total plantation land banks amount to 39,113 hectares ("Ha") of which 96% (or 37,484 Ha) are fully planted with palms. Approximately 22,541 Ha (or 60%) are mature while the remaining 14,943 Ha (or 40%) are immature.

THP Group's FFB production for the period under review decreased by 10.7% to 463,949 MT compared to 519,290 MT in 2009. The lower production was mainly due to unfavourable weather patterns of hot and dry conditions from the El Nino phenomena in the first half of the year and excessive rainfall from the La Nina phenomena experienced in the second half. Similarly, the average FFB yield per hectare declined accordingly, to 20.58 MT per Ha in 2010 compared to 21.48 MT per Ha achieved in 2009.

On the milling front, the five (5) palm oil mills owned and operated by THP Group, located in Johor, Pahang, Negeri Sembilan and Sabah have a combined FFB processing capacity totaling 702,000 MT per annum. For the period under review, approximately 449,229 MT of FFB were

AREA STATEMENT AS AT 31 DECEMBER 2010



Total Area : 39,113 Ha



Chairman's Statement

processed from our own plantations and external crop purchases, a decrease of 11% from 504,575 MT in 2009. The total CPO and PK produced in 2010 were 94,762 MT and 23,883 MT respectively, a decrease of 8.4% for CPO and 13.6% for PK in comparison to those produced in 2009. (2009: CPO of 103,440 MT and PK of 27,636 MT). Our mills registered an Oil Extraction Rate ("OER") of 21.09% while the Kernel Extraction Rate ("KER") was recorded at 5.32%. (2009: OER of 20.50% and KER of 5.48%).

In terms of average oil yield per Ha, THP Group achieved 4.34 MT per mature Ha for the financial year under review compared to 4.40 MT per mature Ha in 2009.

We continue to pursue the agenda of sustainable performance in our plantation operations with greater vigour in our quest to achieve two main objectives, namely Good Agriculture &

our operational efficiency. The aim is to strengthen the performance of the operational business units against its targets and to refine the fundamental way forward.

I am also pleased to report that THP Group has embarked on various programmes under the enhanced Performance Improvement Program ("PIP") to improve FFB yields and OER. PIP places great emphasis on organically improving the yields and production of premium quality oil, using 'back-to-basics' methods. This programme outlines a comprehensive approach in managing our estates and milling operations, whereby, each palm is continuously ensured sufficient fertilizers and high moisture, as well as efficient harvest and transportation of FFB to the mill. Subsequently, immediate processing of the FFB ensures the production of optimum quality oil and maximisation of CPO & PK extraction.

Milling Practices ("GAMP") and effective cost management in enhancing our productivity, efficiency and optimisation of quality. On this score, operational reviews were conducted in different geographical venues to focus on the progress of

This is important, because a loss of 1 MT of oil at the mill translates into a loss of effort and hard work at the estate level by five folds, since 1 MT of oil is equivalent to 5.0 MT of FFB.

Chairman's Statement

THP Group also focuses on precision based agriculture via our THP Management Information System which integrates geographical information and spatial data and translates them into useful information to facilitate decision making. The resulting improvement in the traceability of our operations enhances our assessment and operations management. THP Group views skilled operational personnel as invaluable assets in our quest to balance and sustain our growth. As such we place great importance in human capital development to ensure that these personnel are retained and nurtured.

I would like to reiterate that we aim to firmly stay on our course in meeting the primary business objectives in a manner sensitive to our environment.

Against this backdrop, THP Group is committed to implement Sustainable Plantation Operations ("SPO") where all aspects of our operational value chain are intertwined with environmental & biodiversity impact and its social effects. The SPO provides us with a set of guidelines for our estates regarding among other things, zero-burning, soil & water conservation management, integrated pest management and fertilizer management. It also encompasses detailed guidelines on our milling activities for efficient and effective management of water, effluents and mill by-products as well as quality assurance and occupational health & safety.



Chairman's Statement

Corporate Developments

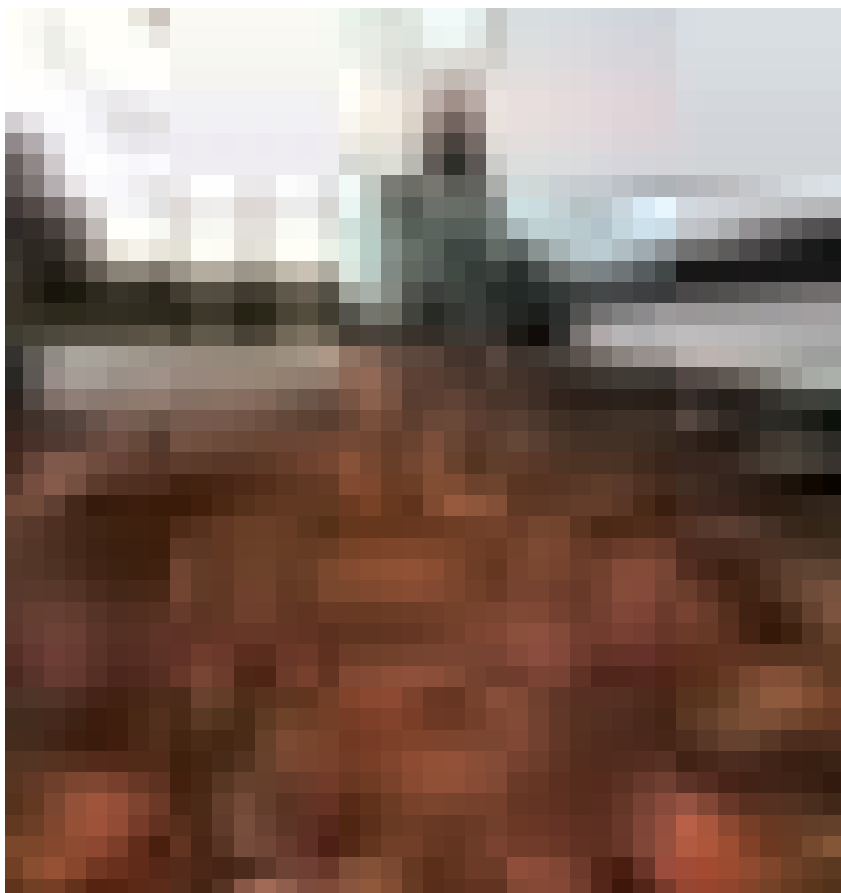
For the current year, we devoted significant attention to reinforce THP Group's foundation by concentrating on the creation of our leadership engine to propel our business performance. In line with this effort, we have undertaken to reorganise our corporate structure, redistribute our talents and conduct leadership mapping & competency development. We are pleased to note that by mapping out our talent redistribution, we have a clearer opportunity to seize potentials and deliver breakthrough performance. These will augur well as we embark on the next threshold of long-term growth where we target to expand our land banks to 50,000 Ha by 2012 at strategic locations to complement our growth strategy.

Additionally, THP Group has also successfully achieved two (2) of its three (3) Key Performance Indicators i.e. a Return on Equity of 18.45% against a target of 12.0% and dividend distribution of approximately 50% of its annual PATAMI by proposing a final dividend of 12.50 sen per share less tax at 25%, subject to the shareholders' approval. However, THP Group's FFB production fell short by 4.7% to 20.58 MT per Ha from the targeted FFB yield of 21.60 MT per Ha.

Sustainable Growth Initiatives

In realising the government's aspirations to transform Malaysia into a high income economy by 2020, THP Group resolutely supports the mapping out of the national transformation programme comprising the Government Transformation Programme, the New Economic Model and the Economic Transformation Programme ("ETP"). In line with that, our involvement in the Government Linked Company ("GLC") Transformation Programme is entering into its final phase of

transformation. The execution and implementation of transformational plans and initiatives prioritised in three categories namely strategic, operational and cultural have helped in accelerating our sustainable growth. Moving forward, we commit to stay the course by increasing the transformation intensity in order to realise the National agenda of attaining a high income economy that is both inclusive and sustainable.



Mirroring the Government's agenda in achieving its objectives of ETP in the palm oil business on the operational front, THP Group is focusing on four out of five Entry Point Projects ("EPP").

Chairman's Statement

We are accelerating our replanting program to replace the aged trees with high quality new oil palm progenies and mechanising plantation activities using innovative techniques in harvesting and collection processes to increase workers' productivity.

operations management, marketing management and financial & risk management are undertaken to accelerate the growth momentum in achieving the operational efficiencies. THP Group believes that sustainability of the businesses is interdependent on the sustainability of the ecosystem surrounding its operations. In line with this, we embrace and adopt best green practices to ensure that palm oil is sustainably produced under well-managed environmental conditions.

With the completion of THP Group's corporate structure reorganisation exercise, we have now gained firmer footing to set a foundation for future growth and expansion. This exercise was aimed at intensifying our values in order for THP Group to shift our trajectory to be a greater part of a sustainable trading value chain. We need to strike a balance between economic sustainability, social

Amid challenges ahead, particularly pertaining to foreign labour issues, THP Group will continue to strengthen our operational efficiencies to target higher OER and FFB yields by institutionalising various PIP initiatives in our operations. A series of holistic process of reshaping and energizing, encompassing human capital development,

sustainability and environmental sustainability as these are the essence of a sustainable trade. Bearing this in mind, we forge forward to pursue our land banks expansion target of 50,000 Ha by 2012 at strategic locations to complement our existing growth strategy.



Chairman's Statement

It is important to note that the earnings contributed by THP Agro Management Sdn Bhd ("THPAM"), a wholly owned subsidiary, from its management services provided to THP Group and Lembaga Tabung Haji's ("TH") plantations is growing significantly, in line with the aim to expand its plantations land banks. Currently, THPAM manages our oil palm operations in Malaysia, and TH's oil palm operations in Malaysia & Indonesia as well as teak & rubber plantations in Sabah totalling approximately 159,312 Ha, contributing to RM24.1 million in year 2010 (2009: RM29.2 million).

Barring unforeseen circumstances, the Board is therefore of the view that THP Group would achieve satisfactory performance in 2011, Insyah-Allah.

Corporate Responsibility

I am pleased to inform that THP Group recognizes the tremendous importance of harmonising business prosperity with social and environmental responsibilities. Riding on "Kesyinambungan

Pembangunan Ummah", we strive to fulfil the wishes of our stakeholders without compromising the needs of the future generation. This in turn, contributes to long-term profitability, growth and sustainability of our business.

Our Environment

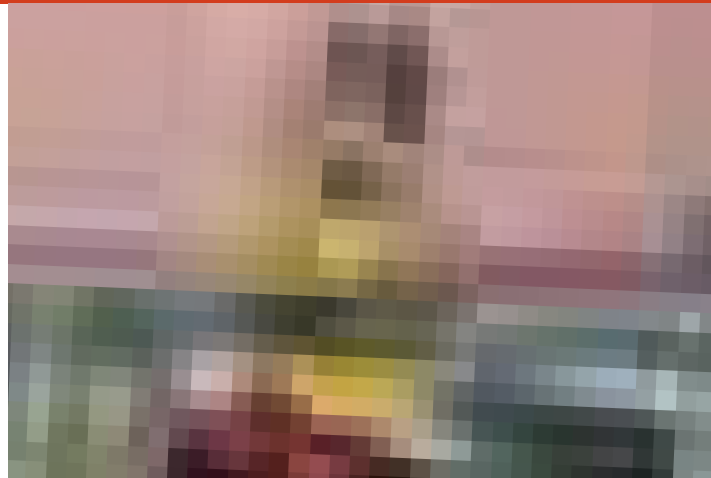
In this respect, we are conscientiously embracing and adopting the best green practices to ensure that our palm oil is sustainably produced under well-managed environmental conditions. We believe the sustainability of our businesses is interdependent on the sustainability of the ecosystem surrounding our operations. Thus, the Good Agriculture and Milling Practices ("GAMP") that is guided by the principles and criteria of the Roundtable on Sustainable Palm Oil ("RSPO"), is embedded in all our plantations and is continuously improved to create a harmonised balance between economics and ecology.

Chairman's Statement

As oil palm industry is gaining its popularity, a number of criticisms have been levelled at the industry; varying from accusations of rampant deforestation and unsound environmental practices to unfair treatment of farmers and the indigenous people. These allegations are protectionist agendas hidden under a thin veneer of environmental concerns and are based neither on scientific evidence, nor, fact. In terms of productivity and comparative sustainability, palm oil generates the most edible oil per hectare of land than any other oil. It is also the most affordable and is one of the healthiest.

Our Communities

We continuously strive to touch and add significant value to the lives of communities living within the vicinity of our projects by sharing our resources.



Customary Rights land covering an area of approximately 1,500 Ha located in Beladin, Sarawak, with oil palm plantations. This initiative benefits around 700 natives and is parallel with our continued support and commitment to eradicate poverty and improve rural infrastructure under the National Key Result Areas of the Government Transformation Programme.



This effort has brought about a lifeline which is well on its way to create sustainable communities with a more optimistic future and along with it reduces the proportion of people who do not have access to basic amenities. Our efforts have shown positive economic spin-off within and surrounding the parameter of the plantations.

THPAM, the management agent for the joint development between **TH**, the State Agency and the Natives, is jointly developing the Native

In our effort to support the government's initiatives to develop Bumiputera entrepreneurs, we are providing contract works and grooming the local small scale entrepreneurs from the plantations communities in the areas of estate maintenance, transportation, construction of plantation infrastructures & amenities and supply of machineries, spare parts & chemicals. The initiative is already showing signs of creating positive economic developments among the populace area around our plantations.



Chairman's Statement

In the bid to continue to build for the future through capacity building, THP Group has adopted schools which are situated within and around our plantations. We collaborate with these schools to improve the quality of education through our PINTAR (Promoting Intelligence, Nurturing Talent and Advocating Resources) programmes with the vision of nurturing and mentoring the younger generation. We are also training graduates under our management trainee programme and cadet plantership to provide a platform for fresh graduates to gain experience and working exposure.

Their compensation packages are periodically reviewed to align with the industry's robust performance to ensure that they commensurate with the invaluable contributions of the respective personnel, which in turn ensures the retention of high-achievers.

We are also committed to provide a safe and healthy workplace with minimal risks through the implementation of the Occupational Safety and Health policy in our operations.



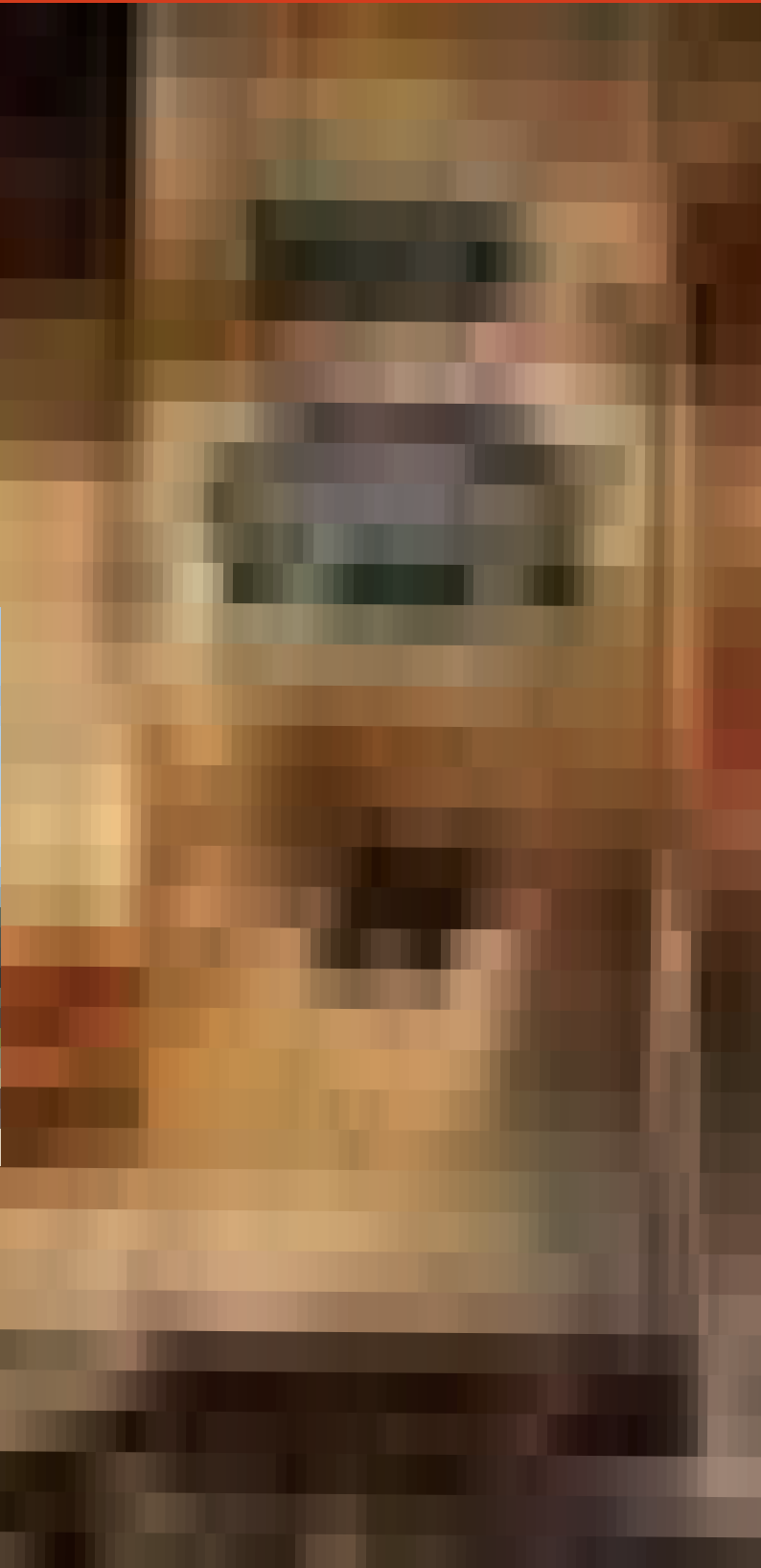
As a caring Islamic entity, we also extend our contributions to the Haj pilgrims through Sahabat Korporat **TH** and other charitable organizations.

Our People

The workplace is evolving along with the tide of globalization and innovation. The rise of workers with knowledge within the modern economy also has redefined the relationship between employee and employer. We are dutifully committed in ensuring our employees are equipped with the relevant skills through on-going development programs, while nurturing *esprit-de-corps* among them.

Our concern and generosity is also extended to the family members of employees. We reward our employees' children who secured excellent academic results through the Recognition of Employees' Children's Achievement in Learning programme or RECAL, for short. The programme aims to motivate, acknowledge and reward the academic achievements of these children in the public examinations. We are proud to note that all these obligations, and initiatives in effort to promote a conducive working environment is contributing positively to THP Group's sustainable performance and is parallel with our dictum "*A Happy Workforce Is A Productive Workforce*".

Chairman's Statement



Our Shareholders

THP Group is managed by good corporate governance with a goal to enhance sustainable long term shareholders' value. We promote corporate fairness, transparency, accountability and integrity that govern our objectives, risk assessment and continuous performance to build ethical business value in garnering the trust of our shareholders.

I am pleased to announce that our commendable corporate governance, has accorded us the MSWG Malaysian Corporate Governance ("MCG") Index 2010 Award under the Industry Excellence Award - Plantation, where we emerged as the overall plantation industry winner and we ranked 4th among companies that Scored A in the MCG Index 2010.

This annual award is designed to promote awareness and encourage best corporate governance practices among public listed companies in Malaysia. As a show of appreciation and gratitude to our shareholders for their unwavering loyalty and confidence in us, we would like to dedicate this award to you. Thank you.

Prospects

The world economy is expected to register a slow growth in 2011, with the emerging markets witnessing stronger growth than advanced economies. Domestically, the local economy is envisaged to expand, mainly driven by resilient domestic demands as well as the pro-growth strategies and measures introduced in the 2011 Budget.

On the back of this cautious global landscape, the prospects for palm oil industry are poised to be more favourable mainly due to the surge in demand for palm oil, which is the most traded edible oil, for food purposes, especially by high density nations such as India and China. The demand will be more pronounced due to the contraction in the production of all kinds of



Chairman's Statement



edible oils, including rapeseed and sunflower oils because of the unfavourable weather conditions. In addition, economic developments as well as population growth which are projected to reach approximately seven billion next year will increase per capita consumption of palm oil to feed and satisfy the global demand. The strong and unyielding demand for this sustainable oil is also attributable to non-traditional use of palm oil as an alternate source of eco-friendly fuel.

Acknowledgements

On behalf of the Board, I would like to convey my utmost appreciation to the management and staff of THP Group for their dedication and relentless efforts to drive THP Group forward. I wish to express my sincere gratitude towards our shareholders, associates, government authorities and all other stakeholders for their unwavering support, constant trust and confidence in THP Group.

The Board and I also wish to record our appreciation for the services rendered by Tuan Syed Hood bin Syed Edros who retired from the Board on 6 May 2010. We also welcome to the Board, En. Mahbob bin Abdullah, who was appointed as our non-executive director, effective 1 June 2010. Last but not least, I wish to extend my special thanks to my fellow Board members for their guidance and invaluable contributions throughout the year.

Insya-Allah, with the blessings and guidance from the Almighty, we will strive and forge on to achieve sustainable success in years ahead.

“Strive always to excel in virtue and truth.”
(Hadith Bukhari)

Thank you.

Assalamualaikum Warahmatullahi Wabarakatuh

Tan Sri Datuk Dr Yusof bin Basiran

BOARD OF DIRECTORS

Tan Sri Datuk Dr Yusof bin Basiran

Independent Non-Executive Chairman

Dato' Zainal Azwar bin Zainal Aminuddin

Chief Executive Officer / Executive Director

Dato' Paduka Ismee bin Haji Ismail

Non-Independent Non-Executive Director

Datuk Dr Abdul Samad bin Haji Alias

Independent Non-Executive Director

Datuk Azizan bin Abd Rahman

Independent Non-Executive Director

Dato' Haji Wan Zakaria bin Abd Rahman

Independent Non-Executive Director

Dato' Noordin bin Md Noor

Independent Non-Executive Director

Md. Yusof bin Hussin

Independent Non-Executive Director

Mahbob bin Abdullah

Independent Non-Executive Director



Corporate Information

AUDIT COMMITTEE

Datuk Dr Abdul Samad bin Haji Alias
Chairman, Independent Non-Executive Director

Datuk Azizan bin Abd Rahman
Member, Independent Non-Executive Director

Dato' Noordin bin Md Noor
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Dr Abdul Samad bin Haji Alias
Chairman, Independent Non-Executive Director

Datuk Azizan bin Abd Rahman
Member, Independent Non-Executive Director

Md. Yusof bin Hussin
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

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

Dato' Paduka Ismee bin Haji Ismail
Member, Non-Independent Non-Executive Director

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



Corporate Information

COMPANY SECRETARY

Aliatun binti Mahmud (LS 0008841)

AUDITORS

KPMG Desa Megat & Co

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

REGISTERED OFFICE

Tingkat 23, Bangunan TH Selborn
153, Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03 2687 6666
Fax : 03 2681 0714 /
03 2681 0704

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Listed on 27 April 2006
Stock Name: TH PLANT
Stock Code: 5112

PLACE OF INCORPORATION AND DOMICILE

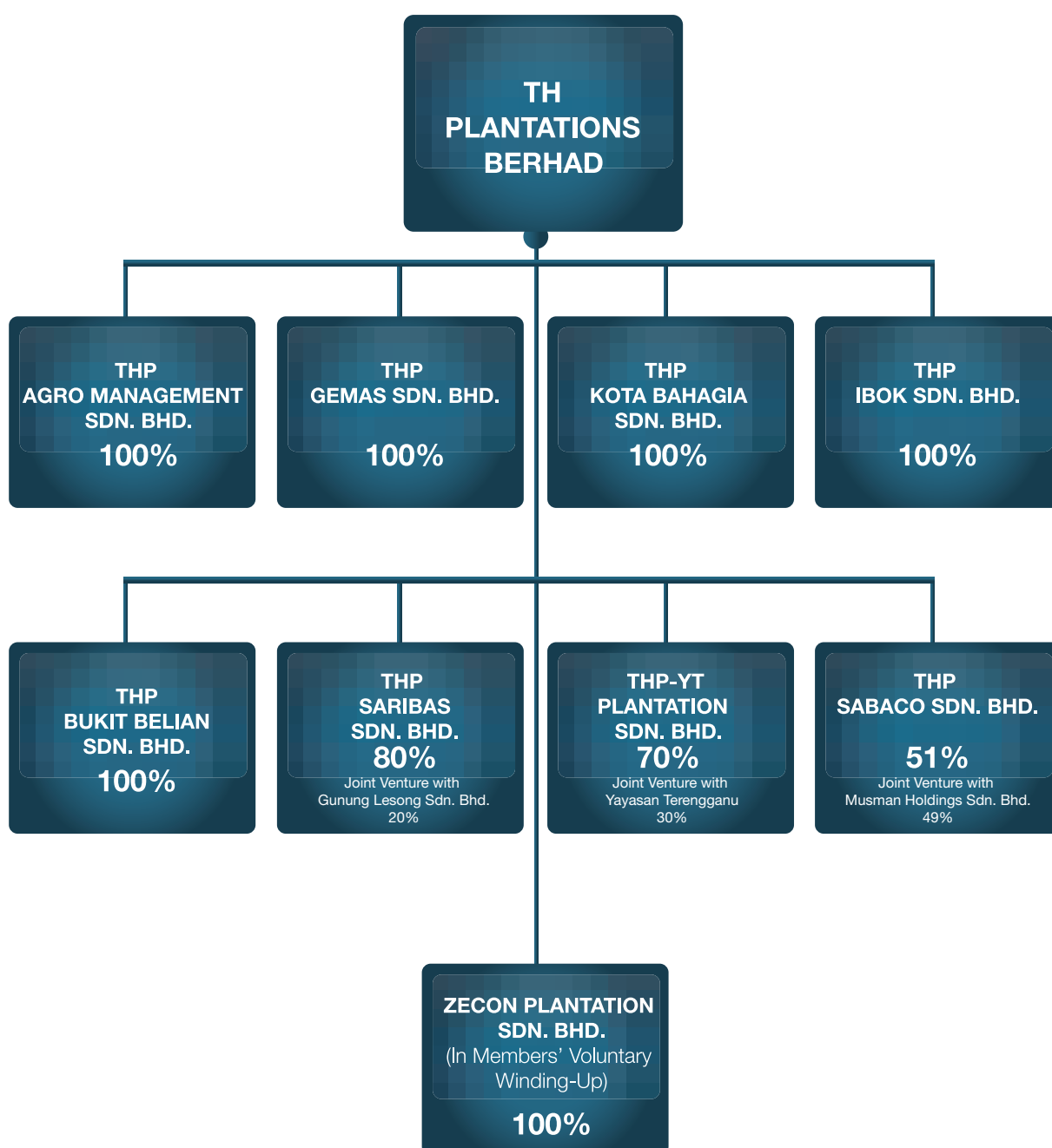
Malaysia

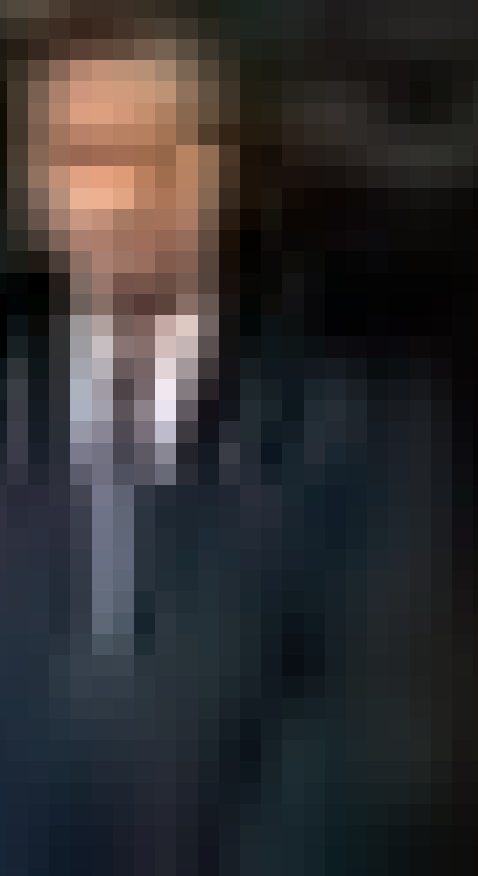
WEBSITES

www.thplantations.com.my
www.thplantations.com
www.thplantations.my



CORPORATE STRUCTURE AS AT 15 MARCH 2011





TAN SRI DATUK DR YUSOF BIN BASIRAN
Independent Non-Executive Chairman

Tan Sri Datuk Dr Yusof bin Basiran, aged 62, a Malaysian, was appointed an Independent Non-Executive Chairman on 1 June 2005.

His notable academic achievements were as follows:

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

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

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

Tan Sri Datuk Dr Yusof currently holds several significant positions including:

- Chief Executive Officer (CEO) of Malaysian Palm Oil Council (MPOC);
- Chairman and Director of CB Industrial Product Holding Berhad; and
- Director of Sime Darby Berhad.

Apart from holding distinguished corporate positions, he is also involved in other organisations, among others:

- Fellow and Past President of Academy of Sciences Malaysia;
- Fellow member of Malaysian Scientific Association (MSA); and
- Fellow member of Malaysian Oil Scientists' and Technologists' Association (MOSTA).

For all these services, he was conferred the 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).

He sits as a Chairman of TH Plantation Berhad's Remuneration Committee.

Tan Sri Datuk Dr Yusof bin Basiran does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended all the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.



Board of Directors' Profile



DATO' ZAINAL AZWAR BIN ZAINAL AMINUDDIN
Chief Executive Officer/Executive Director

Dato' Zainal Azwar bin Zainal Aminuddin, aged 52, a Malaysian, was appointed the Chief Executive Officer on 1 July 2009. He was subsequently appointed as an Executive Director on 1 September 2009.

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

He began his career as an Agricultural Officer with the Agriculture Department in 1983. In 1990, he joined Zeenex Sdn Bhd as a Techno Commercial Executive and Kumpulan Guthrie Berhad as a Technical Adviser in 1991. In 1998, he joined TH Plantations Berhad as Senior Agronomist and in 2003, he was designated Head of Operations (Overseas) until January 2009.

Prior to his appointment as the Company's Chief Executive Officer in July 2009, he was appointed as the Deputy Managing Director in February 2007 and held the same position until June 2009.

He sits as a member in the Employees' Share Option Scheme Committee of the Company.

Dato' Zainal Azwar bin Zainal Aminuddin does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended all the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.



Board of Directors' Profile



DATO' PADUKA ISMEE BIN HAJI ISMAIL
Non-Independent Non-Executive Director

Dato' Paduka Ismee bin Haji Ismail, aged 46, a Malaysian, was appointed a Non-Independent Non-Executive Director on 1 January 2006.

He began his career as a Management Accountant in Arab Malaysian Development Berhad in 1987. Having obtained his Chartered Institute of Management Accountant (CIMA) qualification from the London School of Accountancy, he is currently its fellow and also a member of the Malaysian Institute of Accountants (MIA).

Subsequently he joined Shell Group Malaysia and held various positions including the Head of Forex and Banking of Shell Malaysia Ltd and the Group Accountant of Shell Malaysia Trading Sdn. Bhd.

He then returned to Arab Malaysian Development Berhad Bank as a General Manager, where he held the post for two years before joining Pengurusan Danaharta Nasional Berhad as its Chief Accountant/Treasurer.

He also gained further corporate experience from his services in the following companies:

- In 2000, he joined Medical Online (M) Sdn. Bhd. as its Senior Vice-President;
- In 2001, he joined Lembaga Tabung Haji as its Senior General Manager (Finance); and
- In 2003, he joined ECM Libra Securities Sdn. Bhd. as its Chief Executive Officer.

Currently, Dato' Paduka Ismee is the Group Managing Director and the Chief Executive Officer of Lembaga Tabung Haji. He also sits on the Board of some of its subsidiaries. His other corporate and directorial roles are:

- Director of Bank Islam Malaysia Berhad;
- Director of BIMB Holdings Berhad;
- Director of KFC Holdings (Malaysia) Berhad;
- Director of Syarikat Takaful Malaysia Berhad; and
- Director of 1 Malaysia Development Berhad.

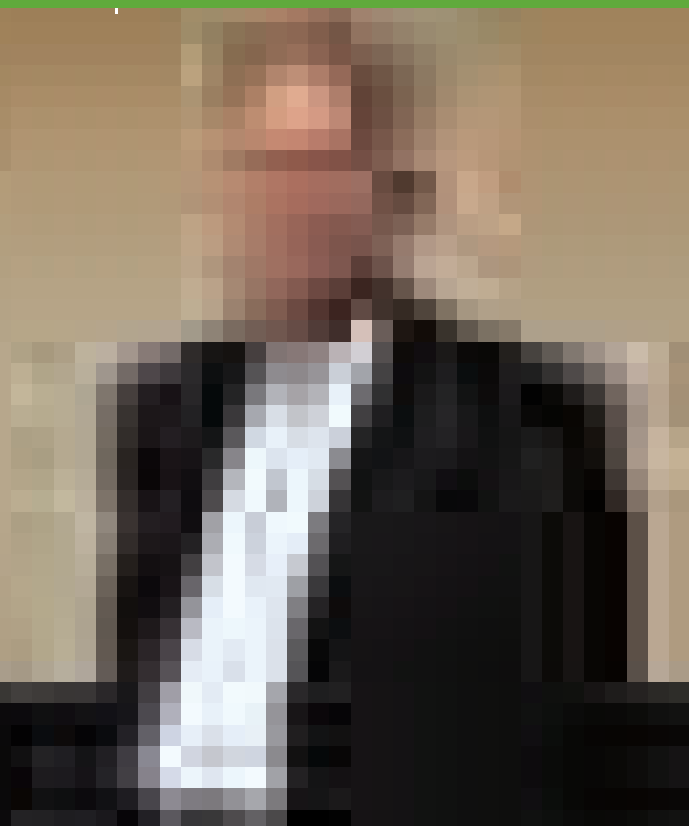
He is a member of the Remuneration Committee and Tender Committee A of the Company.

Dato' Paduka Ismee bin Haji Ismail does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended all the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.



Board of Directors' Profile

DATUK DR ABDUL SAMAD BIN HAJI ALIAS
Independent Non-Executive Director



Datuk Dr Abdul Samad bin Haji Alias, aged 68, a Malaysian, was appointed an Independent Non-Executive Director on 1 June 2005.

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

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

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

- Director of Perbadanan Insurans Deposit Malaysia;
- Director of Perbadanan Kemajuan Iktisad Negeri Kelantan;
- Chairman of Malaysian Venture Capital Management Berhad;
- Chairman of Malaysia Debt Ventures Berhad; and
- Chairman of Bank Pembangunan Malaysia Berhad.

He is the Chairman of TH Plantations Berhad's Audit Committee and Nomination Committee.

Datuk Dr Abdul Samad bin Haji Alias does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended all the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.

Board of Directors' Profile



DATUK AZIZAN BIN ABD RAHMAN
Independent Non-Executive Director

Datuk Azizan bin Abd Rahman, aged 61, a Malaysian, was appointed an Independent Non-Executive Director on 1 June 2005.

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

His other corporate experiences include the following:

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

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

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

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

- Chairman of Gefung Holding Berhad;
- Chairman of the Investment Panel of Lembaga Tabung Haji;
- Director of MBF Holdings Berhad;
- Director of Apex Equity Holdings Berhad; and
- Chairman and Director of Ramunia Holdings Berhad.

He is a member of the Audit Committee and Nomination Committee of TH Plantations Berhad.

Datuk Azizan bin Abd Rahman does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended four (4) out of five (5) Board of Directors meetings which were held for the year ended 31 December 2010.



Board of Directors' Profile

DATO' HAJI WAN ZAKARIA BIN ABD RAHMAN
Independent Non-Executive Director

Dato' Haji Wan Zakaria bin Abd Rahman, aged 66, a Malaysian, was appointed an Independent Non-Executive Director on 1 June 2005.

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

His previous directorships, among others were as follows:

- Director of Yayasan Terengganu;
- Director of Yayasan Pelajaran MARA;
- Director of UDA Holdings (Now known as UDA Holdings Berhad); and
- Director of TDM Berhad.

Presently he is the Chairman of Pertubuhan Peladang Negeri Terengganu and a Director of Pertubuhan Peladang Kebangsaan.

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

Dato' Haji Wan Zakaria bin Abd Rahman does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended all the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.

Board of Directors' Profile

DATO' NOORDIN BIN MD NOOR
Independent Non-Executive Director



Dato' Noordin bin Md Noor, aged 53, a Malaysian, was appointed an Independent Non-Executive Director on 22 December 2008.

His career began after he graduated with a Diploma in Business Studies from the University Technology Mara (UiTM) in 1976. He has vast experience of 21 years in various industries including business, information technology, construction, service and manufacturing as well as transportation.

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

He is a Director of PLB Engineering Berhad and is the Chairman of the company's Nomination Committee. He also sits as a member of the company's Audit Committee.

In TH Plantations Berhad, he sits as the Chairman of the Employees' Share Option Scheme Committee and is a member of the Audit Committee.

Dato' Noordin bin Md Noor does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended all the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.



Board of Directors' Profile

MD. YUSOF BIN HUSSIN

Independent Non-Executive Director

Md. Yusof bin Hussin, aged 61, a Malaysian, was appointed an Independent Non-Executive Director on 1 June 2005.

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

His working experiences include the following:

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

He is currently entrusted with several directorial and chairmanship roles including:

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

He sits as a Chairman of the Tender Committee A and B and is a member of the Nomination Committee of TH Plantations Berhad.

Md. Yusof bin Hussin does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. He attended four (4) out of the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.

Board of Directors' Profile

MAHBOB BIN ABDULLAH

Independent Non-Executive Director

Mahbob bin Abdullah, aged 66, a Malaysian, was appointed an Independent Non-Executive Director on 1 June 2010.

He began his career with Harrisons and Crosfield in 1963 as a Management Trainee. He later joined Plantations Agency Limited as an Assistant Manager in their rubber plantation. Between 1968 to 1984, he served Unilever Plantations in Kluang, Johor, Sabah and Solomon Islands. In 1984, he moved to London as a Member of the Plantations Operations where he supervised Unilever Plantations operations in Thailand, the Democratic Republic of Congo, Malaysia, Solomon Islands, Colombia, Cameroon, Nigeria and Ghana.

In 1987, he joined Sime Darby as General Manager and was promoted to Managing Director of Sime Darby Services Sdn. Bhd in 1989. The company was involved in consultation services mainly in Indonesia, serving the World Bank and other private clients. From 1993 to 2000 he served as a Director of the Refineries Division in Sime Darby. In this position, he was responsible for supervising the production and marketing activities of refineries in Malaysia, Thailand, Singapore and Egypt. After his retirement from Sime Darby in 2000, he established his own company, IPC Services Sdn. Berhad, which provides consultancy services to local and international, upstream and downstream businesses within the plantation industry.

In 2001, he was awarded Fellow of the Incorporated Society of Planters for outstanding service to the industry.

He is a member of the Board of Greenyield Berhad. He is also a Director of Felda subsidiaries namely Felda Plantation Sdn. Berhad, Felda Palm Industries Sdn. Berhad, Felda Vegetable Oil Products Sdn. Berhad and FIMA Bulking Sdn. Bhd. (a subsidiary of Kumpulan Fima Berhad). He was a member of the Malaysian Palm Oil Board (MPOB) Programme Advisory Committee.

Mahbob bin Abdullah does not have any family relationship with any director and/ or major shareholder(s) of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten (10) years. From the date of his appointment, he attended all the three (3) of the five (5) Board of Directors meetings which were held for the year ended 31 December 2010.



Management Team

Management Team

While, THP Group believes that its people is the pulse that beat the organisation into motion, leadership is the heart that empowers and aligns the progress of the organisation on the path of growth and sustainability.

THP was incorporated 37 years ago in 1971 and was listed in 2006. Through the years, THP Group has grown into a formidable medium sized player in the oil palm industry.

The growth of THP Group thus far is principally achieved by its highly regarded leaders in the form of its management team headed by Dato' Zainal Azwar bin Zainal Aminuddin, the Chief Executive Officer/ Executive Director. Equipped with knowledge and skills, the team is focused and determined towards achieving the Company's objectives.

The calibre of the management team is such that, despite the Company owning a total of approximately 39,000 hectares of plantation land, they have proven their prowess by successfully managing a total of 210,000 hectares of THP's own estates as well as those owned by Lembaga Tabung Haji in Malaysia and Indonesia.

THP Group goes beyond the mere developments and improvements of policies, practices and procedures; it promotes ethical leadership from the top as an important means of inculcating and persevering moral foundation throughout the organisation. By instilling this ethical culture; fairness, transparency and professionalism is ensured throughout the business.



Support - HQ

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

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

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

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

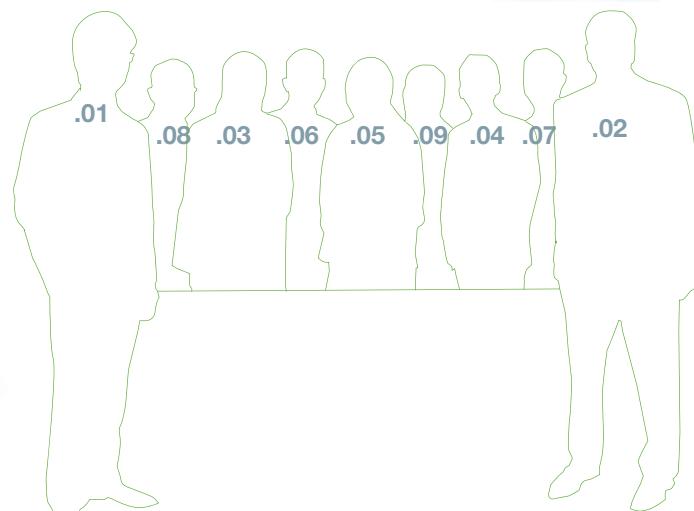
.05 **Maizura binti Mohamed**
General Manager (Corporate Services)

.06 **Jamaluddin bin Hanafiah**
Senior Manager (Audit)

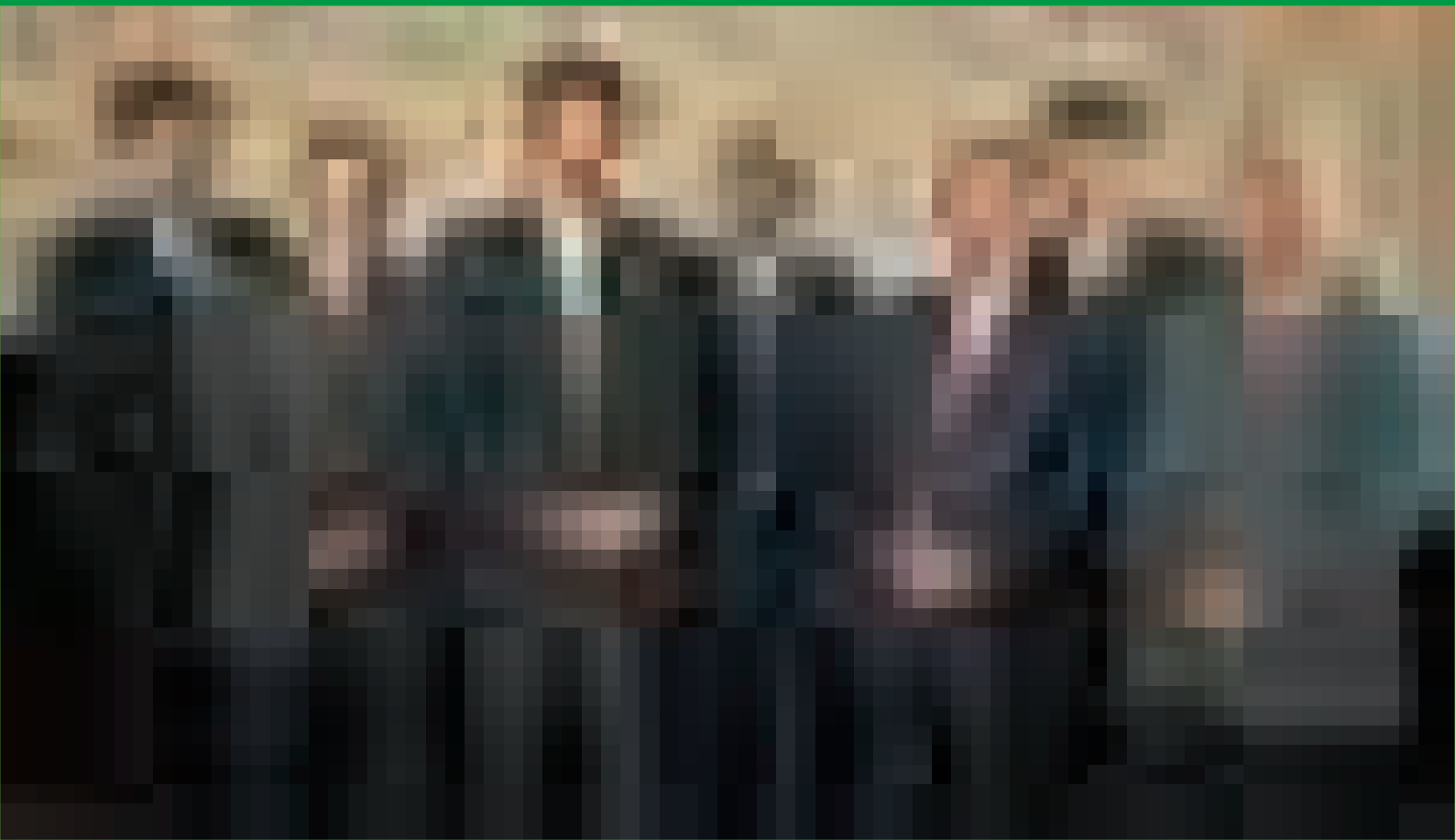
.07 **Hamidon bin Hassan**
Deputy General Manager (IT)

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

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



Domestic Operations



.01 Mat Saad bin Ramli
Chief Operation Officer (Domestic)

.02 Radin Rosli bin Radin Suhadi
*Plantation Controller
(Sarawak Operation)*

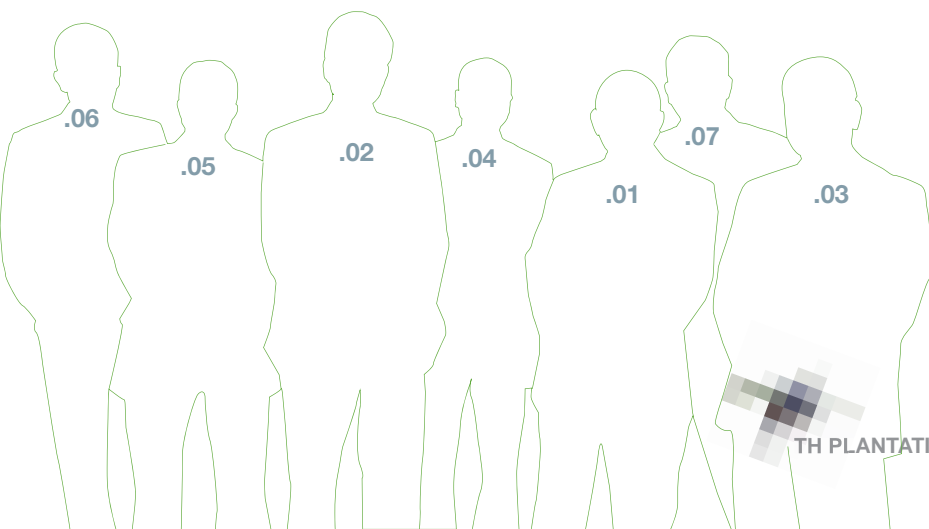
.03 Marzuki bin Abd Rahman
Head of Engineering

.04 Abd Rashid bin Sahibjan
General Manager (Planting Advisor)

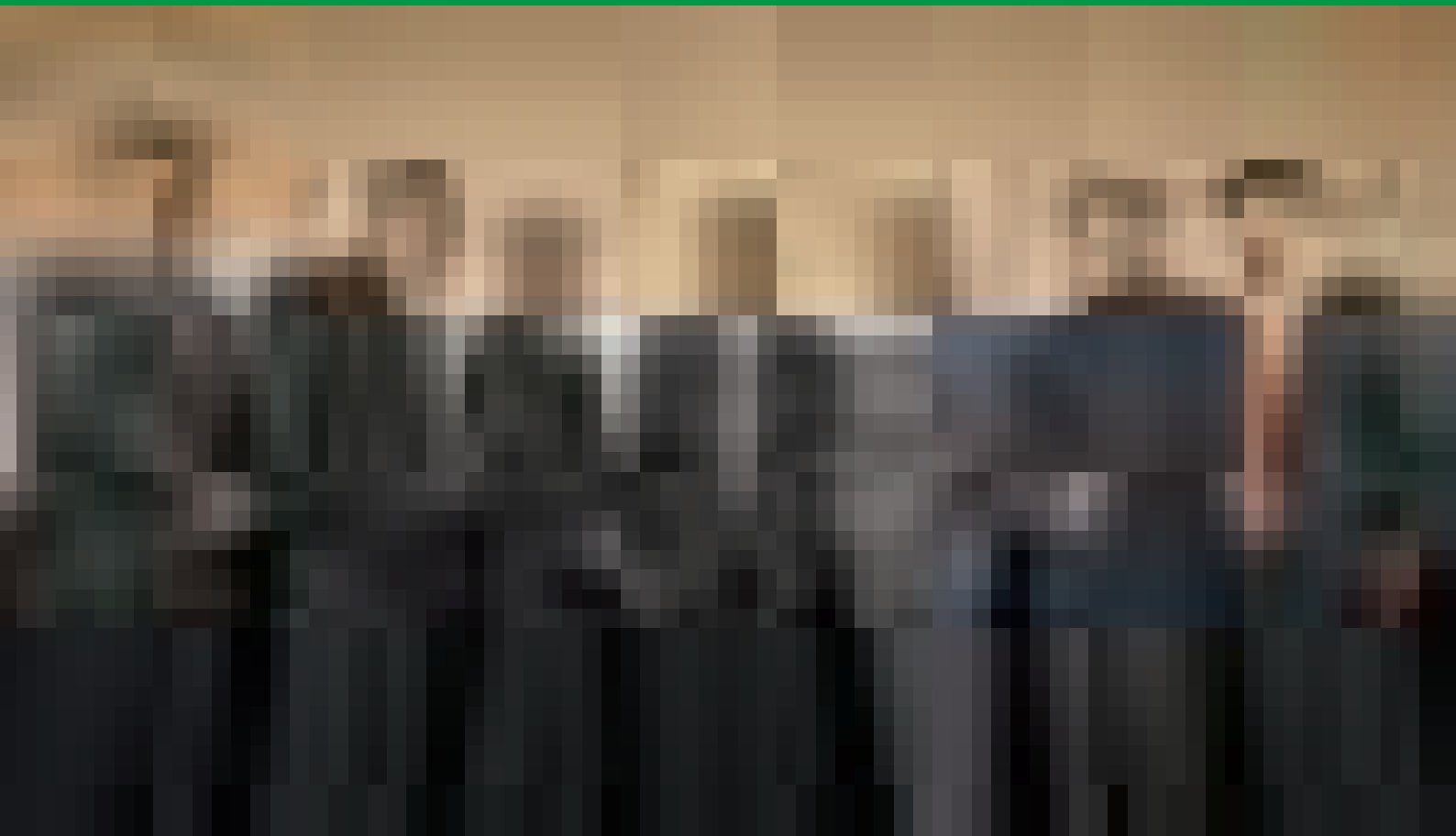
.05 Muhammad Ariff bin Ariffin
General Manager (Planting Advisor)

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

.07 Khairul Ismadi bin Ismail
Manager (Agronomy)



Overseas Operations



.01 **Hassan Fikri bin Mohamad**
Head of Operations (Overseas)

.02 **Roslan bin Baba**
Director Finance (Overseas)

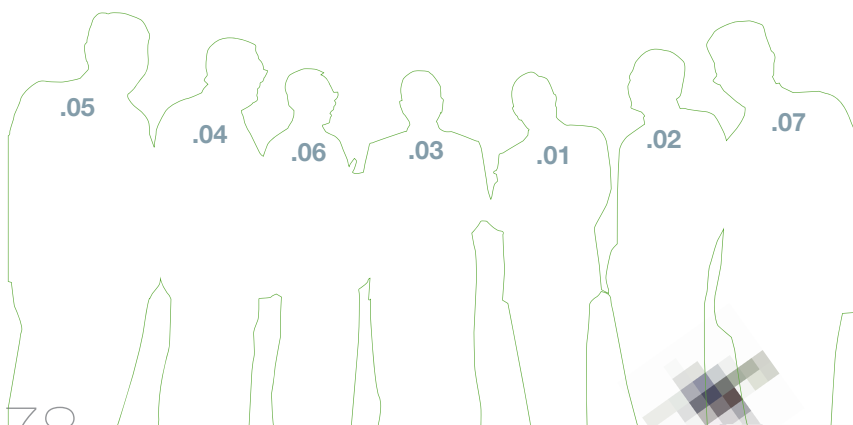
.03 **Syed Ali bin Syed Idros**
Plantation Controller PTTHIP

.04 **Ghazali bin Limat**
Plantation Controller PTTHIP

.05 **Ir Ramli bin Mohd Tahar**
General Manager (Mill Advisor)

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

.07 **Ahmad Nordzri bin Razali**
Manager - Logistic PTTHIP



Statement on Corporate Governance

THE BOARD OF DIRECTORS (“THE BOARD”) OF TH PLANTATIONS BERHAD (“THP” OR “THE COMPANY”) CONFIRMS THAT IT HAS CONTINUED TO INTEGRATE GOOD AND EFFECTIVE CORPORATE GOVERNANCE PRACTICES INTO THE OVERALL BUSINESS DIRECTION AND MANAGEMENT OF THP AND ITS SUBSIDIARIES (“THP GROUP”).

The Board is determined and committed towards ensuring maximum shareholders’ value and enhancing investors’ interests in compliance with the Best Practices of the Malaysian Code on Corporate Governance (“the Code”). In doing so, the Board is convinced that proper and good governance will undoubtedly contribute towards the betterment of the Group’s overall performance.

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

In December 2010, THP won the Industry Excellence Award under the Plantations Category for Malaysian Corporate Governance (“MCG”) Index 2010 initiated by the Minority Shareholder Watchdog Group. The MCG Index 2010 is a premier index used by investors to determine the level of corporate governance among public listed companies in Malaysia.

This statement provides a description on how THP has applied the key principles set out in the Code and the extent of its compliance with the best practices set out in the Code throughout the year ended 31 December 2010.

THE BOARD OF DIRECTORS

Composition, Size and Effectiveness of the Board

THP is led by a committed, experience and proactive Board which is able to provide the Group with clear and effective leadership. The Board consists of nine (9) members comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Director and seven (7) Independent Non-Executive Directors. The proportion of Independent Non-Executive Directors is in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) which require one-third (1/3) of the Board to be independent.

Taking into consideration the Company’s present activities and size, the Board views that the number and composition of the current Board members are sufficient and well balanced for their duties to be carried out effectively, whilst providing greater assurance that no individual or small group of individuals can dominate the Board’s decision making.

The positions of Chairman and Chief Executive Officer are held by Tan Sri Datuk Dr Yusof bin Basiran and Dato’ Zainal Azwar bin Zainal Aminuddin, respectively. The Chairman has never held the post of Chief Executive Officer of the Company. There is a distinct and clear division of responsibilities between the Chairman and the Chief Executive Officer to ensure that there is a balance of power and authority, avoiding any unfettered power of decision making in one individual.

The roles of the Chairman and Chief Executive Officer are separated and clearly defined.



Statement on Corporate Governance

Dato' Paduka Ismee bin Haji Ismail, who is the Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji, is the Non-Independent Non-Executive Director who represents Lembaga Tabung Haji, the majority shareholder of the Company. He brings with him the relevant business, financial and professional background necessary for policy formulations and direction of THP Group.

The presence of seven (7) Independent Non-Executive Directors who neither engage in the day-to-day management of the Company, nor participate in any business dealings or involved in any other relationship with the Company, is to ensure that these Independent Non-Executive Directors remain free of conflict of interest situations. This facilitates them to effectively carry out their roles and responsibilities as Independent Directors.

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

The profiles of each Board member are outlined in pages 65 to 73 of this Annual Report.

Duties and Responsibilities of the Board

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

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

a. Reviewing and adopting strategic plans for the Company. The Board will review and approve the five (5) year rolling strategic plan for THP Group.

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

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

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

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

c. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks. THP Group has set up a Risk Management Committee comprising senior members of the Management team to assist the Board in this area.

Statement on Corporate Governance

- d. Implementing succession planning, including the appointment and recruitment of senior management team members.

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

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

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

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

In fulfilling this responsibility, the Board's functions are supported and reinforced through the various committees established at both the Board and management levels. They are aided by the Internal Audit Department, to provide a strong check and balance as well as reasonable assurance on the adequacy of the Company's internal controls through their regular meetings and discussions.

Details on the Internal Audit functions are further discussed in the Audit Committee Report as mentioned on page 121 of this Annual Report.

Moreover, the Company subscribes to the principles in the Green Book as the Policy Manual of the Board to assist the Board in discharging its duties effectively. The Board is therefore guided by the Green Book, among others, in the following areas:

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

At the same time, the Board also ensures the sustenance of a dynamic and robust corporate climate which is focused on strong ethical values.

To this end, active participation and structured dialogues involving key people at all levels are encouraged and conducted. Meanwhile, accessibility to information and transparency in all executive actions is consistently ensured. The corporate climate is also continuously nourished by value-centred programmes for team-building and active subscription to core values.



Statement on Corporate Governance

Board Meetings and Supply of Information to the Board

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

The Board is supplied with and assured of full and timely access to all relevant information to discharge its duties effectively. A set of board papers is furnished to the Board members in advance, prior to each Board meeting. The board papers contain, among others, information on THP Group's performance and major operational, financial and corporate issues. Minutes of the Board Committee meetings are also tabled at the Board meetings for the purpose of information and deliberation. In addition, Circular Resolutions are used for determining matters arising in between meetings. All conclusions of the Board meetings are duly recorded and the minutes are kept by the Company Secretary.

A total of five (5) board meetings were held in 2010 and all Directors have complied with the minimum fifty percent (50%) attendance as required under Paragraph 15.05 of the Listing Requirements.

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

In addition to matters relating to the Board's six (6) principal stewardship responsibilities, other specific topics tabled for the Board's deliberation, include key financial and operational results and the performance of THP Group, THP Group's strategic and corporate initiatives such as approval of corporate plans and budgets, acquisitions and disposal of material assets, major investments, and changes to management and control structures of THP Group, including key policies, procedures and authority limits.

Apart from the scheduled meetings', on separate occasions, the Directors also visit locations of estates and mills to enable them to better assess the operational progress, status of development and any important issues which need to be addressed.



Statement on Corporate Governance

Each Director's Board meeting attendance throughout 2010 is detailed below:

| Directors | Designation | No. of Meetings Attended During The Year | % |
|---|--|--|-----|
| Tan Sri Datuk Dr Yusof bin Basiran | Independent Non-Executive Chairman | 5/5 | 100 |
| Dato' Zainal Azwar bin Zainal Aminuddin | Chief Executive Officer / Executive Director | 5/5 | 100 |
| Dato' Paduka Ismee bin Haji Ismail | Non-Independent Non-Executive Director | 5/5 | 100 |
| Datuk Dr Abdul Samad bin Haji Alias | Independent Non-Executive Director | 5/5 | 100 |
| Datuk Azizan bin Abd Rahman | Independent Non-Executive Director | 4/5 | 80 |
| Dato' Haji Wan Zakaria bin Abd Rahman | Independent Non-Executive Director | 5/5 | 100 |
| Dato' Noordin bin Md Noor | Independent Non-Executive Director | 5/5 | 100 |
| Md. Yusof bin Hussin | Independent Non-Executive Director | 4/5 | 80 |
| Mahbob bin Abdullah (Appointed on 1 June 2010) | Independent Non-Executive Director | 3/3 | 100 |
| Syed Hood bin Syed Edros (Retired on 6 May 2010) | Independent Non-Executive Director | 2/2 | 100 |

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

The Board is not only provided with quantitative information but also with those which are qualitative in nature which is pertinent and of a quality necessary to allow the Board to effectively deal with matters that are tabled at the meetings.

These include current updates of THP Group's performance as well as external factors that may influence its business.



Statement on Corporate Governance

Appointment of New Directors

The number and composition of Board membership are reviewed on a regular basis to ensure the effectiveness of the Board to safeguard the Company's long term interests.

The Nomination Committee assesses the suitability of proposed new Directors and upon reaching a consensus, recommends candidates to the Board for appointment.

Re-election of Directors

In accordance with the Company's Articles of Association, at least one third (1/3) of the Directors shall retire from office every year provided always that all Directors shall retire from office at least once in every three (3) years and shall be eligible for re-election in the Annual General Meeting ("AGM").

The Articles of Association also provides that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election.

The re-election of Directors ensures that shareholders have regular opportunity to reassess the composition of the Board.

Board Committees

The Board has established six (6) Board Committees to which it has delegated specific responsibilities. They are the Audit Committee, Nomination Committee, Remuneration Committee, Employees' Share Option Scheme, Tender Committee A and Tender Committee B.

The Board Committees operate under clearly defined terms of reference. They have the authority to examine particular issues within their terms of reference and report to the Board with their recommendations.

Apart from the Board Committees, Management Committees are also established by the management to facilitate the functions of the Board namely, the Government Linked Companies Transformation Programme Committee, Standard Operating Procedures Committee, Human Resource Committee, Risk Management Committee and Audit Compliance Committee.

Details of the Board Committees during the year are outlined below:

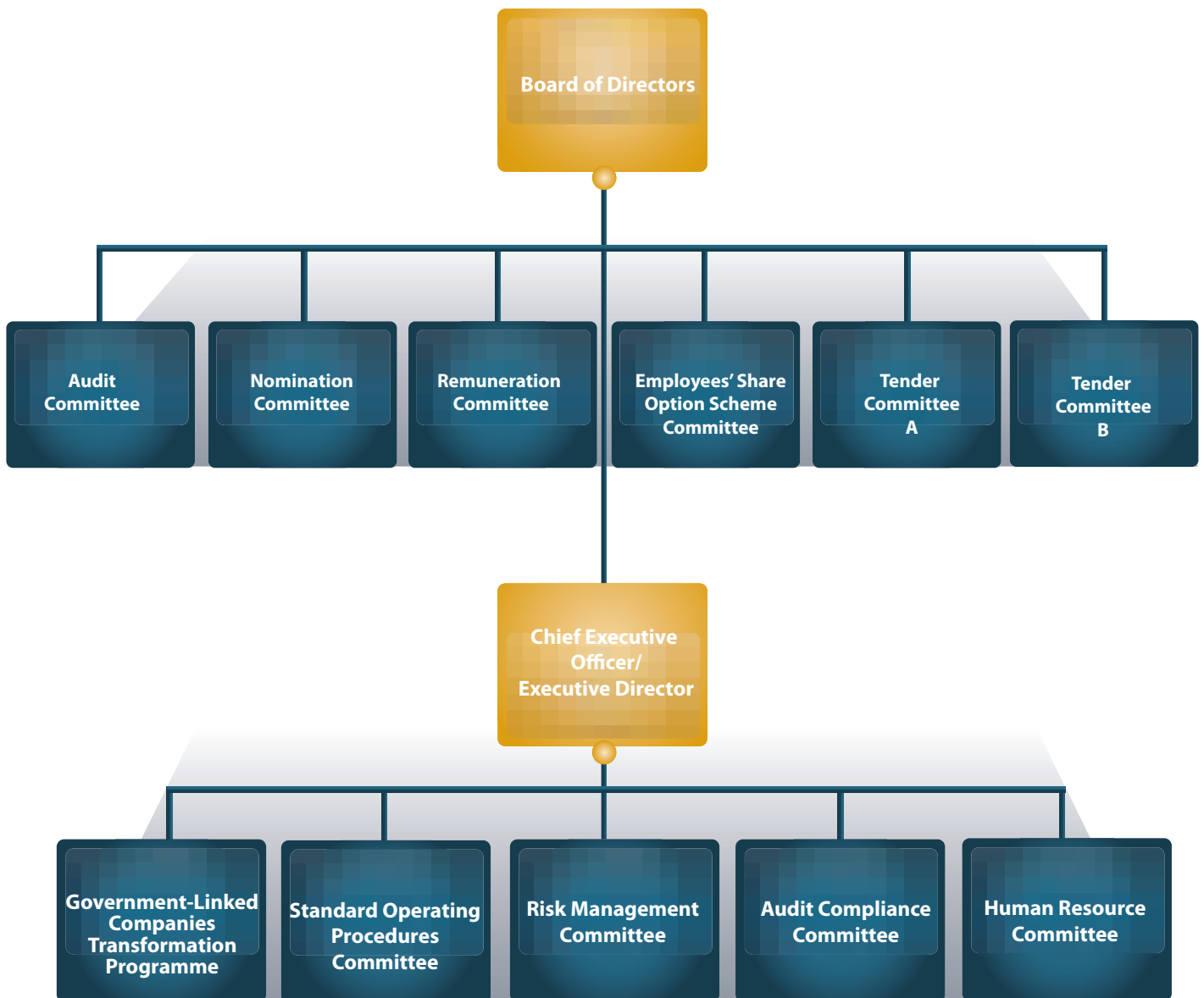
a. Audit Committee

Pursuant to Paragraph 15.15 of the Listing Requirements, the Audit Committee Report for the financial year ended 31 December 2010 is contained in pages 113 to 121 of this Annual Report.



Statement on Corporate Governance

TH Plantations Berhad Board and Management Committees



Statement on Corporate Governance

b. Nomination Committee

Membership

The members of the Nomination Committee are as follows:

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

Terms of Reference

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

1. Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall comprise exclusively of Non-Executive Directors, a majority of whom are independent. The Committee shall consist of at least three (3) members.

2. Quorum

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

3. Chairman

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

4. Secretary



Statement on Corporate Governance

The Company Secretary shall act as the Secretary of the Committee.

5. Meetings and Minutes

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

6. Functions and Responsibilities

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

- a. To review regularly the Board's structure, size and composition and make recommendations to the Board on any adjustments that are deemed necessary;
- b. To identify and propose to the Board suitable candidates to act as Directors of the Company;
- c. To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;
- d. To consider and recommend to the Board, candidates for all directorships to be filled in the Company and its Group;
- e. To evaluate and recommend to the Board, Directors to fill the seats on the Board Committees;
- f. To consider, in making its recommendations, candidates for directorship who are proposed by the Chief Executive Officer and, within the bounds of practicability by any



Statement on Corporate Governance

other senior executive or any Director or shareholder;

- g. To recommend to the Board for the continuation (or not) in service of Executive Director(s) and Directors who are due for retirement by rotation;
- h. To review the Board's mix of skills, experience and other qualities including core competencies which non-executive directors should bring to the Board on an annual basis;
- i. To orientate and educate new directors on the nature of the business, current issues within the Company, corporate strategies, expectations of the Company concerning inputs from directors and their general responsibilities;
- j. Such other functions as may be delegated by the Board from time to time; and
- k. To review and recommend promotions, extensions of contracts, creation of new posts and all other related matters with regard to the senior management of the Company and its Group.

7. Reporting Procedures

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

8. Access to Advice

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

Attendance

The members' attendance at the Nomination Committee meeting in 2010, are set out below:

| Members | No. of Meeting Attended During The Year | % |
|-------------------------------------|---|-----|
| Datuk Dr Abdul Samad bin Haji Alias | 1/1 | 100 |
| Datuk Azizan bin Abd Rahman | 1/1 | 100 |
| Md. Yusof bin Hussin | 1/1 | 100 |

Statement on Corporate Governance

c. Remuneration Committee

Membership

The members of the Remuneration Committee are as follows:

- i. Tan Sri Datuk Dr Yusof bin Basiran
Chairman, Independent Non-Executive Director
- ii. Dato' Paduka Ismee bin Haji Ismail
Member, Non-Independent Non-Executive Director
- iii. Dato' Haji Wan Zakaria bin Abd Rahman
Member, Independent Non-Executive Director

Terms of Reference

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

1. Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall comprise exclusively of Non-Executive Directors, a majority of whom are independent. The Committee shall consist of at least three (3) members.

2. Quorum

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

3. Chairman

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



Statement on Corporate Governance

4. Secretary

The Company Secretary shall act as the Secretary of the Committee.

5. Meetings and Minutes

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

6. Functions and Responsibilities

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

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



Statement on Corporate Governance

7. Structures and Procedures

- a. The remuneration of Directors shall be the ultimate responsibility of the Board after considering the recommendations made by the Committee.
- b. The Executive Director does not participate in discussions on his own remuneration.
- c. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman shall be a matter to be considered by the Board as a whole.
- d. The level of remuneration should be sufficient to attract and retain the directors needed to run the Company successfully. In the case of Executive Directors, the components of the remuneration should be structured so as to link rewards to corporate and individual performance . The level of remuneration should reflect the experience and responsibilities borne by the particular Non-Executive Directors concerned.

8. Reporting Procedures

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

9. Access to Advice

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

Attendance

The members' attendance at the Remuneration Committee meeting in 2010, are set out below:

| Members | No. of Meeting Attended During The Year | % |
|---------------------------------------|---|-----|
| Tan Sri Datuk Dr Yusof bin Basiran | 1/1 | 100 |
| Dato' Paduka Ismee bin Haji Ismail | 1/1 | 100 |
| Dato' Haji Wan Zakaria bin Abd Rahman | 1/1 | 100 |



Statement on Corporate Governance

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

Membership

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

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

- i. Dato' Noordin bin Md Noor
Chairman, Independent Non-Executive Director
- ii. Dato' Zainal Azwar bin Zainal Aminuddin
Member, Executive Director
- iii. Haji Hassan Fikri bin Mohamad
Member
- iv. Mohamed Azman Shah bin Ishak
Member
- v. Aliatun binti Mahmud
Member
- vi. Fadzil bin Abdullah
Member

Functions and Responsibilities

The ESOS Committee is established primarily:

- i. To administer the ESOS in accordance with the By-Laws of the ESOS and in such manner as it shall in its discretion deem fit and within such powers and duties as are conferred upon it by the Board.
- ii. To review and amend, at any time and from time to time, any provisions of the By-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modifications/variations shall be subject to the approval of the Board and the relevant regulatory authorities.

In 2010, there was no meeting held by the ESOS Committee.



Statement on Corporate Governance

e. Tender Committee A

Membership

The members of the Tender Committee A are as follows:

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

Terms of Reference

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

1. Composition

The Committee shall be appointed by the Board from among the Directors of the Company and shall comprise exclusively of Non-Executive Directors, a majority of whom are independent. The Committee shall consist of at least three (3) members.

2. Quorum

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

3. Chairman

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



Statement on Corporate Governance

4. Secretary

The Secretary of the Committee is appointed by the Board.

5. Meetings and Minutes

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

6. Functions and Responsibilities

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

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



Statement on Corporate Governance

7. Reporting Procedures

The actual decision on the successful tenders shall be the responsibility of the Board and Audit Committee, which will review any related party transactions and conflict of interest situations which may arise within THP Group. This includes any transactions, procedures or course of conduct that may raise questions on management integrity after considering the recommendations made by the Tender Committee.

8. Access to Advice

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

Attendance

The members' attendance at the Tender Committee A meetings in 2010, are set out below:

| Members | No. of Meetings Attended During The Year | % |
|---------------------------------------|--|-----|
| Md. Yusof bin Hussin | 5/5 | 100 |
| Dato' Paduka Ismee bin Haji Ismail | 5/5 | 100 |
| Dato' Haji Wan Zakaria bin Abd Rahman | 5/5 | 100 |



Statement on Corporate Governance

DIRECTORS' REMUNERATION

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

Details of the remunerations (including benefits-in-kind) of each Director for the year ended 31 December 2010 are as follows:

| Executive Director | RM | | | | | |
|---|---------|--------|---------|------------------|------------------|-----------|
| | Salary | Fees* | Bonus | Other Emoluments | Benefits-in-kind | Total |
| Dato' Zainal Azwar bin Zainal Aminuddin | 480,000 | 54,000 | 342,657 | 132,936 | 7,200 | 1,016,793 |

| Non-Executive Directors | RM | | | | | |
|---|----------------|----------------|----------------|------------------|------------------|------------------|
| | Salary | Fees* | Bonus | Other Emoluments | Benefits-in-kind | Total |
| Tan Sri Datuk Dr Yusof bin Basiran | - | 108,000 | - | - | 13,800 | 121,800 |
| Dato' Paduka Ismee bin Haji Ismail | - | 54,000 | - | - | - | 54,000 |
| Datuk Dr Abdul Samad bin Haji Alias | - | 78,000 | - | - | - | 78,000 |
| Datuk Azizan bin Abd Rahman | - | 66,000 | - | - | - | 66,000 |
| Dato' Haji Wan Zakaria bin Abd Rahman | - | 54,000 | - | - | - | 54,000 |
| Dato' Noordin bin Md Noor | - | 54,000 | - | - | - | 54,000 |
| Md. Yusof bin Hussin | - | 54,000 | - | - | - | 54,000 |
| Mahbob bin Abdullah (Appointed on 1 June 2010) | - | 31,500 | - | - | - | 31,500 |
| Syed Hood bin Syed Edros (Retired on 6 May 2010) | - | 23,000 | - | - | - | 23,000 |
| TOTAL | 480,000 | 576,500 | 342,657 | 132,936 | 21,000 | 1,553,093 |

Note: * Fees include those disbursed for being a member of Board Committees.

Statement on Corporate Governance

Number of Directors whose remuneration falls within the following bands:

| Ranges of Remuneration | Executive Director | Non-Executive Directors | Total |
|----------------------------|--------------------|-------------------------|-------|
| Below RM50,000 | - | 2 | 2 |
| RM50,001 to RM100,000 | - | 6 | 6 |
| RM100,001 to RM150,000 | - | 1 | 1 |
| RM1,000,000 to RM1,050,000 | 1 | - | 1 |

DIRECTORS' TRAINING

In compliance with the Listing Requirements, the Company regularly assesses the training needs of its Directors to ensure that they are well equipped with the requisite knowledge and competencies to contribute effectively to the functioning of the Board.

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. In addition, the Directors are also encouraged to continue attending various training programmes that are relevant to further enhance their knowledge and expertise in discharging their responsibilities.

For the financial year ended 31 December 2010, the Directors attended the following training programmes:-

1. Global Business Leaders Forum
2. Chairman's Forum: Leading Championship Strategies
3. Global Islamic Finance Forum
4. World Capital Markets Symposium
5. Tabung Haji Group of Plantation Manager's Seminar 2010
6. FRS139, Financial Instruments: Recognition and Measurements
7. Promoting the Corporate Governance Agenda – Raising The Bar
8. Oils & Fats International Congress 2010
9. Financial Institution Directors Education (FIDE) Module 1 to 4



Statement on Corporate Governance

COMMUNICATION AND RELATIONSHIP WITH INVESTORS AND SHAREHOLDERS

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

Other than the annual reports, press releases and analyst briefings presentation slides; THP's website, www.thplantations.com.my also house all other public corporate and financial information, such as THP Group's quarterly announcements of the financial results, announcements and disclosures made pursuant to the disclosure requirements of the Listing Requirements and other corporate information on THP Group.

Meetings and briefings were held periodically with investors, research analysts, bankers and the press to explain on THP Group's latest performance results, current developments and future directions. To seek clarification or explanation on any issues arising, participants are encouraged to pose questions to THP's Chief Executive Officer and Executive Director or the senior management team. While these forms of communication are important, the Company takes full cognisance of its responsibilities not to disclose price-sensitive information.

As mentioned earlier, the Board has adopted the IR Policy to enable appropriate communications with all stakeholders. In the said IR Policy, the authorised spokespersons will guide and steer communications by THP's senior management and employees. This is to avoid THP from making contradicting and differing views on certain issues and ensuring that only clear and precise information is given to the media and the market.

For further information or queries on matters relating Investor Relations, please contact the following authorised management personnel:

1. Mohamed Azman Shah bin Ishak

Chief Financial Officer

Contact No. 03 2687 6666

Email: ashah@thplantations.com

.....

2. Maizura binti Mohamed

General Manager – Corporate Services

Contact No. 03 2687 6666

Email: maizura@thplantations.com



Statement on Corporate Governance

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Controls

The review on the system of internal control is set out under the Statement on Internal Control on pages 107 to 111 of this Annual Report. In 2010, the Audit Committee met twice with the External Auditors without the presence of the management.

Related Party Transactions

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

The Shareholders' mandate in respect of RRPT is obtained at the annual general meeting of the Company on a yearly basis. Details of these transactions are set out on pages 104 to 105 of this Annual Report.

Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report on pages 113 to 121 of this Annual Report.

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

Relationship with the Management

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



Statement on Corporate Governance

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE

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

DIRECTORS' RESPONSIBILITY STATEMENT IN THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

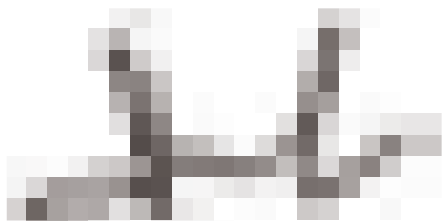
The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements to issue a statement explaining their responsibility in the preparation of the audited financial statements. The Directors are required by the Companies Act, 1965 to prepare audited financial statements for each financial year which give a true and fair view of the state of affairs of THP 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 audited 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 audited financial statements.

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

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

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 15 March 2011.



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



Statement on Corporate Governance

ADDITIONAL COMPLIANCE INFORMATION

a) Utilisation of Proceeds from Corporate Proposals

Not applicable.

b) Share Buy-Back

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

c) Options, Warrants or Convertible Securities

There was no exercise of warrant or convertible securities during the financial year except for the issuance of 644,500 new shares pursuant to the exercise of options under the Company's Employees' Share Option Scheme at the exercise price of RM1.52 per share. The proceeds raised were utilised for working capital requirements.

d) Depository Receipt Programme ("DRP")

The Company did not sponsor any DRP during the financial year.

e) Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority for the financial year ended 31 December 2010.

f) Non-Audit Fees

There was no non-audit fees incurred for the financial year ended 31 December 2010.

g) Variation in Results

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the fourth quarter announcement of unaudited results for the financial year ended 31 December 2010 and the audited financial statements of THP Group for the financial year ended 31 December 2010.

h) Profit Guarantee

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



Statement on Corporate Governance

i) Material Contracts

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

j) Revaluation Policy on Landed Properties

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

k) Recurrent Related Party Transactions

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

Transactions with THP

| Related Party Involved with the Company and/or Subsidiary | Relationship | Type of Transaction | Aggregate Value of Transaction RM'000 |
|---|-----------------|--------------------------------------|---------------------------------------|
| Lembaga Tabung Haji | Holding Company | Lease of land | 2,200 |
| Lembaga Tabung Haji | Holding Company | Rental of office | 1,932 |
| CCM Fertilizers Sdn. Bhd. | Related Company | Purchase of Fertilisers | 13,971 |
| Sistem Komunikasi Gelombang Sdn. Bhd. | Related Company | Telecommunication equipment provider | 1,322 |
| TH Travel Services Sdn. Bhd. | Related Company | Purchase of flight tickets | 679 |

Statement on Corporate Governance

Transactions with THP Agro Management Sdn. Bhd. (Wholly Owned Subsidiary of THP)

| Related Party Involved with the Company and/or Subsidiary | Relationship | Type of Transaction | Aggregate Value of Transaction RM'000 |
|---|-----------------|----------------------------------|---------------------------------------|
| TH Pelita Gedong Sdn. Bhd. | Related Company | Provision of management services | 3,476 |
| TH Pelita Sadong Sdn. Bhd. | Related Company | Provision of management services | 793 |
| Ladang Jati Keningau Sdn. Bhd. | Related Company | Provision of management services | 76 |
| TH-Usia Jatimas Sdn. Bhd. | Related Company | Provision of management services | 126 |
| TH-Bonggaya Sdn. Bhd. | Related Company | Provision of management services | 231 |
| PT. TH Indo Plantations | Related Company | Provision of management services | 18,609 |
| TH Bakti Sdn. Bhd. | Related Company | Provision of management services | 117 |
| TH Pelita Meludam Sdn. Bhd. | Related Company | Provision of management services | 555 |
| TH Pelita Beladin Sdn. Bhd. | Related Company | Provision of management services | 81 |



Statement on Internal Control

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

INTRODUCTION

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

BOARD RESPONSIBILITIES

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

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

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

RISK MANAGEMENT

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

The RMC is chaired by the Chief Operating Officer with the respective Heads of Departments, namely Finance, Legal, Operations and Administration, as the committee members. The RMC meetings have been held periodically to monitor and obtain updates on THP Group’s risk management matters.



Statement on Internal Control

KEY INTERNAL CONTROL ELEMENTS

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

Organisation Structure & Authorisation Procedures

THP Group maintains a formal organisation structure with clear lines of reporting to the Board, Committees and Senior Management with well defined roles and responsibilities, authority limits, review and approval procedures as well as proper segregation of duties.

Apart from the Management of THP Group, the Board is also assisted by the Audit Committee, the Nominations Committee, the Remunerations Committee, and the Tender Committee, each with clear Terms of Reference (TOR), to effectively and efficiently manage the operations of THP Group. The structure in place is also designed to ensure good and strong corporate governance of THP Group.

Standard Operating Procedures (SOP)

The Board acknowledges the importance of documented SOP in managing the operations of THP Group, at the head office as well as in THP Group's estates and mills. The SOP of various operations are updated as and when required, taking into consideration current requirements and changes.

The operation and technical SOPs were reviewed and updated internally on a periodic basis if necessary. This is to ensure that proper internal control measures are incorporated to manage the risks of fraud and misstatements, which may compromise the goals and objectives of THP Group.

Independent Members in Audit Committee

The Audit Committee, whose members are Independent Non-Executive Directors, assesses on a periodic basis, the adequacy and integrity of the internal control system through various reports it receives from the Internal Audit Department, the Management and THP Group's External Auditors. Any internal control issues were brought to the attention of the Audit Committee which, in turn, will report to the Board matters requiring the latter's attention.

Statement on Internal Control

Internal Audit Function

The Internal Audit Department reports directly to the Audit Committee and assists in discharging the Audit Committee's responsibilities by performing periodic and systematic reviews of the business processes of the entities within THP Group. These reviews include examining and evaluating the adequacy and effectiveness of the financial and operational controls within each operating unit.

IA reports together with management's comments and responses are periodically followed up for compliance as well as to ensure that the management are accountable for their actions.

Information & Communication

Through the use of the THP Management Information System (THPMIS), information on key business risks which is critical to the management that meets THP Group's business objectives are communicated within THP Group, ensuring that matters requiring the attention of the Board and Senior Management are highlighted on a timely basis for review, deliberation and decision-making.

Operations Review and Monitoring

The operations of THP Group is constantly monitored by the Board through up-to-date reports which are presented monthly by the Management, which review THP Group's performance against budgets and prior year performances. Variances are carefully analysed and corrective actions are taken where necessary.

The Management also monitors the performance of the estates and its managers through reports produced internally on a regular basis by the Plantation Advisors (PA) and Plantation Controllers (PC). The role of the PAs and PCs is to ensure that from the technical point of view, all estates under THP Group use current and better management practices.



Statement on Internal Control

Human Capital Development and Training

Emphasis is placed on enhancing the quality and ability of THP Group's directors and employees through continuous training and development. Directors have attended training to maintain good corporate awareness and governance.

THP Group's employees' competencies are assessed annually through reviews of Key Performance Indicators (KPI) and subsequently, potential areas for further development and training are highlighted by Heads of Departments and business units.

Group Takaful and Physical Safeguards

Adequate takaful coverage on assets of THP Group is in place to ensure sufficient protection against mishap that may result in material losses to THP Group. Review on the adequacy of the coverage is conducted annually by the Management.

Procurement and Tender Award System

A clearly defined policy on awarding of tenders is adopted to enhance the control and coordination of procurement of goods and services. Various internal control measures are in place throughout the procurement and tender award processes to safeguard the interest of THP Group.

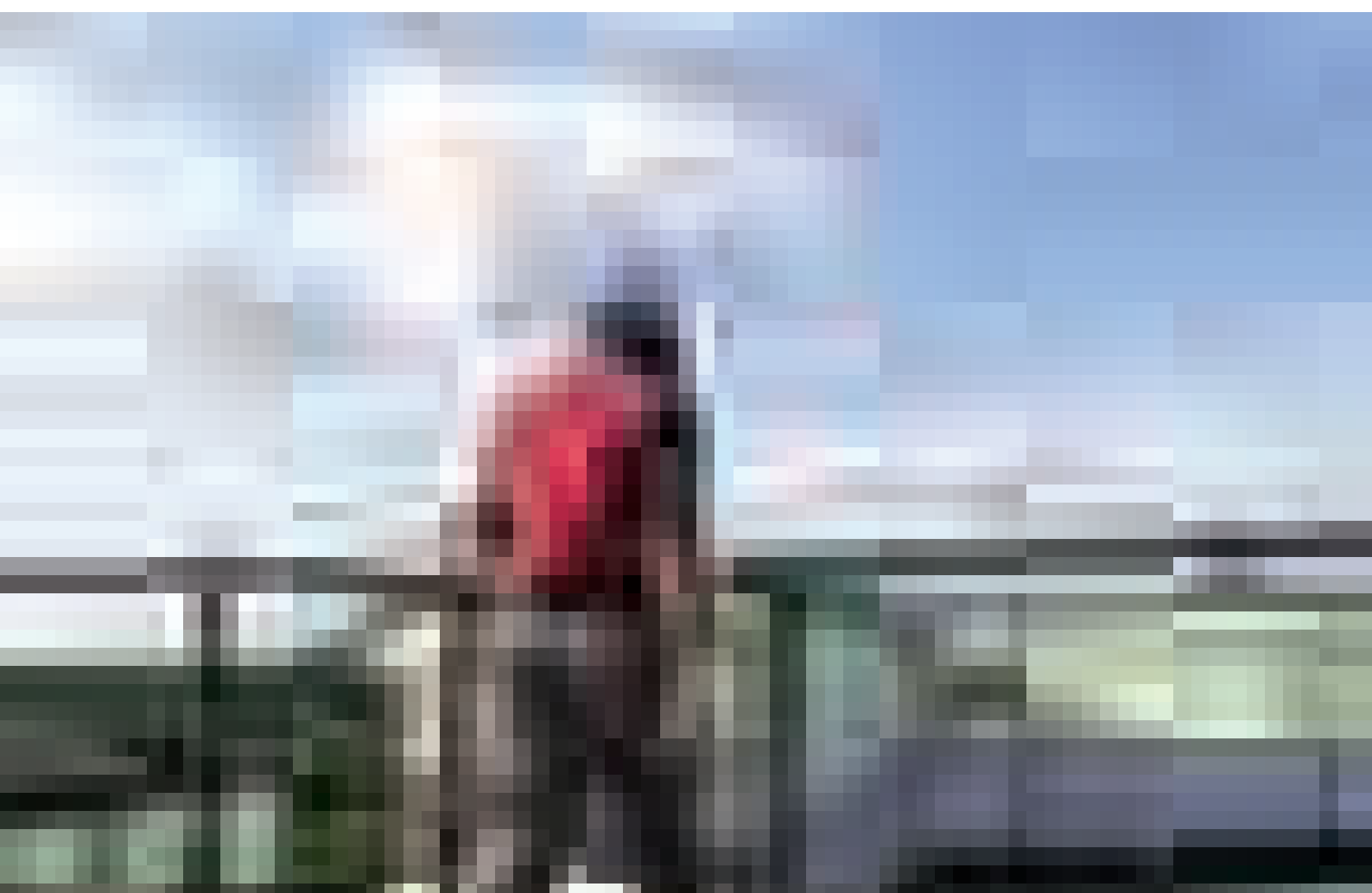


Statement on Internal Control

CONCLUSION

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

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



Audit Committee Report

INTRODUCTION

THE BOARD OF DIRECTORS (“THE BOARD”) OF TH PLANTATIONS BERHAD (“THP” OR “THE COMPANY”) IS PLEASED TO PRESENT THE REPORT ON THE AUDIT COMMITTEE OF THE BOARD FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010.

COMPOSITION

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

- i. Datuk Dr Abdul Samad bin Haji Alias *
Chairman, Independent Non-Executive Director
- ii. Datuk Azizan bin Abd Rahman
Member, Independent Non-Executive Director
- iii. Dato’ Noordin bin Md Noor
Member, Independent Non-Executive Director
(Appointed on 22 February 2010)
- iv. Syed Hood bin Syed Edros
Member, Independent Non-Executive Director
(Retired on 6 May 2010)

** A member of the Malaysian Institute of Accountants*



Audit Committee Report

TERMS OF REFERENCE

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

1. Composition

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members.

All members of the Audit Committee shall be non-executive Directors, a majority of whom shall be Independent Directors.

An alternate Director must not be appointed as a member of the Audit Committee.

In the event of any vacancies 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 is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - i. He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - ii. He must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- c. Must have a degree/master/doctorate in accounting or finance and at least three (3) years post qualification experience in accounting or finance; or
- d. Must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
- e. Possess such other requirements relating to financial-related qualifications or experience as prescribed or approved by Bursa Malaysia Securities Berhad.



Audit Committee Report

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. Meeting

- a. The Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;
- 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 the 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 the 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 employee within the Company or THP Group whom the Committee thinks fit to attend the Audit Committee Meeting, to assist in resolving and clarifying matters raised in the audit report and/or to brief on their respective reports and findings; and
- 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.



Audit Committee Report

6. Voting and Proceeding of Meeting

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) members are competent to vote on the issue in question, 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 the Audit Committee meeting.

7. Minutes

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 written or a verbal report of significant matters of each Audit Committee meeting at the next Board meeting or as may otherwise be required by the Board.

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



Audit Committee Report

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 as otherwise directed by the Board. The Audit Committee shall have:

- a. The authority to investigate any matter within its terms of reference;
- b. The resources required to perform its duties;
- c. Full and unrestricted access to any information, records, properties and personnel of the Company and THP 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 right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

9. Functions and Responsibilities

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

- a. To consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including the audit fees);
- b. To review with the external auditors of the Company:
 - i. Their audit plan;
 - ii. Their audit report;
 - iii. Their management letter and management's response; and
 - iv. The assistance given by the employees of the Company and THP Group to the external auditors;



Audit Committee Report

- c. To discuss problems and reservations arising from the interim and final audits and any matter that the external auditors may wish to discuss (in the absence of management where necessary);
- d. To review the quarterly financial results and annual audited financial statements of THP Group before recommending the same for the Board's approval, focusing particularly on:
 - i. Compliance with accounting standards and any other legal requirements;
 - ii. Any changes in or implementation of accounting policies and practices;
 - iii. Significant and unusual issues and adjustments arising from the audit;
 - iv. The going concern assumption.
- e. To review and consider the adequacy of scope, functions, competencies and resources of the internal audit function and that it has the necessary authority to carry out its work;
- f. To review the internal audit programme, the reports prepared by the internal audit department and to ensure that appropriate actions are taken on the recommendations made by the internal audit function;
- g. To review any appraisal or assessment of the performance of members of the internal audit function;
- h. To approve any appointment or termination of senior members of the internal audit function;
- i. To be informed of any resignation of internal audit staff members and provide an avenue for the resigning staff member to explain or submit his/her reasons for resignation;
- j. To review any related party transactions and conflict of interest situation that may arise within the Company or THP Group including any transactions, procedures or course of conduct that may raise questions on the integrity of the management;
- k. To consider the reports and major findings of any internal investigations and management's responses there to;
- l. To verify the allocation of options (if any) under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the By-Laws of the relevant option scheme;
- m. To promptly report to Bursa Malaysia Securities Berhad, a matter reported to the Board of Directors by the Audit Committee which has not been satisfactorily resolved resulting in a breach of the Listing Requirements of; and
- n. Such other functions or responsibilities as may be agreed to by the Committee and the Board.



Audit Committee Report

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 any amendments to the Board for approval, 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 member at least once every three (3) years.

ATTENDANCE

A summary of the Audit Committee meeting attendance during the financial year in review are as follows:

| Members | No. of Meetings Attended During The Year | % |
|--|--|-----|
| Datuk Dr Abdul Samad bin Haji Alias | 10/10 | 100 |
| Datuk Azizan bin Abd Rahman | 8/10 | 80 |
| Dato' Noordin bin Md Noor (Appointed on 22 February 2010) | 7/8 | 88 |
| Syed Hood bin Syed Edros (Retired on 6 May 2010) | 4/5 | 80 |

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

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

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



Audit Committee Report

- e. Reviewed with the external auditors the results of the audit, the audit report including management's responses on matters highlighted in the report;
- f. Reviewed the conduct and considered the remuneration and re-appointment of the external auditors;
- g. Held independent meetings (without the presence of the Management) with the external auditors on significant findings in the course of their audit;
- h. Reviewed and approved the internal audit team's scope of work and audit plan;
- i. Reviewed the Report on the Audit Committee, Statement on Internal Control and Statement on Corporate Governance prior to their inclusion in the Annual Report 2010;
- j. Reviewed the internal audit reports and reported to the Board on relevant matters deliberated at the Audit Committee meetings;
- k. Held independent meetings (without the presence of the Management) with the internal auditors on significant findings in the course of their audit;
- l. Performed periodic site visits to familiarise and confirm that internal controls are in place and being observed;
- m. Reviewed all related party transactions entered into by the Company and THP Group to ensure that such transactions are undertaken on an arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the related internal control procedures are both sufficient and effective; and
- n. Verified allocation of options (if any) 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.



Audit Committee Report

INTERNAL AUDIT FUNCTION AND ACTIVITIES

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

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

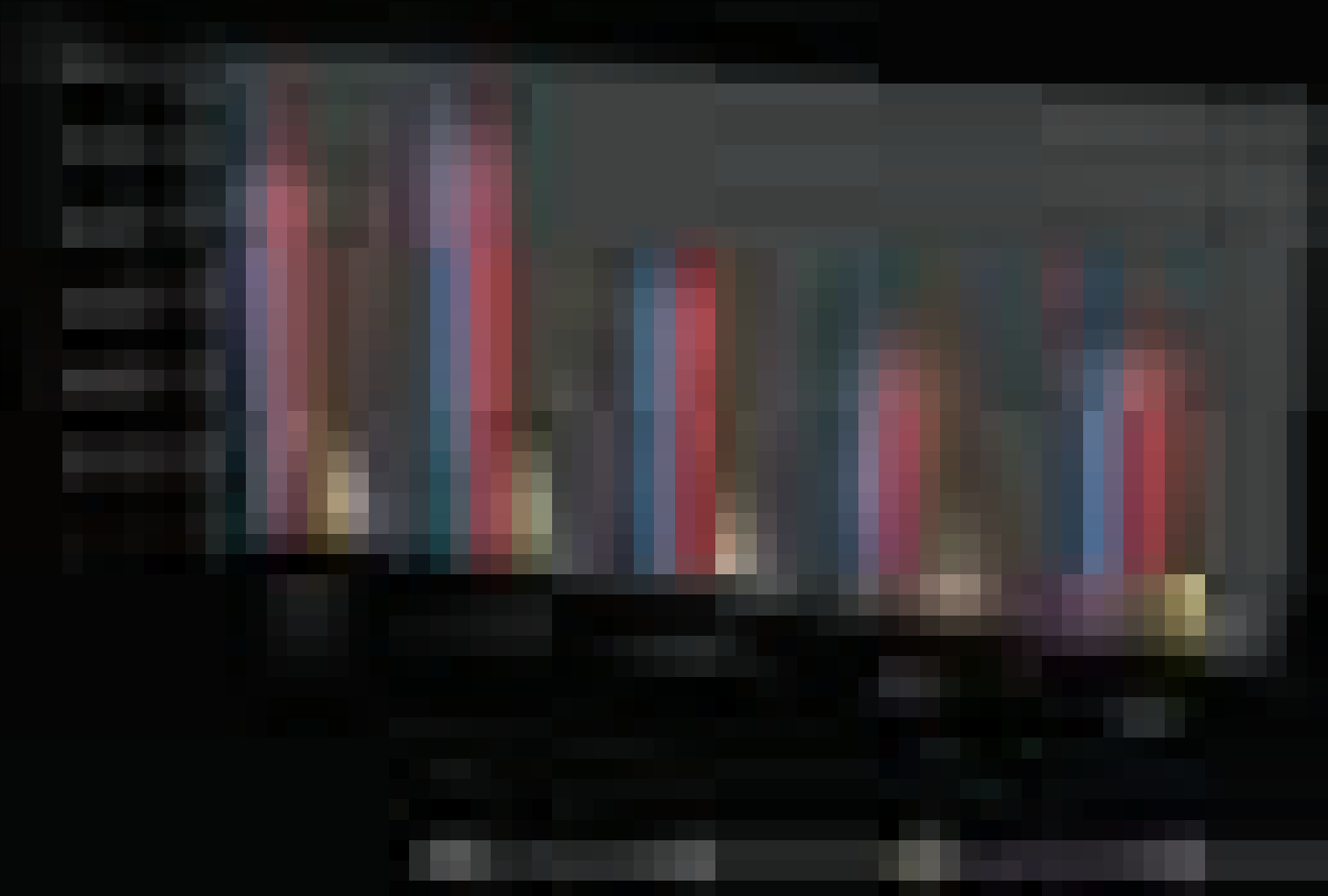
- a. Conducted 46 audits and 4 reviews on various operating units based on the annually approved internal audit plan;
- b. Reviewed and appraised the adequacy and application of financial and operational controls and continuously promote effective controls throughout THP Group;
- c. Appraised the extent of the operating units' compliance to established policies, procedures and statutory requirements;
- d. Presented findings and recommendations for improvements to the Audit Committee for further deliberation;
- e. Performed follow-ups on the status of the recommendations and corrective actions as carried out by the Management;
- f. Collaborated with the external auditors to ensure sufficient coverage in the audit scope and avoid duplication where possible;
- g. Assisted Management in promoting better environmental, safety and health practices throughout THP Group; and
- h. Undertaken special assignments or quarterly reviews as and when requested by the Audit Committee and/or Management and notified the Audit Committee and/or Management of the outcome.

This report on the Audit Committee is prepared in accordance with a resolution of the Board of Directors dated 15 March 2011.



Performance Statistics

TH PLANTATIONS BERHAD GROUP 5-YEAR PLANTATION STATISTICS



Performance Statistics

GROUP 5-YEAR PLANTATION STATISTICS

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|----------------|---------|---------|---------|---------|
| Production (metric tonnes) | | | | | |
| FFB produced - total | 463,949 | 519,290 | 347,547 | 286,723 | 321,233 |
| FFB produced - processed by own mill | 422,177 | 461,734 | 303,654 | 252,669 | 292,906 |
| FFB produced - sold to others | 41,772 | 57,428 | 43,827 | 34,054 | 28,327 |
| FFB Purchased | 27,052 | 42,841 | 68,874 | 37,221 | 28,613 |
| Yield and Extraction Rates | | | | | |
| FFB yield (tonnes per mature hectare) | 20.58 | 21.48 | 22.12 | 19.92 | 22.43 |
| OER (%) | 21.09% | 20.50% | 20.15% | 20.15% | 20.26% |
| KER (%) | 5.32% | 5.48% | 5.64% | 5.64% | 5.60% |
| Average Selling prices (RM per tonne) | | | | | |
| Crude palm oil | 2,617 | 2,050 | 2,760 | 2,387 | 1,502 |
| Palm Kernel | 1,773 | 1,036 | 1,567 | 1,422 | 896 |
| FFB | 566 | 429 | 516 | 512 | 291 |
| Area Statement (Hectares) | | | | | |
| Oil Palm | | | | | |
| - mature | 22,541 | 24,178 | 24,138 | 14,452 | 14,322 |
| - immature | 14,943 | 12,266 | 6,405 | 3,479 | 1,067 |
| Planted Area | 37,484 | 36,444 | 30,543 | 17,931 | 15,389 |
| In Course of Planting | 243 | 1,950 | 7,495 | 1,050 | - |
| Reserve land, building sites etc | 1,386 | 765 | 1,021 | 9,749 | 357 |
| Titled Area | 39,113 | 39,159 | 39,059 | 28,730 | 15,747 |

Performance Statistics

GROUP 5-YEAR KEY FINANCIAL INDICATORS

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|---------------|--------|----------|--------|--------|
| Profitability and returns | | | | | |
| Gross profit margin | 45.18% | 33.28% | 46.92% | 50.12% | 41.82% |
| PBT margin | 39.50% | 23.30% | 47.46% | 47.00% | 39.77% |
| Profit after tax and minority interest margin | 24.45% | 17.68% | 34.54% | 34.88% | 29.55% |
| Return on average shareholders' Equity | 27.90% | 15.43% | 27.80% | 40.79% | 29.89% |
| Return on Average Capital Employed | 51.17% | 21.80% | 136.45% | 86.95% | 80.82% |
| Net assets per share (RM) | 1.05 | 0.93 | 1.64 | 1.03 | 0.80 |
| Solvency and liquidity | | | | | |
| Gearing ratios (times) | 0.24 | 0.16 | 0.03 | 0.17 | - |
| Interest cover (times) | 16.33 | 9.91 | 2,407.38 | - | - |
| Current ratio (times) | 1.59 | 1.41 | 0.92 | 1.38 | 3.36 |
| Financial Market | | | | | |
| EPS (sen) | | | | | |
| - basic | 18.32 | 11.03 | 21.01 | 31.24 | 18.19 |
| - diluted | 16.99 | 10.22 | 21.01 | 31.24 | 18.19 |
| Gross dividend paid per share (sen) | 12.50 | 8.50 | 31.10 | 12.50 | - |
| Gross dividend paid rate (%) | 25.00% | 17.00% | 62.20% | 25.00% | 0.00% |
| Gross dividend yield (%) | 6.01% | 5.82% | 13.58% | 3.70% | 0.00% |
| Net dividend payout rate (%) | 18.75% | 12.75% | 46.03% | 18.25% | 0.00% |
| Price-to-earnings ratio (times) | 11.35 | 13.24 | 10.90 | 10.82 | 14.35 |
| Price-to-book ratio (times) | 1.49 | 1.17 | 0.81 | 3.17 | 3.24 |

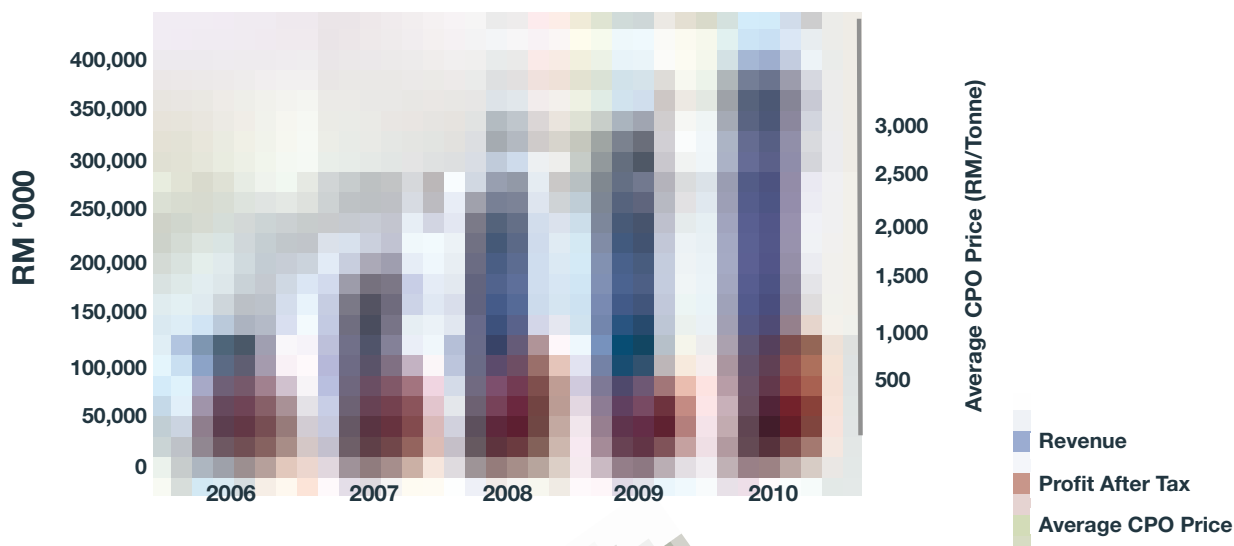


Performance Statistics

GROUP 5-YEAR FINANCIAL STATISTICS

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|-----------------|----------|----------|----------|----------|
| STATEMENT OF COMPREHENSIVE INCOME HIGHLIGHTS (RM'000) | | | | | |
| Revenue | 365,972 | 304,358 | 243,373 | 175,587 | 120,683 |
| Operating profit | 152,662 | 77,995 | 111,123 | 82,055 | 47,124 |
| Profit margin income from short term investments and receivables | 1,321 | 879 | 4,431 | 479 | 825 |
| Borrowing cost | (9,431) | (7,962) | (48) | - | - |
| Share of results of associate | - | - | - | - | 49 |
| Profit before tax | 144,552 | 70,912 | 115,506 | 82,534 | 47,998 |
| Taxation | (36,137) | (13,848) | (32,152) | (21,346) | (12,338) |
| Net profit for the year | 108,415 | 57,064 | 83,354 | 61,188 | 35,660 |
| Attributable to : | | | | | |
| Equity holders of the Company | 89,482 | 53,807 | 84,051 | 61,251 | 35,660 |
| Minority interest | 18,933 | 3,257 | (697) | (63) | - |
| Net profit for the year | 108,415 | 57,064 | 83,354 | 61,188 | 35,660 |

GROUP 5-YEAR PROFIT vs AVERAGE CPO PRICE



Performance Statistics

GROUP 5-YEAR FINANCIAL STATISTICS

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|--|----------------|---------|---------|---------|---------|
| STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (RM'000) | | | | | |
| ASSETS EMPLOYED | | | | | |
| Other non-current assets | 917,163 | 843,317 | 781,328 | 226,737 | 114,448 |
| Total Non-Current Assets | 917,163 | 843,317 | 781,328 | 226,737 | 114,448 |
| Other current assets | 61,771 | 79,523 | 72,243 | 66,778 | 49,076 |
| Cash and cash equivalents | 130,568 | 19,923 | 59,167 | 38,636 | 39,681 |
| Total Current Assets | 192,339 | 99,446 | 131,410 | 105,414 | 88,757 |
| Other current liabilities | 120,897 | 68,343 | 140,529 | 55,035 | 26,438 |
| Loans and borrowings | - | 1,979 | 1,857 | 21,200 | - |
| Total Current Liabilities | 120,897 | 70,322 | 142,386 | 76,235 | 26,438 |
| | 988,605 | 872,441 | 770,352 | 255,916 | 176,767 |
| FINANCED BY: | | | | | |
| Share capital | 244,215 | 243,893 | 121,911 | 98,047 | 98,047 |
| Share premium | 14,599 | 13,809 | 135,548 | - | - |
| Other reserves | 26,245 | 26,126 | - | - | - |
| Share option reserve | 7,833 | 7,965 | - | - | - |
| Retained earnings | 220,489 | 162,103 | 142,033 | 103,111 | 59,753 |
| Shareholders' equity | 513,381 | 453,896 | 399,492 | 201,158 | 157,800 |
| Minority interest | 169,268 | 152,641 | 156,914 | 7,603 | - |
| Loan and borrowings | 166,276 | 95,254 | 16,802 | 13,760 | - |
| Other long term liabilities | 139,680 | 170,650 | 197,144 | 33,395 | 18,967 |
| | 988,605 | 872,441 | 770,352 | 255,916 | 176,767 |
| Average capital employed | 930,523 | 821,397 | 513,134 | 216,342 | 160,513 |
| Average shareholders' equity | 483,639 | 426,694 | 300,325 | 179,479 | 140,970 |



Performance Statistics

GROUP 5-YEAR FINANCIAL STATISTICS

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|------------------|----------|-----------|----------|----------|
| STATEMENT OF CASH FLOW HIGHLIGHTS (RM'000) | | | | | |
| Profit before tax | 144,552 | 70,912 | 115,506 | 82,534 | 47,998 |
| Adjustment for non-cash items | 45,833 | 55,197 | 4,093 | 10,286 | 9,646 |
| Changes in working capital | 46,983 | (99,272) | 120,441 | (4,497) | (9,777) |
| Cash generated from/(used in) operations | 237,368 | 26,837 | 240,040 | 88,323 | 47,867 |
| Profit margin income | 1,174 | 864 | 4,243 | 424 | 717 |
| Profit margin expense, tax and zakat paid | (51,644) | (20,894) | (40,003) | (18,711) | (11,770) |
| Net cash generated from operating activities | 186,898 | 6,807 | 204,280 | 70,036 | 36,814 |
| | | | | | |
| Purchase of property, plant and equipment | (34,940) | (20,518) | (10,245) | (9,535) | (6,310) |
| Estate development expenditure | (75,467) | (75,830) | (64,737) | (35,393) | (3,251) |
| Purchase of subsidiaries | - | (145) | (38,265) | (30,496) | - |
| Other investing activities | 312 | 376 | (4,602) | 1,078 | (112) |
| | | | | | |
| Net cash generated from/(used in) investing activities | (110,095) | (96,117) | (117,849) | (74,346) | (9,673) |
| | | | | | |
| Proceeds from loans and borrowings | 70,000 | 80,000 | - | 21,200 | - |
| Proceeds from issue of share capital | 980 | 243 | - | - | - |
| Repayments of loans and borrowings | (1,979) | (2,250) | (21,200) | - | - |
| Dividends paid to shareholders | (34,987) | (27,731) | (45,118) | (17,820) | (31,049) |
| Net cash generated from/(used in) financing activities | 34,014 | 50,262 | (66,318) | 3,380 | (31,049) |
| Net change in cash and cash equivalents | 110,817 | (39,048) | 20,113 | (930) | (3,908) |

Performance Statistics

GROUP QUARTERLY PERFORMANCE

| | 2010 | | | |
|---------------------------------------|---------|---------|---------|----------|
| | Q4 | Q3 | Q2 | Q1 |
| FINANCIAL PERFORMANCE (RM'000) | | | | |
| Revenue | 77,215 | 76,001 | 84,225 | 128,531 |
| Profit from Operations | 29,372 | 14,876 | 37,251 | 72,484 |
| Finance cost | (2,175) | (2,331) | (2,592) | (2,333) |
| Profit before tax | 27,197 | 12,545 | 34,659 | 70,151 |
| Taxation | (6,067) | (3,374) | (8,635) | (18,061) |
| Net profit for the year | 21,130 | 9,171 | 26,024 | 52,090 |
| Attributable to : | | | | |
| Equity holders of the Company | 17,790 | 7,609 | 21,531 | 42,552 |
| Minority interest | 3,340 | 1,562 | 4,493 | 9,538 |
| Net profit for the year | 21,130 | 9,171 | 26,024 | 52,090 |
| Earnings per share (sen) | | | | |
| - basic | 3.64 | 1.56 | 4.41 | 8.71 |
| - diluted | 3.38 | 1.56 | 4.41 | 8.08 |



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

**Financial statements
for the year ended
31 December 2010**



Consolidated Financial Statements

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

Directors' report for the year ended 31 December 2010

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 2010.

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. 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 RM'000 | Company RM'000 |
|--------------------------------------|-----------------|-------------------|
| Profit for the year attributable to: | | |
| Owners of the Company | 89,482 | 65,948 |
| Minority interests | 18,933 | - |
| | 108,415 | 65,948 |

Reserves and provisions

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

Dividends

Since the end of the previous financial year, the Company paid a final ordinary dividend payment of 8.50 sen per share less tax at 25% for the year ended 31 December 2009 totalling RM31.1 million (6.38 sen net per share) on 21 May 2010.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2010 is 12.50 sen per share less tax at 25% totalling RM45.8 million (9.38 sen net per share).

Consolidated Financial Statements

Directors of the Company

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

Tan Sri Datuk Dr. Yusof bin Basiran
 Datuk Dr. Abdul Samad bin Haji Alias
 Datuk Azizan bin Abd Rahman
 Dato' Paduka Ismee bin Haji Ismail
 Dato' Noordin bin Md Noor
 Dato' Haji Wan Zakaria bin Abd Rahman
 Dato' Zainal Azwar bin Zainal Aminuddin
 Md Yusof bin Hussin
 Mahbob bin Abdullah (appointed on 1 June 2010)
 Syed Hood bin Syed Edros (retired on 6 May 2010)

Directors' interests

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

| | Number of ordinary shares of RM0.50 each | | | |
|---|--|--------|------|------------------|
| | At 1.1.2010 | Bought | Sold | At 31.12.2010 |
| Interest in the Company: | | | | |
| Tan Sri Datuk Dr. Yusof bin Basiran | | | | |
| - own | 4,000 | - | - | 4,000 |
| - others* | 58,000 | - | - | 58,000 |
| Datuk Dr. Abdul Samad bin Haji Alias | | | | |
| - own | 138,000 | 20,000 | - | 158,000 |
| Dato' Haji Wan Zakaria bin Abd Rahman | | | | |
| - own | 4,000 | - | - | 4,000 |
| Dato' Zainal Azwar bin Zainal Aminuddin | | | | |
| - own | 4,000 | - | - | 4,000 |
| Mahbob bin Abdullah | | | | |
| - own | - | 49,000 | - | 49,000 |

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



Consolidated Financial Statements

Directors' interests (continued)

| | Number of options over ordinary shares of RM0.50 each | | | |
|---|---|---------|-----------|------------------|
| | At 1.1.2010 | Granted | Exercised | At 31.12.2010 |
| Share option in the company: | | | | |
| Dato' Zainal Azwar bin Zainal Aminuddin | | | | |
| - own | 1,000,000 | - | - | 1,000,000 |

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

None of the other Directors holding office at 31 December 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

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

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

Issue of shares

During the financial year, the Company issued 644,500 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an option price of RM1.52 per ordinary share.

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

Consolidated Financial Statements

Options granted over unissued shares

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

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

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

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

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

| Date of offer | Exercise price | Number of options over ordinary shares of RM0.50 each | | | | At 31.12.2010 |
|---------------|----------------|---|---------|-----------|-----------|---------------|
| | | At 1.1.2010 | Granted | Exercised | Forfeited | |
| 8 June 2009 | RM1.52 | 38,854 | - | (645) | - | 38,209 |

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



Consolidated Financial Statements

Options granted over unissued shares (continued)

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

| | Number of options over ordinary shares of RM0.50 each | | | |
|---|---|---------|-----------|---------------|
| | At 1.1.2010 | Granted | Exercised | At 31.12.2010 |
| Share option in the company: | | | | |
| Dato' Che Abdullah @ Rashidi bin Che Omar | 1,200,000 | - | - | 1,200,000 |
| Hassan Fikri bin Mohamad | 1,000,000 | - | 400,000 | 600,000 |
| Mhamod bin Mokhtar | 1,000,000 | - | - | 1,000,000 |

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

Other statutory information

Before the statement of comprehensive income and statement of financial position of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

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

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

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

Consolidated Financial Statements

Other statutory information (continued)

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

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

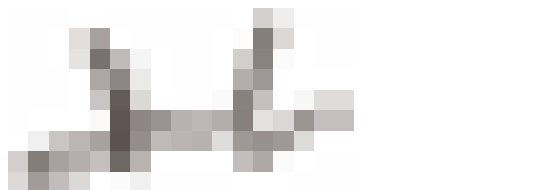
No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and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

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2010 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



.....
Dato' Zainal Azwar bin Zainal Aminuddin

Kuala Lumpur,

Date: 21 February 2011



Consolidated Financial Statements

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

Statement of financial position
As at 31 December 2010

| | Note | Group | | | Company | | |
|------------------------------------|------|----------------------|----------------------------------|--------------------------------|----------------------|----------------------------------|--------------------------------|
| | | 31.12.2010 RM'000 | 31.12.2009 RM'000 restated | 1.1.2009 RM'000 restated | 31.12.2010 RM'000 | 31.12.2009 RM'000 restated | 1.1.2009 RM'000 restated |
| Assets | | | | | | | |
| Property, plant and equipment | 3 | 641,276 | 640,800 | 655,244 | 16,714 | 17,747 | 56,499 |
| Plantation development expenditure | 4 | 275,288 | 201,918 | 125,376 | 5,248 | 313 | 5,182 |
| Investment in subsidiaries | 5 | - | - | - | 370,028 | 338,548 | 294,920 |
| Trade and other receivables | 6 | - | - | - | 168,794 | 110,965 | 111,703 |
| Other investment | | 599 | 599 | 708 | 599 | 599 | 708 |
| Total non-current assets | | 917,163 | 843,317 | 781,328 | 561,383 | 468,172 | 469,012 |
| Inventories | 7 | 14,281 | 27,347 | 39,654 | 2,510 | 6,728 | 14,891 |
| Trade and other receivables | 6 | 47,490 | 52,176 | 32,589 | 47,137 | 74,132 | 20,636 |
| Cash and cash equivalents | 8 | 130,568 | 19,923 | 59,167 | 120,390 | 16,847 | 55,427 |
| Total current assets | | 192,339 | 99,446 | 131,410 | 170,037 | 97,707 | 90,954 |
| Total assets | | 1,109,502 | 942,763 | 912,738 | 731,420 | 565,879 | 559,966 |

Consolidated Financial Statements

Statement of financial position As at 31 December 2010 (continued)

| | Note | Group | | | Company | | |
|---|------|----------------------|----------------------------------|--------------------------------|----------------------|----------------------------------|--------------------------------|
| | | 31.12.2010 RM'000 | 31.12.2009 RM'000 restated | 1.1.2009 RM'000 restated | 31.12.2010 RM'000 | 31.12.2009 RM'000 restated | 1.1.2009 RM'000 restated |
| Equity | | | | | | | |
| Share capital | 9 | 244,215 | 243,893 | 121,911 | 244,215 | 243,893 | 121,911 |
| Share premium | 9 | 14,599 | 13,809 | 135,548 | 14,599 | 13,809 | 135,548 |
| Other reserves | 9 | 26,245 | 26,126 | - | 6,874 | 6,755 | - |
| Share option reserve | 9 | 7,833 | 7,965 | - | 7,833 | 7,965 | - |
| Retained earnings | | 220,489 | 162,103 | 142,033 | 168,104 | 133,252 | 133,050 |
| Total equity attributable to owners of the Company | | 513,381 | 453,896 | 399,492 | 441,625 | 405,674 | 390,509 |
| Minority interests | | 169,268 | 152,641 | 156,914 | - | - | - |
| Total equity | | 682,649 | 606,537 | 556,406 | 441,625 | 405,674 | 390,509 |
| Liabilities | | | | | | | |
| Deferred tax liabilities | 10 | 113,316 | 116,273 | 119,508 | 9,747 | 7,481 | 6,193 |
| Loans and borrowings | 11 | 166,276 | 95,254 | 16,802 | 150,000 | 80,000 | - |
| Trade and other payables | 12 | 26,364 | 54,377 | 77,636 | - | - | - |
| Total non-current liabilities | | 305,956 | 265,904 | 213,946 | 159,747 | 87,481 | 6,193 |
| Trade and other payables | 12 | 110,098 | 61,884 | 138,040 | 127,784 | 70,419 | 163,264 |
| Loans and borrowings | 11 | - | 1,979 | 1,857 | - | - | - |
| Current tax liabilities | | 10,799 | 6,459 | 2,489 | 2,264 | 2,305 | - |
| Total current liabilities | | 120,897 | 70,322 | 142,386 | 130,048 | 72,724 | 163,264 |
| Total liabilities | | 426,853 | 336,226 | 356,332 | 289,795 | 160,205 | 169,457 |
| Total equity and liabilities | | 1,109,502 | 942,763 | 912,738 | 731,420 | 565,879 | 559,966 |

The notes on pages 146 to 208 form an integral part of these financial statements.



Consolidated Financial Statements

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

Statement of comprehensive income
For the year ended 31 December 2010

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Revenue | 13 | 365,972 | 304,358 | 105,449 | 141,730 |
| Cost of sales | | (200,631) | (203,061) | (33,541) | (57,751) |
| Gross profit | | 165,341 | 101,297 | 71,908 | 83,979 |
| Other income | | 3,292 | 5,544 | 4,996 | 8,646 |
| Administrative expenses | | (11,054) | (12,564) | (6,156) | (10,523) |
| Other expenses | | (4,669) | (12,014) | (1,677) | (39,908) |
| Zakat expense | | (248) | (4,268) | - | (3,571) |
| Operating profit | | 152,662 | 77,995 | 69,071 | 38,623 |
| Borrowing cost | | (9,431) | (7,962) | (7,901) | (5,200) |
| Profit margin income from short term investments and receivables | | 1,321 | 879 | 17,063 | 6,090 |
| Profit before tax | 14 | 144,552 | 70,912 | 78,233 | 39,513 |
| Tax expense | 16 | (36,137) | (13,848) | (12,285) | (11,750) |
| Profit / Total comprehensive income | | 108,415 | 57,064 | 65,948 | 27,763 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 89,482 | 53,807 | 65,948 | 27,763 |
| Minority Interest | | 18,933 | 3,257 | - | - |
| Profit for the year | | 108,415 | 57,064 | 65,948 | 27,763 |
| Earnings per ordinary share (sen) | | | | | |
| - Basic | 17 | 18.32 | 11.03 | | |
| - Diluted | 17 | 16.99 | 10.22 | | |

The notes on pages 146 to 208 form an integral part of these financial statements.

Consolidated Financial Statements

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

Statement of changes in equity for the year ended 31 December 2010

| Group | Note | /----Attributable to owners of the Company-----/ | | | | | Total RM'000 | Minority interest RM'000 | Total equity RM'000 |
|---|------|--|----------------------------|----------------------------|--------------------------------------|--------------------------------|-----------------|--------------------------------|---------------------------|
| | | /-----Non-distributable-----/ | | | | Distributable | | | |
| | | Share capital RM'000 | Share premium RM'000 | Other reserve RM'000 | Share option reserve RM'000 | Retained earnings RM'000 | | | |
| At 1 January 2009 | | 121,911 | 135,548 | 26,126 | - | 135,726 | 419,311 | 151,291 | 570,602 |
| Profit/ Total comprehensive income for the year | | - | - | - | - | 53,807 | 53,807 | 3,257 | 57,064 |
| Issuance of bonus shares | 9 | 121,911 | (121,911) | - | - | - | - | - | - |
| Share option granted under ESOS | 9 | - | - | - | 7,994 | - | 7,994 | - | 7,994 |
| Issuance of ordinary shares pursuant to ESOS | 9 | 71 | 172 | - | (29) | - | 214 | - | 214 |
| Dividends to owners of the Company | | - | - | - | - | (27,430) | (27,430) | - | (27,430) |
| Dividends to minority interest | | - | - | - | - | - | - | (1,907) | (1,907) |
| At 31 December 2009/ 1 January 2010 | | 243,893 | 13,809 | 26,126 | 7,965 | 162,103 | 453,896 | 152,641 | 606,537 |
| Profit/ Total comprehensive income for the year | | - | - | - | - | 89,482 | 89,482 | 18,933 | 108,415 |
| Issuance of ordinary shares pursuant to ESOS | 9 | 322 | 790 | - | (132) | - | 980 | - | 980 |
| Fair value adjustment on initial recognition of financial liabilities | | - | - | 119 | - | - | 119 | - | 119 |
| Dividends to owners of the Company | 18 | - | - | - | - | (31,096) | (31,096) | - | (31,096) |
| Dividends to minority interest | | - | - | - | - | - | - | (2,306) | (2,306) |
| At 31 December 2010 | | 244,215 | 14,599 | 26,245 | 7,833 | 220,489 | 513,381 | 169,268 | 682,649 |



Consolidated Financial Statements

Statement of changes in equity for the year ended 31 December 2010 (continued)

| Company | Note | /-----Non-distributable-----/ | | | | Distributable | Total equity RM'000 |
|---|------|-------------------------------|-------------------------|-------------------------|--------------------------------|-----------------------------|------------------------|
| | | Share capital RM'000 | Share premium RM'000 | Other reserve RM'000 | Share option reserve RM'000 | Retained earnings RM'000 | |
| At 1 January 2009 | | 121,911 | 135,548 | 6,755 | - | 132,919 | 397,133 |
| Profit/ Total comprehensive income for the year | | - | - | - | - | 27,763 | 27,763 |
| Issuance of bonus share | 9 | 121,911 | (121,911) | - | - | - | - |
| Share option granted under ESOS | 9 | - | - | - | 7,994 | - | 7,994 |
| Issuance of ordinary shares pursuant to ESOS | 9 | 71 | 172 | - | (29) | - | 214 |
| Dividends to owners of the Company | 18 | - | - | - | - | (27,430) | (27,430) |
| At 31 December 2009/ 1 January 2010 | | 243,893 | 13,809 | 6,755 | 7,965 | 133,252 | 405,674 |
| Profit/ Total comprehensive income for the year | | - | - | - | - | 65,948 | 65,948 |
| Issuance of ordinary shares pursuant to ESOS | 9 | 322 | 790 | - | (132) | - | 980 |
| Fair value adjustment on initial recognition of financial liabilities | | - | - | 119 | - | - | 119 |
| Dividends to owners of the Company | 18 | - | - | - | - | (31,096) | (31,096) |
| At 31 December 2010 | | 244,215 | 14,599 | 6,874 | 7,833 | 168,104 | 441,625 |

The notes on pages 146 to 208 form an integral part of these financial statements.

Consolidated Financial Statements

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

Statement of cash flows For the year ended 31 December 2010

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|------------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 144,552 | 70,912 | 78,233 | 39,513 |
| <i>Adjustments for:</i> | | | | | |
| Impairment of investment in subsidiaries | 14 | - | - | - | 30,519 |
| Bad debts written off | 14 | 32 | 58 | 1 | 3 |
| Borrowing cost: | | | | | |
| Borrowings | 14 | 7,778 | 5,529 | 4,687 | 1,694 |
| Profit margin expense on subsidiaries | 14 | - | - | 1,561 | 1,073 |
| Profit margin expense on related companies | 14 | 1,653 | 2,433 | 1,653 | 2,433 |
| Depreciation of property, plant and equipment | 14 | 35,021 | 35,217 | 1,671 | 3,074 |
| Dividend income | 13 | - | - | (35,116) | (46,984) |
| Plantation development expenditure written off | 14 | 748 | - | 313 | - |
| Gain on disposal of property, plant and equipment | 14 | (107) | (49) | - | (1) |
| Gain on disposal of short term investment | 14 | - | (22) | - | (22) |
| Impairment of goodwill | 14 | - | 506 | - | - |
| Property, plant and equipment written off | 14 | 1,781 | 142 | 111 | 49 |
| Profit margin income from short term investment and other receivables | | (1,321) | (879) | (17,063) | (2,916) |
| Zakat expense | | 248 | 4,268 | - | 3,571 |
| Fair value of ESOS granted | 23 | - | 7,994 | - | 7,994 |
| Operating profit before changes in working capital | | 190,385 | 126,109 | 36,051 | 40,000 |
| Changes in working capital: | | | | | |
| Inventories | | 13,067 | 12,307 | 4,219 | 8,163 |
| Trade and other payables | | 37,851 | (125,199) | 63,480 | (152,414) |
| Trade and other receivables | | (3,935) | 13,620 | (49,691) | (37,528) |
| Cash generated from/(used in) operations | | 237,368 | 26,837 | 54,059 | (141,779) |

Consolidated Financial Statements

Statement of cash flows For the year ended 31 December 2010 (continued)

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Cash generated from/(used in) operations (continued) | | 237,368 | 26,837 | 54,059 | (141,779) |
| Borrowing cost paid: | | | | | |
| Borrowings | | (6,634) | (6,223) | (4,687) | (1,694) |
| Profit margin expense on subsidiaries | | - | - | (1,561) | (1,073) |
| Profit margin expense on related companies | | (1,653) | (2,433) | (1,653) | (2,433) |
| Profit margin income from short term investments and receivables | | 1,174 | 864 | 4,437 | 2,916 |
| Tax paid | | (35,429) | (12,238) | (10,098) | (8,795) |
| Zakat paid | | (7,928) | - | (5,973) | - |
| Net cash generated from/ (used in) operating activities | | 186,898 | 6,807 | 34,524 | (152,858) |
| Cash flows from investing activities | | | | | |
| Acquisition of property, plant and equipment | 3 | (34,940) | (20,518) | (848) | (2,125) |
| Acquisition of subsidiaries, net cash acquired | | - | (145) | - | - |
| Dividends received | | - | - | 35,116 | 27,765 |
| Decrease in deposits pledged | | 172 | 196 | 174 | 246 |
| Investment in subsidiary | | - | - | - | (6,935) |
| Plantation development expenditure | (i) | (75,467) | (75,830) | (5,149) | - |
| Proceeds from disposal of property, plant and equipment | | 140 | 49 | - | 39,350 |
| Proceeds from disposal of prepaid lease payments | | - | - | - | 3,274 |
| Proceeds from disposal of short term investment | | - | 131 | - | 131 |
| Net cash (used in)/generated from investing activities | | (110,095) | (96,117) | 29,293 | 61,706 |

Consolidated Financial Statements

Statement of cash flows For the year ended 31 December 2010 (continued)

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Cash flows from financing activities | | | | | |
| Proceeds from drawdown of loans and borrowings | | 70,000 | 80,000 | 70,000 | 80,000 |
| Proceeds from issue of capital | | 980 | 243 | 980 | 243 |
| Repayment of loans and borrowings | | (1,979) | (2,250) | - | - |
| Dividend paid to shareholders | | (34,987) | (27,731) | (31,080) | (27,425) |
| Net cash generated from financing activities | | 34,014 | 50,262 | 39,900 | 52,818 |
| Net increase/(decrease) in cash and cash equivalents | | 110,817 | (39,048) | 103,717 | (38,334) |
| Cash and cash equivalents at 1 January | (ii) | 18,112 | 57,160 | 16,009 | 54,343 |
| Cash and cash equivalents at 31 December | (ii) | 128,929 | 18,112 | 119,726 | 16,009 |
| (i) Plantation development expenditure | | | | | |
| Addition of plantation development expenditure | 4 | (80,202) | (78,137) | (5,248) | - |
| Depreciation of property, plant and equipment | 4 | 3,713 | 1,198 | 99 | - |
| Borrowing cost capitalised | 4 | 1,022 | 1,109 | - | - |
| | | (75,467) | (75,830) | (5,149) | - |
| (ii) Cash and cash equivalents | | | | | |
| Cash and cash equivalents included in the statement of cash flow comprise the following statement of financial position amounts: | | | | | |
| Deposits with licensed banks | 8 | 94,503 | 6,811 | 93,529 | 5,838 |
| Cash and bank balances | 8 | 36,065 | 13,112 | 26,861 | 11,009 |
| | | 130,568 | 19,923 | 120,390 | 16,847 |
| Less: Deposits pledged | 8 | (1,639) | (1,811) | (664) | (838) |
| | | 128,929 | 18,112 | 119,726 | 16,009 |

The notes on pages 146 to 208 form an integral part of these financial statements.



Consolidated 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 Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follow:

Principal place of business/registered office

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the Group and individually refer to as "Group entities").

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

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

The financial statements were authorised for issue by the Board of Directors on 21 February 2011.

1. Basis of preparation

(a) Statement of compliance

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

The Group and the Company has early adopted FRS 139, *Financial Instruments: Recognition and Measurement*, in the prior year.

The Group and the Company have adopted the following significant FRSs and Amendments to FRSs which are effective for annual periods beginning on or after 1 January 2010 (unless otherwise stated):

| | |
|----------------------|---|
| FRS 7 | <i>Financial Instruments: Disclosures</i> |
| FRS 8 | <i>Operating Segments</i> |
| FRS 101 | <i>Presentation of Financial Statements (Revised)</i> |
| Amendment to FRS 117 | <i>Leases</i> |

Consolidated Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRS 7 replaced the disclosure requirements previously contained in FRS 132, *Financial Instruments: Presentation*. With the adoption of FRS 7, the Group and the Company disclosed extended information about their financial instruments and the nature and extent of risks to which they give rise as set out in Note 20. More specifically, the Group and the Company made specific disclosures about market risk, credit risk and liquidity risk. There was no effect on the financial position and results of the Group and the Company as a result of adoption of this new standard.

The Group has adopted FRS 8, which replaces FRS 114²⁰⁰⁴ *Segment Reporting*. FRS 8 requires the Group to determine and present operating segments based on the information that is internally provided to the Group's chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. It also sets out the required disclosures for operating segments. The adoption of FRS 8 has no effect on the financial position and results of the Group, other than extended disclosures on operating segment results.

The Group has also adopted revised FRS 101 which requires the Group to present all non-owner changes in equity in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it is in conformity with the revised standard.

The adoption of the Amendment to FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land. Prior to the adoption of the Amendment to FRS 117, the Group had previously classified leases of land as operating leases and had recognised the amount of payments made on entering into or acquiring the land as prepaid lease payments. These lands are amortised over the lease term in accordance with the pattern of benefits provided. On adoption of the Amendment to FRS 117, the Group treats such leases of land that meets the definition of finance leases as property, with the unamortised carrying amount classified as leasehold land within property, plant and equipment. These lands are then accounted for in the consolidated financial statements in accordance with the accounting policy for property, plant and equipment as stated in Note 2 (c).

The effects of adopting the Amendment to FRS 117 had been accounted for retrospectively in accordance with the transitional provisions of the standard. This change in accounting policy does not have material impact on the financial position and results of the Group.



Consolidated Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)

The Group and the Company plan to apply the abovementioned FRSs / Interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2010 and 1 January 2011 and from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2012.

Consolidated Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The initial application of the above standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company other than expected changes in accounting policies as discussed below:

FRS 3 (revised), *Business Combination*

FRS 3 (revised) incorporates the following changes that are likely to be relevant to the Group's operations:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

FRS 3 (revised), which becomes mandatory for the Group's consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

FRS 127 (2010), *Consolidated and Separate Financial Statements*

The amendments to FRS 127 require all losses attributable to minority interest to be absorbed by minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are accounted for in accordance with the accounting policies as described in Note 2 (a)(ii).



Consolidated Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

IC Interpretation 4, Determining whether an Arrangement contains a Lease

IC Interpretation 4 provides guidance on determining whether certain arrangements are, or contain, leases that are required to be accounted for in accordance with FRS 117, *Leases*. Where an arrangement is within the scope of FRS 117, the Group and the Company applies FRS 117 in determining whether the arrangement is a finance or an operating lease.

The adoption of IC Interpretation 4 will result in a change in accounting policy which will be applied retrospectively in accordance with FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* in which certain arrangements are to be accounted for as a finance lease.

The above changes in accounting policies are not expected to have material impacts to the Group and the Company.

The Malaysian Accounting Standards Board has also issued FRSs, amendments and interpretations but for which are not applicable to the Group and to the Company and hence no further disclosure is warranted:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- IC Interpretation 18, *Transfers of Assets from Customers*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- IC Interpretation 15, *Agreements for the Construction of Real Estate*

Consolidated Financial Statements

1. Basis of preparation (continued)

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements, other than as disclosed in the notes on significant accounting policies.



Consolidated Financial Statements

2. Significant accounting policies

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

(a) Basis of consolidation

(i) *Subsidiaries*

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

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

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses.

(ii) *Minority interest*

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

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

(iii) *Transactions eliminated on consolidation*

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

Consolidated Financial Statements

2. Significant accounting policies (continued)

(b) Financial instruments

(i) *Initial recognition and measurement*

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit and loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) *Financial instrument categories and subsequent measurement*

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

(b) *Held-to-maturity investments*

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

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



Consolidated Financial Statements

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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

Financial assets (continued)

(c) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

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

(d) *Available for sale financial assets*

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

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

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

Consolidated Financial Statements

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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

Financial liabilities

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

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

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

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

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

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

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

(iv) *Derecognition*

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



Consolidated Financial Statements

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(iv) *Derecognition (continued)*

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

(c) Property, plant and equipment

(i) *Recognition and measurement*

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

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

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

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

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

The gains or losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and the difference is recognised net within "other income" or "other operating expenses" respectively in profit or loss.

Consolidated Financial Statements

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(ii) *Subsequent costs*

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

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

(iii) *Depreciation*

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

| | |
|-----------------------------------|----------------|
| • Leasehold land | 60 - 999 years |
| • Estates | 25 years |
| • Buildings | 25 years |
| • Temporary buildings | 5 years |
| • Plant, machinery and equipments | 10 years |
| • Computer equipments | 3 years |
| • Motor vehicles | 5 years |

Estates consist of matured plantation development expenditure and are depreciated over twenty five (25) years, based on estimated annual production yield table. An estate is declared mature when the palm age has reached 36 months or more at the beginning of the financial year.

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at end of reporting period.



Consolidated Financial Statements

2. Significant accounting policies (continued)

(d) Leased assets

(i) *Finance lease*

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(ii) *Operating leases*

Leases, where the Group and the Company do not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group and the Company's statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expenses, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.



Consolidated Financial Statements

2. Significant accounting policies (continued)

(e) Intangible assets

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

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

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

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

(f) Plantation development expenditure

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

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

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

(g) Inventories

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

Stores are stated at cost.

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



Consolidated Financial Statements

2. Significant accounting policies (continued)

(h) Cash and cash equivalents

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

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with policy Note 2(b).

(i) Impairment

(i) *Financial assets*

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

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

(ii) *Non-financial assets*

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

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

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

Consolidated Financial Statements

2. Significant accounting policies (continued)

(i) Impairment (continued)

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

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

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

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

(j) Equity instruments

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

Issue expenses

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



Consolidated Financial Statements

2. Significant accounting policies (continued)

(k) Employee benefits

(i) *Short term employee benefits*

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

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

(ii) *State plans*

The Group and the Company's contribution to statutory pension funds is charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) *Share-based payment transactions*

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

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

Consolidated Financial Statements

2. Significant accounting policies (continued)

(l) Revenue and other income

(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.

(iii) *Management fees*

Management fees income is recognised in the statement of comprehensive income upon services rendered.

(iv) *Profit margin from short term Islamic deposits and receivables/ payables*

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

(m) Borrowing cost

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

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



Consolidated Financial Statements

2. Significant accounting policies (continued)

(n) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss 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 statement of financial position 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 statement of financial position 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.

(o) 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 share options granted to employees.

Consolidated Financial Statements

2. Significant accounting policies (continued)

(p) Operating segments

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment) which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(q) Zakat expense

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

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

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



Consolidated Financial Statements

3. Property, plant and equipment

| Group | Note | Leasehold land RM'000 | Estates RM'000 | Buildings RM'000 | Plant, machinery and equipment RM'000 | Computer Equipment RM'000 | Motor Vehicles RM'000 | Work-in progress RM'000 | Total RM'000 |
|---|------|--------------------------|-------------------|---------------------|---|---------------------------------|-----------------------------|-------------------------------|-----------------|
| Cost | | | | | | | | | |
| At 1 January 2009, restated | | 382,248 | 240,829 | 54,137 | 53,832 | 9,496 | 14,496 | 24,504 | 779,542 |
| Additions | | - | - | 611 | 3,850 | 272 | 3,719 | 12,066 | 20,518 |
| Transfer from plantation development expenditure | 4 | - | 1,595 | - | - | - | - | - | 1,595 |
| Disposals | | - | - | - | - | - | (10) | - | (10) |
| Written off | | - | - | (357) | (111) | (42) | (425) | - | (935) |
| Transfers | | - | - | 9,124 | 17,588 | - | - | (26,712) | - |
| At 31 December 2009/ 1 January 2010, restated | | 382,248 | 242,424 | 63,515 | 75,159 | 9,726 | 17,780 | 9,858 | 800,710 |
| Additions | | 14,517 | - | 3,375 | 5,350 | 1,503 | 2,563 | 7,632 | 34,940 |
| Transfer from plantation development expenditure | 4 | - | 6,084 | - | - | - | - | - | 6,084 |
| Disposals | | - | - | - | (84) | - | (94) | - | (178) |
| Written off | | - | - | (1,893) | (348) | (57) | (331) | - | (2,629) |
| Transfers | | - | - | 3,884 | 8,834 | - | - | (12,718) | - |
| At 31 December 2010 | | 396,765 | 248,508 | 68,881 | 88,911 | 11,172 | 19,918 | 4,772 | 838,927 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2009, restated | | 6,743 | 51,203 | 20,857 | 29,325 | 7,328 | 8,842 | - | 124,298 |
| Depreciation for the year | (i) | 4,668 | 19,327 | 3,104 | 5,445 | 1,591 | 2,280 | - | 36,415 |
| Disposals | | - | - | - | - | - | (10) | - | (10) |
| Written off | | - | - | (237) | (92) | (42) | (422) | - | (793) |
| At 31 December 2009/ 1 January 2010, restated | | 11,411 | 70,530 | 23,724 | 34,678 | 8,877 | 10,690 | - | 159,910 |
| Depreciation for the year | (i) | 6,240 | 19,130 | 3,171 | 7,027 | 550 | 2,616 | - | 38,734 |
| Disposals | | - | - | - | (51) | - | (94) | - | (145) |
| Written off | | - | - | (253) | (219) | (54) | (322) | - | (848) |
| At 31 December 2010 | | 17,651 | 89,660 | 26,642 | 41,435 | 9,373 | 12,890 | - | 197,651 |

Consolidated Financial Statements

3. Property, plant and equipment (continued)

| Group (continued) | Note | Leasehold land RM'000 | Estates RM'000 | Buildings RM'000 | Plant, machinery and equipment RM'000 | Computer Equipment RM'000 | Motor Vehicles RM'000 | Work-in progress RM'000 | Total RM'000 |
|---|------|--------------------------|-------------------|---------------------|---|---------------------------------|-----------------------------|-------------------------------|-----------------|
| Carrying amounts | | | | | | | | | |
| At 1 January 2009, restated | | 375,505 | 189,626 | 33,280 | 24,507 | 2,168 | 5,654 | 24,504 | 655,244 |
| At 31 December 2009/ 1 January 2010, restated | | 370,837 | 171,894 | 39,791 | 40,481 | 849 | 7,090 | 9,858 | 640,800 |
| At 31 December 2010 | | 379,114 | 158,848 | 42,239 | 47,476 | 1,799 | 7,028 | 4,772 | 641,276 |
| Company | Note | Leasehold land RM'000 | Estates RM'000 | Buildings RM'000 | Plant, machinery and equipment RM'000 | Computer Equipment RM'000 | Motor Vehicles RM'000 | Work-in progress RM'000 | Total RM'000 |
| Cost | | | | | | | | | |
| At 1 January 2009, restated | | 9,411 | 59,066 | 29,252 | 30,996 | 9,257 | 8,379 | 5,475 | 151,836 |
| Additions | | - | - | 113 | 310 | 16 | 386 | 1,300 | 2,125 |
| Transfer from plantation development expenditure | 4 | - | 1,595 | - | - | - | - | - | 1,595 |
| Disposals | | - | (41,302) | (12,743) | (15,269) | (9,069) | (5,399) | (6,239) | (90,021) |
| Written off | | - | - | (109) | (98) | (40) | (258) | - | (505) |
| Transfers | | - | - | 480 | 56 | - | - | (536) | - |
| At 31 December 2009/ 1 January 2010, restated | | 9,411 | 19,359 | 16,993 | 15,995 | 164 | 3,108 | - | 65,030 |
| Additions | | - | - | 61 | 302 | 76 | 105 | 304 | 848 |
| Written off | | - | - | (182) | (114) | (25) | (124) | - | (445) |
| Transfers | | - | - | - | 301 | - | - | (301) | - |
| At 31 December 2010 | | 9,411 | 19,359 | 16,872 | 16,484 | 215 | 3,089 | 3 | 65,433 |



Consolidated Financial Statements

3. Property, plant and equipment (continued)

| Company (continued) | Note | Leasehold land RM'000 | Estates RM'000 | Buildings RM'000 | Plant, machinery and equipment RM'000 | Computer Equipment RM'000 | Motor Vehicles RM'000 | Work-in progress RM'000 | Total RM'000 |
|--|------|--------------------------|-------------------|---------------------|---|---------------------------------|-----------------------------|-------------------------------|-----------------|
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2009, restated | | 1,193 | 37,564 | 17,882 | 24,834 | 6,991 | 6,873 | - | 95,337 |
| Depreciation for the year | (i) | 96 | 796 | 751 | 628 | 687 | 116 | - | 3,074 |
| Disposals | | - | (19,579) | (7,594) | (11,838) | (7,492) | (4,169) | - | (50,672) |
| Written off | | - | - | (71) | (87) | (40) | (258) | - | (456) |
| At 31 December 2009/ 1 January 2010, restated | | 1,289 | 18,781 | 10,968 | 13,537 | 146 | 2,562 | - | 47,283 |
| Depreciation for the year | (i) | 95 | 301 | 653 | 511 | 22 | 188 | - | 1,770 |
| Written off | | - | - | (97) | (88) | (25) | (124) | - | (334) |
| At 31 December 2010 | | 1,384 | 19,082 | 11,524 | 13,960 | 143 | 2,626 | - | 48,719 |
| Carrying amounts | | | | | | | | | |
| At 1 January 2009, restated | | 8,218 | 21,502 | 11,370 | 6,162 | 2,266 | 1,506 | 5,475 | 56,499 |
| At 31 December 2009/ 1 January 2010, restated | | 8,122 | 578 | 6,025 | 2,458 | 18 | 546 | - | 17,747 |
| At 31 December 2010 | | 8,027 | 277 | 5,348 | 2,524 | 72 | 463 | 3 | 16,714 |

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

| | Note | Group | | Company | |
|------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Statement of comprehensive income | 14 | 35,021 | 35,217 | 1,671 | 3,074 |
| Plantation development expenditure | 4 | 3,713 | 1,198 | 99 | - |
| | | 38,734 | 36,415 | 1,770 | 3,074 |

Consolidated Financial Statements

3. Property, plant and equipment (continued)

The carrying amounts of land at 1 January 2009 and 31 December 2009 have been adjusted following the adoption of the amendments to FRS 117, *Leases*, where leasehold land, in substance is a finance lease, has been reclassified from prepaid lease payments to property, plant and equipment.

(i) Leased leasehold land

In 2009, the Company entered into a lease agreement with its subsidiary, THP Kota Bahagia Sdn. Bhd., to lease a portion of its leasehold land. At 31 December 2010, the carrying amount of the leasehold land leased to the subsidiary is RM5,218,000 (2009 - RM5,276,000).

(ii) Security

At 31 December 2010, the Group's leasehold land with a carrying amount of RM4,413,000 (2009 - RM15,098,000) is subject to a registered debenture to secure bank loans (see Note 11).

4. Plantation development expenditure

| Group | Note | Sentang RM'000 | Oil Palm RM'000 | /-----Total-----/ | |
|--|------|-------------------|--------------------|-------------------|----------------|
| | | | | 2010 RM'000 | 2009 RM'000 |
| At 1 January | | 748 | 201,170 | 201,918 | 125,376 |
| Additions during the year | | - | 80,202 | 80,202 | 78,137 |
| | | 748 | 281,372 | 282,120 | 203,513 |
| Less: Transfer to property, plant and equipment | 3 | - | (6,084) | (6,084) | (1,595) |
| Written off | | (748) | - | (748) | - |
| At 31 December | | - | 275,288 | 275,288 | 201,918 |

| Company | Note | Sentang RM'000 | Oil Palm RM'000 | /-----Total-----/ | |
|--|------|-------------------|--------------------|-------------------|----------------|
| | | | | 2010 RM'000 | 2009 RM'000 |
| At 1 January | | 313 | - | 313 | 5,182 |
| Additions during the year | | - | 5,248 | 5,248 | - |
| | | 313 | 5,248 | 5,561 | 5,182 |
| Less: Transfer to property, plant and equipment | 3 | - | - | - | (1,595) |
| Written off | | (313) | - | (313) | (3,274) |
| At 31 December | | - | 5,248 | 5,248 | 313 |



Consolidated Financial Statements

4. Plantation development expenditure (continued)

Included in additions during the year are as follows:

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Depreciation of property, plant and equipment | 3 | 3,713 | 1,198 | 99 | - |
| Personnel expenses: | | | | | |
| - Wages, salaries and others | | 11,260 | 6,175 | 323 | - |
| - Contribution to Employee Provident Fund | | 699 | 475 | 15 | - |
| Borrowing cost capitalised* | | 1,022 | 1,109 | - | - |

* Profit margin is capitalised at a rate of 7.25% per annum (2009 - 8.25% per annum).

5. Investments in subsidiaries

| | Company | |
|---|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| At cost | | |
| Unquoted shares | 301,855 | 301,855 |
| Less: Impairment | (30,519) | (30,519) |
| Fair value adjustment on financial assets | 98,692 | 67,212 |
| | 370,028 | 338,548 |

Consolidated Financial Statements

5. Investments in subsidiaries (continued)

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

| Name of subsidiary | Effective ownership interest | | Principal activities |
|-------------------------------|------------------------------|--------|---|
| | 2010 % | 2009 % | |
| THP Ibok Sdn. Bhd. | 100 | 100 | Cultivation of oil palm and selling of FFB |
| THP Gemas Sdn. Bhd. | 100 | 100 | Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB |
| THP-YT Plantation Sdn. Bhd. | 70 | 70 | Cultivation of oil palm and selling of FFB |
| THP Sabaco Sdn. Bhd. | 51 | 51 | Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB |
| THP Bukit Belian Sdn. Bhd. | 100 | 100 | Cultivation of oil palm and selling of FFB |
| THP Saribas Sdn. Bhd. | 80 | 80 | Cultivation of oil palm and selling of FFB |
| THP Kota Bahagia Sdn. Bhd. | 100 | 100 | Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB |
| THP Agro Management Sdn. Bhd. | 100 | 100 | Management services |
| Zecon Plantation Sdn. Bhd.* | 100 | 100 | Investment holding |

* The shareholders of Zecon Plantation Sdn. Bhd. passed a resolution to wind up the company voluntarily under Section 254 (1)(b) of the Companies Act, 1965. The subsidiary has been consolidated based on its management account as at 31 December 2010. The result of the subsidiary is not material to the Group.



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6. Trade and other receivables

| | Note | Group | | Company | |
|-----------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Non-current | | | | | |
| Non-trade | | | | | |
| Amount due from subsidiaries | 6.1 | - | - | 168,794 | 110,965 |
| Current | | | | | |
| Trade | | | | | |
| Trade receivables | | 29,542 | 24,603 | 2,502 | 5,762 |
| Non-trade | | | | | |
| Amount due from subsidiaries | 6.2 | - | - | 11,340 | 43,587 |
| Amount due from related companies | 6.3 | 7,872 | 18,771 | 377 | 738 |
| Tax credit | 6.4 | 2,573 | 409 | - | - |
| Other receivables | | 4,779 | 5,753 | 677 | 4,150 |
| Deposits | | 2,639 | 2,622 | 661 | 660 |
| Prepayments | | 85 | 18 | 80 | 17 |
| Dividend receivables | | - | - | 31,500 | 19,218 |
| | | 17,948 | 27,573 | 44,635 | 68,370 |
| | | 47,490 | 52,176 | 47,137 | 74,132 |

Note 6.1

The amount due from subsidiaries are unsecured, non-profit margin and has no fixed term of repayment except for an amount of RM152,236,000 (2009 - RM110,965,000), which is subject to profit margin ranges from 2.05% to 2.80% (2009 - 2.05% to 2.60%).

Note 6.2

The amount due from subsidiaries are unsecured, non-profit margin and repayable on demand except for an amount of RM2,532,000 (2009 - RM29,513,000), which is subject to profit margin ranges from 2.05% to 2.80% (2009 - 2.05% to 2.60%).

Note 6.3

The amount due from related companies are unsecured, non-profit margin and repayable on demand.

Note 6.4

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

Consolidated Financial Statements

7. Inventories

| | Group | | Company | |
|----------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Finished goods | 1,763 | 14,209 | 385 | 4,708 |
| Stores | 10,580 | 7,572 | 1,461 | 713 |
| Nurseries | 1,938 | 5,566 | 664 | 1,307 |
| | 14,281 | 27,347 | 2,510 | 6,728 |

8. Cash and cash equivalents

| | Note | Group | | Company | |
|-------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Deposits placed with licensed banks | 8.1 | 94,503 | 6,811 | 93,529 | 5,838 |
| Cash and bank balances | 8.2 | 36,065 | 13,112 | 26,861 | 11,009 |
| | | 130,568 | 19,923 | 120,390 | 16,847 |

Note 8.1

Deposits which are placed with licensed banks for Group and Company have profit margins ranging between 2.05% to 2.80% (2009 - 2.05% to 2.60%).

Deposits placed with licensed banks pledged for a bank facility

Included in the deposits placed with licensed banks for Group and Company are RM1,639,000 (2009 - RM1,811,000) and RM664,000 (2009 - RM838,000) respectively pledged for a bank guarantee issued to a third party.

Note 8.2

Included in the bank balances is RM31,592,906 (2009 - RM9,716,610) and RM24,797,974 (2009 - RM8,960,303) which is maintained by the Group and the Company respectively with a related company.



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9. Share capital and reserves

Share capital

| | Group and Company | | | |
|--------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|
| | Amount 2010 RM'000 | Number of Shares 2010 '000 | Amount 2009 RM'000 | Number of Shares 2009 '000 |
| Authorised: | | | | |
| Ordinary shares of RM0.50 each | | | | |
| At 1 January | 350,000 | 700,000 | 350,000 | 700,000 |
| Increased during the year | - | - | - | - |
| At 31 December | 350,000 | 700,000 | 350,000 | 700,000 |
| Issued and fully paid: | | | | |
| Ordinary shares of RM0.50 each | | | | |
| At 1 January | 243,893 | 487,785 | 121,911 | 243,822 |
| Issued - bonus shares | - | - | 121,911 | 243,822 |
| Issue of shares under ESOS | 322 | 645 | 71 | 141 |
| At 31 December | 244,215 | 488,430 | 243,893 | 487,785 |

Share premium

| | Group and Company | |
|----------------------------|-------------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| At 1 January | 13,809 | 135,548 |
| Issued - bonus shares | - | (121,911) |
| Issue of shares under ESOS | 790 | 172 |
| At 31 December | 14,599 | 13,809 |

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9. Share capital and reserves (continued)

Share option reserve

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

| | Group and Company | |
|----------------------------|-------------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| At 1 January | 7,965 | - |
| Fair value of ESOS granted | - | 7,994 |
| Issue of shares under ESOS | (132) | (29) |
| At 31 December | 7,833 | 7,965 |

Other reserves

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

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank approximately RM63,277,000 out of its distributable reserves at 31 December 2010 if paid out as dividends.

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



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10. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

| | 2010 RM'000 | 2009 RM'000 |
|--|----------------|----------------|
| Group | | |
| Property, plant and equipment | (109,927) | (111,534) |
| Fair value adjustment on initial recognition | (3,389) | (4,739) |
| At 31 December | (113,316) | (116,273) |
| Company | | |
| Property, plant and equipment | (7,419) | (5,272) |
| Fair value adjustment on initial recognition | (2,328) | (2,209) |
| At 31 December | (9,747) | (7,481) |

Unrecognised deferred tax assets

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

| | Group | |
|------------------------------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Deductible temporary differences | (64,558) | (99,595) |
| Unutilised tax loss carry-forwards | 42,658 | 34,970 |
| Capital allowance carry-forwards | 186,427 | 116,654 |
| | 164,527 | 52,029 |

The deductible temporary differences do not expire under current tax legislation. Unutilised tax loss carry-forwards and unutilised capital allowance carry-forwards of approximately RM42,658,000 and RM186,427,000 respectively. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

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10. Deferred tax liabilities (continued)

Movement in temporary differences during the year

| | At 1.1.2009 RM'000 | Effect of FRS 139 RM'000 | Recognised in statement of comprehensive income (Note 16) RM'000 | At 31.12.2009 RM'000 | Recognised in statement of comprehensive income (Note 16) RM'000 | Recognised directly in equity RM'000 | At 31.12.2010 RM'000 |
|--|--------------------------|--------------------------------|---|----------------------------|---|---|----------------------------|
| Group | | | | | | | |
| Property, plant and equipment | (119,508) | - | 6,962 | (112,546) | 2,619 | - | (109,927) |
| FRS 139 adjustment on initial recognition of amount due to holding corporation and related company | - | (4,739) | 1,012 | (3,727) | 378 | (40) | (3,389) |
| | (119,508) | (4,739) | 7,974 | (116,273) | 2,997 | (40) | (113,316) |
| Company | | | | | | | |
| Property, plant and equipment | (6,193) | - | 921 | (5,272) | (2,147) | - | (7,419) |
| FRS 139 adjustment on initial recognition of amount due to subsidiaries and related company | - | (2,209) | - | (2,209) | (79) | (40) | (2,328) |
| | (6,193) | (2,209) | 921 | (7,481) | (2,226) | (40) | (9,747) |



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11. Loans and borrowings

| | Group | | Company | |
|--------------------------------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Non-current | | | | |
| Secured | | | | |
| Bai-Bithaman Ajil loan 1 | 16,276 | 15,254 | - | - |
| Unsecured | | | | |
| Murabahah Medium Term Notes ("MMTN") | 150,000 | 80,000 | 150,000 | 80,000 |
| | 166,276 | 95,254 | 150,000 | 80,000 |
| Current | | | | |
| Secured | | | | |
| Bai-Bithaman Ajil loan 2 | - | 1,979 | - | - |

Security

The Bai-Bithaman Ajil loan which are taken by subsidiaries of the Group is secured over property, plant and equipment (leasehold land) with a carrying amount of RM4,413,000 (2009 – RM15,098,000) (see Note 3).

Significant covenants

The Bai-Bithaman Ajil loan 1 and 2 which are taken by subsidiaries of the Group are subject to the fulfillment of the following significant covenants by the subsidiary's concerned:

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

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11. Loans and borrowings (continued)

Significant covenants (continued)

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

Terms and debt repayment schedule

| Group | Year of maturity | Carrying amount RM'000 | Under 1 year RM'000 | 2-5 years RM'000 | Over 5 years RM'000 |
|--------------------------|------------------|---------------------------|---------------------------|------------------------|---------------------------|
| 2010 | | | | | |
| Secured | | | | | |
| Bai-Bithaman Ajil loan 1 | 2012-2018 | 16,276 | - | 10,051 | 6,225 |
| Unsecured | | | | | |
| MMTN | 2016 | 150,000 | - | - | 150,000 |
| 2009 | | | | | |
| Secured | | | | | |
| Bai-Bithaman Ajil loan 1 | 2012-2018 | 15,254 | - | - | 15,254 |
| Bai-Bithaman Ajil loan 2 | 2016 | 1,979 | 1,979 | - | - |
| | | 17,233 | 1,979 | - | 15,254 |
| Unsecured | | | | | |
| MMTN | 2016 | 80,000 | - | - | 80,000 |

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11. Loans and borrowings (continued)

Terms and debt repayment schedule (continued)

| Company | Year of maturity | Carrying amount RM'000 | Under 1 year RM'000 | 2-5 years RM'000 | Over 5 years RM'000 |
|--------------------------|------------------|------------------------|---------------------|------------------|---------------------|
| 2010 | | | | | |
| <i>Unsecured</i> MMTN | 2016 | 150,000 | - | - | 150,000 |
| 2009 | | | | | |
| <i>Unsecured</i> MMTN | 2016 | 80,000 | - | - | 80,000 |

12. Trade and other payables

| | Note | Group | | Company | |
|-----------------------------------|------|-------------|-------------|-------------|-------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Non-current | | | | | |
| Non-trade | | | | | |
| Amount due to holding corporation | 12.1 | 26,364 | 54,377 | - | - |
| Current | | | | | |
| Trade | | | | | |
| Trade payables | | 19,838 | 14,449 | 1,718 | 1,582 |
| Amount due to related companies | 12.2 | - | - | - | 4,074 |
| | | 19,838 | 14,449 | 1,718 | 5,656 |
| Non-trade | | | | | |
| Amount due to holding corporation | 12.3 | 16,111 | 84 | 584 | 84 |
| Amount due to subsidiaries | 12.4 | - | - | 88,951 | 41,047 |
| Amount due to related companies | 12.5 | 41,105 | 9,860 | 30,125 | 9,860 |
| Other payables | | 27,789 | 31,690 | 4,920 | 13,067 |
| Accrued expenses | | 5,148 | 4,109 | 1,379 | 614 |
| Dividend payable | | 107 | 1,692 | 107 | 91 |
| | | 90,260 | 47,435 | 126,066 | 64,763 |
| | | 110,098 | 61,884 | 127,784 | 70,419 |

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12. Trade and other payables (continued)

Note 12.1

The amount due to holding corporation is unsecured and non-profit margin.

Note 12.2

The amount due to related companies are subject to normal trade terms.

Note 12.3

The amount due to holding corporation is unsecured, non-profit margin and repayable on demand.

Note 12.4

The amount due to subsidiaries are unsecured and repayable on demand except for an amount of RM88,951,000 (2009 - RM40,976,000), which is subject to profit margin ranges from 2.05% to 2.80% (2009 - 2.05% to 2.60%).

Note 12.5

The amount due to related companies are unsecured, non-profit margin and repayable on demand except for an amount of RM28,712,000 (2009 - RM6,527,000), which is subject to profit margin ranges from 2.05% to 2.80% (2009 - 2.05% to 2.60%).

13. Revenue

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Sales | 341,908 | 279,405 | 70,333 | 94,746 |
| Dividends | - | - | 35,116 | 46,984 |
| Management fees - related companies | 24,064 | 24,953 | - | - |
| | 365,972 | 304,358 | 105,449 | 141,730 |



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14. Profit before tax

| | Note | Group | | Company | |
|--|------|----------------|----------------------------|----------------|----------------------------|
| | | 2010 RM'000 | 2009 RM'000 restated | 2010 RM'000 | 2009 RM'000 restated |
| Profit before tax is arrived at after charging: | | | | | |
| Auditors' remuneration: | | | | | |
| - Statutory audit | | | | | |
| - Current year | | 403 | 398 | 110 | 110 |
| - Under provision in previous year | | 25 | 18 | 18 | 8 |
| - Other services | | - | 150 | - | 150 |
| Impairment of investment in | | | | | |
| - subsidiary | | - | - | - | 30,519 |
| Bad debts written off | | 32 | 58 | 1 | 3 |
| Borrowing cost: | | | | | |
| Borrowing | | 7,778 | 5,529 | 4,687 | 1,694 |
| Profit margin expense on subsidiaries | | - | - | 1,561 | 1,073 |
| Profit margin expense on related companies | | 1,653 | 2,433 | 1,653 | 2,433 |
| Depreciation of property, plant and equipment | 3 | 35,021 | 35,217 | 1,671 | 3,074 |
| Plantation development expenditure written off | | 748 | - | 313 | - |
| Fair value of ESOS granted | | - | 7,994 | - | 7,994 |
| Impairment of goodwill | | - | 506 | - | - |
| Personnel expenses: | | | | | |
| - Wages, salaries and others | | 29,400 | 59,829 | 6,172 | 32,048 |
| - Contribution to Employee's Provident Fund | | 4,008 | 4,099 | 3,051 | 3,051 |
| Property, plant and equipment written off | | 1,781 | 142 | 111 | 49 |
| Rental of premises | | 1,932 | 1,403 | 1,932 | 303 |
| Rental of land | | 2,200 | 2,200 | 2,200 | 2,200 |
| | | | | | |
| and after crediting: | | | | | |
| Gain on disposal of property, plant and equipment | | 107 | 49 | - | 1 |
| Gain on disposal of short term investment | | - | 22 | - | 22 |

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14. Profit before tax (continued)

| | Note | Group | | Company | |
|---|------|----------------|----------------------------|----------------|----------------------------|
| | | 2010 RM'000 | 2009 RM'000 restated | 2010 RM'000 | 2009 RM'000 restated |
| and after crediting (continued): | | | | | |
| Management fee income from related companies | | - | 4,235 | - | 4,770 |
| Rental income | | - | - | 3,843 | 2,884 |
| Profit margin income from short term investments and receivables: | | | | | |
| - Subsidiaries | | - | - | 15,742 | 2,037 |
| - Related companies | | 452 | 215 | 452 | 215 |
| - Short term Islamic deposits | | 869 | 664 | 869 | 664 |

15. Key management personnel compensations

The key management personnel compensations are as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Directors | | | | |
| - Fees | 1,244 | 958 | 577 | 408 |
| - Remuneration | 987 | 1,597 | 956 | 1,582 |
| Other short term employee benefits (including estimated monetary value of benefits-in-kind) | 21 | 35 | 21 | 35 |
| | 2,252 | 2,590 | 1,554 | 2,025 |
| Other key management personnel: | | | | |
| - Short-term employee benefits | 1,428 | 960 | 1,428 | 960 |
| | 3,680 | 3,550 | 2,982 | 2,985 |

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



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16. Tax expense

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Current tax expense | | | | | |
| Malaysia - current year | | 39,851 | 20,876 | 9,086 | 11,617 |
| - prior years | | (717) | 946 | 973 | 1,054 |
| Total current tax recognised in profit or loss | | 39,134 | 21,822 | 10,059 | 12,671 |
| Deferred tax expense | | | | | |
| - current year | | (5,161) | (7,884) | 2,240 | (906) |
| - prior year | | 2,164 | 22 | (14) | (15) |
| - effect of current year tax losses | | - | (112) | - | - |
| Total deferred tax recognised in profit or loss | 10 | (2,997) | (7,974) | 2,226 | (921) |
| Total tax expense | | 36,137 | 13,848 | 12,285 | 11,750 |
| Reconciliation of effective tax expense | | | | | |
| Profit before tax | | 144,552 | 70,912 | 78,233 | 39,513 |
| Tax calculated using Malaysian tax rate of 25% | | 36,138 | 17,728 | 19,558 | 9,878 |
| Effect of deferred tax asset not recognised | | 28,125 | - | - | - |
| Effect of deferred tax asset previously not recognised | | - | (6,594) | - | - |
| Non-assessable income | | (29,573) | - | (8,232) | - |
| Non-deductible expenses | | - | 1,746 | - | 833 |
| Under/(over) provided in prior years | | | | | |
| - tax expense | | (717) | 946 | 973 | 1,054 |
| - deferred tax | | 2,164 | 22 | (14) | (15) |
| | | 36,137 | 13,848 | 12,285 | 11,750 |

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17. Earnings per share

Basic earnings per share

The calculation of basic and diluted earnings per share at 31 December 2010 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

| | Group | |
|--|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Profit for the year attributable to shareholders | 89,482 | 53,807 |

| Weighted average number of ordinary shares | Group | |
|---|--------------|--------------|
| | 2010 '000 | 2009 '000 |
| Issued ordinary shares at 1 January | 487,785 | 243,822 |
| Effect of bonus shares issued | - | 243,822 |
| Effect of ordinary shares issued under ESOS | 645 | 141 |
| Weighted average number of ordinary shares at 31 December | 488,430 | 487,785 |

| Weighted average number of ordinary shares (diluted) | Group | |
|---|--------------|--------------|
| | 2010 '000 | 2009 '000 |
| Issued ordinary shares at 1 January | 487,785 | 243,822 |
| Effect of bonus shares issued | - | 243,822 |
| Effect of ordinary shares issued under ESOS | 645 | 141 |
| Effect of share options on issue | 38,209 | 38,854 |
| Weighted average number of ordinary shares at 31 December | 526,639 | 526,639 |

| | Group | |
|-------------------------------------|-------------|-------------|
| | 2010 Sen | 2009 Sen |
| Basic earnings per ordinary share | 18.32 | 11.03 |
| Diluted earnings per ordinary share | 16.99 | 10.22 |



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18. Dividends

Dividends recognised in the current year by the Company are:

| | Sen per share (net of tax) | Total amount RM'000 | Date of payment |
|---------------------------|-------------------------------|------------------------|-----------------|
| 2010 | | | |
| Final for ordinary - 2009 | 6.38 | 31,096 | 21 May 2010 |
| 2009 | | | |
| Final for ordinary - 2008 | 17.98 | 27,430 | 20 May 2009 |

After the statement of financial position 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 (net of tax) | Total amount RM'000 |
|----------------|-------------------------------|------------------------|
| Final ordinary | 9.38 | 45,815 |

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19. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Oil palm plantations.* Includes cultivation of oil palm, processing of FFB, marketing of CPO and PK.
- *Management services.* Includes provision of management services.

There are varying levels of integration between reportable segments, the Oil palm plantations and Management services reportable segments. This integration includes sharing of human resources function. The accounting policies of the reportable segments are the same as described in Note 2(p).

Performance is measured based on segment profit before tax, interest, and depreciation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence no disclosure is made on segment liability.



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19. Operating segments (continued)

| | Oil palm plantations | | Management services | | Elimination | | Consolidated Total | |
|--|----------------------|----------------|---------------------|----------------|----------------|----------------|--------------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Segment profit / (loss) | | | | | | | | |
| <i>Included in the measure of segment profit / (loss) are:</i> | | | | | | | | |
| Revenue from external customers | 341,908 | 279,405 | 24,064 | 24,953 | - | - | 365,972 | 304,358 |
| Inter-segment revenue | 51,136 | 61,022 | 9,987 | 7,029 | (61,123) | (68,051) | - | - |
| <i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i> | | | | | | | | |
| Depreciation | 34,338 | 33,390 | 683 | 1,827 | - | - | 35,021 | 35,217 |
| Finance costs | (11,256) | (9,395) | - | - | 1,825 | 1,433 | (9,431) | (7,962) |
| Finance income | 18,620 | 7,203 | - | - | (17,299) | (6,324) | 1,321 | 879 |
| Tax expense | (42,011) | (17,415) | (1,592) | (4,019) | 7,466 | 7,586 | (36,137) | (13,848) |
| Segment assets | 1,392,242 | 1,105,761 | 18,408 | 28,606 | (301,148) | (191,604) | 1,109,502 | 942,763 |
| <i>Included in the measure of segment assets are:</i> | | | | | | | | |
| Additions to non-current assets other than financial instruments and deferred tax assets | 32,033 | 53,800 | 2,907 | 6,067 | - | (39,349) | 34,940 | 20,518 |

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19. Operating segments (continued)

| | External revenue RM'000 | Depreciation RM'000 | Finance costs RM'000 | Finance income RM'000 | Segment assets RM'000 | Additions to non- current assets RM'000 |
|---|-------------------------------|------------------------|----------------------------|-----------------------------|-----------------------------|--|
| 2010 | | | | | | |
| Total reportable segments | 427,095 | (35,021) | (11,256) | 18,620 | 1,410,650 | 34,940 |
| Elimination of inter-segment transaction or balances | (61,123) | - | 1,825 | (17,299) | (301,148) | - |
| Consolidated total | 365,972 | (35,021) | (9,431) | 1,321 | 1,109,502 | 34,940 |
| 2009 | | | | | | |
| Total reportable segments | 372,409 | (35,217) | (9,395) | 7,203 | 1,134,367 | 59,867 |
| Elimination of inter-segment transaction or balances | (68,051) | - | 1,433 | (6,324) | (191,604) | (39,349) |
| Consolidated total | 304,358 | (35,217) | (7,962) | 879 | 942,763 | 20,518 |



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19. Operating segments (continued)

Geographical segments

The Management services segment also provides services to a related company in Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. There are no non-current assets located outside Malaysia.

| | 2010 RM'000 | 2009 RM'000 |
|----------------------|----------------|----------------|
| Malaysia | 5,454 | 8,218 |
| Indonesia | 18,610 | 16,735 |
| Consolidated revenue | 24,064 | 24,953 |

Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

| | 2010 RM'000 | 2009 RM'000 | Segment |
|-------------------------------------|----------------|----------------|----------------------|
| Felda Palm Oil Industries Sdn. Bhd. | 30,379 | 34,053 | Oil palm plantations |
| Ngo Chew Hong Oil & Fats Sdn. Bhd. | 42,312 | 33,034 | Oil palm plantations |
| Sandakan Edible Oil Sdn. Bhd. | 43,861 | 27,694 | Oil palm plantations |

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20. Financial instruments

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Fair value through profit or loss (FVTPL); and
- (c) Other financial liabilities measured at amortised cost (OL).

| | Carrying amount RM'000 | L&R/ (OL) RM'000 | FVTPL RM'000 |
|---|---------------------------|------------------------|-----------------|
| 2010 | | | |
| Financial assets | | | |
| Group | | | |
| Other investment | 599 | - | 599 |
| Amount due from related companies | 7,872 | 7,872 | - |
| Cash and cash equivalents | 130,568 | 130,568 | - |
| Trade receivables | 29,542 | 29,542 | - |
| Other receivables | 4,779 | 4,779 | - |
| | 173,360 | 172,761 | 599 |
| Company | | | |
| Other investment | 599 | - | 599 |
| Amount due from related companies | 377 | 377 | - |
| Amount due from subsidiaries | 180,134 | 180,134 | - |
| Cash and cash equivalents | 120,390 | 120,390 | - |
| Trade receivables | 2,502 | 2,502 | - |
| Other receivables | 677 | 677 | - |
| | 304,679 | 304,080 | 599 |
| Financial liabilities | | | |
| Group | | | |
| Bai-Bithaman Ajil loan - <i>secured</i> | 16,276 | 16,276 | - |
| Murabahah medium term notes | 150,000 | 150,000 | - |
| Amount due to related companies | 41,105 | 41,105 | - |
| Amount due to holding corporation | 42,475 | 42,475 | - |
| Trade payables | 19,838 | 19,838 | - |
| Other payables | 27,789 | 27,789 | - |
| | 297,483 | 297,483 | - |



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20. Financial instruments (continued)

Categories of financial instruments (continued)

| | Carrying amount RM'000 | L&R/ (OL) RM'000 | FVTPL RM'000 |
|-----------------------------------|---------------------------|------------------------|-----------------|
| 2010 | | | |
| Financial Liabilities | | | |
| Company | | | |
| Murabahah medium term notes | 150,000 | 150,000 | - |
| Amount due to subsidiaries | 88,951 | 88,951 | - |
| Amount due to related companies | 30,125 | 30,125 | - |
| Amount due to holding corporation | 584 | 584 | - |
| Trade payables | 1,718 | 1,718 | - |
| Other payables | 4,920 | 4,920 | - |
| | 276,298 | 276,298 | - |

Income/ (expense), net gains and losses arising from financial instruments

| Group | Profit margin income RM'000 | Profit margin expense RM'000 | Total RM'000 |
|-----------------------------|-----------------------------------|------------------------------------|-----------------|
| 31 December 2010 | | | |
| Loans and receivables | 1,321 | - | 1,321 |
| Other financial liabilities | - | (10,453) | (10,453) |
| Total | 1,321 | (10,453) | (9,132) |

Included in other financial liabilities of the above, RM1,022,000 has been capitalised in plantation development expenditure (see Note 4).

| Company | Profit margin income RM'000 | Profit margin expense RM'000 | Total RM'000 |
|-----------------------------|-----------------------------------|------------------------------------|-----------------|
| 31 December 2010 | | | |
| Loans and receivables | 17,063 | - | 17,063 |
| Other financial liabilities | - | (7,901) | (7,901) |
| Total | 17,063 | (7,901) | 9,162 |

Consolidated Financial Statements

20. Financial instruments (continued)

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its obligations. The Group's exposure to credit risk arises principally from its receivables from customers and advance to related company. The Company's exposure to credit risk arises principally from its receivable from customers and loans and advances to subsidiaries and related companies.

Receivables

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for receivables as at the end of the reporting period by geographic region was:

| | 2010 RM'000 | 2009 RM'000 |
|-----------|----------------|----------------|
| Malaysia | 41,709 | 41,290 |
| Indonesia | 5,781 | 10,886 |



Consolidated Financial Statements

20. Financial instruments (continued)

Credit risk (continued)

The ageing of trade receivables as at the end of the reporting period were:

| | Group RM'000 | Company RM'000 |
|--------------------|-----------------|-------------------|
| 2010 | | |
| Not past due | 24,415 | 1,960 |
| Past due 0-30 days | 5,127 | 542 |
| | 29,542 | 2,502 |

There was no impairment required on trade receivables.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

Consolidated Financial Statements

20. Financial instruments (continued)

Credit risk (continued)

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Group and the Company provides unsecured loans and advances to related companies and subsidiaries respectively. The Group and the Company monitors the results of the related companies and subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company and related companies managed by the Group.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.



Consolidated Financial Statements

20. Financial instruments (continued)

Liquidity risk (continued)

Maturity analysis

The table below summarise the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|--|---------------------------|--------------------------------|----------------------------------|------------------------|-----------------------|-----------------------|-----------------------------|
| Group | | | | | | | |
| 2010 | | | | | | | |
| <i>Non-derivatives financial liabilities</i> | | | | | | | |
| Secured bank loans | 16,276 | 7.25 | 24,008 | 1,106 | 1,318 | 10,945 | 10,639 |
| Murabahah medium term notes | 150,000 | 4.99 | 210,351 | 7,941 | 7,941 | 23,823 | 170,646 |
| Amount due to holding corporation | 42,475 | - | 46,582 | 15,528 | 15,527 | 15,527 | - |
| Amount due to related companies | 41,105 | 2.54 | 41,105 | 41,105 | - | - | - |
| Trade and other payables | 47,627 | - | 47,627 | 47,627 | - | - | - |
| | 297,483 | | 369,673 | 113,307 | 24,786 | 50,295 | 181,285 |

Consolidated Financial Statements

20. Financial instruments (continued)

Liquidity risk (continued)

Maturity analysis (continued)

| | Carrying amount RM'000 | Contractual interest rate % | Contractual cash flows RM'000 | Under 1 year RM'000 | 1 - 2 years RM'000 | 2 - 5 years RM'000 | More than 5 years RM'000 |
|--|---------------------------|--------------------------------------|-------------------------------------|---------------------------|--------------------------|--------------------------|-----------------------------------|
| Company | | | | | | | |
| 2010 | | | | | | | |
| <i>Non-derivatives financial liabilities</i> | | | | | | | |
| Murabahah medium term notes | 150,000 | 4.99 | 210,351 | 7,941 | 7,941 | 23,823 | 170,646 |
| Amount due to subsidiaries | 88,951 | 2.54 | 88,951 | 88,951 | - | - | - |
| Amount due to holding corporation | 584 | - | 584 | 584 | - | - | - |
| Amount due to related companies | 30,125 | 2.54 | 30,125 | 30,125 | - | - | - |
| Trade and other payables | 6,638 | - | 6,638 | 6,638 | - | - | - |
| | 276,298 | | 336,649 | 134,239 | 7,941 | 23,823 | 170,646 |



Consolidated Financial Statements

20. Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as profit margin will affect the Group's financial position or cash flows.

Profit margin risk

The Group's and the Company's fixed rate borrowings is exposed to a risk of change in its fair value due to changes in profit margin rates.

Risk management objectives, policies and processes for managing the risk

The Group and the Company adopt a policy of ensuring that almost all borrowings are on a fixed profit margin basis.

Exposure to profit margin risk

The profit margin profile of the Group's and the Company's significant profit margin bearing financial instruments, based on carrying amount as at the end of the reporting period was:

| | Group 2010 RM'000 | Company 2010 RM'000 |
|-------------------------------|-------------------------|---------------------------|
| Fixed rate instruments | | |
| Financial liability | 166,276 | 150,000 |

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in profit margin rates at the end of the reporting period would not affect profit or loss.

Consolidated Financial Statements

20. Financial instruments (continued)

Fair value of financial instruments

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

The fair values of other financial assets and liabilities (based on estimates of discounted cashflows), together with the carrying amounts shown in the statement of financial positions, are as follows.

| | | 2010 | | 2009 | |
|---|------|---------------------------|----------------------|---------------------------|----------------------|
| | Note | Carrying amount RM'000 | Fair value RM'000 | Carrying amount RM'000 | Fair value RM'000 |
| Group | | | | | |
| Financial assets | | | | | |
| Other investment Unquoted company | | 599 | 599 | 599 | 599 |
| Financial liabilities | | | | | |
| Bai-Bithaman Ajil loan - <i>secured</i> | 11 | 16,276 | 16,276 | 17,233 | 17,233 |
| Medium term notes | | 150,000 | 150,000 | 80,000 | 80,000 |
| Amount due to holding corporation | 12 | 42,475 | 42,475 | 54,377 | 54,377 |
| Company | | | | | |
| Financial assets | | | | | |
| Other investment Unquoted company | | 599 | 599 | 599 | 599 |
| Amount due from subsidiaries | 6 | 168,794 | 168,794 | 224,496 | 224,496 |



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21. Capital management

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the debt-to-equity ratio less than one time. The debt-to-equity ratios at 31 December 2010 and at 31 December 2009 were as follows:

| | Group | |
|--|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Total borrowings (Note 11) | 166,276 | 95,254 |
| Less: Cash and cash equivalents (Note 8) | (130,568) | (19,923) |
| Net debt | 35,708 | 75,331 |
| Total equity | 682,649 | 606,537 |
| Debt-to-equity ratio | 0.05 | 0.12 |

There were no changes in the Group's approach to capital management during the year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

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22. Operating leases

Leases as lessor

The Company leases out certain portion of its leasehold land under operating leases (see Note 3). The future minimum lease payments under non-cancellable leases are as follows:

| | Company | |
|-----------------------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Less than one year | 3,579 | 3,606 |
| Between one and three years | 834 | 6,565 |
| | 4,413 | 10,171 |

23. Employee benefits

Share-based payments

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

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

| Grant date/ employees entitled | Number of instruments '000 | Vesting conditions | Contractual life of options |
|---|----------------------------|------------------------------------|-----------------------------|
| Option granted to Director and employees on 8 June 2009 | 38,209 | Based on completed year of service | 5 years |



Consolidated Financial Statements

23. Employee benefits (continued)

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

| | Weighted average exercise price 2010 RM | Number of option 2010 '000 | Weighted average exercise price 2009 RM | Number of option 2009 '000 |
|----------------------------|---|----------------------------|---|----------------------------|
| Outstanding at 1 January | 1.52 | 38,854 | - | - |
| Granted during the year | - | - | 1.52 | 38,995 |
| Exercised during the year | 1.52 | 645 | 1.52 | 141 |
| Outstanding at 31 December | 1.52 | 38,209 | 1.52 | 38,854 |

The options outstanding at 31 December 2010 have an exercise price at RM1.52 per ordinary share and a weighted average contractual life of 4 years.

During the year, 644,500 share options were exercised. The weighted average share price for the year was RM1.52 per ordinary share.

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

| | Director and employees | |
|--|------------------------|---------|
| | 2010 | 2009 |
| Fair value of share options and assumptions | | |
| Fair value at grant date | - | RM0.205 |
| Weighted average share price exercise price | - | RM1.52 |
| Option life (expected weighted average life) | - | 5 years |

Consolidated Financial Statements

23. Employee benefits (continued)

| | Group and company | |
|--|-------------------|----------------|
| | 2010 RM'000 | 2009 RM'000 |
| Employee expenses | | |
| Share options granted | - | 7,994 |
| Total expense recognised as share-based payments | - | 7,994 |

24. Capital and other commitments

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Property, plant and equipment | | | | |
| <i>Approved but not contracted for:</i> | | | | |
| Within one year | 30,444 | 50,925 | 2,681 | 7,439 |
| Plantation development expenditure | | | | |
| <i>Contracted but not provided for and payable:</i> | | | | |
| Within one year | - | 15,171 | - | - |
| <i>Approved but not contracted for:</i> | | | | |
| Within one year | 66,470 | 57,514 | 8,329 | 10,922 |
| More than one year and no later than 5 years | - | 531 | - | - |
| | 96,914 | 124,141 | 11,010 | 18,361 |

25. Related parties

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

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



Consolidated Financial Statements

25. Related parties (continued)

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

| | Transactions amount for the year ended 31 December | | Gross/ Net balance outstanding at 31 December | |
|---|--|----------------|---|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Group | | | | |
| Holding corporation | | | | |
| Expenses | | | | |
| Rental of premise | 1,932 | 1,403 | - | - |
| Rental of land | 2,200 | 2,200 | - | - |
| Related companies | | | | |
| Income | | | | |
| Management fees income | 24,064 | 29,188 | 5,184 | 29,188 |
| Profit margin income from related companies receivables | 1,668 | 181 | 1,668 | 181 |
| Expenses | | | | |
| Purchase of fertilisers | 13,971 | 12,220 | 4,566 | 2,109 |
| Purchase of flight tickets | 679 | 979 | - | - |
| Profit margin expense on related companies payables | 1,653 | 2,433 | 1,653 | 2,433 |
| Telecommunication equipment provider | 1,322 | - | - | - |
| Company | | | | |
| Holding corporation | | | | |
| Expenses | | | | |
| Rental of premise | 1,932 | 303 | - | - |
| Rental of land | 2,200 | 2,200 | - | - |
| Subsidiaries companies | | | | |
| Income | | | | |
| Profit margin income from subsidiaries receivables | 3,116 | 2,070 | 3,116 | 2,070 |
| Disposal of fixed assets | - | 23,784 | - | - |
| Expenses | | | | |
| Purchase of flight tickets | 96 | 979 | - | - |
| Profit margin expense on subsidiaries payables | 1,561 | 1,073 | 1,561 | 1,073 |
| Telecommunication equipment provider | 241 | - | - | - |

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25. Related parties (continued)

| | Transactions amount for the year ended 31 December | | Gross/ Net balance outstanding at 31 December | |
|--|--|----------------|---|----------------|
| | 2010 RM'000 | 2009 RM'000 | 2010 RM'000 | 2009 RM'000 |
| Company | | | | |
| Related companies | | | | |
| Income | | | | |
| Management fees income | - | 4,770 | - | 4,770 |
| Profit margin income from related companies receivables | 1,668 | 181 | 1,668 | 181 |
| Expenses | | | | |
| Management fees | 1,610 | 1,383 | - | 1,383 |
| Purchase of fertilisers | 122 | 2,045 | - | 122 |
| Profit margin expense on related companies payables | 1,653 | 2,433 | 1,653 | 2,433 |

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



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26. Comparative figures

FRS 101, *Presentation of Financial Statements*

Arising from the adoption of FRS 101 (revised), income statement for the year ended 31 December 2009 that have been re-presented as statement of comprehensive income. All non-owner changes in equity that were presented in the statement of changes in equity are now included in the statement of comprehensive income as other comprehensive income. Consequently, components of comprehensive income are not presented in the statement of changes in equity.

FRS 117, *Leases*

Following the adoption of the amendments to FRS 117, certain comparatives have been re-presented as follows:

| | Group | | | |
|-------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | 31.12.2009 | | 1.1.2009 | |
| | As restated RM'000 | As previously stated RM'000 | As restated RM'000 | As previously stated RM'000 |
| Property, plant and equipment | 640,800 | 269,963 | 655,244 | 279,739 |
| Prepaid lease payments | - | 370,837 | - | 375,505 |

| | Company | | | |
|-------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | 31.12.2009 | | 1.1.2009 | |
| | As restated RM'000 | As previously stated RM'000 | As restated RM'000 | As previously stated RM'000 |
| Property, plant and equipment | 17,747 | 9,625 | 56,499 | 48,281 |
| Prepaid lease payments | - | 8,122 | - | 8,218 |

Consolidated Financial Statements

27. Acquisition of subsidiaries

Acquisition of subsidiaries in 2009

On 1 April 2009, the Company has entered into two share sale agreements with TH Ladang (Sabah & Sarawak) Sdn. Bhd. ("THLSS") in relation to the following:

- (a) Acquisition of 24,000,003 ordinary shares of RM1 each representing 100% equity interest in THP Kota Bahagia Sdn. Bhd. (formerly known as Ladang Sawit Bintulu Sdn. Bhd.) from THLSS for a purchase consideration of RM200,000 in cash; and
- (b) Acquisition of 2 ordinary shares of RM1 each representing 100% equity interest in THP Agro Management Sdn. Bhd. ("THPAM") (formerly known as Lebigaya Sdn. Bhd.) from THLSS for a total consideration of RM2.

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

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

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

* The goodwill was subsequently impaired at year end.

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



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28. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

| | 2010 | |
|---|-----------------|-------------------|
| | Group RM'000 | Company RM'000 |
| Total retained earnings of the Company and its subsidiaries: | | |
| - realised | 412,907 | 175,602 |
| - unrealised | (108,537) | (7,498) |
| Less: Consolidation adjustments | (83,881) | - |
| Total retained earnings | 220,489 | 168,104 |

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

Consolidated Financial Statements

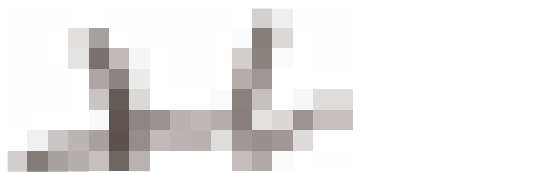
TH Plantations Berhad
(Company No. 12696-M)
(Incorporated in Malaysia)
and its subsidiaries

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


In the opinion of the Directors, the financial statements set out on pages 138 to 208 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 28 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



Tan Sri Datuk Dr. Yusof bin Basiran



Dato' Zainal Azwar bin Zainal Aminuddin

Kuala Lumpur,

Date: 21 February 2011



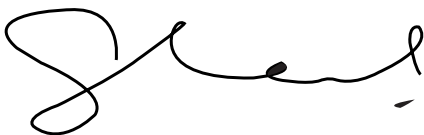
Consolidated Financial Statements

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

Statutory declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Mohamed Azman Shah bin Ishak**, the officer primarily responsible for the financial management of TH Plantations Berhad, do solemnly and sincerely declare that the financial statements set out on pages 138 to 208 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 21 February 2011.



.....
Mohamed Azman Shah bin Ishak

Before me:



Consolidated Financial Statements

Independent auditors' report to the members of TH Plantations Berhad (Company No. 12696-M) (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of TH Plantations Berhad, which comprise the statement of financial position as at 31 December 2010 of the Group and of the Company, and the statement of comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 138 to 207.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



Consolidated Financial Statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



Consolidated Financial Statements

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 28 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



KPMG Desa Megat & Co.

Firm Number: AF 0759

Chartered Accountants



Muhammad Azman bin Che Ani

Approval Number: 2922/04/12(J)

Chartered Accountant

Petaling Jaya,

Date: 21 February 2011



Analysis of Shareholdings

ANALYSIS OF SHAREHOLDINGS AS AT 15 MARCH 2011

SHAREHOLDING STRUCTURE

| | | |
|----------------------------------|---|--------------------------------|
| Authorised Share Capital | : | RM350,000,000.00 |
| Issued and Paid-Up Share Capital | : | RM250,140,800.00 |
| Class of Shares | : | Ordinary Shares of RM0.50 each |
| Voting Rights by Show of Hands | : | One vote for every member |
| Voting Rights by Poll | : | One vote for every share held |

ANALYSIS BY SIZE OF SHAREHOLDINGS

| Category | No. of Holders | % | No. of Shares | % |
|--|----------------|---------------|--------------------|---------------|
| Less than 100 | 40 | 0.37 | 432 | 0.00 |
| 100 to 1,000 | 981 | 8.96 | 752,713 | 0.15 |
| 1,001 to 10,000 | 8,606 | 78.63 | 34,654,500 | 6.93 |
| 10,001 to 100,000 | 1,181 | 10.79 | 33,899,164 | 6.78 |
| 100,001 to less than 5% of issued shares | 136 | 1.24 | 106,620,091 | 21.31 |
| 5% and above of issued shares | 1 | 0.01 | 324,354,700 | 64.83 |
| TOTAL | 10,945 | 100.00 | 500,281,600 | 100.00 |

DIRECTORS' SHAREHOLDINGS

| No. | Name of Directors | No. of Ordinary Shares Held | | | |
|-----|---|-----------------------------|------|----------|------|
| | | Direct | % | Indirect | % |
| 1. | Tan Sri Datuk Dr Yusof bin Basiran | 4,000 | # | 58,000* | 0.01 |
| 2. | Dato' Zainal Azwar bin Zainal Aminuddin | 144,000 | 0.03 | Nil | Nil |
| 3. | Dato' Paduka Ismee bin Haji Ismail | Nil | Nil | Nil | Nil |
| 4. | Datuk Dr Abdul Samad bin Haji Alias | 168,000 | 0.03 | Nil | Nil |
| 5. | Datuk Azizan bin Abd Rahman | Nil | Nil | Nil | Nil |
| 6. | Dato' Haji Wan Zakaria bin Abd Rahman | 4,000 | # | Nil | Nil |
| 7. | Dato' Noordin bin Md Noor | Nil | Nil | Nil | Nil |
| 8. | Md. Yusof bin Hussin | Nil | Nil | Nil | Nil |
| 9. | Mahbob bin Abdullah | 49,000 | 0.01 | Nil | Nil |

Note:

* Deemed interest by virtue of shares held by his spouse

Negligible



Analysis of Shareholdings

SUBSTANTIAL SHAREHOLDER

| No. | Name of Substantial Shareholder | No. of Ordinary Shares Held | | | |
|-----|---------------------------------|-----------------------------|-------|----------|-----|
| | | Direct | % | Indirect | % |
| 1. | Lembaga Tabung Haji | 324,354,700 | 64.83 | Nil | Nil |

TOP THIRTY SHAREHOLDERS AS AT 15 MARCH 2011

| No. | Name of Shareholders | No. of Shares Held | % of Issued Share Capital |
|-----|---|--------------------|---------------------------|
| 1. | Lembaga Tabung Haji | 324,354,700 | 64.83 |
| 2. | Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board | 21,470,400 | 4.29 |
| 3. | AIBB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Yayasan Pok Dan Kassim | 10,409,800 | 2.08 |
| 4. | Amsec Nominees (Tempatan) Sdn. Bhd. AMTrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali) | 8,321,000 | 1.66 |
| 5. | Pertubuhan Peladang Negeri Terengganu | 4,891,912 | 0.98 |
| 6. | Amanah Raya Trustees Berhad Public Islamic Opportunities Fund | 4,460,400 | 0.89 |
| 7. | Amanah Raya Trustees Berhad Public Islamic Select Treasures Fund | 3,890,200 | 0.78 |
| 8. | Affin Nominees (Tempatan) Sdn. Bhd. Affin Fund Management Sdn. Bhd. For Majlis Ugama Islam Dan Adat Resam Melayu Pahang | 3,218,800 | 0.64 |
| 9. | Universal Trustee (Malaysia) Berhad CIMB Islamic Small Cap Fund | 2,535,600 | 0.51 |
| 10. | Universal Trustee (Malaysia) Berhad CIMB-Principal Equity Fund | 2,453,000 | 0.49 |
| 11. | Amsec Nominees (Tempatan) Sdn. Bhd. Assar Assets Management Sdn. Bhd. For Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS) | 2,450,000 | 0.49 |
| 12. | Mayban Nominees (Tempatan) Sdn. Bhd. Amanahraya Investment Management Sdn. Bhd. For Majlis Agama Islam Negeri Sembilan (C417-260272) | 2,013,200 | 0.40 |
| 13. | Majlis Agama Islam Dan Adat Melayu Perak Darul Ridzuan | 2,000,000 | 0.40 |
| 14. | Amin Baitulmal Johor | 2,000,000 | 0.40 |
| 15. | Majlis Agama Islam Wilayah Persekutuan | 2,000,000 | 0.40 |



Analysis of Shareholdings

TOP THIRTY SHAREHOLDERS AS AT 15 MARCH 2011 (continued)

| No. | Name of Shareholders | No. of Shares Held | % of Issued Share Capital |
|-----|--|--------------------|---------------------------|
| 16. | Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Berhad For CIMB-Principal Small Cap Fund (240218) | 1,672,300 | 0.33 |
| 17. | Amanah Raya Trustees Berhad Amanah Saham Wawasan 2020 | 1,389,600 | 0.28 |
| 18. | PFM Capital Sdn. Bhd. | 1,314,000 | 0.26 |
| 19. | G.T.Y. Holdings Sdn. Bhd. | 1,000,000 | 0.20 |
| 20. | Employees Provident Fund Board | 1,000,000 | 0.20 |
| 21. | Majlis Agama Islam Melaka | 1,000,000 | 0.20 |
| 22. | See Hong Cheen @ See Hong Chen | 900,000 | 0.18 |
| 23. | HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd For MAAKL Progress Fund (4082) | 800,000 | 0.16 |
| 24. | Universal Trustee (Malaysia) Berhad CIMB Islamic Dali Equity Fund | 759,000 | 0.15 |
| 25. | SBB Nominees (Tempatan) Sdn. Bhd. Manulife Insurance (Malaysia) Berhad-Managed Fund | 745,500 | 0.15 |
| 26. | Amanah Raya Trustees Berhad ASM Premier Fund | 740,800 | 0.15 |
| 27. | PFM Capital Sdn. Bhd. | 705,500 | 0.14 |
| 28. | Mayban Nominees (Tempatan) Sdn. Bhd. Etiqa Takaful Berhad (Group Fund) | 683,100 | 0.14 |
| 29. | UOBM Nominees (Asing) Sdn. Bhd. Banque De Luxembourg For Reyl (Lux) Global Funds Emerging | 535,755 | 0.11 |
| 30. | Wong Bee Sin | 500,000 | 0.10 |
| | TOTAL | 410,214,567 | 82.00 |



Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows:

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|---------------------------------------|---------------------------|-------------------------------------|---|----------------------------|--------------------|----------------------------|---------------------|---|
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Kota Bahagia | N/a | 99 years leasehold expiring on 03.02.2073 | Oil palm plantation | 980.80 | Nil | 4 February 1974 | |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Kota Bahagia | N/a | 99 years leasehold expiring on 29.09.2071 | Oil palm plantation | 182.70 | Nil | 30 September 1972 | 838 |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Kota Bahagia | N/a | 99 years leasehold expiring on 29.09.2071 | Oil palm plantation | 694.50 | Nil | | |
| THP Kota Bahagia Sdn Bhd ¹ | Kilang Sawit Kota Bahagia | 14 - 30 | 99 years leasehold expiring on 29.09.2071 | Palm Oil Mill~ | 9.804 [^] | Nil | | 1,696 |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Sungai Mengah | N/a | 99 years leasehold expiring on 13.07.2093 | Oil palm plantation | 877.00 | Nil | 14 July 1994 | |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Sungai Mengah | N/a | 99 years leasehold expiring on 03.02.2073 | Oil palm plantation | 987.95 | Nil | 4 February 1974 | 3,349 |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Sungai Mengah | N/a | 99 years leasehold expiring on 20.08.2090 | Oil palm plantation | 198.30 | Nil | 21 August 1991 | |
| THP Kota Bahagia Berhad ¹ | Ladang Sungai Mengah | N/a | 99 years leasehold expiring on 25.01.2107 | Oil palm plantation | 132.50 | Nil | 25 January 2008 | |



Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|---------------------------------------|------------------------|-------------------------------------|---|----------------------------|----------------|----------------------------|---------------------|---|
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Sungai Merchong | N/a | 99 years leasehold expiring on 19.06.2085 | Oil palm plantation | 1,720.00 | Nil | 20 June 1986 | 739 |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Sungai Buan | N/a | 99 years leasehold expiring on 09.07.2093 | Oil palm plantation | 1,388.50 | Nil | 10 July 1994 | 3,045 |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Sungai Buan | N/a | 99 years leasehold expiring on 24.03.2108 | Oil palm plantation | 305.851 | Nil | 25 March 2009 | |
| THP Kota Bahagia Sdn Bhd ¹ | Ladang Sungai Buan | N/a | 99 years leasehold expiring on 22.06.2108 | Oil palm plantation | 101.174 | Nil | 23 June 2009 | 587 |
| TH Plantations Berhad ² | Ladang Ulu Chukai | N/a | 60 years leasehold expiring on 10.11.2051 | Oil palm plantation | 580.06 | Nil | 11 November 1991 | |
| TH Plantations Berhad ² | Ladang Ulu Chukai | N/a | 60 years leasehold expiring on 10.11.2051 | Oil palm plantation | 314.00 | Nil | | |

Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|--------------------------------------|---|-------------------------------------|---|----------------------------|----------------|----------------------------|---------------------|---|
| TH Plantations Berhad ² | Ladang Gunung Sumelayang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 165.20 | Nil | | |
| TH Plantations Berhad ² | Ladang Gunung Sumelayang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 136.90 | Nil | | |
| TH Plantations Berhad ² | Ladang Gunung Sumelayang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 570.40 | Nil | | |
| TH Plantations Berhad ² | Ladang Gunung Sumelayang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 1,033.00 | Nil | 27 October 1992 | 1,820 |
| TH Plantations Berhad ² | Ladang Gunung Sumelayang/ Bukit Lawiang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 331.70 | Nil | | |
| TH Plantations Berhad ² | Ladang Gunung Sumelayang/ Bukit Lawiang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 163.00 | Nil | | |
| TH Plantations Berhad ² | Ladang Gunung Sumelayang/ Bukit Lawiang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 139.00 | Nil | | |



Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|--|----------------------------|-------------------------------------|---|----------------------------|----------------|-------------------------------|---------------------|---|
| TH Plantations Berhad ² | Ladang Bukit Lawiang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 506.30 | Nil | 27 October 1992 | 2,924 |
| TH Plantations Berhad ² | Ladang Bukit Lawiang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 925.00 | Nil | | |
| TH Plantations Berhad ² | Ladang Bukit Lawiang | N/a | 99 years leasehold expiring on 26.10.2091 | Oil palm plantation | 87.36 | Nil | | |
| TH Plantations Berhad ² | Kilang Sawit Bukit Lawiang | 12 - 16 | 99 years leasehold expiring on 26.10.2091 | Palm Oil Mill~ | 10.00^ | Nil | | 1,065 |

Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|--------------------------------------|---------------------------------|-------------------------------------|---|----------------------------|---------------------|---|---------------------|---|
| THP Gemas Sdn Bhd | Ladang Pasir Besar | N/a | 99 years leasehold expiring on 14.10.2091 | Oil palm plantation | 69.64 [∞] | This land is under a Malay Reservation area | 15 October 1992 | 18,634 |
| THP Gemas Sdn Bhd | Ladang Pasir Besar | N/a | 99 years leasehold expiring on 14.10.2091 | Oil palm plantation | 740.30 [∞] | Nil | 14 October 1992 | |
| THP Gemas Sdn Bhd | Ladang Londah | N/a | 99 years leasehold expiring on 19.09.2088 | Oil palm plantation | 827.93 [∞] | Nil | 19 September 1989 | |
| THP Gemas Sdn Bhd | Ladang Londah | N/a | 99 years leasehold expiring on 07.08.2093 | Oil palm plantation | 20.60 [∞] | Nil | 8 August 1994 | |
| THP Gemas Sdn Bhd | Ladang Londah | N/a | 99 years leasehold expiring on 25.04.2090 | Oil palm plantation | 10.55 [∞] | Nil | 26 April 1991 | 8,257 |
| THP Gemas Sdn Bhd | Ladang Londah | N/a | 99 years leasehold expiring on 25.04.2090 | Oil palm plantation | 111.44 [∞] | Nil | 26 April 1991 | |
| THP Gemas Sdn Bhd | Ladang Bukit Rokan | N/a | 99 years leasehold expiring on 30.03.2092 | Oil palm plantation | 320.60 [∞] | Nil | 30 March 1993 | 8,257 |
| THP Gemas Sdn Bhd | Ladang Bukit Rokan | N/a | 99 years leasehold expiring on 09.11.2090 | Oil palm plantation | 652.48 | Nil | 9 November 1991 | |
| THP Gemas Sdn Bhd | Kilang Sawit Ladang Pasir Besar | 1 | 99 years leasehold expiring on 14.10.2091 | Palm Oil Mill~ | 5.00 [^] | Nil | - | 2,273 |



Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|--------------------------------------|--------------------|-------------------------------------|---|----------------------------|-----------------------|----------------------------|---------------------|---|
| THP Ibok Sdn Bhd ^s | Ladang Sungai Ibok | N/a | 60 years leasehold expiring on 19.10.2042 | Oil palm plantation | 137.20 | Nil | 20 October 1982 | 6,852 |
| THP Ibok Sdn Bhd ^s | Ladang Sungai Ibok | N/a | 60 years leasehold expiring on 19.10.2042 | Oil palm plantation | 288.837 ⁰⁰ | Nil | 20 October 1982 | |
| THP Ibok Sdn Bhd ^s | Ladang Sungai Ibok | N/a | 60 years leasehold expiring on 19.10.2042 | Oil palm plantation | 416.50 | Nil | 20 October 1982 | |
| THP Ibok Sdn Bhd ^s | Ladang Sungai Ibok | N/a | 60 years leasehold expiring on 16.06.2052 | Oil palm plantation | 81.513 ⁰⁰ | Nil | 17 June 1992 | |

Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|--|---------------|-------------------------------------|---|----------------------------|----------------|-------------------------------|---------------------|---|
| THP-YT Plantation Sdn Bhd | Ladang THP-YT | N/a | 60 years leasehold expiring on 22.12.2064 | Oil palm plantation | 1,837.68 | Nil | 23 December 2004 | 13,083 |
| THP-YT Plantation Sdn Bhd | Ladang THP-YT | N/a | 60 years leasehold expiring on 22.12.2064 | Oil palm plantation | 652.4 | Nil | 23 December 2004 | |
| THP-YT Plantation Sdn Bhd | Ladang THP-YT | N/a | 60 years leasehold expiring on 22.12.2064 | Oil palm plantation | 103.68 | Nil | 23 December 2004 | |



Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|--------------------------------------|--|-------------------------------------|---|----------------------------|----------------|---|---------------------|---|
| THP Saribas Sdn Bhd ⁴ | Ladang Kenyalang Ladang Raja Udang | N/a | 60 years leasehold expiring on 19.03.2060 | Oil palm plantation | 5,000.0 | Nil | 20 March 2000 | 57,468 |
| THP Saribas Sdn Bhd ⁴ | Ladang Raja Udang (partly) Ladang Enggang (partly) | N/a | 60 years leasehold expiring on 19.03.2060 | Oil palm plantation | 1,270.0 | Nil | 20 March 2000 | |
| THP Saribas Sdn Bhd ⁴ | Ladang Enggang (partly) Ladang Merbok(partly) | N/a | 60 years leasehold expiring on 19.03.2060 | Oil palm plantation | 2,600.0 | Nil | 20 March 2000 | |
| THP Saribas Sdn Bhd ⁴ | Ladang Merbok(partly) | N/a | 60 years leasehold expiring on 19.03.2060 | Oil palm plantation | 1,520.0 | Nil | 20 March 2000 | |
| THP Sabaco Sdn Bhd | Ladang Sungai Tenegang & Sungai Koyah | N/a | 99 years leasehold expiring on 31.12.2083 | Oil palm plantation | 3,886.0 | Nil | 9 December 2008 | 88,942 |
| THP Sabaco Sdn Bhd | Ladang Terusan | N/a | 99 years leasehold expiring on 31.12.2098 | Oil palm plantation | 810.80 | Nil | 9 December 2008 | 16,920 |
| THP Sabaco Sdn Bhd | Ladang Bukit Gold | N/a | 99 years leasehold expiring on 31.12.2076 | Oil palm plantation | 2,020.19 | Nil | 9 December 2008 | 82,701 |
| THP Sabaco Sdn Bhd | Ladang Mamahat | N/a | i) 99 years leasehold expiring on 31.12.2096 # ii) 99 years sub-lease expiring on 11.12.2099 *** | Oil palm plantation | 2,124.84 | i) All the Country Leases are charged to Agro Bank ii) Title search for the Native Titles is pending | 9 December 2008 | 59,776 |

Properties Owned By The Group

The details of the properties of our Group as at 31 December 2010 are as follows: (Continued)

| Registered Owner/ Lessee/ Sub Lessee | Estate/Mill | Approximate Age of Building (years) | Tenure/ Expiry of Lease | Description / Existing use | Land Area (Ha) | Endorsements/ Encumbrances | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|--------------------------------------|------------------------------|-------------------------------------|--|----------------------------|----------------|----------------------------|---------------------|---|
| THP Sabaco Sdn Bhd | Kilang Sawit Sungai Tenegang | N/a | 99 years leasehold expiring on 31.12.2083 | Palm Oil Mill ~ | 50.0** | Nil | 9 December 2008 | 6,250 |
| THP Sabaco Sdn Bhd | Kilang Sawit Ladang Mamahat | N/a | 99 years leasehold expiring on 31.12.2096 | Palm Oil Mill ~ | 25.0^^ | Charged to Agro Bank | 9 December 2008 | 5,063 |
| THP Bukit Belian Sdn Bhd | Ladang Bukit Belian | N/a | 999 years leasehold expiring on 04.07.2887 | Oil palm plantation | 1,088.16 | Nil | 9 December 2008 | 34,518 |

The details of the hospitality of our Group as at 31 December 2010 are as follows:

| Location | Tenure | Area Sq meters | Description | Date of Acquisition | Net Book Value as at 31 December 2010 RM '000 |
|---|----------|----------------|--------------------------------------|---------------------|---|
| Bandar Baru Permas Jaya Masai, Johor | Freehold | 1,659 | 10 units Double Storey Terrace House | 18 December 1998 | 1,728 |
| Tanjung Tuan Resort Port Dickson, Negeri Sembilan | - | 1,222 | 1 unit 3 rooms Apartment | 7 May 1988 | 36 |
| Awana Kijal Resort Kijal, Terengganu | - | 816 | 1 unit 3 rooms Apartment | 26 February 2001 | 116 |



Properties Owned By The Group

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. *Registered under the ownership of Kenyalang Resources Sdn Bhd. (the former name of THP Saribas Sdn. Bhd.)*
- ^ *The built-up area of Kilang Sawit Kota Bahagia, Kilang Sawit Bukit Lawiang and Kilang Sawit Pasir Besar are 29,400 square metres, 30,000 square metres and 15,000 square metres respectively.*
- ~ *The production capacity of Kilang Sawit Kota Bahagia, Kilang Sawit Bukit Lawiang, Kilang Sawit Pasir Besar, Kilang Sawit Sungai Tenegang and Kilang Sawit Mamahat are 30 MT/Hr, 40 MT/Hr, 10 MT/Hr, 30 MT/Hr and 20MT/Hr respectively.*
- # *The eleven (11) Country Leases.*
- *** *The ten (10) Native Titles*
- ** *Part of the titled area under Ladang Sungai Tenegang.*
- ^^ *Part of the titled area under Ladang Mamahat.*
- N/a *Not applicable*
- NT *Native Title*
- CL *Country Lease*
- ∞ *Difference in area for 2010 vs 2009 due to certified plans obtained in 2010 during GPS survey*



| Company | Estate/Mills | Manager | Address |
|----------------------------|---|--|--|
| THP Kota Bahagia Sdn. Bhd. | Ladang Kota Bahagia Tel: 09-4524826 Fax: 09-4524821 | Mohamed Fuzi b. Jaafar (Senior Manager) 019-8831286 | Peti Surat 19 26700 Muadzam Shah Pahang Darul Makmur |
| THP Kota Bahagia Sdn. Bhd. | Ladang Sungai Mengah Tel: 09-4524979 Fax: 09-4524979 | Tuan Rahimi b. Tuan Man 019-9454592 | Peti Surat 21 26700 Muadzam Shah Pahang Darul Makmur |
| THP Kota Bahagia Sdn. Bhd. | Ladang Sungai Buan Tel: 09-4524996 Fax: 09-4524995 | Ahmad Mazwan b. Jamaludin (Acting Manager) 019-9868150 | Peti Surat 18 26700 Muadzam Shah Pahang Darul Makmur |
| THP Kota Bahagia Sdn. Bhd. | Ladang Sungai Merchong Tel: 09-4530807 Fax: 09-4530804 Fax: 09-4524002 | Tuah b. Nawi 012-9850950 | Peti Surat 4 26700 Muadzam Shah Pahang Darul Makmur |
| THP Kota Bahagia Sdn. Bhd. | Kilang Sawit Kota Bahagia Tel: 09-4524936 Fax: 09-4524828 | Mohd Fadzley b. Mohd Nazri 013-3869630 | Peti Surat 20 26700 Muadzam Shah Pahang Darul Makmur |
| TH Plantations Berhad | Ladang Bukit Lawiang Tel: 07-7863063 Fax: 07-7864271 | Md. Hanif b. Md Nor (Senior Manager) 012-7066058 | Karung Berkunci 522 86009 Kluang, Johor |
| TH Plantations Berhad | Ladang Gunung Sumalayang Tel: 07-7863444 Fax: 07-7864606 | Md. Hanif b. Md Nor (Senior Manager) 012-7066058 | Karung Berkunci 535 86009 Kluang Johor |
| TH Plantations Berhad | Ladang Ulu Chukai Tel: 09-8676336 Fax: 09-8676336 | Faizal b. Zulkifli 019-8523500 | Peti Surat 2 24107 Kijal Kemaman, Terengganu |
| TH Plantations Berhad | Kilang Sawit Bukit Lawiang Tel: 07-7864540 Fax: 07-7864540 | Mohamad Zairudi b. Muhammad 019-6404177 | Peti Surat 114 86007 Kluang Johor |
| THP Ibok Sdn. Bhd. | Ladang Sg. Ibok Tel: 09-8676543 Fax: 09-8676336 | Faizal b. Zulkifli 019-8523500 | Peti Surat 2 24107 Kijal Kemaman, Terengganu |



| Company | Estate/Mills | Manager | Address |
|-----------------------------|--|--|--|
| THP-YT Plantation Sdn. Bhd. | Ladang THP-YT Tel: 09-6693260 Fax: 09-6693254 | Rosli b. Ahmed Khalil (Senior Manager) 019-9816007 | No. 206, Kg Pengkalan Atap Batu Rakit 21020 Kuala Terengganu |
| THP Gemas Sdn. Bhd. | Ladang Bukit Rokan Tel: 019-2397479 Fax: 019-2647610 | Muhamad Termeze b. Mat Nor 019-9803896 | Peti Surat 28 73400 Gemas Negeri Sembilan |
| THP Gemas Sdn. Bhd. | Ladang Londah/ Pasir Besar Tel: 07-9484700 Fax: 07-9484701 | Mahya b. Masrom 019-9636725 | Peti Surat 28 73400 Gemas Negeri Sembilan |
| THP Gemas Sdn. Bhd. | Kilang Sawit Ladang Pasir Besar Tel: 019-2677479 Fax: 019-2647479 | Md Nazri b. Mohd Noh 013-8924688 | Peti Surat 30 73400 Gemas Negeri Sembilan |
| THP Sabaco Sdn. Bhd. | Ladang Sungai Tenegang Tel: 089-563027 Fax: 089-563028 | Mohd Jafri b. Arshad 019-9619472 | Karung Berkunci 12 91109 Lahad Datu Sabah |
| THP Sabaco Sdn. Bhd. | Ladang Sungai Koyah Tel: 089-565026 Fax: 089-565025 | Juna b. Palatuwi 019-8228517 | Karung Berkunci No. 6 91109 Lahad Datu Sabah |
| THP Sabaco Sdn. Bhd. | Ladang Bukit Gold Tel: 089-897013 Fax: 089-897013 | Mohd Sofi b. Harun 019-7187414 | Peti Surat 60389 91113 Lahad Datu Sabah |
| THP Sabaco Sdn. Bhd. | Ladang Mamahat Tel: 089-259177 Fax: 089-259177 | Ghazali b. Ab. Talib 019-8832991 | Karung Berkunci 1 89109 Kota Marudu Sabah |
| THP Sabaco Sdn. Bhd. | Ladang Terusan Tel: 089-262188 Fax: 089-262188 | Ghazali b. Ab. Talib 019-8832991 | Karung Berkunci 1 89109 Kota Marudu Sabah |
| THP Sabaco Sdn. Bhd. | Kilang Sawit Sg. Tenegang Tel: 089-845488 Fax: 089-845488 | Ahmad Zaidi b. Mohd Din 013-8833843 | Peti Surat 60626 91115 Lahad Datu Sabah |

| Company | Estate/Mills | Manager | Address |
|----------------------------|---|----------------------------------|--|
| THP Sabaco Sdn. Bhd. | Kilang Sawit Ladang Mamahat Tel: 089-259100 Fax: 089-259133 | Isa b. Jabar 014-6728961 | Karung Berkunci 29 89109 Kota Marudu Sabah |
| THP Bukit Belian Sdn. Bhd. | Ladang Bukit Belian Tel: 089-622339 Fax: 089-622339 | Alinan b. Kadar 019-7267590 | WDT 167 Kota Kinabatangan 90200 Sandakan, Sabah |
| THP Saribas Sdn. Bhd. | Ladang Kenyalang Tel: 083-465822 Fax: 083-465811 | Mukhtar b. Yusof 012-7925535 | No. 8, Jln Feeder Pusa Ground Floor, New Shophouse Pusa Bazaar, 94950 Pusa Sarawak |
| THP Saribas Sdn. Bhd. | Ladang Raja Udang Tel: 083-465833 Fax: 083-465844 | Rozali b. Md Desa 019-2887147 | No. 8, Jln Feeder Pusa Ground Floor, New Shophouse Pusa Bazaar, 94950 Pusa Sarawak |
| THP Saribas Sdn. Bhd. | Ladang Enggang Tel: 083-465877 Fax: 083-465855 | Alias b. Bakir 013-8385848 | No. 8, Jln Feeder Pusa Ground Floor, New Shophouse Pusa Bazaar, 94950 Pusa Sarawak |
| THP Saribas Sdn. Bhd. | Ladang Merbok Tel: 083-465988 Fax: 083-465977 | Ismail b. Sadari 019-6203132 | No. 8, Jln Feeder Pusa Ground Floor, New Shophouse Pusa Bazaar, 94950 Pusa Sarawak |



| Company | Estate/Mills | Manager | Address |
|--------------------------------|--|---|--|
| TH Bakti Sdn. Bhd. | Ladang TH Bakti Tel: 09-8221884 Fax: 09-8222884 | Usran b. Mohd Zin 019-9861380 | Peti Surat 3 Bandar Al-Muktafi Billah Shah 23400 Dungun, Terengganu |
| TH Pelita Gedong Sdn. Bhd. | Ladang Gedong Tel: 082-895514 Fax: 082-895542 | Mohamad Sakri b. Idris 019-8855967 | P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak |
| TH Pelita Gedong Sdn. Bhd. | Ladang Sematan Tel: 019-8243657 | Nor Hasrin b. Musa 019-3606067 | P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak |
| TH Pelita Gedong Sdn. Bhd. | Kilang Sawit Gedong Tel: 082-896515/6518 Fax: 082-895517 | Adnan b. Ariffin (Senior Manager) 013-9757620 | P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak |
| TH Pelita Sadong Sdn. Bhd. | Ladang Sadong Tel: 082-895512 | Martin Soili 013-8874322 | P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak |
| TH Pelita Sadong Sdn. Bhd. | Ladang Lupar Tel: 019-8898657 Fax: 019-594331 | Mohd Johari b. Md Daud 019-9821558 | P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak |
| Ladang Jati Keningau Sdn. Bhd. | Ladang Jati Keningau Tel: 089-514721 Fax: 089-514721 | Hamidun b. Hamzah 012-7447830 | Peti Surat 3480 90739 Sandakan Sabah |
| TH - Usia Jatimas Sdn. Bhd. | Ladang Jatimas Tel: 089-514721 Fax: 089-514721 | Hamidun b. Hamzah 012-7447830 | Peti Surat 3480 90739 Sandakan Sabah |

| Company | Estate/Mills | Manager | Address |
|-----------------------------|---|---|---|
| TH Bonggaya Sdn. Bhd. | Ladang Klagan Tel: 089-514721 Fax: 089-514851 | Hamidun b. Hamzah 012-7447830 | Peti Surat 3480 90739 Sandakan Sabah |
| TH Pelita Meludam Sdn. Bhd. | Ladang Tg Lilin Tel: 083-466342 Fax: 083-466966 Fax: 014-5780097 | Muhammad Shukri b. Othman 019-9986916 | No. 8, Jln Feeder Pusa Ground Floor, New Shophouse Pusa Bazaar, 94950 Pusa, Sarawak |
| TH Pelita Meludam Sdn. Bhd. | Ladang Semarang Tel: 083-466566 Fax: 083-466966 | Girman @ Perman b.Sirah 013-8886583 | No. 8, Jln Feeder Pusa Ground Floor, New Shophouse Pusa Bazaar, 94950 Pusa, Sarawak |
| TH Pelita Meludam Sdn. Bhd. | Ladang Triso Tel: 083-466566 Fax: 083-466966 | Girman @ Perman b. Sirah 013-8886583 | No. 8, Jln Feeder Pusa Ground Floor, New Shophouse Pusa Bazaar, 94950 Pusa, Sarawak |



| Company | Estate/Mills | Manager | Address |
|------------------------|--|--|--|
| PT TH Indo Plantations | Wilayah I Cendana, Angsana, Pulai, Keruing, Gaharu, Sengkawang, Jati, Belian & Suntai Tel: 0062778429053 Fax: 0062778429056 | Yazit b. Ab. Jalil (General Manager) | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |
| PT TH Indo Plantations | Wilayah II Sungkai, Sentigi, Mersawa, Kempas, Resak, Ramin, Merbau, Meranti & Beringin Tel: 0062778429053 Fax: 0062778429056 | Ab. Wahab b. Ab. Rashed (General Manager) | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |
| PT TH Indo Plantations | Wilayah III Kulim, Cengal, Eboni, Mahoni, Seraya, Nagasari, Jelutung, Tembusu & Terentang Tel: 0062778429053 Fax: 0062778429056 | Asmadi b. Jani (General Manager) | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |
| PT TH Indo Plantations | Wilayah IV Rosewood, Tayuman, Kemuning, Nyato, Balam, Agatis, Bintangur, Geronggang & Mahang Tel: 0062778429053 Fax: 0062778429056 | Mohamad Zuzari b. Abd. Aziz (General Manager) | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |

| Company | Estate/Mills | Manager | Address |
|------------------------|--|------------------------------------|--|
| PT TH Indo Plantations | Kilang Sawit Pulai Tel: 0062778429053 Fax: 0062778429056 | Denny Swadaya Putra Sebayang | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |
| PT TH Indo Plantations | Kilang Sawit Nyato Tel: 0062778429053 Fax: 0062778429056 | Idenan Yahya | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |
| PT TH Indo Plantations | Kilang Sawit Tembusu Tel: 0062778429053 Fax: 0062778429056 | Ahmad Arifin Hasibuan | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |
| PT TH Indo Plantations | Kilang Sawit Ramin Tel: 0062778429053 Fax: 0062778429056 | Ahmad Arifin Hasibuan | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |
| PT TH Indo Plantations | Kilang Sawit Jati Tel: 0062778429053 Fax: 0062778429056 | Suhaimin Kasim (Senior Manager) | Kompleks PT THIP Saka Pasir Ulu Sungai Guntung Kec. Kateman KAB Indragiri, Hilir Riau 29255 Indonesia |



I/We, _____ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. _____ of _____ (ADDRESS)

being a member/members of TH PLANTATIONS BERHAD ("the Company") hereby appoint _____ (FULL NAME IN BLOCK LETTER)

NRIC No./Passport No./Company No. _____ of _____ (ADDRESS)

or failing him/her _____ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. _____ of _____ (ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Seventh Annual General Meeting ("AGM") of the Company to be held at Mahkota 2 Ballroom, Hotel Istana Kuala Lumpur, 73, Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, 27 April 2011 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. (Please indicate with an "X" how you wish your vote to be casted. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her own discretion.)

| RESOLUTION NO. | ORDINARY BUSINESS | FOR | AGAINST |
|-----------------------|--|-----|---------|
| Ordinary Resolution 1 | To receive the Audited Financial Statements for the year ended 31 December 2010 and the Reports of Directors and Auditors thereon. | | |
| Ordinary Resolution 2 | To approve a Final Gross Dividend of 12.50 sen per ordinary share less tax at 25% for the year ended 31 December 2010 | | |
| Ordinary Resolution 3 | To approve the Directors' Fees of RM576,500 for the year ended 31 December 2010. | | |
| Ordinary Resolution 4 | To re-elect Datuk Azizan bin Abd Rahman as Director. | | |
| Ordinary Resolution 5 | To re-elect Dato' Haji Wan Zakaria bin Abd Rahman as Director. | | |
| Ordinary Resolution 6 | To re-elect Dato' Noordin bin Md Noor as Director. | | |
| Ordinary Resolution 7 | To re-elect Mahbob bin Abdullah as Director. | | |
| Ordinary Resolution 8 | To re-appoint Messrs KPMG Desa Megat & Co. as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | | |
| RESOLUTION NO. | SPECIAL BUSINESS | FOR | AGAINST |
| Ordinary Resolution 9 | Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature. | | |

For the appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

| | NO OF SHARES | PERCENTAGE |
|--------------|--------------|-------------|
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | 100% |

| | |
|---------------------------------------|--|
| Number of Ordinary Shares Held | |
|---------------------------------------|--|

Dated this _____ day of _____ 2011

Signature/Common Seal of Shareholder

NOTES:

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



THE COMPANY SECRETARY
TH PLANTATIONS BERHAD
LEVEL 23 BANGUNAN TH SELBORN,
153 JALAN TUN RAZAK
50400 KUALA LUMPUR
MALAYSIA

www.thplantations.com.my



TH PLANTATIONS BERHAD (12696 - M)

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

www.thplantations.com.my