



TH PLANTATIONS BERHAD (12696-M)

CULTIVATING
GROWTH

annual report 2014

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41st

ANNUAL GENERAL MEETING

VENUE

Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur,
Jalan Putra, 50746 Kuala Lumpur

DATE

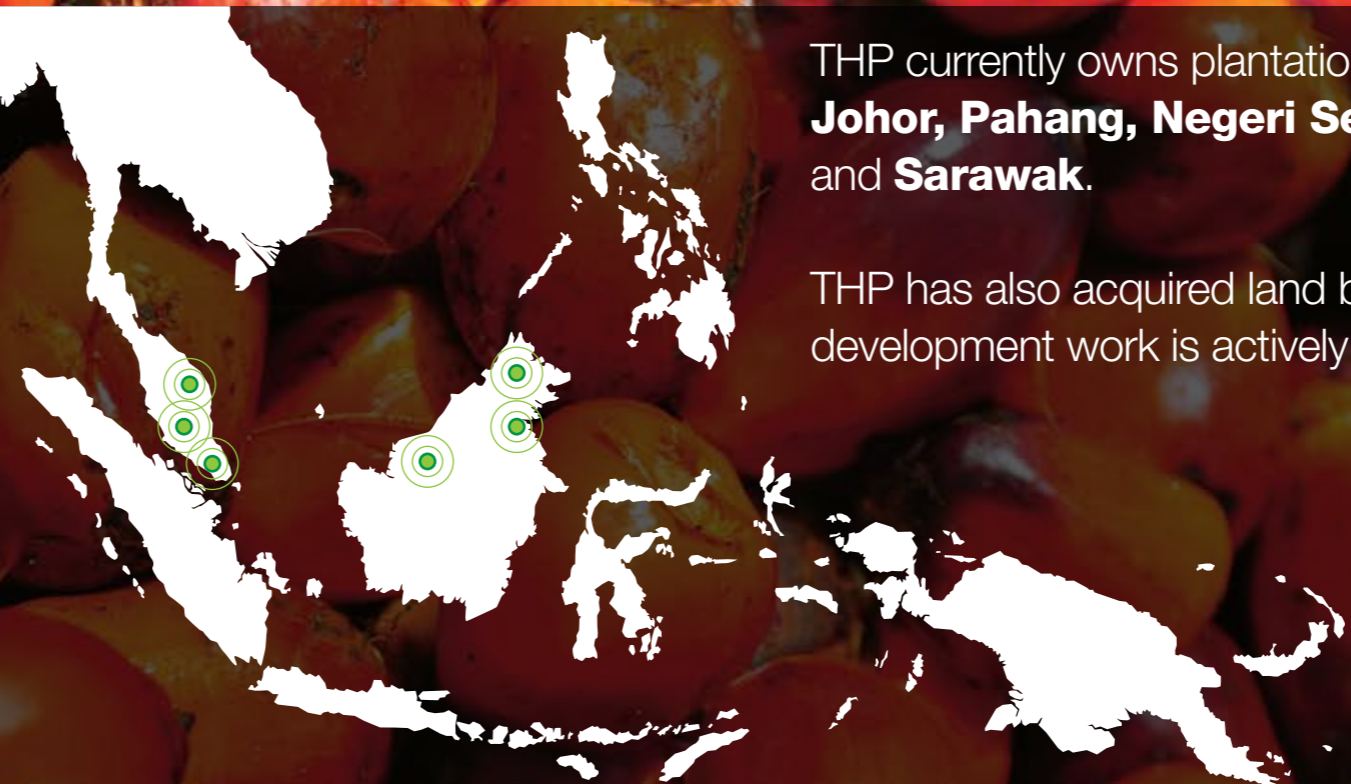
Wednesday, 20 May 2015

TIME

10.00 a.m.

Ladang Sungai Buan

TH Plantations Berhad ("THP") is listed on the Main Board of Bursa Malaysia Securities Berhad with a **market capitalisation** of approximately **RM1.50 bil** as at 31 December 2014.



THP currently owns plantations and mills in the states of **Johor, Pahang, Negeri Sembilan, Terengganu, Sabah** and **Sarawak**.

THP has also acquired land bank in **North Kalimantan** and development work is actively progressing.

THP's land bank stands close to

105,000 hectares as at 31 March 2015.



THP has ventured into Rubber Plantations.



As part of its diversification initiative, THP has embarked on a Rubber Development Programme in Sabah

As at 31 March 2015

36 
Oil Palm Estates

spread throughout Malaysia

7 
Palm Oil Mills

with a total milling capacity of **250 metric tonnes** per hour.

4 
Rubber Plantations

in Sabah

Average age profile

9 **Years**
approximately

THP mainly produces **Fresh Fruit Bunches (FFB)**, **Palm Kernel (PK)** and **Crude Palm Oil (CPO)** for the consumption of the Malaysian market.



THP Group has grown from a 16,000-hectare plantation at the point of listing on Bursa Malaysia in 2006 into an agricultural conglomerate with approximately 105,000 hectares of land bank in Malaysia and Indonesia, employing more than 7,000 people in our head office and plantations. We continue to grow and strengthen our position, inspired by a sense of duty to fulfill the trust placed in us by our stakeholders.

Currently on a trajectory to reach for greater heights, we will continue to invest in our plantations, our people and processes to contribute to the nation's advancement and to satisfy the growing food needs of the global population.

NOTICE OF THE 41st ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-First Annual General Meeting (“41st AGM”) of TH Plantations Berhad (“THP” or “the Company”) will be held at the Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Wednesday, 20 May 2015 at 10.00 a.m. to transact the following businesses:

As Ordinary Businesses

- | | |
|---|------------------------------|
| 1. To receive the Audited Financial Statements for the year ended 31 December 2014 together with Reports of the Directors and the Auditors thereon. | Ordinary Resolution 1 |
| 2. To approve the declaration of a First and Final Single Tier Dividend of 2 sen per Ordinary Share for the year ended 31 December 2014. | Ordinary Resolution 2 |
| 3. To approve the Directors’ Fees of RM932,000.00 for the year ended 31 December 2014. | Ordinary Resolution 3 |
| 4. To re-elect Tan Sri Ismee bin Haji Ismail, who shall retire by rotation in accordance with Article 84 of the Company’s Articles of Association and being eligible, offers himself for re-election. | Ordinary Resolution 4 |
| 5. To re-elect Dato’ Zainal Azwar bin Zainal Aminuddin, who shall retire by rotation in accordance with Article 84 of the Company’s Articles of Association and being eligible, offers himself for re-election. | Ordinary Resolution 5 |
| 6. To re-elect Datuk Seri Mohamad Norza bin Zakaria, who shall retire by casual vacancy pursuant to Article 89 of the Company’s Articles of Association and being eligible, offers himself for re-election. | Ordinary Resolution 6 |
| 7. To re-appoint Messrs. KPMG Desa Megat & Co. as Auditors of the Company in respect of the financial year ending 31 December 2015 and to authorise the Board of Directors to determine the Auditors’ remuneration. | Ordinary Resolution 7 |

As Special Business

To consider, and if deemed fit, to pass with or without modification, the following Resolution:

- | | |
|--|------------------------------|
| 8. Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature | Ordinary Resolution 8 |
|--|------------------------------|

“**THAT**, subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the existing Shareholders’ Mandate for the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.1 of the Circular to Shareholders dated 27 April 2015 with the related parties described therein 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 normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

AND THAT such approval granted shall take effect immediately upon passing of this Resolution and shall continue to be in force until:

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

whichever is the earliest.

AND THAT the Directors of the Company and/or its Subsidiaries be and are hereby authorised to do all such acts and things as may be necessary in the best interest of the Company to give full effect to the Recurrent Related Party Transactions as authorised by this Resolution.”

9. To transact any other business of which due notice shall have been received in accordance with the Companies Act, 1965 and the Company's Articles of Association.

Notice of Dividend Entitlement and Payment

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the 41st AGM of the Company, a First and Final Single Tier Dividend of 2 sen per Ordinary Share for the year ended 31 December 2014 will be paid on Friday, 12 June 2015 to Depositors registered in the Record of Depositors at the close of business on Friday, 22 May 2015.

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

- i. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 22 May 2015 in respect of ordinary transfers; and
- ii. Shares bought on the Bursa Malaysia Securities Berhad up to 5.00 p.m. on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

ALIATUN BINTI MAHMUD (LS0008841)
WAN NURUL HIDAYAH BINTI WAN YUSOFF (LS0008555)
Company Secretaries

Kuala Lumpur
Date: 27 April 2015

NOTICE OF THE 41st ANNUAL GENERAL MEETING

NOTES:

1. A member entitled to attend and vote at the 41st 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 and there shall be no restriction as to the qualification of the proxy.
2. Only a Depositor whose name appears on the Record of Depositors as at 13 May 2015 shall be regarded as a member and entitled to attend the 41st AGM or appoint proxy/proxies to attend and vote on his/her behalf.
3. Where a member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies 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 Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument in 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.
5. In order to be valid, the instrument in appointing a proxy must be deposited at the Company's Registered Office at Tingkat 23, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur in not less than 48 hours before the time set for holding the 41st AGM or at any adjournment thereof.

Explanatory Notes on Special Business:

Ordinary Resolution 8

The proposed Ordinary Resolution 8, if passed, will allow the Company and/or its Subsidiaries to enter into recurrent related party transactions of a revenue or 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 27 April 2015 for more information.

STATEMENT ACCOMPANYING THE NOTICE OF THE 41st ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. The details of Directors seeking re-election as stated in the Notice of the 41st AGM are set out in their respective profiles appearing in the Directors' Profile on pages 29, 30 and 32 of this Annual Report.

The details of interest in the securities/shares of the Company and/or its Subsidiaries, if any, held by the said Directors are stated on page 94 of this Annual Report.

2. Dato' Haji Wan Zakaria bin Abd Rahman and Encik Mahbob bin Abdullah, both of whom have reached the age of seventy (70) years, have expressed their intention not to seek for re-appointment as Independent Non-Executive Directors of the Company.

Hence, they will retire as Independent Non-Executive Directors of the Company at the conclusion of the 41st AGM in accordance with Section 129 of the Companies Act, 1965.

ENLARGING OUR LAND BANK

To meet an expected increase in global demand for palm oil, we have aggressively expanded our land bank over the years, the most recent being our maiden regional acquisition in North Kalimantan, Indonesia. Our focus today is to consolidate our assets and realise the full potential of our enlarged land bank to enhance the Company's value.



Ladang Bukit Lawiang





We are cultivating growth for better and sustainable returns in the future, thus delivering value to our shareholders.

NEXT



ENLARGING OUR LAND BANK

To meet an expected increase in global demand for palm oil, we have aggressively expanded our land bank over the years, the most recent being our maiden regional acquisition in North Kalimantan, Indonesia. Our focus today is to consolidate our assets and realise the full potential of our enlarged land bank to enhance the Company's value.





WE OWN APPROXIMATELY
105,000 HA

**OF LAND BANK SPREAD ACROSS
MALAYSIA AND INDONESIA**

CHAIRMAN'S STATEMENT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the most Gracious, the most Merciful

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

Assalamualaikum Warahmatullahi Wabarakatuh

Dear Shareholders,
On behalf of the Board of Directors of TH Plantations Berhad and our subsidiaries ("THP Group"), it gives me pleasure to present our Annual Report for the financial year ended 31 December 2014. Despite a challenging macro-environment, especially in the volatile palm oil sector, the strengths of the Group and strategic planning by our Management had produced another set of encouraging results.

MATURE AREA	FFB YIELD	CPO PRODUCTION
 17%	20.52 MT/Ha	169,333 MT



INDUSTRY OVERVIEW

As noted by the Malaysian Palm Oil Board (“MPOB”) in its annual industry review, the year saw mixed results for the oil palm industry. Countering the increase in crude palm oil (“CPO”) production, there was a decline in export volume leading to increased stocks. The CPO price fluctuated quite substantially during the year but on average was 0.5% higher at RM2,383.50 per metric tonne (“MT”) compared to RM2,371.00 per MT in 2013.

In line with a 3.1% growth in oil palm planted area nationally to 5.39 million hectares (“Ha”), an increase in new areas coming into production as well as a higher national oil extraction rate (“OER”) of 20.62%, CPO production grew 2.3% to 19.67 million MT. The OER was able to counter a 2.1% lower fresh fruit bunches (“FFB”) yield of 18.63 MT per Ha from 19.02 MT per Ha in 2013.

Lower demand for palm oil from traditional importing nations led to a 4.6% decrease in export volume from 18.15 million MT to 17.31 million MT. However, total export revenue from all palm products increased by 3.7% to RM63.62 billion due to higher export prices. India overtook China’s position as the largest palm oil export market followed by China,

European Union, Pakistan, USA, Vietnam and Japan. The year ended with a 1.3% increase in palm oil stocks at 2.01 million MT, as a result of higher CPO production by 2.3% to 19.67 million MT and lower palm oil exports volume by 4.6% to 17.31 million MT.

The CPO price was relatively strong in the first half of the year due to tight domestic palm oil supply, however declined in the second half of the year along with weaker soyabean oil prices resulting from bumper crops, coupled with lower Brent crude oil prices which traded at around USD60 per barrel.

FINANCIAL PERFORMANCE

The Group recorded a satisfactory performance on the back of drastic fluctuation of commodity prices and unfavourable weather conditions. The year saw our acreage of matured plantation increase by 17%; however as most of these plantations are considered ‘newly-matured’, their yields were lower than prime-aged plantations. Coupled with the prolonged dry spell in the first half of the year as well as floods at year end, we achieved a modest 1% growth in production of FFB and 3% growth in CPO production.

CHAIRMAN'S STATEMENT

REVENUE

RM488.9

MILLION

PROFIT BEFORE TAX

RM58.2

MILLION

As a result, the Group's revenue increased by 4% from RM470.0 million in 2013 to RM488.9 million mainly attributable to modest increase in sales volume of CPO and FFB as well as the higher average commodity prices realised in the first half of the year. The average CPO & PK prices realised during the year were RM2,277 per MT & RM1,651 per MT respectively. (2013: CPO price of RM2,200 per MT & PK price of RM1,294 per MT). However, profit before tax ("PBT") was lower by 18% to RM58.2 million compared to RM71.0 million in 2013. The fall in PBT was primarily attributed to lower profit margins squeezed by a 13% increase in operating cost due to the higher volume of young FFB from the newly matured areas totalling 7,484 Ha. Correspondingly, earnings per share declined by 23.7% from 7.17 sen in the preceding year to 5.47 sen.

THP Group has a resilient balance sheet that is well-positioned for growth. The land bank expansion activities that grew significantly over the last 2 years (2012-2013), necessitated prudent capital management. Our shareholders' funds increased from RM1.19 billion to RM1.21 billion with total assets and liabilities of RM3.57 billion and RM1.96 billion respectively registered in 2014. The Group's market capitalisation for 2014 stood at RM1.5 billion.

Nevertheless, we are confident that the long term fundamentals of the palm oil industry remain intact. Thus, we are focused on pursuing our development strategies. We have been aggressively optimising the average age of our plantations with new and replanting initiatives, and we should be able to realise the full potential of our enlarged land bank in the medium to longer term. We are also continuously re-innovating our marketing strategies and operational initiatives to optimise efficiency and productivity.

RETURN TO SHAREHOLDERS

Although it has been a particularly challenging year, the Board of Directors remains committed to rewarding our valued shareholders with healthy returns on their investments. It gives me great pleasure to announce that, based on the Group's performance, we are recommending a final dividend of 2.00 sen per share, or a net payout of



37% of our Group's annual profit after tax and minority interests ("PATAMI"), subject to shareholders' approval at the upcoming Annual General Meeting. The proposed dividend is lower than 50% of our Group's annual PATAMI dividend policy, mainly to ensure that the Group retains sufficient cash for the development planned over the next few years, as well as ensure the sustainability of dividend payments during our phase of growth.

CORPORATE DEVELOPMENTS

A major development during the year was the acquisition of a 93% stake in PT Persada Kencana Prima which owns approximately 8,500 Ha in North Kalimantan, Indonesia. This marks another major milestone in the Group's ongoing journey as it is the first regional acquisition for THP Group. It also contributes to our stated objective of increasing our land bank by 30,000 Ha of plantation by year 2015.

Additionally, a subsidiary of THP entered into a Sale and Purchase Agreement on 19 November 2014 to dispose its plantation estate located in Terengganu for a cash consideration of RM45.0 million. Upon completion, the total plantation land bank held by THP Group will decrease by 1,205 Ha. The divestment represents a strategic move to unlock the value of a less productive estate at a premium.

The Group measures our corporate performance in terms of three headline key performance indicators ("KPIs"). For 2014, the Group achieved a Return on Equity ("ROE")

Our ongoing journey is guided by three Key Growth Nodes, namely:

- 1) value enhancement of the enlarged plantation platform;
- 2) land bank acquisition; and
- 3) humanising our business operation.



of 4.02% while its FFB yield per mature hectare stood at 20.52 MT/Ha against an initial target of 22.40 MT/Ha. The Group's full year performance was significantly impacted by the tough operating conditions in 2014. As mentioned, the Group and the palm oil industry in general, was adversely impacted by the drastic fluctuation of commodity prices, while the prolonged dry spell in early 2014 and wet weather towards the end of the year severely impacted production throughout the Group's estates. As such, the Group deems the performance satisfactory given the unanticipated challenges that impacted the sector in 2014.

SUSTAINABLE GROWTH INITIATIVES

THP Group has been driven by a sustainable growth agenda from the time it was established in 1972. This has seen the organisation transform from a relatively small agricultural player with about 5,000 Ha of plantation into the Group we are today, with approximately 105,000 Ha (as at 31 March 2015) spread across 36 oil palm estates and four rubber plantations in Malaysia and, with our latest acquisition, in Indonesia. We also own seven palm oil mills with a combined capacity of 250 MT per hour.

Since our listing on the Main Board of Bursa Malaysia Securities in 2006, we have sought to continuously enhance our shareholders value via organic and inorganic growth,

guided by the principles of sustainable development. It should be noted that THP Group was one of the founding members of the Roundtable on Sustainable Palm Oil ("RSPO"), underlining our commitment to balancing our financial growth with equally strong social and environmental scorecards. We recognise the role that the oil palm sector plays in national development, as well as in enhancing the livelihood of communities in rural Malaysia, and are ensuring that we contribute to both highly-valued ends.

Our ongoing journey is guided by three Key Growth Nodes, namely: 1) value enhancement of the enlarged plantation platform; 2) land bank acquisition; and 3) humanising our business operation.

To create greater value in our plantations, we have been investing in increasingly more sophisticated technologies, systems and processes to increase our yields in the most cost-efficient manner. Our actions are guided by a comprehensive Performance Improvement Programme which seeks to enhance our productivity at every stage of our plantation value chain, from the selection of the highest-yielding seeds to the most effective tilling and sowing mechanisms, to the maintenance of our crops and their harvesting. The same level of focus is trained on our milling operations to ensure optimum production with minimum waste.



CHAIRMAN'S STATEMENT



Although the agricultural sector has evolved tremendously over the last few decades, it continues to be labour-intensive. In recognition of the critical role that our plantation workers play in our operations, we make conscious efforts to provide the most conducive and safe working environment for them while enhancing their well-being.

As our growth is limited by acreage, we have been pursuing suitable land banks to add to our portfolio to garner presence, visibility and economies of scale. The Group has successfully grown into a one of the medium size plantation companies within 9 years after listing. We have also accomplished our maiden regional expansion with the acquisition of 93% equity interest in PT Persada Kencana Prima which owns a total plantation land of approximately 8,500 Ha in North Kalimantan, Indonesia. We tapped into the strategic investment in the neighbouring country to leverage on the vast potential of the palm oil industry. To achieve our additional land bank target of 30,000 Ha by 2015, we are constantly on the lookout for more strategic assets that can be added to our expanding portfolio. To date, we have achieved 60% of the targeted land bank expansions via the acquisitions of oil palm plantations in Sarawak, Malaysia and Kalimantan, Indonesia.

As THP Group has grown, it has become imperative for us to diversify our operations in order to reduce single market risks as well as to increase our source of income. We ventured into rubber plantations and have earmarked close to 15,000 Ha in Sabah for the purpose. To date approximately 5,600 Ha have been planted with rubber. As mentioned earlier, we are also looking at creating greater geographical diversification of our portfolio by our regional expansion.

Meanwhile, our wholly-owned subsidiary, THP Agro Management Sdn Bhd continues to manage the Group's oil palm, rubber and teak operations as well as Lembaga

Tabung Haji's ("**TH**") plantations. With its growing expertise we may extend its services to other third parties in Malaysia and the region to further grow its income.

We are continuously supporting the implemented Government Transformation Programme and New Economic Model ("**NEM**") in transforming Malaysia into a competitive and developed economy by 2020. The palm oil sector, identified in Economic Transformation Programme under the NEM, will be one of the drivers for growth, investment and job creation. Complementing the National agenda, the Government-Linked Companies Transformation ("**GLCT**") Programme is now nearing its 'graduation' of the 10-year program since its launch. The institutionalisation of various transformational initiatives in the past nine years has delivered sustainable and tangible results and are steering us towards being a regional player. We have also renewed our commitment for the Bumiputera Empowerment Agenda in balancing capital economy with people economy.

DEVELOPING OUR PEOPLE

THP Group has always placed priority on attracting, training and retaining a high calibre of talent. Part of the Group's attraction is our reputation for operating with a high level of integrity guided by the tenets of Islam. We also provide a stimulating environment for our employees by continuously challenging them to enhance their functional, technical and leadership skills via a series of structured training opportunities. We believe that investments made into our people are ultimately investments made into the sustainability of the organisation.

CORPORATE RESPONSIBILITY

We believe that all corporations have a duty to operate in a responsible manner so as to look after the interests of their stakeholders. This not only fulfils an ethical obligation but builds the company's reputation and eventually creates long-term value. As a plantation operator, we are also conscious of our responsibility to protect the natural environment on which we are dependent. In other words, Corporate Responsibility has been an integral part of our business model from the very beginning, and has guided the Group's journey over the years.

We are mindful of the impact of our actions on key stakeholders - namely our employees, vendors, shareholders and local communities that live in or near our plantations - and engage in various programmes to support their needs. In our estates, especially those located in remote areas, we build the infrastructure required to support a healthy and comfortable life. We look into the welfare of our workers, and offer employment opportunities to members of the local communities.



Our commitment to the environment is underlined by THP Group being one of the founding members of the RSPO. We practise sustainable methods of palm oil production and constantly improve our agricultural practices to protect and preserve the biodiversity of our surrounding environment.

More details of our efforts to enhance the well-being of our stakeholders and protect the environment are provided in the Corporate Responsibility section of this Annual Report.

OUTLOOK

The global economy is expected to remain challenging with uncertainties looming over in a number of major economies for its debt crises, falling crude oil price and the impact from monetary and fiscal reforms. Malaysia's economy is seen resonating the global economy, with slower than expected increase in private investment and government spending mainly due to the sharp fall of crude oil prices. Despite the implementation of Goods & Services Tax and the earlier policy tightening, the Central Bank is of the view that its impact on domestic demand is not significant, as it continues to expect domestic demand to sustain its growth in 2015.

Amid the volatile economic backdrop, the CPO price began to increase towards end 2014 as a result of the floods, and continued on its uptrend through the early months of 2015. However, as proven in the past, the price of commodities – CPO included – is volatile given the interplay of various supply and demand factors from weather patterns to the price of competing oils such as soyabean and rapeseed, and the price of fuel which directly impacts sales of CPO to the biodiesel sector.

These fluctuations are part of the operating equation that plantation companies such as THP Group have to contend with. As noted, we have grown steadily over the years despite the vagaries of price. We will continue to do so as we further streamline our production and cost efficiencies. Demand for edible oils will grow as the global population increases. At the same time, demand for biofuels that include agricultural-based oils such as palm oil will also increase along with depleting hydrocarbon fuel reserves and stronger calls for



environment-friendly energy. Given these positive macro factors, we are confident of a sustainable future for palm oil and, therefore, for the Group.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to welcome Datuk Seri Mohamad Norza bin Zakaria who joins us as an Independent Non-Executive Director. His vast experience will add considerably to the collective knowledge and skills of the Board. At the same time, we would like to express our appreciation of the contributions of our former colleague, Tan Sri Dr. Abdul Samad bin Haji Alias, who served for nine years as an Independent Non-Executive Director. We wish him good health and the very best in his future undertakings.

I would also like to take this opportunity to thank all our stakeholders, and particularly our shareholders and **TH** being our major holding company, as well as our business partners, for their much valued support and loyalty as we move forward in growing the Group further.

Most of all, I would like to express my heart-felt gratitude to our Management for their astute leadership, and to all our employees for their hard work and dedication to THP Group. They truly represent the company and what we stand for, having shaped THP Group over the years and establishing us as one of the sustainable plantation organisations.

'Whoever does righteousness, whether male or female, while he is a believer - We will surely cause him to live a good life, and We will surely give them their reward [in the Hereafter] according to the best of what they used to do.' (Surah An-Nahl : verse 97)

Thank you.

Assalamualaikum Warahmatullahi Wabarakatuh.

Tan Sri Ab. Aziz bin Kasim
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the name of Allah, the most Gracious, the most Merciful

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

Assalamualaikum Warahmatullahi Wabarakatuh

Dear Shareholders,
2014 was an exceptionally challenging year for the Malaysian oil palm sector. Starting positively with CPO prices trading at encouraging levels, operating conditions rapidly deteriorated towards the second half of the year. The impact of the extremely hot and dry weather in the first quarter became manifest in production in the later part of 2014, when many oil palm producers observed a marked decrease in bunch weight and bunch production throughout their estates. The devastating floods at year end that hit the East Coast of Malaysia, and some parts of Sarawak, also took a toll on the industry. Weak commodity prices, coupled with declining demand for CPO, dampened any possibility of the CPO price regaining its footing despite the tighter supply.

All oil palm players were affected, THP included.

For the year under review, the Group's mature area increased by 17% compared to 2013, driven by recently-acquired estates coming into maturity. All things being equal, growth of this magnitude should yield a comparable growth in FFB production. In fact, we had initially targeted for a full-year FFB yield of 22.40 metric tonnes per hectare, implying growth of about 10% in FFB production. This target took into account that a significant percentage of the Group's FFB production was to be contributed by newly-matured areas, yields of which are lower than the average FFB yield per hectare for prime-aged plantations.

Unfortunately, the Group's FFB production was severely affected by the lengthy dry spell previously mentioned. The slow-down, beginning in the second half of the year, was particularly pronounced in the fourth quarter. The wet weather and floods in December made it difficult for us to evacuate our FFB in affected areas, further decreasing production. As a result, in 2014, we recorded a FFB production of 788,090 metric tonnes, or a modest growth of 1%. The FFB produced translated into an FFB yield of 20.52 metric tonnes per hectare.

To cushion the impact of slower FFB production in our own estates, we purchased significant volumes of FFB from external parties. Coupled with efforts to average up our

oil extraction rate, we managed to record 3% growth in CPO production, slightly higher than the industry average of 2% as recorded by MPOB. In addition, although prices tumbled in the second half of the year, our average selling price for CPO was higher by 4% to RM2,277 per metric tonne. This contributed to revenue growth of 4%. However, higher production costs significantly diminished our profit margins, and we closed the year with a profit before tax of RM58.21 million, down 18% from the year before.

CULTIVATING GROWTH

I mentioned higher production costs in the previous paragraph which warrants further elaboration. First, it is important to understand the dynamics behind the age profile from both the revenue as well as the cost aspects.

A stable upstream plantation player would have the bulk of its oil palms in the prime mature bracket, i.e. 10-18 year old palms should make up most of its planted area. This ensures the highest FFB yields, thus delivering a steady stream of revenue. To a certain extent, this also minimises the volatility in FFB production as palms of this age bracket are sturdier and less susceptible to weather pattern changes. Additionally, the production costs associated with palms in this prime mature bracket are lower than younger estates.



CHIEF EXECUTIVE OFFICER'S STATEMENT



LAND BANK PLANTED WITH OIL PALM

- 10% >25 years (Old Mature)
- 15% 20 - 25 years (Mature)
- 24% 10 - 19 years (Prime Mature)
- 51% 4 - 9 years (Young Mature)
- 36% 1 - 3 years (Immature)

On the other hand, the cost of production for young mature estates are higher as palms that are younger require more upkeep including fertilisers, which make up a major portion of production costs. In addition, a higher labour rate for harvesting FFB from younger palms also contributes to higher production costs. From a revenue perspective, the yields from younger palms are lower as the bunches are smaller given that the palms have yet to fully develop.

That is the current scenario for THP.

Following the acquisitions made in 2012 and 2013, we have been aggressively optimising the average age of our plantations. The brownfield acquisitions we made entailed young mature areas, while the greenfield areas acquired are being aggressively planted up. It is worth noting that we made a conscious decision to purchase a fair mix of brownfield and greenfield land bank as we would be able to cut down the gestation period of our growth exercise. The normal gestation period for a new palm oil plantation is about three years before it comes into maturity, and another five years before it is able to reach its prime age. By injecting some ready-planted brownfield plantations into our portfolio, we are able to cut short this waiting period and enjoy the fruits of our labour sooner.

Since 2010, we have also implemented a structured replanting programme with more than 5,000 hectares replanted to date. This massive exercise has essentially reduced the average age of our plantations to about nine years from 15-16 years prior to the acquisitions, and will improve further to about eight years in the near future. The vast improvement in the average age of our plantations means that the majority of our planted areas are, at present, newly-planted or newly-matured.

Indeed, as at 31 December 2014, out of the approximate 60,000 hectares of land bank planted with oil palm, a whopping 51% consists of young mature palms that are aged 4-9 years, yielding about 15-18 metric tonnes of FFB per hectare. 10% is made up of old mature palms that are more than 25 years in age, yielding an average of 16-18 metric tonnes of FFB per hectare. Another 15% is made up of 20-25-year-old palms, which yield an average of 18-20 metric tonnes of FFB per hectare. Only 24% of the aforementioned area is made up of prime mature palms aged 10-19 years that yield 20-25 metric tonnes of FFB per hectare on average. Another sizeable 36% is made up of immature palms, aged one to three years, which do not contribute to our FFB production.



It is important to understand that the growth pains are temporary. They are, in fact, necessary pains that we must endure as we reach for greater heights.



In essence, revenue derived from 9,000 hectares of mature palms is effectively supporting the costs of operating 60,000 hectares of planted land bank. With about 9,300 hectares of area coming into maturity in 2015, 3,000 hectares in the course of planting and 9,000 hectares of greenfield (including the land bank of PT Persada Kencana Prima in North Kalimantan, Indonesia) expected to be planted in the next couple of years, it is inevitable that this aggressive phase of growth will translate into an extended period of relatively higher costs and softer yields for the Group in the next one or two years.

Further depressing our bottom line are the higher finance, depreciation and amortisation costs that have arisen from the acquisitions.

To fund the acquisitions, we have drawn down RM800 million of our RM1.0 billion Sukuk facility. The increase in borrowings has translated into higher financing expenses for the Group. On the other hand, depreciation and amortisation costs are non-cash items that are recognised as expenses in our profit and loss statements. These expenses are related to the assets we acquired, and include the fair value amortisation of those assets.

SETTING THE STAGE

It is important to understand that the growth pains are temporary. They are, in fact, necessary pains that we must endure as we reach for greater heights. Of course, we could have avoided these pains by not growing our land bank and keeping our operations status quo. However, we would be losing out on the immense potential of the palm oil sector. The current world population of more than 7 billion people (as at March 2012) is expected to grow by another 2 billion by 2050. Being the most efficient oil crop available in the market now, palm oil is a crucial, and possibly the most affordable, food source. It is undeniable then that demand for palm oil will continue to grow in tandem with the growing population. Even now, palm oil accounts for 35% of the world's vegetable oil market and will remain the preferred choice over other vegetable oils due to its versatility as well as the efficiency of its cultivation.

In addition, as one of the 12 National Key Economic Areas under the Economic Transformation Programme, the Government has set a target of RM178 billion contribution from the palm oil sector to the Gross National Income ("GNI") by 2020. Concerted efforts are under way to ensure that the target is met.

CHIEF EXECUTIVE OFFICER'S STATEMENT



Given these underlying factors, it would have been unwise not to have grabbed the opportunity to grow when it was presented to us. The scarcity of good plantation land meant there was no room for us to delay our growth, lest we be left behind. Even now, we are still on the lookout for good plantation land that fits into our long-term strategic direction. However, our focus is primarily on consolidating and realising the potential of our own existing enlarged land bank in the medium to longer term.

This phase of massive growth will inevitably have a bearing on our revenue, expenses and ultimately our bottom line, as well as our cash flows. However, these pains are temporary. The higher than average production costs will normalise in due course, while the amortisation costs are fairly stable for as long as we do not acquire any more sizeable brownfield land banks. There is vast potential of revenue growth, particularly when most of our planted area transitions into the higher yielding bracket. This will be the inflection point for THP, and it is only one or two years away, Insyallah.

RIDING THROUGH THE CHALLENGES

In getting there, though, we face many external challenges in the form of volatile commodity prices, weather uncertainties, currency fluctuations, the imposition of palm oil related taxes, and continued resistance from environmentalists. In fact, we expect operating conditions to be even more challenging for the palm oil sector in 2015. To date, the industry is already observing subdued production and commodity prices are still lacklustre.

To help mitigate these challenges, we will continue to undertake efficiency and productivity initiatives.

In 2012, we put in place a Yield Improvement Programme that entails a number of precision agriculture techniques. The outcome so far has been very encouraging, with a number of estates delivering robust yields and a few others showing potential to be high-yielding. I am pleased to note that many of the brownfield acquisitions made in 2012 have joined the ranks of the high-yielding or potentially high-yielding estates.



Kilang Sawit Raja Udang

At the same time, we are committed to optimising our cost structure to be at par with industry best practices. We have also implemented comprehensive austerity measures throughout our operations, without compromising on the quality of our plantation and production.

In view of the price volatility, we have adjusted our marketing strategies to respond swiftly to changes in CPO prices and seize opportunities to trade at more favourable prices as and when they arise.

We remain as committed as ever to ensuring that our operations are in harmony with the natural environment that we operate in, and that the needs of our stakeholders are recognised as we carry out our business. More details on our Corporate Responsibility efforts are provided on pages 46 to 55 of this Annual Report.

Alhamdulillah, I have been with the Group for 17 years now, and have had the honour of leading the management of THP for the past six years. Words cannot express the profound pride I feel seeing the Group grow from a small plantation company with about 16,000 hectares of land bank when we listed on the Bursa Malaysia in 2006, to a medium-sized plantation company with approximately 105,000 hectares of land in its portfolio now. The feat has not been easy, and the journey is ongoing, but with your unrelenting support and faith in the Group I am optimistic that THP will soon be a source of pride and admiration of all stakeholders, InshaAllah.

Assalamualaikum Warahmatullahi Wabarakatuh.

Dato' Zainal Azwar bin Zainal Aminuddin
Chief Executive Officer

CORPORATE INFORMATION

AS AT 31 MARCH 2015

BOARD OF DIRECTORS

Tan Sri Ab. Aziz bin Kasim

Independent Non-Executive Chairman
(Appointed w.e.f. 10 March 2014)

Dato' Zainal Azwar bin Zainal Aminuddin

Chief Executive Officer/Executive Director

Tan Sri Ismee bin Haji Ismail

Non-Independent Non-Executive Director

Datuk Seri Nurmala binti Abd Rahim

Independent Non-Executive Director
(Appointed w.e.f. 10 March 2014)

Datuk Seri Mohamad Norza bin Zakaria

Independent Non-Executive Director
(Appointed w.e.f. 21 July 2014)

AUDIT COMMITTEE

Datuk Seri Mohamad Norza bin Zakaria

Chairman, Independent Non-Executive Director
(Appointed w.e.f. 21 July 2014)

Datuk Seri Nurmala binti Abd Rahim

Member, Independent Non-Executive Director
(Appointed w.e.f. 16 May 2014)

Datuk Azizan bin Abd Rahman

Member, Non-Independent Non-Executive Director

Dato' Noordin bin Md Noor

Member, Independent Non-Executive Director

Dato' Amran bin Mat Nor

Member, Independent Non-Executive Director
(Appointed w.e.f. 16 May 2014)

NOMINATION COMMITTEE

Datuk Azizan bin Abd Rahman

Chairman, Non-Independent Non-Executive Director
(Appointed w.e.f. 26 June 2014)

Mahbob bin Abdullah

Member, Independent Non-Executive Director

Datuk Seri Mohamad Norza bin Zakaria

Member, Independent Non-Executive Director
(Appointed w.e.f. 21 July 2014)

REMUNERATION COMMITTEE

Tan Sri Ab. Aziz bin Kasim

Independent Non-Executive Chairman
(Appointed w.e.f. 10 March 2014)

Tan Sri Ismee bin Haji Ismail

Member, Non-Independent Non-Executive Director

Dato' Haji Wan Zakaria bin Abd Rahman

Member, Independent Non-Executive Director

INVESTMENT, RISK & COMPLIANCE COMMITTEE

Mahbob bin Abdullah

Chairman, Independent Non-Executive Director

Datuk Azizan bin Abd Rahman

Member, Non-Independent Non-Executive Director

Datuk Seri Mohamad Norza bin Zakaria

Member, Independent Non-Executive Director
(Appointed w.e.f. 21 July 2014)

SECRETARIES

Aliatun binti Mahmud (LS 0008841)

Wan Nurul Hidayah binti Wan Yusoff (LS 0008555)

Datuk Azizan bin Abd Rahman

Non-Independent Non-Executive Director

*(Re-designated from Independent Non-Executive Director to Non-Independent Non-Executive Director w.e.f. 26 February 2014)***Dato' Haji Wan Zakaria bin Abd Rahman**

Independent Non-Executive Director

Dato' Noordin bin Md Noor

Independent Non-Executive Director

Dato' Amran bin Mat Nor

Independent Non-Executive Director

Mahbob bin Abdullah

Independent Non-Executive Director

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

INVESTOR RELATIONS

Investor Relations Department
Level 28
Bangunan TH Selborn
153 Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03 2687 6687
Fax : 03 2681 0511

REGISTERED OFFICE

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

PRINCIPAL BANKERS

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

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

STOCK EXCHANGE LISTING**Main Market of Bursa Malaysia Securities Berhad**

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

PLACE OF INCORPORATION AND DOMICILE

Malaysia

WEBSITEwww.thplantations.my

CORPORATE STRUCTURE

AS AT 31 MARCH 2015



TH PLANTATIONS BERHAD (12696-M)



100%
THP Agro Management Sdn. Bhd.



100%
THP Bukit Belian Sdn. Bhd.



100%
THP Ibok Sdn. Bhd.



100%
THP Kota Bahagia Sdn. Bhd.



93%
PT Persada Kencana Prima



80%
THP Saribas Sdn. Bhd.



70%
TH Bakti Sdn. Bhd.



7%
Badai Sakti Daniel



20%
Gunung Lesong Corporation Sdn. Bhd.



30%
Jasa Bakti (Sdn.) Berhad



100%
TH-Bonggaya Sdn. Bhd.



100%
Manisraya Sdn. Bhd.



100%
Kuni Riang Sdn. Bhd.



100%
Halus Riang Sdn. Bhd.



70%
TH-USIA Jatimas Sdn. Bhd.



82.53%
Ladang Jati Keningau Sdn. Bhd.



60%
TH PELITA Simunjan Sdn. Bhd.



60%
TH PELITA Meludam Sdn. Bhd.



30%
United Sabah Islamic Association



17.47%
Yeo Kian Kok



10%
Pelita Holdings Sdn. Bhd.



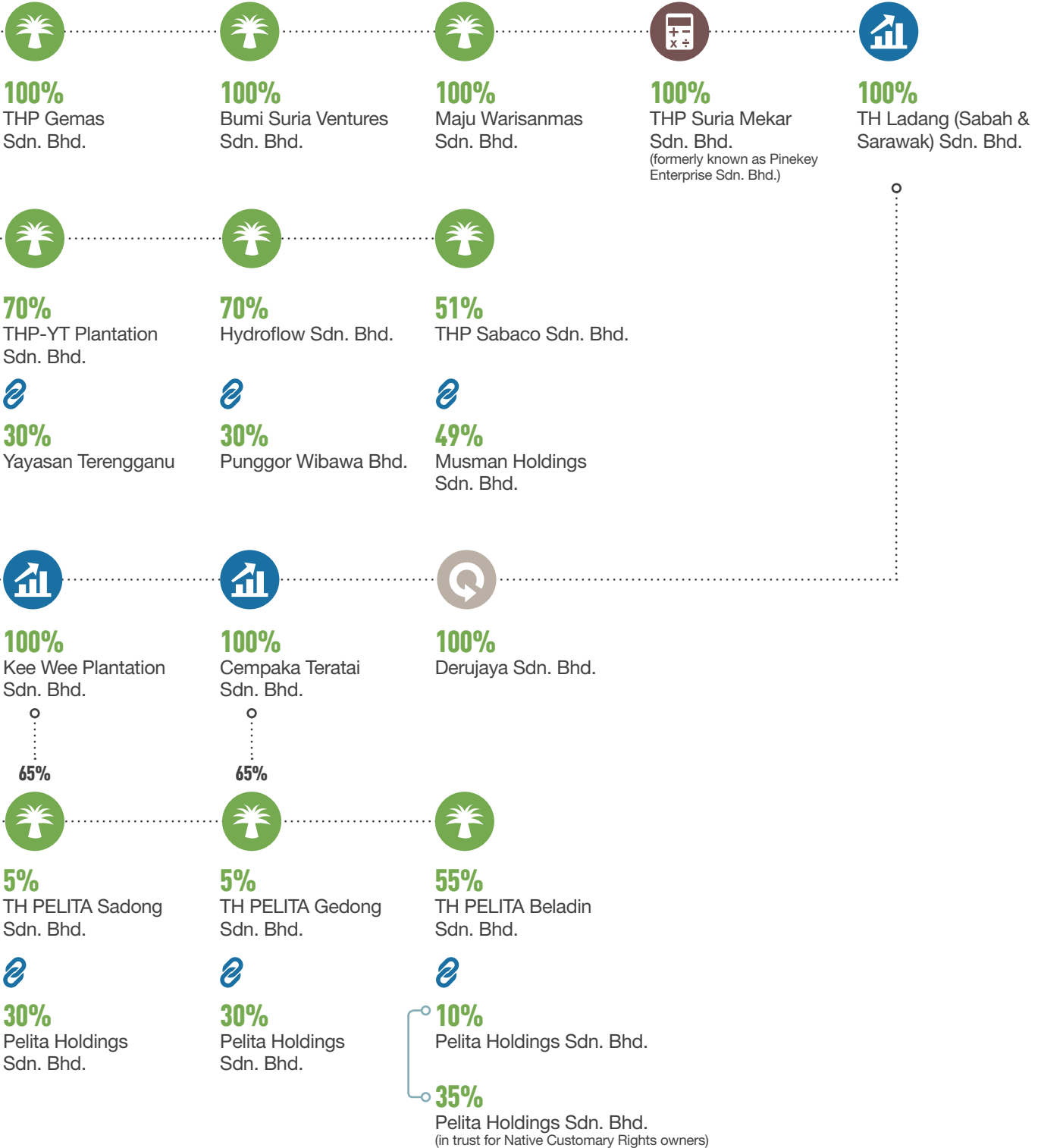
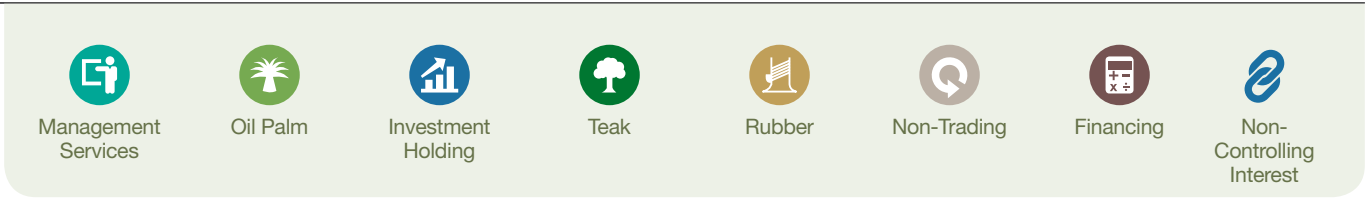
16%
Pelita Holdings Sdn. Bhd.



30%
Pelita Holdings Sdn. Bhd. (in trust for Native Customary Rights owners)



24%
SGOS Capital Holdings Sdn. Bhd.



ENHANCING OUR VALUE

THP has embarked on a massive planting and replanting programme under which plantations that are past their prime are being revitalised while new and young plantations are being cultivated. These efforts are complemented by investments in better seedlings, agricultural practices and technologies as well as machineries to optimise our yields.





There is vast potential of revenue growth when most of our planted area transitions into the prime age bracket, delivering the highest possible yields.

NEXT



ENHANCING OUR VALUE

THP has embarked on a massive planting and replanting programme under which plantations that are past their prime are being revitalised while new and young plantations are being cultivated. These efforts are complemented by investments in better seedlings, agricultural practices and technologies as well as machineries to optimise our yields.



WE PRODUCED

788,090 **MT**

**OF FRESH FRUIT
BUNCHES IN 2014**



BOARD OF DIRECTORS



Datuk Seri Mohamad
Norza bin Zakaria
Independent
Non-Executive Director

Tan Sri Ismee
bin Haji Ismail
Non-Independent
Non-Executive Director

Dato' Zainal Azwar
bin Zainal Aminuddin
Chief Executive Officer/
Executive Director

Tan Sri Ab. Aziz
bin Kasim
Independent
Non-Executive Chairman

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



Dato' Noordin
bin Md Noor
Independent
Non-Executive Director

Mahbob
bin Abdullah
Independent
Non-Executive Director

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

Datuk Seri Nurmala
binti Abd Rahim
Independent
Non-Executive Director

Dato' Amran
bin Mat Nor
Independent
Non-Executive Director

DIRECTOR'S PROFILE

TAN SRI AB. AZIZ BIN KASIM

.....○

Aged 61, Malaysian

- Independent Non-Executive Chairman
- Chairman, Remuneration Committee

Number of Board Meetings attended in the
Financial Year: 4/4



Tan Sri Ab. Aziz bin Kasim, is the Independent Non-Executive Chairman of THP. He was appointed to the Board of THP on 10 March 2014. He is also the Chairman of the Remuneration Committee of the Company.

He graduated with a Bachelor of Arts (Hons) in South East Asian Studies from University of Malaya in 1977. He then obtained his Diploma in Public Management from the Malaysian Public Management Institute (INTAN). Tan Sri Ab. Aziz also possesses a Master in International Relations and Strategic Studies from the University of Denver, Colorado, U.S.A in 1986.

He brings with him a wealth of knowledge and experience from his sterling career with the Malaysian Administrative and Diplomatic Service since 1979. Over a period of more than 35 years, he has assumed various key positions in the Ministry of Education, Ministry of Defence and Prime Minister's Department.

In 2007, he was appointed as Senior Private Secretary to the then Deputy Prime Minister, YAB Dato' Seri Mohd Najib bin Tun Abdul Razak. Between 2009 and 2014, he served as principal Private Secretary to the Prime Minister.

Tan Sri Ab. Aziz bin Kasim 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 not had a conviction for any offence within the past ten (10) years.



DATO' ZAINAL AZWAR BIN ZAINAL AMINUDDIN

○

Aged 56, Malaysian

- Chief Executive Officer/Executive Director
- Member, Employees' Share Option Scheme Committee

Number of Board Meetings attended in the
Financial Year: 6/6

Dato' Zainal Azwar bin Zainal Aminuddin, is an Executive Director and the Chief Executive Officer of THP. He was appointed as the Chief Executive Officer on 1 July 2009 and was subsequently appointed as an Executive Director on 1 September 2009. He is a member of the Employees' Share Option Scheme Committee of the Company.

He graduated from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) in 1983 with a Bachelor's Degree in Agricultural Science and thereafter began his career as an Agricultural Officer with the Agricultural Department. In 1990, he joined Zeenex Sdn. Bhd. as a Techno Commercial Executive and thereafter Kumpulan Guthrie Berhad as a Technical Adviser/Advisor in 1991.

In 1998, he joined THP as a Senior Agronomist and was subsequently appointed as the Head of Operations (Overseas) in 2003. He held this position until January 2009. Prior to his appointment as the Company's Chief Executive Officer in July 2009, he was the Deputy Managing Director from February 2007 until June 2009.

Dato' Zainal Azwar is currently the Chairman of CCM Fertilizers Sdn. Bhd. He is also a member of the Malaysian Society of Soil Science and the Incorporated Society of Planters.

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 not had a conviction for any offence within the past ten (10) years.

DIRECTOR'S PROFILE

TAN SRI ISMEE BIN HAJI ISMAIL

.....○

Aged 50, Malaysian

- Non-Independent Non-Executive Director
- Member, Remuneration Committee
- Member, Tender Committee A

Number of Board Meetings attended in the
Financial Year: 5/6



Tan Sri Ismee bin Haji Ismail, is a Non-Independent Non-Executive Director of THP. He was appointed to the Board of THP on 1 January 2006. He is a member of the Remuneration Committee as well as a member of Tender Committee A.

He began his career as a Management Accountant at Arab Malaysian Development Berhad in 1987. He obtained his Chartered Institute of Management Accountant (CIMA) qualification from the London School of Accountancy and is currently a fellow of this organisation as well as a member of the Malaysian Institute of Accountants (MIA).

Tan Sri Ismee later joined the Shell Group of Companies in Malaysia and held various positions including the Head of Forex and Banking of Shell Malaysia Ltd and Group Accountant of Shell Malaysia Trading Sdn. Bhd.

He then returned to Arab Malaysian Development Berhad as a General Manager, holding the post for two (2) years, before joining Pengurusan Danaharta Nasional Berhad in 1998 as its Chief Accountant/Treasurer.

He also gained further experience when he joined Medical Online (M) Sdn. Bhd. in 2000 as its Senior Vice-President, Lembaga Tabung Haji in 2001 as its Senior General Manager (Finance), and ECM Libra Securities Sdn. Bhd. in 2003 as its Chief Executive Officer.

Currently, Tan Sri 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. He is also currently the Chairman of Syarikat Takaful Malaysia Berhad, a Director of BIMB Holdings Berhad, Bank Islam Malaysia Berhad and 1Malaysia Development Berhad.

Tan Sri 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 not had a conviction for any offence within the past ten (10) years.



DATUK SERI NURMALA BINTI ABD RAHIM

○

Aged 61, Malaysian

- Independent Non-Executive Director
- Member, Audit Committee

Number of Board Meetings attended in the
Financial Year: 4/4

Datuk Seri Nurmala binti Abd Rahim, is an Independent Non-Executive Director of THP. She was appointed to the Board of THP on 10 March 2014. She is a member of the Audit Committee of the Company.

She holds a Master's Degree in Public Administration from Pennsylvania State University, U.S.A., an Honours Degree in Social Science from University of Science Malaysia and a Diploma in Public Administration from the National Institute of Public Administration (INTAN). She has vast and in-depth experience in public administration including, inter alia, policy formulations and execution. She was the Secretary General of the Ministry of Plantation Industries and Commodities (MPIC).

She started her career with the Public Service as an Administrative and Diplomatic Officer (PTD) in 1978 and was first posted to the Ministry of Agriculture as an Assistant Secretary, where she was later promoted to Principal Private Secretary to the Minister of Agriculture. In 1984, she served as a Senior Project Officer with INTAN for two (2) years before being promoted to Principal Assistant Director in the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), under the Prime Minister's Department. She then served the Ministry of International Trade and Industry (MITI) in 2002 in various positions such as the Director for ASEAN

Division, Minister Counselor at the Embassy of Malaysia in Tokyo, Japan, Senior Director (Strategic Planning Division), Senior Director (Management Services) and later as Deputy Secretary General (Commodities) with MPIC in 2007.

At the international level, she was the Head of the National Tripartite Rubber Cooperation between Malaysia, Indonesia and Thailand. She was also the Governor for Malaysia under the Common Fund for Commodities (CFC), which was established within the framework of the United Nations. She was also involved in various capacities involving MPIC's economic and technical missions, as well as bilateral, regional and multilateral negotiations and forums for the commodity sector.

Datuk Seri Nurmala binti Abd Rahim 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. She has not had a conviction for any offence within the past ten (10) years.

DIRECTOR'S PROFILE

DATUK SERI MOHAMAD NORZA BIN ZAKARIA

Aged 49, Malaysian

- Independent Non-Executive Director
- Chairman, Audit Committee
- Member, Nomination Committee
- Member, Investment, Risk & Compliance Committee

Number of Board Meetings attended in the
Financial Year: 3/3



Datuk Seri Mohamad Norza bin Zakaria

is an Independent Non-Executive Director of THP. He was appointed to the Board of THP on 21 July 2014. He is the Chairman of the Audit Committee and sits as a member of the Nomination Committee and the Investment, Risk & Compliance Committee of the Company.

He holds a Bachelor of Commerce (Major in Accounting) from University of Wollongong, New South Wales, Australia. Datuk Seri Norza is a qualified Chartered Accountant from Malaysian Institute of Accountant (MIA) and also a Fellow of Certified Public Accountants (FCPA), CPA Australia.

Datuk Seri Norza started his career in Arthur Anderson & Co. / Hanafiah, Raslan & Mohamad as a Senior Audit Assistant from September 1988 to January 1990 before joining Bank Negara Malaysia as an Executive in the Bank Regulation Department from February 1990 until October 1991. He then joined PETRONAS as a Senior Executive, Finance & Administration in its Gas & Petrochemical Development Division in November 1991 and left in April 1994.

He was then appointed as the Group Financial Controller in SPK Sentosa Corporation Berhad from May 1994 to March 1995 before he became the Group General Manager of Audit in Mun Loong Berhad from April 1995 to December 1997. From January 1998 to March 2004, Datuk Seri Norza was the Chief Executive Officer at Gabungan Strategik Sdn. Bhd. and from April 2004 to March 2008 Datuk Seri Norza was appointed as the Political Secretary to the Minister of Finance II.

Currently, Datuk Seri Norza is the President of Citaglobal Sdn. Bhd., a post he has held since April 2008. Datuk Seri Norza is also a Director of Bintulu Port Holdings Berhad, TH Heavy Engineering Berhad and Pelikan International Corporation Berhad.

Datuk Seri Mohamad Norza bin Haji Zakaria 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 not had a conviction for any offence within the past ten (10) years.



DATUK AZIZAN BIN ABD RAHMAN

○

Aged 65, Malaysia

- Non-Independent Non-Executive Director
- Chairman of the Nomination Committee
- Member, Audit Committee
- Member, Investment, Risk & Compliance Committee

Number of Board Meetings attended in the
Financial Year: 5/6

Datuk Azizan bin Abd Rahman, was appointed to the Board of THP on 1 June 2005 as an Independent Non-Executive Director. On 26 February 2014 he was re-designated as a Non-Independent Non-Executive Director of THP. He is the Chairman of the Nomination Committee with effect from 26 June 2014 and sits as a member of the Audit Committee as well as the Investment, Risk & Compliance Committee of the Company.

After graduating from the University of Malaya in 1973 with a Bachelor of Arts degree, he began his career as a Shipping Executive at Harper Gilfillan (M) Sdn. Bhd. In 1975, he joined the Malaysian International Shipping Company Group as a Branch Manager and was later appointed as the Marketing Manager of the Tanker Division. In 1981, he held the position of Chartering Manager at Pan Ocean Tankers Ltd, London.

In 1982, Datuk Azizan joined JF Apex Securities Berhad (JFASB) as its Executive Director and launched his career in stockbroking and finance. While he was a Director of JFASB, he was an active member of the stockbrokers' fraternity and held the post as President of the Association of Stockbroking Companies of Malaysia until he left the industry.

In 2000, he joined the 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 the Eastern & Oriental Berhad Group.

Datuk Azizan was also involved in the restructuring of several public listed companies such as the MBF Group of Companies, Tongkah Holdings Berhad and Bina Darulaman Berhad. He was actively involved in the companies' debt restructuring plans and identified new business strategies for them.

Datuk Azizan is currently the Chairman and the Business Development Advisor of Eastern & Oriental Berhad. He is also the Chairman of the Investment Panel of Lembaga Tabung Haji, the Chairman and Director of TH Heavy Engineering Berhad and Director of Apex Equity Holdings 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 not had a conviction for any offence within the past ten (10) years.

DIRECTOR'S PROFILE

DATO' HAJI WAN ZAKARIA BIN ABD RAHMAN

Aged 70, Malaysian

- Independent Non-Executive Director
- Member, Remuneration Committee
- Member, Tender Committee A

Number of Board Meetings attended in the
Financial Year: 6/6



Dato' Haji Wan Zakaria bin Abd Rahman, is an Independent Non-Executive Director of THP. He was appointed to the Board of THP on 1 June 2005. He is a member of both the Remuneration Committee and Tender Committee A of the Company.

He began his career as a teacher with the Education Department in 1966 after graduating from University of Malaya with an Honour's Degree in Malay Studies. In 1974, he joined the Terengganu State Government as an Administrative Officer. Between 1978 and 1982, he served as the Political Secretary to the Chief Minister of Terengganu. He then became an Executive Committee Member (Exco) of the Terengganu State Government from 1982 to 1995.

Dato' Haji Wan Zakaria holds directorships in several companies. These are among his past directorships:

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

He is currently the Chairman of Pertubuhan Peladang Negeri Terengganu and a Director of Pertubuhan Peladang Kebangsaan.

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 does he have any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.



DATO' NOORDIN BIN MD NOOR

○

Aged 57, Malaysian

- Independent Non-Executive Director
- Chairman, Employees' Share Option Scheme Committee
- Member, Audit Committee

Number of Board Meetings attended in the Financial Year: 6/6

Dato' Noordin bin Md Noor, is an Independent Non-Executive Director of THP. He was appointed to the Board of THP on 22 December 2008. He is the Chairman of the Employees' Share Option Scheme Committee and sits as a member of the Audit Committee of the Company.

His career began after he graduated from MARA University of Technology (UiTM) with a Diploma in Business Studies in 1976. His experiences are vast and varied, encompassing 21 years in the areas of business, information technology, construction, service, manufacturing, as well as transportation.

Dato' Noordin has been actively involved in the nation's political scene since 1976. He has held various positions in the United Malays National Organisation of Malaysia (UMNO) at the Division, State and National levels.

He is currently a Director of PLB Engineering Berhad and is the Chairman of its Nomination Committee. He also sits as a member of the company's 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 does he have any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.

DIRECTOR'S PROFILE

DATO' AMRAN BIN MAT NOR

Aged 49, Malaysian

- Independent Non-Executive Director
- Member, Audit Committee

Number of Board Meetings attended in the
Financial Year: 5/6



Dato' Amran bin Mat Nor, is an Independent Non-Executive Director of THP. He was appointed to the Board of THP on 1 December 2011. He is a member of the Audit Committee.

He holds a Bachelor's Degree in Business Management and a Diploma Penilaian from Universiti Teknologi Malaysia (UTM). He also holds a Master's Degree in Business Management from University of Newcastle, England.

Dato' Amran served as the Sport Facilities Officer for Majlis Sukan Negeri Kelantan in 1989 and was appointed as the Assistant Director (Athletes) in 1992. He was then promoted to Chairman of Majlis Sukan Negeri Kelantan in 2004. That same year, he became a State Assembly Member of Selising, Pasir Puteh, Kelantan. In 2008, he was appointed the Political Secretary to the Minister of Tourism, a position he held until 2009.

Dato' Amran has also held various positions in the United Malays National Organisation of Malaysia (UMNO) at the Division and State levels from as early as 1988. He is currently a Deputy Chairman of Youth and Sports UMNO Kelantan and a member of the UMNO Committee of Pasir Puteh.

Dato' Amran bin Mat Nor 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 not had a conviction for any offence within the past ten (10) years.



MAHBOB BIN ABDULLAH

○

Aged 70, Malaysian

- Independent Non-Executive Director
- Chairman, Tender Committee A
- Chairman, Tender Committee B
- Chairman, Investment, Risk & Compliance Committee
- Member, Nomination Committee

Number of Board Meetings attended in the
Financial Year: 6/6

Mahbob bin Abdullah, is an Independent Non-Executive Director of THP. He was appointed to the Board of THP on 1 June 2010. He is the Chairman of Tender Committees A and B as well as the Investment, Risk and Compliance Committee. He also sits as a member of the Nomination Committee of the Company.

He began his career with Harrisons and Crosfield in 1963 as a Management Trainee. He later joined Plantations Agency Limited as their rubber plantation Assistant Manager. Between 1968 and 1984, he served Unilever Plantations in Kluang, Johor, Sabah and the Solomon Islands. In 1984, he moved to London to serve as a member of the Plantations Operations in which 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 the General Manager Sabah Area, and was promoted to Managing Director of Sime Darby Services Sdn. Bhd. in 1989. During his tenure, the company was involved in consultation services mainly in Indonesia, with assignments for the World Bank as well as various private clients. From 1993 to 2000, he served as a Director

of the Refineries Division in Sime Darby. 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. Bhd., which provides consultancy services to local, international, upstream and downstream businesses within the plantation industry.

In 2001, he was awarded a Fellowship by the Incorporated Society of Planters for outstanding services rendered to the industry. He was also a member of the Malaysian Palm Oil Board (MPOB) Programme Advisory Committee.

He is currently a Board member of Greenyield Berhad and a Director of FIMA Bulking Sdn. Bhd., a subsidiary of Kumpulan Fima Berhad. He was a Board member for several years in Felda Plantations Berhad, Felda Products Industry Sdn. Bhd. and Felda Vegetable Oil Products Sdn. Bhd.

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 not had a conviction for any offence within the past ten (10) years.

SENIOR MANAGEMENT





Ir. Ramli Mohd Tahar
Chief Engineer



Othman Somadi
General Manager
(Marketing)



Fadzil Abdullah
General Manager
(Human Resource)



Ahmad Nordzri Razali
Vice-President Director
(PT Persada Kencana Prima)



Muhammad Pilus Zambri
General Manager
(Agronomy & Innovation)



Dariman Darham
General Manager
(Rubber)



Ahmad Anuar Sairi
General Manager
(Seconded to Trurich
Resources Sdn. Bhd.)



Jamaluddin Hanafiah
Assistant General Manager
(Quality Assurance)



Hamidon Hassan
Assistant General Manager
(Information Technology)



Megat Rizal Ezzudin
Abd Maulud
Senior Manager
(Internal Audit)

CORPORATE CALENDAR



26 FEBRUARY:

THP announces its 4Q and FY2013 financial results, reporting a FY2013 PAT of RM76.5 million.

22 APRIL:

THP holds an Investor Day at its Pusa Complex in Sarawak.



21 MAY:

THP announces its 1QFY2014 financial results, reporting a 1QFY2014 PAT of RM8.3 million.

21 MAY:

THP's rubber plantations in Sabah receive a Certificate of Compliance on the "Industrial Tree Plantation and Development and Forest Restoration" guidelines from the Sabah Forestry Department.

27 MAY:

THP holds its 40th Annual General Meeting at Seri Pacific Hotel, Kuala Lumpur.



18 JUNE:

THP's Gedong Palm Oil Mill receives the "Kilang Kelapa Sawit Lestari 2013/2014" award from the Department of Environment, Ministry of Natural Resources and Environment.



19 AUGUST:

THP announces its 2QFY2014 financial results, reporting a 2QFY2014 PAT of RM26.5 million.



3 SEPTEMBER:

THP holds an Investor Day at its Gedong Complex, Sarawak.



19 NOVEMBER:

THP announces its 3QFY2014 financial results, reporting a 3QFY2014 PAT of RM16.5 million.



Datuk Zainal Azwar Aminuddin
Ketua Pegawai Eksekutif
TH Plantations Berhad

Tahun ini kami menyoalakan untuk menghasilkan purata 22 tan BTS sehektar dan yakin jumlah itu dapat dicapai menerusi peningkatan pengeluaran kumpulan"



Tingkat pengeluaran

TH Plantations Berhad sasar 1.3 juta tan Buah Tandan Segar menjelang 2016

Oleh Sri Ayu Kartika Amri
kartika@hmetro.com.my
Kuala Lumpur

TH Plantations Berhad komited untuk meningkatkan pengeluaran Buah Tandan Segarnya (BTS) kepada 1.3 juta tan menjelang 2016 terutama di-sumbangkan oleh penanaman sawit di Sarawak. Ketua Pegawai Eksekutifnya, Datuk Zainal Azwar Aminuddin berkata, 44 peratus pengeluaran BTS di-sumbangkan oleh kawasan tanaman di Sarawak dan pihaknya menyoalakan jumlah itu akan meningkat kepada 66 peratus menjelang 2017.

Katanya, setakat ini terdapat 52,000 hektar tanah TH Plantations di Sarawak dan menerusi pengambilalihan tanah dengan PT Persada Kencana Prima awal 2014 bank tanah Kumpulan telah mencapai 109,000 hektar.

"Tahun ini, kami memperuntukkan RM105 juta untuk perbelanjaan modal (Capex) dan sebahagiannya digunakan untuk perbelanjaan operasi pengeluaran termasuk pembangunan kilang pemrosesan sawit.

"Dari segi hasil perladangan pala, tahun ini kami menyoalakan untuk menghasilkan purata 22 tan BTS sehektar dan yakin jumlah itu dapat dicapai menerusi peningkatan pengeluaran kumpulan," katanya selepas Mesyuarat Agung Tahunan TH Plantations di sini, semalam. Menurutnya, kumpulan merekodkan jumlah pendapatan tertinggi RM470 juta bagi tahun kewangan 2013 dengan peningkatan 25 peratus berbanding RM376 juta pada tahun sebelumnya,



biarpun berdepan dengan situasi penurunan harga minyak sawit mentah. Zainal berkata, untung selepas cukai kumpulan pula berjumlah RM76.5 juta meningkat 15 peratus. Sementara itu, beliau berkata, fenomena El-Nino dijangka memberi kesan kepada pengeluaran minyak sawit mentah menjelang 2015 dan tahun seterusnya. "Kami jangka jika fenomena El-Nino melanda bagi tempoh yang panjang, ia akan memberi impak antara 10 hingga 15 peratus kepada

"Dari segi hasil perladangan kami menyoalakan untuk hasilkan purata 22 tan BTS sehektar dan yakin jumlah itu dapat dicapai menerusi peningkatan pengeluaran kumpulan"

Zainal

penurunan pengeluaran bagi 2015 dan 2016," katanya. Fenomena El-Nino yang mengakibatkan peningkatan suhu dan taburan hujan berkemungkinan besar melanda dunia pada pertengahan tahun ini dijangka bermula antara Jun hingga Ogos depan. Impak El-Nino kepada negara secara umumnya boleh menyebabkan pengurangan jumlah hujan terutama di Sabah dan Sarawak selain mengakibatkan cuaca menjadi lebih panas serta kering.



BIMB SECURITIES RESEARCH (MAY 12): We recently visited THP Saribas Sdn Bhd in Pusa, Sarawak, together with a group of analysts and fund managers. We returned with a positive view of the company, given that Sarawak estates, as a growth catalyst, may improve TH Plantations' earnings moving forward. Following the acquisitions in 2012 and early 2013, Sarawak estates have turned out to be the company's biggest fresh fruit bunch contributor in FY13, accounting for



TH Plantations' earnings soar on higher CPO price

by Jeffrey Tan
jeffreytan@theedge.com

KUALA LUMPUR: TH Plantations Bhd's net profit soared 184% to RM20.2 million in the second financial quarter ended June 30, 2014 (2QFY14) from RM7.1 million a year ago on higher crude palm oil (CPO) prices as fresh fruit bunch (FFB) output rose. Revenue rose 38% to RM132.6 million from RM95.8 million in 2QFY13, driven by a 5% growth in FFB production, while CPO output grew 14%. TH Plantations said its CPO average selling price improved 17% to RM2,524 a tonne in 2QFY14. For the six-month period, net profit climbed to RM25.8 million from RM10.3 million in the previous corresponding period while TH Plantations records stronger growth in FFB, CPO production in 1H

Going forward, TH Plantations chief executive officer and executive director Datuk Zainal Azwar Aminuddin said the group is cautiously optimistic on its outlook, given that the softening CPO prices seen in recent weeks will have an impact on the group and the industry as a whole in the coming quarters. "Our operating and financial results continue to be promising, and we are cautiously optimistic that we will be able to meet our previously announced targets," he said in a statement yesterday. As at June 30, 2014, the group had 98,000ha of land located in Pahang, Johor, Negeri Sembilan, Terengganu, Sabah and Sarawak, of which about 60,000ha are planted with oil palm. It also



TH Plantations 1Q net profit up 75%

by Adrian Wong
adrianwong@theedge.com

KUALA LUMPUR: TH Plantations Bhd's net profit rose 75% to RM5.62 million for the first quarter ended March 31, 2014 (1QFY14) from RM3.21 million a year ago, due to higher selling prices of its palm products and fresh fruit bunch (FFB) production. Revenue for 1QFY14 grew 39% to RM124.25 million from RM89.45 million, driven by an 8% growth in FFB production and 34% growth in crude palm oil (CPO) production. TH Plantations said its CPO average selling price also improved by 23% to RM2,507 per tonne in 1QFY14 in line with strengthening commodity prices. Earnings per share increased to 64 sen from 44 sen in 1QFY13. "We are encouraged by our promising first quarter results, despite the first quarter being seasonally weaker," said TH Plantations chief executive officer and executive director Datuk Zainal Azwar Aminuddin in a filing with Bursa Malaysia yesterday. He noted that the unpredictable weather in 1QFY14 only had a small impact on the group's pro-

duction and it is currently on track to meet its targeted FFB production for the year. "Stronger CPO prices have boosted our revenues and we are cautiously optimistic that we will be able to further improve our performance in the coming quarters," he said, adding that the group's land acquisitions in the past years are steadily coming to fruition. As at March 31, 2014, TH Plantations' plantation landbank totalled 109,000ha. Of this total, some 98,000ha of land are located in Malaysia, of which about 60,000ha have been planted with oil palm.

The remaining 11,000ha of greenfield land are situated in Kalimantan, Indonesia. To diversify its income stream in coming years, 4,000ha of its land have been planted with rubber, said Zainal. TH Plantations also owns and operates seven palm oil mills in Johor, Pahang, Negeri Sembilan, Sabah and Sarawak, with a total FFB processing capacity of 1.35 million tonnes per year. Shares in TH Plantations closed up one sen or 0.46% at RM2.17 yesterday, giving it a market capitalisation of RM1.91 billion.

TH Plantations Bhd Financial Summary (RM million unless stated)

Item	2014	2013	2012	2011
Revenue	124.25	89.45	78.50	65.00
Operating Profit	20.20	7.10	5.50	4.00
Net Profit	20.20	7.10	5.50	4.00
EPS (sen)	64	44	35	25

CREATING EFFICIENCIES

As we grow, we keep a keen focus on enhancing our operational as well as cost efficiencies. We continuously improvise and invest in the best agricultural tools and methodologies throughout our operations.





At our mills, we adhere to strict maintenance programmes to ensure functional efficiencies and gradually replace aged equipment with better and more modern ones.

NEXT



CREATING EFFICIENCIES

As we grow, we keep a keen focus on enhancing our operational as well as cost efficiencies. We continuously improvise and invest in the best agricultural tools and methodologies throughout our operations.



WE PRODUCED

169,333 MT

OF CRUDE PALM OIL IN 2014



CORPORATE RESPONSIBILITY

Corporate responsibility (CR) to THP is about upholding the principles of corporate governance and maintaining a high level of integrity in our dealings with stakeholders, namely our employees, our business partners, vendors, shareholders as well as the communities that live in the areas where we have a presence. We are committed to maintaining a high level of corporate citizenry in every aspect of our operations as we believe it serves to build our reputation and increases the value of the Company.

Moreover, as an agriculture-based company, we are dependent on a healthy natural environment that is able to support and nurture our plantations. We therefore take seriously our responsibility to protect and preserve the environment, and employ sustainable practices in all our estates as well as mills. Our commitment to green methods and mechanisms not only entrenches our sustainability but also ensures we meet requirements imposed by the global market.

In the following pages, we have outlined our CR efforts targeted at our employees, local communities and shareholders, as well as initiatives undertaken to protect the environment.

EMPLOYEES



OUR COMMITMENT TO NURTURING OUR PEOPLE

We recognise that our people drive the organisation, and are responsible for our successes. To nurture our most valuable asset, we are committed to providing them with a conducive work environment that looks into their professional, personal and spiritual needs.

Talent Development

We believe that the success or failure of an organisation greatly depends on the people working in that organisation. As such, we strive to harness the potential of each employee in the Company by helping them develop their functional and soft skills. Accordingly, we present a range of in-house training opportunities targeted at different levels of employees for them to acquire new knowledge that will facilitate a higher level of performance and create the potential for upward mobility. Our employees are also sent for courses and programmes conducted by external training providers to complement the in-house training modules. At the personal level, our employees are continuously encouraged to take the initiative in expanding their professional and technical skills via various learning and certification programmes available in their respective fields. In this way, our employees are cognisant of their own personal development, which the Company complements with ample on-the-job learning opportunities, and compensates with career advancement opportunities.

Keeping Our People Safe

The health and safety of our people is of paramount importance to THP. To ensure our employees are safe at all times, we have in place health and safety policies and procedures which are kept updated by our qualified Occupational Safety and Health (“OSH”) officer. The OSH unit in our head office organises programmes to maintain a high level of awareness of health and safety among employees. During the year, this unit arranges for experts to present talks on occupational safety and health, and how we can create a safe and healthy environment at the workplace. The overall awareness towards a safe and healthy workplace has gradually improved over the years and we are pleased to noted that there has been a marked decrease in serious occupational injuries and zero fatality reported.



Medical Facilities

The Company provides clinics, manned by dedicated healthcare personnel in our plantations to ensure our employees have good access to good healthcare. The healthcare personnel are also trained and equipped to deal with medical emergencies that may arise in our plantations. Additionally, Visiting Medical Officers visit our plantations periodically to conduct more thorough healthcare check-ups for our employees.

Employee Welfare

All our employees are covered by regular compensation and retirement schemes such as SOCSO and the Employees Provident Fund (“EPF”) savings. In addition, we provide insurance to cover their medical needs. We also compensate our employees or their families should any

CORPORATE RESPONSIBILITY

unfortunate incident result in disability or loss of life. To further strengthen our Employee Value Proposition (“EVP”), we have introduced a Retirement Gratuity Scheme to honour our retiring employees’ loyalty and hard work.

Promoting Work-Life Balance

We believe it is important for our employees to have a balanced life, which includes sufficient physical activity for good health and spiritual enlightenment for a sense of holistic well-being. Towards this end, we encourage employees at the head office to take part in sports events, such as the annual Sports Carnival organised by our parent company, Lembaga Tabung Haji, as well as other competitions organised by other corporations or external parties. We also support the spiritual development of our employees and imbue Islamic values into our work ethics. On a weekly basis, we hold ‘Yaasin’ recitals and motivational talks at our offices. We also conduct the “Kursus Keperkasaan Diri” for our staff, which seeks to build our employees’ self-confidence, supported by Islamic faith and values.

Additionally, we provide sports facilities as well as multipurpose halls, mosques and ‘surau’s to cater to the various needs of our workers and their families.

Employee Recognition

As a responsible and caring organisation, THP makes a conscious effort to recognise hard work. Employees whose performance exceed expectations are recognised with career advancement opportunities. In our plantations, we show our appreciation of the physically demanding work that contributes to the Company’s success by celebrating festivities such as Aidilfitri and distributing token gifts to our workers.

We do not only reward our staff, but also extend our appreciation of hard work to their children. To inspire academic excellence, we fete high-achievers at our annual Recognition of Employees’ Children’s Achievements in Learning (“RECAL”) celebration. In 2014, 20 children were rewarded for their outstanding performance in the 2013 Ujian Pencapaian Sekolah Rendah (“UPSR”), Penilaian Menengah Rendah (“PMR”) and Sijil Pelajaran Malaysia (“SPM”) examinations.



COMMUNITY

OUR COMMITMENT TO ENRICHING COMMUNITIES

We are committed to caring for the communities that surround our plantations, involving them as partners in our agricultural operations, providing them with job opportunities and supporting their entrepreneurial development.

Serving Indigenous Communities

A good number of our plantations, especially in Sarawak, are in remote areas home to indigenous communities. In these areas, we have entered into the Native Customary Rights (“NCR”) Land Development programme offered by the state government through the Sarawak Land Custody and Development Authority, under which we jointly develop and manage the plantations with the native landowners. As of end 2014, 5,700 hectares of our Sarawak plantations are being developed under the scheme, ensuring a steady stream of sustainable income to 3,012 land owners. We have also put in place a land lease programme, where we lease lands belonging to natives and develop them with oil palm, benefitting a further 689 land owners. In 2014, almost RM3.5 million were paid out to natives under these two initiatives.



CORPORATE RESPONSIBILITY

Vendor Development

THP provides employment opportunities to members of the local communities surrounding our estates while also promoting entrepreneurship among the local residents. We encourage individuals from these communities to set up businesses to supply us with our needs. As of end 2014, a total of 863 small businesses have registered under our Vendor Development Initiative (“VDI”) and are benefitting from increased income which serves to benefit their communities as a whole.

Additionally, in line with the government’s call on the Bumiputera Agenda, we encourage the participation of Bumiputera contractors and vendors in our VDI programme. For the year 2014, 396 Bumiputera businesses were registered with a total contract value of RM22 million.

Educational Development

We believe that education is a powerful enabler in uplifting the lives of the underprivileged, and are committed to promoting academic excellence among students in rural areas near our plantations. We have been involved in the Khazanah Nasional-inspired PINTAR school adoption programme since 2008 and, for year 2014 alone, have adopted a total of 4 schools. There are two main criteria in selecting the schools for our adoption. One, the schools are near to our plantations, and two, the school houses children of our employees. Adopted schools receive funds

and assistance from THP to provide additional learning support and intensive tutorials specifically targeted to students taking major national examinations.

In 2014, we adopted two primary schools and two secondary schools: Sekolah Kebangsaan Ladang Kota Bahagia in Pahang, Sekolah Kebangsaan Seri Bandi 2 in Terengganu, Sekolah Menengah Kebangsaan Pusa in Sarawak and Sekolah Menengah Kebangsaan Paris in Sabah. A number of workshops and programmes were organised for these schools prior to the major examinations in collaboration with external academic experts as well as the respective schools’ teaching staff. These programmes proved to be beneficial as the schools that we adopted showed improved academic achievement in the major examinations.

In addition to the PINTAR programme, we also provide learning facilities for our Indonesia workers’ children in our Serian, Sarawak, estates. Established in December 2012, the school provides basic education in the subjects of Mathematics, Social Knowledge, Islamic Religion, Bahasa Indonesia as well as Pendidikan Kewarganegaraan. The syllabus and learning materials are prepared by the Indonesian Consulate while the Company provides the classroom as well as basic school facilities like desks and chairs for both the students and teaching staff.



ENVIRONMENT



OUR COMMITMENT TO PRESERVING THE ENVIRONMENT

A healthy, balanced ecosystem is key to our sustainable development. To maintain a healthy environment, especially at our plantations, THP is committed to employing green technologies and integrating these with environmentally-friendly agricultural practices such as zero burning, soil conservation and bio-based pest management.

Zero Burning

As part of our environmental agenda, a strict zero burning policy has been adopted and enforced in all our plantations. Instead, when we clear new tracts of land for development or clear existing plantations for replanting purposes, the felled trees are chipped and stacked within the fields, according to the planting/replanting plans. This method not only ensures that the zero burning policy is adhered to, but also helps supply nutrients and improve the soil conditions in the new or replanted areas.



CORPORATE RESPONSIBILITY

Precision Agriculture Management

We employ the latest technologies – such as Global Positioning Sensor, aerial images and geographical information systems – to obtain accurate information on the layout of our land which helps to manage our plantations more effectively. These data is then integrated with our existing estate database and the entire information bank is made easily-accessible through the internet. Ultimately, the use of these technologies provides a better decision support system for the Group.

Better Fertiliser Placement Techniques

THP has developed an integrated site-specific fertiliser recommendation programme which, together with improved techniques on fertiliser placement, leads to enhanced palm nutrition efficiency. Bunch ash generated from our palm oil mills is fully utilised in our peat areas to take advantage of its high potash content and good ameliorative property.

By reducing the total amount of fertilisers used, we contribute to a healthier environment while reducing our costs.

Integrated Pest Management

Pest management that does not have an adverse impact on the natural environment or its biodiversity is critical for the sustainability of any plantation. At THP, we have developed an integrated pest management programme that encompasses the use of bio-pesticides and bio-control agents that are proven to be effective in suppressing crop damage by pests found on our plantations such as the Tirathaba bunch moth in our peat areas. Bio-pesticides and bio-control agents are also used in eradicating leaf defoliating damages caused by bagworms and nettle caterpillars. We also include beneficial plants in our pest management programme, which have helped to reduce the defoliating pest population to a level far below the critical limit.





Water Management

A major challenge in peat plantations is being able to maintain an optimum water level for maximum yield realisation. We are constantly addressing the issue via investments to improve our water management system, which will be one of the key catalysts for yield enhancement, particularly in our peat areas. We also engage in cost-effective water conservation practices in mineral soil areas to minimise the impact of dry spells on our palm oil production.

Towards Zero BOD Target

At our mills, we are determined to keep the biochemical oxygen demand (“BOD”) level below the 20mg/L limit as set by the authorities. Initiatives to treat effluent water are continuously explored and will be implemented across all our mills progressively. In line with this commitment, we have implemented a tertiary effluent treatment plant at our Raja Udang Palm Oil Mill (“RUPOM”) in Pusa, Sarawak, resulting in a consistent effluent discharge of between 15-18mg/L, surpassing the requirement of 20mg/L. In addition, as part of a joint research programme conducted with the Malaysian Palm Oil Board (“MPOB”), a new evaporator system is currently being tested out at RUPOM, which will ultimately make RUPOM a true ‘Zero Discharge Mill’. Once this pilot project is successfully implemented at RUPOM, we hope to expand the use of this technology to the rest of our mills.

To create greater energy efficiencies, we are also looking into the potential of using bio-gases from effluents to generate electricity.



Field Operation Efficiency

Apart from low fertility, the inherent poor bearing capacity and the presence of woody materials in peat pose major challenges to field operations such as fertiliser application, crop harvesting and evacuation. Efforts are ongoing to identify, test and adopt the most suitable and cost-effective equipment and machinery to manage the challenges posed by our plantations in peat environments. Collaborative work with machinery suppliers and research institutions are also underway to fast track the adoption of new and advanced technologies available in the market towards greater efficiency.

Awards Received

THP has received numerous awards over the years for our excellence in estate or mill practices that are in harmony with the environment. We received one such award from the Department of Environment in 2014 for our Gedong Palm Oil Mill in Serian, Sarawak. The “Kilang Kelapa Sawit Lestari 2013/2014” award recognises our mill’s excellence in its practices on BOD levels compliance, empty fruit bunches management as well as prompt submission of quarterly reports on its effluent water discharge.

On the other hand, our rubber plantation in Sandakan, Sabah, was certified for complying with the “Industrial Tree Plantation and Development and Forest Restoration” strict requirements by the Sabah Forestry Department. This certificate of compliance was awarded in recognition of our efforts to help develop lands earmarked for the planting of timber species, thus encourage the restoration of Sabah forests, under stringent guidelines from the Sabah Forestry Department.

SHAREHOLDERS



OUR COMMITMENT TO IMPLEMENTING GOOD MARKETPLACE PRACTICES

THP has established a distinct corporate identity that is steeped in Islamic values. This has contributed to an ethical business culture that influences the behaviour of every member of the Company. Our commitment to fair-play and transparency mitigates risks, safeguards the Group's reputation and raises the confidence level of our customers thereby ensuring the sustainability of the Group.

Business Ethics and Values

As a company strongly influenced by Islamic values and principles, ethical business forms part of our DNA and guides our actions as well as operations. Our business ethics are further supported by upholding best practices in corporate governance which ensure a high level of transparency in all our transactions and dealings with vendors, investors and shareholders.

Corporate Governance

As a responsible public listed company, we realise we have a duty to protect the interests of our stakeholders, and especially our shareholders. This is reflected in continuous efforts to strengthen the fundamentals of the Company in a manner that guarantees financial growth in a sustainable manner.

Our Board of Directors takes the lead in ensuring a high level of governance, and maintains a close yet independent relationship with the Management to guide the Company as we proceed along our forward journey. Under the stewardship of the Board, we adhere to the Malaysian Code on Corporate Governance 2012 and the Bursa Malaysia Securities Berhad's Main Market Listing Requirements.

Transparent Procurement Practices

We recognise that responsible procurement practices play a critical role in maintaining cost efficiencies which ultimately benefit the Company and our stakeholders. Towards this end, we have in place a structured procurement framework supported by policies and procedures that ensure fair and transparent dealings with vendors along the entire procurement value chain. Via a process of open tenders, contracts are awarded to the most cost-attractive, reliable and qualified vendors.



Investor Relations

Valuing our shareholders, we have a dedicated Investor Relations department whose function is to engage with the financial and investment community. Other than responding to queries from this community and holding briefings for analysts and investors, we provide timely updates on our financial performance via press releases and announcements to Bursa Malaysia, which are subsequently posted on our corporate website, www.thplantations.my, along with other relevant publications such as our annual reports.

Our annual general meetings provide an excellent platform for our shareholders to engage with us directly. At these sessions, our Board of Directors and Senior Management are on hand to provide an account of the Company's performance for the year and to answer any queries.



MOVING FORWARD

THP's steady growth over the years has been the direct result of dedicated adherence to sustainable policies. Recognising the inherent value of balancing our financial performance with social and environmental considerations, the Company will continue to build on our sustainability agenda and, in the process, provide greater value to all our valued stakeholders.

MEETING THE WORLD'S NEEDS

As the global population increases, so will demand for palm oil. We believe in the long-term fundamentals of the palm oil sector and are thus committed to playing a key role in its sustainability.





As we invest in the palm oil sector, we are planting the seeds for a sustainable future for all.

NEXT 

MEETING THE WORLD'S NEEDS

As the global population increases, so will demand for palm oil. We believe in the long-term fundamentals of the palm oil sector and are thus committed to playing a key role in its sustainability.





**THE WORLD POPULATION IS
EXPECTED TO GROW BY ANOTHER**

2 BILLION

**BY 2050, AND THERE IS
IMMENSE POTENTIAL FOR
THE PALM OIL SECTOR**

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of TH Plantations Berhad (“THP” or “the Company”) remains committed in its effort to implement the principles and best practices set out in the Malaysian Code on Corporate Governance (“the Code”). The adoption of good corporate governance is a fundamental part of the board’s responsibility to protect and enhance shareholders’ value and the performance of THP and its subsidiaries (“THP Group”).

The Board plays a key role in the governance process through its review and approval of the Group’s direction and strategy, its monitoring of professional standards and business performance, its review of the adequacy and integrity of the Group’s internal control systems, including the identification of principal risks and ensuring the implementation of appropriate systems to manage those risks, and the acceptance of its underlying duty to ensure that THP Group meets its responsibilities to its shareholders.

This statement describes how THP has applied the key principles of the Code and Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Listing Requirements”) throughout the year ended 31 December 2014 and outlines the extent of its compliance with the Code’s best practices.

THE BOARD OF DIRECTORS

1. Composition and Size of the Board

The Board comprises individuals who are well experienced in their respective fields of enterprise. Their knowledge, background and judgments are invaluable in ensuring that THP Group achieves the highest standards of performance, accountability and ethical behaviour, as is expected of the Company by its stakeholders.

On 21 July 2014, the Board’s composition was further strengthened with the new appointment of Datuk Seri Mohamad Norza bin Zakaria as an Independent Non-Executive Director.

With his appointment, the Board has ten (10) members comprising seven (7) Independent Non-Executive Directors, one (1) Executive Director and two (2) Non-Independent Non-Executive Directors. This composition is in compliance with the Listing Requirements, which require one-third (1/3) of the members of the Board to be independent.

Taking into consideration the Company’s present activities and size, the Board is of the view that the number and composition of the current Board are sufficient and well-balanced to ensure that its duties are carried out effectively and to provide assurance that no individual or small groups of individuals are allowed to dominate the Board’s decision-making.

The Chairman has never held the post of Chief Executive Officer of the Company. The division of responsibilities between the Chairman and the Chief Executive Officer is to ensure that there is a balance of power and authority between them, thus avoiding any unfettered power of decision-making in any one individual. Therefore, it is evident that the roles of the Chairman and the Chief Executive Officer are distinguishable and clearly defined.

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 are involved in any other form of relationship with the Company, ensures that they remain free from any conflict of interest situation and facilitates the effective discharge of their roles and responsibilities as Independent Directors. The tenure of service of Independent Non-Executive Directors will be nine (9) years as advocated by the Code.

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 scrutinised, taking into account the long-term interests, not only of THP’s shareholders, but also of its employees, customers, suppliers and other THP Group stakeholders.

The profiles of each member of the Board are outlined in pages 28 to 37 of this Annual Report.

2. Duties and Responsibilities of the Board

In discharging its duties, the Board is constantly mindful that the interests of THP Group's customers, investors and all other stakeholders are to be safeguarded.

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

- a. Reviewing and adopting strategic plans for the Company, primarily the five (5) year rolling strategic plan for THP Group.

On an ongoing basis as the needs arise, the Board also assesses whether projects, acquisitions and disposals, as well as other strategic considerations proposed during Board meetings for the year in 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 ensure that it is being properly managed. All operational matters are discussed during Board meetings, and expert advice or independent advice is sought where necessary.

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

THP Group uses Key Performance Indicators ("KPIs") as the primary driver and anchors them to its performance management system. They are continually refined and enhanced to reflect THP Group's changing business circumstances, where applicable.

- 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 overseeing and monitoring this area.

- d. Implementing succession planning, including the appointment and recruitment of Senior Management team members.

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

- e. Developing and implementing an investor relations policy or shareholders' communications policy for the Company.

The Board has approved the Company's Investor Relations Policy ("IR Policy") on 9 August 2007. The IR Policy sets out to ensure that investors and shareholders are well-informed of THP Group's affairs and developments through selected spokespersons from the Senior Management, together with the Chairman and the Chief Executive Officer. These personnel are authorised to communicate with financial analysts, shareholders and investors regarding the industry overview and they act as points of reference for press interviews, investor analyst briefings as well as announcements of THP's yearly and quarterly results to the Bursa Securities Malaysia Berhad.

- f. Reviewing the adequacy and 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 the management levels. They are aided by the Internal Audit Department, which provides a strong check and balance as well as reasonable assurance on the adequacy of the Company's internal controls system, through regular meetings and discussions.

Details of the Internal Audit functions are further discussed in the Audit Committee Report as set out on page 83 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

The Company also subscribes to the principles in the “Green Book on Enhancing Board Effectiveness” (“Green Book”) initiated by the Putrajaya Committee on GLC High Performance as part of the Government-Linked Companies (“GLC”) Transformation Programme. These principles have been adopted as the Board’s Policy Manual to assist in effectively discharging its duties. The Board is therefore guided by the Green Book, among others, in the following areas:

- 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 diligently sustains a dynamic and robust corporate climate, focused on strong ethical values.

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

3. Board Meetings and Supply of Information to the Board

Board meetings for the ensuing financial year are scheduled before the end of the current financial year to facilitate the planning of Board meetings by the Directors.

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 provided to each Board member in advance, prior to every Board meeting. The Board papers contain, among other things, information on THP Group’s performance and major operational, financial and corporate issues.

All Board decisions are properly minuted. Minutes of each Board meeting are circulated to all Directors for their review prior to their confirmation, which is normally done at the following Board meeting. The Directors may request for clarification or raise comments before the minutes are tabled for confirmation as being a correct record of the Board’s proceedings. All conclusions of the Board meetings are duly recorded and the minutes are kept by the Company Secretary.

The Senior Management are also invited to attend the Board meetings to supply additional details or clarification on matters tabled for the Board’s consideration and/or approval. Independent advisors and professionals appointed by the Company in relation to the various corporate exercises may also be invited to attend the meetings to provide explanation or clarification and advice for the benefit of the Directors.

A total of six (6) board meetings were held in 2014 and all Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05 (3) of the Listing Requirements.

The Chairman of the Audit Committee is to inform the Directors during Board meetings of any salient matters noted by the Audit Committee arising from audit findings that may 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 THP Group’s key financial and operational results, THP Group’s strategic and corporate initiatives, such as corporate plans and budget approvals, proposed acquisitions and disposals of material assets, major investments, as well as changes to THP Group’s management and control structures, encompassing key policies, procedures and authority limits.

Apart from the scheduled meetings, on separate occasions the Board of Directors also makes visits to the Group’s estates and mills to better assess the Group’s operational progress, status of development and any important issues requiring their attention.

The Directors' attendance at Board meetings for the financial year ended 31 December 2014 is detailed below:

Directors	Number of Meetings Attended	Percentage
Tan Sri Ab. Aziz bin Kasim Independent Non-Executive Chairman <i>(Appointed w.e.f. 10 March 2014)</i>	4/4	100
Tan Sri Ismee bin Haji Ismail Non-Independent Non-Executive Director	5/6	83.33
Datuk Seri Nurmala binti Abd Rahim Independent Non-Executive Director <i>(Appointed w.e.f. 10 March 2014)</i>	4/4	100
Datuk Seri Mohamad Norza bin Zakaria Independent Non-Executive Director <i>(Appointed w.e.f. 21 July 2014)</i>	3/3	100
Datuk Azizan bin Abd Rahman Non-Independent Non-Executive Director <i>(Re-designated from Independent Non-Executive Director to Non-Independent Non-Executive Director w.e.f. 26 February 2014)</i>	5/6	83.33
Dato' Haji Wan Zakaria bin Abd Rahman Independent Non-Executive Director	6/6	100
Dato' Noordin bin Md Noor Independent Non-Executive Director	6/6	100
Dato' Amran bin Mat Nor Independent Non-Executive Director	5/6	83.33
Mahbob bin Abdullah Independent Non-Executive Director	6/6	100
Dato' Zainal Azwar bin Zainal Aminuddin Chief Executive Officer / Executive Director	6/6	100
Tan Sri Datuk Dr. Yusof bin Basiran Independent Non-Executive Chairman <i>(Resigned w.e.f. 28 February 2014)</i>	2/2	100
Tan Sri Dr. Abdul Samad bin Haji Alias Independent Non-Executive Director <i>(Retired on 27 May 2014)</i>	2/3	66.66

In carrying out their duties, each Director has unrestricted access to all information in the Company. In addition, they are also able to seek advice from the Company Secretary and whenever necessary, independent professional advice, all at the expense of THP Group.

The Board is not only provided with quantitative information but also those which are qualitative in nature as they are pertinent and are of substantial necessity to enable the Board to deal with matters that are tabled at the meetings effectively. These include current updates of the THP Group's performance as well as information on external factors that may influence its business.

4. Appointment of New Directors

The number and composition of members of the Board are reviewed on a regular basis to ensure its effectiveness in safeguarding 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.

STATEMENT ON CORPORATE GOVERNANCE

The Company Secretary ensures that all the appointments are properly made, necessary information obtained and all legal and regulatory requirements met.

All newly-appointed Directors will undergo specific briefings on THP Group with the objective of providing an overview of the Company's vision and mission, nature of business, current issues and the long-term target of the Group. In addition, visits to the Company's estates and mills also are conducted, whenever necessary.

5. Re-election/Re-Appointment of Directors

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

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").

At this forthcoming AGM, Tan Sri Ismee bin Haji Ismail and Dato' Zainal Azwar bin Zainal Aminuddin are subject to retirement by rotation under the Company's Articles of Association, and being eligible, have offered themselves for re-election.

The Company's Articles of Association also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. Accordingly, Datuk Seri Mohamad Norza bin Zakaria who was newly appointed as an Independent Non-Executive Director of the Company will be retiring and has offered himself for re-election at this forthcoming AGM.

The Board has adopted a retirement age policy for its members, guided in general by the Companies Act, 1965 and the Green Book. Both of these set the age limit for Directors at seventy (70) years. Pursuant to Section 129 (6) of the Companies Act, 1965, Directors over seventy (70) years of age are to retire at every AGM and may offer themselves for re-appointment.

Dato' Haji Wan Zakaria bin Abd Rahman and Mahbob bin Abdullah, both of whom have reached the age of seventy (70) years at this forthcoming AGM, have indicated their intention not to offer themselves to be re-appointed as the Independent Non-Executive Directors of the Company. They will be retiring at the conclusion of this forthcoming AGM of the Company pursuant to Section 129 of the Companies Act, 1965.

Apart from them, no other director has attained the age of seventy (70) years as at the date of this Annual Report.

6. Board Committees

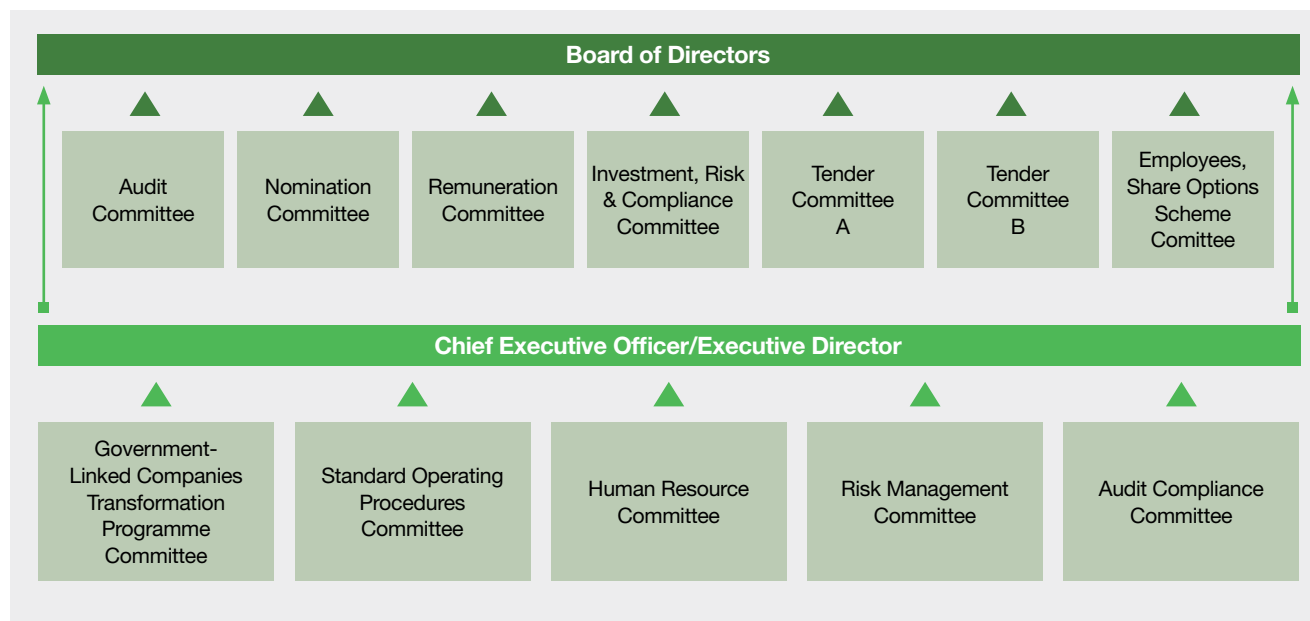
To assist the Board in discharging its duties effectively whilst enhancing business and operational efficacy, the Board has established several Committees, namely:

- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Investment, Risk & Compliance Committee;
- Tender Committee A;
- Tender Committee B; and
- Employees' Share Option Scheme Committee.

To promote the smooth running of the Board Committees, each of the Board Committees shall adhere to clear terms of references which have been approved by the Board. These committees have the authority to examine particular issues within their respective terms of reference and to make recommendations to the Board.

Apart from the Board Committees, Management Committees have also been established by the Management to facilitate the functions of the Board. These include the GLC Transformation Programme Committee, Standard Operating Procedures Committee, Human Resource Committee, Risk Management Committee and the Audit Compliance Committee.

TH Plantations Berhad Board and Management Committees



Details of the main Board Committees for the financial year ended 31 December 2014 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 2014 is presented on pages 78 to 83 of this Annual Report.

b. Nomination Committee

The Nomination Committee shall consist of at least three (3) members and shall be appointed by the Board from among the Directors of the Company, comprising exclusively Non-Executive Directors, a majority of whom are independent. The Committee shall meet at least once a year or at any other time deemed necessary by the Chairman of the Committee. The quorum for a meeting of the Committee is two (2) members.

The members of the Nomination Committee are as follows:

- i. Datuk Azizan bin Abd Rahman
Chairman, Non-Independent Non-Executive Director
(Appointed w.e.f. 26 June 2014)
- ii. Datuk Seri Mohamad Norza bin Zakaria
Member, Independent Non-Executive Director
(Appointed w.e.f. 21 July 2014)
- iii. Mahbob bin Abdullah
Member, Independent Non-Executive Director
- iv. Tan Sri Dr Abdul Samad bin Haji Alias
Chairman, Independent Non-Executive Director
(Retired on 27 May 2014)

STATEMENT ON CORPORATE GOVERNANCE

The functions and responsibilities of the Nomination Committee are as follows:

- To regularly review the Board's structure, size and composition and make recommendations to the Board on any adjustments deemed necessary;
- To identify and propose to the Board suitable candidates as Directors of the Company;
- To assess the performance of the Directors on an ongoing basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of individual Directors, including Independent Non-Executive Directors as well as the Chief Executive Officer, and to identify areas for improvement;
- To consider and recommend to the Board, candidates to fill directorship vacancies in the Company and THP Group;
- To evaluate and recommend to the Board, Directors to fill seats in the Board Committees;
- To consider, in making its recommendations, candidates proposed by the Chief Executive Officer for directorship and within the bounds of practicability, by any other senior executives or any Director or shareholder;
- To recommend to the Board, the continuation of service of the Executive Director(s) and Director(s) who are due for retirement by rotation;
- To review on an annual basis, the Board's mix of skills, experience and other qualities including core competencies;
- 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;
- Such other functions as may be delegated by the Board from time to time; and
- To review and recommend promotions, extension of contracts, creation of new posts and all other human resource related matters in relation to key Management personnel of the Company and its Group i.e. the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Company Secretary, Head of Human Resource and Head of Marketing.

During the year, the Nomination Committee held one (1) meeting, details of which are as follows:

Members	Number of Meeting Attended
Datuk Azizan bin Abd Rahman	1/1
Datuk Seri Mohamad Norza bin Zakaria	Not Applicable
Mahbob bin Abdullah	1/1
Tan Sri Dr Abdul Samad bin Haji Alias	1/1

c. Remuneration Committee

The Remuneration Committee shall consist of at least three (3) members and shall be appointed by the Board from among the Directors of the Company, comprising wholly or mainly Non-Executive Directors. The Committee shall meet at least once a year or at any other time deemed necessary by the Chairman of the Committee. The quorum for a meeting of the Committee is two (2) members.

The members of the Remuneration Committee are as follows:

- i. Tan Sri Ab. Aziz bin Kasim
Chairman, Independent Non-Executive Director
(Appointed w.e.f. 10 March 2014)
- ii. Tan Sri Ismee bin Haji Ismail
Member, Non-Independent Non-Executive Director
- iii. Dato' Haji Wan Zakaria bin Abd Rahman
Member, Independent Non-Executive Director

The functions and responsibilities of the Remuneration Committee are as follows:

- 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;
- To recommend to the Board the allowance and benefits of Non-Executive Directors;
- To recommend to the Board the seating allowance of Directors and Committee members;
- To recommend to the Board any review on the Company's Scheme of Service whenever deemed necessary and appropriate; and
- 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.

The structure and procedures of the Remuneration Committee are as follows:

- The remuneration of Directors shall be the ultimate responsibility of the Board after considering the recommendations made by the Committee.
- The Executive Director does not participate in discussions pertaining to his own remuneration.
- The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman shall be a matter to be considered by the Board unanimously.
- The level of remuneration should be sufficient to attract and retain the Directors needed to steer the Company successfully. In the case of the Executive Director, 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 undertaken by the Non-Executive Directors concerned.

During the year, the Remuneration Committee held two (2) meetings, the details of which are as follows:

Members	Number of Meetings Attended
Tan Sri Ab. Aziz bin Kasim	2/2
Tan Sri Ismee bin Haji Ismail	2/2
Dato' Haji Wan Zakaria bin Abd Rahman	2/2

STATEMENT ON CORPORATE GOVERNANCE

d. Investment, Risk & Compliance Committee

The Investment, Risk & Compliance Committee shall consist of at least three (3) members, comprising exclusively Non-Executive Directors, a majority of whom are independent. Their term of office will be for a duration of two (2) years or as decided by the Board. The Committee will meet as required to review all activities and progress of the recommendations and shall provide a briefing at each Board meeting. The quorum for the Committee shall be at least two (2) members.

The members of the Investment, Risk & Compliance Committee are as follows:

- i. Mahbob bin Abdullah
Chairman, Independent Non-Executive Director
- ii. Datuk Azizan bin Abd Rahman
Member, Non-Independent Non-Executive Director
- iii. Datuk Seri Mohamad Norza bin Zakaria
Member, Independent Non-Executive Director
(Appointed w.e.f. 21 July 2014)
- iv. Tan Sri Dr Abdul Samad bin Haji Alias
Member, Independent Non-Executive Director
(Retired w.e.f. 27 May 2014)

The functions and responsibilities of the Investment, Risk & Compliance Committee are as follows:

- To assist the Board of Directors on matters related to investments for the growth of the Company.
- To provide guidance for the Executive Director and his Management team to prepare and recommend a strategy for the business based on teamwork through the formal hierarchy of management.
- To consider proposals from line management regarding capital expenditure related to investments or disposals. The proposals will be placed on a shortlist based on considerations regarding financing through internally generated funds, or fundraising.
- To provide guidance on the strategy of the business related to growth as well as investments related to human capital.
- To provide guidance to line management that will include upgrading of practices including process improvements and the use of new technology. Proposals may include recommendations for diversifying the Company's business including those for any downstream activities.
- To ensure that all investment proposals are prepared by applying steps and processes to be specified by the Committee with timely presentations to the Board.

During the year, the Investment, Risk & Compliance Committee held one (1) meeting, the details of which are as follows:

Members	Number of Meeting Attended
Mahbob bin Abdullah	1/1
Datuk Azizan bin Abd Rahman	1/1
Datuk Seri Mohamad Norza bin Zakaria	Not Applicable
Tan Sri Dr Abdul Samad bin Haji Alias	1/1

e. Tender Committee A

Tender Committee A shall consist of at least three (3) members and shall be appointed by the Board from among the Directors of the Company, comprising exclusively Non-Executive Directors, a majority of whom are independent. The Committee shall meet at least once a year or at any other time deemed necessary by the Chairman of the Committee.

The quorum for a meeting of the Committee shall consist of a majority of the committee members (excluding the Secretary) provided always that the Chairman and the Secretary of the meeting are present.

The members of Tender Committee A are as follows:

- i. Mahbob bin Abdullah
Chairman, Independent Non-Executive Director
- ii. Tan Sri Ismee bin Haji Ismail
Member, Non-Independent Non-Executive Director
- iii. Dato' Haji Wan Zakaria bin Abd Rahman
Member, Independent Non-Executive Director

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

- To record 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, in the event that the successful tender was not the lowest, reasons for selection;
- To ensure that the procurement process complies with the relevant procurement ethics, policies and requirements;
- 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
- To waive the requirement for the calling of formal tender for particular acquisitions, at the discretion of the Committee.

The actual decision on successful tenders shall be the responsibility of the Board and the Audit Committee, which will review any related party transactions and conflict of interest situations that 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 Committee.

During the year, Tender Committee A held two (2) meetings, the details of which are as follows:

Members	Number of Meetings Attended
Mahbob bin Abdullah	2/2
Tan Sri Ismee bin Haji Ismail	2/2
Dato' Haji Wan Zakaria bin Abd Rahman	1/2

STATEMENT ON CORPORATE GOVERNANCE

7. Directors' Remuneration

The Board believes that the level of remuneration offered by THP Group is sufficient to attract and retain Directors of calibre and with sufficient experience and talent 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.

The remuneration of the Executive Director includes salary and emoluments, bonus and benefits-in-kind. The Executive Director is also eligible to participate in the Company's Employees Share Option Scheme ("THP ESOS") that came into effect on 8 May 2009.

In the case of Non-Executive Directors, the remuneration structure reflects the level of responsibilities undertaken and contributions made by them. Currently, the Non-Executive Directors are paid Directors' fees and attendance allowance for each Board/Committee meeting that they attend. In addition, the Non-Executive Directors are entitled to certain benefits-in-kind such as, medical coverage in Malaysia and personal accident insurance coverage. The Chairman of the Board, who is a Non-Executive Director, is entitled to a company car. Non-Executive Directors, however, do not participate in THP's ESOS.

Details of remuneration (including benefits-in-kind) of each Director for the year ended 31 December 2014 are as follows:

Executive Director	RM'000					
	Salary	Fees*	Bonus	Other Emoluments	Benefits-in-kind	Total
Dato' Zainal Azwar bin Zainal Aminuddin	777	84	480	220	7	1,568
Non-Executive Directors						
Tan Sri Ab. Aziz bin Kasim (Appointed w.e.f. 10 March 2014)	-	140	-	-	43	183
Tan Sri Ismee bin Haji Ismail	-	84	-	-	75	159
Datuk Seri Nurmalia binti Abd Rahim (Appointed w.e.f. 10 March 2014)	-	77	-	-	25	102
Datuk Seri Mohamad Norza bin Zakaria (Appointed w.e.f. 21 July 2014)	-	45	-	-	25	70
Datuk Azizan bin Abd Rahman	-	96	-	-	75	171
Dato' Haji Wan Zakaria bin Abd Rahman	-	84	-	-	75	159
Dato' Noordin bin Md Noor	-	96	-	-	75	171
Dato' Amran bin Mat Nor	-	91	-	-	75	166
Mahbob bin Abdullah	-	84	-	-	75	159
Tan Sri Datuk Dr. Yusof bin Basiran (Resigned w.e.f. 28 February 2014)	-	18	-	-	53	71
Tan Sri Dr. Abdul Samad bin Haji Alias (Retired on 27 May 2014)	-	33	-	-	50	83
TOTAL	777	932	480	220	653	3,062

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

Number of Directors whose remuneration falls within the following bands:

Ranges of Remuneration	Number of Directors	
	Executive Director	Non-Executive Directors
RM50,001 to RM100,000	-	3
RM100,001 to RM150,000	-	1
RM150,001 to RM200,000	-	7
RM1,550,000 to RM1,600,000	1	-
Total	1	11

8. 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 role of the Board.

All Directors have successfully completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Malaysia Securities Berhad. The Listing Requirements require newly appointed directors of public listed companies to attend the MAP within four (4) months after their appointment.

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 2014, the Directors attended conferences, seminars and training programmes, including those listed below:

Plantation Industry
• Palm & Lauric Oils Conference 2014
• MPOB International Palm Oil Congress (PIPOC) 2014
Risk Management
• Shariah Compliance Risk Masterclass
Board Leadership
• TH 6 th Corporate Directors Seminar
• Mandatory Accreditation Programme
• Bursa Malaysia Nominating Committee Programme
• Directors Breakfast with Beverly Behan: "Great Companies Deserve Great Boards"

9. 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 shareholders and investors informed of any major developments and changes affecting the Group.

Apart from annual reports, media releases and analyst briefings, THP's website, www.thplantations.my, also houses all other public corporate and financial information, such as THP Group's quarterly announcements of its financial results, announcements and disclosures made pursuant to disclosures required by the Listing Requirements and other corporate information on THP Group.

STATEMENT ON CORPORATE GOVERNANCE

Another key avenue of communication with its shareholders is THP's annual general meeting, which provides a useful forum for shareholders to engage directly with the Company's Directors and Senior Management. During the general meeting, shareholders are at liberty to raise questions or seek clarification from the Company's Directors and Senior Management team, on the items listed on the agenda of the general meeting. A comprehensive and concise review of THP Group's performance as well as the value created for shareholders is also presented by the Chief Executive Officer/Executive Director of THP during the general meeting. The presentation is supported by visual and graphical presentation of key financial figures and key operational highlights to facilitate shareholders' understanding and analyses of the Company's performance.

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

As mentioned earlier, the Board has adopted the IR Policy to enable appropriate communication with all stakeholders. In the said IR Policy, the authorised spokespersons will guide and steer communications to be made by THP's Senior Management and employees. This is to avoid contradictions and differing views on certain issues and ensure that only clear and precise information is given to the media and the market.

10. Accountability and Audit

Financial Reporting

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

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

Internal Controls

The review of the system of internal controls is set out under the Statement on Risk Management & Internal Control from pages 74 to 77 of this Annual Report. In 2014, the Audit Committee met the External Auditors twice 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 being recommended to the Board for its approval.

The Board has to ensure such transactions are negotiated and agreed upon at arm's length distance and on normal commercial terms that are not more favourable to the related parties than those generally available to the public, and are not detrimental to the minority shareholders of the Company.

The Shareholders' mandate in respect of the RRPT is obtained at the annual general meeting of the Company on a yearly basis. Details of these transactions are set out on page 73 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 from pages 78 to 83 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.

11. 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 its responsibilities 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 provide a true and fair view of the state of affairs of THP Group at the end of the financial year and of the profit and loss of the Company and the Group for the financial year under review. In preparing these audited financial statements, the Directors have:

- Used appropriate accounting policies and consistently applied them;
- Made judgments 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 alongside 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 31 March 2015.

ADDITIONAL COMPLIANCE INFORMATION

A. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2014, the Company had issued RM90.0 million of Sukuk Murabahah under its RM1.0 billion Sukuk Murabahah Programme. The proceeds raised from the Sukuk Murabahah were for the following purposes:

- i. To finance THP Group's capital expenditure requirements; and
- ii. To finance general corporate requirement of THP Group.

B. SHARE BUY-BACK

The Company did not make any proposal for share buy-back during the financial year ended 31 December 2014.

C. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year 2014 except for the issuance of options under the Company's ESOS.

The amount of ESOS issued by the Company and exercised by eligible employees during the financial year 2014 is disclosed in the Directors' Report and Note 27 of the Financial Statements for the year ended 31 December 2014.

D. DEPOSITORY RECEIPT PROGRAMME ("DRP")

The Company did not sponsor DRP during the financial year ended 31 December 2014.

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 2014.

F. NON-AUDIT FEES

Non-audit fees amounting to RM23,000.00 were incurred for the financial year ended 31 December 2014.

G. VARIATION IN RESULTS

There was no deviation of 10% or more between the profit after taxation and minority interests stated in the fourth quarter announcement of unaudited results for the financial year ended 31 December 2014 and the audited financial statements of THP Group for the financial year ended 31 December 2014.

H. PROFIT GUARANTEE

The Company did not give any profit guarantee during the financial year ended 31 December 2014.

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 ended 31 December 2014 or which were entered into since the end of the previous financial period.

J. RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of the Recurrent Related Party Transactions of a revenue or trading nature conducted in pursuant to the shareholders' mandate during the financial year ended 31 December 2014 between THP and/or its subsidiary company with related parties are set out below:-

THP and/ or Subsidiary Transacting with Related Parties	Related Parties	Relationship with THP	Type of Transaction	Aggregate Value of Transaction RM'000
THP	Lembaga Tabung Haji	Holding Company	Lease of land	2,662
	Lembaga Tabung Haji	Holding Company	Rental of office	1,932
	CCM Fertilizers Sdn. Bhd.	Related Company	Purchase of Fertilisers	27,787
	Sistem Komunikasi Gelombang Sdn. Bhd.	Related Company	Telecommunication	925
	TH Travel Services Sdn. Bhd.	Related Company	Purchase of flight tickets	734
	Syarikat Takaful Malaysia Berhad	Related Company	Purchase of insurance	2,928
THP Agro Management Sdn. Bhd.	PT TH Indo Plantations	Related Company	Provision of management services	718

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to the Malaysian Code on Corporate Governance (2012) issued by the Securities Commission Malaysia, the Board of Directors of a listed company is required to acknowledge their responsibilities and establish a sound risk management framework and internal control system. In addition, paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) also requires the Board to include in its annual report, a “statement about the state of internal control of the listed issuer as a group”.

Accordingly, the Board of Directors of THP Group (“the Group”) is pleased to present the following statement which outlines the risk management framework and internal control system of the Group during the financial year under review.

BOARD RESPONSIBILITY

The Board, with the assistance of the Investment, Risk & Compliance Committee (“IRCC”), hereby acknowledges their responsibilities under the Bursa Securities’ requirements to:

- Review the adequacy, effectiveness and integrity of the risk management framework and internal control system to safeguard shareholders’ investment and the Group’s assets;
- To maintain a sound risk management framework and internal control system by establishing an ongoing process for identifying, evaluating and managing risks faced by the Group.

Due to the limitations that are inherent in any system of internal control, the Group’s risk management framework and internal control system is designed to manage, rather than eliminate the risks of failure to achieve business objectives.

The system by its nature can only provide reasonable but not absolute assurance against material misstatements, operational failures, fraud or loss. In addition, the concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

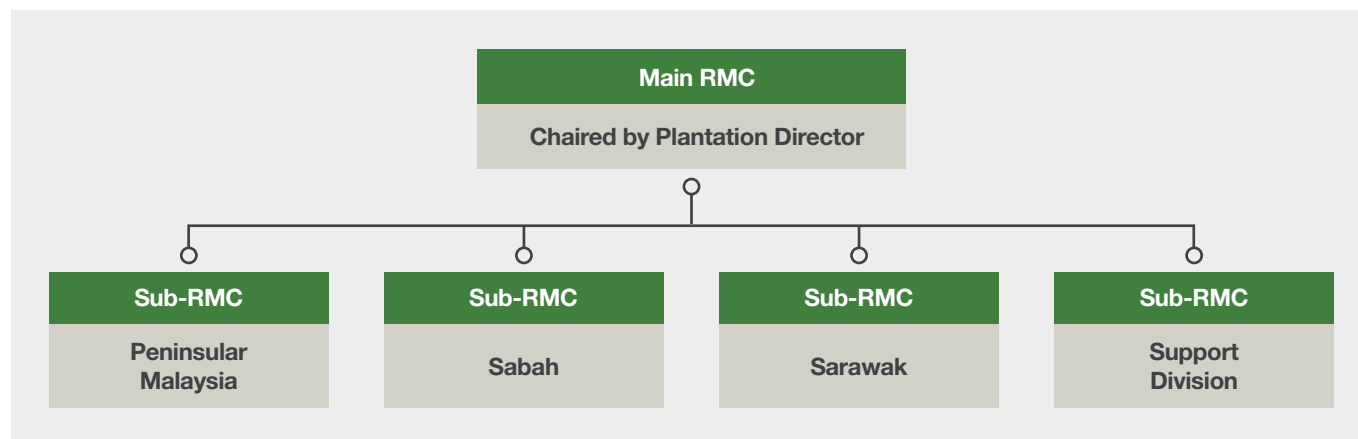
MANAGEMENT RESPONSIBILITY

The main objective of the Risk Management Committee (“RMC”), which reports to the IRCC, is to oversee the risk management activities within the Group, ensuring the effectiveness and adherence of its implementation, and maintenance of the Risk Management Policy is in line with the policy as adopted by the Board in accordance with the Enterprise-wide Risk Management (“ERM”) framework.

There are several key functions of the Group’s RMC which are as follows:

- To assist the Board in discharging its duties and to provide information of risk management reports and the status of actions plans to the Board;
- To determine a process that enables the Management to identify, evaluate, monitor and mitigate the risks faced by the respective business units and THP Group;
- To identify and evaluate new strategic risks and key operational risks;
- To review and update the existing Risk Map and Risk Profiling in line with the needs of the current business environment; and
- To report to the Board any major changes to the risk profile requiring immediate attention or notification, if any.

The RMC is chaired by the Plantation Director and supported by four (4) regional-based Sub-RMCs where the members are represented by senior management personnel of the Group.



RISK MANAGEMENT FRAMEWORK

The Group has established a Risk Management Framework which includes the risk management reporting procedures, risk mapping for reporting and risk profiles along with their corresponding controls which are categorised mainly as follows:



The Group's Risk Management Framework will serve as a review and reporting tool for the Management and the Board. Any significant issues regarding risk management including its policy and the system of the internal control are to be discussed at Board meetings, Audit Committee meetings and Management meetings, where any strategies will be formulated and action plans will be implemented and monitored accordingly.

INTERNAL CONTROL SYSTEM

The internal control system is embedded in the Group's operations as outlined below:

Organisation Structure and Authorisation Policy

The Group maintains a formal organisational structure which organises the business operations into functional and support groups. The structure provides clear lines of reporting with well-defined roles and responsibilities, accountability and ownership with proper segregation of duties. The structure is designed to ensure an effective internal control system and good corporate governance practices within the Group.

A formal authorisation policy and procedures is in place to define lines of accountability and delegate authority for planning, executing, controlling and monitoring business operations.

The organisational structure and authorisation policy and procedures are continuously reviewed and enhanced to incorporate any emerging business and operational needs.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Operational Policies and Procedures

The Board and the Management acknowledge the importance of documented policies and Standard Operating Procedures (“SOP”) in managing the operations of the Group. This ensures that proper internal control measures are designed and implemented accordingly to manage the business operations, business risks and the risk of fraud and material misstatements, which may affect the achievement of the Group’s goals and objectives.

The established policies and SOP are continuously reviewed and updated by the Management to reflect any change in business activities and needs, if any, to ensure its relevance and effectiveness.

Independent Members in Audit Committee

The Audit Committee, of which four (4) out of its five (5) members are Independent Non-Executive Directors, supports the Board’s oversight function in evaluating the effectiveness and compliance of the Group’s internal control system through reports from the Internal Audit Department, External Auditors and the Management. Any internal control issues and non-compliances are brought to the attention and deliberation of the Audit Committee which, in turn, will report these matters to the Board.

Performance Review and Monitoring

The quarterly reviews on business and financial performance are based on the actual results against business forecast and prior year achievement. Any material variances are identified, analysed and discussed by the Management and appropriate corrective measures are undertaken where necessary.

The performance of the estates and mills are monitored directly by the Plantation Director, Plantation Controllers and Head of Engineering (mills only) based on productivity, efficiency, quality and operational cost control.

Monthly Progress Reports from estates and mills are compiled by the Estate Department and distributed to other departments for their review and analysis.

Human Capital Management

The performance of the individual employees is assessed annually through reviews of Key Performance Indicators (“KPIs”) by respective Heads of Department (“HOD”). This review will allow the Human Resource Department (“HRD”) to identify future talent among employees and use this to formulate the succession plan. It also helps the HRD in planning and organising training programmes for the benefit of the employees.

Tender and Procurement

The Tender Committees A and B are responsible for reviewing and approving tender awards for any procurement with a value that is more than the Management’s authorisation limit. In addition, clearly defined policies and procedures on the award of tenders are in place to effectively control the activity and process of procurement of goods and services within the Management’s authorisation limit.

Comprehensive internal control measures are implemented throughout the tender award and procurement processes to safeguard the interests of the Group.

INTERNAL AUDIT FUNCTION

The Internal Audit Department (“IAD”) function is to provide the Board, through the Audit Committee, with independent assurance in regard to the effectiveness of risk management, internal control and governance processes of the Group.

The IAD assists in discharging the Audit Committee’s duties and responsibilities by implementing a systematic and disciplined approach to review the business processes using a risk-based methodology in performing the audit assignments. A comprehensive Audit Report is produced to highlight audit findings and recommendations to the Management for their comments and a follow-up will be carried out to ensure its compliance to the agreed action plan.

Significant audit findings are presented and deliberated by the Audit Committee on a quarterly basis or as appropriate.

REVIEW OF EFFECTIVENESS

The processes adopted to monitor the effectiveness of the Risk Management and Internal Control system are:

- Reporting of higher risk exposures, if any, to the Board by the RMC as outlined in the Risk Management Policy;
- Information received from the Management through various reports with respect to risk management and internal control related issues;
- Periodic reviews on business operation, risk management and the state of internal control system by the IAD function as per annual audit planning as approved by the Audit Committee.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Recommended Practice Guide (“RPG”) 5 issued by the Malaysian Institute of Accountants.

The RPG 5 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group.

CONCLUSION

Based on the observations and reports provided to the Board for the financial year under review, the Board is of the opinion that the risk management and internal control system that is in place is effective and adequate to safeguard the interests of THP Group’s stakeholders, their investments and the Group’s assets.

There were no material losses incurred during the financial year under review as a result of weaknesses in the internal control. The Management has taken the necessary measures to improve the risks management and internal control system by continuously monitoring and considering all risks faced by the Group to ensure that the risks are within acceptable levels in relation to the Group’s business objectives.

The Board has received assurance from the Chief Executive Officer, Chief Financial Officer and Chairman of the RMC that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

AUDIT COMMITTEE REPORT

INTRODUCTION

The Board is pleased to present the Audit Committee Report of the Board for the financial year ended 31 December 2014.

COMPOSITION

The Audit Committee currently comprises the following members:

Tan Sri Dr Abdul Samad bin Haji Alias*

Chairman, Independent Non-Executive Director
(Retired on 27 May 2014)

Datuk Seri Mohamad Norza bin Zakaria*

Chairman, Independent Non-Executive Director
(Appointed w.e.f. 21 July 2014)

Datuk Seri Nurmala binti Abd Rahim

Member, Independent Non-Executive Director
(Appointed w.e.f. 16 May 2014)

Datuk Azizan bin Abd Rahman

Member, Non-Independent Non-Executive Director

Dato' Noordin bin Md Noor

Member, Independent Non-Executive Director

Dato' Amran bin Mat Nor

Member, Independent Non-Executive Director
(Appointed w.e.f. 16 May 2014)

** A member of the Malaysian Institute of Accountants*

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.

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 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 Proceedings 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 they 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 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.

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 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;

- 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) The nature and impact of 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, internal audit plan, 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 thereto;
- 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; and
- n) Such other functions or responsibilities as may be agreed to by the Committee and the Board.

10. Review of the Audit Committee Charter

The Audit Committee shall review and assess the adequacy of the Audit Committee Charter at least once a year. The Audit Committee shall recommend 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 members at least once every three (3) years.

AUDIT COMMITTEE REPORT

ATTENDANCE

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

Members	No. of Meetings Attended During the Year	%
Tan Sri Dr Abdul Samad bin Haji Alias	2/3	67%
Datuk Seri Mohamad Norza bin Zakaria	4/4	100%
Datuk Seri Nurmala binti Abd Rahim	5/5	100%
Datuk Azizan bin Abd Rahman	7/7	100%
Dato' Noordin bin Md Noor	7/7	100%
Dato' Amran bin Mat Nor	3/5	60%

Meetings were also attended by the Chief Executive Officer, Plantation Director, and Chief Financial Officer; the Head of Internal Audit, External Auditors and members of the Senior Management team as and when requested 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:

- a) Reviewed the quarterly financial and operational reports, interim financial results, interim financial report to Bursa Securities and the annual audited financial statements prior to submission to the Board for approval;
- b) Reviewed the application of corporate governance principles and the extent of THP Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance in conjunction with the preparation of the Statement on Corporate Governance and Statement on Risk Management and Internal Control;
- c) Reviewed and approved the external auditors' scope of work and audit plan;
- d) Reviewed with the external auditors, the Company's and THP Group's annual financial statements' compliance with Bursa Securities' Listing Requirements and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board (MASB);
- e) Reviewed with the external auditors the results of the audit and the management letter 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 Audit Committee Report, Statement on Risk Management and Internal Control and Statement on Corporate Governance prior to their inclusion in the Annual Report 2014;

- j) Reviewed the internal audit results 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 a system of internal controls is in place and being observed; and
- 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.

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 and its primary function is to assist in discharging the Audit Committee's duties and responsibilities. It is the role of the Internal Audit Department to provide the Audit Committee with periodic, independent and objective reports on the state of risk management and internal controls of THP Group's operations and the extent of compliance to established policies, procedures and relevant statutory requirements.

During the financial year under review, the Internal Audit Department has:

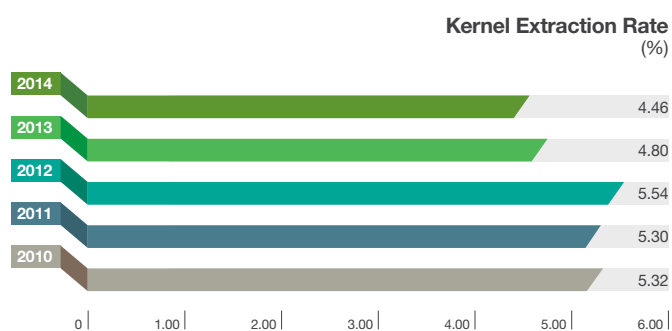
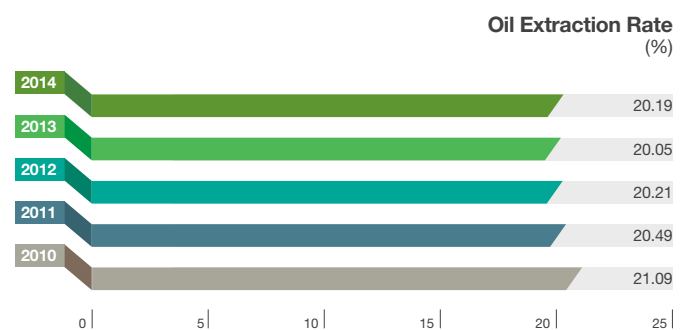
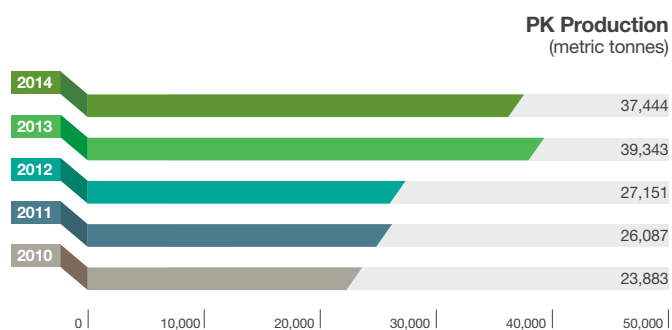
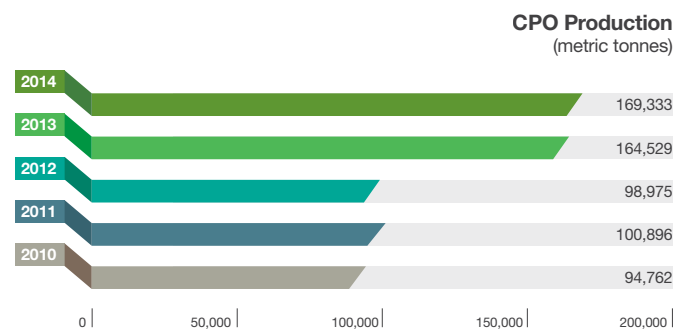
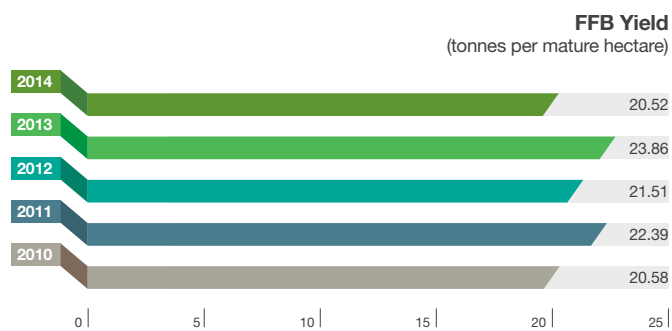
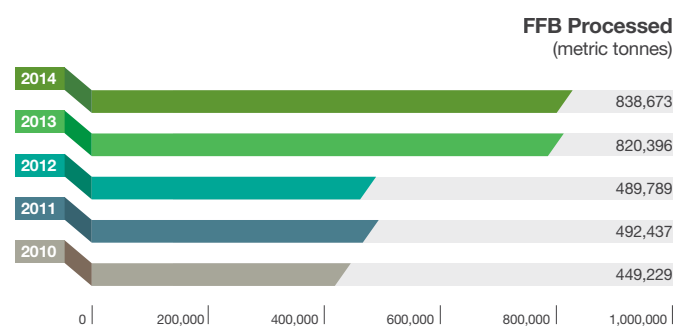
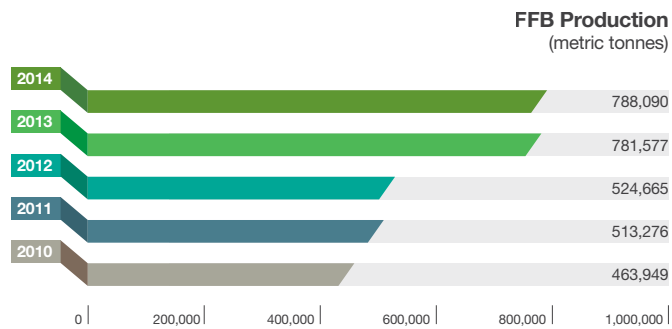
- a) Conducted 52 audits and 4 follow-ups on various operating units based on the annually approved internal audit plan and 2 special assignment requested by the Management;
- b) Reviewed and evaluated the adequacy and application of financial and operational controls and continuously promoted the importance of effective controls throughout THP Group;
- c) Reviewed and evaluated the operating units' compliance to established policies, procedures and relevant statutory requirements;
- d) Presented the findings and recommendations for Management's actions 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 the Management in promoting better environmental, safety and health practices throughout THP Group; and
- h) Undertaken special assignments as and when requested by the Audit Committee and/or Management and notified the Audit Committee and/or Management of the outcome.

The cost incurred for the internal audit function for the financial year under review was approximately RM1.13 million.

This Audit Committee Report is prepared in accordance with a resolution of the Board of Directors dated 31 March 2015.

PERFORMANCE STATISTICS

GROUP 5-YEAR PLANTATION STATISTICS

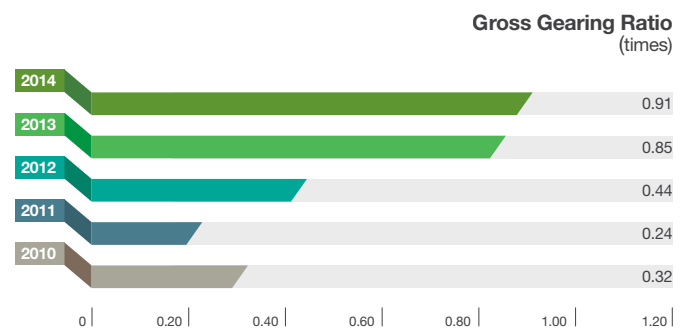
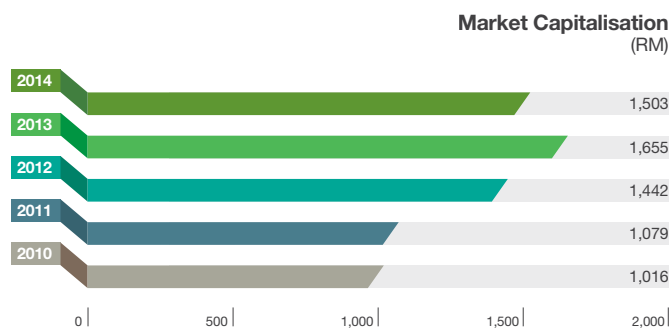
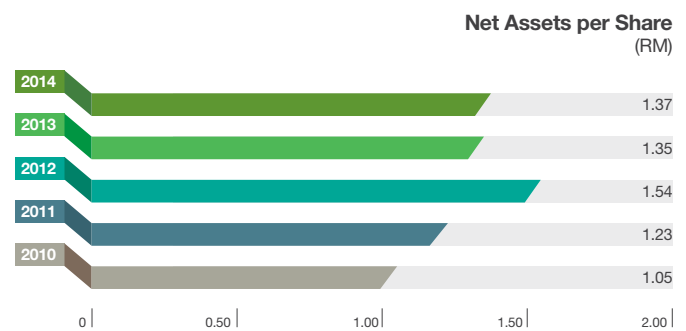
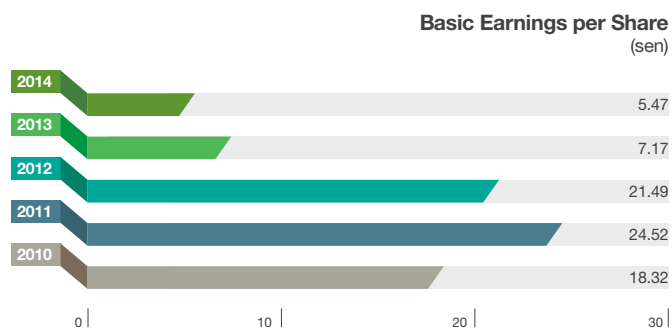
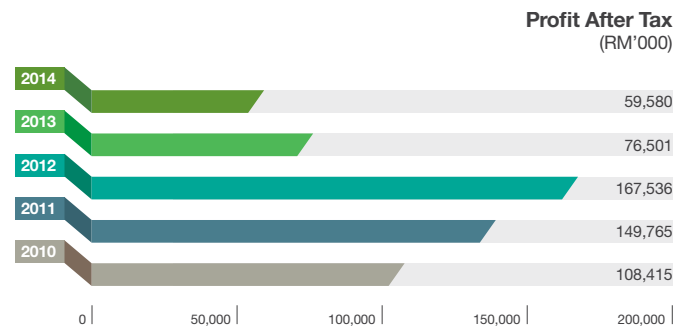
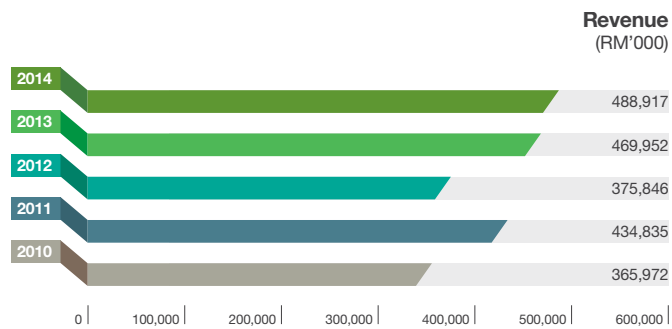


GROUP 5-YEAR PLANTATION STATISTICS

	2014	2013	2012	2011	2010
Production (metric tonnes)					
FFB produced - total	788,090	781,577	524,665	513,276	463,949
FFB processed - total	838,673	820,396	489,789	492,437	449,229
FFB purchased	147,323	121,913	61,139	50,707	27,052
Yield and Extraction Rates					
FFB yield (tonnes per mature hectare)	20.52	23.86	21.51	22.39	20.58
Oil Extraction Rate (%)	20.19%	20.05%	20.21%	20.49%	21.09%
Kernel Extraction Rate (%)	4.46%	4.80%	5.54%	5.30%	5.32%
Average Selling prices (RM per tonne)					
Crude Palm Oil	2,277	2,199	2,661	3,096	2,617
Palm Kernel	1,651	1,294	1,602	2,187	1,773
Fresh Fruit Bunches	414	362	472	586	566
Area Statement (Hectares)					
Oil Palm					
- mature	38,415	32,871	24,392	22,920	22,541
- immature	22,002	27,399	17,079	12,650	14,943
Planted Area	60,417	60,270	41,471	35,570	37,484
Other crops					
- mature	-	-	-	-	-
- immature	8,110	8,110	-	-	-
Planted Area	8,110	8,110	-	-	-
Total Planted Area	68,527	68,380	41,471	35,570	37,484
In Course of Planting	7,397	9,502	1,368	1,837	243
Reserve land, building sites etc	30,385	19,829	7,045	1,965	1,386
Total Titled Area	106,309	97,711	49,884	39,372	39,113

PERFORMANCE STATISTICS

GROUP 5-YEAR FINANCIAL STATISTICS



GROUP 5-YEAR KEY FINANCIAL INDICATORS

	2014	2013	2012	2011	2010
Profitability and returns					
Gross profit margin	18.35%	24.72%	30.15%	45.87%	45.18%
Profit before tax margin	11.91%	15.12%	49.45%	42.09%	39.50%
Profit after tax and minority interest margin	9.88%	13.43%	41.65%	28.71%	24.45%
Return on average shareholders' equity	4.02%	5.74%	16.34%	28.43%	27.90%
Return on average capital employed	4.67%	5.24%	25.06%	74.76%	51.17%
Net assets per share (RM)	1.37	1.35	1.54	1.23	1.05
Solvency and liquidity					
Gearing ratios (times)	0.91	0.85	0.44	0.24	0.32
Interest cover (times)	3.16	3.95	19.07	22.85	16.33
Current ratio (times)	0.90	1.10	1.11	1.65	1.59
Financial Market					
EPS (sen)					
- basic	5.47	7.17	21.49	24.52	18.32
- diluted	5.45	6.92	21.07	23.34	16.99
Gross dividend paid per share (sen)	2.00	3.62	4.60	12.50	12.50
Gross dividend paid rate (%)	4.00%	7.24%	9.20%	24.92%	25.00%
Gross dividend yield (%)	1.18%	1.93%	2.31%	5.90%	6.01%
Net dividend payout rate (%)	4.00%	7.24%	9.20%	24.92%	18.75%
Price-to-earnings ratio (times)	31.10	26.23	9.26	8.65	11.35
Price-to-book ratio (times)	0.93	1.04	0.96	1.32	1.49

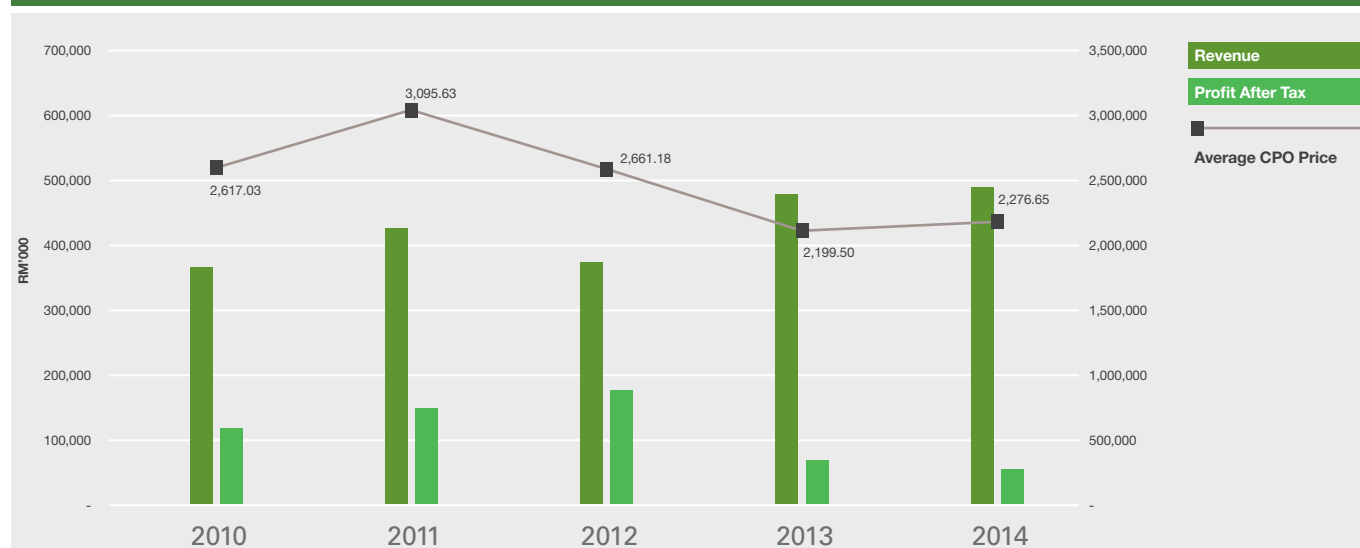
PERFORMANCE STATISTICS

GROUP 5-YEAR KEY FINANCIAL STATISTICS

STATEMENT OF PROFIT OR LOSS HIGHLIGHTS (RM'000)

	2014	2013	2012	2011	2010
Revenue	488,917	469,952	375,846	434,835	365,972
Results from operating activities	81,913	92,431	193,131	185,813	152,662
Profit margin income from short term investments and receivables	3,260	2,727	3,007	5,586	1,321
Finance cost	(26,962)	(24,115)	(10,286)	(8,377)	(9,431)
Profit before tax	58,211	71,043	185,852	183,022	144,552
Tax expense	1,369	5,458	(18,316)	(33,257)	(36,137)
Net profit for the year	59,580	76,501	167,536	149,765	108,415
Attributable to :					
Owners of the Company	48,319	63,107	156,554	124,829	89,482
Non-controlling interests	11,261	13,394	10,982	24,936	18,933
Net profit for the year	59,580	76,501	167,536	149,765	108,415

Group 5-Year Profit VS Average CPO Price



GROUP 5-YEAR KEY FINANCIAL STATISTICS

STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (RM'000)

	2014	2013	2012	2011	2010
ASSETS					
Other non-current assets	3,003,356	2,793,994	2,232,516	972,341	917,163
Intangible asset	73,265	73,265	14,006	-	-
Total non-current assets	3,076,621	2,867,259	2,246,522	972,341	917,163
Other current assets	133,517	164,804	155,231	107,113	61,771
Cash and cash equivalents	364,295	145,235	125,217	167,194	130,568
Total current assets	497,812	310,039	280,448	274,307	192,339
Total assets	3,574,433	3,177,298	2,526,970	1,246,648	1,109,502
EQUITY					
Share capital	441,925	440,256	364,178	254,548	244,215
Share premium	420,827	417,559	484,206	39,925	14,599
Other reserves	(82,557)	(82,557)	(82,557)	26,245	26,245
Share option reserve	2,275	2,823	4,317	5,149	7,833
Translation reserve	(64)	-	-	-	-
Retained earnings	427,528	411,174	348,942	298,149	220,489
Total equity attributable to owners of the Company	1,209,934	1,189,255	1,119,086	624,016	513,381
Non-controlling interests	403,771	396,726	393,899	194,631	169,268
Total equity	1,613,705	1,585,981	1,512,985	818,647	682,649
LIABILITIES					
Long term borrowings	1,089,082	997,513	470,562	150,000	166,276
Other long term liabilities	320,780	311,902	289,715	111,970	139,680
Total non-current liabilities	1,409,862	1,309,415	760,277	261,970	305,956
Other current liabilities	540,866	271,902	233,708	166,031	120,897
Loans and borrowings	10,000	10,000	20,000	-	-
Total current liabilities	550,866	281,902	253,708	166,031	120,897
Total liabilities	1,960,728	1,591,317	1,013,985	428,001	426,853
Total equity and liabilities	3,574,433	3,177,298	2,526,970	1,246,648	1,109,502
Average capital employed	2,959,482	2,584,329	1,676,940	1,034,611	930,523
Average shareholders' equity	1,199,595	1,154,171	871,551	568,699	483,639

PERFORMANCE STATISTICS

GROUP 5-YEAR FINANCIAL STATISTICS

STATEMENT OF CASH FLOW HIGHLIGHTS (RM'000)

	2014	2013	2012	2011	2010
Profit before tax	58,211	71,043	185,852	183,022	144,552
Adjustment for non-cash items	95,112	98,773	(50,910)	39,938	45,833
Changes in working capital	341,162	49,236	(104,698)	1,501	46,983
Cash generated from operations	494,485	219,052	30,244	224,461	237,368
Profit margin income from short term investments and receivables	1,758	2,190	2,724	5,084	1,174
Profit margin expenses on payables, borrowing cost, tax and zakat paid	(64,503)	(62,530)	(62,348)	(70,604)	(51,644)
Net cash generated from operating activities	431,740	158,712	(29,380)	158,941	186,898
Acquisition of property, plant and equipment	(63,044)	(110,873)	(46,550)	(22,757)	(34,940)
Plantation development expenditure	(189,317)	(192,036)	(89,307)	(63,886)	(75,467)
Acquisition of subsidiaries	-	(264,137)	(62,388)	-	-
Acquisition of assets and liabilities, net of cash and cash equivalents acquired	(12,410)	-	-	-	-
Proceeds from disposal of estate	11,000	-	-	-	-
Other investing activities	(17,987)	(2,185)	(547)	1,427	312
Net cash generated from/(used in) investing activities	(271,758)	(569,231)	(198,792)	(85,216)	(110,095)
Proceeds from drawdown of loans and borrowings	125,095	537,067	250,000	-	70,000
Proceeds from issue of new ordinary share capital	4,444	8,429	16,283	31,423	980
Repayments of loans and borrowings	(11,387)	(71,765)	-	(15,524)	(1,979)
Dividends paid to owners of the Company	(57,103)	(45,668)	(80,835)	(52,065)	(34,987)
Net cash from/(used in) financing activities	61,049	428,063	185,448	(36,166)	34,014
Net (decrease)/increase in cash and cash equivalents	221,031	17,544	(42,724)	37,559	110,817

GROUP QUARTERLY PERFORMANCE

FINANCIAL PERFORMANCE (RM'000)

	2014			
	Q4	Q3	Q2	Q1
Revenue	98,768	133,314	132,589	124,246
Results from operating activities	13,841	25,098	27,824	18,410
Finance cost	(7,575)	(6,470)	(6,382)	(6,535)
Profit before tax	6,266	18,628	21,442	11,875
Tax expense	1,975	(2,097)	5,063	(3,572)
Profit for the year	8,241	16,531	26,505	8,303
Attributable to :				
Owners of the Company	10,441	12,111	20,152	5,615
Non-controlling interests	(2,200)	4,420	6,353	2,688
Profit for the year	8,241	16,531	26,505	8,303
Earnings per ordinary share (sen)				
- Basic	1.18	1.37	2.28	0.64
- Diluted	1.17	1.33	2.21	0.62

	2013			
	Q4	Q3	Q2	Q1
Revenue	154,548	130,146	95,805	89,453
Profit from Operations	37,541	34,760	13,178	9,679
Finance cost	(6,740)	(6,997)	(5,748)	(4,630)
Profit before tax	30,801	27,763	7,430	5,049
Taxation	9,854	(8,633)	3,037	1,200
Net profit for the year	40,655	19,130	10,467	6,249
Attributable to :				
Equity holders of the Company	37,376	15,418	7,104	3,209
Minority interest	3,279	3,712	3,363	3,040
Net profit for the year	40,655	19,130	10,467	6,249
Earnings per share (sen)				
- basic	4.24	1.75	0.81	0.44
- diluted	4.10	1.72	0.79	0.43

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

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

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	48,319	56,887
Non-controlling interests	11,261	-
	59,580	56,887

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in note 12 in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a final ordinary dividend of 3.62 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM31.965 million in respect of the financial year ended 31 December 2013 on 16 June 2014.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 31 December 2014 is 2.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM17.68 million.

Directors of the Company

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

Tan Sri Ab. Aziz bin Kasim (appointed 10 March 2014)
 Tan Sri Ismee bin Haji Ismail
 Datuk Seri Nurmala binti Abd Rahim (appointed 10 March 2014)
 Datuk Seri Mohamad Norza bin Zakaria (appointed 21 July 2014)
 Datuk Azizan bin Abd Rahman
 Dato' Haji Wan Zakaria bin Abd Rahman
 Dato' Noordin bin Md Noor
 Dato' Amran bin Mat Nor
 Mahbob bin Abdullah
 Dato' Zainal Azwar bin Zainal Aminuddin
 Tan Sri Datuk Dr Yusof bin Basiran (resigned on 28 February 2014)
 Tan Sri Dr Abdul Samad bin Haji Alias (retired on 27 May 2014)

DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

Directors' interests in shares

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 financial 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 31.12.2014
	At 1.1.2014	Bought	(Sold)	
Interest in the Company:				
Dato' Zainal Azwar bin Zainal Aminuddin				
- own	4,800	-	-	4,800
Dato' Haji Wan Zakaria bin Abd Rahman				
- own	4,800	-	-	4,800

	Number of ordinary shares of RM0.50 each			At 31.12.2014
	At 1.1.2014	Granted	(Exercised)	
Share option in the Company:				
Dato' Zainal Azwar bin Zainal Aminuddin				
- own	1,440,000	-	-	1,440,000

None of the other Directors holding office at 31 December 2014 had any interest in the ordinary shares and options over 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 the Employees Share Option Scheme ("ESOS").

Issue of shares

During the financial year, the Company issued:

- i) 2,271,000 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an option price of RM1.27 per ordinary share;
- ii) 786,000 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an option price of RM1.45 per ordinary share; and
- iii) 281,000 new ordinary shares of RM0.50 each for cash arising from the exercise of employees' share options at an option price of RM1.74 per ordinary shares.

Issue of shares (continued)

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

At an extraordinary general meeting held on 25 November 2008, the Company's shareholders approved the establishment of an 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. At a Board of Directors Meeting held on 25 February 2014, the Board approved for all the ESOS scheme to be extended to three (3) years until 7 May 2017.

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 originally shall be in force for five (5) years but it has been extended for a further three (3) years until 7 May 2017.
- iv) The option price shall not be at discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall not 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 with the Group.

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

Date of offer	Exercise price	Number of options over ordinary shares of RM0.50 each			At 31.12.2014 '000
		At 1.1.2014 '000	(Exercised) '000	(Forfeited) '000	
8 June 2009	RM1.27	7,199	(2,271)	-	4,928
4 January 2011	RM1.45	3,568	(786)	(2)	2,780
18 June 2013	RM1.74	6,438	(281)	(282)	5,875
		17,205	(3,338)	(284)	13,583

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 264,000 shares of RM0.50 each, except for Directors.

DIRECTORS' REPORT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

Options granted over unissued shares (continued)

The names of option holders granted options under the ESOS to subscribe for 264,000 or more ordinary shares of RM0.50 each are as follows:

	Number of options over ordinary shares of RM0.50 each			
	At 1.1.2014	Bonus issue	(Exercised)	At 31.12.2014
Share option in the Company:				
Dato' Che Abdullah @ Rashidi bin Che Omar	864,000	-	-	864,000
Marzuki bin Abd. Rahman	864,000	-	-	864,000
Maizura binti Mohamed	480,000	-	-	480,000
Mohamed Azman Shah bin Ishak	480,000	-	-	480,000
Mohamad bin Karim	480,000	-	-	480,000
Radin Rosli bin Radin Suhadi	444,000	-	-	444,000
Kamar Bin Jamian	320,400	-	-	320,400
Azmat Bin Rahmat	280,000	-	-	280,000
Mat Saad Bin Ramli	264,000	-	-	264,000

Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) 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 financial statements of the Group and of the Company 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.

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.

Other statutory information (continued)

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, except for those disclosed in the Note 21, the financial performance of the Group and of the Company for the financial year ended 31 December 2014 have 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.

Significant events

The significant events during the year are as disclosed in Note 33 to the financial statements.

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:



.....
Datuk Azizan bin Abd Rahman



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

Kuala Lumpur,

Date: 26 February 2015

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Property, plant and equipment	3	2,250,598	1,961,740	18,896	16,453
Plantation development expenditure	4	730,128	831,655	59,532	44,232
Intangible asset	5	73,265	73,265	-	-
Investments in subsidiaries	6	-	-	1,187,918	1,160,345
Other investment	7	22,630	599	19,989	599
Trade and other receivables	8	-	-	493,463	439,092
Total non-current assets		3,076,621	2,867,259	1,779,798	1,660,721
Inventories	9	40,073	39,238	1,644	1,913
Current tax assets		6,274	9,499	2,682	4,150
Trade and other receivables	8	83,452	77,335	385,707	286,199
Prepayments and other assets		3,718	3,451	706	651
Cash and cash equivalents	10	364,295	145,235	359,950	139,568
		497,812	274,758	750,689	432,481
Assets classified as held for sale	11	-	35,281	-	14,057
Total current assets		497,812	310,039	750,689	446,538
Total assets		3,574,433	3,177,298	2,530,487	2,107,259
Equity					
Capital and reserve	12	782,406	778,081	763,099	758,710
Retained earnings		427,528	411,174	272,378	247,456
Equity attributable to owners of the Company		1,209,934	1,189,255	1,035,477	1,006,166
Non-controlling interests		403,771	396,726	-	-
Total equity		1,613,705	1,585,981	1,035,477	1,006,166
Liabilities					
Loans and borrowings	13	1,089,082	997,513	1,000,000	910,000
Deferred income	14	22,139	-	-	-
Deferred tax liabilities	15	286,193	300,017	15,787	12,864
Trade and other payables	16	12,448	11,885	11,412	10,923
Total non-current liabilities		1,409,862	1,309,415	1,027,199	933,787
Loans and borrowings	13	10,000	10,000	-	-
Trade and other payables	16	538,067	264,963	467,811	167,306
Current tax liabilities		2,799	3,716	-	-
		550,866	278,679	467,811	167,306
Liabilities classified as held for sale	11	-	3,223	-	-
Total current liabilities		550,866	281,902	467,811	167,306
Total liabilities		1,960,728	1,591,317	1,495,010	1,101,093
Total equity and liabilities		3,574,433	3,177,298	2,530,487	2,107,259

The notes on pages 106 to 177 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue	17	488,917	469,952	94,429	122,024
Cost of sales		(399,205)	(353,762)	(41,211)	(48,485)
Gross profit		89,712	116,190	53,218	73,539
Other income		15,048	1,507	6,237	6,450
Administrative expenses		(17,644)	(17,630)	(9,383)	(12,059)
Other expenses		(5,169)	(7,358)	-	(3,188)
Zakat expense		(34)	(278)	-	-
Results from operating activities		81,913	92,431	50,072	64,742
Profit margin income from short-term investments and receivables	18	3,260	2,727	70,241	58,300
Finance cost	19	(26,962)	(24,115)	(60,396)	(50,238)
Net finance (cost)/income		(23,702)	(21,388)	9,845	8,062
Profit before tax		58,211	71,043	59,917	72,804
Tax credit/(expense)	20	1,369	5,458	(3,030)	(5,625)
Profit for the year	21	59,580	76,501	56,887	67,179
Other comprehensive income, net of tax					
Item that will not be reclassified subsequently to profit and loss					
Foreign currency translation differences for foreign operations		(69)	-	-	-
Total other comprehensive income, net of tax		(69)	-	-	-
Total comprehensive income for the year		59,511	76,501	56,887	67,179
Profit attributable to:					
Owners of the Company		48,319	63,107	56,887	67,179
Non-controlling interests		11,261	13,394	-	-
Profit for the year		59,580	76,501	56,887	67,179
Total comprehensive income attributable to:					
Owners of the Company		48,255	63,107	56,887	67,179
Non-controlling interests		11,256	13,394	-	-
Total comprehensive income for the year		59,511	76,501	56,887	67,179
Basic earnings per ordinary share (sen)	22	5.47	7.17	-	-
Diluted earnings per ordinary share (sen)	22	5.45	6.92	-	-

The notes on pages 106 to 177 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

Group	Note	Attributable to owners of the Company						Total equity RM'000		
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share option reserve RM'000	Total capital reserve RM'000	Retained earnings RM'000			
At 1 January 2013		364,178	484,206	(82,557)	4,317	770,144	348,942	1,119,086	393,899	1,512,985
Profit and total comprehensive income for the year		-	-	-	-	-	63,107	63,107	13,394	76,501
<i>Contribution by and distribution to owners of the Company</i>										
Issuance of ordinary shares pursuant to ESOS	12	2,990	6,441	-	(1,002)	8,429	-	8,429	-	8,429
Issuance of new ordinary shares – bonus issue	12	73,088	(73,088)	-	-	-	-	-	-	-
Adjustment on fair value of ESOS	27	-	-	-	(492)	(492)	-	(492)	-	(492)
Investment from non-controlling minority interest		-	-	-	-	-	-	-	1,241	1,241
Dividends to owners of the Company	23	-	-	-	-	-	(7,303)	(7,303)	-	(7,303)
Dividends to non-controlling interests		-	-	-	-	-	6,428	6,428	(11,808)	(5,380)
Total transactions with owners of the Company		76,078	(66,647)	-	(1,494)	7,937	(875)	7,062	(10,567)	(3,505)
At 31 December 2013		440,256	417,559	(82,557)	2,823	778,081	411,174	1,189,255	396,726	1,585,981

Group	Note	Attributable to owners of the Company									
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share option reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2014		440,256	417,559	(82,557)	2,823	-	778,081	411,174	1,189,255	396,726	1,585,981
Foreign currency translation differences for foreign operations		-	-	-	-	(64)	(64)	-	(64)	(5)	(69)
Profit for the year		-	-	-	-	-	-	48,319	48,319	11,261	59,580
Total comprehensive income for the year		-	-	-	-	(64)	(64)	48,319	48,255	11,256	59,511
Acquisition of subsidiary	31	-	-	-	-	-	-	-	-	1,211	1,211
Contribution by and distribution to owners of the Company		-	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESOS	12	1,669	3,268	-	(493)	-	4,444	-	4,444	-	4,444
Adjustment on fair value of ESOS	27	-	-	-	(55)	-	(55)	-	(55)	-	(55)
Dividends to owners of the Company	23	-	-	-	-	-	-	(31,965)	(31,965)	-	(31,965)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(5,422)	(5,422)
Total transactions with owners of the Company		1,669	3,268	-	(548)	-	4,389	(31,965)	(27,576)	(5,422)	(32,998)
At 31 December 2014		441,925	420,827	(82,557)	2,275	(64)	782,406	427,528	1,209,934	403,771	1,613,705

The notes on pages 106 to 177 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

Company	Note	Attributable to owners of the Company					Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share option reserve RM'000	Total capital reserve RM'000	
At 1 January 2013		364,178	484,206	(101,928)	4,317	750,773	938,353
Profit and total comprehensive income for the year		-	-	-	-	-	67,179
Contribution by and distribution to owners of the Company							
Issuance of ordinary shares pursuant to ESOS	12	2,990	6,441	-	(1,002)	8,429	8,429
Issuance of new ordinary shares – bonus issue	12	73,088	(73,088)	-	-	-	-
Adjustment on fair value of ESOS	27	-	-	-	(492)	(492)	(492)
Dividends to owners of the Company	23	-	-	-	-	-	(7,303)
Total transactions with owners of the Company		76,078	(66,647)	-	(1,494)	7,937	634
At 31 December 2013		440,256	417,559	(101,928)	2,823	758,710	1,006,166
At 1 January 2014		440,256	417,559	(101,928)	2,823	758,710	1,006,166
Profit and total comprehensive income for the year		-	-	-	-	-	56,887
Contribution by and distribution to owners of the Company							
Issuance of ordinary shares pursuant to ESOS	12	1,669	3,268	-	(493)	4,444	4,444
Adjustment on fair value of ESOS	27	-	-	-	(55)	(55)	(55)
Dividends to owners of the Company	23	-	-	-	-	-	(31,965)
Total transactions with owners of the Company		1,669	3,268	-	(548)	4,389	(27,576)
At 31 December 2014		441,925	420,827	(101,928)	2,275	763,099	1,035,477

The notes on pages 106 to 177 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities					
Profit before tax		58,211	71,043	59,917	72,804
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	21	85,286	76,252	1,064	1,179
Dividend income	17	(183)	(91)	(36,317)	(58,795)
Profit margin income	18	(3,260)	(2,727)	(70,241)	(58,300)
Finance cost	19	26,962	24,115	60,396	50,238
Impairment loss on inventories	21	-	35	-	-
Gain on disposal of property, plant and equipment	21	(72)	(138)	-	(25)
Gain on disposal of estate	21	(13,943)	-	-	-
Property, plant and equipment written off	21	1,228	640	2	28
Plantation development expenditure written off	21	-	901	-	-
Zakat expenses	21	34	278	-	-
Fair value of ESOS granted	27	(55)	(492)	(55)	(492)
Other receivables written off	21	341	-	47	-
Reversal of impairment on financial asset	21	(1,226)	-	(1,226)	-
Operating profit before changes in working capital					
		153,323	169,816	13,587	6,637
Change in deferred income		(22,139)	-	-	-
Change in inventories		(818)	3,257	269	686
Change in trade and other payables		317,780	2,078	295,591	9,810
Change in trade and other receivables, prepayments and other assets		46,339	43,901	(127,538)	(310,042)
Cash generated from/(used in) operations					
		494,485	219,052	181,909	(292,909)
Profit margin income from short-term investments and other receivables		1,758	2,190	1,672	2,115
Profit margin income from subsidiary		-	-	67,067	55,647
Finance cost		(39,667)	(38,154)	(47,267)	(37,590)
Tax paid		(28,572)	(33,070)	(6,077)	(6,390)
Tax refund		3,736	8,694	-	5,765
Net cash from/(used in) operating activities					
		431,740	158,712	197,304	(273,362)

STATEMENTS OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(63,044)	(110,873)	(4,006)	(2,427)
Acquisition of assets and liabilities, net of cash and cash equivalents acquired	30	(12,410)	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	31	-	(264,137)	-	-
Dividends received		183	91	11,082	95,685
Decrease/(Increase) in deposit pledged		1,986	(2,489)	-	-
Increase in other investments		(20,805)	-	(18,164)	-
Increase in investments in subsidiaries	6	-	-	(13,516)	(264,194)
Plantation development expenditure	(ii)	(189,317)	(192,036)	(14,803)	(14,357)
Proceeds from disposal of estates		11,000	-	-	-
Proceeds from disposal of property, plant and equipment		649	213	-	25
Net cash used in investing activities		(271,758)	(569,231)	(39,407)	(185,268)
Cash flows from financing activities					
Dividends paid to owners of the Company		(55,459)	(45,668)	(31,959)	(33,618)
Dividends paid to non-controlling interests		(1,644)	-	-	-
Proceeds from issuance of new ordinary shares		4,444	8,429	4,444	8,429
Proceeds from drawdown of loans and borrowings		125,095	537,067	90,000	510,000
Loan repayment		(11,387)	(71,765)	-	-
Net cash from financing activities		61,049	428,063	62,485	484,811
Net increase in cash and cash equivalents		221,031	17,544	220,382	26,181
Cash and cash equivalents at 1 January	(iii)	141,308	123,764	139,568	113,387
Cash and cash equivalents at 31 December	(iii)	362,339	141,308	359,950	139,568

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM63,044,000 and RM4,006,000 (2013: RM111,834,000 and RM2,427,000), of which RM Nil and RM Nil (2013: RM961,000 and RM Nil) were acquired by means of issuance of new ordinary share to non-controlling interests.

(ii) Plantation development expenditure

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Addition of plantation development expenditure	4	(196,435)	(199,993)	(15,300)	(14,741)
Depreciation of property, plant and equipment	4	7,118	7,957	497	384
		(189,317)	(192,036)	(14,803)	(14,357)

(iii) Cash and cash equivalents

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits	10	354,946	135,133	355,094	132,743
Less: Pledged deposits	10	(1,956)	(3,942)	-	-
		352,990	131,191	355,094	132,743
Cash and bank balances	10	9,349	10,117	4,856	6,825
		362,339	141,308	359,950	139,568

The notes on pages 106 to 177 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

Principal place of business/Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2014 does not include other entities.

The Company is principally engaged in investment holding, cultivation of oil palm, processing of FFB, marketing of CPO, PK and FFB, whilst the principal activities of the subsidiaries are as stated in Note 6.

The holding corporation during the financial year were Lembaga Tabung Haji, a statutory body established under the Tabung Haji Act 1995 (Act 535).

These financial statements were authorised for issue by the Board of Directors on 26 February 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions#*
- Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)#*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations#*
- *FRS 14, Regulatory Deferral Accounts#*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*#
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- FRS 9, *Financial Instruments (2014)*

The Group and the Company plans to apply the above mentioned accounting standards, amendments and interpretations, except for those standards marked with “#” which are not applicable to the Company:

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.
- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

The Group and the Company’s financial statements for annual period beginning on 1 January 2017 will be prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”) issued by the MASB and International Financial Reporting Standards (“IFRSs”).

The Group and the Company falls within the scope of MFRS 141, *Agriculture*. Therefore, the Company is currently exempted from adopting the MFRS and is referred to as a “Transitioning Entity”.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM has been rounded to the nearest thousand, 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 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 estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

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 following notes:

(i) Depreciation of estate (Note 3)

Determination of the rate to be used to depreciate the estate is based on the general rule of the normal palm oil trees production trend after consulting internal agronomist.

(ii) Intangible assets – goodwill (Note 5)

Measurement of recoverable amounts of cash generating units.

(iii) Government grant (Note 14)

Determination of the fair value of the government grant is based Company's financing rate and management's estimation of the repayment period based on loan facility agreement.

(iv) Contingencies (Note 32)

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and experts, internal and external to the Group, for matters in the ordinary course of business.

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

(c) 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 Group or 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 or loss, transaction costs that are directly attributable to the acquisition or issuance 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 as fair value through profit or 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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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 or loss***

Fair value through profit or loss category comprises financial assets that are specifically designated into this category upon initial recognition.

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 or loss.

(b) ***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.

(c) ***Available-for-sale financial assets***

Available-for-sale category comprises investment in equity and debt securities instruments 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 hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

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 profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, 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 profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any 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. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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 knowledgeable willing parties 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 available and replacement cost when appropriate.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 gain or loss 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 is recognised net within “other income” and “other expenses” respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use, except for estates which is depreciated over thirty (30) years, based on estimated annual production yield table. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

• leasehold land	30 - 999 years
• estates	30 years
• buildings	25 years
• temporary buildings	5 years
• plant, machinery and equipment	10 years
• computer equipment	3 years
• motor vehicles	5 years

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Significant accounting policies (continued)

(e) 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. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the 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 the 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, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

(f) Intangible assets

(i) Goodwill

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

(ii) Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Plantation development expenditure

All expenditure relating to development of oil palm estate (immature estate) will be capitalised under plantation development expenditure. An estate is declared mature when the estates have reached 36 months or more at the beginning of the financial year. This cost will be depreciated over useful life when the expenditure is transferred to property, plant and equipment when the estate matures.

All expenditure relating to planting and maintenance of rubber trees will be classified under plantation development expenditure. The cost will be expensed off to profit or loss once the trees are ready for tapping or selling of rubber.

For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

2. Significant accounting policies (continued)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Impairment

(i) Financial assets

All financial assets (except investments in subsidiaries) 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. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

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.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) 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 goodwill which has indefinite useful lives, the recoverable amount is estimated each period at the same time.

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 cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

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 or cash-generating unit.

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

Impairment losses are recognised in 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 cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

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

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

2. Significant accounting policies (continued)

(l) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of employee share options is measured using a 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.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group and Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(n) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, 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, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Management fees

Management fees income is recognised in profit or loss upon services rendered.

(iv) Profit margin income

Profit margin income is recognised as it accrues, using the effective interest method.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

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 and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or 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 end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

2. Significant accounting policies (continued)

(p) Income tax (continued)

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

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(r) 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 to assess its performance, and for which discrete financial information is available.

(s) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grant that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Non-current assets held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs of disposal.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. Significant accounting policies (continued)

(u) Non-current assets held for sale or distribution to owners (continued)

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(v) 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.

(w) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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 2013		979,830	629,673	115,408	128,521	13,192	33,584	30,170	1,930,378
Acquisition of subsidiaries	31	193,888	92,001	7,122	2,053	143	217	836	296,260
Additions		961	-	9,944	6,584	479	9,387	84,479	111,834
Written off		-	(9,461)	(538)	(981)	(112)	(520)	(135)	(11,747)
Disposals		-	-	-	-	(15)	(248)	-	(263)
Transfers		-	-	34,690	57,073	109	-	(91,872)	-
Transfer to assets held for sale	11	(11,063)	(19,841)	(4,119)	(788)	(18)	(227)	(138)	(36,194)
At 31 December 2013/ 1 January 2014		1,163,616	692,372	162,507	192,462	13,778	42,193	23,340	2,290,268
Transfer from assets held for sale	11	11,063	19,841	4,119	788	18	227	138	36,194
Acquisition of assets	30	20,678	-	-	25	-	116	-	20,819
Additions		6,093	14,418	3,858	721	514	12,258	25,182	63,044
Transfer from plantation development expenditure	4	-	297,963	-	-	-	-	-	297,963
Written off		-	(12,394)	(276)	(2,206)	(89)	(472)	(667)	(16,104)
Disposals		(10,861)	(19,332)	(4,119)	(2,062)	(18)	(2,517)	-	(38,909)
Transfers		-	-	11,344	9,551	480	-	(21,375)	-
Effect of movement in exchange rate		-	-	-	1	-	8	-	9
At 31 December 2014		1,190,589	992,868	177,433	199,280	14,683	51,813	26,618	2,653,284

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Property, plant and equipment (continued)

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
Accumulated depreciation									
At 1 January 2013		28,490	111,792	31,932	54,926	10,959	18,804	-	256,903
Depreciation for the year	3.1	20,010	36,771	7,444	12,351	1,291	6,342	-	84,209
Written off		-	(9,461)	(371)	(665)	(112)	(498)	-	(11,107)
Disposals		-	-	-	-	(12)	(176)	-	(188)
Transfers		-	-	-	(49)	49	-	-	-
Transfer to assets held for sale	11	(255)	(623)	(192)	(112)	(10)	(97)	-	(1,289)
At 31 December 2013/ 1 January 2014		48,245	138,479	38,813	66,451	12,165	24,375	-	328,528
Transfer from assets held for sale	11	255	623	192	112	10	97	-	1,289
Depreciation for the year	3.1	20,596	37,505	9,803	11,702	1,076	11,722	-	92,404
Written off		-	(12,388)	(119)	(1,821)	(89)	(459)	-	(14,876)
Disposals		(253)	(828)	(352)	(1,142)	(14)	(2,070)	-	(4,659)
Transfers		-	-	-	47	(47)	-	-	-
At 31 December 2014		68,843	163,391	48,337	75,349	13,101	33,665	-	402,686
Carrying amounts									
At 1 January 2013		951,340	517,881	83,476	73,595	2,233	14,780	30,170	1,673,475
At 31 December 2013/ 1 January 2014		1,115,371	553,893	123,694	126,011	1,613	17,818	23,340	1,961,740
At 31 December 2014		1,121,746	829,477	129,096	123,931	1,582	18,148	26,618	2,250,598

3. Property, plant and equipment (continued)

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 2013		9,411	7,496	15,393	16,023	204	3,872	-	52,399
Additions		-	-	586	165	19	619	1,038	2,427
Written off		-	-	(97)	(267)	(19)	(40)	-	(423)
Disposals		-	-	-	-	-	(75)	-	(75)
At 31 December 2013/ 1 January 2014		9,411	7,496	15,882	15,921	204	4,376	1,038	54,328
Additions		-	-	715	1,217	16	375	1,683	4,006
Transfer		-	-	425	180	-	-	(605)	-
Written off		-	(2,337)	(29)	(819)	(14)	(40)	-	(3,239)
At 31 December 2014		9,411	5,159	16,993	16,499	206	4,711	2,116	55,095
Accumulated depreciation									
At 1 January 2013		1,574	7,347	10,774	13,970	162	2,955	-	36,782
Depreciation for the year	3.1	95	26	540	473	34	395	-	1,563
Written off		-	-	(77)	(259)	(19)	(40)	-	(395)
Disposals		-	-	-	-	-	(75)	-	(75)
At 31 December 2013/ 1 January 2014		1,669	7,373	11,237	14,184	177	3,235	-	37,875
Depreciation for the year	3.1	95	21	387	589	20	449	-	1,561
Written off		-	(2,336)	(29)	(817)	(14)	(41)	-	(3,237)
At 31 December 2014		1,764	5,058	11,595	13,956	183	3,643	-	36,199
Carrying amounts									
At 1 January 2013		7,837	149	4,619	2,053	42	917	-	15,617
At 31 December 2013/ 1 January 2014		7,742	123	4,645	1,737	27	1,141	1,038	16,453
At 31 December 2014		7,647	101	5,398	2,543	23	1,068	2,116	18,896

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Property, plant and equipment (continued)

3.1 Breakdown of depreciation charge for the year, are as follows:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Recognised in profit or loss	21	85,286	76,252	1,064	1,179
Capitalised in plantation development expenditure	4	7,118	7,957	497	384
		92,404	84,209	1,561	1,563

3.2 Security

At 31 December 2014, the Group's leasehold land with a carrying amount of RM16,217,000 (2013: RM16,548,000) is subject to a registered debenture to secure bank loan granted to its subsidiaries (see Note 13).

3.3 Land

Included in the total carrying amount of land are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Leasehold land with unexpired lease period of more than 50 years	1,100,846	1,115,371	7,647	7,742
Leasehold land with unexpired lease period of less than 50 years	20,900	-	-	-
	1,121,746	1,115,371	7,647	7,742

3.4 Included in disposals during the year are disposals of property, plant and equipment in TH Bakti Sdn. Bhd. as follows:

	Note	Leasehold land RM'000	Estates RM'000	Buildings RM'000	Plant, machinery and	Computer	Motor	Total RM'000
					equipment RM'000	equipment RM'000	vehicles RM'000	
Cost		10,861	19,332	4,119	926	18	227	35,483
Accumulated depreciation		(253)	(828)	(352)	(209)	(14)	(154)	(1,810)
Carrying amount	21	10,608	18,504	3,767	717	4	73	33,673

4. Plantation development expenditure

Group	Note	Oil palm RM'000	Rubber RM'000	Total	
				2014 RM'000	2013 RM'000
At 1 January		765,157	66,498	831,656	558,442
Acquisition of subsidiaries		-	-	-	74,121
Additions during the year		159,354	37,082	196,435	199,993
Written off		-	-	-	(901)
		924,511	103,580	1,028,091	831,655
Less: Transfer to property, plant and equipment	3	(297,963)	-	(297,963)	-
At 31 December		626,548	103,580	730,128	831,655

Company	/-----Oil palm-----/	
	2014 RM'000	2013 RM'000
At 1 January	44,232	29,491
Additions during the year	15,300	14,741
At 31 December	59,532	44,232

Included in additions during the year are as follows:

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation of property, plant and equipment	3	7,118	7,957	497	384
Personnel expenses:					
- Wages, salaries and others		37,227	49,543	7,461	5,431
- Contribution to Employees Provident Fund		1,850	2,275	349	268
Finance cost*	19	35,908	27,497	-	-
Management fees capitalised		-	-	1,244	1,104

* Finance cost is capitalised at a rate of 6.60% per annum (2013: 6.60% per annum).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Intangible asset

Group	Notes	RM'000
Cost		
At 1 January 2013		14,006
Acquisition through business combination		59,410
Transfer to asset held for sale		(151)
At 31 December 2013/1 January 2014		73,265
Transfer from asset held for sale		151
Impairment loss	5.1	(151)
At 31 December 2014		73,265

5.1 Impairment loss is in relation of disposals of assets in TH Bakti Sdn. Bhd.

Impairment testing for cash-generating units containing goodwill

5.2 For the purpose of impairment testing, goodwill is allocated to the subsidiaries which represent the cash-generating unit within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

Group	2014 RM'000	2013 RM'000
Hydroflow Sdn. Bhd.	13,855	13,855
TH Bakti Sdn. Bhd.	-	151
Bumi Suria Ventures Sdn. Bhd.	27,789	27,789
Maju Warisanmas Sdn. Bhd.	31,621	31,621
	73,265	73,416

The recoverable amount of the intangible asset was based on its value in use.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 25-year period were extrapolated using a constant growth rate of 3% (2013: 3%), which does not exceed the long term average growth rate of the industry. Management believes that this 30-year forecast period is appropriate as it represents one full cycle of the oil palm tree.
- Price of Fresh Fruit Bunches ("FFB") was determined based on long term pricing of Crude Palm Oil (averaging at RM2,400) and Palm Kernel (averaging at RM1,400). Oil extraction rate ("OER") (15%) and kernel extraction rate ("KER") (4%) were determined based on past years' trend.
- A pre-tax discount rate of 10% was applied in determining the recoverable amount of the unit.

5. Intangible asset (continued)

Impairment testing for cash-generating units containing goodwill (continued)

The values assigned to the key assumptions represent management's assessment of future trends in the oil palm industry and are based on external sources and internal sources (historical data).

There is no impairment loss on goodwill based on the impairment tests.

The above estimates are particularly sensitive in the following cases:

- An increase of 3 percentage point in the discount rate used would have resulted in an impairment loss of RM14,000,000.
- A 10% decrease in price of FFB would have resulted in an impairment loss of RM18,000,000.

6. Investments in subsidiaries

	Note	Company	
		2014 RM'000	2013 RM'000
Unquoted shares at cost, in Malaysia			
At 1 January		1,160,345	907,512
Transfer from/(to) asset held for sale	11	14,057	(14,057)
Acquisition of new subsidiaries	6.1	13,516	264,194
Fair value adjustment on financial assets		-	2,696
		1,187,918	1,160,345

6.1 Acquisition of new subsidiaries consists of:

	2014 RM'000	2013 RM'000
(i) Acquisition of PT Persada Kencana Prima via cash	13,516	-
(ii) Acquisition of Bumi Suria Ventures Sdn. Bhd. via cash	-	221,700
(iii) Acquisition of Maju Warisanmas Sdn. Bhd. via cash	-	42,494
	13,516	264,194

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Principle place of business	Effective ownership interest and voting interest		Principal activities
		2014 %	2013 %	
Direct subsidiaries				
THP Ibok Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and marketing of FFB.
THP Gemas Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP-YT Plantation Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm and marketing of FFB.
THP Sabaco Sdn. Bhd.	Malaysia	51	51	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Bukit Belian Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and marketing of FFB.
THP Saribas Sdn. Bhd.	Malaysia	80	80	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Kota Bahagia Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Agro Management Sdn. Bhd.	Malaysia	100	100	Management services.
Hydroflow Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm and marketing of FFB.
TH Ladang (Sabah & Sarawak) Sdn. Bhd.	Malaysia	100	100	Investment holding.
TH Bakti Sdn. Bhd.	Malaysia	70	70	Ceased operation.
Bumi Suria Ventures Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and marketing of FFB.
Maju Warisanmas Sdn. Bhd.	Malaysia	100	100	Letting of investment property.
PT Persada Kencana Prima#	Indonesia	93	-	Cultivation of oil palm and marketing of FFB.
Indirect subsidiaries held through TH Ladang (Sabah & Sarawak) Sdn. Bhd.				
Ladang Jati Keningau Sdn. Bhd.	Malaysia	82.53	82.53	Teak plantation.
TH-Bonggaya Sdn. Bhd.	Malaysia	100	100	Rubber plantations.
TH-USIA Jatimas Sdn. Bhd.	Malaysia	70	70	Rubber plantations.
Derujaya Sdn. Bhd.	Malaysia	100	100	Dormant.
Halus Riang Sdn. Bhd.	Malaysia	100	100	Dormant.
Kuni Riang Sdn. Bhd.	Malaysia	100	100	Dormant.
Manisraya Sdn. Bhd.	Malaysia	100	100	Dormant.
Pinekey Enterprise Sdn. Bhd.	Malaysia	100	100	Dormant.

6. Investments in subsidiaries (continued)

Name of subsidiary	Principle place of business	Effective ownership interest and voting interest		Principal activities
		2014 %	2013 %	
Indirect subsidiaries held through TH Ladang (Sabah & Sarawak) Sdn. Bhd. (continued)				
TH PELITA Meludam Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm and marketing of FFB.
Cempaka Teratai Sdn. Bhd.	Malaysia	100	100	Investment holding.
Kee Wee Plantation Sdn. Bhd.	Malaysia	100	100	Investment holding.
TH PELITA Gedong Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
TH PELITA Sadong Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm and marketing of FFB.
TH PELITA Simunjan Sdn. Bhd.	Malaysia	60	60	Cultivation of oil palm and marketing of FFB.
TH PELITA Beladin Sdn. Bhd.	Malaysia	55	55	Cultivation of oil palm and marketing of FFB.

Not audited by KPMG

Non-controlling interests in subsidiaries

The Group's subsidiaries that have a material non-controlling interests ("NCI") are as follows:

2014			
Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	Profit allocated to NCI RM'000
THP Sabaco Sdn. Bhd.	49	182,159	7,478
THP Saribas Sdn. Bhd.	20	12,188	(1,365)
THP-YT Plantation Sdn. Bhd.	30	13,186	2,314
Hydroflow Sdn. Bhd.	30	25,116	137
TH PELITA Gedong Sdn. Bhd.	30	64,780	1,306
TH PELITA Sadong Sdn. Bhd.	30	41,473	1,794
TH PELITA Meludam Sdn. Bhd.	40	10,716	(633)
Other individually immaterial subsidiaries	-	54,153	230
Total		403,771	11,261

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Investments in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

Subsidiary name	Summarised financial information before intra-group elimination												
	As at 31 December 2014	Year ended 31 December 2014											
	Non-current assets RM'000	Current assets RM'000	Non-current liabilities RM'000	Current liabilities RM'000	Net assets/(liabilities) RM'000	Revenue RM'000	Profit/(loss) for the year RM'000	Total comprehensive income/(loss) RM'000	Cash flows from operating activities RM'000	Cash flows from investing activities RM'000	Cash flows from financing activities RM'000	Net increase/(decrease) in cash and cash equivalents RM'000	Dividends paid to NCI RM'000
THP Sabaco Sdn. Bhd.	392,989	68,458	(62,618)	(27,076)	371,753	87,961	15,261	15,261	21,127	(20,725)	-	402	-
THP Saribas Sdn. Bhd.	530,728	11,777	(453,457)	(28,109)	60,939	121,425	(6,825)	(6,825)	60,937	(42,790)	(17,189)	958	-
THP-YT Plantation Sdn. Bhd.	98,117	1,226	(53,909)	(1,481)	43,953	6,993	7,713	7,713	8,848	(8,695)	-	153	-
Hydroflow Sdn. Bhd.	124,371	3,316	(22,141)	(21,826)	83,720	3,913	457	457	11,361	(11,390)	(83)	(112)	-
TH PELITA Gedong Sdn. Bhd.	265,197	35,728	(62,804)	(22,187)	215,934	91,545	4,353	4,353	27,782	(15,851)	(12,114)	(183)	-
TH PELITA Sadong Sdn. Bhd.	161,091	20,117	(33,789)	(9,175)	138,244	36,678	5,980	5,980	22,428	(16,071)	(6,654)	(297)	-
TH PELITA Meludam Sdn. Bhd.	158,523	989	120,067	(11,656)	26,789	9,560	(1,583)	(1,583)	15,594	(14,370)	(1,530)	(306)	-

6. Investments in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

2013			
Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	Profit allocated to NCI RM'000
THP Sabaco Sdn. Bhd.	49	178,632	5,626
THP Saribas Sdn. Bhd.	20	13,552	2,337
THP-YT Plantation Sdn. Bhd.	30	10,872	(53)
Hydroflow Sdn. Bhd.	30	24,979	(3,387)
TH PELITA Gedong Sdn. Bhd.	30	64,315	(158)
TH PELITA Sadong Sdn. Bhd.	30	40,310	2,158
TH PELITA Meludam Sdn. Bhd.	40	11,349	3,671
Other individually immaterial subsidiaries	-	52,717	3,200
Total		396,726	13,394

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Investments in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

Subsidiary name	Summarised financial information before intra-group elimination											
	As at 31 December 2013	Year ended 31 December 2013									Net increase/ (decrease) in cash and cash equivalents	Dividends paid to NCI
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	Current assets	Non-current liabilities	Current liabilities	Net assets/ (liabilities)	Revenue	Profit/ (loss) for the year	Total comprehensive income	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities		
THP Sabaco Sdn. Bhd.	391,152	55,474	(63,445)	(18,625)	364,556	100,247	11,482	25,142	(16,662)	(8,455)	25	-
THP Saribas Sdn. Bhd.	472,310	14,680	(389,201)	(30,027)	67,762	69,878	11,685	107,464	(98,247)	(9,501)	(284)	-
THP-YT Plantation Sdn. Bhd.	78,094	1,148	(42,148)	(853)	36,241	-	(177)	9,247	(9,208)	-	39	-
Hydroflow Sdn. Bhd.	113,917	2,333	(22,363)	(10,624)	83,263	3,180	(11,290)	8,130	(8,000)	-	130	-
TH PELITA Gedong Sdn. Bhd.	279,690	28,046	(71,356)	(21,997)	214,383	101,852	(527)	22,767	(16,217)	(7,000)	(450)	-
TH PELITA Sadong Sdn. Bhd.	154,154	26,923	(37,568)	(9,144)	134,365	36,951	7,193	6,606	(4,452)	(2,076)	78	-
TH PELITA Meludam Sdn. Bhd.	153,638	1,478	(121,951)	(4,792)	28,373	10,138	9,178	(5,905)	(21,157)	27,067	5	-

6. Investments in subsidiaries (continued)

Significant restrictions

Other than those disclosed elsewhere in the financial statements, the carrying amounts of assets to which significant restrictions apply are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Cash and cash equivalents	1,584	1,199
Land	16,217	16,548
At 31 December	17,801	17,747

The above restrictions arise from the following:

Restriction imposed by bank covenants

The covenants of bank loans taken by TH PELITA Gedong Sdn. Bhd. and TH PELITA Sadong Sdn. Bhd., subsidiaries of the Company, restrict the ability of the subsidiaries to make any loans or advance or guarantee or grant any credit to any of its directors, shareholders, or subsidiaries or related companies except in the ordinary course of business and on commercial terms and on an arm's length basis.

The covenants of bank loan taken by TH PELITA Meludam Sdn. Bhd., a subsidiary of the Company, restricts the ability of the subsidiary to create or permit to subsist any security interest over any of its assets, business or undertaking except liens arising by operation of law and in the normal course of business which in the Financiers reasonable opinion is not material. It also restricts the ability of the subsidiary to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of its business, on ordinary commercial terms and on an arm's length basis.

7. Other investments

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Unquoted shares				
Available-for-sale financial assets	1,920	1,920	1,920	1,920
Less : Impairment loss	(95)	(1,321)	(95)	(1,321)
	1,825	599	1,825	599
Deposits placed with licensed banks	20,805	-	18,164	-
At 31 December	22,630	599	19,989	599

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Trade and other receivables

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	8.1	-	-	493,463	439,092
Current					
Trade					
Trade receivables		25,300	46,588	1,573	5,833
Non-trade					
Amount due from subsidiaries	8.2	-	-	337,817	255,350
Amount due from related companies	8.3	910	4,494	910	497
Other receivables		43,530	21,541	1,834	13,619
Tax recoverable	8.4	13,712	4,712	7,438	-
Dividend receivables		-	-	36,135	10,900
		58,152	30,747	384,134	280,366
		83,452	77,335	385,707	286,199

8.1 The amount due from subsidiaries are unsecured, subject to profit margin ranges from 2.98% to 6.60% (2013: 2.95% to 3.07%) and not expected to be repaid for the next 12 months.

8.2 The amount due from subsidiaries are unsecured, no profit margin applied and repayable on demand except for an amount of RM288,511,000 (2013: RM236,636,000), which is subject to profit margin ranges from 2.98% to 3.30% (2013: 2.95% to 3.07%).

8.3 The amount due from related companies are unsecured, no profit margin applied, and repayable on demand.

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

9. Inventories

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finished goods	2,161	2,430	510	235
Stores	18,256	23,047	446	829
Nurseries	19,656	13,761	688	849
	40,073	39,238	1,644	1,913

10. Cash and cash equivalents

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits placed with licensed banks	10.1	354,946	135,133	355,094	132,743
Cash and bank balances	10.2	9,349	10,117	4,856	6,825
		364,295	145,250	359,950	139,568
Transfer to assets held for sale	11	-	(15)	-	-
		364,295	145,235	359,950	139,568

10.1 Deposits which are placed with licensed banks for Group and Company have profit margins ranging between 2.90% to 3.50% (2013: 2.90% to 3.44%).

Included in the deposits placed with licensed banks for Group is RM1,956,000 (2013: RM3,942,000) pledged for a bank guarantee issued to a third party.

10.2 Included in the bank balances is RM9,216,000 (2013: RM5,377,000) and RM3,732,000 (2013: RM4,584,000) which is maintained by the Group and the Company respectively with a related company.

11. Group assets held for sale

On 30 May 2013, investment in subsidiary, TH Bakti Sdn. Bhd. was presented as an asset held for sale following the approval of Board of Directors to sell the entire investment in TH Bakti Sdn. Bhd.. However, on 10 November 2014 the transaction was rescinded. Asset classified as held for sale in the previous year was as below:

Group	Note	2013 RM'000
Assets classified as held for sale		
Property, plant and equipment	a	34,905
Intangible assets		151
Inventories	b	41
Trade and other receivables		161
Deposits and prepayments		8
Cash and cash equivalents		15
		35,281
Liabilities classified as held for sale		
Deferred tax liabilities		2,870
Payables and accruals		352
Current tax liability		1
		3,223

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Group assets held for sale (continued)

Note a

Property, plant and equipment held for sale comprise the following:

Group	RM'000
Cost	36,194
Accumulated depreciation	(1,289)
	34,905

Note b

The inventories held for sale are carried at cost.

Company	RM'000
Investment in subsidiary TH Bakti Sdn. Bhd.	14,057

On 19 November 2014, TH Bakti Sdn. Bhd. entered into an agreement to dispose its plantation assets to a third party. The remaining assets and liabilities of the subsidiary were transferred to the respective financial statement captions after the disposal of its estate.

12. Capital and reserves

12.1 Share capital

	Group and Company			
	Amount	Number	Amount	Number of
	2014	of shares	2013	shares
	RM'000	'000	RM'000	'000
Authorised:				
Ordinary shares of RM0.50 each	2,000,000	4,000,000	2,000,000	4,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
At 1 January	440,256	880,513	364,178	728,356
Issue of shares under ESOS	1,669	3,338	2,990	5,980
Bonus issue of shares	-	-	73,088	146,177
At 31 December	441,925	883,851	440,256	880,513

12.2 Share premium

	Group and Company	
	2014	2013
	RM'000	RM'000
At 1 January	417,559	484,206
Issue of shares under ESOS	3,268	6,441
Issue of shares – Bonus issue	-	(73,088)
At 31 December	420,827	417,559

12. Capital and reserves (continued)

Other reserves

Other reserves relates to fair value adjustment on initial recognition of financial instruments and adjustment to the premium of share issued for the acquisition of subsidiaries.

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. Share option is disclosed in Note 27.

13. Loans and borrowings

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current					
Secured					
Flexi Term Financing-i	13.1	54,258	55,789	-	-
Ijarah Term Financing-i Facility	13.2	21,868	31,724	-	-
Unsecured					
Murabahah Medium Term Notes ("MMTN")		200,000	200,000	200,000	200,000
SUKUK Murabahah Medium Term Notes	13.3	800,000	710,000	800,000	710,000
Term Financing	13.4	12,956	-	-	-
		1,089,082	997,513	1,000,000	910,000
Current					
Secured					
Ijarah Term Financing-i Facility	13.2	10,000	10,000	-	-
		1,099,082	1,007,513	1,000,000	910,000

13.1 Flexi Term Financing-i

Security

The Flexi Term Financing-i which are taken by a subsidiary of the Group is secured over property, plant and equipment (leasehold land) with a carrying amount of RM11,677,000 (2013: RM11,906,000) (see Note 3).

Significant covenants

TH PELITA Meludam Sdn. Bhd.

The Islamic term loan facilities are subject to the fulfilment of the following significant covenants:

- not to grant any loan or guarantee any person except for normal trade credit or trade guarantee in the ordinary course of business;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Loans and borrowings (continued)

13.1 Flexi Term Financing-i (continued)

Significant covenants (continued)

TH PELITA Meludam Sdn. Bhd. (continued)

- (b) not to incur, assume or permit to exist any indebtedness or loans except:-
 - (i) those already disclosed in writing and consented by the Financier;
 - (ii) unsecured indebtedness incurred in the ordinary course of business of the customer(s); and
 - (iii) such advances from the shareholders which are subordinated to the facilities;
- (c) not to create or permit to subsist any security interest over any of its assets, business or undertaking except liens arising by operation of law and in the normal course of business which in the Financiers reasonable opinion is not material;
- (d) not to effect or permit any form of merger, reconstruction, consolidation, amalgamation or reduction in share capital save and except for any merger, reconstruction, consolidation or amalgamation within the group of the companies, whereby Lembaga Tabung Haji remains as the controlling shareholder;
- (e) not to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of its business, on ordinary commercial terms and on arm's length basis;
- (f) not to declare or pay any dividends prior consent of the Bank;
- (g) not to enter into profit sharing or other similar arrangement whereby the customer(s) income or profits are shared with any other person or company unless such arrangement is entered into in the ordinary course of business, on ordinary commercial terms and on arm's length basis;
- (h) not to allow or permit any dilution of the direct or indirect shareholding of Lembaga Tabung Haji in the customer(s) to fall below 51%; and
- (i) not to surrender, transfer, assign, relinquish or otherwise dispose of any of its rights and interests under the project which will have a material adverse effect (as reasonably decided by the Financier) on the ability of the customer to perform its obligations under this Agreement or the other Security Documents.

13.2 Ijarah Term Financing-i Facility

Security

The Ijarah Term Financing-i Facility, which is obtained by subsidiaries of the Group, is secured over the leasehold land with a carrying amount of RM4,540,000 (2013: RM4,642,000)(see Note 3).

Significant covenants

TH PELITA Gedong Sdn. Bhd. and TH PELITA Sadong Sdn. Bhd.

The Ijarah Term Financing-i Facility is subject to the fulfilment of the following significant covenants unless the bank consents in writing is obtain:

- (a) not to liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution);
- (b) not to change the nature or scope of company's business, or its financial year or suspend a substantial part of the business operations which it conducts directly or indirectly;

13. Loans and borrowings (continued)

13.2 Ijarah Term Financing-i Facility (continued)

Significant covenants (continued)

TH PELITA Gedong Sdn. Bhd. and TH PELITA Sadong Sdn. Bhd. (continued)

- (c) not to make any loans or advance or guarantee or grant any credit to any of its directors, shareholders, or subsidiaries or related companies except in the ordinary course of business and on commercial terms and on the arm's length transaction;
- (d) not to decrease or alter the authorised or issued capital of the company whether by varying the amount, structure or value thereof or the rights attached thereto or convert any of its share capital as stock, or by consolidation dividing or sub-dividing all or any of its shares;
- (e) 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;
- (f) not to register or permit any change in its shareholding or partnership structure and the respective shareholdings of the shareholders in the company unless the company remains as a subsidiary of TH Ladang (Sabah & Sarawak) Sdn. Bhd., which in turn will be a subsidiary of Lembaga Tabung Haji;
- (g) not to add, delete, vary, amend or change or cause the change in the company or any secured party, as the case may be, Memorandum and Articles of Association;
- (h) not to enter into any partnership, profit-sharing or royalty agreement or other arrangement of whatsoever nature whereby the company's income or profits are, or might be, shared with any other person, firm or company;
- (i) not to enter into any transaction (including merger, consolidation, or reorganisation) with any person, firm or company except in the ordinary course of business on ordinary commercial terms and on the arm's length arrangements;
- (j) not to enter into any management contracts or similar arrangements whereby the company's business or operations are managed by any other person or firm;
- (k) not to create or permit to exist over all or any part of the company's business or property or undertakings any form of charge, mortgage, debenture, pledge, lien;
- (l) not to decrease or in any way whatsoever alter (other than by way of increase) the authorised or issued capital of the company whether by varying the amount;
- (m) not to declare any bonus issue or make any distribution (be it income or capital in nature) or declare and/or pay out any dividend if an Event or Default has occurred or is effect any change in the key management of the company; and
- (n) not to make any alteration to the general purpose in its application for the Ijarah Facility.

13.3 SUKUK Murabahah Medium Term Notes

The SUKUK Murabahah Medium Term Notes, which is obtained by the Company is a programme of up to RM1.0 billion in nominal value with Lembaga Tabung Haji.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Loans and borrowings (continued)

13.3 SUKUK Murabahah Medium Term Notes (continued)

Significant covenants

TH Plantations Berhad

- (a) not to incur or permit to exist any indebtedness for borrowed monies (which, for the purpose of this paragraph, includes any monies raised through any Islamic financing transaction such as issuance of sukuk), nor give any guarantees in respect of any indebtedness for borrowed monies to any person or entity whatsoever;
- (b) not to create or permit to exist any Security Interest on any of its present and future assets, other than any lien arising in the ordinary course of business by operation of law and not by way of contract;
- (c) not to sell, transfer or otherwise dispose of any of its assets, save for:
 - i) where the sale, transfer or disposal is solely for the purposes of facilitating Shariah-compliant financing;
 - ii) sale, transfer or disposal as contemplated by the terms of the transaction documents; and
 - iii) where such assets to be sold, transferred or disposed of, do not exceed in aggregate of five percent (5%) of the Issuer's net assets (as shown in the latest audited consolidated accounts of the Issuer);
- (d) not to obtain or permit to exist any loans or advances from its shareholder(s), unless these loans and advances are subordinated to the Sukuk Murabahah;
- (e) not to grant any advances or loans to any party, save and except for:
 - i) loans to its directors, officers or employees as part of their terms of employment;
 - ii) any advance or loan to its subsidiaries, except where:
 - in doing so, there would not be a Material Adverse Effect;
 - an Event of Default has occurred, is continuing and has not been remedied or waived; and
 - any payments under the arrangements pertaining to the Sukuk Murabahah is overdue and unpaid or if any payments under the arrangements pertaining to the Sukuk Murabahah which has become payable has not been paid as a consequence of default by the Issuer;
- (f) not to declare or pay any dividends or make any distribution, whether income or capital in nature, to its shareholder(s) if:
 - i) an Event of Default has occurred, is continuing and has not been remedied or waived; or
 - ii) any payments under the arrangements pertaining to the Sukuk Murabahah is overdue and unpaid or if any of the payments under the arrangements pertaining to the Sukuk Murabahah which has become payable has not been paid as a consequence of default by the Issuer;
- (g) not to take any step to wind up or dissolve itself;
- (h) not to add, delete, amend or substitute its memorandum or articles of association in a manner inconsistent with the provisions of the transaction documents, unless otherwise required under the law;

13. Loans and borrowings (continued)

13.3 SUKUK Murabahah Medium Term Notes (continued)

Significant covenants (continued)

TH Plantations Berhad (continued)

- (i) not to reduce or in any way whatsoever alter, except increase, its authorised or paid-up capital, whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stocks, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner;
- (j) not to enter into any agreement with its shareholder(s), subsidiaries or associated companies, unless such agreement is entered into:
 - i) in the ordinary course of its business;
 - ii) on an arms-length basis; and
 - iii) will not have a Material Adverse Effect on the Issuer;
- (k) not to change the utilisation of proceeds of the Sukuk Murabahah Programme;
- (l) not to engage or carry on any other business other than that as currently carried out;
- (m) not to suspend or threaten to suspend any part of its business;
- (n) not to consolidate or amalgamate or merge with or into, or transfer all or substantially all its assets to, or acquire all or substantially all the assets (including shares and/or stocks of any class, partnership or joint venture interest) of another entity;
- (o) not to enter into a transaction, whether directly or indirectly, with interested persons (including a director, substantial shareholder or persons connected with them) unless:
 - i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested; and
 - ii) with respect to transactions involving an aggregate payment or value equal to or greater than such amount representing twenty five percent (25%) of the Issuer's net asset as reflected in its then current audited financial statement, the Issuer obtains a certification from an independent adviser that the transaction is carried out on fair and reasonable terms, provided that the Issuer certifies to the Investor or the Joint Lead Managers, that the transaction complies with paragraph (i) above, that (where applicable) the Issuer has received the certification referred to in paragraph (i) above and that the transaction has been approved by the majority of the board of directors or shareholders in a general meeting, as the case may require; and
- (p) not to enter into any partnership, profit-sharing or royalty agreement or other arrangement of whatsoever nature whereby the Issuer's income or profits derived from its main activity(ies) are, or might be, shared with any other person, firm or company or enter into any management contract or other arrangement of whatsoever nature whereby the Issuer's business or operations are managed by any other person, firm or company, unless entered into in its ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Loans and borrowings (continued)

13.4 Term Financing

TH-Bonggaya Sdn. Bhd.

The term loan facility is a conventional loan granted by Forest Plantation Development Sdn. Bhd..

Significant covenants

The term loan facilities are subject to the fulfilment of the following significant covenants:

- (a) The Borrower and/or Security Parties will not do or cause to be done the following except with the express written consent by Forest Plantation Development Sdn. Bhd. ("FPDSB"):
 - (i) Assign, transfer, sell, charge or otherwise howsoever deal with the Borrower's and or the Security Parties' (if any) rights, title and interest under the loan agreement or the Security Documents or any part thereof or any interest therein or make the same subject to any change encumbrance liability or lien whatsoever or rescind remove or amend any condition or restriction affecting this Agreement or the Security Documents without the written consent of FPDSB first had and obtained; and
 - (ii) Give sub-concession of the Plantable Area, lease out or grant any license or otherwise howsoever part with the possession or make or accept the surrender of any lease whatsoever of and in respect of this Agreement or the security documents or the Plantable Area or the implementation of the Project without the consent in writing of FPD first had and obtained, provided however that nothing in this clause prohibits the Borrower from appointing or engaging sub-contractors to carry out various works or activities in relation to the implementation of the Project.

14. Deferred income

	Group	
	2014	2013
	RM'000	RM'000
Non-current		
Government grant	22,139	-

A subsidiary of the Company received a government grant in 2014 which was conditional upon managing, planting and silvicultural treatment of the timber species within a plantable area and further to undertake tapping (for rubber species), cutting, collecting, removing and/or selling the planted timber trees.

Government grant arises due to loans received from government agency at interest rate which is below market rate. The loan is recognised and measured at fair value. The benefit of the lower interest is recognised as government grant. The term financing received during the year has been fair valued based on discounted cash flows using an estimated market rate of 7.85%. The difference between the fair value of the loan and nominal value is recognised as government grant. The repayment of the loan is estimated to be made after 20 years.

15. Deferred tax (assets)/liabilities

Recognised deferred tax (assets)/liabilities

Deferred tax (assets) and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unutilised tax losses	(35,106)	(35,513)	(17)	-	(35,123)	(35,513)
Temporary differences of Property, plant and equipment ("PPE") and Plantation development expenditure ("PDE")	(113,837)	(131,283)	(2,293)	(1,349)	(116,130)	(132,632)
Others	(409)	(101)	(537)	(133)	(946)	(234)
PPE	87,687	83,687	346,955	375,683	434,642	459,370
Amount due to related companies	-	-	3,750	9,026	3,750	9,026
Net tax (assets)/liabilities	(61,665)	(83,210)	347,858	383,227	286,193	300,017

Company

Temporary differences of PPE and PDE	-	-	(2,293)	(1,349)	(2,293)	(1,349)
PPE	-	-	7,436	6,846	7,436	6,846
Others	-	-	(98)	(497)	(98)	(497)
Amount due from subsidiaries	-	-	10,742	7,864	10,742	7,864
Net tax (assets)/liabilities	-	-	15,787	12,864	15,787	12,864

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2014 RM'000	2013 RM'000
Unutilised tax loss carry-forwards	(111,293)	(89,967)
Capital allowance carry-forwards	(22,974)	(12,761)
At 31 December	(134,267)	(102,728)
Tax at 24% (2013: 24%)	(32,224)	(24,655)

The deductible temporary differences do not expire under current tax legislation. 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 subsidiaries can utilise the benefits there from for certain companies as at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Deferred tax (assets)/liabilities (continued)

Movement in temporary differences during the year

	At 1.1.2013		Recognised in profit or loss in business combination		Acquired in business combination		Transfer to assets held for sale		At 31.12.2013/1.1.2014		Recognised in profit or loss		Acquisition of assets and liabilities		At 31.12.2014	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group																
Unutilised tax losses	(14,670)	(14,965)	(14,965)	(5,878)	-	(35,513)	-	390	-	(35,123)	-	390	-	-	-	(35,123)
Temporary differences of PPE and PDE	(63,350)	(57,821)	(57,821)	(11,461)	-	(132,632)	-	16,502	-	(116,130)	-	16,502	-	-	-	(116,130)
PPE	350,318	33,987	33,987	77,985	(2,870)	459,370	2,870	(63,177)	2,870	434,642	5,579	(63,177)	5,579	-	-	434,642
Others	(79)	(155)	(155)	-	-	(234)	-	(712)	-	(946)	-	(712)	-	-	-	(946)
Amount due to related companies	6,147	2,879	2,879	-	-	9,026	-	(5,276)	-	3,750	-	(5,276)	-	-	-	3,750
	278,366	(36,075)	(36,075)	60,596	(2,870)	300,017	2,870	(22,273)	2,870	286,193	5,579	(22,273)	5,579	-	-	286,193
Company																
PPE	6,464	382	382	-	-	6,846	-	590	-	7,436	-	590	-	-	-	7,436
Temporary differences of PPE and PDE	-	(1,349)	(1,349)	-	-	(1,349)	-	(944)	-	(2,293)	-	(944)	-	-	-	(2,293)
Others	(137)	(360)	(360)	-	-	(497)	-	399	-	(98)	-	399	-	-	-	(98)
Amount due from subsidiaries	4,782	3,082	3,082	-	-	7,864	-	2,878	-	10,742	-	2,878	-	-	-	10,742
	11,109	1,755	1,755	-	-	12,864	-	2,923	-	15,787	-	2,923	-	-	-	15,787

16. Trade and other payables

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current					
Non-trade					
Amount due to related companies	16.1	12,448	11,885	11,412	10,923
Current					
Trade					
Trade payables		65,688	39,937	2,470	4,066
Non-trade					
Amount due to holding corporation	16.2	2,407	2,361	2,407	2,331
Amount due to subsidiaries	16.3	-	-	122,028	76,277
Amount due to related companies	16.4	335,894	66,244	322,082	66,237
Other payables		49,594	53,471	5,606	5,618
Accrued expenses		23,856	22,958	13,136	12,701
Dividend payable		60,628	80,344	82	76
		472,379	225,378	465,341	163,240
Transfer to asset held for sale	11	-	(352)	-	-
		472,379	225,026	465,341	163,240
		538,067	264,963	467,811	167,306

16.1 The amount due to related companies is unsecured, no profit margin applied and stated at amortised cost. The repayment terms ranges from 10 to 17 years (2013: 10 to 17 years).

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

16.3 The amount due to subsidiaries are unsecured, repayable on demand and subject to profit margin ranges from 2.98% to 3.30% (2013: 2.95% to 3.07%).

16.4 The amount due to related companies are unsecured, repayable on demand and subject to profit margin ranges from 2.98% to 3.30% (2013: 2.95% to 3.07%).

17. Revenue

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sales	488,016	452,751	58,112	63,229
Dividends from other investments				
- unquoted, Malaysia	183	91	183	91
Dividends from subsidiaries				
- unquoted, Malaysia	-	-	36,134	58,704
Management fees	718	17,110	-	-
	488,917	469,952	94,429	122,024

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Profit margin income

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit margin income on financial assets that are not at fair value through profit or loss:				
- amount due from subsidiaries	-	-	67,067	55,647
- other loans and receivables	3,260	2,727	3,174	2,653
	3,260	2,727	70,241	58,300
Recognised in profit or loss	3,260	2,727	70,241	58,300

19. Finance cost

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finance cost on financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	60,604	48,263	54,578	44,261
- profit margin expense on subsidiaries	-	-	3,552	3,437
- profit margin expense on related companies	2,266	2,540	2,266	2,540
- profit margin expense on holding corporation	-	809	-	-
	62,870	51,612	60,396	50,238
Recognised in profit or loss	26,962	24,115	60,396	50,238
Capitalised in plantation development expenditure	35,908	27,497	-	-
	62,870	51,612	60,396	50,238

20. Tax expense

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax expense					
Malaysia - current year		25,255	29,099	2,087	3,542
- prior years		(4,351)	1,518	(1,980)	328
Total current tax recognised in profit or loss		20,904	30,617	107	3,870
Deferred tax expense					
Origination and reversal of temporary differences		(28,822)	(35,048)	3,074	2,769
Under/(Over) provision in prior year		6,549	(1,027)	(151)	(1,014)
Total deferred tax recognised in profit or loss	15	(22,273)	(36,075)	2,923	1,755
Total income tax (credit)/expense		(1,369)	(5,458)	3,030	5,625
Reconciliation of effective tax expense					
Profit for the year		59,580	76,501	56,887	67,179
Total income tax expense		(1,369)	(5,458)	3,030	5,625
Profit excluding tax (credit)/expense		58,211	71,043	59,917	72,804
Tax calculated using Malaysian tax rate of 25% (2013: 25%)		14,553	17,761	14,979	18,201
Recognition of previously unrecognised deferred tax assets		(6,097)	(16,134)	-	-
Non-assessable income		(13,165)	(12,943)	(9,818)	(11,890)
Non-deductible expenses		1,142	5,367	-	-
(Over)/Under provided in prior years:					
- current tax		(4,351)	1,518	(1,980)	328
- deferred tax		6,549	(1,027)	(151)	(1,014)
		(1,369)	(5,458)	3,030	5,625

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Profit for the year

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the year is arrived at after charging:					
Auditors' remuneration:					
- Audit fees					
KPMG Malaysia		892	838	190	160
- Non-audit fees					
KPMG Malaysia		23	23	23	23
Impairment loss on inventory		-	35	-	-
Depreciation of property, plant and equipment	3	85,286	76,252	1,064	1,179
Personnel expenses (including key management personnel):					
- Wages, salaries and others		108,303	94,893	4,580	6,480
- Contribution to Employees Provident Fund		10,896	5,569	342	387
Property, plant and equipment written off	3	1,228	640	2	28
Plantation development expenditure written off	4	-	901	-	-
Rental expense in respect of:					
- Premises		2,010	1,932	1,932	1,932
- Land		2,662	2,420	2,662	2,420
Zakat expense		34	278	-	-
Other receivables written off		341	-	47	-
and after crediting:					
Gain on disposal of estate	(i)	13,943	-	-	-
Gain on disposal of property plant and equipment		72	138	-	25
Rental income from property		114	98	5,778	5,779
Reversal of impairment on financial asset		1,226	-	1,226	-
Fair value of ESOS granted		55	492	55	492

21. Profit for the year (continued)

- (i) On 19 November 2014, the estate in TH Bakti Sdn. Bhd. which was located in Terengganu was disposed to a third party. TH Bakti Sdn. Bhd. has disposed all the assets related to the estates.

The effect of disposal on the financial position of the Group are as follow:

Group	RM'000
Sale proceed	45,000
Property, plant and equipment	(33,673)
Inventories	(23)
Others	2,639
Net gain on disposal of estate	13,943

22. Earnings per ordinary share**Basic earnings ordinary per share**

The calculation of basic and diluted earnings per share at 31 December 2014 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2014 RM'000	2013 RM'000
Profit for the year attributable to shareholders	48,319	63,107

Weighted average number of ordinary shares

	Group	
	2014 '000	2013 '000
Weighted average number of ordinary shares at 31 December	883,140	880,513

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Earnings per ordinary share (continued)

Basic earnings per ordinary share (continued)

Weighted average number of ordinary shares (diluted)

	Group	
	2014 '000	2013 '000
Weighted average number of ordinary shares at 31 December (basic)	883,140	880,513
Effect of share options on issue	2,687	17,205
Others	-	14,621
Weighted average number of ordinary shares at 31 December (diluted)	885,827	912,339

	Group	
	2014 Sen	2013 Sen
Basic earnings per ordinary share	5.47	7.17
Diluted earnings per ordinary share	5.45	6.92

23. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2014			
Final 2013 ordinary (net of tax)	3.62	31,965	16 June 2014
2013			
Final 2012 ordinary (net of tax)	1.00	7,303	6 June 2013

After the reporting period the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 2014 ordinary (net of tax)	2.00	17,680

24. 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 Chief Operating Decision Maker ("CODM") 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, PK and FFB.
- Management services Includes provision of management services.
- Rubber plantations Includes seliing of timber trees.

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(r).

Performance is measured based on segment profit before tax, interest, and depreciation, as included in the internal management reports that are reviewed by the CODM. 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 CODM. 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 CODM. Hence, no disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Operating segments (continued)

	Oil palm plantations		Management services		Rubber plantations		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Segment profit/(loss)	268,249	306,769	(9,165)	11,594	-	-	259,084	318,363
<i>Included in the measure of segment profit/(loss) are:</i>								
Revenue from external customers	488,199	452,842	718	17,110	-	-	488,917	469,952
Inter-segment revenue	102,469	134,993	19,277	19,764	-	-	121,746	154,757
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>								
Depreciation	(82,700)	(83,032)	(2,586)	(1,177)	-	-	(85,286)	(84,209)
Finance costs	(99,406)	(72,724)	-	-	-	-	(99,406)	(72,724)
Profit margin income from short-term investments and receivables	95,277	80,504	-	-	-	-	95,277	80,504
Segment assets	5,141,745	4,313,112	13,502	16,187	192,695	285,310	5,347,942	4,614,609
Additions to non-current assets other than financial instrument and deferred tax assets	265,289	200,666	1,162	1,175	38,954	29,085	305,405	230,926

24. Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and other material items

Group	2014 RM'000	2013 RM'000
Profit or loss		
Total profit or loss for reportable segments	259,084	318,363
Other non-reportable segments	183	91
Elimination of inter-segments profit	(89,258)	(117,964)
Unallocated income/(expenses) :		
Corporate expenses	(17,644)	(17,630)
Depreciation and amortisation	(85,286)	(84,209)
Finance cost	(26,962)	(24,115)
Finance income	3,260	2,727
Others	14,834	(6,220)
Consolidated profit before tax	58,211	71,043

	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Profit margin income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2014						
Total profit or loss for reportable segments	488,917	(85,286)	(99,406)	95,277	5,347,942	305,405
Elimination of inter-segment transaction or balances	-	-	72,444	(92,017)	(1,711,844)	(35,721)
Consolidated total	488,917	(85,286)	(26,962)	3,260	3,636,098	269,684
2013						
Total profit or loss for reportable segments	469,952	(84,209)	(72,724)	80,504	4,614,609	230,926
Elimination of inter-segment transaction or balances	-	-	48,609	(77,777)	(1,437,311)	975,613
Consolidated total	469,952	(84,209)	(24,115)	2,727	3,177,298	1,206,539

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Group	Revenue RM'000	Non-current assets RM'000
2014		
Indonesia	718	40,044
Malaysia	488,199	3,013,947
	488,917	3,053,991
2013		
Indonesia	17,110	-
Malaysia	452,751	2,866,660
	469,861	2,866,660

Major customers

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

	2014 RM'000	2013 RM'000	Segment
Ngo Chew Hong Oil & Fats Sdn. Bhd.	116,045	53,251	Oil palm plantations
Sime Darby Future Sdn. Bhd.	44,132	-	Oil palm plantations
Bintulu Edible Oils Sdn. Bhd.	-	81,997	Oil palm plantations

25. Financial instruments

25.1 Categories of financial instruments

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

- (a) Loans and receivables (“L&R”);
- (b) Available-for-sale financial assets (“AFS”); and
- (c) Financial liabilities measured at amortised cost (“FL”).

2014	Carrying amount RM'000	L&R/ (FL) RM'000	AFS RM'000
Group			
Financial assets			
Other investment	22,630	20,805	1,825
Amount due from related companies	910	910	-
Trade and other receivables	82,542	82,542	-
Cash and cash equivalents	364,295	364,295	-
	470,377	468,552	1,825
Financial liabilities			
Murabahah Medium Term Notes	(200,000)	(200,000)	-
SUKUK Murabahah Medium Term Notes	(800,000)	(800,000)	-
Flexi Term Financing-i	(54,258)	(54,258)	-
Ijarah Term Financing-i Facility	(31,868)	(31,868)	-
Term Financing	(12,956)	(12,956)	-
Amount due to related companies	(348,342)	(348,342)	-
Amount due to holding corporation	(2,407)	(2,407)	-
Trade and other payables	(199,766)	(199,766)	-
	(1,649,597)	(1,649,597)	-
Company			
Financial assets			
Other investment	19,989	18,164	1,825
Amount due from related companies	910	910	-
Amount due from subsidiaries	831,280	831,280	-
Trade and other receivables	46,980	46,980	-
Cash and cash equivalents	359,950	359,950	-
	1,259,109	1,257,284	1,825
Financial liabilities			
Murabahah Medium Term Notes	(200,000)	(200,000)	-
SUKUK Murabahah Medium Term Notes	(800,000)	(800,000)	-
Amount due to subsidiaries	(122,028)	(122,028)	-
Amount due to related companies	(333,494)	(333,494)	-
Amount due to holding corporation	(2,407)	(2,407)	-
Trade and other payables	(21,294)	(21,294)	-
	(1,479,223)	(1,479,223)	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Financial instruments (continued)

25.1 Categories of financial instruments (continued)

2013	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
Group			
Financial assets			
Other investment	599	-	599
Amount due from related companies	4,494	4,494	-
Trade and other receivables	72,841	72,841	-
Cash and cash equivalents	145,250	145,250	-
	223,184	222,585	599
Financial liabilities			
Murabahah Medium Term Notes	(200,000)	(200,000)	-
SUKUK Murabahah Medium Term Notes	(710,000)	(710,000)	-
Flexi Term Financing-i	(55,789)	(55,789)	-
Ijarah Term Financing-i Facility	(41,724)	(41,724)	-
Amount due to related companies	(78,129)	(78,129)	-
Amount due to holding corporation	(2,361)	(2,361)	-
Trade and other payables	(196,710)	(196,710)	-
	(1,284,713)	(1,284,713)	-
Company			
Financial assets			
Other investment	599	-	599
Amount due from related companies	497	497	-
Amount due from subsidiaries	694,442	694,442	-
Trade and other receivables	30,352	30,352	-
Cash and cash equivalents	139,568	139,568	-
	865,458	864,859	599
Financial liabilities			
Murabahah Medium Term Notes	(200,000)	(200,000)	-
SUKUK Murabahah Medium Term Notes	(710,000)	(710,000)	-
Amount due to subsidiaries	(76,277)	(76,277)	-
Amount due to related companies	(77,160)	(77,160)	-
Amount due to holding corporation	(2,331)	(2,331)	-
Trade and other payables	(22,461)	(22,461)	-
	(1,088,229)	(1,088,229)	-

25. Financial instruments (continued)

25.2 Net gains and losses arising from financial instruments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net gains/(losses) on:				
Loans and receivables	2,919	2,727	70,194	58,300
Financial liabilities measured at amortised cost	(62,870)	(51,612)	(60,396)	(50,238)
	(59,951)	(48,885)	9,798	8,062

Included in losses on financial liabilities measured at amortised cost is RM35,908,000 (2013: RM27,497,000) which is capitalised in plantation development expenditure (see Note 4).

25.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

25.4 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 contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, advance to related company, investment in debt securities and bank balances. The Company's exposure to credit risk arises principally from its receivables from customers and advances to subsidiaries.

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 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 trade receivables. Any receivables having significant balances past due more than sixty (60) days, which are deemed to have higher credit risk, are monitored individually.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Financial instruments (continued)

25.4 Credit risk (continued)

Receivables (continued)

Impairment losses

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Not past due	24,766	45,705	1,573	5,700
Past due 0-30 days	534	883	-	133
	25,300	46,588	1,573	5,833

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.

25. Financial instruments (continued)

25.4 Credit risk (continued)

Intercompany loans and advances

Risk management objectives, policies and processes for managing the risk

The Group and the Company provides advances to subsidiaries and related companies. The Company monitors the results of the subsidiaries and related companies regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are owned by the Company and related companies which is managed by the Group.

25.5 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 and the Company's exposure to liquidity risk arises principally from its various payables and 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Financial instruments (continued)

25.5 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:

Group	Contractual					Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
	Carrying amount RM'000	Contractual profit margin rate %	Contractual cash flows RM'000	Contractual profit rate %	Contractual cash flows RM'000				
2014									
<i>Non-derivative financial liabilities</i>									
Murabahah Medium Term Notes	200,000	8.60	227,621		10,445	165,653	51,523	-	
SUKUK Murabahah Medium Term Notes	800,000	6.60	1,254,100		43,659	96,031	281,300	833,110	
Flexi Term Financing-i	54,258	5.32	68,350		5,050	22,000	36,350	4,950	
Ijarah Term Financing-i Facility	31,868	6.50	35,160		14,029	16,887	4,244	-	
Term Financing	12,956	3.00	57,864		-	-	-	57,864	
Amount due to holding corporation	2,407	-	2,407		2,407	-	-	-	
Amount due to related companies	348,342	2.98-3.30	365,328		346,441	-	-	18,887	
Trade and other payables	199,766	-	199,766		199,766	-	-	-	
	1,649,597		2,210,596		621,797	300,571	373,417	914,811	
2013									
<i>Non-derivative financial liabilities</i>									
Murabahah Medium Term Notes	200,000	8.60	238,066		10,445	99,647	76,451	51,523	
SUKUK Murabahah Medium Term Notes	710,000	6.60	1,152,478		42,429	85,204	195,568	829,277	
Flexi Term Financing-i	55,789	4.75	58,202		-	-	-	58,202	
Ijarah Term Financing-i Facility	41,724	6.39	47,666		12,802	18,318	16,546	-	
Amount due to holding corporation	2,361	-	2,361		2,361	-	-	-	
Amount due to related companies	78,129	2.95-3.07	87,125		68,238	-	-	18,887	
Trade and other payables	196,710	-	196,710		196,710	-	-	-	
	1,284,713		1,782,608		332,985	203,169	288,565	957,889	

25. Financial instruments (continued)

25.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual margin rate %	Contractual profit 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
2014							
<i>Non-derivative financial liabilities</i>							
Murabahah Medium Term Notes	200,000	8.60	227,621	10,445	165,653	51,523	-
SUKUK Murabahah Medium Term Notes	800,000	6.60	1,254,100	43,659	96,031	281,300	833,110
Amount due to subsidiaries	122,028	3.30	132,790	132,790	-	-	-
Amount due to holding corporation	2,407	-	2,407	2,407	-	-	-
Amount due to related companies	333,494	2.98-3.30	348,400	332,195	-	-	16,205
Trade and other payables	21,294	-	21,294	21,294	-	-	-
	1,479,223		1,986,612	542,790	261,684	332,823	849,315
2013							
<i>Non-derivative financial liabilities</i>							
Murabahah Medium Term Notes	200,000	8.60	238,066	10,445	99,647	76,451	51,523
SUKUK Murabahah Medium Term Notes	710,000	6.60	1,152,478	42,429	85,204	195,568	829,277
Amount due to subsidiaries	76,277	3.06	76,366	76,366	-	-	-
Amount due to holding corporation	2,331	-	2,331	2,331	-	-	-
Amount due to related companies	77,160	-	84,436	68,231	-	-	16,205
Trade and other payables	22,461	-	22,461	22,461	-	-	-
	1,088,229		1,576,138	222,263	184,851	272,019	897,005

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Financial instruments (continued)

25.6 Market risk

Market risk is the risk that changes in market prices, such as profit margin rate that will affect the Group's financial position or cash flows.

25.6.1 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 amounts as at the end of the reporting period was:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed rate instruments				
Financial assets	30,154	10,117	23,020	6,825
Financial liabilities	(1,012,956)	(910,000)	(1,000,000)	(910,000)
	(982,802)	899,883	(976,980)	(903,175)
Floating rate instruments				
Financial assets	-	-	831,280	694,442
Financial liabilities	(434,468)	(175,642)	(455,522)	(153,437)
	(434,468)	(175,642)	(375,758)	541,005

25. Financial instruments (continued)

25.6 Market risk (continued)

25.6.1 Profit margin risk (continued)

Profit margin risk sensitivity analysis

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.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (“bp”) in profit margin rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss		Profit or loss	
	100 bp increase 2014 RM'000	100 bp decrease 2014 RM'000	100 bp increase 2013 RM'000	100 bp decrease 2013 RM'000
Group				
Financial liabilities	(3,258)	(1,317)	3,258	1,317
Company				
Financial assets	6,235	5,208	(6,235)	(5,208)
Financial liabilities	(3,416)	(1,151)	3,416	1,151

25.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group’s investment in available-for-sale financial asset due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Financial instruments (continued)

25.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2014						
Financial assets						
Loan and receivables	-	-	21,458	21,458	21,458	20,805
Available-for-sale*	-	-	1,825	1,825	1,825	1,825
	-	-	23,283	23,283	23,283	22,630
Financial liabilities						
Flexi Term Financing-i	-	-	68,350	68,350	68,350	54,258
Murabahah Medium Term Notes – unsecured	-	-	227,621	227,621	227,621	200,000
SUKUK Murabahah Medium Term Notes – unsecured	-	-	1,254,100	1,254,100	1,254,100	800,000
Ijarah Term Financing-i Facility	-	-	35,160	35,160	35,160	31,868
Term Financing	-	-	57,864	57,864	57,864	12,956
Amount due to related companies	-	-	18,887	18,887	18,887	12,448
	-	-	1,661,982	1,661,982	1,661,982	1,111,530

* Available-for-sale financial asset that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

25. Financial instruments (continued)

25.7 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2013						
Financial assets						
Available-for-sale*	-	-	599	599	599	599
Financial liabilities						
Flexi Term Financing-i	-	-	58,202	58,202	58,202	55,789
Murabahah Medium Term Notes – unsecured	-	-	238,066	238,066	238,066	200,000
SUKUK Murabahah Medium Term Notes – unsecured	-	-	1,152,478	1,152,478	1,152,478	710,000
Ijarah Term Financing-i Facility	-	-	47,666	47,666	47,666	41,724
Amount due to related companies	-	-	18,887	18,887	18,887	11,885
	-	-	1,515,299	1,515,299	1,515,299	1,019,398

* Available-for-sale financial asset that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. Financial instruments (continued)

25.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Company	Fair value of financial instruments carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2014						
Financial assets						
Loans and receivables	-	-	18,734	18,734	18,734	18,164
Available-for-sale*	-	-	1,825	1,825	1,825	1,825
Amount due from subsidiaries	-	-	537,120	537,120	537,120	493,463
	-	-	557,679	557,679	557,679	513,452
Financial liabilities						
Murabahah Medium Term Notes – unsecured	-	-	227,621	227,621	227,621	200,000
SUKUK Murabahah Medium Term Notes – unsecured	-	-	1,254,100	1,254,100	1,254,100	800,000
Amount due to related companies	-	-	16,205	16,205	16,205	11,412
	-	-	1,497,926	1,497,926	1,497,926	1,011,412

* Available-for-sale financial asset that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Company	Fair value of financial instruments carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2013						
Financial assets						
Available-for-sale*	-	-	599	599	599	599
Amount due from subsidiaries	-	-	499,488	499,488	499,488	439,092
	-	-	500,087	500,087	500,087	439,691
Financial liabilities						
Murabahah Medium Term Notes – unsecured	-	-	238,066	238,066	238,066	200,000
SUKUK Murabahah Medium Term Notes – unsecured	-	-	1,152,478	1,152,478	1,152,478	710,000
Amount due to related companies	-	-	16,205	16,205	16,205	10,923
	-	-	1,406,749	1,406,749	1,406,749	920,923

* Available-for-sale financial asset that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

25. Financial instruments (continued)

25.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2013: no transfer in either directions).

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
<ul style="list-style-type: none"> • Amount due to immediate holding company • Amount due to related companies • Amount due from subsidiaries • Loans and borrowings 	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and Company at the entities reporting date.

Interest rates used to determine financial instrument

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2014	2013
Loans and borrowings	7.85%	7.60%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. 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 2014, the Group's strategy, which was unchanged from 2013, was to maintain the debt-to-equity ratio less than one time. The debt-to-equity ratios at 31 December 2014 and at 31 December 2013 were as follows:

	Note	Group	
		2014	2013
		RM'000	RM'000
Total borrowings	13	1,099,082	1,007,513
Less: Cash and cash equivalents	10	(364,295)	(145,250)
Less: Loans and receivables	7	(20,805)	-
Net debt		713,982	862,263
Total equity		1,613,705	1,585,981
Debt-to-equity ratios		44%	54%

There was no change in the Group's approach to capital management during the financial 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 than RM40 million. The Company has complied with this requirement.

27. Employee benefits

Share-based payments arrangement

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.

At a Board of Director Meeting held on 25 February 2014, the Board approved for all the ESOS scheme to be extended to three (3) years until 7 May 2017.

27. Employee benefits (continued)

Share-based payments arrangement (continued)

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	Contractual life of options
Option granted to Director and employees on 8 June 2009	4,928	8 years
Option granted to Director and employees on 4 January 2011	2,780	6 years
Option granted to Director and employees on 18 June 2012	5,875	5 years
Total share options	13,583	

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

	2014		2013	
	Weighted average exercise price RM	Number of options '000	Weighted average exercise price RM	Number of options '000
Outstanding at 1 January	1.48	17,205	1.72	20,296
Bonus issue during the year	1.27	-	1.27	1,801
Bonus issue during the year	1.45	-	1.45	569
Bonus issue during the year	1.74	-	1.74	1,094
Forfeited during the year	1.45	(2)	1.45	(311)
Forfeited during the year	1.74	(282)	1.74	(264)
Exercised during the year	1.27	(2,271)	1.27	(5,125)
Exercised during the year	1.45	(786)	1.45	(788)
Exercised during the year	1.74	(281)	1.74	(67)

The options outstanding at 31 December 2014 have an exercise price at RM1.27, RM1.45 and RM1.74 per ordinary share respectively and a weighted average of the remaining contractual life of 3 years.

During the year, 3,338,000 share options were exercised. The weighted average share price for the year was RM1.27, RM1.45 and RM1.74 respectively per ordinary share.

Employee expenses

	Group and Company	
	2014 RM'000	2013 RM'000
Total expense recognised as share-based payments	(55)	(492)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Capital and other commitments

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Property, plant and equipment				
<i>Authorised but not contracted for:</i>				
Within one year	94,399	160,235	5,530	14,171
Plantation development expenditure				
<i>Authorised but not contracted for:</i>				
Within one year	218,083	257,940	17,057	17,576
	312,482	418,175	22,587	31,747

29. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly 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. Related parties may be individuals or other entities.

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

The Group has related party relationship with its holding corporation, subsidiaries, related companies and certain members of senior management of the Group.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in note 8 and 16.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
A. Holding corporation				
Expenses				
Rental of premise	(1,932)	(1,932)	(1,932)	(1,932)
Rental of land	(2,662)	(2,420)	(2,662)	(2,420)
B. Related companies				
Income				
Management fees income	718	17,110	-	-
Expenses				
Purchase of fertilisers	(27,787)	(16,612)	(1,541)	(2,263)
Purchase of flight tickets	(734)	(651)	(147)	(109)
Telecommunication equipment	(925)	(850)	(134)	(87)
Insurance policy	(2,928)	(2,513)	(370)	(281)

29. Related parties (continued)

Significant related party transactions (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
C. Subsidiaries companies				
Income				
Rental of premise	-	-	1,932	1,932
Profit margin income from subsidiaries receivables	-	-	67,067	55,647
Expenses				
Management fees	-	-	(1,958)	(2,121)
Profit margin expense from subsidiaries payables	-	-	(3,552)	(3,437)
D. Key management personnel				
Directors				
- Fees	(1,783)	(1,706)	(932)	(588)
- Bonus	(480)	-	(480)	-
- Remuneration	(777)	(1,306)	(777)	(1,306)
- Other short-term employee benefits	(873)	(32)	(873)	(32)
	(3,913)	(3,044)	(3,062)	(1,926)
Other key management personnel				
- Short-term employee benefits	(1,441)	(1,912)	(1,441)	(1,912)
	(5,354)	(4,956)	(4,503)	(3,838)

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

For salaried key management personnel, the Group also contributes to state plans at the minimum statutory rate.

The estimated monetary value of Directors' benefit-in-kind is RM653,000 (2013: RM31,800).

Executive officers also participate in the Group's share option programme (see note 27).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Acquisition of assets and liabilities

30.1 Acquisition of assets and liabilities of PT Persada Kencana Prima (“PKP”)

On 10 January 2014, the Group acquired assets and liabilities of PKP which by acquiring 93% shares in PKP for a total cash consideration of RM13,516,000. The Group has established control over PKP as it is exposed, or has right, to variable returns from its investment in PKP and has the ability to affect those returns through its power over the entity. PKP is involved in oil palm plantations. The acquisition of PKP has further expanded the Group’s operation into Indonesia.

	Group 2014 RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	20,819
Trade and other receivable	217
Cash and bank balances	3
Trade and other payable	(733)
Deferred tax liabilities	(5,579)
	14,727
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	13,516
Deferred consideration	(1,103)
Cash and cash equivalents	(3)
	12,410
Allocation of fair value to assets and liabilities	
The allocation of fair value of assets and liabilities as a result of the acquisition as follow:	
Total consideration	13,516
Non-controlling interest, based on their proportionate interest in the recognised amounts	1,211
Fair value of identifiable net assets	(14,727)

The fair value of land has been determined based on provisional Hak Guna Usaha (“HGU”). Surat Kepastian Hak Guna Usaha (“SK-HGU”) is subject to regulatory approval.

31. Acquisition of subsidiaries

Acquisition of subsidiaries in 2013

31.1 Acquisition of subsidiary – Bumi Suria Ventures Sdn. Bhd.

On 27 February 2013, the Group acquired 100% shares in Bumi Suria Ventures Sdn. Bhd. (“BSV”) for RM221,699,000 satisfied in cash. BSV is involved in oil palm plantations. The acquisition of BSV has further expanded the Group’s operation into Sarawak. In the period from 27 February 2013 to 31 December 2013, the subsidiary contributed revenue of RM4,810,000 and loss of RM1,266,000. If the acquisition had occurred on 1 January 2013, management estimates that consolidated revenue would have increased by RM556,000 and consolidated profit for the year would have increased by RM3,602,000. In determining these amounts, management has assumed that fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2013.

	Group 2013 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	221,699
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	282,485
Plantation development expenditure	74,121
Inventories	838
Trade and other receivable	1,206
Cash and bank balances	10
Trade and other payable	(55,701)
Loans and borrowings	(51,765)
Deferred tax liabilities	(57,284)
	193,910
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	221,699
Cash and cash equivalents	(10)
	221,689
Goodwill	
Goodwill was recognised as a result of acquisition as follows:	
Total consideration transferred	221,699
Fair value of identifiable net assets	(193,910)
	27,789

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. Acquisition of subsidiaries (continued)

Acquisition of subsidiaries in 2013 (continued)

31.2 Acquisition of subsidiary – Maju Warisanmas Sdn. Bhd.

On 27 February 2013, the Group acquired 100% shares in Maju Warisanmas Sdn. Bhd. (“MWM”) for RM42,494,000 satisfied in cash. MWM is involved in letting of investment property. The acquisition of MWM has further expanded the Group’s operation into Sarawak. In the period from 27 February 2013 to 31 December 2013, the subsidiary contributed revenue of RM Nil and loss of RM121,144. If the acquisition had occurred on 1 January 2013, management estimates that consolidated revenue would have increased by RM Nil and consolidated profit for the year would have decreased by RM15,000. In determining these amounts, management has assumed that fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2013.

	Group 2013 RM'000
Fair value of consideration transferred	
Cash and cash equivalents	42,494
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	13,775
Trade and other receivable	430
Cash and bank balances	46
Trade and other payable	(66)
Deferred tax liabilities	(3,312)
	10,873
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	42,494
Cash and cash equivalents	(46)
	42,448
Goodwill	
Goodwill was recognised as a result of acquisition as follows:	
Total consideration transferred	42,494
Fair value of identifiable net assets	(10,873)
	31,621

32. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefit will be required.

Contingent liabilities not considered remote

Litigation

Certain portion of the plantation land currently owned by the subsidiaries (TH PELITA Sadong Sdn. Bhd. and TH PELITA Gedong Sdn. Bhd.) (“Affected Entities”), are currently being implicated under legal proceedings of which the defendants are the joint venture partners of the Affected Entities together with the Superintendent of Land & Survey Department and the State Government of Sarawak.

The cases involved are as follows:

(i) The Kuching High Court Civil Suit No. 22-43-2002-I

Luking Anak Uding, Simah Anak Empaling, Nyambar Anak Suwat suing on behalf of themselves and all other proprietors, occupiers, holders or claimants of Native Customary Rights lands situated at or around Kampong Merakai, Gedong, Simunjan, Kota Samarahan Division, Sarawak v. Superintendent of Lands & Surveys Kota Samarahan Division, State Government of the State of, Lembaga Pembangunan dan Lindungan Tanah Nirwana Muhibbah Sdn. Bhd..

The Federal Court has granted a Consent Order on 3 December 2014 following an out of court settlement between the parties. This case is now deemed settled.

Based on legal advice, the Directors did not expect the outcome of the action to have a material effect on the Group’s financial position.

In the Directors’ opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

(ii) The Kuching High Court Suit No. 22-249-98-III(I) (The Court of Appeal Civil Appeal No. Q-01-136-03/2012 and Civil Appeal No. Q-01-137-03/2012)

Lembaga Pembangunan Dan Lindungan Tanah & another (appellants), TR Nyutan Anak Jami and 2 others (respondents), TH PELITA Sadong Sdn. Bhd. and TH PELITA Gedong Sdn. Bhd..

The claim is regarding TH Pelita Gedong Sdn. Bhd. be given a vacant possession of the native customary land being about one (1) kilometer along both banks of Sungei Tampoi, some parts along Sungai Krang and Sungai Meringgang (“Native Customary Land”), which is within the land described as Lot 166, Block 5 of Melikan Land District (Gedong Land).

On 3 December 2014, the Federal Court had allowed TH PELITA Gedong Sdn. Bhd. Leave to Appeal to the Federal Court on a point of law arising from the decision of the Court of Appeal in September 2013, and furthermore, the Federal Court also extended the Stay of Execution of the High Court judgment as affirmed by the Court of Appeal on 19 June 2014.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

32. Contingencies (continued)

Contingent liabilities not considered remote (continued)

Litigation (continued)

In the Directors' opinion, TH PELITA Gedong Sdn. Bhd. have passed the threshold of a probable prospect of winning, otherwise Leave Application would have been dismissed.

When the liability is not admitted, if defence against the action is unsuccessful, the management estimates the loss as below:

	2014 (RM)
Land	220,000
Plantation development expenditure	2,891,000
	<u>3,111,000</u>

Based on legal advice, the Directors do not expect the outcome of the action to have a material effect on the Group's financial position.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Group.

33. Significant events during the year

1. Acquisition of assets and liabilities in PT Persada Kencana Prima ("PKP")

On 11 November 2011, the Company has entered into a Conditional Sale and Purchase of Shares Agreement with Indonesian citizens namely Drs. H. Rajasa Abdurachman and Ir. Badai Sakti Daniel, to acquire 5,580,000 shares of Rp1,000 each held collectively by the sellers in the share capital of PT Persada Kencana Prima, representing 93% of the total issued and fully paid-up share capital of PT Persada Kencana Prima. The transaction was completed on 10 January 2014.

PKP is involved in oil palm plantations. The acquisition of PKP has further expanded the Group's operation into Indonesia.

2. Disposal of assets in TH Bakti Sdn. Bhd.

On 19 November 2014, TH Bakti Sdn. Bhd. had entered into Conditional Sales and Purchase Agreement with Adegan Budi Sdn. Bhd., wherein TH Bakti Sdn. Bhd. has delivered possession of the Plantation Land to the Purchaser upon execution of the Agreement. The total purchase consideration of the Sales is amounting to RM45,000,000. Upon delivering the possession of the Land, TH Bakti Sdn. Bhd. had discontinued their operation in cultivation of oil palm and selling of FFB.

34. Supplementary information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	735,986	580,452	257,944	249,072
- unrealised	(12,015)	7,957	14,434	(1,616)
Less: Consolidation adjustments	(296,443)	(177,235)	-	-
Total retained earnings	427,528	411,174	272,378	247,456

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.

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 98 to 176 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2014 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 34 on page 177 to the financial statements has been compiled in accordance with 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:



.....
Datuk Azizan bin Abd Rahman



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

Kuala Lumpur,

Date: 26 February 2015

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 98 to 177 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 26 February 2015.



.....
Mohamed Azman Shah bin Ishak

Before me:



Wisma LMS No 6, Unit 2A, Tingkat 2,
Jalan Abdul Rahman Idris, Off Jalan
Raja Muda Aziz, 50300 Kuala Lumpur

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TH PLANTATIONS BERHAD

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Report on the Financial Statements

We have audited the financial statements of TH Plantations Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 98 to 176.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is 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 judgement, 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.

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 give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is included in note 6 to the financial statements.
- (c) 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.
- (d) The 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TH PLANTATIONS BERHAD

(Continued)

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 34 on page 177 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. 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 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.

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



Abdullah Abu Samah
Approval Number: 2013/06/16(J)
Chartered Accountant

Petaling Jaya,

Date: 26 February 2015

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2015

SHAREHOLDING STRUCTURE

Authorised Share Capital	: RM2,000,000,000.00 (comprising 4,000,000,000 ordinary shares of RM0.50 each)
Issued and Paid-Up Share Capital	: RM441,925,735.00 (comprising 883,851,470 ordinary shares of RM0.50 each)
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	166	1.80	3,048	#
100 to 1,000	706	7.64	369,350	0.04
1,001 to 10,000	6,866	74.27	27,758,442	3.14
10,001 to 100,000	1,349	14.59	34,461,994	3.90
100,001 to less than 5% of issued shares	156	1.69	125,568,465	14.21
5% and above of issued shares	2	0.02	695,690,171	78.71
Total	9,245	100.00	883,851,470	100.00

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Tan Sri Ab. Aziz bin Kasim	Nil	Nil	Nil	Nil
2.	Tan Sri Ismee bin Haji Ismail	Nil	Nil	Nil	Nil
3.	Datuk Seri Nurmala binti Abd Rahim	Nil	Nil	Nil	Nil
4.	Datuk Seri Mohamad Norza bin Zakaria	Nil	Nil	Nil	Nil
5.	Datuk Azizan bin Abd Rahman	Nil	Nil	Nil	Nil
6.	Dato' Haji Wan Zakaria bin Abd Rahman	4,800	#	Nil	Nil
7.	Dato' Noordin bin Md Noor	Nil	Nil	Nil	Nil
8.	Dato' Amran bin Mat Nor	Nil	Nil	Nil	Nil
9.	Mahbob bin Abdullah	Nil	Nil	Nil	Nil
10.	Dato' Zainal Azwar bin Zainal Aminuddin	4,800	#	Nil	Nil

Note:

Negligible

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2015

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Lembaga Tabung Haji	634,523,031	71.79	Nil	Nil
2.	Employees Provident Fund Board	64,360,220	7.28	Nil	Nil

TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
1.	Lembaga Tabung Haji	634,523,031	71.79
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	61,167,140	6.92
3.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yayasan Pok Dan Kassim	12,491,760	1.41
4.	Kumpulan Wang Persaraan (Diperbadankan)	12,228,280	1.38
5.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	11,067,120	1.25
6.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	6,238,680	0.71
7.	Pertubuhan Peladang Negeri Terengganu	5,870,294	0.66
8.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Batu Bara Resources Corporation Sdn. Bhd. (MP0184)	4,800,000	0.54
9.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Affin Hwang Asset Management Sdn. Bhd. for Majlis Ugama Islam Dan Adat Resam Melayu Pahang	3,862,560	0.44
10.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Life Par Fund)	3,331,500	0.38
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Life Non-Par FD)	3,022,500	0.34
12.	Amsec Nominees (Tempatan) Sdn. Bhd. Assar Asset Management Sdn. Bhd. for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	2,600,000	0.29
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Shareholder's FD)	2,507,600	0.28
14.	Mayban Nominees (Tempatan) Sdn. Bhd. Amanahraya Investment Management Sdn. Bhd. for Majlis Agama Islam Negeri Sembilan (C417-260272)	2,415,840	0.27
15.	Amin Baitulmal Johor	2,400,000	0.27
16.	Majlis Agama Islam Wilayah Persekutuan	2,400,000	0.27

TOP THIRTY SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares Held	% of Issued Share Capital
17.	Majlis Agama Islam Dan Adat Melayu Perak Darul Ridzuan	2,320,000	0.26
18.	PM Nominees (Tempatan) Sdn. Bhd. for Bank Kerjasama Rakyat Malaysia Berhad	2,233,200	0.25
19.	Amanahraya Trustees Berhad Public Islamic Sector Select Fund	2,009,200	0.23
20.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	1,993,080	0.23
21.	Lembaga Tabung Angkatan Tentera	1,893,000	0.21
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Par Fund 2)	1,582,300	0.18
23.	Amsec Nominees (Tempatan) Sdn. Bhd. Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)	1,548,300	0.18
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	1,515,860	0.17
25.	Neoh Choo Ee & Company Sdn. Berhad	1,458,800	0.17
26.	CIMB Commerce Trustee Berhad Public Focus Select Fund	1,344,000	0.15
27.	Employees Provident Fund Board	1,200,000	0.14
28.	Majlis Agama Islam Melaka	1,200,000	0.14
29.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	1,025,640	0.12
30.	Amanahraya Trustees Berhad Amanah Saham Bank Simpanan Nasional	868,300	0.10
	TOTAL	793,117,985	89.73

PROPERTIES OWNED BY THP GROUP

AS AT 31 DECEMBER 2014



NEGERI SEMBILAN

1. **LADANG LONDAH**
Gemas, Negeri Sembilan
- LADANG PASIR BESAR**
Gemas, Negeri Sembilan
- LADANG BUKIT ROKAN**
Gemas, Negeri Sembilan
- KILANG SAWIT LADANG PASIR BESAR**
Gemas, Negeri Sembilan

JOHOR

2. **LADANG BUKIT LAWIANG**
Kluang, Johor
- LADANG GUNUNG SUMALAYANG**
Kluang, Johor
- KILANG SAWIT BUKIT LAWIANG**
Kluang, Johor

PAHANG

3. **LADANG KOTA BAHAGIA**
Keratong, Pahang
- LADANG SUNGAI MENGAH**
Keratong, Pahang
- LADANG SUNGAI BUAN**
Keratong, Pahang
- KILANG SAWIT KOTA BAHAGIA**
Keratong, Pahang
4. **LADANG SUNGAI MERCHONG**
Muadzam Shah, Pahang

TERENGGANU

5. **LADANG BUKIT BIDONG**
Setiu, Terengganu
6. **LADANG TH BAKTI**
Dungun, Terengganu
7. **LADANG SUNGAI IBOK**
Kemaman, Terengganu
8. **LADANG ULU CHUKAI**
Kemaman, Terengganu



SARAWAK

- 9. LADANG KENYALANG**
Pusa, Sarawak
- LADANG RAJA UDANG**
Pusa, Sarawak
- LADANG ENGGANG**
Pusa, Sarawak
- LADANG MERBOK**
Pusa, Sarawak
- KILANG SAWIT LADANG RAJA UDANG**
Pusa, Sarawak
- 10. LADANG TANJUNG LILIN**
Meludam, Sarawak
- LADANG SEMARANG**
Meludam, Sarawak
- LADANG NCR**
Beladin, Sarawak
- 11. LADANG KEPAYANG**
Samarahan, Sarawak

LADANG SEMALATONG

- Samarahan, Sarawak
- 12. LADANG SUNGAI KERIAN**
Samarahan, Sarawak
- LADANG SUNGAI RASAU**
Samarahan, Sarawak
- 13. LADANG GEDONG**
Serian, Sarawak
- LADANG SEMATAN**
Serian, Sarawak
- LADANG SADONG**
Serian, Sarawak
- LADANG LUPAR**
Serian, Sarawak
- KILANG SAWIT GEDONG**
Serian, Sarawak
- 14. LADANG SUNGAI ARIP**
Bintulu, Sarawak
- LADANG SUNGAI KARANGAN**
Bintulu, Sarawak

SABAH

- 15. LADANG BUKIT BELIAN**
Sandakan, Sabah
- 16. LADANG MAMAHAT**
Kota Marudu, Sabah
- LADANG TERUSAN**
Kota Marudu, Sabah
- KILANG SAWIT LADANG MAMAHAT**
Kota Marudu, Sabah
- 17. LADANG SUNGAI TENEGANG**
Lahad Datu, Sabah
- LADANG SUNGAI KOYAH**
Lahad Datu, Sabah
- KILANG SAWIT SUNGAI TENEGANG**
Lahad Datu, Sabah
- 18. LADANG BUKIT GOLD**
Lahad Datu, Sabah

19. LADANG JATI KENINGAU

- Keningau, Sabah
- 20. LADANG KLAGAN 2**
Sandakan, Sabah
- LADANG KLAGAN 4**
Sandakan, Sabah
- LADANG JATIMAS**
Sandakan, Sabah

INDONESIA

- 21. PT PERSADA KENCANA PRIMA**
Kalimantan, Indonesia

PROPERTIES OWNED BY THP GROUP

AS AT 31 DECEMBER 2014

PLANTATIONS

Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
PENINSULAR MALAYSIA						
THP Kota Bahagia Sdn. Bhd.¹						
Ladang Kota Bahagia Keratong, Pahang	-	Leasehold	2071 and 2073	1,858	Oil Palm Estate	14,337
Kilang Sawit Kota Bahagia Keratong, Pahang	39	Leasehold	2071	9.804 [^]	Palm Oil Mill	9,562
Ladang Sungai Mengah Keratong, Pahang	-	Leasehold	2073, 2090, 2093 and 2107	2,196	Oil Palm Estate	15,757
Ladang Sungai Buan Keratong, Pahang	-	Leasehold	2093 and 2108	1,796	Oil Palm Estate	15,627
Ladang Sungai Merchong Muadzam Shah, Pahang	-	Leasehold	2085	1,720	Oil Palm Estate	1,574
TH Plantations Berhad						
Ladang Ulu Chukai Kemaman, Terengganu	-	Leasehold	2051	894	Oil Palm Estate	1,450
Ladang Bukit Lawiang Ladang Gunung Sumalayang Kluang, Johor	-	Leasehold	2091	4,058	Oil Palm Estate	7,051
Kilang Sawit Bukit Lawiang Kluang, Johor	26	Leasehold	2091	10 [^]	Palm Oil Mill	5,394
THP Gemas Sdn. Bhd.						
Ladang Pasir Besar Ladang Londah Gemas, Negeri Sembilan	-	Leasehold	2088, 2090, 2091 and 2093	1,781	Oil Palm Estate	19,683
Kilang Sawit Ladang Pasir Besar Gemas, Negeri Sembilan	9	Leasehold	2091	5 [^]	Palm Oil Mill	6,665
Ladang Bukit Rokan Gemas, Negeri Sembilan	-	Leasehold	2090 and 2092	973	Oil Palm Estate	9,098
THP Ibok Sdn. Bhd.²						
Ladang Sungai Ibok Kemaman, Terengganu	-	Leasehold	2042 and 2052	924	Oil Palm Estate	17,539
THP-YT Plantation Sdn. Bhd.						
Ladang Bukit Bidong Setiu, Terengganu	-	Leasehold	2064	2,594	Oil Palm Estate	36,366
TH Bakti Sdn. Bhd.						
Ladang TH Bakti Dungun, Terengganu	-	Leasehold	2060	1,205	Oil Palm Estate	-

PLANTATIONS

Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
SABAH						
THP Sabaco Sdn. Bhd. Ladang Sungai Tenegang Ladang Sungai Koyah Lahad Datu, Sabah	-	Leasehold	2083	3,886	Oil Palm Estate	94,572
Kilang Sawit Sungai Tenegang Lahad Datu, Sabah	23	Leasehold	2083	50^	Palm Oil Mill	13,684
Ladang Bukit Gold Lahad Datu, Sabah	-	Leasehold	2076	2,020	Oil Palm Estate	87,090
Ladang Mamahat Kota Marudu, Sabah	-	Leasehold	2096 and 2099	2,125	Oil Palm Estate	90,543
Kilang Sawit Ladang Mamahat Kota Marudu, Sabah	6	Leasehold	2096	25^	Palm Oil Mill	16,802
Ladang Terusan Kota Marudu, Sabah	-	Leasehold	2098	811	Oil Palm Estate	34,661
THP Bukit Belian Sdn. Bhd. Ladang Bukit Belian Sandakan, Sabah	-	Leasehold	2887	1,088	Oil Palm Estate	43,370
TH-Bonggaya Sdn. Bhd. Ladang Klagan Sandakan, Sabah	-	Licensed for 100 years	2098	10,117	Rubber & Teak Estate	146,996
TH-USIA Jatimas Sdn. Bhd. Ladang Jatimas Sandakan, Sabah	-	Licensed for 100 years	2098	4,047	Rubber & Teak Estate	57,840
Ladang Jati Keningau Sdn. Bhd. Ladang Jati Keningau Sandakan, Sabah	-	Leasehold	2078	1,550	Teak Estate	31,580
SARAWAK						
THP Saribas Sdn. Bhd.³ Ladang Kenyalang Ladang Raja Udang Ladang Enggang Ladang Merbok Pusa, Sarawak	-	Leasehold	2060	10,390 [∞]	Oil Palm Estate	350,768
Kilang Sawit Raja Udang Pusa, Sarawak	2	Leasehold	2060	9^	Palm Oil Mill	71,707
Hydroflow Sdn. Bhd. Ladang Sungai Kerian Ladang Sungai Rasau Samarahan, Sarawak	-	Leasehold	2064 and 2067	5,602	Oil Palm Estate	99,102

PROPERTIES OWNED BY THP GROUP

AS AT 31 DECEMBER 2014

PLANTATIONS

Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
SARAWAK						
TH PELITA Gedong Sdn. Bhd.						
Ladang Gedong Ladang Sematan Serian, Sarawak	-	Leasehold	2058	7,250	Oil Palm Estate	233,828
Kilang Sawit Gedong Serian, Sarawak	10	N/A*	N/A	160*	Palm Oil Mill	40,114
TH PELITA Sadong Sdn. Bhd.						
Ladang Sadong Ladang Lupar Serian, Sarawak	-	Leasehold	2060	4,549	Oil Palm Estate	206,582
TH PELITA Simunjan Sdn. Bhd.						
Ladang Kepayang Ladang Semalatong Samarahan, Sarawak	-	Not available as the estate is located on NCR land and the land title has not been issued as at 31/3/2015	-	9,630 ⁴	Oil Palm Estate	22,942
		The land shall be alienated to TH PELITA Simunjan Sdn. Bhd. for a period of sixty (60) years pursuant to the Simunjan Joint Venture Agreement				
TH PELITA Beladin Sdn. Bhd.						
Ladang NCR Beladin, Sarawak	-	Not available as the estate is located on NCR land and the land title has not been issued as at 31/3/2015	-	1,577 ⁵	Oil Palm Estate	25,825
		The land shall be alienated to TH PELITA Beladin Sdn. Bhd. for a period of sixty (60) years pursuant to the Beladin Joint Venture Agreement				

PLANTATIONS

Location	Approximate Age Of Building	Tenure	Year Of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
SARAWAK						
TH PELITA Meludam Sdn. Bhd. Ladang Tanjung Lilin Ladang Semarang Meludam, Sarawak	-	Leasehold	2066	6,021	Oil Palm Estate	80,886
Bumi Suria Ventures Sdn. Bhd. Ladang Sungai Arip Ladang Sungai Karang Sibu-Bintulu, Sarawak	-	Leasehold	2065 and 2066	6,515	Oil Palm Estate	300,571

Notes:

- Registered under the ownership of Lembaga Tabung Haji.
 - Registered under the ownership of Syarikat Peladang LUTH Sdn Bhd (the former name of TH Peladang Sdn Bhd).
 - Registered under the ownership of Kenyalang Resources Sdn Bhd. (the former name of THP Saribas Sdn. Bhd).
 - Gross area as stated in the Simunjan Joint Venture Agreement.
 - Gross area as stated in the Beladin Joint Venture Agreement.
- * On 13 September 2012, TH PELITA Gedong Sdn. Bhd. received an offer from the Ministry of Resource Planning and Environment for the alienation of the land alongside Lot 166, Block 6 of Melikin Land District, where the Gedong Palm Oil Mill is located and TH PELITA Gedong Sdn. Bhd. is currently undertaking the procedures for the alienation of said land.
- ∞ As per latest perimeter survey.
- ^ Part of the titled area under Ladang Kota Bahagia (Kilang Sawit Kota Bahagia), Ladang Bukit Lawiang (Kilang Sawit Bukit Lawiang), Ladang Pasir Besar (Kilang Sawit Ladang Pasir Besar), Ladang Sungai Tenegang (Kilang Sawit Sungai Tenegang), Ladang Mamahat (Kilang Sawit Ladang Mamahat) and Ladang Raja Udang (Kilang Sawit Raja Udang) .
- N/A Not applicable.

HOSPITALITY

Location	Approximate Age Of Building	Tenure	Area Sq metres	Description	Net Book Value RM'000
PENINSULAR MALAYSIA					
Tanjung Tuan Resort, Port Dickson, Negeri Sembilan	26	-	1,222	1 Unit 3 Rooms Apartment	13
Awana Kijal Resort, Kijal, Terengganu	13	-	816	1 Unit 3 Rooms Apartment	86

DIRECTORY OF ESTATES AND MILLS

Company	Estates	Person in Charge	Address
THP Kota Bahagia Sdn. Bhd.	Ladang Kota Bahagia Tel : 09-4524826 Fax : 09-4524821	Tuan Rahimi Tuan Man (Senior Manager)	Peti Surat 19 26700 Muadzam Shah Pahang Darul Makmur
	Ladang Sungai Mengah Tel : 09-4524979 Fax : 09-4524979	Yazit Ab Jalil (Senior Manager)	Peti Surat 21 26700 Muadzam Shah Pahang Darul Makmur
	Ladang Sungai Buan Tel : 09-4524996 Fax : 09-4524995	Mohamad Sakri Idris (Senior Manager)	Peti Surat 18 26700 Muadzam Shah Pahang Darul Makmur
	Ladang Sungai Merchong Tel : 09-4530807 Fax : 09-4530804	Ahmad Mazwan Jamaludin (Manager)	Peti Surat 4 26700 Muadzam Shah Pahang Darul Makmur
	Kilang Sawit Kota Bahagia Tel : 09-4524936 Fax : 09-4524828	Kamar Jamian (Senior Manager)	Peti Surat 20 26700 Muadzam Shah Pahang Darul Makmur
TH Plantations Berhad	Ladang Bukit Lawiang Tel : 07-7863063 Fax : 07-7864271	Md. Hanif Md Nor (Senior Manager)	Karung Berkunci 522 86009 Kluang Johor
	Ladang Gunung Sumalayang Tel : 07-7863444 Fax : 07-7864606	Md. Hanif Md Nor (Senior Manager)	Karung Berkunci 535 86009 Kluang Johor
	Ladang Ulu Chukai Tel : 09-8676336 Fax : 09-8676336	Juna Palatuwi (Manager)	Peti Surat 2 24107 Kijal Kemaman, Terengganu
	Kilang Sawit Bukit Lawiang Tel : 07-7864540 Fax : 07-7864540	Isa Jabar (Senior Manager)	Peti Surat 114 86007 Kluang Johor
THP Ibok Sdn. Bhd.	Ladang Sungai Ibok Tel : 09-8676543 Fax : 09-8676336	Juna Palatuwi (Manager)	Peti Surat 2 24107 Kijal Kemaman, Terengganu
THP-YT Plantation Sdn. Bhd.	Ladang Bukit Bidong Tel : 09-6693260 Fax : 09-6693254	Rosli Ahmed Khalil (Senior Manager)	No. 206, Kg Pengkalan Atap Batu Rakit 21020 Kuala Terengganu
TH Bakti Sdn. Bhd.	Ladang TH Bakti Tel : 09-8221884 Fax : 09-8222884	Mustaming Abu (Manager)	Peti Surat 3 Bandar Al-Muktafi Billah Shah 23400 Dungun, Terengganu
THP Gemas Sdn. Bhd.	Ladang Londah/Pasir Besar Tel : 07-9484700 Fax : 07-9484701	Mat Faisal Ismail (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	Ladang Bukit Rokan Tel : 019-2397479 Fax : 019-2647610	Abdullah Asya'ari Junoh (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	Kilang Sawit Ladang Pasir Besar Tel : 019-2677479 Fax : 019-2647479	Kamar Jamian (Senior Manager)	Peti Surat 30 73400 Gemas Negeri Sembilan

Company	Estates	Person in Charge	Address
THP Sabaco Sdn. Bhd.	Ladang Sungai Tenegang Tel : 089-959124 Fax : 089-959127	Abdul Wahab Abdul Rashed (Senior Manager)	Karung Berkunci 12 91109 Lahad Datu Sabah
	Ladang Sungai Koyah Tel : 089-959814 Fax : 089-9593817	Faizal Zulkifli (Manager)	Karung Berkunci No 6 91109 Lahad Datu Sabah
	Ladang Bukit Gold Tel : 089-959820 Fax : 089-959821	Mohd Sofi Harun (Manager)	Peti Surat 60389 91113 Lahad Datu Sabah
	Ladang Mamahat Tel : 089-278013 Fax : 089-278011	Rozali Mohd Desa (Senior Manager)	Karung Berkunci 1 89109 Kota Marudu Sabah
	Ladang Terusan Tel : 089-278016 Fax : 089-278018	Rozali Mohd Desa (Senior Manager)	Karung Berkunci 1 89109 Kota Marudu Sabah
	Kilang Sawit Sungai Tenegang Tel : 089-959810 Fax : 089-565029	Mohd Azahar Yasin (Assistant General Manager)	Peti Surat 60626 91115 Lahad Datu Sabah
	Kilang Sawit Ladang Mamahat Tel : 089-259166 Fax : 089-259188	Md Nazri Md Noh (Manager)	Karung Berkunci 29 89109 Kota Marudu Sabah
THP Bukit Belian Sdn. Bhd.	Ladang Bukit Belian Tel : 089-278030 Fax : 089-278033	Usran Mohd Zin (Manager)	WDT 167 Kota Kinabatangan 90200 Sandakan, Sabah
Ladang Jati Keningau Sdn. Bhd.	Ladang Jati Keningau Tel : 089-514721 Fax : 089-514721	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
TH-USIA Jatimas Sdn. Bhd.	Ladang Jatimas Tel : 089-514721 Fax : 089-514721	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
TH-Bonggaya Sdn. Bhd.	Ladang Klagan 2 Tel : 089-514721 Fax : 089-514851	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
	Ladang Klagan 4 Tel : 089-514721 Fax : 089-514851	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah

DIRECTORY OF ESTATES AND MILLS

Company	Estates	Person in Charge	Address
THP Saribas Sdn. Bhd.	Ladang Kenyalang Tel : 082-804916 Fax : 082-804919	Mukhtar Yusof (Senior Manager)	KM20, Jalan Pusa-Sessang 94950 Pusa Sarawak
	Ladang Raja Udang Tel : 083-485920 Fax : 083-485923	Abdul Kahar Sariman (Manager)	KM11, Jalan Pusa-Sessang Lot 1, Blok 3 Sablör Land District 94950 Pusa Sarawak
	Ladang Enggang Tel : 082-804910 Fax : 082-804911	Mahya Masrom (Manager)	KM6, Jalan Pusa-Sessang 94950 Pusa Sarawak
	Ladang Merbok Tel : 082-804910 Fax : 082-804911	Alinan Kadar (Manager)	Lot 410, Blok 9 Awik Krian, LD Saratok Area 94950 Pusa Sarawak
	Kilang Sawit Raja Udang Tel : 083-485928 Fax : 083-485929	Mohd Fadzley Mohd Nazri (Manager)	Blok 3, Lot 1 Sablör Land District 94950 Pusa Sarawak
TH PELITA Meludam Sdn. Bhd.	Ladang Tanjung Lilin Tel : 082-804914 Fax : 082-804915	Nor Ali Akmar Mahadi (Manager)	No 1, Ground Floor, Bazar Baru RGC Beladin 94950 Pusa Sarawak
	Ladang Semarang Tel : 083-466566 Fax : 083-466966	Muhammad Termeze Mat Nor (Manager)	No 7, Ground Floor, Bazar Baru RGC Beladin 94950 Pusa Sarawak
TH PELITA Beladin Sdn. Bhd.	Ladang NCR Tel : 082-804914 Fax : 082-804915	Nor Ali Akmar Mahadi (Manager)	No 1, Ground Floor, Bazar Baru RGC Beladin 94950 Pusa Sarawak
TH PELITA Simunjan Sdn. Bhd.	Ladang Kepyang Tel : 083-412100 Fax : 083-412101	Mohd Johari Md Daud (Manager)	KM 25, Jalan Simunjan Kg Semalatong-Kepyang 98400 Simunjan, Sarawak
	Ladang Semalatong Tel : 082-804905 Fax : 082-804907	Tuah Nawi (Manager)	KM 25, Jalan Simunjan Kg Semalatong-Kepyang 98400 Simunjan, Sarawak
TH PELITA Gedong Sdn. Bhd.	Ladang Gedong Tel : 082-882902 Fax : 082-882903	Ismail Sadari (Senior Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak
	Ladang Sematan Tel : 082-882912 Fax : 082-882915	Girman @ Perman Sirah (Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak
	Kilang Sawit Gedong Tel : 082-882909 Fax : 082-882908	Adnan Arifin (Assistant General Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak

Company	Estates	Person in Charge	Address
TH PELITA Sadong Sdn. Bhd.	Ladang Sadong Tel : 082-882918 Fax : 082-882919	Martin@Zaini Soili (Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak
	Ladang Lupar Tel : 082-882906 Fax : 082-882907	Abang Ahmad Saifulhadi Abg Iskandar (Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian, Sarawak
Hydroflow Sdn. Bhd.	Ladang Sungai Kerian Tel : 013-8385848	Alias Bakir (Manager)	Lot 1227, Jalan Kg Ulu Gedong 94700 Gedong, Sarawak
	Ladang Sungai Rasau Tel : 013-8385848	Alias Bakir (Manager)	Lot 1227, Jalan Kg Ulu Gedong 94700 Gedong, Sarawak
Bumi Suria Ventures Sdn. Bhd.	Ladang Sungai Karangan Tel : 084-375828 Fax : 084-375828	Mohd Jafri Arshad (Group Manager)	KM 91, Jalan Bintulu - Sibul P.O Box 3325 97000 Bintulu Sarawak
	Ladang Sungai Arip Tel : 084-375828 Fax : 084-375828	Singgat Anak Birai (Manager)	KM 91, Jalan Bintulu - Sibul P.O Box 3325 97000 Bintulu Sarawak

Company	Region	Person in Charge	Address
PT Persada Kencana Prima	Jakarta Office Tel : 021-570 0297 Fax : 021-570 4978	Ahmad Nordzri Razali (Vice President-Director)	Wisma Nugra Santana, Lantai 13 Jl. Jend Sudirman Kav 7 - 8 Jakarta Pusat 10220, Indonesia
	Tarakan Office Tel : 0551-21279 Fax : 0551-21279	Mohammad Shukri Othman (General Manager, Operation)	Jl. KH. Agus Salim RT 08, No 11 Selumit Dalam, Tarakan Kalimantan Utara, Indonesia

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I/We, _____ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. _____ of _____

(ADDRESS)being member/members of TH PLANTATIONS BERHAD ("the Company") hereby appoint _____

(FULL NAME IN BLOCK LETTERS)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 Forty-First Annual General Meeting ("41st AGM") of the Company to be held at the Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Wednesday, 20 May 2015 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 cast. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

RESOLUTION NO.	ORDINARY BUSINESSES	FOR	AGAINST
Ordinary Resolution 1	To receive Audited Financial Statements for year ended 31 December 2014 and the Reports of Directors and Auditors thereon.		
Ordinary Resolution 2	To approve declaration of First and Final Single Tier Dividend of 2 sen per Ordinary Share for year ended 31 December 2014.		
Ordinary Resolution 3	To approve payment of Directors' Fees of RM932,000.00 for year ended 31 December 2014.		
Ordinary Resolution 4	To re-elect Tan Sri Ismee bin Haji Ismail as Director.		
Ordinary Resolution 5	To re-elect Dato' Zainal Azwar bin Zainal Aminuddin as Director.		
Ordinary Resolution 6	To re-elect Datuk Seri Mohamad Norza bin Zakaria as Director.		
Ordinary Resolution 7	To re-appoint Messrs. KPMG Desa Megat & Co. as Auditors of the Company and to authorise Board of Directors to determine their remuneration.		
RESOLUTION NO.	SPECIAL BUSINESS		
Ordinary Resolution 8	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

For the appointment of two (2) proxies, the 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 _____ 2015.

Signature/Common Seal of Shareholder

NOTES:

1. A member entitled to attend and vote at the 41st 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 and there shall be no restriction as to the qualification of the proxy.
2. Only a Depositor whose name appears on the Record of Depositors as at 13 May 2015 shall be regarded as a member and entitled to attend the 41st AGM or appoint proxy/proxies to attend and vote on his/her behalf.
3. Where a member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies 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 Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument in 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.
5. In order to be valid, the instrument in appointing a proxy must be deposited at the Company's Registered Office at Tingkat 23, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur in not less than 48 hours before the time set for holding the 41st AGM or at any adjournment thereof.

Affix Stamp

The Company Secretary
TH PLANTATIONS BERHAD
Tingkat 23, Bangunan TH Selborn
153, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia



TH PLANTATIONS BERHAD (12696-M)

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