



TH PLANTATIONS BERHAD (12696-M)

# Committed to a Sustainable Future



ANNUAL REPORT 2016



The Management Discussion & Analysis provides a thorough overview of our business activities for the year and provides a glimpse into our strategic plans moving forward.

## Management Discussion & Analysis

P. 10



Our year in pictorial review and highlights of media coverage in 2016.

## Corporate Calendar & Media Highlights

P. 42-43



A detailed report of our initiatives in the discharge of our corporate responsibilities.

## Corporate Responsibility

P. 46

# Cover Rationale

Three palm fronds come together to depict the interwoven nature of our business, our environment and our communities. While each frond stands as an individual, there are areas of overlap as there are between our business, environment and communities. The three fronds work together in harmony to provide sustenance to the oil palm tree and we endeavour to find a similar balance in our business activities to sustain our Company. The green and gold reflect our Islamic roots and our efforts to embody its teachings in our Company culture. Finally, the four icons below the title of the report symbolise our approach towards corporate responsibility and sustainability: through good agricultural practice, by nurturing our people, by protecting the environment and by practising good corporate governance.

# 43<sup>rd</sup> ANNUAL GENERAL MEETING

**VENUE**

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

**DATE**

Monday, 8 May 2017

**TIME**

10.00 a.m.



Please scan this QR code with your smartphone to access our website  
[www.thplantations.my](http://www.thplantations.my)



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6

Palm Oil Mills with a total milling capacity of 240 metric tonnes per hour



7

Forestry Plantations in Sabah



32

Oil Palm Estates in Malaysia & Indonesia



102,000

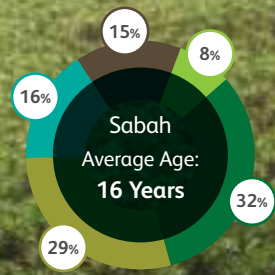
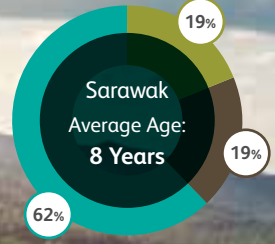
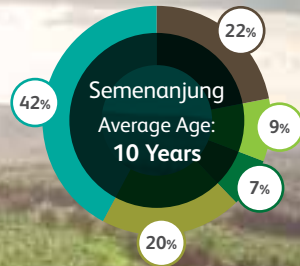
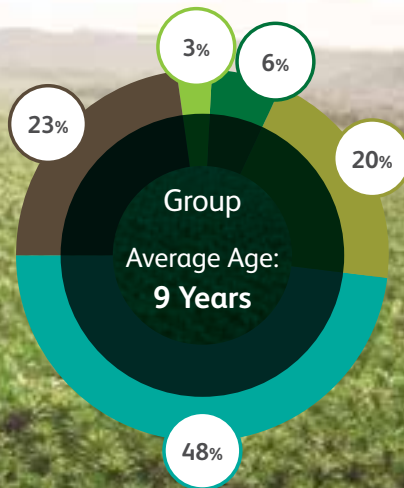
hectares of land bank

as at 15 March 2017

# The Journey to A Sustainable Future

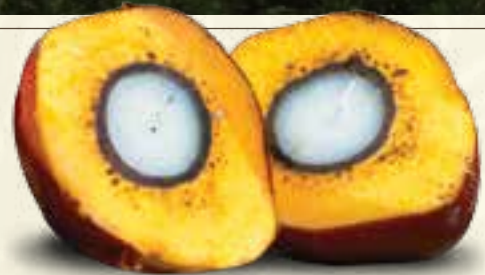
## FFB Production





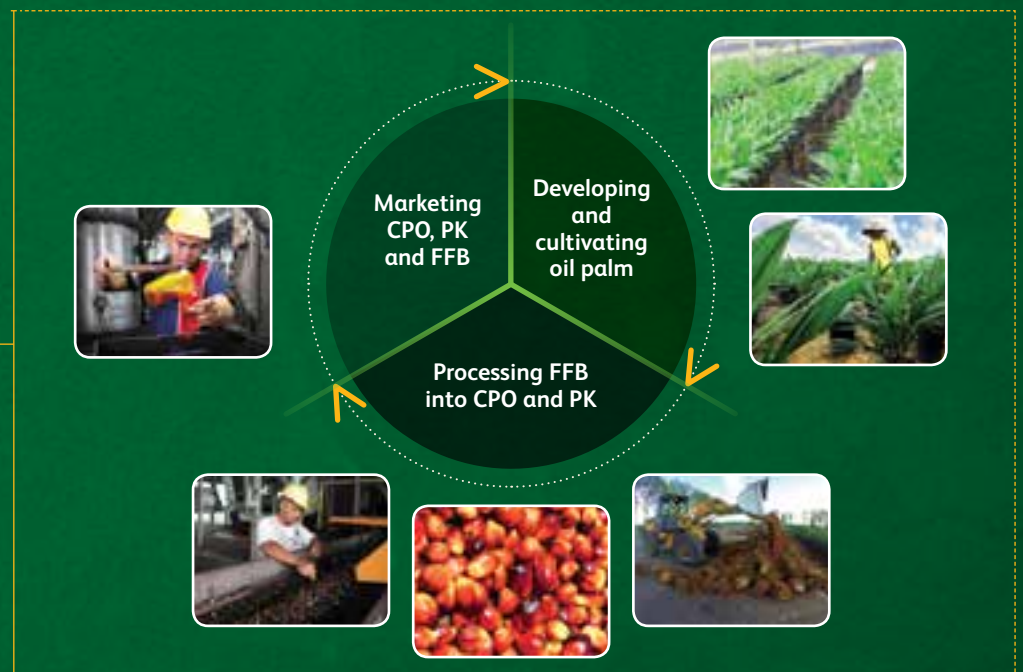
as at 15 March 2017

● > 25 (Old Mature) ● 20 - 25 (Mature) ● 10 - 19 (Prime Mature) ● 4 - 9 (Young Mature) ● < 4 (Immature)



## Our Core Business

Management Agent



## About this Report

TH Plantations Berhad (“THP”) is committed to the transparent disclosure of all its business activities and endeavours to provide clear and accurate information about all its business activities. This includes balanced and objective disclosures about our financial performance, our risks and opportunities and our future prospects. These are benchmarked against our short-, medium- and long-term strategic goals, which are also detailed in this report.

### Scope and boundary

This report has been prepared in accordance with the guidelines provided by Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The scope of this report is limited to the business activities of THP and its subsidiaries where it has a controlling interest for the financial year ended 31 December 2016. Where applicable or helpful, references to previous financial years and to plans for the future will be made.

As part of our efforts to incorporate best practices into our annual disclosures, we have prepared a “Management Discussion & Analysis” (“MD&A”) section that provides a more comprehensive analysis of our business performance and the way it relates to our strategy. The information in the MD&A also provides a more thorough discussion of our business risks and opportunities, and our plans to mitigate and take advantage of them, respectively. The MD&A has also been prepared in accordance with Bursa Malaysia guidelines.

This report contains forward-looking statements characterised by the use of words or phrases such as “might”, “forecast”, “anticipate”, “project”, “may”, “believe”, “predict”, “expect”, “continue”, “will”, “estimate”, “target”, and other similar expressions. The report may also contain forecast information such as improvements in production or expectations of commodity price movements. Finally, the report may also stipulate a certain course of action with regard to our business activities moving forward into the future.

We affirm that these statements reflect our position and beliefs as at the time of writing. However, we recognise that we operate in a changing environment. Hence, there are uncertainties or new developments that could cause actual results or actions to differ from those stated in these forward-looking statements. Thus the forward-looking statements should not be understood as a guarantee of results or of the course of action that will be taken.

Signed on behalf of the Board of Directors:



.....  
**TAN SRI DATO' SRI AB. AZIZ BIN KASIM**  
Chairman



.....  
**DATO' SRI ZAINAL AZWAR BIN ZAINAL AMINUDDIN**  
Chief Executive Officer/Executive Director

# Notice of the 43<sup>rd</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Forty-Third Annual General Meeting (“43<sup>rd</sup> 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 Monday, 8 May 2017 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 2016 together with Reports of the Directors and the Auditors thereon.   | Please refer to Explanatory Note 1 |
| 2. To approve the declaration of a First and Final Single Tier Dividend of 6 sen per Ordinary Share for the year ended 31 December 2016.  | Ordinary Resolution 1              |
| 3. To approve the payment of Directors’ Fees and benefits payable of RM1,270,000.00 for the year ended 31 December 2016.  | Ordinary Resolution 2              |
| 4. To re-elect Dato’ Azizan bin Abd Rahman, who shall retire by rotation in accordance with Article 84 of the Constitution of the Company and being eligible, offered himself for re-election.  | Ordinary Resolution 3              |
| 5. To re-elect Dato’ Amran bin Mat Nor, who shall retire by rotation in accordance with Article 84 of the Constitution of the Company and being eligible, offered himself for re-election.  | Ordinary Resolution 4              |
| 6. To re-elect Dato’ Sri Zainal Azwar bin Zainal Aminuddin, who shall retire by rotation in accordance with Article 84 of the Constitution of the Company and being eligible, offered himself for re-election.                                      | Ordinary Resolution 5              |
| 7. To re-appoint KPMG Desa Megat PLT (Formerly known as KPMG Desa Megat & Co.) as Auditors of the Company in respect of the financial year ending 31 December 2017 and to authorise the Board of Directors to determine the Auditors’ remuneration. | Ordinary Resolution 6              |

## As Special Business

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

- |  |                       |
|--|-----------------------|
| 8. <b>Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature</b> | Ordinary Resolution 7 |
|--|-----------------------|

“**THAT**, subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), 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 14 April 2017 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:

- 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;
- 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 340(2) of the Companies Act, 2016, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- 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, 2016 and the Company’s Constitution.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend, speak and vote at the 43<sup>rd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. (“Bursa Depository”) in accordance with Article 57(b) of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) ACT 1991 (SICDA) to issue a General Meeting Record of Depositors (“ROD”) as at 28 April 2017. Only a Depositor whose name appears on the ROD as at 28 April 2017 shall be entitled to attend, speak and vote at the 43<sup>rd</sup> AGM or appoint proxy/proxies to attend, speak and vote on his/her behalf.

### **Notice of Dividend Entitlement and Payment**

**NOTICE IS HEREBY GIVEN THAT** subject to the approval of shareholders at the 43<sup>rd</sup> AGM of the Company, a First and Final Single Tier Dividend of 6 sen per Ordinary Share for the year ended 31 December 2016 will be paid on Friday, 2 June 2017 to Depositors registered in the ROD at the close of business on Friday, 12 May 2017.

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 12 May 2017 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: 14 April 2017

### **Explanatory Notes:**

#### **1. Audited Financial Statements for the year ended 31 December 2016**

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

#### **2. Payment of Directors’ Fees and Benefits Payable**

The details of Directors’ Fees and benefits payable amounting to RM1,270,000.00 are set out on page 68 of this Annual Report.

#### **3. Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**

The proposed Ordinary Resolution 7, 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 14 April 2017 for more information.



**Notes:**

1. In respect of deposited securities, only a Member whose name appears on the ROD as at 28 April 2017 shall be entitled to attend, speak and vote at the 43<sup>rd</sup> AGM.
2. A Member entitled to attend and vote at the 43<sup>rd</sup> AGM may appoint not more than two (2) proxies to attend, speak and vote on his/her behalf. A proxy may but need not be a member of the Company.
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. 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 43<sup>rd</sup> AGM or no later than 6 May 2017 at 10.00 a.m.
6. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, voting at the 43<sup>rd</sup> AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and verify the results of the poll.

## Statement Accompanying the Notice of the 43<sup>rd</sup> Annual General Meeting

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

1. The following Directors are retiring by rotation pursuant to Article 84 of the Constitution of the Company:
  - i. Dato’ Azizan bin Abd Rahman has indicated his intention to seek for re-election at the 43<sup>rd</sup> AGM;
  - ii. Dato’ Amran bin Mat Nor has indicated his intention to seek for re-election at the 43<sup>rd</sup> AGM;
  - iii. Dato’ Sri Zainal Azwar bin Zainal Aminuddin has indicated his intention to seek for re-election at the 43<sup>rd</sup> AGM; and
  - iv. Dato’ Sri Mohamad Norza bin Zakaria has expressed his intention not to seek for re-election at the 43<sup>rd</sup> AGM. Hence, he will retire as an Independent Non-Executive Director of the Company at the conclusion of the 43<sup>rd</sup> AGM.

The details of Directors seeking re-election as stated in the Notice of the 43<sup>rd</sup> AGM are set out in their respective profiles appearing in the Directors’ Profiles on pages 34, 35 and 38 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 195 of this Annual Report.



*How We are Growing Our Company*



THP has plans in place to grow into a sustainable and integrated palm player over the long-term. To accomplish this goal, we have identified three key Growth Nodes that we must work on.

### **NODE 1:**

Enhancing the value of our existing land bank of

**102,000**  
hectares

### **NODE 2:**

Further expanding our land bank to grow our earnings

### **NODE 3:**

Humanising our business operations



Open for more information.



How We are Growing

## 01. HOW WE ARE GROWING OUR COMPANY

Growing Our Company

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### Our Values

Growth must be sustainable and must create value for our stakeholders. This is the fundamental anchor of our business expansion strategy and one that is steeped into our three Growth Nodes. We expect several key outcomes from our initiatives in this area namely:

#### Better Yields, Lower Costs

By enhancing our existing plantations and optimising our processes, we can improve our plantation and mill activities to extract greater value from our existing resources. This leads to a stronger balance sheet giving us greater agility.



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#### Enhanced Shareholder Value

Augmenting our land bank is part of our growth strategy which will enhance earnings and shareholder value. Nevertheless, we must remain cautious in determining that acquisitions complement our strategy and are value accretive.

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#### Uplift All Stakeholders

We are focused on the management and coordination of our environmental, social and financial demands and concerns to ensure that all our stakeholders enjoy the fruits of progress. This is what we mean by humanising our business.

## Our Commitment to Grow the Company

We are pleased with our performance during a very challenging 2016. Nevertheless, we still need to improve our performance going forward and we have set several key targets for us:



0.5x is our targeted gearing ratio. We will reduce our borrowings to ease our financing cost and improve our financial flexibility in the future.



1 million tonnes of fresh fruit bunch ("FFB") production is the target that we have set for our plantations by 2020.



10 years is the average tree age that we hope to achieve through our replanting programme, giving us a highly desirable age profile that will provide a steady stream of FFB production.

## A Better 2017 Ahead

We are optimistic that conditions are improving in 2017. With a steady number of palm trees coming into maturity during the year, we are confident that we will be able to seize the opportunities presented before us to move us closer to the targets that we have set for ourselves. Key catalysts include:



Improved planting conditions with the tapering off of the El Nino weather phenomenon



Steadier crude palm oil ("CPO") prices, which have recovered in the last quarter of 2016



Advantageous currency rates that make CPO a more attractive alternative in relation to other vegetable oils



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Open for more information.

# Management Discussion & Analysis

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

In the name of Allah, the most Gracious, the most Merciful  
Assalamualaikum Warahmatullahi Wabarakatuh

## To our valued shareholders,

The financial year ended 31 December 2016 was a stern test of our Company's resilience in the face of challenging operating conditions. We are pleased to report that TH Plantations Berhad ("THP" or "the Company" or "the Group") has performed satisfactorily in this test and remains on track towards our goal of becoming an integrated and sustainable plantation company. The results are further evidence that our strategy is on the right track, and that our management systems are sufficiently agile to adapt to changing conditions.



Tan Sri Dato' Sri  
Ab. Aziz bin Kasim  
Chairman

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

## RESILIENT IN THE FACE OF CHALLENGES

Despite our satisfactory performance in FY2016, we must acknowledge that the past two years have been difficult for both us and the oil palm plantation sector. Adverse planting conditions and volatile commodity prices, particularly in the first half of 2016, had a severe impact on our fresh fruit bunch ("FFB") production, resulting in lower crude palm oil ("CPO") production and oil extraction rates ("OER"). To put this production fall in context, the Malaysian Palm Oil Board ("MPOB") data showed that palm oil stocks as at the end of 2016 were at 1.67 million tonnes, down 37% from the previous year, and at their lowest point since 2011.

Further compounding problems for plantation players was the highly volatile price of CPO, which was depressed by the ample supply of competing vegetable oils. The wide availability of soybean and sunflower oils caused global demand for CPO to weaken in the first half of 2016 before prices staged a rally in the second half of the year. Thus, within a period of 12 months, we saw the price of CPO post a low of RM2,100 per tonne and a high of RM3,200 per tonne in the year – a price differential of 52%.

In response to these challenges, we embarked on a cost optimisation strategy in 2016 to protect our cash flow and carefully scrutinised our capex, developmental and

replanting plans during the year. Non-critical initiatives were deferred or altogether halted as part of our defensive posture. Meanwhile, we reviewed our assets and implemented a rationalisation plan to monetise some of them. We completed one disposal – THP Gemas Sdn. Bhd. – in December for a total consideration of RM154 million. Our rationalisation plan will continue through 2017.

Our long-term strategic plan – the three Key Growth Nodes – continues to be our guiding blueprint. The Nodes – enhancing the value of our existing plantation platform (including putting in place a structured replanting programme), land bank acquisition and

humanising our business operations – have given us the resilience and flexibility to adapt to the challenging conditions faced in 2016. And although we may have cut back on some of our investments in FY2016, the developments over the last 12 months have demonstrated the effectiveness of our initiatives. We therefore remain committed to following through with the strategic plan to further optimise the business activities in our value chain.

**BETTER PROSPECTS IN 2017**

We are cautiously optimistic that operating conditions have started to normalise, and expect demand for CPO to improve due to the weak Ringgit, higher soybean prices and higher crude oil prices. Weather conditions are also expected to improve in 2017 as the El Nino effect should taper off by the end of the first half of the year. Nevertheless, we remain mindful of other challenges in the form of tighter supply of labour and increased wages, costlier agricultural inputs, and higher taxes and levies that will continue to exert pressure on our margins.

Moreover, our operating environment continues to remain dynamic. In short, we cannot afford to rest on our laurels and must prepare for the new obstacles ahead. Our long-term strategy remains the same and the lessons from the past year will not have been wasted so long as we can learn from and improve on them. We noted several years ago that THP would experience some growing pains following our decision to expand our plantation portfolio. Although we are hopeful that we are at the tail-end of those difficult times, we believe that prudence must remain our watchword during these times.

**RESPONDING TO ALLEGATIONS**

THP also faced challenges in the form of unsubstantiated allegations of open burning, clearing forest reserves and employing child labour from various NGOs. We categorically refute all these allegations and deny that we



have been party to these actions as alleged. Our activities are governed by strict Standard Operating Procedures on land development and plantation operations which categorically enforce a zero-burning policy. This policy is enforced in all our operations in Malaysia and Indonesia, and we have never been found to have committed open burning in any of our operations. We are committed to the principles of sustainable operations, and shall be seeking certification under the Malaysian Sustainable Palm Oil (“MSPO”) scheme soon.

**ACKNOWLEDGEMENTS**

We would like to thank our shareholders, for the continued support and trust in the Company. Special recognition also goes to our employees at all levels whose dedication and hard work continue to be invaluable assets to the Company. Indeed their services

are much appreciated in taking us to where we are today. Our special thanks also go to the Board of Directors for their stewardship of the Company. Our achievements would not have been possible without your wisdom and guidance in seeing us through these challenging times.

Thank you.

**Tan Sri Dato’ Sri Ab. Aziz bin Kasim**  
*Chairman*

**Dato’ Sri Zainal Azwar bin Zainal Aminuddin**  
*Chief Executive Officer/Executive Director*

**OUR LONG-TERM STRATEGY**

THP recognises that as a pure upstream plantation company, our financial performance is sensitive to unfavourable movements of CPO prices as well as other variables including weather conditions and changing stakeholder expectations. To buffer ourselves from these external factors, we focus our efforts on improving our internal capabilities to build excellence and optimise the assets and capitals that we have at our disposal. We have codified these intentions into three Key Growth Nodes, namely:



The first Growth Node is focused on optimising our processes, diversifying our revenue streams and improving the capabilities in our plantations. Ultimately, the target is to achieve higher FFB yields and OER while lowering production costs. The agility in our plantation activities will also allow the Group to find a cost-effective and flexible balance between the short- and long-term requirements of our organisation.

To further optimise our age profile, a structured replanting programme has been in place since 2011. Under this programme, we aim to reduce the composition of aged palms with declining yields in our portfolio. Coupled with the development plans on our green fields, we hope to achieve an optimal portfolio age of 10 years on average in a few years.

Under THP’s Performance Improvement Programme (“PIP”), initiatives have been mapped out to improve operational aspects of the plantation process, from the estates all the way to our mills. We are rolling out innovative agronomic practices that will enhance yield production and optimise harvesting processes in our estates, while investing in the modernisation of our mills to boost CPO production. Mapping of our plantations is being done through the use of unmanned aerial vehicles (“UAV”) supporting our efforts in data analytics. Through the PIP, we are improving efficiency, removing complexity and ultimately contributing to an improved bottom line.

**THE ROADMAP: 3 KEY GROWTH NODES**

1<sup>st</sup>

## VALUE ENHANCEMENT

of Existing Plantation Portfolio

STRATEGIES	➔	TARGETS
<p><b>Efficiency</b></p> <ul style="list-style-type: none"> <li>- Intensify “back-to-basics” method</li> <li>- Develop and enforce a structured replanting programme</li> <li>- Develop a centralised and coordinated mechanisation programme</li> <li>- Manage and monitor cost through estate categorisation</li> <li>- Improve mill process efficiency</li> <li>- Implement Precision Yield Management</li> <li>- Integrated Fertiliser Recommendation System (“INFERS”)</li> </ul> <p><b>Diversifying Revenue</b></p> <ul style="list-style-type: none"> <li>- Establish a refinery in Sarawak</li> </ul> <p><b>Capability</b></p> <ul style="list-style-type: none"> <li>- Enhance clarity of performance management process</li> <li>- Improve learning and development strategy and programme</li> </ul>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <span style="color: green; font-size: 24px;">▲</span>  <b>FFB Production</b> </div> <div style="text-align: center;"> <span style="color: green; font-size: 24px;">▼</span>  <b>FFB Production Cost</b> </div> </div> <p style="color: green; font-weight: bold; text-align: center; margin-top: 10px;">To achieve higher FFB yields &amp; OER on the back of lower production cost</p> <hr style="border-top: 1px dashed black;"/> <div style="text-align: center; margin-top: 20px;"> <span style="font-size: 36px;">🔄</span>  <span style="font-size: 24px;">\$</span> </div> <p style="color: green; font-weight: bold; text-align: center; margin-top: 10px;">To provide a cost-effective &amp; flexible balance between short- &amp; long-term requirements</p>	

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The second Growth Node is focused on expanding our presence through the acquisition of plantation land that complements our existing growth strategy. In doing so, we not only augment the overall size of our business but also create greater shareholder value by turning in higher profits. A larger land bank also translates into greater demand for our Group’s management services thereby diversifying our earnings channels.

For the time being, we have put a hold on acquisitions as we now have to devote effort to consolidating our existing plantations and developing green fields in our stable. Nevertheless, we remain open to acquisitions with clear propositions that will be value accretive to the Group.

**THE ROADMAP: 3 KEY GROWTH NODES (CONTINUED)**

2<sup>nd</sup>

## LAND BANK EXPANSION

STRATEGIES	TARGET
<ul style="list-style-type: none"> <li>- Always on the lookout for acquisitions that complement our existing growth strategy and enhance our shareholders' value</li> <li>- As managing agent: augment role in providing management services to enlarge <i>TH's</i> plantations as this enables us to diversify the earnings</li> </ul>	 <p style="margin: 5px 0;"><b>Enhance shareholders' value</b></p>

Lastly, the third Growth Node is focused on growing the sustainability framework of the Group. While THP has always considered sustainability as a key part of its strategy, the heightened volatility in the current economic environment requires that we build greater capabilities to manage non-traditional risk items including environmental, social and financial issues. The third Node is also focused on embracing our stakeholders to arrive at mutually beneficial solutions for all involved.

3<sup>rd</sup>

## HUMANISING BUSINESS OPERATIONS

STRATEGY	TARGET
<ul style="list-style-type: none"> <li>- We are focused on the management and coordination of environmental, social and financial demands and concerns to ensure responsible, ethical and ongoing success for all our stakeholders.</li> </ul>	<p style="margin: 5px 0;"><b>Uplift socio-economic status above poverty line</b></p>

Our initiatives to improve our capabilities in these three Nodes have already yielded benefits to the Group as they have buffered us in difficult years such as the ones we experienced in the past couple of years. We remain committed to the goals of the strategic plan and will continue to build our Company into a sustainable, integrated palm oil company.

## FINANCIAL PERFORMANCE IN FY2016

THP reported a profit after tax of RM150.47 million (FY2015: RM23.93 million) on the back of RM562.31 million (FY2015: RM455.30 million) revenue. The stronger performance was driven by higher commodity prices, particularly in the second half of FY2016. In addition, the disposal of our wholly-owned subsidiary THP Gemas Sdn. Bhd. also contributed to the stronger bottom line. This disposal is part of our consolidation plan under which we have identified five non-core and end-of-life assets to monetise.

The proceeds from the sale of these assets will partly be used to repay borrowings and support our efforts to pare down our net gearing ratio to a more manageable target of about 0.5x. By degearing, we will be able to reduce our financing costs and thus improve our cash flow, particularly in challenging times.

In terms of the balance sheet, our position remains resilient and poised for sustainable growth with shareholders' funds increasing to RM1.42 billion from RM1.27 billion year-on-year. The Group had total assets of RM3.61 billion and market capitalisation of RM972.24 million as at 31 December 2016.



## OPERATIONAL REVIEW

Plantation performance in 1H2016 was subdued due mainly to two factors: adverse weather conditions and prolonged rainfall deficit; as well as low commodity prices in the first half of the year. The extended drought resulting from an extended El Nino weather phenomenon caused FFB production at the Group's estates to fall by 8% to 731,509 MT. The dry weather also caused delays in the ripening of fruitlets and contributed to poorer fruit quality, bunch formation and development.

Due to the production shortfall of FFB from our internal plantations in 2016, our marketing team increased the purchase of external FFB, particularly for our Kilang Sawit Bukit Lawiang, to increase the mill utilisation rate and consequently reduce the mill processing cost.

The increase in external FFB purchase helped in increasing the FFB we processed as well as boosted our CPO production. In terms of our milling activities, our mills processed a total of 861,680 MT of FFB in 2016 while total CPO production for the Group fell only 2% to 173,258 MT from 176,045 MT produced in 2015.

## GROUP KEY DATA POINTS AS AT 31 DECEMBER 2016

**Our balance sheet remains resilient and poised for sustainable growth with shareholders' funds increasing to RM1.42 billion from RM1.27 billion year-on-year. The Group had total assets of RM3.61 billion and market capitalisation of RM972.24 million as at 31 December 2016.**

### REVENUE:

RM  
**562.31** million

### PBT:

RM  
**127.29** million

### EPS:

**16.64** sen

### ROE:

**10.95** %



Our OER also improved to 20.11% from 19.65% a year ago, driven by initiatives to improve our milling efficiency and minimising losses in FFB processing.

**Uncertain CPO Prices Hurt Margins**

The plantation industry was affected by low commodity prices carried forward from 2015. CPO pricing was especially weak in 1H2016 owing to softer demand from the global market. With prices fluctuating between a low of RM2,100/MT and RM3,200/MT in 2016, rigid trading policies on spot, forward and long-term sales proved ineffective. In mitigating the impact of volatility, Management made a decision in 2016 allowing THP’s marketing team to execute

opportunistic trades based on prevailing market conditions. This effectively allowed our marketing team to lock in the best trading prices depending on given circumstances.

As a result, the Group was able to take advantage of higher prices, particularly in the second half of the year, which helped cushion the impact of weaker production on the Group’s top and bottom lines.

**Delaying Our Replanting Exercise and Non-Essential Capex**

The poor operating environment put THP in a defensive position and in a bid to restrain our spending for the year, we decided to defer some of our replanting plans. In total, we

postponed the replanting of approximately 1,800Ha of existing plantation land in Johor, Pahang and Sabah. While the delay in replanting may have an impact on our production in the future – namely, by delaying the maturing of the plantations – we believe that the impact will be minimal in the longer run.

Some of our capex plans for 2016 were also pushed forward due to cost considerations. For example, we decided to put on hold our plan of building new housing units at some of our plantations as we focused our resources on more critical expenses. Our austerity drive also extended to our periodic equipment replacement exercise. Where safe and feasible, we made the decision to defer the replacement of non-critical equipment such as computers and vehicles to a time when it is more economical.

**Other Challenges**

On top of weather and price-related challenges, the Group was also confronted with increased costs from agronomic inputs, labour shortages, higher wages and worker levies, challenges from native issues especially in Sarawak, and increased pressure from environmental NGOs. The Group is managing these challenges as best as possible and will endeavour to minimise the disruption from these challenges on the Group’s operations.

HECTARAGE:

**105,000** Ha

NO. OF MILLS:

**7\***

AVERAGE OER:

**20.11** %

NO. OF OIL PALM ESTATES:

**35\***

FFB PRODUCTION:

**731,509** MT

\* The Group has since disposed of three estates and one mill with the disposal of THP Gemas Sdn. Bhd.

### Optimising Our Plantation Processes

Given the challenging operating conditions, we stepped up our efforts to optimise our plantation processes to minimise cost without sacrificing yield. Our teams took a comprehensive approach ranging from implementing innovative agronomic practices to conducting data analysis to improve our plantation performance. The following were some of our activities in 2016:

#### Fertiliser Improvement and Management Strategy

The weaker Ringgit against the US Dollar translated into higher compound fertiliser prices. A shortage of supply in the market further increased pricing, making compound fertilisers less feasible. To mitigate the impact of the higher price of fertilisers, we embarked on using site-specific compacted fertiliser formulations in 2016 based on the nutritional needs of the area. Due to our relationships with major local fertiliser manufacturers, we were able to collaborate with them to formulate cheaper straight and mixture fertilisers that were specific to our needs.

#### Field Breeding of Weevils (*Elaeidobius Kamerunicus*) to Improve Fruit Set

Poor fruit sets and malformed bunches have resulted in low oil yield and kernel production in our Sarawak plantations. Weevils are essential to the pollination process and



the *Elaeidobius kamerunicus* variety is the most efficient insect pollinator of oil palm. To encourage greater weevil population in our plantations, we embarked on a pilot project to construct weevil breeding boxes in the field. The use of weevils as pollinators is an alternative to the manual pollination approach, which is labour-intensive and costly. The pilot project was successful and will be a key initiative in 2017 in other estates.

#### Improving Water Management in Our Plantations

We piloted an intensive water management system that adopts the compartmentalisation approach in some of our peat plantations in Sarawak. Under this system, the fields are compartmentalised and water in the fields is regulated and diverted from field to field. The compartments also harvest and conserve rain water during the rainy seasons, and the water will subsequently flush out the acidity in the peat. The compartmentalised approach maximises the distribution of water to all fields.

#### Improving Our Yields

Based on the results of earlier field trials on circle mulching using mineral soil, the plantation team embarked on a project on a semi-commercial scale to use this method in the plantations that we manage in Betong, Sarawak. Some of the expected benefits of using this method include:

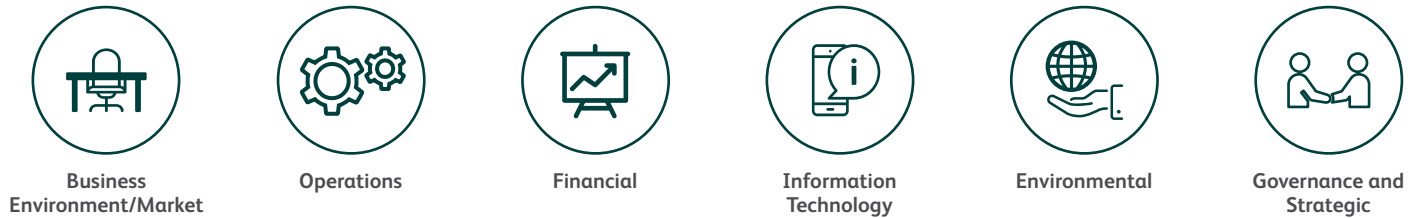
- Reducing cost to maturity over the first three-year period by at least RM25/Ha
- Less fertiliser application during the three-year period
- Reduction in micronutrient applications
- Improved palm growth and uniformity
- Earlier palm maturity
- Cleaner loose fruit collection
- Improved yield performance

Based on the initial findings, the project was deemed a success and will be expanded to the rest of our operations soon.

**KEY RISKS**

THP has a robust and well-developed risk management structure that is in line with best practices outlined under the Listing Requirements. We take risk management very seriously and have a comprehensive policy in place to ensure that both compliance and business risks are addressed. For more information about our risk management, please turn to our Statement on Risk Management and Internal Control on page 78 of this report.

This section outlines some of the operational risks faced by THP in the conduct of its business activities. These are divided into six categories:



The following table provides greater detail about our identified risk items and our efforts to mitigate them.

BUSINESS ENVIRONMENT/MARKET		
Top Risks	Context	Mitigation
Changes in Government policy on foreign workers	Labour shortage will disrupt operations	<p>Sudden and numerous changes to the country’s foreign workers’ policy do not augur well for the plantation industry, which is still highly dependent on manual labour. Changes introduced by the Government have delayed and disrupted the process of bringing in new or replacement workers.</p> <p>However, the impact on THP in 2016 was not as severe as initially assumed. We managed to minimise the impact of the disruption by:</p> <ul style="list-style-type: none"> <li>i. Mechanising some of our field upkeep works (spraying, manuring) and semi-mechanising the FFB harvesting and evacuation process.</li> <li>ii. Encouraging existing foreign workers to extend their working period beyond their initial two-year contract.</li> <li>iii. Deploying excess labour to our other estates.</li> </ul> <p>At the same time, the low cropping trend in 2016 had also reduced the urgent need for foreign workers.</p> <p>Our concerns with the policy changes have been raised with the relevant authorities and have since received positive feedback. We have started seeing the gradual inflow of foreign workers as at the last quarter of 2016.</p>
Increased competition from substitute crops	Low demand for CPO and PKO in the global market leading to lower price	<p>To mitigate the increased competition from substitute crops, we actively support and work closely with the Malaysia Palm Oil Board (“MPOB”), Malaysia Palm Oil Council (“MPOC”) and the Ministry of Plantation Industries and Commodities (“MPIC”) to expand our product into new markets while increasing our penetration in existing markets.</p> <p>We are also collaborating with renowned universities and other R&amp;D entities to support research efforts and publish reports on the benefits of palm oil products.</p> <p>THP also supports the cooperative efforts of the two largest palm oil producers in Indonesia and Malaysia under the Council of Palm Oil Producing Countries (“CPOPC”) in promoting palm oil, as well as the efforts of MPOB in research and development, especially in alternative uses of palm oil, e.g. biodiesel.</p>

OPERATIONS		
Top Risks	Context	Mitigation
Low yield	Substantial effect on earnings, unit cost and profit margins	<p>We implement Good Agriculture Practices (“GAP”) and exercise stringent cost management as part of our ongoing PIP plan. At the same time, we aggressively buy external crops to optimise the production capacity of our mills thereby lowering production costs.</p> <p>In 2016, low yields were due to factors beyond Management control, and should not be considered recurring risks. These were:</p> <ol style="list-style-type: none"> <li>The full impact from the extended dry spell in late 2014 and the whole of 2015. The El Nino phenomenon caused a decline in FFB as well as an overall drop in average bunch weight.</li> <li>The age profile of the Group’s mature plantations also contributed to the lower yields achieved for the year. A total of 11,802Ha or 24% of matured palms were in their first and second year of harvesting. Normal yields from these fields ranged from 15 MT/Ha – 18 MT/Ha but were made worse by the El Nino phenomenon. There are also 2,956Ha or 5% of matured areas where palms are above 25 years of age.</li> </ol>
Palms damaged by pests and diseases	Low yield and poor quality of bunches	<p>THP promotes a proactive and effective pest and disease control programme that targets the following issues:</p> <ol style="list-style-type: none"> <li>Tirathaba - Revised spraying programme using <i>Bacillus thuringiensis</i> (“Bt.”).</li> <li>Rat damage - Revised control through calendar baiting has been approved for implementation on a Group-wide basis.</li> </ol>
Delay in replanting	Affects FFB yield and sustainability	<p>An old age profile for our plantations will have a negative impact on THP’s bottom line. THP therefore has embarked on a structured replanting programme to improve the mature age profile of the Group from 18 years to 10 years.</p> <p>We have diligently replanted in accordance with the plan since 2011 with an average of 2,000Ha replanted every year. However in 2016, a decision was made to defer the programme because of:</p> <ol style="list-style-type: none"> <li>Depressed commodity prices leading THP to focus on preserving its cash flow.</li> <li>Low cropping trend in late 2015 and 2016 which severely impacted the throughput of the Group’s mills. Delaying replanting meant the availability of additional FFB to sustain the milling capacity.</li> </ol> <p>With the commodity prices and FFB production expected to improve in 2017, the replanting exercise will resume as per the programme.</p>
Enclave problem (Sarawak)	Interruption of development and estate operations by indigenous peoples in Sarawak	<p>We continue to hold joint dialogues with the claimants, the police, the Land and Survey and District Offices and, in some cases, local assemblymen too. We are in close consultation with the State Legal Advisor and our problems have been raised to the attention of the Chief Minister. Should all discussions and negotiations fail, we will take the matter to the courts. In areas confirmed to be Native Customary Rights (“NCR”) land, leasing agreements are signed with landowners.</p>

OPERATIONS (CONTINUED)		
Top Risks	Context	Mitigation
Low productivity	Sub-optimal yields from our plantations	<p>The current low productivity rate of our harvesters is in tandem with the low cropping trend experienced by the industry in 2016. However, the new minimum wage policy will inadvertently lead to an increase in per unit cost of our harvesters for the year.</p> <p>In mitigation, we have placed greater emphasis on work payment to be based on a piece-rated or productivity-linked basis. Although there has been an increase in the production cost on a RM/MT basis, overall expenditure on a RM/Ha basis is still within reasonable levels.</p>

FINANCIAL		
Top Risks	Context	Mitigation
High gearing ratio resulting in tight cash flow position for the Group	High financing costs which impinge on the ability to support our operations	The Board has approved a Management initiative to implement a rationalisation plan that will involve disposal of targeted non-core subsidiaries. Upon the completion of the debt rationalisation plan, the Group's gearing ratio will be maintained at a sustainable level thereby freeing future cash flows meant for principal and profit margin repayment.
Currency fluctuation	Will influence CPO and PK price stability and cost of plantation operations	In order to minimise our exposure to currency fluctuation, all procurement is, as much as possible, denominated in Ringgit terms and locally produced. As some of our end-products require the use of imported raw materials such as fertilisers or imported machinery, we will still be exposed to currency risk. Presently, the procurement process, especially for fertilisers, is carried out at six-monthly intervals to derive the best value and to minimise the impact of currency fluctuation. Procurement of vehicles/machines are one-off expenditure, non-recurring and necessary for the overall functioning of our operations.

ENVIRONMENTAL		
Top Risks	Context	Mitigation
Climate change	Erratic weather conditions impacting operation and productions	In the event of a prolonged change in weather/climate pattern, operational procedures and agronomic inputs will be adjusted accordingly to mitigate the impact of the change.
Global sustainability standards	Negative campaigns by environmental NGOs against the oil palm industry	<p>The negative environmental allegations about the oil palm industry usually originate from foreign NGOs. We continuously engage with relevant authorities (MPOA, MPOB &amp; MPOC), government agencies and industry players on the best way forward in countering these allegations.</p> <p>THP is committed to improving sustainability in the oil palm industry and has adopted various measures over the years. We are currently seeking MSPO certification, which will provide assurance about the sustainability of our product. We aim to receive MSPO certification for our estates in Kluang by the end of 2017.</p>

# Corporate Information

as at 15 March 2017

## BOARD OF DIRECTORS

**Tan Sri Dato' Sri Ab. Aziz bin Kasim**

Chairman,  
Independent Non-Executive Director

**Tan Sri Dato' Sri Ismee bin Haji Ismail**

Deputy Chairman,  
Non-Independent Non-Executive Director

**Datuk Seri Johan bin Abdullah**

Non-Independent Non-Executive Director

**Tan Sri Othman bin Mahmood**

Non-Independent Non-Executive Director

**Dato' Sri Mohamad Norza bin Zakaria**

Independent Non-Executive Director

**Datuk Seri Nurmala binti Abd Rahim**

Independent Non-Executive Director

**Dato' Azizan bin Abd Rahman**

Non-Independent Non-Executive Director

**Dato' Shari bin Haji Osman**

Independent Non-Executive Director

**Dato' Amran bin Mat Nor**

Independent Non-Executive Director

**Dato' Dr. Md Yusop bin Omar**

Independent Non-Executive Director

**Dato' Sri Zainal Azwar bin Zainal Aminuddin**

Chief Executive Officer/Executive Director

### AUDIT COMMITTEE

**Dato' Sri Mohamad Norza bin Zakaria**

Chairman,  
Independent Non-Executive Director

**Datuk Seri Nurmala binti Abd Rahim**

Member,  
Independent Non-Executive Director

**Dato' Shari bin Haji Osman**

Member,  
Independent Non-Executive Director

**Dato' Amran bin Mat Nor**

Member,  
Independent Non-Executive Director

### NOMINATION COMMITTEE

**Dato' Azizan bin Abd Rahman**

Chairman,  
Non-Independent Non-Executive Director

**Dato' Sri Mohamad Norza bin Zakaria**

Member,  
Independent Non-Executive Director

**Datuk Seri Nurmala binti Abd Rahim**

Member,  
Independent Non-Executive Director

### REMUNERATION COMMITTEE

**Tan Sri Dato' Sri Ab. Aziz bin Kasim**

Chairman,  
Independent Non-Executive Director

**Tan Sri Dato' Sri Ismee bin Haji Ismail**

Member,  
Non-Independent Non-Executive Director

**Dato' Shari bin Haji Osman**

Member,  
Independent Non-Executive Director



## INVESTMENT, RISK & COMPLIANCE COMMITTEE

### **Dato' Azizan bin Abd Rahman**

Chairman,  
Non-Independent Non-Executive Director

### **Tan Sri Dato' Sri Ismee bin Haji Ismail**

Member,  
Non-Independent Non-Executive Director

### **Dato' Sri Mohamad Norza bin Zakaria**

Member,  
Independent Non-Executive Director

### **Dato' Shari bin Haji Osman**

Member,  
Independent Non-Executive Director

## 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

## 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

## SECRETARIES

### **Aliatun binti Mahmud**

(LS 0008841)

### **Wan Nurul Hidayah binti Wan Yusoff**

(LS 0008555)

## PRINCIPAL BANKERS

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

## REGISTERED OFFICE

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

## STOCK EXCHANGE LISTING

**Main Market of**  
**Bursa Malaysia Securities Berhad**  
Listed since 27 April 2006  
Stock Name : TH PLANT  
Stock Code : 5112

## AUDITORS

### **KPMG Desa Megat PLT (Formerly known as 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

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

## WEBSITE

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

# Corporate Structure

as at 15 March 2017



## TH PLANTATIONS BERHAD (12696-M)



**100%**  
THP Agro Management Sdn. Bhd.



**100%**  
THP Bukit Belian Sdn. Bhd.



**100%**  
THP Ibok Sdn. Bhd.



**100%**  
TH Ladang  
(Sabah & Sarawak)  
Sdn. Bhd.



**100%**  
THP Suria Mekar Sdn. Bhd.



**93%**  
PT Persada Kencana Prima



**100%**  
Kee Wee Plantation  
Sdn. Bhd.



**100%**  
Cempaka Teratai  
Sdn. Bhd.



**100%**  
Derujaya Sdn. Bhd.

**65%**



**5%**  
TH PELITA Sadong Sdn. Bhd.

**65%**



**5%**  
TH PELITA Gedong Sdn. Bhd.



**55%**  
TH PELITA Beladin Sdn. Bhd.



**100%**  
Manisraya Sdn. Bhd.



**100%**  
THP Kota Bahagia Sdn. Bhd.



**100%**  
Bumi Suria Ventures Sdn. Bhd.



**100%**  
Maju Warisanmas Sdn. Bhd.



**80%**  
THP Saribas Sdn. Bhd.



**70%**  
THP-YT Plantation Sdn. Bhd.



**70%**  
Hydroflow Sdn. Bhd.



**51%**  
THP Sabaco Sdn. Bhd.



**100%**  
TH-Bonggaya 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.

**Indicators**



Management Services



Oil Palm



Tradeline Services



Investment Holding



Financing



Forestry



Non-Trading



*How We Nurture Our People*



Our people are our most valuable assets and the key enabler for all that we do. We compete for the best talent available in the industry and work hard to ensure that they fulfil their personal and professional ambitions. We keep them safe both at our corporate offices and in the plantations and mills, and we protect and respect their basic human rights.

### CREATING JOBS

Our workforce of

**>6,900**

employees receive competitive remuneration and benefits on par or better than the industry average.

### DEVELOPING SAFE WORKPLACES

The number of workplace accidents in 2016 decreased by

**21%**

as we strive to improve working conditions, safety education and awareness.

### ADVANCING THE NATIONAL AGENDA

We help advance the national aim of providing training for fresh graduates by employing

**305**

SL1M participants to give them practical working knowledge and improve their chances of securing a career.



Open for more information.



## 02. HOW WE NURTURE OUR PEOPLE

Nurturing Our People

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### Our Values

We are a company that cares about people and invests in the talent that we have. This is in line with our values to care for those who have placed their trust in us and depend on us for their care and livelihoods. We treat all our staff fairly regardless of their ethnicity, religious creed or economic background.

### Respecting Human Rights

We commit to upholding and promoting the Universal Declaration of Human Rights for all workers, contractors, indigenous people, local communities and anyone affected by our operations. This applies to our contract, temporary and foreign guest workers.

---

0

is the number of child labourers that we employ at any of our operations.

---

>4,500 persons

the number of foreign guest workers employed in 2016, and to whom we provide housing, basic amenities and treat with dignity.



How We Nur

## Our Commitment to the Health and Safety of Our Workers

The plantation industry is one that requires our people to come in contact with tools and heavy machinery, all of which have the potential to cause grievous bodily injury if not properly handled. To that end, we ensure that all our people receive proper training in the proper use of equipment, and require strict observation of our health and safety policies.



**HSE policies** apply at all our worksites. We also conduct risk assessments regularly to ensure that our people are protected from injury resulting from our activities.



**Fourteen** Chemical Health Risk Assessments were conducted in 2016 in our mills and plantations to ensure that the health of our people were not jeopardised by chemical exposure.



**Healthcare for All** guides our efforts to establish clinics and emergency medical stations at our plantations located in remote areas where access to medical facilities is limited.



**Work-Life Balance** is essential to employee morale and health, and we nurture this balance by creating avenues for social interaction and through workshops focused on personal and spiritual development.

## Rewarding Young Talent

We treat our employees as though they are members of our family. Therefore, when there is occasion to celebrate, such as a child performing well in their examinations, we feel the need to celebrate together with them. We have in place the “Recognition of Employees’ Children’s Achievements in Learning” (“RECAL”) programme which rewards our employees’ children who have performed well at school to impress upon them the importance of education.

# 31

employees’ children were recognised in 2016 for their achievements in the UPSR, PT3 and SPM examinations.

# 9A+

is the result of top-scoring student Hazirah Ramli from Tunku Kurshiah College. Hazirah is the daughter of our Chief Engineer, Ir Ramli Mohd Tahar.



Our people are our most valuable assets and the key enabler for all that we do. We compete for the best talent available in the industry and work hard to ensure that they fulfil their personal and professional ambitions. We keep them safe both at our corporate offices and in the plantations and mills, and we protect and respect their basic human rights.

## CREATING JOBS

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# >6,900

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# 305

SL1M participants to give them practical working knowledge and improve their chances of securing a career.



Open for more information.

# Board of Directors



**TAN SRI  
DATO' SRI  
AB. AZIZ  
BIN KASIM**

Chairman,  
Independent  
Non-Executive Director



**TAN SRI  
DATO' SRI  
ISMEE BIN  
HAJI ISMAIL**

Deputy Chairman,  
Non-Independent  
Non-Executive Director



**DATUK SERI  
JOHAN  
BIN ABDULLAH**

Non-Independent  
Non-Executive Director



**TAN SRI  
OTHMAN BIN  
MAHMOOD**

Non-Independent  
Non-Executive Director



**DATO' SRI  
MOHAMAD  
NORZA BIN  
ZAKARIA**

Independent  
Non-Executive Director



**DATUK SERI  
NURMALA  
BINTI  
ABD RAHIM**

Independent  
Non-Executive Director



**DATO' AZIZAN  
BIN ABD RAHMAN**

Non-Independent  
Non-Executive Director



**DATO' SHARI  
BIN HAJI OSMAN**

Independent  
Non-Executive Director





**DATO' AMRAN  
BIN MAT NOR**

Independent  
Non-Executive Director



**DATO' DR. MD  
YUSOP BIN  
OMAR**

Independent  
Non-Executive Director



**DATO' SRI  
ZAINAL AZWAR  
BIN ZAINAL  
AMINUDDIN**

Chief Executive Officer/  
Executive Director

**Board Composition**

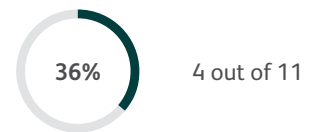
Executive Director  
(also the Chief  
Executive Officer)



Independent  
Non-Executive Directors  
(including Chairman)



Non-Independent  
Non-Executive Directors  
(including Deputy Chairman)



Refer to Statement on Corporate  
Governance on page 58.

## Directors' Profiles



### TAN SRI DATO' SRI AB. AZIZ BIN KASIM

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Position  
Chairman,  
Independent Non-Executive Director

Committee  
Chairman, Remuneration Committee

Date of Appointment  
10 March 2014

Nationality  
Malaysian

Age  
63 years old

Gender  
Male

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Tan Sri Dato' Sri Ab. Aziz holds a Master's Degree in International Relations and Strategic Studies from the University of Denver, Colorado, USA, a Bachelor of Arts (Hons) in South East Asian Studies from University of Malaya and a Diploma in Public Management from the Malaysian Public Management Institute.

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 the Prime Minister's Department.

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

Tan Sri Dato' 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



During the financial year under review, he attended seven out of eight Board meetings.



## TAN SRI DATO' SRI ISMEE BIN HAJI ISMAIL

Position  
Deputy Chairman,  
Non-Independent Non-Executive Director

Committee  
Member, Remuneration Committee  
Member, Tender Committee A

Date of Appointment  
1 January 2006 (Director)  
1 January 2016 (Deputy Chairman)

Nationality  
Malaysian

Age  
52 years old

Gender  
Male

Tan Sri Dato' Sri Ismee is a Fellow member of the Chartered Institute of Management Accountant ("CIMA").

He began his career as a Management Accountant at Arab Malaysian Development Berhad in 1987. Subsequently, he joined Shell Group of Companies in Malaysia and held various positions within the Group until 1996 including as 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 General Manager (Business Development), 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. He was the Group Managing Director and the Chief Executive Officer of Lembaga Tabung Haji from 2006 to 2016. In September 2016, he was appointed as the Chairman of Al-Hijrah Media Corporation.

Tan Sri Dato' 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



During the financial year under review, he attended seven out of eight Board meetings.



## DATUK SERI JOHAN BIN ABDULLAH

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Position  
Non-Independent Non-Executive Director

Date of Appointment  
1 June 2015

Nationality  
Malaysian

Age  
60 years old

Gender  
Male

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During the financial year under review, he attended all Board meetings.

Datuk Seri Johan holds a Diploma in Banking from Universiti Teknologi MARA, Shah Alam, a Bachelor in Business Administration (Finance) from Eastern Michigan University, USA and a Master in Business Administration (Finance) from Morehead State University, USA.

In his past experience, he served in various companies including Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) as Listing Officer in 1987, Bumiputra Merchant Bankers Berhad as Senior Manager, Corporate Finance in 1989, Damansara Realty Berhad as General Manager, Corporate Planning in 1995. He then rejoined Bursa Malaysia Securities Berhad in 1999 and took up various senior positions including that of Deputy Chief Regulatory Officer, Group Regulation. He later joined BIMB Holdings Berhad as the Group Managing Director/Chief Executive Officer in May 2008 and served the group for more than six (6) years.

He was appointed as Deputy Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji in January 2015 and subsequently appointed as Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji in July 2016.

He is currently the Chairman of TH Heavy Engineering Berhad.

Datuk Seri Johan 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



## TAN SRI OTHMAN BIN MAHMOOD

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Position  
Non-Independent Non-Executive Director

Date of Appointment  
1 October 2015

Nationality  
Malaysian

Age  
58 years old

Gender  
Male

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Tan Sri Othman holds a Master in Land Resource Management from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia), a Degree in Sociology from Universiti Kebangsaan Malaysia and a Diploma in Public Administration from the National Institute of Public Administration.

He began his career as an Administrative and Diplomatic Officer in 1984. He was once the Assistant District Officer of Negeri Sembilan, Senior Assistant Secretary in Ministry of Finance and Deputy State Financial Officer in the Melaka State Finance and Treasury Department.

In 2006, he started to serve in the Prime Minister's Department and held several key positions, including Deputy Director in the Ministry of Finance, Secretary of the Financial and Development Division and Deputy Secretary General. Currently, he is the Senior Deputy Secretary-General, a post he has held since 2012.

Tan Sri Othman bin Mahmood 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



During the financial year under review, he attended six out of eight Board meetings.



**DATO' SRI MOHAMAD NORZA  
BIN ZAKARIA**

Position  
Independent Non-Executive Director

Committee  
Chairman, Audit Committee  
Member, Nomination Committee  
Member, Investment, Risk & Compliance Committee

Date of Appointment  
21 July 2014

Nationality  
Malaysian

Age  
51 years old

Gender  
Male



During the financial year under review, he attended six out of eight Board meetings.

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

He 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, he was the Chief Executive Officer at Gabungan Strategik Sdn. Bhd. and from April 2004 to March 2008 he was appointed as the Political Secretary to the Minister of Finance II.

Currently, he is the President of Citaglobal Sdn. Bhd., a post he has held since April 2008. He is also a Director of Bintulu Port Holdings Berhad and Tropicana Corporation Berhad and the Chairman of the National Sports Institute of Malaysia.

Dato' Sri 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



## DATUK SERI NURMALA BINTI ABD RAHIM

Position  
Independent Non-Executive Director

Committee  
Member, Audit Committee  
Member, Nomination Committee  
Member, Tender Committee A

Date of Appointment  
10 March 2014

Nationality  
Malaysian

Age  
63 years old

Gender  
Female



During the financial year under review, she attended all Board meetings.

Datuk Seri Nurmala holds a Master's Degree in Public Administration from Pennsylvania State University, USA, 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 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. 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) of the Ministry of Plantation Industries and Commodities ("MPIC") in 2007. Later, she was appointed as the Secretary General of MPIC from 2011 to 2014.

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 & technical missions, as well as bilateral, regional and multilateral negotiations and forums for the commodity sector.

She is currently a Director of Hartalega Berhad.

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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



**DATO' AZIZAN BIN ABD RAHMAN**

Position  
Non-Independent Non-Executive Director

Committee  
Chairman, Nomination Committee  
Chairman, Investment, Risk & Compliance Committee

Date of Appointment  
1 June 2005 (Independent Non-Executive Director)  
26 February 2014 (Non-Independent Non-Executive Director)

Nationality  
Malaysian

Age  
67 years old

Gender  
Male



During the financial year under review, he attended all Board meetings.

Dato' Azizan began his career as a Shipping Executive at Harper Gilfillan (M) Sdn. Bhd. after graduating from the University of Malaya in 1973 with a Bachelor of Arts degree. 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, he 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.

He was also involved in the restructuring of several public listed companies including 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.

He was the Chairman of Lembaga Tabung Haji Investment Panel from 2005 until 2015. He is currently the Chairman and the Business Development Advisor of Eastern & Oriental Berhad and TH Properties Sdn. Bhd. He is also a Director of Apex Equity Holdings Berhad.

Dato' 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.





## DATO' AMRAN BIN MAT NOR

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Position  
Independent Non-Executive Director

Committee  
Member, Audit Committee

Date of Appointment  
1 December 2011

Nationality  
Malaysian

Age  
51 years old

Gender  
Male

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Dato' Amran 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.

He has 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 the Deputy Chairman of Youth and Sports UMNO Kelantan and a member of 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



During the financial year under review, he attended seven out of eight Board meetings.



## DATO' SHARI BIN HAJI OSMAN

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Position  
Independent Non-Executive Director

Committee  
Chairman, Tender Committee A  
Chairman, Tender Committee B  
Member, Audit Committee  
Member, Remuneration Committee  
Member, Investment, Risk & Compliance Committee

Date of Appointment  
1 June 2015

Nationality  
Malaysian

Age  
63 years old

Gender  
Male

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Dato' Shari holds a Diploma in Planting and Management from Universiti Teknologi MARA, a Master in Business Administration from Phoenix International University and a Post Graduate Diploma in Business Administration from the Society of Business Practitioners United Kingdom.

He has vast experience in the plantation industry. In his past experience, he served in key senior positions in various companies including Barlow Boustead Estates Agency as Assistant Manager from 1977 to 1984, Golden Hope Plantations Berhad as an Estate Manager from 1984 to 1988, Kumpulan Ladang-Ladang Perbadanan Kedah Sdn. Bhd. ("KLPK") as an Estate Manager from 1988 to 1991, Island and Peninsular Berhad as Plantation Advisor from 1991 to 1994 and KLPK as the Managing Director from 1994 to 2008, reporting to the Board of Directors headed by YAB Menteri Besar of Kedah.

Dato' Shari bin Haji Osman 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



During the financial year under review, he attended all Board meetings.



### **DATO' DR. MD YUSOP BIN OMAR**

Position  
Independent Non-Executive Director

Date of Appointment  
1 June 2015

Nationality  
Malaysian

Age  
64 years old

Gender  
Male

Dato' Dr. Md Yusop graduated from Universiti Malaya in 1975 with a Bachelor of Arts and obtained his Certificate in Public Administration in 1976. He received an Honorary Doctorate in Civil Law from Lincoln University College Malaysia in April 2015.

He served as an Administration and Diplomatic Officer in the Government sector for twenty (20) years. He is currently the Chairman of Sitamas Environmental Systems Sdn. Bhd., AWS Sdn. Bhd. and Musyarakah Venture Capital Sdn. Bhd.

Dato' Dr. Md Yusop bin Omar 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



During the financial year under review, he attended seven out of eight Board meetings.



**DATO' SRI ZAINAL AZWAR  
BIN ZAINAL AMINUDDIN**

Position  
Chief Executive Officer/Executive Director

Committee  
Member, Employees' Share Option Scheme Committee

Date of Appointment  
1 July 2009 (Chief Executive Officer)  
1 September 2009 (Executive Director)

Nationality  
Malaysian

Age  
58 years old

Gender  
Male

Dato' Sri Zainal Azwar holds a Bachelor's Degree in Agricultural Science from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia). He is a member of the Malaysian Society of Soil Science and the Incorporated Society of Planters.

He began his career as an Agricultural Officer with the Agricultural Department in 1983. In 1990, he joined Zeenex Sdn. Bhd. as a Techno Commercial Executive and thereafter Kumpulan Guthrie Berhad as a Technical 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.

He is currently the Chairman of CCM Fertilizers Sdn. Bhd.

Dato' Sri 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 been convicted of any offences within the past five (5) years and has not been imposed any penalty by the regulatory bodies during the financial year 2016.



During the financial year under review, he attended all Board meetings.

# Senior Management Profiles



**Dato' Sri Zainal Azwar Zainal Aminuddin**  
Chief Executive Officer/Executive Director  
Age 58, Male, Malaysian

Please refer to Dato' Sri Zainal Azwar's profile on page 38.



**Dato' Radin Rosli Radin Suhadi**  
Plantation Director  
Age 61, Male, Malaysian  
Date of Appointment: 1 October 2013

Dato' Radin Rosli graduated with a Diploma in Planting Industry and Management from Universiti Teknologi MARA ("UiTM") and holds an Advanced Diploma from the Incorporated Society of Planters ("AISP"). He carries with him 40 years of experience in the plantation industry, including a 20-year stint in United Plantations Berhad and a 5-year stint with Mentiga Plantations Sdn. Bhd. He joined THP on 2 February 2002 and has been with THP for the past 15 years. He was appointed the Plantation Director in 2013 and currently oversees the operations of both oil palm and rubber in Malaysia, as well as holds an advisory role for THP's oil palm operations in Indonesia. He currently holds 88,800 shares in THP.



**Mhamod Mokhtar**  
Chief Operations Officer *seconded to Trurich Resources Sdn. Bhd. as Chief Executive Officer*  
Age 53, Male, Malaysian  
Date of Appointment: 1 October 2009

Mhamod holds a Master's degree in Plantation Management from Universiti Putra Malaysia ("UPM") and has been with THP for the past 32 years. He started his career with the then Perbadanan Ladang-Ladang Tabung Haji ("PLLTH") as an Assistant Manager at Ladang Kota Bahagia on 1 May 1985. He has assumed many senior roles in THP and its group of companies including postings to Indonesia and Sarawak before being appointed the CEO of Trurich Resources Sdn. Bhd. and its subsidiaries, a joint-venture between Lembaga Tabung Haji ("TH") and Felda Global Ventures Holdings Berhad for the development and operation of oil palm plantations in Kalimantan, Indonesia.



**Mohamed Azman Shah Ishak**  
Chief Financial Officer  
Age 50, Male, Malaysian  
Date of Appointment: 1 January 2010

Mohamed Azman Shah graduated with a Bachelor's degree in Accountancy from UPM and is a Chartered Accountant registered with the Malaysian Institute of Accountancy. He began his career with Island & Peninsular Berhad as an Audit Executive in 1989 and gained invaluable financial experience in a few other companies before joining THP on 14 October 2002 as the General Manager of Finance. He was appointed the Chief Financial Officer in 2010 and currently oversees all financial and accounting-related activities of the Group.



**Dato' Abd Rashid Sahibjan**  
Plantation Controller (Sarawak)  
Age 57, Male, Malaysian  
Date of Appointment: 1 October 2013

Dato' Rashid holds a Bachelor's degree in Agriculture from UPM. He began his career with the Department of Agriculture as a Soil Surveyor in 1983 before joining United Plantations Berhad in 1988. On 1 January 2010, he joined THP as a Plantation Advisor and was appointed Plantation Controller (Sarawak) in 2013. In his current capacity, Dato' Rashid oversees the entire plantation operations in Sarawak, where most of THP's land bank is located.



**Ghazali Limat**  
Plantation Controller (Sabah)  
Age 56, Male, Malaysian  
Date of Appointment: 1 October 2013

Ghazali graduated with an Honours degree in Agriculture from UPM. He began his career as a Junior Assistant Manager at Ladang Kota Bahagia, Pahang in 1 September 1983, under PLLTH. Over the past 33 years he has been with THP, Ghazali has been entrusted to manage and oversee the operations of many oil palm estates owned or managed by THP, including estates located in Riau, Indonesia. In 2013, Ghazali was appointed the Plantation Controller (Sabah), and he currently oversees the operations of both THP's oil palm and rubber estates in Sabah.

## Note:

Save as disclosed, the above Chief Executives and Key Senior Management members have no family relationship with any Director and/or major shareholder of TH Plantations Berhad, have no conflict of interest with TH Plantations Berhad, have not been convicted of any offences within the past five (5) years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.



**Aruludin Raj Azman**  
 Head, Estate Department and  
 Administration and Special Officer to  
 the CEO  
 Age 56, Male, Malaysian  
 Date of Appointment: 1 January 2014

Aruludin began his career in Kuala Lumpur Kepong Berhad (“KLK”) as an Estate Assistant Manager. He spent 24 years in KLK, rising up the ranks to Senior Manager, before joining THP on 15 August 2005 as Senior Manager at Ladang Sungai Merchong, Pahang. He currently heads both the Estate and Administration departments where he oversees the administrative and planning matters of all THP estates as well as for the headquarters. Aruludin is also the Special Officer to the CEO, and supports the CEO in the day-to-day running of the Group.



**Aliatun Mahmud**  
 Head, Legal and Secretarial and  
 Company Secretary  
 Age 48, Female, Malaysian  
 Date of Appointment: 1 January 2014

Aliatun holds a Master of Business Administration (“MBA”) degree from UiTM, a Diploma in Syariah Law and Practice from the International Islamic University of Malaysia as well as a Bachelor of Laws (LLB) from UiTM. She began her career at the Securities Commission of Malaysia in 1994 and went on to gain more experience in Peremba (Malaysia) Sdn. Bhd.; Hafidz & Azra (Advocates & Solicitors) and the Malaysian Resources Corporation Berhad. She joined THP on 1 October 2002 and has been with the Group for more than 14 years. In her current capacity, she manages all legal and secretarial matters of the companies owned as well as managed by THP.



**Maizura Mohamed**  
 Head, Strategy & Corporate Services  
 Age 46, Female, Malaysian  
 Date of Appointment: 1 January 2014

Maizura holds a Bachelor’s degree (Honours) in Chemistry from University of Malaya. She began her career with Boustead Holdings Berhad in 1995 and subsequently Maju Holdings Sdn. Bhd. as Manager of Business Development. She joined THP on 1 October 1999 as Manager, Corporate Planning and has been with the Group for 17 years. She is currently the Head of Strategy & Corporate Services and is responsible in overseeing strategic and corporate matters, business planning as well as managing special projects.



**Ir Ramli Mohd Tahar**  
 Chief Engineer  
 Age 55, Male, Malaysian  
 Date of Appointment: 1 August 1997

Ir Ramli holds a Bachelor’s degree in Engineering (Agricultural) from UPM and also holds a First Grade Steam Engineer certification from the Department of Safety and Health. He was also certified as a Registered Professional Engineer by the Board of Engineers Malaysia in 2000. He began his career with FELDA in 1985 and joined the then PLLTH as a Senior Assistant Manager on 2 January 1991. He has been with the Group for the past 26 years, and has held his current position since 1997. As Chief Engineer, he heads the Engineering department, overseeing the strategy, planning and operations of all the mills under the Group. He also oversees the construction of new mills, whether THP-owned or THP-managed, as well as other engineering projects within the Group.



**Othman Somadi**  
 General Manager (Marketing)  
 Age 53, Male, Malaysian  
 Date of Appointment: 1 January 2009

Othman graduated with a Bachelor’s degree in Business Administration (Marketing) and also holds a Diploma in Planting Industry and Management, both from UiTM. He began his career as an Assistant Agricultural Officer with the Southeast Johore Development Authority in 1984 and thereafter joined Johore Tenggara Oil Palm Berhad in 1993 as a Senior Marketing Executive. He joined TH Ladang (Sabah & Sarawak) Sdn. Bhd. on 5 August 1996 as its Marketing Manager before being appointed THP’s Deputy General Manager (Marketing) in 2003. He is currently General Manager (Marketing) and is responsible for the trading and marketing of THP’s products.



**Fadzil Abdullah**  
 General Manager (Human Resource)  
 Age 55, Male, Malaysian  
 Date of Appointment: 1 January 2014

Fadzil graduated from Universiti Kebangsaan Malaysia (“UKM”) with a Bachelor’s degree in Business Administration. He also holds a Professional Diploma in Human Resource Management from the Malaysian Institute of Human Resource Management. Prior to joining THP, he served in the Royal Malay Regiment as a military officer with the rank of a Captain. He has been with THP for the past 28 years and currently holds the post of General Manager (Human Resource). He oversees the overall human resource management for the Group including recruitment, succession planning, training and development and others.



**Ahmad Nordzri**  
 Vice-President Director, PT Persada  
 Kencana Prima  
 Age 54, Male, Malaysian  
 Date of Appointment: 1 January 2014

Ahmad Nordzri holds a Diploma in Planting Industry and Management from UiTM and a Bachelor’s degree in Business Administration from RMIT University, Melbourne. He began his career as a Credit Officer with Bank Pertanian Malaysia in 1984 before joining United Plantations Berhad in December 1984 as Plantation Assistant Manager. On 19 October 2009, he joined THP as Assistant Manager at Ladang Sungai Mengah, Pahang and went on to assume a number of roles within the Group. He is currently the Vice-President Director at PT Persada Kencana Prima, overseeing the development of THP’s maiden investment in oil palm plantation in Kalimantan, Indonesia.



**Muhammad Pilus Zambri**  
 General Manager  
 (Agronomy and Innovation)  
 Age 58, Male, Malaysian  
 Date of Appointment: 1 January 2014

Muhammad Pilus holds a Bachelor’s degree in Agriculture from UPM and has been with THP since 1 January 2014. Prior to joining THP, Muhammad Pilus has had stints in Tradewinds Plantation, Sime Darby, Golden Hope, Austral Enterprises, the Malaysian Palm Oil Board as well as the Department of Agriculture. He is currently the General Manager (Agronomy and Innovation) and in his capacity, is responsible in providing agronomic advisory, fertiliser recommendation, geospatial service, plantation research as well as innovation and development support for the Group. He is also a member of MPOB’s Steering and Working Committee on Fruit Set and Pollinating Weevil.



**Dariman Darham**  
General Manager (Rubber)  
Age 59, Male, Malaysian  
Date of Appointment: 15 July 2013

Dariman holds a Bachelor's degree in Agriculture from Bogor Agricultural University, Indonesia. He has been with THP for the past 4 years. He began his career in 1984 with the Sabah Rubber Industry Board and after 20 years, joined the Malaysian Rubber Board in 2003. With his extensive experience in rubber development, he joined THP on 15 July 2013 as General Manager (Rubber). In his capacity, he is responsible for the strategic planning and execution of THP's rubber development programme in Sabah.



**Jamaluddin Hanafiah**  
Assistant General Manager  
(Quality Assurance)  
Age 57, Male, Malaysian  
Date of Appointment: 1 January 2011

Jamaluddin holds a Bachelor's degree in Business Administration from UKM. He has been with THP for the past 34 years, and most recently held the position of Assistant General Manager (Internal Audit). He is currently the Assistant General Manager (Quality Assurance) with the primary responsibility of ensuring that THP's products meet the established standards of quality as well as providing advisory services towards achieving the desired standards.



**Hamidon Hassan**  
Assistant General Manager  
(Information Technology)  
Age 51, Male, Malaysian  
Date of Appointment: 1 October 2010

Hamidon holds a Diploma in Computer Science from UPM and a Bachelor's degree in Computer Science from UKM. He has vast experience in the plantation sector, having spent 20 years in Island & Peninsular Berhad before joining THP on 1 January 2010. He is currently the Assistant General Manager (IT) and is primarily responsible in overseeing the entire IT planning and operations for the Company.



**Adnan Ariffin**  
Mill Advisor  
Age 54, Male, Malaysian  
Date of Appointment: 1 January 2014

Adnan holds a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia. He began his career in FELDA in 1984 and subsequently joined THP on 1 December 1991 as Senior Assistant Manager at Kilang Sawit Kota Bahagia. He has been with the company for the past 25 years and assumed the position of Mill Advisor in 2014. In his capacity, he provides technical advisory services to mills owned by THP and drives improvement initiatives throughout THP's mill operations.



**Md Hanif Md Nor**  
Planting Advisor  
Age 54, Male, Malaysian  
Date of Appointment: 1 January 2016

Hanif holds a Diploma in Planting Industry and Management from UiTM and began his career with Boustead Estates Agency as an Assistant Manager in 1983. He joined TH Ladang (Sabah & Sarawak) Sdn. Bhd. on 27 December 1996 as Manager at Ladang Jati Keningau. He has risen up the ranks throughout the past 20 years with THP and is currently the Planting Advisor, primarily responsible for planting advisory services and overseeing overall plantation operations of THP's estates in Peninsular Malaysia.



**Megat Rizal Ezzudin  
Abd Maulud**  
Senior Manager (Internal Audit)  
Age 41, Male, Malaysian  
Date of Appointment: 1 January 2007

Megat Rizal holds a Bachelor's degree (Honours) in Accountancy and Financial Analysis from University of Warwick. He is currently a Chartered Member of the Institute of Internal Auditors, Malaysia. His past experience includes stints in accounting firms in Dublin, Ireland and Birmingham, United Kingdom having completed his ACCA examinations and training in 2002 before returning to Malaysia to work with PricewaterhouseCoopers Malaysia in 2004. He joined THP's Internal Audit department on 4 December 2006 and is currently the Senior Manager, Internal Audit of THP. He oversees the overall internal audit function for THP and reports to the Board Audit Committee.



**Aizzura Ab Rahim**  
Senior Manager (Investor Relations)  
Age 36, Female, Malaysian  
Date of Appointment: 1 January 2013

Aizzura holds a Bachelor's degree (Honours) in Financial Engineering from Multimedia University and a Master's degree in Applied Finance from University of Melbourne. She is also a member of the Malaysian Investor Relations Association. She is currently the Senior Manager, Investor Relations at THP and is primarily responsible in developing and managing the Group's IR and communications strategy and activities for its stakeholders including investors, analysts and the financial community, the media and environmental NGOs.

**Note:**

Save as disclosed, the above Key Senior Management members have no family relationship with any Director and/or major shareholder of TH Plantations Berhad, have no conflict of interest with TH Plantations Berhad, have not been convicted of any offences within the past five (5) years and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2016.

# Corporate Calendar

## 29 February

THP announces its 4Q and FY2015 financial results, reporting a FY2015 PAT of RM23.93 million.

## 5 May

THP joins the GLC explorAce 2016 exhibition at the Sime Darby Convention Centre.



## 18 May

THP holds its 42<sup>nd</sup> Annual General Meeting at Seri Pacific Hotel Kuala Lumpur.



## 23 May

THP announces its 1QFY2016 financial results, reporting a loss of RM9.45 million in 1QFY2016 PAT.

## 24 August

THP announces its 2QFY2016 financial results, reporting a 2QFY2016 PAT of RM0.41 million.

## 28 - 30 September

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



## 28 November

THP announces its 3QFY2016 financial results, reporting a 3QFY2016 PAT of RM23.91 million.

## 23 December

THP disposes its wholly-owned subsidiary; THP Gemas Sdn. Bhd. to Dupont & Leosk Enterprises Sdn. Bhd.





# Media Highlights

### TH Plantations nafi musnahkan hutan secara haram, guna buruh kanak-kanak

17 Januari 16, 2016

TH Plantations tidak pernah terlibat atau disabitkan terlibat oleh mana-mana pihak berkaitan, dan mengesyorkan peng-pimpinan peng-pimpinan



KUALA LUMPUR, TH Plantations CEO mengesyorkan kepada semua pihak yang terlibat dalam perkara ini, supaya mereka dapat mengambil tindakan yang wajar dan adil. Beliau berkata, TH Plantations tidak pernah terlibat atau disabitkan terlibat oleh mana-mana pihak berkaitan, dan mengesyorkan peng-pimpinan peng-pimpinan

### TH Plantations refutes allegations

TH Plantations CEO refuted allegations of illegal logging, deforestation and child labour linked to the company's palm oil supply chain.

"We are extremely sorry that the allegations have been made against TH Plantations. We have always been committed to sustainable and responsible palm oil production, and we will continue to work with our partners to ensure that our supply chain is free from any illegal activities."

### TH Plantations in degearing mode

TH Plantations CEO said the group was in a degearing mode, which means it will be reducing its debt over time.

"We are in a degearing mode, which means we are reducing our debt over time. This is a positive sign for the company and its shareholders."

### TH Plantations Q3 earnings boosted by higher prices

TH Plantations Q3 earnings were boosted by higher palm oil prices, with a 10% increase in net profit.

"Our Q3 earnings were significantly higher than last year, primarily due to the increase in palm oil prices. This has allowed us to improve our operational efficiency and reduce costs."

### TH Plantations cut 2016 KPI targets

TH Plantations cut its 2016 KPI targets due to the impact of the El Niño weather pattern, which has led to a decline in palm oil yields.

"Due to the impact of the El Niño weather pattern, we have had to adjust our 2016 KPI targets. This is a necessary measure to ensure that we remain on track and meet our obligations to our shareholders."

### TH's financial history

Year	Revenue (RM mil)	Net Profit (RM mil)	Dividend (RM mil)
2015	1,200	150	100
2014	1,100	140	90
2013	1,000	130	80
2012	900	120	70
2011	800	110	60

### TH Plantations sells Negri Sembilan land for RM152mil

TH Plantations has sold its entire palm estate land in Negri Sembilan, measuring 2,819.27ha, for RM152 million.

"The sale of the land in Negri Sembilan is a strategic move for the company, allowing us to focus on our core operations and improve our financial performance."

### TH Plantations sangkal dakwaan NGO

TH Plantations CEO sangkal dakwaan NGO bahawa syarikat terlibat dalam aktiviti pencemaran alam sekitar.

"We have always been committed to environmental sustainability and responsible palm oil production. We have never been involved in any activities that would harm the environment or our workers."

### TH divests of THP Genas Sdn Bhd

TH Plantations has divested its 100% equity interest in THP Genas Sdn Bhd, a company that produces agricultural machinery.

"The divestiture of THP Genas Sdn Bhd is a strategic move for the company, allowing us to focus on our core operations and improve our financial performance."

### TH Plantations to pare down debt, no 2015 dividend

TH Plantations CEO said the company will be reducing its debt and will not be paying a dividend for 2015.

"We are in a degearing mode, which means we are reducing our debt over time. This is a positive sign for the company and its shareholders. We will not be paying a dividend for 2015 due to the impact of the El Niño weather pattern."

A black and white photograph of two men in a field. The man on the left is wearing a white hard hat and a checkered shirt, leaning over to examine a plant. The man on the right is also wearing a white hard hat and a striped shirt, standing and looking towards the camera. The background is a hazy, open landscape.

# How We Protect the Environment



THP is committed to nurturing the environment and implements best agricultural and agronomic practices at all times. We have stringent policies and procedures in place to ensure that our plantation activities are sustainable and do not unduly harm the environment. We have three key principles in place that we observe at all times:

### **ZERO OPEN BURNING**

We have SOPs in place on land development and plantation operations which incorporate strict guidelines on zero-burning. This policy is strictly enforced and ingrained throughout our operations in Malaysia and Indonesia.

### **NO DEFORESTATION**

The lands that we develop are secondary and logged-over area, and thus we do not play any part in deforestation. In addition, we have incorporated ample buffer zones and riparian reserves within our estates to ensure that we preserve the harmony between our plantations and the environment that we operate in.

### **GOOD AGRICULTURAL PRACTICES ("GAP")**

We consistently and constantly emphasise the adoption of GAP throughout our operations to further ensure that we maintain a healthy environment at all our estates.



Open for more information.

### 03.

## HOW WE PROTECT THE ENVIRONMENT

Protecting the Environment

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## Our Values

We recognise the dependence of our business on the state of the environment. This extends to all our practices, from the clearing of land for plantations to our management of natural resources. Environmental stewardship is a foremost priority in our minds and we dedicate much effort and resources to that end.



### Precision Agricultural Management

We deploy cutting-edge technology to enable more precise agricultural management planning and activities. The use of Unmanned Aerial Vehicles (“UAV”) allows us to better plan our plantations in order to minimise environmental damage.

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### Fertiliser Management

We tailor fertiliser use to each site to ensure that the soil receives the needed nutrition. It optimises our use of fertiliser and is better for the environment by minimising the amount of fertiliser leachate into the ecosystem.

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### Bio-controls for Pest Management

We have adopted the use of bio-pesticides and bio-control agents such as barn owls and beneficial plants to control pests in our plantations. This is a much more environmental-friendly alternative to poisons and other traditional control mechanisms.

How We Protect

## Our Commitment to Environmental Conservation

We monitor and manage our use of natural resources and our emissions as we recognise that everyone has a role to play in fighting climate change. This is not only in line with GAP but also with our Islamic values and heritage, which calls upon us to be good stewards of the earth. All our activities are therefore undertaken with efficiency and the elimination of waste in mind.



### Managing our Water Use

Water is the lifeblood of our business, and we are making concerted efforts over the years to improve our water management systems. This is not only good for our production yields, but critical where access to clean water has become a challenge for some countries around the world.



### Managing our Effluents

Effluents are a natural by-product of the milling process, but pose a danger to the environment if left untreated. To that end, we are constantly improving our effluent management processes to maintain the biochemical oxygen demand at our mills to below the 20mg/L regulatory limit. We are presently exploring the possibility of implementing a mechanism to continuously monitor our emissions to ensure that gas emissions are within prudent limits.

## Sustainable Certification

THP recognises the importance of having its palm oil certified as sustainable and is presently seeking Malaysian Sustainable Palm Oil (“MSPO”) certification from the Malaysian Palm Oil Certification Council. The certification shall grant assurance that our palm oil and processes adhere to seven key principles:

1. Management Commitment and Responsibility
2. Transparency
3. Compliance to Legal Requirements
4. Committed to Social Responsibility, Health, Safety and Employment
5. Committed to the Protection of the Environment, Natural Resources, Biodiversity and Ecosystem
6. Committed to Best Practices
7. Committed to New Plantings



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### GOOD AGRICULTURAL PRACTICES (“GAP”)

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Open for more information.

## Corporate Responsibility

THP regards its role as a responsible corporate citizen as one of its most important functions in giving back to our communities and society. We recognise our stakeholders as being key enablers that support our business activities and contribute to the success of our commercial enterprise, and to whom we owe a duty of care. The basis of our corporate responsibility (“CR”) initiatives is thus grounded in this obligation to discharge this duty of care to our stakeholders while maintaining the highest levels of ethics and integrity in accordance with the principles of good corporate governance.

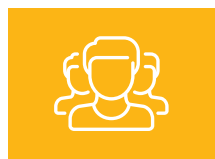


Our approach to CR also takes into consideration the positive value created by our initiatives for both our Company and for our stakeholders. From THP's standpoint, the implementation of CR initiatives builds positive reputational value for our Company while at the same time transforms our communities into more sustainable ecosystems. Our relationship with our stakeholders is therefore one where we work hand-in-hand towards mutually beneficial outcomes.

### The CR framework for THP is divided into four categories:



In each category, THP endeavours to enrich and empower our stakeholders, and to create a better shared environment for all concerned. Our efforts are also directed at mitigating the impact of our business activities on the environment given the close relationship between oil palm cultivation and nature. The following section provides a detailed overview of our CR initiatives and the outcomes that we have brought about in the financial year under review.



# Community

We invest in the community around our plantations and our businesses because they are key enablers of the success of our business. THP regards itself as a member of each of these communities and thus is compelled to do its part in empowering and enriching the lives of those around us. We work together with community stakeholders as partners of our agricultural operations and support their development, particularly in the area of youth education.

### SERVING INDIGENOUS COMMUNITIES

Indigenous communities, as customary users and traditional landowners of much of remote Malaysia, have a vested right to the land that they and their ancestors have worked on for generations. Given the scarcity of agricultural land available, our efforts to develop new plantations may at times require that we work together with indigenous landowners. At all times, we are committed to being a positive agent of change in our interactions and dealings with indigenous communities and seek to arrive at mutually beneficial collaborative relationships.

A substantial number of our plantations, particularly those in Sarawak, are located in remote areas that are home to various indigenous communities. Our approach respects the rights of native peoples and seeks to establish a collaborative relationship with the local communities. An example of our collaborative approach is THP's participation in Sarawak's Native Customary Rights ("NCR") Land Development Programme, which is managed by the Sarawak Land Custody and Development Authority.



Under the programme, we work jointly with native landowners to develop and manage plantation land in targeted areas. As at the end of 2016, 4,413Ha of our Sarawak plantations were being developed under the NCR with the participation of 2,494 indigenous landowners. In exchange for their participation in the programme, indigenous landowners receive a steady stream of income from THP and may also be offered employment. We paid approximately RM7 million to the native community under the NCR as incentive payment for working together with the Company to jointly develop their land.

**DEVELOPING ENTREPRENEURSHIP**

In addition to employment and leasing land from native communities, THP also plays a proactive role in helping develop entrepreneurship amongst community members. We continued to implement our Vendor Development Initiative (“VDI”), which encourages community members to start businesses to meet THP’s needs. Our presence in the community ensures a steady demand for products, which translates into a steady stream of income to the community.

Our commitment to entrepreneurship development also extends to the Bumiputera community, which sees us actively encouraging



the participation of Bumiputera contractors and suppliers in the VDI. This is in line with the national agenda to stimulate the economic growth of the Bumiputera community in Malaysia. Out of the 706 contractors and vendors registered under the VDI as at the end of 2016, 41% were Bumiputera businesses with total contracts worth RM20,121,285 signed with THP.

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**EMPOWERING OUR YOUTH THROUGH EDUCATION**

THP continued to support the Promoting Intelligence, Nurturing Talent and Advocating Responsibility (“PINTAR”) programme in 2016, marking the sixth consecutive year of implementation. Under the programme, THP has adopted SK Ladang Kota Bahagia in Keratong, Pahang as the beneficiary of our PINTAR initiative. The school was selected because of its proximity to our plantation and therefore is attended by children of our plantation employees and local community.

In 2016, we helped 34 Primary 6 students through programmes such as “Kempen Jaya UPSR”, which was held from April to August, and “Program Kepong UPSR”, from August to September. Both campaigns were aimed at helping those students better prepare for the UPSR exams by helping them develop examination techniques and to identify their respective strengths and weaknesses. Experienced invigilators and subject matter experts from other schools were invited to share strategies with the students on the four core subjects of Bahasa Malaysia, English, Science and Mathematics.

One of the activities in the PINTAR programme is the English Language Campaign. SK Ladang Kota Bahagia organised various English Programmes to share simple, fun and interactive learning techniques. Year 6 students were urged to take part in a Spelling Bee competition which was held on 5 August 2016.

In addition, THP also provided financial support and assistance to acquire reading materials. For 2016, THP sponsored 2,320 copies of Utusan Tabloid Tutor UPSR and English, which were circulated among the Year 6 students. The weekly education pull-out was designed to be an additional teaching aid and helped promote learning in a fun manner.







# Employees



Our employees are among our most important assets and a critical stakeholder in determining the success of our enterprise. THP is a company that cares about its people, and is committed to nurturing and developing talent within its ranks. We also ensure that our workplaces are safe and accessible, and that they are conducive to productivity. Our responsibility to our employees also extends to their emoluments where we ensure that they receive remuneration and benefits on par with the industry if not better. Benefits enjoyed by THP employees include:



**Salary increments of up to 10% of current salary**



**Annual bonus payments**



**Hari Raya bonus payments**

In addition to THP's mandated contributions to the Employees Provident Fund and SOCSO on behalf of the employees, we provide comprehensive medical, disability and life insurance, as well as a Retirement Gratuity Scheme to reward our retiring employees.

## TALENT DEVELOPMENT

Our aim is to help our people realise their fullest potential during their time with us through comprehensive training and development programmes that focus on both their functional and soft skills. At THP, we believe that talent development is continuous, and that all employees should be given equal opportunities to grow. Our training regime comprises several components including:

- In-house training programmes
- External training modules from third-party trainers
- External seminars and short courses



At THP, our in-house training programmes are focused on developing all-round employees. Thus, in addition to core skills development, our programmes are also focused on helping our employees cultivate integrity, corporate leadership skills and spiritual development. Our in-house training programmes held in 2016 included “Kursus Pengurusan Kelapa Sawit” in collaboration with the MPOB and “Kursus Fitrah Perkasa”.

### Advancing the National Talent Agenda

THP is an active participant of the Skim Latihan 1Malaysia (“SL1M”) Programme, which is a Government initiative designed to prepare recent graduates for the workforce. Under SL1M, young graduates undergo six-month-long training programmes in participating companies to develop practical working skills. We have taken part in the SL1M Programme since 2014, and are active partners, having trained 305 young graduates as at the end of 2016. THP was also a participant of the 2016 SL1M nationwide tour organised by the Economic Planning Unit in five cities - Alor Setar, Johor Bahru, Kuala Terengganu, Kuching and Kota Kinabalu.

### PRIORITISING OCCUPATIONAL SAFETY AND HEALTH (“OSH”)

Employee health and safety are among our foremost concerns. As a plantation player where our employees are expected to work with heavy machinery and harvesting tools, we make great effort to ensure that they are constantly apprised of the dangers in the workplace and are aware of best OSH practices. THP has put in place robust safety and health policies which are under constant review by our qualified OSH officers. In 2016, we reviewed and updated our OSH policy in line with the OSH Act 1994.

As part of our OSH policy, we conduct safety and health audits on all our plantations and mills annually. The aim of the audit is to:

- Determine the level of health and safety of our employees in each respective business unit
- Analyse the risk factors that may negatively affect the health and safety of our employees
- Order improvements, if any, to be made to the facility to improve the level of health and safety

The audit is conducted by the Company’s OSH Unit, which also ensures that our plantation and mill managers protect the welfare of their workers. Items inspected by the Unit include:

- The safety of work schedules to ensure that they do not jeopardise employee health
- Risk assessments of the use, transfer, storage or transport of equipment
- Availability of safety information, instruction, training and supervision
- Systematic maintenance of equipment and machinery
- Availability of amenities at the worksite

### Chemical Health Risk Assessment (“CHRA”)

The Group’s OSH Unit conducted a CHRA of 11 plantations and three mills in Sabah, Sarawak and Peninsular Malaysia in April of 2016 following the expiry of their previous assessments. The CHRA is to be renewed every five years to ensure that the chemicals used in the plantations and factories do not jeopardise employee health through exposure. All 11 plantations and mills passed the assessment.



## 2016 Accident Report

In 2016, the number of accidents across the Group fell 21% or by 95 cases, while the number of Loss Man Days due to injury decreased 15% or by 144 days compared to 2015. Despite the improvement in our accident rate, THP regrets to report that one accident resulted in a fatality. The Group OSH Unit, upon investigation, concluded that the fatality was due to operator error as the victim failed to use the personal protection device assigned, and did not adhere to approved procedures. The Group is committed to stepping up its OSH training and awareness programmes to ensure that accidents like this do not recur in the future.



**Number of accidents across the Group fell 21% or by 95 cases, while the number of Loss Man Days due to injury decreased 15% or by 144 days compared to 2015.**

## HEALTHCARE FOR ALL

In securing the health of our plantation workers who may operate in remote areas with limited access to healthcare, THP has constructed clinics in our plantations to provide needed medical support. Our clinics are staffed by healthcare professionals who are capable of handling medical emergencies unique to the plantation sector. Our plantations also receive regular visits from medical officers who are able to conduct more comprehensive check-ups.

## Promoting Work-Life Balance

THP believes that proper work-life balance and holistic well-being is key in maintaining high employee morale and productivity levels. We therefore emphasise the need for our employees to lead well-rounded lives that are not solely occupied with work. Towards this end, we encourage our employees to participate in social events such as the annual Sports Carnival organised by our parent company TH, as well as other recreational activities held regularly by external parties. Meanwhile, we also support the spiritual development of our employees and conduct weekly “yaasin” recitals and motivational talks at our offices. THP also conducts the “Kursus Keperkasaan Diri” which seeks to further embed Islamic values and work ethics in our people, and also to build their self-confidence.



## RECOGNISING YOUNG TALENT

Every year, THP recognises a number of our employees' children who have performed well in their studies and rewards them with cash contributions and certificates under the Recognition of Employees' Children's Achievements in Learning (“RECAL”) initiative. This is to impress upon them the importance of succeeding in their studies and to inspire them to greater things in the future. In 2016, THP recognised 31 students for their achievements in the 2016 Ujian Pencapaian Sekolah Rendah (“UPSR”), Pentaksiran Tingkatan 3 (“PT3”) and Sijil Pelajaran Malaysia (“SPM”) exams. University students with outstanding results were also recognised at the award presentation ceremony held on 1 June 2016. Special recognition was given to Hazirah Ramli, 18, from Tunku Kurshiah College, who scored 9A+ in her SPM results. Hazirah is the daughter of our Chief Engineer, Ir Ramli Mohd Tahar.





# Environment



Unlike companies in other industrial segments, THP recognises that, as a planter, it has a special relationship with the environment. The success of our business activities depends on a number of environmental factors, and hence forms our responsibility to maintain the fragile balance of the natural ecosystem by mitigating our environmental impact. Our approach to environmental management utilises a broad array of practices at our disposal including the employment of green technology and bio-based pest control as well as policies banning open burning and deforestation.

## ZERO-BURNING

A strict zero-burning policy is enforced in all our plantations. In clearing new land for plantation development or existing plantations for replanting purposes, felled trees are chipped and stacked in line with our planting or replanting plans. This policy is at the core of our environmental agenda as we are highly aware of the environmental and health risks related to the practice of open burning. Moreover, our non-burning method of tree removals also helps us improve the nutritional quality and fertility of the soil in the newly cleared areas.

## PRECISION AGRICULTURAL MANAGEMENT

Cutting-edge technology is deployed in the management of our plantations to enable more precise agricultural planning and activities. The use of Unmanned Aerial Vehicles (“UAV”) has enabled us to create precise digital maps yielding important data for analytical purposes. Through these maps, we have been able to better plan plantations, project costs and profits more accurately, identify maintenance needs and better place roads and facilities.

In 2016, we embarked on a special project using the UAV imaging platform in Betong, Sarawak. The aim of the project was to conduct palm counting and inventory mapping in order to derive a more reliable database of our existing assets. The data will be used for field operational improvement and planning purposes to realign the plantation and maximise yield.

THP has also deployed its own Geographic Information System, e-GIS, which captures, stores, analyses and manages spatial and geographic data, which is invaluable in the decision-making process. Through e-GIS, planners have been able to gather greater insights and better identify risks and opportunities associated with our operational plans. Collectively, the use of technology has helped boost profitability and productivity, and has aided us in optimising our operations.

## The use of technology has helped boost profitability and productivity, and has aided us in optimising our operations.

### FERTILISER MANAGEMENT

We have developed an integrated site-specific fertiliser recommendation programme that is tailored to the specific soil-palm requirements within each of our individual plantation. The programme ensures that fertilisers deployed are optimised hence reducing waste and maximising productivity. Some of the factors considered under the programme include the level of palm maturity, yield level, and existing environmental and nutritional status of the plantation. The purposeful deployment of fertiliser is also better for the environment as it reduces/minimises the amount of fertiliser pollution of the natural ecosystem.

### INTEGRATED PEST MANAGEMENT

THP has adopted the use of bio-pesticides and bio-control agents as part of its agronomic practice and effort to preserve the biodiversity within its plantations. The use of natural pest management tools reduces our crop losses while at the same time mitigating our impact on biodiversity. Some of the initiatives that we have undertaken in this area include:

- Planting of beneficial plants that shelter and provide food for beneficial insects
- Use of barn owls (*Tyto alba*) to control rat populations
- Proper shredding of oil palm trees to suppress the breeding of rhinoceros beetles

In 2016, we piloted the use of a local strain of *Bacillus thuringiensis* ("Bt."), which is a soil-dwelling bacterium commonly used as a biological pesticide. Results show that *Bt.* is effective against *Tirathaba rufivena* larvae,

which damage FFB on trees. The results from the pilot were overwhelmingly positive and the initiative will be extended in 2017.

### WATER MANAGEMENT AND MOISTURE CONSERVATION

Maintaining optimal water levels is a crucial challenge in our peat plantations. Over the years, we have made concerted efforts to improve our existing water management systems in the most cost-effective ways possible, and this will be a key enabler for enhanced yields from our peat plantations. The approach we have taken also reduces peat decomposition, which leads to lower Greenhouse Gas ("GHG") emissions. Coupled with our water conservation practices in mineral soil, our strategies minimise the impact of droughts on FFB production.

### TOWARDS ZERO BOD

THP is determined to maintain the biochemical oxygen demand ("BOD") at its mills to below the 20mg/L regulatory limit. Methods to treat effluent water are under constant research, and will be progressively implemented in all our mills. We constructed a tertiary effluent treatment plant in our Raja Udang Palm Oil Mill in Pusa, Sarawak, in 2015 which has resulted in a consistent effluent discharge containing BOD of between 15-18 mg/L. We are also exploring the possibility of implementing an initiative to continuously monitor our emissions, specifically from our boilers, to ensure that gas emissions are within regulatory limits. Meanwhile, THP is exploring the possibility of using the bio-gases from effluents as feedstock for power generation.



### IMPROVING EFFICIENCY IN OUR FIELD OPERATIONS

Our plantations are making concerted efforts to address factors in field operations contributing to poor production including low fertility, inherently poor bearing capacity and presence of woody materials in peat. These have an impact on fertiliser application, crop harvesting and evacuation methods, which affects the overall efficiency of our plantation processes. We continuously explore suitable and cost-effective equipment and machines to overcome these challenges by collaborating with our suppliers and research institutions to aid in the development of new technologies.



# Shareholders



THP's corporate identity is steeped in Islamic values that form the foundation of our ethical business culture and influences the actions of all our employees from the very top to the bottom. This culture is also central to the governance of our organisation, which is committed to the fundamental principles of fair play, transparency and integrity. Shareholders, hence, can rest assured that THP is well aware of its fiduciary duty and strives to maximise the creation of shareholder value and communicate accurate information in a clear and transparent manner.



## BUSINESS ETHICS AND VALUES

Our code of ethics and values are derived from the principles of Islam and is core to all that we do. This is further supported by our unwavering observation of best practices in corporate governance, which ensure that our entire body of staff, including our Directors and Senior Management, are held to the highest levels of decorum and ethical behaviour. Our dealings with vendors and investors are open to scrutiny to ensure no conflicts of interest and to grant assurance to our shareholders that THP acts in their best interests.





## CORPORATE GOVERNANCE

As a public listed company, we are mandated by the Listing Requirements to observe good corporate governance practice and are charged with a fiduciary duty to protect the interests of our stakeholders, especially shareholders. We thereby endeavour to further strengthen our business fundamentals as well as our corporate governance framework towards building long-term sustainable growth. THP's Board of Directors is the primary party responsible for ensuring that our business activities are aligned with good corporate practices. It shares a close but independent relationship with Management, with whom they work in collaboration to develop checks and balances within the organisation. Our corporate governance framework is benchmarked against the Malaysian Code on Corporate Governance 2012 and Bursa Malaysia Securities Berhad's Main Market Listing Requirements to ensure compliance at all times.

## TRANSPARENT PROCUREMENT

Procurement is an essential business activity, responsible for a substantial portion of operating costs. As it interacts with third parties, it is essential that the procurement process be optimised to minimise costs and

be sufficiently transparent to ensure fair dealings with dealers. THP utilises a structured procurement framework which is supported by policies and procedures throughout the entire procurement value chain. We make use of open tenders to ensure that our contracts are awarded to the most cost-effective, reliable and qualified vendors.

## INVESTOR RELATIONS ("IR")

The function of our dedicated IR team is to engage with external parties including financial and investment stakeholders, and our shareholders. The IR team responds to shareholder queries and conducts regular analyst updates, and prepares updates on our financial performance for release via the stock exchange. The information is also made available on our corporate website at [www.thplantations.my](http://www.thplantations.my).

Our engagement with shareholders is also conducted through the publication of our Annual Reports, which provides detailed information of our activities during the financial year. THP also holds an Annual General Meeting, which is attended by our Board of Directors and Senior Management who report on the year under review.

We maintain open lines of communication with our stakeholders and welcome all feedback and questions about our organisation. Methods of contacting us can be found on our website.

## MOVING FORWARD

THP has grown significantly over the years, and this is due to our adherence to our policy of sustainable growth that recognises the importance of balancing financial performance with social and environmental considerations. Our holistic approach to company management is also grounded in our Company culture, which prioritises sustainability and holistic development. In 2017, THP will embark on the preparation of its first full Sustainability Statement in line with the Listing Requirements of Bursa Malaysia. While this will see some changes in our reporting format, we would like to assure our stakeholders that THP has always been and will always remain a sustainable company.



## How We Impact Our Communities





We consider our role as a responsible corporate citizen as one of our most important functions and the chief way

through which we become a positive agent of change in the community. We recognise our stakeholders as key enablers who support our business activities and contribute to the success of our commercial enterprise and to whom we owe a duty of care. We are therefore committed to empowering and enriching the communities around us.

### EMPOWERING INDIGENOUS COMMUNITIES

Working together with

**>3,000**

indigenous landowners in Sarawak to help build their capacities and improve their quality of life.

### DEVELOPING ENTREPRENEURSHIP

Building partnerships with

**>700**

small businesses under our Vendor Development Initiative to stimulate economic growth.

### CHAMPIONING YOUTH EDUCATION

Adopting underperforming schools for

**6**

consecutive years to give the children in our communities the opportunity to grasp a brighter future.



Open for more information.



## 04. HOW WE IMPACT OUR COMMUNITIES

[Nurturing Our Communities](#)

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### Our Values

The Islamic understanding of Community as all forms of relationship characterised by social cohesion, emotional depth and moral commitment is one that we have adopted as a key part of our values. This is a commitment that we discharge gladly and willingly in our role as a responsible member of the community.



### >5,000 hectares

of our plantations are developed on indigenous land where we have received the permission and blessing of the landowners. Working jointly with the landowners, we create mutual benefit for all members of the community.

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### >RM20 million

is the total value of contracts that we have signed with Bumiputera contractors under our VDI plan.

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### >2,900

students from 8 schools benefitted from our involvement in the PINTAR programme.

## Our Commitment to Our Community of Shareholders

Our duty of care extends to our community of shareholders and investors who entrust us with a fiduciary duty to create value from their investment in us. We have committed ourselves to the best practices in the areas of business practice and corporate governance to be transparent and accountable in all that we do.



**Our Ethics and Values** apply from the very tip of our organisation to our people on the ground. Dealings with third parties are closely scrutinised to ensure no conflicts of interest.



**Corporate Governance** is guided by statutory regulations and by our internal controls to ensure that we are building towards long-term sustainable growth.



**Transparent Procurement Practices** are essential to ensure that shareholder funds are used and invested wisely. We implement comprehensive policies and procedures all through our procurement value chain.

## Clear and Accurate Reporting

Our dedicated investor relations team is always at hand to ensure that shareholder questions and concerns are addressed. We maintain open lines of communication and inform the investing public on new developments through:



**Our Annual Reports**



**Our Website**



**Analyst/Investor Updates**



We consider our role as a responsible corporate citizen as one of our most important functions and the chief way through which we become a positive agent of change in the community. We recognise our stakeholders as key enablers who support our business activities and contribute to the success of our commercial enterprise and to whom we owe a duty of care. We are therefore committed to empowering and enriching the communities around us.

## EMPOWERING INDIGENOUS COMMUNITIES

Working together with

**>3,000**

indigenous landowners in Sarawak to help build their capacities and improve their quality of life.

## DEVELOPING ENTREPRENEURSHIP

Building partnerships with

**>700**

small businesses under our Vendor Development Initiative to stimulate economic growth.

## CHAMPIONING YOUTH EDUCATION

Adopting underperforming schools for

**6**

consecutive years to give the children in our communities the opportunity to grasp a brighter future.

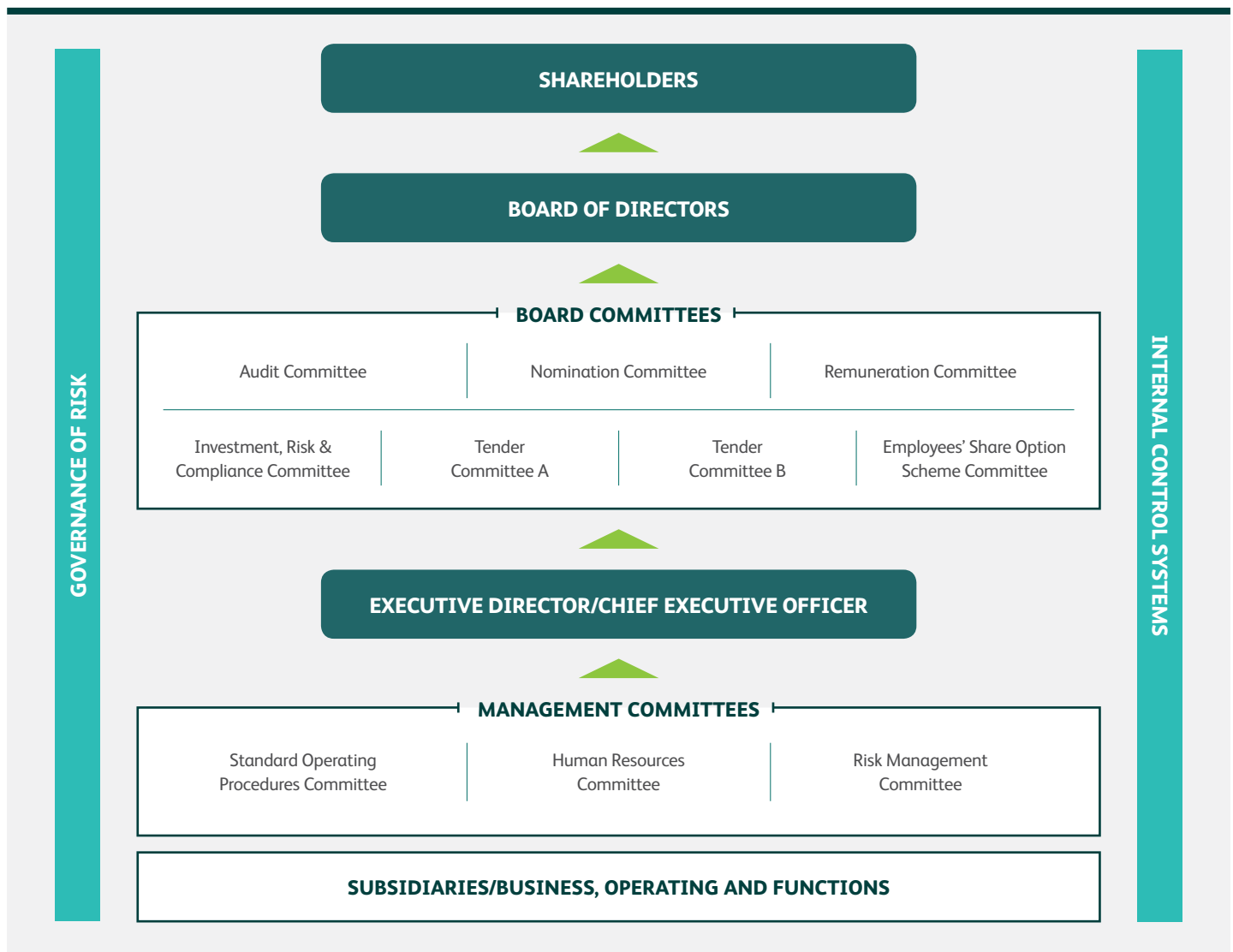


Open for more information.

# Statement on Corporate Governance

Good corporate governance creates lasting value. We apply the highest standards to our operations and activities, guided by the recommendations of the Malaysian Corporate Governance Code 2012 (“MCCG 2012”), Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Listing Requirements”) and the adoption of the recommendations on Corporate Governance initiated by the Putrajaya Committee on GLC high performance as part of the GLC Transformation Programme (“Green Book”). In addition, we are guided by the Corporate Governance Guide 2<sup>nd</sup> Edition (“CG Guide”), issued by Bursa Malaysia Securities Berhad.

Our governance framework stands for a form of responsible company management and control geared to long-term creation of value. One of our aims in this context is to secure the confidence of investors, clients, employees and the general public in our corporate activities. Efficient practices on the Management Committee and Board of Directors, good collaboration between these bodies and with the Group’s staff, and open and transparent corporate communications are equally as important.



## HIGHLIGHTS OF OUR CORPORATE GOVERNANCE IN 2016



**Reviewed and Strengthened**  
our Board Charter



**Instituted Core and Initiative**  
by practicing e Poll Voting



**Reviewed and Enhanced**  
our Code of Ethics

### BOARD OF DIRECTORS

Our Board actively seeks to ensure it has an appropriate mix of diversity, skills, experience and expertise to enable it to discharge its responsibilities effectively and to be well equipped to help our company navigate the range of opportunities and challenges we face.

As at the date of this Statement, we have eleven (11) Directors on the Board, comprising six (6) Independent Non-Executive Directors, four (4) Non-Independent Non-Executive Directors, and an Executive Director. Details of the Directors, including their qualifications and experience, together with details of their length of service, can be found in the Board of Directors section of our 2016 Annual Report.

### BOARD CHARTER

Our Board Charter has been serving as a guide for excellence in corporate governance. It embodies our governance practices, Board policies and guidelines and derives its practices from the principles and recommendations of MCCG 2012 and its predecessors as well as international standards on corporate governance. The Board Charter provides reference for the Directors in relation to the Board's role, powers, duties and functions. It outlines processes and procedures for the Board and its committees in discharging their stewardship effectively and efficiently.

Our Board Charter is reviewed annually and updated from time-to-time to maintain its relevance and accuracy to current rules and regulations.

## ROLES AND RESPONSIBILITIES OF THE BOARD

Our Board is responsible for managing the Group's business and is accountable to shareholders in performing that role. Aside from the six (6) core responsibilities listed below, our Board also takes independent and collective responsibility and accountability for the smooth functioning of core processes involving Board governance, business value and ethical oversight. In discharging its roles and responsibilities, our Board is mindful of the need to safeguard the interests of all stakeholders. Dedicated Board Committees have been established with clear Terms of Reference, comprising Directors who have committed their time and effort as members to facilitate the effective discharge of these responsibilities. Board activities are structured to assist the Board in achieving its goal to support and advise executive management on the delivery of the Group's strategy within a transparent governance framework.

### RESPONSIBILITY

1

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

On an on-going basis, the Board 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 outlines of the adopted strategic plans.

2

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 various operating units within the THP Group makes up a 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.

The 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.

3

Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks.

The THP Group has set up a Risk Committee comprising senior members of the Management team to assist the Board in overseeing and monitoring this area.

4

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. The Group places succession planning of high importance, and is an issue which has an on-going agenda and is periodically reviewed at various high-level management and operational meetings within the THP Group.

## RESPONSIBILITY (CONTINUED)

## 5

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

The Board 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.

## 6

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 detailed in the Audit Committee Report as set out on page 88 of this Annual Report.

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 are consistently maintained. The corporate climate is also continuously fortified with value-centred programmes for team-building and active subscription to core values.

## SEPARATION OF POWERS BETWEEN THE BOARD AND MANAGEMENT

The roles and responsibilities of the Board and Management are clearly delineated in the Board Charter. Although the respective principles, roles and responsibilities of the Chairman, Executive Director and Non-Executive Directors (“NEDs”) are segregated, it must be said that their functions are mutually co-dependent, thus ensuring efficient and effective execution of their duties and responsibilities.

Delineating these functions ensures the smooth running of the Company’s business and operations. The separation of power further ensures that no one individual or group can dominate the decision-making process, thus safeguarding the equilibrium of power in the Company. The separation of power accords a balance and authority in the Board and is adhered to, in line with best governance practice. Appropriate supervision and increased accountability of the Company’s management are the result of the adoption of this framework.

### THE ROLE OF THE CHAIRMAN

The Chairman’s overarching responsibilities are to provide appropriate leadership to the Board and the Group and to ensure the Board fulfils its obligations under its Charter. The Chairman’s responsibilities are set out in more detail in the Board Charter.

### THE ROLE OF EXECUTIVE DIRECTOR (“ED”)

As ED, the Chief Executive Officer (“CEO”) is in command of his own respective functions. His primary function is to ensure the smooth running of the Company’s day-to-day operations, while his primary areas of responsibilities are captured in his respective KPIs which are evaluated annually, reviewed and approved by the Board.

The CEO is supported by several management committees for their operational and management duties. These forums provide the Senior Management team, including the heads of various divisions and departments, the platform to interact directly with each other, discuss, provide their views and review the objectives, strategies and operations of the Company on a regular basis. The CEO is responsible for the implementation of broad policies approved by the Board and is required to report and discuss at Board meetings all material issues currently or potentially affecting the Group and its performance, including strategic directions, projects and regulatory developments.

### THE SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director of the Board acts as a sounding board for the Chairman and a trusted intermediary for other Directors. He is available to discuss with shareholders any concerns that cannot be resolved through the normal channels of communication with the Chairman or the Executive Director. The Senior Independent Director of the Company is Dato’ Shari bin Haji Osman.

## LIMITS OF AUTHORITY

The Board’s approving authority is delegated to the Management through formal and defined operational authority limits that govern business procedures and decision making process in the Group. The operational authority limits incorporate segregation of duties and check and balance in the delegation of authority.

In ensuring that the decision making process is transparent and to the best interest of the Group, all directors and staff including the CEO are required to declare their interests in other entities on an annual basis. In addition, they are also required to disclose to the Group, any circumstance that may give rise to a conflict of interest situation during the course of carrying out their duties.



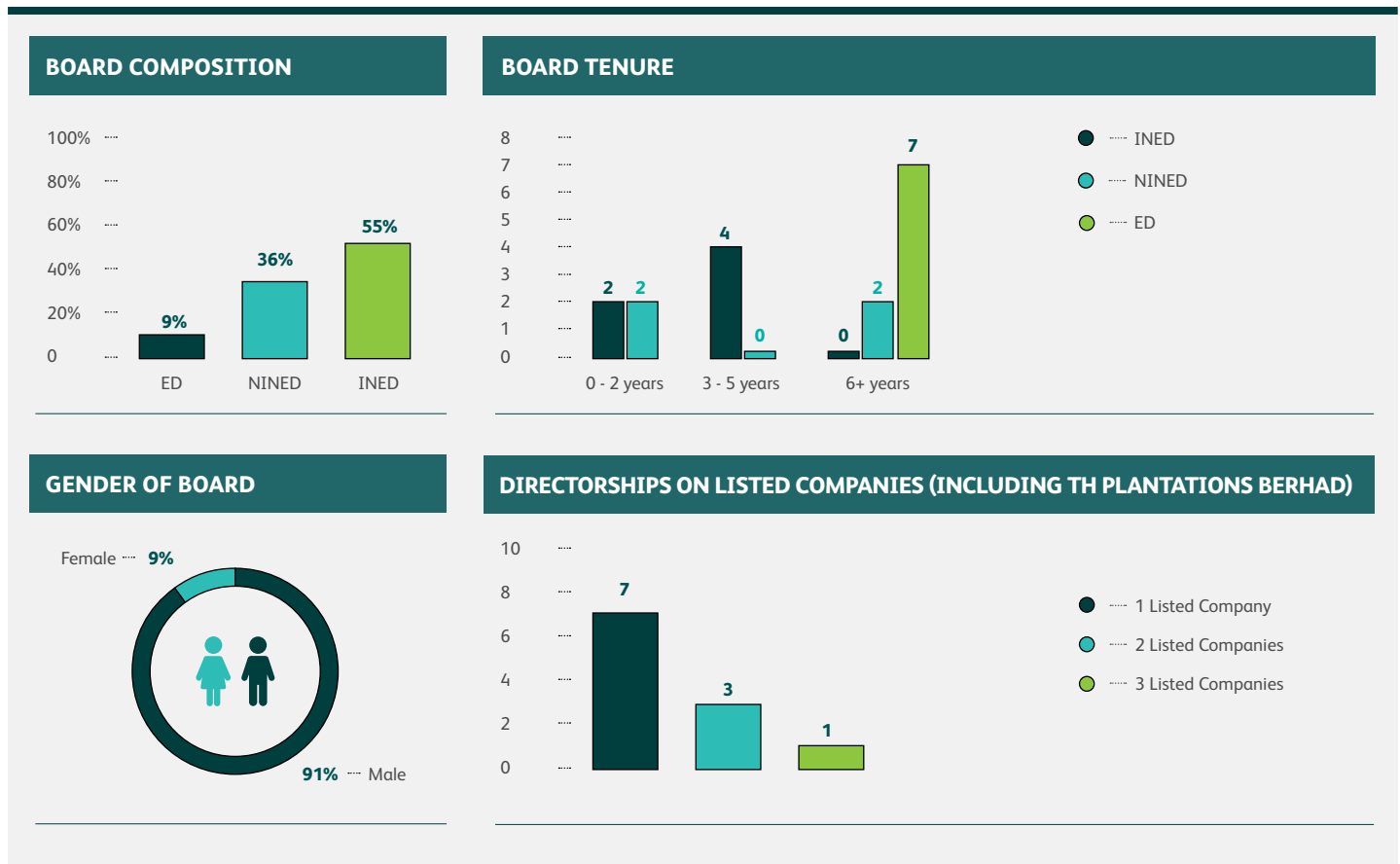
## BOARD COMPOSITION AND BALANCE

Our Company's Constitution limit the number of our Board members to not more than twelve (12). As at the date of this Statement, there are eleven (11) members of the Board, comprising six (6) Independent Non-Executive Directors ("INEDs"), four (4) Non-Independent Non-Executive Directors ("NINEDs") and one (1) Executive Director/Chief Executive Officer. 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 profiles of each member of the Board are outlined on pages 28 to 38 of this Annual Report.

The Composition of the Board for the year under review are as follows:



## BOARD DIVERSITY

The Board understands the efficacies of having in place a Board Diversity Policy. Although there exists measures which ensure an appropriate mix of skills, experience, knowledge and gender, the Board will take steps to formalise a policy which goes towards meeting these requirements, in addition to reaching for the Nation's ambitions of having 30% of Board members being female.

## INDEPENDENCE

Our Board recognises the important contribution that Independent Directors make to good corporate governance. All Directors, whether independent or not, are required to act in the best interests of the Group and to exercise unfettered and independent judgment. We determine the independence of our Directors in accordance with stipulations in paragraph 1.01 of the Listing Requirements. To date, all six (6) INEDs satisfy the following independent criteria:

- a. independent from Management and free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interests of the Company.
- b. not involved in the day-to-day operations of the Company other than when collective Board approval is required. This mitigates the risk of undue influence from third parties and allows INEDs to exercise fair judgement.
- c. declare their interest or any possible conflict on any matter tabled prior to the commencement of Board meetings. Directors are able to ascertain their involvement in any proposal as the papers are disseminated to them five (5) days before each meeting. In the case of conflict of interest, Directors are required to recuse themselves and abstain from deliberation to allow unbiased and free discussion and decision making. This also holds true for NINEDs.

MCCG 2012's recommendation to limit an Independent Director's cumulative tenure to nine (9) years is irrelevant at present as all current directors have a cumulative tenure of less than nine (9) years.

## FOSTERING COMMITMENT OF THE BOARD AND BOARD ATTENDANCE

Our Board is of the opinion that the provisions in the Companies Act 2016 and the Listing Requirements are sufficient to ensure adequate commitment by the Directors to perform their duties; and that each Director is able to commit sufficient time to the Company without it being formally regulated.

This is evidenced by the attendance of Directors and time spent at Board and Committee meetings. A high level of flexibility has been demonstrated with Board members being able to accommodate the Company according to its needs.

A total of eight (8) board meetings were held in 2016 and all Directors have complied with the minimum fifty per centum (50%) attendance as required under Paragraph 15.05(3) of the Listing Requirements.

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. Special Board Meetings are convened between the scheduled meetings to consider urgent proposals or matters that require urgent decisions or deliberation by the Board.

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, at least five (5) days, 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.

The Chairman of the Audit Committee informs 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 make visits to the Company's estates and mills to better assess the Company'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 2016 are detailed below:

Directors		Number of Meetings Attended	Percentage
<b>Tan Sri Dato' Sri Ab. Aziz bin Kasim</b> Chairman, Independent Non-Executive Director	● ● ● ● ● ● ○	7/8	87.5
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b> Deputy Chairman, Non-Independent Non-Executive Director	● ● ● ● ● ● ○	7/8	87.5
<b>Datuk Seri Johan bin Abdullah</b> Non-Independent Non-Executive Director	● ● ● ● ● ● ● ●	8/8	100
<b>Tan Sri Othman bin Mahmood</b> Non-Independent Non-Executive Director	● ● ● ● ● ● ○ ○	6/8	75
<b>Dato' Sri Mohamad Norza bin Zakaria</b> Independent Non-Executive Director	● ● ● ● ● ● ○ ○	6/8	75
<b>Datuk Seri Nurmalia binti Abd Rahim</b> Independent Non-Executive Director	● ● ● ● ● ● ● ●	8/8	100
<b>Dato' Azizan bin Abd Rahman</b> Non-Independent Non-Executive Director	● ● ● ● ● ● ● ●	8/8	100
<b>Dato' Amran bin Mat Nor</b> Independent Non-Executive Director	● ● ● ● ● ● ○	7/8	87.5
<b>Dato' Shari bin Haji Osman</b> Independent Non-Executive Director	● ● ● ● ● ● ● ●	8/8	100
<b>Dato' Dr. Md Yusop bin Omar</b> Independent Non-Executive Director	● ● ● ● ● ● ○	7/8	87.5
<b>Dato' Sri Zainal Azwar bin Zainal Aminuddin</b> Chief Executive Officer/Executive Director	● ● ● ● ● ● ● ●	8/8	100
<b>Dato' Noordin bin Md Nor</b> Independent Non-Executive Director (Cease of Office w.e.f. 1 November 2016)	● ● ● ● ● ○ ○ ○	5/8	62.5

### **Re-election/Re-Appointment of Directors**

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

In accordance with the Company's Constitution, 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, Dato' Azizan bin Abd Rahman, Dato' Sri Zainal Azwar bin Zainal Aminuddin and Dato' Amran bin Mat Nor are subject to retirement by rotation under the Company's Constitution, and being eligible, have offered themselves for re-election.

However, Dato' Sri Mohamad Norza bin Zakaria has express his intention not to seek re-election at this forthcoming AGM. Hence, he will retire as an Independent Non-Executive Director of the Company at the conclusion of this forthcoming AGM.

The Company's Constitution also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. However, no new Director has been appointed during the year 2016.

### **BOARD INDUCTION**

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 are also conducted whenever necessary.

The Chairman is responsible for ensuring that each Director receives an induction on joining the Board and receives the training he or she requires, tailored to his/her specific requirements.

At the date of this Annual Report, all THP Directors have completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Malaysia.

Induction briefings and updates on the industry, as well as THP's aspirations, business targets and group performance, were organised for the newly appointed Directors.

Apart from the MAP, Directors also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies. Training needs for the Directors continue to be evaluated to identify how best to aid the Directors in discharging their duties.

For the financial year ended 31 December 2016, the Directors attended conferences, seminars and training programmes, including those listed below:

Programme Title
Palm Oil Economic Review & Outlook Seminar 2016
Seminar on Economic Planning in Malaysia – Past, Present and Way Forward
Sustainability Engagement Series For Directors/CEO
Persidangan Pengarah Negeri & Taklimat Pelan Perniagaan <b>TH</b>
Advance Business Management Programme 2016 (Global Trends and Value Creation in a Technologically and Socially Transformed World)
Seminar Duta Integriti <b>TH</b> 2016
International Peat Congress 2016
Natsem – Factors Impacting the Competitiveness of the Palm Oil Industry
World Islamic Economic Forum Foundation
<b>TH</b> Media Training Programme
Scenario In Global Palm Oil Industry
Prospect and Challenges in Global Business
MIA International Accountants Conference 2016
In House Programme on the Updates on the Companies Act 2016

## DIRECTOR'S REMUNERATION

Our remuneration policy ensures that the remuneration mix is market competitive and equitable. The aim of the remuneration policy and philosophy is to:

- Align with our strategic thrusts and value drivers,
- Attract and retain Directors of such calibre who are able to provide the necessary skills and experience, commensurating with the responsibilities for the effective management of THP Group, and
- Support the philosophy of value-based management.

The policy and framework for the overall remuneration of the ED and NEDs are reviewed against market practices by the RC, following which recommendations are submitted to the Board for approval.

The remuneration of the Executive Director includes salary and emoluments, bonus and benefits-in-kind. The ED 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 NEDs, the remuneration structure reflects the level of responsibilities undertaken and contributions made by them. Currently, the NEDs are paid Directors' fees and attendance allowance for each Board/Committee meeting that they attend. In addition, the NEDs 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 NED, is entitled to a company car. NEDs, however, do not participate in THP's ESOS.

Details of remuneration (including benefits-in-kind) of each Director for the year ended 31 December 2016 are as follows:

	RM'000						
	*Fees		Salary	Bonus	Other Emoluments	Benefit-in-kind	Total
	Company	Group					
<b>Non-Executive Directors</b>							
<b>Tan Sri Dato' Sri Ab. Aziz bin Kasim</b>	168	-	-	-	-	31	199
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b>	132	-	-	-	-	36	168
<b>Datuk Seri Johan bin Abdullah</b>	84	-	-	-	-	-	84
<b>Tan Sri Othman bin Mahmood</b>	84	-	-	-	-	-	84
<b>Dato' Sri Mohamad Norza bin Zakaria</b>	108	16	-	-	-	-	124
<b>Datuk Seri Nurmalia binti Abd Rahim</b>	96	12	-	-	-	-	108
<b>Dato' Azizan bin Abd Rahman</b>	84	18	-	-	-	-	102
<b>Dato' Amran bin Mat Nor</b>	96	12	-	-	-	-	108
<b>Dato' Shari bin Haji Osman</b>	96	-	-	-	-	-	96
<b>Dato' Dr. Md Yusop bin Omar</b>	84	-	-	-	-	-	84
<b>Dato' Noordin bin Md Noor</b> (Cease of Office w.e.f. 1 November 2016)	80	-	-	-	-	-	80
<b>Executive Director</b>							
<b>Dato' Sri Zainal Azwar bin Zainal Aminuddin</b>	84	153	1,002	180	195	7	1,621
<b>Total</b>	<b>1,196</b>	<b>211</b>	<b>1,002</b>	<b>180</b>	<b>195</b>	<b>74</b>	<b>2,858</b>

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

Number of Directors whose remuneration falls within the following bands:

	Number of Directors	
	Executive Director	Non-Executive Director
<b>RM50,001 to RM100,000</b>	-	5
<b>RM100,001 to RM150,000</b>	-	4
<b>RM150,001 to RM200,000</b>	-	2
<b>RM1,600,000 to RM1,650,000</b>	1	-

## Board Committees

To assist the Board in discharging its duties effectively whilst enhancing business and operational efficacy, the Board establishes several Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee, Investment, Risk & Compliance Committee, Tender Committee A, Tender Committee B and Employees' Share Option Scheme Committee.

Aside from the Board Committees, Management Committees have also been established by the Management to facilitate the functions of the Board. These include the Standard Operating Procedures Committee, Human Resource Committee and Risk Management Committee.

Details of the main Board Committee Attendance for the financial year ended 31 December 2016 are as follows:

	Nomination Committee		Remuneration Committee		Investment, Risk & Compliance Committee		Tender Committee A	
	Attended	%	Attended	%	Attended	%	Attended	%
<b>Tan Sri Dato' Sri Ab. Aziz bin Kasim</b>	na	na	1/1	100	na	na	na	na
<b>Tan Sri Dato' Sri Ismee bin Haji Ismail</b>	na	na	1/1	100	1/1	100	2/3	66.6
<b>Datuk Seri Johan bin Abdullah</b>	na	na	na	na	na	na	na	na
<b>Tan Sri Othman bin Mahmood</b>	na	na	na	na	na	na	na	na
<b>Dato' Sri Mohamad Norza bin Zakaria</b>	1/1	100	na	na	1/1	100	na	na
<b>Datuk Seri Nurmala binti Abd Rahim</b>	1/1	100	na	na	na	na	3/3	100
<b>Dato' Azizan bin Abd Rahman</b>	1/1	100	na	na	1/1	100	na	na
<b>Dato' Amran bin Mat Nor</b>	na	na	na	na	na	na	na	na
<b>Dato' Shari bin Haji Osman</b>	na	na	1/1	100	1/1	100	3/3	100
<b>Dato' Dr. Md Yusop bin Omar</b>	na	na	na	na	na	na	na	na
<b>Dato' Sri Zainal Azwar bin Zainal Aminuddin</b>	na	na	na	na	na	na	na	na
<b>Dato' Noordin bin Md Noor</b> (Cease of Office w.e.f. 1 November 2016)	na	na	na	na	na	na	na	na

## NOMINATION COMMITTEE REPORT



**Dato' Azizan bin Abd Rahman**  
Non-Independent Non-Executive Director

Chairman

### Committee Composition

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 of Non-Executive Directors, a majority of whom are independent.

The Nomination 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 NC are as follows:

- i. **Dato' Azizan bin Abd Rahman**  
*Chairman, Non-Independent Non-Executive Director*
- ii. **Dato' Sri Mohamad Norza bin Zakaria**  
*Member, Independent Non-Executive Director*
- iii. **Datuk Seri Nurmala binti Abd Rahim**  
*Member, Independent Non-Executive Director*

### Roles and Responsibilities

- 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 on-going 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.

### Work Done in 2016

The key matters reviewed, considered and recommended to the Board included the assessment and the service of the Directors who were seeking for re-election at the forthcoming AGM.



## REMUNERATION COMMITTEE REPORT



**Tan Sri Dato' Sri Ab. Aziz bin Kasim**  
Independent Non-Executive Director

Chairman

### Committee Composition

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 Remuneration 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 RC are as follows:

- i. **Tan Sri Dato' Sri Ab. Aziz bin Kasim**  
*Chairman, Independent Non-Executive Director*
- ii. **Tan Sri Dato' Sri Ismee bin Haji Ismail**  
*Member, Non-Independent Non-Executive Director*
- iii. **Dato' Shari bin Haji Osman**  
*Member, Independent Non-Executive Director*

### Roles and Responsibilities

- 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 Executive Directors, the components of the remuneration should be structured so as to link rewards to corporate and individual performance. The level of remuneration should reflect the experience and responsibilities undertaken by the Non-Executive Directors concerned.

## INVESTMENT, RISK AND COMPLIANCE COMMITTEE REPORT



**Dato' Azizan bin Abd Rahman**  
Non-Independent Non-Executive Director

Chairman

### Committee Composition

The Investment, Risk & Compliance Committee shall consist of not less than three (3) members, comprising exclusively of Non-Executive Directors. 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. **Dato' Azizan bin Abd Rahman**  
*Chairman, Non-Independent Non-Executive Director*
- ii. **Tan Sri Dato' Sri Ismee bin Haji Ismail**  
*Member, Non-Independent Non-Executive Director  
(Appointed w.e.f. 8 April 2016)*
- iii. **Dato' Sri Mohamad Norza bin Zakaria**  
*Member, Independent Non-Executive Director*
- iv. **Dato' Shari bin Haji Osman**  
*Member, Independent Non-Executive Director*

### Roles and Responsibilities

- 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.

## TENDER COMMITTEE A REPORT



**Dato' Shari bin Haji Osman**  
Independent Non-Executive Director

Chairman

### Committee Composition

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 of 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. **Dato' Shari bin Haji Osman**  
*Chairman, Independent Non-Executive Director*
- ii. **Tan Sri Dato' Sri Ismee bin Haji Ismail**  
*Member, Non-Independent Non-Executive Director*
- iii. **Datuk Seri Nurmala binti Abd Rahim**  
*Member, Independent Non-Executive Director*

### Roles and Responsibilities

- 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.

## **BOARD ACCESS TO INFORMATION**

### **Access to Management**

In an industry where the industry is ever evolving, it is imperative that the Board has easy access to Senior Management to seek clarification and understanding for efficient decision-making.

The Board has direct access to Senior Management with unrestricted and immediate access to information relating to the Group's business affairs. Relying on the integrity of the Company's Senior Management with access to expertise in business, legal, accounting, financial and other advisors, the Directors are able to discharge their duties effectively to arrive at informed decisions.

Relevant and material information is provided to the Board on average five (5) calendar days prior to meetings to afford the Directors sufficient time to assess the proposals or information. In 2016, an average of five (5) calendar days was recorded for distribution of Board papers save for Special Board Meetings for which a shorter time frame has been agreed with the Board.

### **Access to Management and Company Secretary**

In carrying out their duties, each Director has unrestricted access to all information in the Company and independent access to Senior Management for information and clarification in furtherance of its duties. 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.

The Company Secretary is responsible to provide clear and professional advice to the Board on all governance matters and assist the Board on the implementation of an effective corporate governance system. Apart from advising the Board on governance and regulatory matters, the Company Secretary also organises and attends all Board meetings and ensures that all Directors receive timely, clear and concise information in advance prior to the scheduled meetings.

### **Access to External Experts**

Other than the Group's internal resources, the Board and its Committees have at their disposal access to external information and expert advice by engaging independent external experts at the expense of the Company, if they deem it necessary in ensuring performance of their duties.

### **Shareholders and Investors**

The Board acknowledges the importance of an effective communication channel between itself and stakeholders, institutional investors and the investing public at large to provide a clear picture of the Group's performance and position. THP is committed to maintaining high standards in the dissemination of relevant and material information on the Group in order to maintain effective, comprehensive, timely and continuing disclosure of information.

The Board has an established Internal Communication Policy to facilitate the handling and disclosure of material information in a timely and accurate manner. The Policy, based on openness and transparency, two-way communication, accountability, timeliness, accuracy and simplicity, ensures compliance with the disclosure requirements of the Listing Requirements and other relevant laws. The Company has also adopted the Corporate Disclosure Guidelines (2<sup>nd</sup> Edition) issued in October 2013 by Bursa Malaysia.

Formal channels to account to shareholders and stakeholders are:

### ***Annual Report***

THP's Annual Report contains invaluable information on the Company for shareholders specifically and the public in general. As a key channel of communication between the Group and its stakeholders, it contains a comprehensive report on the Group's direction and financial performance, providing disclosure beyond the requirements of the Listing Requirements in promoting better governance.

A summary of the Annual Report is published in printed form and posted to shareholders together with a CD ROM. An electronic version of the full Annual Report is also available on the Company's website for download on both IOS and Android.

The complete printed version of the Annual Report is provided to shareholders upon request. Details on the form of request for printed copy are provided in the corporate and financial summary of the annual report. Our Share Registrar will ensure that the printed copy reaches shareholders within four (4) days of requests being received.

### ***Annual General Meetings ("AGM")***

Another significant avenue of communication and dialogue with shareholders is THP's general meetings, in particular the AGMs. During the AGM, the CEO presents a comprehensive review of the Group's performance and value created for shareholders as well as current developments of the Group. This review is supported by a visual and graphic presentation of the key points and financial figures.

In line with MCCG 2012's recommendation in encouraging shareholders' participation in general meetings, the notice for the AGM has been enhanced to include all relevant information with regard to shareholders' rights at the general meeting.

The Board will consider the use of electronic voting for both show of hands and polling to facilitate greater shareholder participation, taking into consideration its availability, reliability, applicability, cost and efficiency.

Upon commencement of the general meeting, the Chairman will explain the rules, including voting procedures that will govern the meeting.

At the AGM, shareholders have encouragingly taken the opportunity to raise questions on the agenda items of the AGM. Appropriate answers and/or clarification are provided by the Board members, Committee chairmen or Senior Management. A press conference is also held immediately after the AGM at which the Chairman, CEO, Chief Financial Officer ("CFO") and relevant Senior Management are present to clarify and explain issues raised by the media.

### ***Investor Relations ("IR")***

A sound IR programme is vital in managing the interests of shareholders, stakeholders and investors in the Company. Continuous engagement is maintained with the investing community through a planned IR programme managed by the IR department under the patronage of the CEO. Shareholders and market observers are also welcomed to raise queries at any time.

All communication with the capital market is under the scope of our IR Policy, guaranteeing timely and high quality disclosure of information to shareholders and investors to enable them to form proper judgements and appraisals of the Group in making informed investment decisions.

Communication and feedback from investors can also be directed to:

#### **Senior Manager of Investor Relations**

Aizzura Ab Rahim

Contact No. : 03 2687 6687

Email: aizzura@thplantations.com

## **BOARD CONDUCT**

### **Conflict of Interest and Related Party Transactions (“RPT”)**

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 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 RRPTs is obtained at the AGM of the Company on a yearly basis. Details of these transactions are set out from page 89 of this Annual Report.

## **ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

The Board aims to present to shareholders, investors and regulatory authorities, a clear, balanced and comprehensive assessment of THP Group’s financial performance and prospects. This assessment is primarily provided in quarterly financial reports, audited financial statements, annual reports as well as through material disclosures made in accordance with the Listing Requirements.

The Audit Committee assists the Board in scrutinising the information for disclosure to ensure accuracy, adequacy, transparency and compliance with the appropriate accounting standards and the financial statements give true and fair view of THP Group’s financial position.

### **Internal Controls and Risk Management**

The Board has established an appropriate control environment with a control framework to review the effectiveness, adequacy and integrity of the Group’s system of internal controls. It is designed to manage the risk of non-achievement of the Group’s objectives and provide adequate assurance against the occurrence of any material misstatement or loss.

The Directors’ Statement on Risk Management and Internal Control (“SORMIC”), which provides an overview of the state of internal controls within the Group, is detailed on pages 78 to 82 inclusive, of this Annual Report.

### **Internal Audit Function**

The Internal Audit Department (“IAD”) carries out the internal audit function which is currently led by Head of Internal Audit of THP Group.

The IAD function is to provide the Board, through the Audit Committee, with independent assurance with regards to the effectiveness of the risk management, internal control and governance processes of the Group.

Details of the IAD are set out in the Audit Committee Report from page 83 of this Annual Report.

### **Relationship with the External Auditors**

The Company has always maintained a professional and transparent relationship with the External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The Audit Committee met the External Auditors twice without the presence of Management to discuss issues arising out of audit and any matters that the External Auditors may wish to discuss.

The External Auditors are consistently reviewed by the Audit Committee. The review process covers the assessment of the independence of the External Auditors and the evaluation of their performance, quality of work, non-audit services provided and timeliness of services deliverables.

The External Auditors can also be engaged to perform non-audit services provided such services do not impair either in fact or appearance, the auditors objectivity or independence.

The role of the Audit Committee in relation to the External Auditors is described in the Audit Committee Report from pages 85 to 86 of this Annual Report.

### **INSTILLING SUSTAINABILITY**

The Board strongly views sustainability as a combination of both long-term economic value creation with a holistic approach to environmental stewardship, social responsibility and corporate governance.

The Group takes a proactive approach to sustainability through incorporation of sustainable practices into its operations, engaging with society via its corporate responsibility initiatives, consistent review and improves its governance structures as well as taking actions to reduce its environmental footprint. An overview of the Group's activities and initiatives for the year 2016 are detailed in the Corporate Responsibility statement which forms part of this Annual Report.

### **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 28 March 2017.

### **TAN SRI DATO' SRI AB. AZIZ BIN KASIM**

Chairman

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Statement on Risk Management and Internal Control (“the Statement”) is intended to provide the stakeholders and users of this Annual Report with meaningful information about the adequacy and state of THP Group’s (“the Group”) risk management and internal control system for the financial year under review.

The Statement is made pursuant to the Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in accordance with The Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers that requires the Board of Directors (“the Board”) to produce a statement about the state of risk management and internal control of the Group.

## RESPONSIBILITY AND ACCOUNTABILITY

Pursuant to the Malaysian Code on Corporate Governance (2012) issued by the Securities Commission Malaysia, the Board of a listed company is required to acknowledge their overall responsibility in the establishment and overseeing a sound risk management framework and internal control system.

There are two (2) committees at Board level that support the Board in its risk management and internal control responsibilities:

- Investment, Risk and Compliance Committee (“IRCC”) which is tasked with overseeing the Group’s investments, risk management and compliance aspects of the Group;
- Audit Committee (“AC”) which is tasked with assessing the risks and internal control environment and overseeing financial reporting, including the internal and external audit.

These committees are empowered by clearly established and approved term of reference in the above mentioned responsibilities. Accordingly, the Board is committed to the development and maintenance of an effective risk management framework and internal control system to safeguard the shareholders’ investments and the Group’s assets.

However, due to the limitations that are inherent in risk management framework and internal control system, the Board recognises that such systems are designed to manage, rather than eliminate, the risks identified to an acceptable level of risk appetite set and approved by the Board. The system by its nature can only provide reasonable but not an absolute, assurance against financial misstatements, operational failures, fraud or loss. The concept of reasonable assurance recognises that the cost of control procedures should not exceed the expected benefits.

## MANAGEMENT RESPONSIBILITY

The existence of the Risk Management Committee (“RMC”) within the management level is to oversee the risk management activities and internal control system within the Group by reviewing and monitoring the vital enterprise risks. The RMC has a broad mandate to ensure effective implementation of the objectives outlined in the Risk Management Policy (“RMP”) and compliance with them throughout the Group. The RMC shall report to the IRCC on higher risk exposures and closely monitor those risks that are identified, if any.

The followings are the main roles and responsibilities of the RMC:

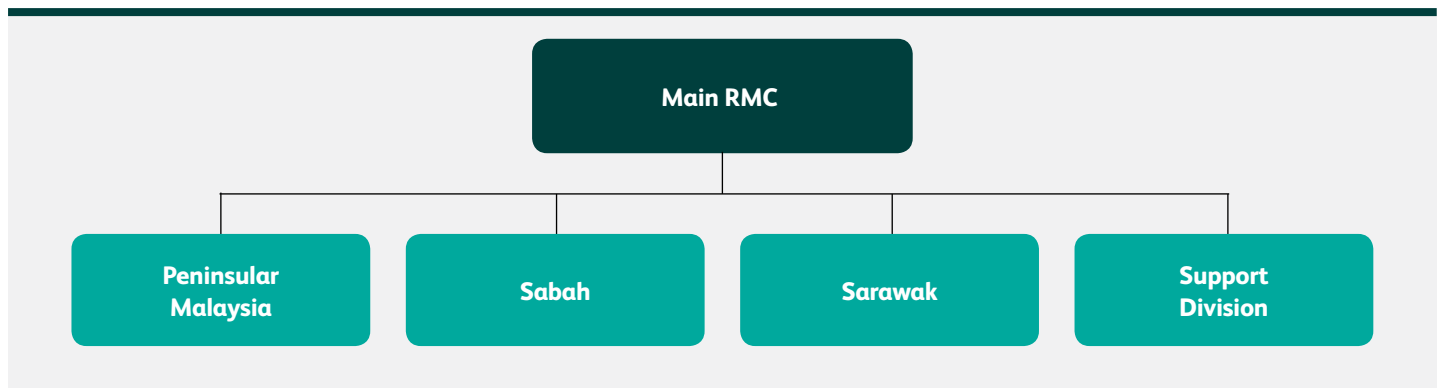
- Assist the IRCC in implementing the objectives outlined in the RMP;
- Organise the required risk management resources and actively monitor the risk management initiative;
- Determine a process that enables the identification, evaluation, monitoring and mitigation of risks faced by the respective business units and the Group;



## MANAGEMENT RESPONSIBILITY (CONTINUED)

- Identify and evaluate new strategic risks and key operational risks including corporate matters;
- Assist the IRCC in reviewing and updating the existing risk profile and risk mapping in line with the needs of the current business environment, if any;
- Assist the IRCC in reviewing and reporting on the status of completion of action plans; and
- Report to the IRCC on any major changes to the risk profile requiring immediate attention or notification, if any.

The Group's Main RMC is chaired by the Plantation Director and supported by four (4) regional-based Sub-RMCs where the members are selected among the senior management of various departments and regions:

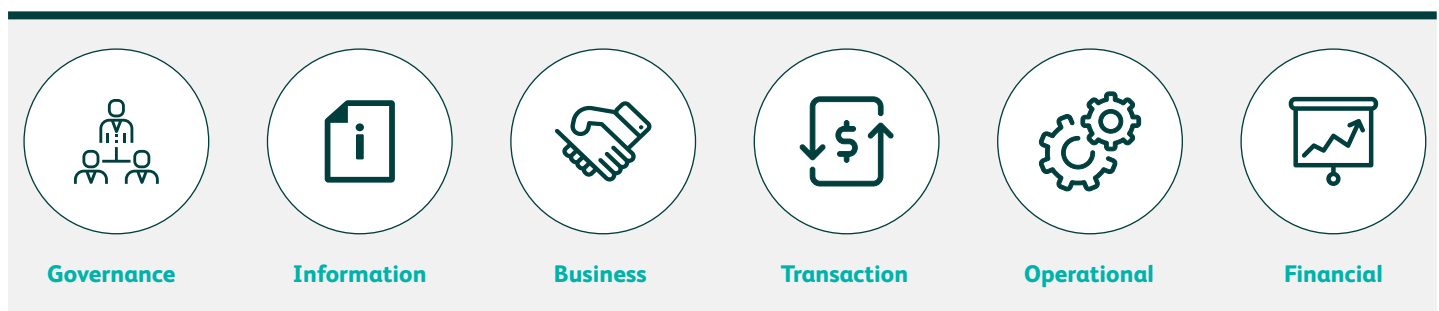


## RISK MANAGEMENT FRAMEWORK

The Risk Management Framework ("RMF") of the Group mainly includes process of risk identification, risk assessment and risk monitoring and reporting as outlined below:

### Risk Identification

Risk identification is a line management responsibility, whereby an employee shall recognise and identify the risk arises to the Risk Owner who is an individual accountable for all aspects of the risk including assessment, monitoring and reporting. It is the RMC's decision to assign the risk accountability to the suitable Risk Owner based on individual's competence, authority, responsibility and available resources. Risk that has been identified and assessed is categorised broadly under one of the following categories:



The acceptance of the maximum risk exposure by the Group is in such a way that the long term profitability and survival of the business is reasonably assured.

## **RISK MANAGEMENT FRAMEWORK (CONTINUED)**

### **Risk Assessment**

Risk assessment is an exercise of evaluating risk by considering estimates of both likelihood and impact in order to ascertain its relevance to the business and efficacy of current treatments. The Risk Owner is responsible for the assessment of risk exposure within the business operations which involves identifying the range of options for treating risk including accepting, mitigating, spreading, transferring, avoiding or monitoring the risk. Appropriate risk treatment plans are then prepared after assessing each option followed by implementation of those plans. Control plans are in place to ensure accountabilities and meeting the required expectation and deadline.

### **Risk Monitoring and Reporting**

The risk management process serves as a monitoring and reporting tool for the Management and the Group. Any material issues regarding risk management are to be reported and discussed at either Management level or Board level or both, depending on the significance of the risk. The monitoring of the implementation and review of the risk management strategies and action plans are done as and when required by the Management and the Board.

## **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 units. 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.

Formal authorisation policy and procedures are in place to define lines of accountabilities and delegation of authority for planning, executing, controlling and monitoring business operations and risks.

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

### **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 is to ensure that proper internal control system is designed, implemented and adhered accordingly to manage the operational and financial risks and the risk of fraud and material misstatements, which may affect the goals and objectives of the Group.

The established policies and SOP are periodically reviewed and updated by Management, as and when required, to reflect any change in business environment and needs to ensure its relevance and effectiveness.

### **Independent Members in Audit Committee**

The AC supports the Board's oversight function in evaluating the business performance of the Group and effectiveness and compliance of the Group's internal control system through operation and financial reports from Management and audit reports from the Internal Audit Department and External Auditors. Any findings are brought to the attention and deliberation of the AC which, in turn, will report these matters to the Board.

## INTERNAL CONTROL SYSTEM (CONTINUED)

### Performance Review and Monitoring

In the Management and Board meetings, operation and financial performance are reviewed and assessed based on actual results against operational forecast and prior year achievement. Any significant variances are identified, analysed and discussed by the Management and Board, where appropriate corrective actions are undertaken.

The performance of the estates and mills are monitored directly by the Plantation Director, Regional Plantation Controllers (Sabah and Sarawak) and Head Engineer (mills only) which include field visits to the estate and mills on regular basis. The monthly Progress Report prepared by Managers of estates and mills are reviewed by senior management as part of a process of reporting and monitoring the operation's performance. The Key Performance Indicators ("KPI") of the estates and mills are clearly defined and set accordingly based on productivity, profitability, efficiency and cost control where reward is given to the managers who perform well during the year.

### Human Capital Management

The Group acknowledges human capital as an important element of a successful business. As such, the Human Resources Department ("HRD") has a plan on human capital management, especially in the training and development programmes, to ensure employees are kept up to date with necessary competencies and knowledge in order to perform their responsibilities towards achieving the Group's goals and objectives.

The performance of the individual employees is also evaluated annually through reviews of KPI by respective Heads of Department ("HOD"). This review will allow HRD to identify future talent among employees and use this process to formulate succession plans especially in critical positions in the Group.

### Tender and Procurement

The Group has Tender Committees A and B represented by Board members who are responsible for reviewing, deliberating and approving tender award of major contracts and ensuring that the procurement processes are complied with its procurement ethics, policies and requirements.

The Tender Committee A consists of at least three (3) Board members of the company and comprises exclusively Non-Executive Directors, majority of whom are Independent, while the Tender Committee B consists of at least one (1) Board member of the company who is a Non-Executive and Independent Director. Tender Committee A approves tender awards that has a value of above RM1 million on a single contract, while Tender Committee B approves tender awards with values between RM250,000 up to RM1 million.

For any contracts within Management's authorisation limits, clearly defined policies and procedures on procurement of goods and services are in place to effectively control the process of awarding contract or procuring goods and services by main office, estates and mills. This tender committee comprises member of senior management which encourages transparency in awarding the contract.

Comprehensive internal control measures are implemented and monitored throughout all tender awards and procurement processes to safeguard the interests of the Group financially and operationally.

## INTERNAL AUDIT FUNCTION

The Internal Audit Department ("IAD") function is to provide the Board, through the AC, 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 AC'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 provide recommendations to Management for comments and actions. A follow-up audit would be carried out to monitor the status of completion and compliance to the agreed action plans.

Significant audit findings are also presented and deliberated by the AC on a periodic basis as appropriate.

## REVIEW OF EFFECTIVENESS

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

- Reporting of higher risk exposures to the Board, via Management, if any;
- Reviewing the financial and operational information received regularly by the Management from various reports with respect to risk management and internal control related issues;
- Reviewing the financial and operational activities, risk management and internal control system by the IAD based on the annual audit planning as approved by the AC throughout the financial year under review.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report of the Group for the year ended 31 December 2016, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

RPG 5 (Revised 2015) does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## 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 adequate and effective to safeguard the interests of the Group’s stakeholders, their investments and the Group’s assets.

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

The Board has received assurance from the Chief Executive Officer, Chief Financial Officer and the 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 2016.

## COMPOSITION

The following are the members of the Audit Committee for the year 2016:

**Dato' Sri Mohamad Norza bin Zakaria\***

Chairman, Independent Non-Executive Director

**Datuk Seri Nurmalia binti Abd Rahim**

Member, Independent Non-Executive Director

**Dato' Amran bin Mat Nor**

Member, Independent Non-Executive Director

**Dato' Shari bin Haji Osman**

Member, Independent Non-Executive Director

**Dato' Noordin bin Md Noor**

Member, Independent Non-Executive Director  
(Cease of Office w.e.f. 1 November 2016)

\* A member of the Malaysian Institute of Accountants ("MIA")

## 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 1<sup>st</sup> 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 1<sup>st</sup> Schedule of the Accountants Act, 1967; or

## 2. Membership (continued)

- (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.

## 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 it had been passed at the Audit Committee meeting.

## 7. Minutes

The Committee shall cause minutes to be duly recorded and entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairman of the Meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

Minutes of the Committee Meeting will be made available to all Board members. The Chairman of the Audit Committee will provide a 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);

## 9. Functions and Responsibilities (continued)

- (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.



## ATTENDANCE

A summary of members' attendance in Audit Committee meetings during the financial year under review is as follows:

Members		Number of Meetings Attended	Percentage (%)
<b>Dato' Sri Mohamad Norza bin Zakaria</b>	● ● ● ● ● ●	6/6	100
<b>Datuk Seri Nurmala binti Abd Rahim</b>	● ● ● ● ● ●	6/6	100
<b>Dato' Amran bin Mat Nor</b>	● ● ● ● ● ●	6/6	100
<b>Dato' Shari bin Haji Osman</b>	● ● ● ● ● ●	6/6	100
<b>Dato' Noordin bin Md Noor</b> (Cease of Office w.e.f. 1 November 2016)	● ● ● ● ○ ○	4/6	67

Audit Committee meetings were also attended by the Senior Management team, Internal Auditor and External Auditor.

## 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 Audit Committee during this period were as follows:

- (a) Reviewed quarterly financial and operational reports, interim financial results, interim financial report to Bursa Malaysia 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, on the compliance of the Company's and THP Group's annual financial statements in accordance to Bursa Securities' Listing Requirements and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB");
- (e) Reviewed with the external auditors, on 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 during the course of their audit;
- (h) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control prior to their inclusion in the Annual Report 2016;
- (i) Reviewed and approved the internal audit function's, scope of work and audit plan;

### **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE (CONTINUED)**

- (j) Reviewed the internal audit findings and reported to the Board on relevant matters deliberated in the Audit Committee meetings;
- (k) Held independent meetings (without the presence of the Management) with the internal auditors on significant findings during the course of their audit;
- (l) Performed periodic review on the system of internal controls that is in place and being observed; and
- (m) Reviewed the transactions of related party entered 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 to ensure that 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 risks management and internal controls of THP Group's operations and the extent of compliance to the established policies, procedures and relevant statutory requirements.

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

- (a) Conducted 42 audits and 3 follow-ups on various operating units based on the annually approved internal audit plan;
- (b) Reviewed and evaluated the adequacy and application of financial and operational controls and continuously promote the importance of effective internal controls throughout THP Group;
- (c) Reviewed and evaluated the operating units' compliance to the established policies, procedures and relevant statutory requirements;
- (d) Presented the findings and recommendations in the form of audit report for Management's actions and to the Audit Committee for further deliberation;
- (e) Performed follow-ups on the status of the findings and recommendations applied as carried out by the Management;
- (f) Collaborated with the external auditors to ensure sufficient coverage in the audit scope and avoid duplication wherever possible;
- (g) Undertaken special assignments as and when requested by the Audit Committee and/or Management and reported the results to the Audit Committee and/or Management.

The cost incurred for the internal audit function for the financial year under review was approximately RM1.12 million.

This Audit Committee Report is prepared in accordance with a resolution of the Board of Directors dated 28 March 2017.

# Additional Compliance Information

## A. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

During the financial year ended 31 December 2016, the Company had issued RM60.0 million of Sukuk Murabahah under its RM1.2 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. AUDIT AND NON-AUDIT FEES

The amount of audit fees and non-audit fees incurred for services rendered to the Company and its subsidiaries for the financial year by the Company's auditors, or a firm or corporation affiliated to the auditors' firm amounted to RM1.04 million and RM0.2 million respectively.

## C. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving directors, chief executive who is not a director and major shareholders' interest which were still subsisting at the end of the financial year ended 31 December 2016 or which were entered into since the end of the previous financial period.

## D. 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 2016 between the THP and/or its subsidiary companies with related parties are set out below:

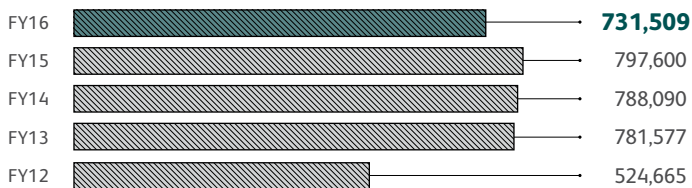
THP and/or Subsidiaries Transacting with Related Parties	Related Parties	Relationship with THP	Type of Transaction	Aggregate Value of Transaction RM'000
<b>THP</b>	Lembaga Tabung Haji	Holding Company	Lease of land	2,662
	Lembaga Tabung Haji	Holding Company	Rental of office	1,932
	CCM Fertilizers Sdn. Bhd.	Related Company	Purchase of fertilisers	204
	Sistem Komunikasi Gelombang Sdn. Bhd.	Related Company	Telecommunication	444
	TH Travel Services Sdn. Bhd.	Related Company	Purchase of flight tickets	685
	Syarikat Takaful Malaysia Berhad	Related Company	Purchase of insurance	3,269
<b>THP Agro Management Sdn. Bhd.</b>	Deru Semangat Sdn. Bhd.	Related Company	Provision of management services	51
	TH Estates (Holdings) Sdn. Bhd.	Related Company	Provision of management services	4,852

# Performance Statistics

## GROUP 5-YEAR PLANTATION STATISTICS

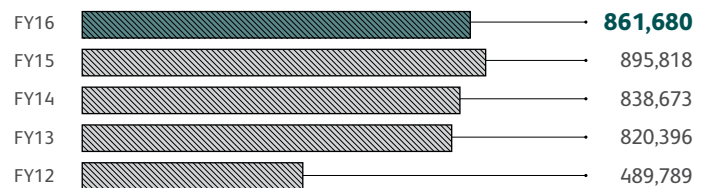
### FFB Production

(metric tonnes)



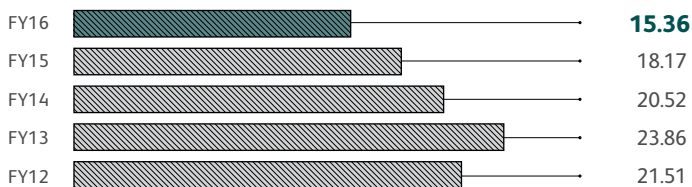
### FFB Processed

(metric tonnes)



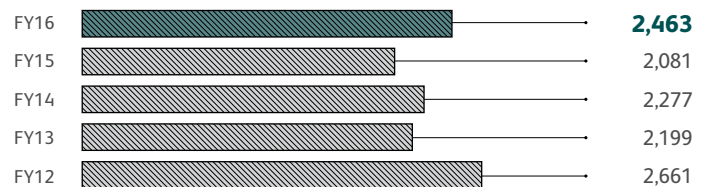
### FFB Yield

(tonnes per mature hectare)



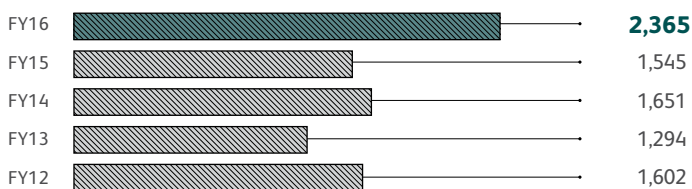
### Average Selling Prices - Crude Palm Oil

(RM per metric tonne)



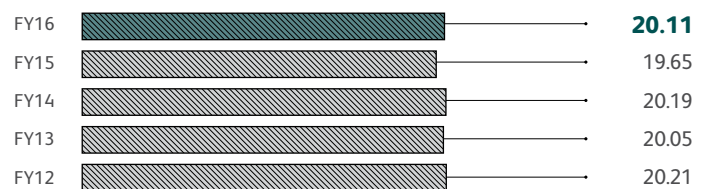
### Average Selling Prices - Palm Kernel

(RM per metric tonne)



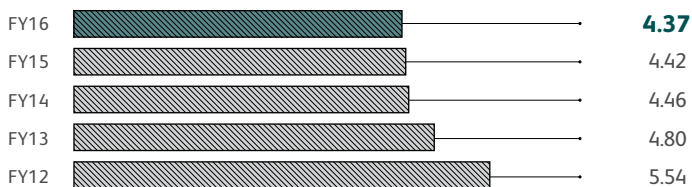
### Oil Extraction Rate

(%)



### Kernel Extraction Rate

(%)



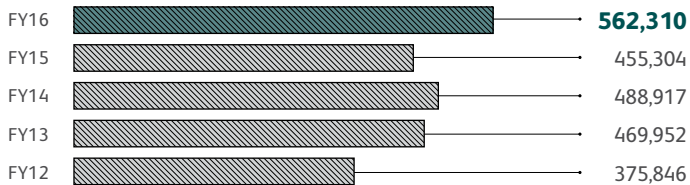
## GROUP 5-YEAR PLANTATION STATISTICS

	2016	2015	2014	2013	2012
<b>Production (metric tonnes)</b>					
FFB produced	731,509	797,600	788,090	781,577	524,665
FFB processed	861,680	895,818	838,673	820,396	489,789
FFB purchased	207,294	178,365	147,323	121,913	61,139
<b>Yield and Extraction Rates</b>					
FFB yield (tonnes per mature hectare)	15.36	18.17	20.52	23.86	21.51
OER (%)	20.11%	19.65%	20.19%	20.05%	20.21%
KER (%)	4.37%	4.42%	4.46%	4.80%	5.54%
<b>Average Selling Prices (RM per metric tonne)</b>					
CPO	2,463	2,081	2,277	2,199	2,661
PK	2,365	1,545	1,651	1,294	1,602
FFB	516	379	414	362	472
<b>Area Statement (hectares)</b>					
<b>Oil Palm</b>					
- mature	47,630	43,903	38,415	32,871	24,392
- immature	13,474	15,443	22,002	27,399	17,079
Planted Area	61,104	59,346	60,417	60,270	41,471
<b>Other crops</b>					
- mature	-	-	-	-	-
- immature	9,028	8,990	8,110	8,110	-
	9,028	8,990	8,110	8,110	-
<b>Planted Area</b>	<b>70,132</b>	68,336	68,527	68,380	41,471
<b>In Course of Planting</b>	<b>4,147</b>	6,690	7,397	9,502	1,368
Reserve land, building sites etc	30,492	29,486	30,385	19,829	7,045
<b>Total Titled Area</b>	<b>104,771</b>	104,512	106,309	97,711	49,884

## GROUP 5-YEAR FINANCIAL STATISTICS

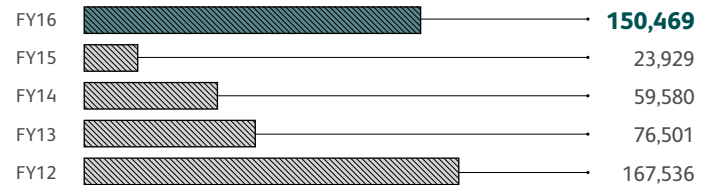
### Revenue

(RM'000)



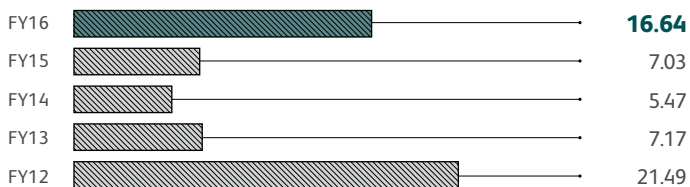
### Profit After Tax

(RM'000)



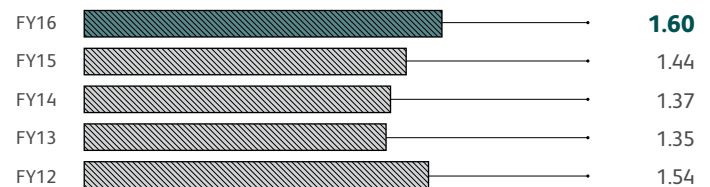
### Basic Earnings per Share

(sen)



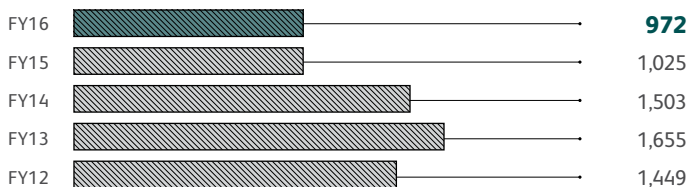
### Net Assets per Share

(RM)



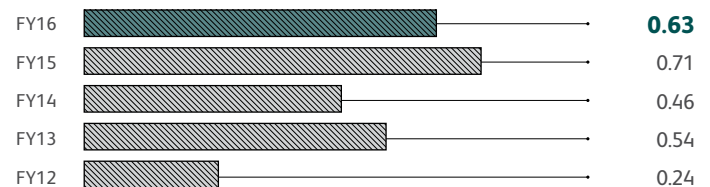
### Market Capitalisation

(RM million)



### Net Debt to Equity Ratio

(times)



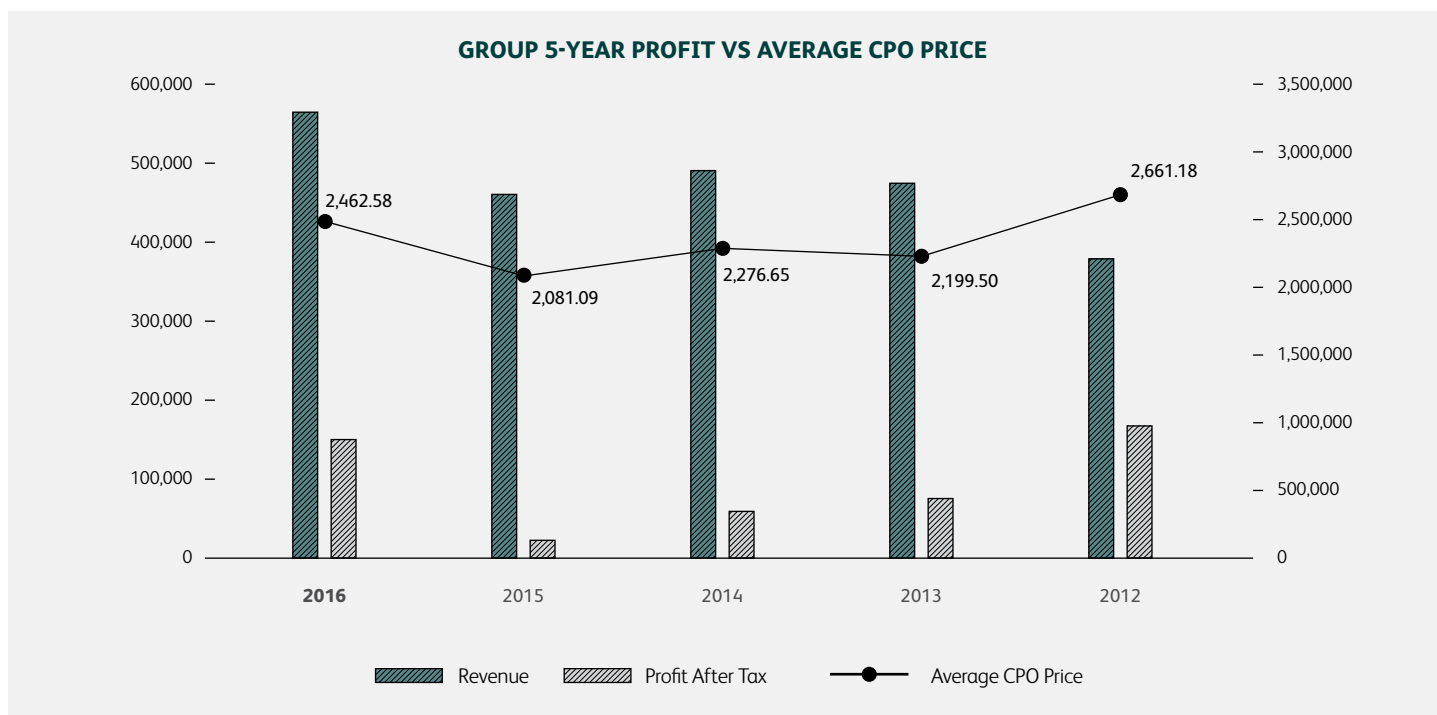
## GROUP 5-YEAR KEY FINANCIAL INDICATORS

	2016	2015	2014	2013	2012
<b>Profitability and returns</b>					
Gross profit margin	<b>14.00%</b>	8.37%	18.35%	24.72%	30.15%
Profit before tax margin	<b>22.64%</b>	4.11%	11.91%	15.12%	49.45%
Profit after tax and minority interest margin	<b>26.15%</b>	13.65%	9.88%	13.43%	41.65%
Return on average shareholders' equity	<b>10.95%</b>	5.01%	4.02%	5.74%	16.34%
Return on average capital employed	<b>7.96%</b>	0.84%	4.67%	5.24%	25.06%
Net assets per share (RM)	<b>1.60</b>	1.44	1.37	1.35	1.54
<b>Solvency and liquidity</b>					
Debt to equity ratio (times)	<b>0.63</b>	0.71	0.46	0.54	0.24
Interest cover (times)	<b>3.49</b>	1.83	3.16	3.95	19.07
Current ratio (times)	<b>0.97</b>	0.57	0.87	1.05	1.11
<b>Financial Market</b>					
EPS (sen)					
- basic	<b>16.64</b>	7.03	5.47	7.17	21.49
- diluted	<b>16.64</b>	7.03	5.45	6.92	21.07
Gross dividend paid per share (sen)	<b>6.00</b>	-	2.00	3.62	4.60
Gross dividend paid rate (%)	<b>12.00%</b>	0.00%	4.00%	7.24%	9.20%
Gross dividend yield (%)	<b>5.45%</b>	0.00%	1.18%	1.93%	2.31%
Net dividend payout rate (%)	<b>12.00%</b>	0.00%	4.00%	7.24%	9.20%
Price-to-earnings ratio (times)	<b>6.61</b>	16.50	31.10	26.23	9.26
Price-to-book ratio (times)	<b>0.55</b>	0.63	0.93	1.04	0.96

## GROUP 5-YEAR PLANTATION STATISTICS

## STATEMENT OF INCOME STATEMENT HIGHLIGHTS (RM'000)

	2016	2015	2014	2013	2012
<b>Revenue</b>	<b>562,310</b>	455,304	488,917	469,952	375,846
Results from operating activities	<b>175,954</b>	35,995	81,913	92,431	193,131
Profit margin income from short term investments and receivables	<b>2,538</b>	5,251	3,260	2,727	3,007
Finance cost	<b>(51,196)</b>	(22,532)	(26,962)	(24,115)	(10,286)
<b>Profit before tax</b>	<b>127,296</b>	18,714	58,211	71,043	185,852
Tax expense	<b>23,173</b>	5,215	1,369	5,458	(18,316)
<b>Net profit for the year</b>	<b>150,469</b>	23,929	59,580	76,501	167,536
Attributable to:					
Owners of the Company	<b>147,070</b>	62,133	48,319	63,107	156,554
Non-controlling interests	<b>3,399</b>	(38,204)	11,261	13,394	10,982
<b>Net profit for the year</b>	<b>150,469</b>	23,929	59,580	76,501	167,536





## GROUP 5-YEAR FINANCIAL STATISTICS

## STATEMENT OF FINANCIAL POSITION HIGHLIGHTS (RM'000)

	2016	2015	2014	2013	2012
<b>ASSETS</b>					
Other non-current assets	3,223,386	3,185,369	3,084,677	2,856,028	2,232,516
Intangible asset	73,265	73,265	73,265	73,265	14,006
<b>Total non-current assets</b>	<b>3,296,651</b>	<b>3,258,634</b>	<b>3,157,942</b>	<b>2,929,293</b>	<b>2,246,522</b>
Other current assets	148,695	115,720	113,861	151,043	155,231
Cash and cash equivalents	163,771	75,590	364,295	145,235	125,217
<b>Total current assets</b>	<b>312,466</b>	<b>191,310</b>	<b>478,156</b>	<b>296,278</b>	<b>280,448</b>
<b>Total assets</b>	<b>3,609,117</b>	<b>3,449,944</b>	<b>3,636,098</b>	<b>3,225,571</b>	<b>2,526,970</b>
<b>EQUITY</b>					
Share capital	441,925	441,925	441,925	440,256	364,178
Share premium	420,827	420,827	420,827	417,559	484,206
<b>Other reserves</b>	<b>(82,557)</b>	<b>(82,557)</b>	<b>(82,557)</b>	<b>(82,557)</b>	<b>(82,557)</b>
Share option reserve	2,213	2,228	2,275	2,823	4,317
Translation reserve	(533)	(405)	(64)	-	-
Retained earnings	634,486	487,416	427,528	411,174	348,942
<b>Total equity attributable to owners of the Company</b>	<b>1,416,361</b>	<b>1,269,434</b>	<b>1,209,934</b>	<b>1,189,255</b>	<b>1,119,086</b>
Non-controlling interests	351,134	354,439	403,771	396,726	393,899
<b>Total equity</b>	<b>1,767,495</b>	<b>1,623,873</b>	<b>1,613,705</b>	<b>1,585,981</b>	<b>1,512,985</b>
<b>LIABILITIES</b>					
Long term borrowings	1,175,374	1,128,637	1,089,082	997,513	470,562
Other long term liabilities	345,443	361,049	382,445	360,175	289,715
<b>Total non-current liabilities</b>	<b>1,520,817</b>	<b>1,489,686</b>	<b>1,471,527</b>	<b>1,357,688</b>	<b>760,277</b>
Other current liabilities	207,654	229,892	540,866	271,902	233,708
Loans and borrowings	113,151	106,493	10,000	10,000	20,000
<b>Total current liabilities</b>	<b>320,805</b>	<b>336,385</b>	<b>550,866</b>	<b>281,902</b>	<b>253,708</b>
<b>Total liabilities</b>	<b>1,841,622</b>	<b>1,826,071</b>	<b>2,022,393</b>	<b>1,639,590</b>	<b>1,013,985</b>
<b>Total equity and liabilities</b>	<b>3,609,117</b>	<b>3,449,944</b>	<b>3,636,098</b>	<b>3,225,571</b>	<b>2,526,970</b>
Average capital employed	3,200,936	3,099,396	3,014,451	2,608,466	1,676,940
Average shareholders' equity	1,342,898	1,239,684	1,199,595	1,154,171	871,551

## GROUP 5-YEAR FINANCIAL STATISTICS

## STATEMENT OF CASH FLOW HIGHLIGHTS (RM'000)

	2016	2015	2014	2013	2012
<b>Profit before tax</b>	<b>127,296</b>	18,714	58,211	71,043	185,852
Adjustment for non-cash items	<b>42,072</b>	86,944	95,112	98,773	(50,910)
Changes in working capital	<b>(58,425)</b>	(279,740)	347,058	49,236	(104,698)
<b>Cash generated from operations</b>	<b>110,943</b>	(174,082)	500,381	219,052	30,244
Profit margin income from short term investments and receivables	<b>2,538</b>	4,953	1,758	2,190	2,724
Profit margin expenses on payables, borrowing cost, tax and zakat paid	<b>(96,315)</b>	(80,689)	(64,503)	(62,530)	(62,348)
<b>Net cash generated from/(used in) operating activities</b>	<b>17,166</b>	(249,818)	437,636	158,712	(29,380)
Acquisition of property, plant and equipment	<b>(35,706)</b>	(28,290)	(63,044)	(110,873)	(46,550)
Plantation development expenditure	<b>(62,585)</b>	(124,904)	(195,213)	(192,036)	(89,307)
Forestry	<b>(23,348)</b>	(23,568)	-	-	-
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	-	-
Proceeds from disposal of a subsidiary	<b>153,065</b>	16,250	-	-	-
Increase in other investment	<b>607</b>	16,678	(20,805)	-	-
Other investing activities	<b>603</b>	2,634	2,818	(2,185)	(547)
<b>Net cash generated from/(used in) investing activities</b>	<b>32,636</b>	(141,200)	(277,654)	(569,231)	(198,792)
Proceeds from drawdown of loans and borrowings	<b>248,548</b>	1,198,415	125,095	537,067	250,000
Proceeds from issue of new ordinary share capital	-	1,000	4,444	8,429	16,283
Repayments of loans and borrowings	<b>(192,219)</b>	(1,057,678)	(11,387)	(71,765)	-
Dividends paid to owners of the Company	<b>(11,223)</b>	(17,622)	(31,959)	(45,668)	(80,835)
Dividends paid to non-controlling interests	<b>(6,694)</b>	(6,880)	(1,644)	-	-
Dividends paid by a subsidiary in relation to pre-acquisition dividend payables	-	(12,999)	(23,500)	-	-
<b>Net cash from financing activities</b>	<b>38,412</b>	104,236	61,049	428,063	185,448
Net increase/(decrease) in cash and cash equivalents	<b>88,214</b>	(286,782)	221,031	17,544	(42,724)

## GROUP QUARTERLY PERFORMANCE

## FINANCIAL PERFORMANCE (RM'000)

	2016			
	Q4	Q3	Q2	Q1
<b>Revenue</b>	<b>170,078</b>	<b>170,308</b>	<b>132,406</b>	<b>89,518</b>
Profit/(loss) from operations	<b>146,236</b>	<b>30,529</b>	<b>11,011</b>	<b>(11,822)</b>
Finance cost	<b>(37,354)</b>	<b>(5,034)</b>	<b>(4,962)</b>	<b>(3,846)</b>
<b>Profit/(loss) before tax</b>	<b>111,420</b>	<b>25,495</b>	<b>6,049</b>	<b>(15,668)</b>
Tax credit/(expense)	<b>15,138</b>	<b>(1,990)</b>	<b>3,805</b>	<b>6,220</b>
Net profit/(loss) for the period	<b>126,558</b>	<b>23,505</b>	<b>9,854</b>	<b>(9,448)</b>
Attributable to:				
Owners of the Company	<b>127,462</b>	<b>19,175</b>	<b>7,581</b>	<b>(7,148)</b>
Non-controlling interests	<b>(904)</b>	<b>4,330</b>	<b>2,273</b>	<b>(2,300)</b>
Net profit/(loss) for the period	<b>126,558</b>	<b>23,505</b>	<b>9,854</b>	<b>(9,448)</b>
Earnings per ordinary share (sen)				
- basic	<b>14.42</b>	<b>2.17</b>	<b>0.86</b>	<b>(0.81)</b>
- diluted	<b>14.42</b>	<b>2.17</b>	<b>0.86</b>	<b>(0.81)</b>

	2015			
	Q4	Q3	Q2	Q1
<b>Revenue</b>	129,328	133,492	110,180	82,304
Profit/(loss) from operations	(5,336)	17,431	15,015	8,885
Finance cost	(5,732)	(2,460)	(5,775)	(8,565)
<b>Profit/(loss) before tax</b>	(5,817)	14,971	9,240	320
Tax credit/(expense)	5,285	(2,124)	(2,717)	4,771
Net profit/(loss) for the period	(532)	12,847	6,523	5,091
Attributable to:				
Owners of the Company	44,217	6,192	5,145	6,579
Non-controlling interests	(44,749)	6,655	1,378	(1,488)
Net profit/(loss) for the period	(532)	12,847	6,523	5,091
Earnings per ordinary share (sen)				
- basic	5.01	0.70	0.58	0.74
- diluted	5.01	0.70	0.58	0.74



# CONSOLIDATED FINANCIAL STATEMENTS

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# Directors' Report

For the year ended 31 December 2016

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 2016.

## 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 7 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	147,070	240,599
Non-controlling interests	3,399	-
	150,469	240,599

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

## DIVIDENDS

No dividend was paid since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2016 of 6.00 sen per ordinary share amounting to RM53.03 million (based on 883,851,470 ordinary shares in issue as at 31 December 2016) will be proposed for the shareholders' approval.

## DIRECTORS OF THE COMPANY

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

Tan Sri Dato' Sri Ab. Aziz bin Kasim  
Tan Sri Dato' Sri Ismee bin Haji Ismail  
Datuk Seri Johan bin Abdullah  
Tan Sri Othman bin Mahmood  
Dato' Sri Mohamad Norza bin Zakaria  
Datuk Seri Nurmalia binti Abd Rahim  
Dato' Azizan bin Abd Rahman  
Dato' Shari bin Haji Osman  
Dato' Amran bin Mat Nor  
Dato' Dr. Md Yusop bin Omar  
Dato' Sri Zainal Azwar bin Zainal Aminuddin  
Dato' Noordin bin Md Noor (Cease of Office w.e.f. 1 November 2016)

**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 31.12.2016
	At 1.1.2016	Bought	(Sold)	
Interest in the Company:				
Dato' Sri Zainal Azwar bin Zainal Aminuddin				
- own	4,800	-	-	4,800

	Number of options over ordinary shares of RM0.50 each			At 31.12.2016
	At 1.1.2016	Granted	(Sold)	
Share option in the Company:				
Dato' Sri Zainal Azwar bin Zainal Aminuddin				
- own	1,440,000	-	-	1,440,000

None of the other Directors holding office at 31 December 2016 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 remuneration 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 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**

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 Employees' Share Option Scheme ("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 1.1.2016 '000	(Exercised) '000	(Forfeited) '000	At 31.12.2016 '000
8 June 2009	RM1.27	4,808	-	-	4,808
4 January 2011	RM1.45	2,780	-	(24)	2,756
18 June 2014	RM1.74	5,720	-	(60)	5,660
		13,308	-	(84)	13,224

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 100,000 shares of RM0.50 each, except for Directors.

**OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)**

The names of the top twenty (20) option holders granted options under the ESOS are as follows:

	Number of options over ordinary shares of RM0.50 each			At 31.12.2016
	At 1.1.2016	Bonus issue	(Exercised)	
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
Dato' 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
Aliatun Binti Mahmud	260,000	-	-	260,000
Ahmad Nazri Bin Mohd Daud	254,000	-	-	254,000
Hadzormi Bin Ismail	240,000	-	-	240,000
Mohd Khuzae Bin Hassan	240,000	-	-	240,000
Aruludin Raj Bin Azman Arasu	228,000	-	-	228,000
Mohd Azahar Bin Yasin	180,600	-	-	180,600
Rosnita Binti Kamal Din	162,900	-	-	162,900
Martin Soili	132,000	-	-	132,000
Roslan Bin Baba	120,000	-	-	120,000
Samshul Bahri Bin Muhammad	120,000	-	-	120,000
Hamidon bin Hassan	120,000	-	-	120,000

**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



**OTHER STATUTORY INFORMATION (CONTINUED)**

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

- (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.

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 32, the financial performance of the Group and of the Company for the financial year ended 31 December 2016 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**AUDITORS**

The auditors, KPMG Desa Megat PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

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



.....  
**Tan Sri Dato' Sri Ab. Aziz bin Kasim**



.....  
**Dato' Sri Zainal Azwar bin Zainal Aminuddin**

Kuala Lumpur,

Date: 28 March 2017

# Statements of Financial Position

as at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
Property, plant and equipment	3	2,614,875	2,546,519	55,928	47,119
Plantation development expenditure	4	326,445	405,595	44,869	43,040
Forestry	5	162,470	145,905	-	-
Intangible asset	6	73,265	73,265	-	-
Investment in subsidiaries	7	-	-	1,129,384	1,180,361
Other investments	8	1,825	1,825	1,825	1,825
Deferred tax assets	9	117,771	85,525	-	-
<b>Total non-current assets</b>		<b>3,296,651</b>	<b>3,258,634</b>	<b>1,232,006</b>	<b>1,272,345</b>
Inventories	11	17,045	25,661	1,821	1,090
Current tax assets		5,366	9,702	2,960	3,597
Other investments	8	3,520	4,127	-	1,760
Trade and other receivables	10	118,475	72,951	251,380	129,778
Prepayments and other assets		4,289	3,279	1,310	649
Cash and cash equivalents	12	163,771	75,590	160,216	71,753
<b>Total current assets</b>		<b>312,466</b>	<b>191,310</b>	<b>417,687</b>	<b>208,627</b>
<b>Total assets</b>		<b>3,609,117</b>	<b>3,449,944</b>	<b>1,649,693</b>	<b>1,480,972</b>
<b>Equity</b>					
Capital and reserve	13	781,875	782,018	763,037	763,052
Retained earnings		634,486	487,416	573,987	333,388
<b>Equity attributable to owners of the Company</b>		<b>1,416,361</b>	<b>1,269,434</b>	<b>1,337,024</b>	<b>1,096,440</b>
<b>Non-controlling interests</b>		<b>351,134</b>	<b>354,439</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>1,767,495</b>	<b>1,623,873</b>	<b>1,337,024</b>	<b>1,096,440</b>
<b>Liabilities</b>					
Loans and borrowings	14	1,175,374	1,128,637	-	-
Deferred tax liabilities	9	331,787	348,012	11,524	11,718
Trade and other payables	16	13,656	13,037	12,457	11,924
<b>Total non-current liabilities</b>		<b>1,520,817</b>	<b>1,489,686</b>	<b>23,981</b>	<b>23,642</b>
Loans and borrowings	14	113,151	106,493	-	-
Trade and other payables	16	205,446	227,555	288,688	360,890
Current tax liabilities		2,208	2,337	-	-
<b>Total current liabilities</b>		<b>320,805</b>	<b>336,385</b>	<b>288,688</b>	<b>360,890</b>
<b>Total liabilities</b>		<b>1,841,622</b>	<b>1,826,071</b>	<b>312,669</b>	<b>384,532</b>
<b>Total equity and liabilities</b>		<b>3,609,117</b>	<b>3,449,944</b>	<b>1,649,693</b>	<b>1,480,972</b>

The notes on pages 112 to 186 form an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Revenue</b>	17	<b>562,310</b>	455,304	<b>250,097</b>	117,096
Cost of sales		<b>(483,614)</b>	(417,181)	<b>(102,068)</b>	(67,551)
<b>Gross profit</b>		<b>78,696</b>	38,123	<b>148,029</b>	49,545
Other income		<b>131,029</b>	29,059	<b>115,032</b>	8,621
Administrative expenses		<b>(12,550)</b>	(18,582)	<b>(10,056)</b>	(9,444)
Other expenses		<b>(21,221)</b>	(12,605)	<b>(1,293)</b>	(3,529)
<b>Results from operating activities</b>		<b>175,954</b>	35,995	<b>251,712</b>	45,193
Profit margin income from short-term investments and receivables	18	<b>2,538</b>	5,251	<b>2,166</b>	65,547
Finance cost	19	<b>(51,196)</b>	(22,532)	<b>(10,854)</b>	(32,795)
<b>Net finance (cost)/income</b>		<b>(48,658)</b>	(17,281)	<b>(8,688)</b>	32,752
<b>Profit before tax</b>		<b>127,296</b>	18,714	<b>243,024</b>	77,945
Tax credit/(expense)	20	<b>23,173</b>	5,215	<b>(2,425)</b>	742
<b>Profit for the year</b>	21	<b>150,469</b>	23,929	<b>240,599</b>	78,687
<b>Other comprehensive income, net of tax</b>					
<b>Item that is or may be reclassified subsequently to profit and loss, net of tax</b>					
Foreign currency translation differences for foreign operations	22	<b>(138)</b>	(367)	-	-
		<b>(138)</b>	(367)	-	-
<b>Item that will not be reclassified subsequently to profit and loss, net of tax</b>					
Fair value change in forestry	22	-	(5,281)	-	-
Government grant	22	-	22,139	-	-
		-	16,858	-	-
<b>Total other comprehensive (expense)/income, net of tax</b>		<b>(138)</b>	16,491	-	-
<b>Total comprehensive income for the year</b>		<b>150,331</b>	40,420	<b>240,599</b>	78,687
<b>Profit attributable to:</b>					
Owners of the Company		<b>147,070</b>	62,133	<b>240,599</b>	78,687
Non-controlling interests		<b>3,399</b>	(38,204)	-	-
<b>Profit for the year</b>		<b>150,469</b>	23,929	<b>240,599</b>	78,687
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		<b>146,942</b>	77,224	-	-
Non-controlling interests		<b>3,389</b>	(36,804)	-	-
<b>Total comprehensive income for the year</b>		<b>150,331</b>	40,420	<b>240,599</b>	78,687
<b>Basic earnings per ordinary share (sen)</b>	23	<b>16.64</b>	7.03	-	-
<b>Diluted earnings per ordinary share (sen)</b>	23	<b>16.64</b>	7.03	-	-

The notes on pages 112 to 186 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

Group	Note	Attributable to owners of the Company				Non-distributable				Distributable	
		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
<b>At 1 January 2015</b>		441,925	420,827	(82,557)	2,275	(64)	782,406	427,528	1,209,934	403,771	1,613,705
Foreign currency translation differences for foreign operations		-	-	-	-	(341)	(341)	-	(341)	(26)	(367)
Fair value on timber		-	-	-	-	-	-	(6,707)	(6,707)	1,426	(5,281)
Deferred income		-	-	-	-	-	-	22,139	22,139	-	22,139
Total other comprehensive income for the year		-	-	-	-	(341)	(341)	15,432	15,091	1,400	16,491
Profit for the year		-	-	-	-	-	-	62,133	62,133	(38,204)	23,929
<b>Total comprehensive income for the year</b>		-	-	-	-	(341)	(341)	77,565	77,224	(36,804)	40,420
<i>Contribution by and distribution to owners of the Group</i>											
Issuance of ordinary shares		-	-	-	-	-	-	-	-	1,000	1,000
Adjustment of fair value of ESOS	28	-	-	-	(47)	-	(47)	-	(47)	-	(47)
Dividends to owners of the Company	24	-	-	-	-	-	-	(17,677)	(17,677)	-	(17,677)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(4,493)	(4,493)
Disposal of subsidiary	32	-	-	-	-	-	-	-	-	(9,035)	(9,035)
<b>Total transactions with owners of the Group</b>		-	-	-	(47)	-	(47)	(17,677)	(17,724)	(12,528)	(30,252)
<b>At 31 December 2015</b>		441,925	420,827	(82,557)	2,228	(405)	782,018	487,416	1,269,434	354,439	1,623,873

The notes on pages 112 to 186 form an integral part of these financial statements.

Group	Note	/.....Attributable to owners of the Company...../				/.....Non-distributable...../ Distributable				Total equity RM'000	
		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
<b>At 1 January 2016</b>		441,925	420,827	(82,557)	2,228	(405)	782,018	487,416	1,269,434	354,439	1,623,873
Foreign currency translation differences for foreign operations		-	-	-	-	(128)	(128)	-	(128)	(10)	(138)
Total other comprehensive income for the year		-	-	-	-	(128)	(128)	-	(128)	(10)	(138)
Profit for the year		-	-	-	-	-	-	147,070	147,070	3,399	150,469
<b>Total comprehensive income for the year</b>		-	-	-	-	(128)	(128)	147,070	146,942	3,389	150,331
<i>Contribution by and distribution to owners of the Group</i>											
Adjustment of fair value of ESOS	28	-	-	-	(15)	-	(15)	-	(15)	-	(15)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(6,694)	(6,694)
<b>Total transactions with owners of the Group</b>		-	-	-	(15)	-	(15)	-	(15)	(6,694)	(6,709)
<b>At 31 December 2016</b>		441,925	420,827	(82,557)	2,213	(533)	781,875	634,486	1,416,361	351,134	1,767,495

The notes on pages 112 to 186 form an integral part of these financial statements.

# Statement of Changes in Equity

for the year ended 31 December 2016

		/-----Attributable to owners of the Company-----/						
		/-----Non-distributable-----/			Distributable			
Company	Note	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	Total equity RM'000
<b>At 1 January 2015</b>		441,925	420,827	(101,928)	2,275	763,099	272,378	1,035,477
Profit and total comprehensive income for the year		-	-	-	-	-	78,687	78,687
<i>Contribution by and distribution to owners of the Company</i>								
Adjustment of fair value of ESOS	28	-	-	-	(47)	(47)	-	(47)
Dividends to owners of the Company	24	-	-	-	-	-	(17,677)	(17,677)
<b>Total transactions with owners of the Company</b>		-	-	-	(47)	(47)	(17,677)	(17,724)
<b>At 31 December 2015/1 January 2016</b>		<b>441,925</b>	<b>420,827</b>	<b>(101,928)</b>	<b>2,228</b>	<b>763,052</b>	<b>333,388</b>	<b>1,096,440</b>
Profit and total comprehensive income for the year		-	-	-	-	-	240,599	240,599
<i>Contribution by and distribution to owners of the Company</i>								
Adjustment of fair value of ESOS	28	-	-	-	(15)	(15)	-	(15)
<b>Total transactions with owners of the Company</b>		-	-	-	(15)	(15)	-	(15)
<b>At 31 December 2016</b>		<b>441,925</b>	<b>420,827</b>	<b>(101,928)</b>	<b>2,213</b>	<b>763,037</b>	<b>573,987</b>	<b>1,337,024</b>

The notes on pages 112 to 186 form an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>127,296</b>	18,714	<b>243,024</b>	77,945
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	21	<b>97,196</b>	88,673	<b>1,657</b>	1,389
Dividend income	17	<b>(475)</b>	-	<b>(121,855)</b>	(31,096)
Profit margin income	18	<b>(2,538)</b>	(5,251)	<b>(2,166)</b>	(65,547)
Finance cost	19	<b>51,196</b>	22,532	<b>10,854</b>	32,795
Change in fair value of forestry	21	<b>15,333</b>	(14,461)	-	-
Gain on disposal of property, plant and equipment	21	<b>(95)</b>	(383)	-	-
Plantation development expenditure written off	21	<b>1,625</b>	-	-	-
Property, plant and equipment written off	21	<b>56</b>	225	-	63
Zakat expenses	21	-	1,623	-	204
Trade receivables written off	21	-	1,749	-	833
Inventories written off	21	-	435	-	-
Inventories written down	21	-	197	-	-
Impairment loss on trade receivables	21	<b>157</b>	-	-	-
Gain on disposal of subsidiary	21	<b>(112,584)</b>	(1,303)	<b>(100,680)</b>	(2,219)
Fair value of ESOS granted	28	<b>(15)</b>	(47)	<b>(15)</b>	(47)
Other receivables written off	21	<b>20</b>	1,000	<b>20</b>	1,000
Government grant	15	<b>(3,120)</b>	(5,180)	-	-
Unrealised gain on foreign exchange	21	<b>(4,684)</b>	(2,865)	-	-
<b>Operating profit before changes in working capital</b>		<b>169,368</b>	105,658	<b>30,839</b>	15,320
Change in deferred income		-	22,139	-	-
Change in inventories		<b>7,865</b>	(5,876)	<b>(731)</b>	435
Change in trade and other payables		<b>(21,842)</b>	(284,303)	<b>(74,628)</b>	(329,694)
Change in trade and other receivables, prepayments and other assets		<b>(44,448)</b>	(11,700)	<b>(121,946)</b>	974,736
<b>Cash generated from/(used in) operations</b>		<b>110,943</b>	(174,082)	<b>(166,466)</b>	660,797
Profit margin income from short-term investments and other receivables		<b>2,538</b>	4,953	<b>1,922</b>	27,440
Finance cost		<b>(74,649)</b>	(71,481)	<b>(10,397)</b>	(32,596)
Tax paid		<b>(23,445)</b>	(22,873)	<b>(1,982)</b>	(4,242)
Tax refund		<b>1,779</b>	13,665	-	7,438
<b>Net cash generated from/(used in) operating activities</b>		<b>17,166</b>	(249,818)	<b>(176,923)</b>	658,837

The notes on pages 112 to 186 form an integral part of these financial statements.

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(35,706)	(28,290)	(1,265)	(3,082)
Acquisition of assets and liabilities, net of cash and cash equivalents acquired		-	-	-	(2,500)
Dividends received		475	-	121,855	56,902
Decrease in other investment		607	16,678	1,760	16,404
Decrease in deposit pledged		33	1,923	-	-
Increase in investments in subsidiaries	7	-	-	(2,400)	(4,000)
Plantation development expenditure	(i)	(62,585)	(124,904)	(8,484)	(9,412)
Forestry	(ii)	(23,348)	(23,568)	-	-
Net cash inflow from disposal of subsidiary	32	153,065	16,250	154,058	16,276
Proceeds from disposal of property, plant and equipment		95	711	-	-
<b>Net cash from/(used in) investing activities</b>		<b>32,636</b>	<b>(141,200)</b>	<b>265,524</b>	<b>70,588</b>
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company		(11,223)	(17,622)	(138)	(17,622)
Dividends paid to non-controlling interests		(6,694)	(6,880)	-	-
Dividend paid by a subsidiary in relation to pre-acquisition dividend payables		-	(12,999)	-	-
Proceeds from issuance of new ordinary shares		-	1,000	-	-
Proceeds from drawdown of loans and borrowings		248,548	1,198,415	-	-
Loan repayment		(192,219)	(1,057,678)	-	(1,000,000)
<b>Net cash from/(used in) financing activities</b>		<b>38,412</b>	<b>104,236</b>	<b>(138)</b>	<b>(1,017,622)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>88,214</b>	<b>(286,782)</b>	<b>88,463</b>	<b>(288,197)</b>
Cash and cash equivalents at 1 January	(iii)	75,557	362,339	71,753	359,950
<b>Cash and cash equivalents at 31 December</b>	(iii)	<b>163,771</b>	<b>75,557</b>	<b>160,216</b>	<b>71,753</b>

The notes on pages 112 to 186 form an integral part of these financial statements.



**(i) Plantation development expenditure**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Addition of plantation development expenditure	4	<b>(83,272)</b>	(128,594)	<b>(11,399)</b>	(9,748)
Additions of nurseries	4	<b>(5,401)</b>	-	-	-
Finance cost		<b>22,803</b>	-	<b>2,546</b>	-
Depreciation of property, plant and equipment	4	<b>3,285</b>	3,690	<b>369</b>	336
		<b>(62,585)</b>	(124,904)	<b>(8,484)</b>	(9,412)

**(ii) Forestry**

	Note	Group	
		2016 RM'000	2015 RM'000
Additions of forestry plantation	5	<b>(15,158)</b>	(19,298)
Additions of nurseries	5	<b>(16,740)</b>	(5,041)
Finance cost capitalised		<b>7,744</b>	-
Depreciation of property, plant and equipment	5	<b>806</b>	771
		<b>(23,348)</b>	(23,568)

**(iii) Cash and cash equivalents**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits	12	<b>127,473</b>	61,458	<b>127,426</b>	61,183
Less: Pledged deposits	12	-	(33)	-	-
		<b>127,473</b>	61,425	<b>127,426</b>	61,183
Cash and bank balances	12	<b>36,298</b>	14,132	<b>32,790</b>	10,570
		<b>163,771</b>	75,557	<b>160,216</b>	71,753

The notes on pages 112 to 186 form an integral part of these financial statements.

# Notes to the Financial Statements

for the year ended 31 December 2016

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 2016 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 2016 does not include other entities.

The Company is principally engaged in investment holding, cultivation of oil palm, processing of fresh fruit bunches, marketing of crude palm oil, palm kernel and fresh fruit bunches, whilst the principal activities of the subsidiaries are as stated in note 7.

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 28 March 2017.

## 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 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 January 2017**

- Amendments to FRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

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

- FRS 9, *Financial Instruments (2014)*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4, *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140, *Investment Property – Transfers of Investment Property*

## 1. BASIS OF PREPARATION (CONTINUED)

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

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

#### **FRSs, Interpretations and amendments effective for a date yet to be confirmed**

- 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*

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

- from the annual period beginning on 1 January 2017 for those amendments that are effective for annual periods beginning on or after 1 January 2017.

The Group and the Company’s financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs).

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

The Group and the Company falls within the scope of MFRS 141, Agriculture. Therefore, the Group and the Company is currently exempted from adopting the Malaysian Financial Reporting Standards (“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.

The Group has prepared and considered prospective financial information based on assumptions and events that may occur for at least 12 months from the date of approval of the financial statements and the possible actions to be taken by the Group. Prospective financial information includes the Group’s profit and cash flow forecasts. In preparing the cash flow forecasts, the Directors have considered the availability of cash and cash equivalents.

The Directors expect to “roll-over” the dividend payables due to holding corporation which are due in the next 12 months, with carrying amount of RM18,500,000 as at 31 December 2016. The forecasts incorporate current payables, committed expenditure and other future expected expenditure, and revenue from newly matured area of 3,727 hectare.

Based on these forecasts, cash resources and existing credit facilities, the Directors consider that the Group and the Company have adequate resources to continue in business for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

### (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.

## 1. BASIS OF PREPARATION (CONTINUED)

### (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.

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

The rate used to depreciate the estate is based on the general rule of the normal palm oil trees production trend. Estimating the production trend involves significant judgement, selection of variety of methods and assumption that are normally based on past trend yield of the Group. The actual yield however, may be different from expected.

#### (ii) Recoverable amount of plantation development expenditure (“PDE”)

Management reviews its PDE for objective evidence of impairment at least quarterly. Significant delay in maturity is considered as an indication of impairment. In determining this, management makes judgment as to whether there is observable data indicating that there has been a significant change in the performance of the PDE, or whether there have been significant changes with adverse effect in the market environment in which the PDE operates in.

When there is an indication of impairment, management measured the recoverable amounts based on value in use of the PDE. Significant assumptions used to derive value in use are as shown in note 4.

#### (iii) Intangible assets – goodwill

Measurement of recoverable amounts of cash generating units is derived based on value in use of the cash generating unit. Significant assumptions used to derive value in use is as shown in note 6.

#### (iv) Forestry

The fair value of Forestry is determined using valuation prepared by an independent valuer. The valuation involved making assumption about discount rate, future price of latex and log, yield of latex, volume of log, future upkeep and cultivation cost and harvesting cost. As such, this estimated fair value is subject to significant uncertainty. Significant assumption used to derive fair value is as shown in note 5.

#### (v) Contingencies

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.

#### (vi) Deferred tax

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years’ taxable income and assessing our ability to utilise tax benefits through future earnings. The actual utilisation of tax benefit may be different from expected.

## 1. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgement (continued)

#### (vii) Valuation of land

Management estimates the fair value of land based on provisional Hak Guna Usaha (“HGU”) hectare. HGU is subject to changes by the Government of Indonesia. HGU issued by the Government of Indonesia may be different from expected.

A decrease in the estimated hectare would result in an impairment of the land. If the estimate changes by 10%, impairment of land will be RM2,350,000.

## 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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (iii) Acquisitions of non-controlling interests

The Group accounts for 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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Foreign currency (continued)

#### (i) Foreign currency transactions (continued)

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.

#### (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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

##### Financial assets (continued)

#### (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(k)(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.

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

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

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (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 control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. 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.

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 are depreciated separately.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Property, plant and equipment (continued)****(iii) Depreciation (continued)**

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 ready for its intended purpose, except for estates which is depreciated over thirty (30) years from the date they are ready for its intended purpose, 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
• buildings	25 years
• temporary buildings	5 – 10 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.

**(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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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 are tested for impairment annually and whenever there is an indication that they may be impaired.

### (g) Plantation development expenditure

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. The cost 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.

All expenditure relating to development of oil palm estate (immature estate) will be capitalised under plantation development expenditure. An estate is declared mature when they are ready for its intended purpose. This cost will be depreciated over useful life when the expenditure is transferred to property, plant and equipment when the estate matures.

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

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

### (h) Forestry

Forestry are measured on initial recognition and at subsequent reporting dates at fair value, with any changes in fair value of forestry during a year recognised in profit or loss.

The fair value of forestry is determined independently by professional valuers.

Nurseries fair value are deemed at cost. This cost relates to nursery maintenance costs.

### (i) Inventories

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

The cost of inventories is calculated using the weighted average method, 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 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.

Stores are stated at cost.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) 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.

### (k) 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 available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

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.

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset and forestry) 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 a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment (continued)

#### (ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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.

### (l) 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.

### (m) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Employee benefits (continued)

#### (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.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

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.

### (n) Provisions

A provision is recognised if, as a result of a past event, the Group 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.

### (o) 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, trade discounts and volume rebates. 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.

#### (ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Revenue and other income (continued)

#### (iii) 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.

Grants 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.

#### (iv) 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.

#### (v) Management fees

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

#### (vi) Profit margin income

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

### (p) 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 incurred, borrowing costs are 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.

### (q) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Income tax (continued)

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.

Where assets are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the asset is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the asset over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax and liabilities are not discounted.

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.

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.

### (r) 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.

### (s) 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. 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.

### (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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

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. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale or distribution.

### (v) 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	Estates	Buildings	Plant, machinery and equipment	Computer equipment	Motor vehicles	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>									
At 1 January 2015		1,190,589	992,868	177,433	199,280	14,683	51,813	26,618	2,653,284
Additions		-	-	2,854	2,757	422	1,565	20,692	28,290
Transfer from plantation development expenditure	4	-	362,368	-	-	-	-	-	362,368
Written off		-	(4,378)	(518)	(1,423)	(290)	(74)	-	(6,683)
Disposals		-	(482)	(59)	-	-	-	-	(541)
Transfers		-	-	11,884	6,209	149	-	(18,242)	-
Adjustment on final billing		-	-	2,684	(3,548)	-	-	(289)	(1,153)
Effect of movement in exchange rate		24	-	20	33	17	18	6	118
At 31 December 2015/ 1 January 2016		<b>1,190,613</b>	<b>1,350,376</b>	<b>194,298</b>	<b>203,308</b>	<b>14,981</b>	<b>53,322</b>	<b>28,785</b>	<b>3,035,683</b>
Additions		-	-	<b>2,231</b>	<b>2,488</b>	<b>556</b>	<b>3,152</b>	<b>27,279</b>	<b>35,706</b>
Transfer from plantation development expenditure	4	-	<b>168,055</b>	-	-	-	-	-	<b>168,055</b>
Written off		-	<b>(7,639)</b>	-	<b>(795)</b>	<b>(308)</b>	<b>(1,029)</b>	<b>(12)</b>	<b>(9,783)</b>
Disposals		-	-	<b>(58)</b>	-	-	<b>(191)</b>	-	<b>(249)</b>
Disposal of a subsidiary		<b>(27,129)</b>	<b>(19,627)</b>	<b>(7,544)</b>	<b>(14,677)</b>	<b>(138)</b>	<b>(2,647)</b>	<b>(2,535)</b>	<b>(74,297)</b>
Transfers		-	-	<b>8,205</b>	<b>6,103</b>	-	-	<b>(14,308)</b>	-
Effect of movement in exchange rate		<b>19</b>	-	<b>30</b>	<b>33</b>	<b>14</b>	<b>15</b>	<b>2</b>	<b>113</b>
At 31 December 2016		<b>1,163,503</b>	<b>1,491,165</b>	<b>197,162</b>	<b>196,460</b>	<b>15,105</b>	<b>52,622</b>	<b>39,211</b>	<b>3,155,228</b>

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Leasehold land	Estates	Buildings	Plant, machinery and equipment	Computer equipment	Motor vehicles	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation</b>									
At 1 January 2015		68,843	163,391	48,337	75,349	13,101	33,665	-	402,686
Depreciation for the year	3.1	20,443	40,544	9,030	15,512	829	6,776	-	93,134
Written off		-	(4,378)	(436)	(1,281)	(291)	(72)	-	(6,458)
Disposals		-	(154)	(59)	-	-	-	-	(213)
Effect of movement in exchange rate		-	-	-	3	7	5	-	15
At 31 December 2015/ 1 January 2016		<b>89,286</b>	<b>199,403</b>	<b>56,872</b>	<b>89,583</b>	<b>13,646</b>	<b>40,374</b>	-	<b>489,164</b>
Depreciation for the year	3.1	<b>20,445</b>	<b>49,879</b>	<b>8,346</b>	<b>15,479</b>	<b>762</b>	<b>6,376</b>	-	<b>101,287</b>
Written off		-	<b>(7,639)</b>	-	<b>(766)</b>	<b>(319)</b>	<b>(1,003)</b>	-	<b>(9,727)</b>
Disposals		-	-	<b>(58)</b>	-	-	<b>(191)</b>	-	<b>(249)</b>
Disposal of a subsidiary		<b>(4,530)</b>	<b>(18,486)</b>	<b>(3,777)</b>	<b>(10,738)</b>	<b>(138)</b>	<b>(2,486)</b>	-	<b>(40,155)</b>
Effect of movement in exchange rate		-	-	<b>2</b>	<b>12</b>	<b>11</b>	<b>8</b>	-	<b>33</b>
At 31 December 2016		<b>105,201</b>	<b>223,157</b>	<b>61,385</b>	<b>93,570</b>	<b>13,962</b>	<b>43,078</b>	-	<b>540,353</b>
<b>Carrying amounts</b>									
At 1 January 2015		1,121,746	829,477	129,096	123,931	1,582	18,148	26,618	2,250,598
At 31 December 2015/ 1 January 2016		<b>1,101,327</b>	<b>1,150,973</b>	<b>137,426</b>	<b>113,725</b>	<b>1,335</b>	<b>12,948</b>	<b>28,785</b>	<b>2,546,519</b>
At 31 December 2016		<b>1,058,302</b>	<b>1,268,008</b>	<b>135,777</b>	<b>102,890</b>	<b>1,143</b>	<b>9,544</b>	<b>39,211</b>	<b>2,614,875</b>

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	Note	Leasehold land	Estates	Buildings	Plant, machinery and equipment	Computer equipment	Motor vehicles	Work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>									
At 1 January 2015		9,411	5,159	16,993	16,499	206	4,711	2,116	55,095
Additions		-	-	116	669	1	33	2,263	3,082
Transfer from plantation development expenditure	4	-	26,928	-	-	-	-	-	26,928
Transfers		-	-	1,351	2,416	-	-	(3,767)	-
Written off		-	(2,370)	(367)	(1,280)	(6)	(3)	-	(4,026)
At 31 December 2015/ 1 January 2016		<b>9,411</b>	<b>29,717</b>	<b>18,093</b>	<b>18,304</b>	<b>201</b>	<b>4,741</b>	<b>612</b>	<b>81,079</b>
Additions		-	-	15	219	76	389	566	1,265
Transfer from plantation development expenditure	4	-	9,570	-	-	-	-	-	9,570
Transfers		-	-	148	761	-	-	(909)	-
Written off		-	-	-	(40)	(34)	-	-	(74)
At 31 December 2016		<b>9,411</b>	<b>39,287</b>	<b>18,256</b>	<b>19,244</b>	<b>243</b>	<b>5,130</b>	<b>269</b>	<b>91,840</b>
<b>Accumulated depreciation</b>									
At 1 January 2015		1,764	5,058	11,595	13,956	183	3,643	-	36,199
Depreciation for the year	3.1	95	49	380	772	13	416	-	1,725
Written off		-	(2,370)	(324)	(1,260)	(7)	(3)	-	(3,964)
At 31 December 2015/ 1 January 2016		<b>1,859</b>	<b>2,737</b>	<b>11,651</b>	<b>13,468</b>	<b>189</b>	<b>4,056</b>	-	<b>33,960</b>
Depreciation for the year	3.1	95	365	405	714	26	421	-	2,026
Written off		-	-	-	(40)	(34)	-	-	(74)
At 31 December 2016		<b>1,954</b>	<b>3,102</b>	<b>12,056</b>	<b>14,142</b>	<b>181</b>	<b>4,477</b>	-	<b>35,912</b>
<b>Carrying amounts</b>									
At 1 January 2015		7,647	101	5,398	2,543	23	1,068	2,116	18,896
At 31 December 2015/ 1 January 2016		<b>7,552</b>	<b>26,980</b>	<b>6,442</b>	<b>4,836</b>	<b>12</b>	<b>685</b>	<b>612</b>	<b>47,119</b>
At 31 December 2016		<b>7,457</b>	<b>36,185</b>	<b>6,200</b>	<b>5,102</b>	<b>62</b>	<b>653</b>	<b>269</b>	<b>55,928</b>

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Recognised in profit or loss	21	97,196	88,673	1,657	1,389
Capitalised in plantation development expenditure	4	3,285	3,690	369	336
Capitalised in forestry plantation	5	806	771	-	-
		<b>101,287</b>	93,134	<b>2,026</b>	1,725

#### 3.2 Security

At 31 December 2016, the leasehold land of subsidiaries with a total carrying amount of RM23,731,000 (2015: RM15,886,000) is subject to a registered debentures to secure bank loan granted to its subsidiaries (see note 14).

#### 3.3 Land

Included in the total carrying amount of land are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Leasehold land with unexpired lease period of more than 50 years	1,004,827	1,064,175	7,266	7,358
Leasehold land with unexpired lease period of less than 50 years	53,475	37,152	191	194
	<b>1,058,302</b>	1,101,327	<b>7,457</b>	7,552

**3.4** Management depreciated matured estate based on yield estimates which is estimated based on the past trend yield per hectare which in turn is dependant on the age of the trees. The yield per hectare is determined by internal planting advisors, who have appropriate recognised professional qualifications and experience in the field. The estimate of the potential yield requires significant judgement and is dependent on past trend production of the Group. The actual yield however, may be different from expected.

**3.5** Management estimates the cost of land of a subsidiary amounting to RM23,518,000 (2015: RM23,499,000) was based on provisional Hak Guna Usaha ("HGU"). HGU is still pending issuance by Government of Indonesia.

**4. PLANTATION DEVELOPMENT EXPENDITURE**

Group	Note	Total	
		2016 RM'000	2015 RM'000
At 1 January		405,595	749,784
Change in fair value recognise in other comprehensive income	22	-	(6,949)
Transfer to forestry	4.1	-	(107,105)
		405,595	635,730
Additions during the year	4.2	83,272	128,594
Addition of nurseries		5,401	-
Transfer to property, plant and equipment	3	(168,055)	(362,368)
Write off		(1,625)	-
Disposal of a subsidiary	32	(3,382)	-
Effect of movement in exchange rate		5,239	3,639
At 31 December		326,445	405,595

Company	Note	Oil palm	
		2016 RM'000	2015 RM'000
At 1 January		43,040	60,220
Additions during the year	4.2	11,399	9,748
At 31 December		54,439	69,968
Transfer to property, plant and equipment	3	(9,570)	(26,928)
At 31 December		44,869	43,040

**4.1 Transfer to forestry**

During the board meetings of the subsidiaries of the Group in 2015, the respective Board of the subsidiaries decided to change the intended purpose of the PDE from tapping of latex to timber. As a result of the change in the business use, the Boards of the subsidiaries has decided to record the PDE at fair value instead of cost. The PDE related to rubber was transferred to Forestry which is carried at fair value.

The PDE had been revalued at 1 January 2015 before it was being transferred to Forestry. As a result of the revaluation, the changes in fair value was recognised in other comprehensive income. The following table shows the valuation techniques used in the determination of value categorised as Level 3, as well as the significant unobservable inputs used in the valuation models.

#### 4. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

##### 4.1 Transfer to forestry (continued)

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from forestry, taking into account expected projected latex yield, expected timber volume, latex sales price, timber sales price and upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>Expected projected latex yield (500kg/ha/yr – 2,000kg/ha/yr)</li> <li>Expected timber volume (308m<sup>3</sup>/ha – 500m<sup>3</sup>/ha)</li> <li>Latex price (RM6/kg)</li> <li>Log price (RM144/m<sup>3</sup> – RM145/m<sup>3</sup>)</li> <li>Upkeep and maintenance cost (RM1,614/ha – RM4,407/ha)</li> <li>Pre-tax discount rate (10%)</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>Expected projected latex yield were higher (lower);</li> <li>Expected timber volume were higher (lower);</li> <li>Latex sales price higher (lower);</li> <li>Log price higher (lower);</li> <li>Upkeep and maintenance cost were lower (higher); or</li> <li>Discount rates were lower (higher).</li> </ul>

##### Highest and best use

The Group's forestry was for felling of timber. The valuation was however, based on the highest and best use of the forestry which was the combination of tapping latex and felling of timber. Management was of the opinion that as the result of the decrease in latex price in recent years, it was not cost effective to tap the rubber trees.

##### 4.2 Included in additions during the year are as follows:

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment	3	3,285	3,690	369	336
Personnel expenses:					
- Wages, salaries and others		24,127	24,491	4,434	5,075
- Contribution to Employees Provident Fund		1,322	1,337	248	284
Finance cost*	19	22,803	48,949	2,546	1,463
Management fees capitalised		-	-	2,271	1,291

\* Finance cost is capitalised at profit margin ranges from 4.55% – 8.65% (2015: 4.55% – 8.65%) per annum.

#### 4. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

##### 4.3 Impairment testing for delay in maturity of Plantation Development Expenditure (“PDE”)

During the financial year, two (2) estates have not been declared matured even though the age of these estates range from 60 months to 84 months. The carrying amount of PDE of the estates as at 31 December 2016 amounted to RM27,150,000.

The recoverable amounts of the cash generating units were based on their values 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 on the assumption that the estates will be declared mature in 2017 and were projected based on past experience of similar estates. Cash flows for a further 18 to 20 year period were extrapolated using a constant growth rate of 3%, which does not exceed the long term average growth rate of the industry. Management believes that the forecast period is appropriate as it represents one full cycle of the oil palm tree.
- Yield per hectare of 15mt/ha – 28mt/ha over the production cycle were determined based on past production trend of comparable estates.
- Price of fresh fruit bunches was determined based on long term pricing of crude palm oil (averaging at RM2,642 per metric tonne) and palm kernel price (averaging at RM1,691 per metric tonne). Oil extraction rate (“OER”) (19%) and kernel extraction rate (“KER”) (3.50%) were determined based on past years’ trend.
- A pre-tax discount rate of 12% was applied in determining the recoverable amount of the unit.

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 PDE based on the impairment tests.

The above estimates are particularly sensitive in the following cases:

- An increase of 5% in the discount rate would have resulted in an impairment loss of RM5,183,000.
- A reduction in price of FFB by 10% would have resulted in an impairment loss of RM1,678,000.
- A reduction in yield per hectare by 10% would have resulted in an impairment loss of RM1,535,000.



**5. FORESTRY**

	Note	Group	
		2016 RM'000	2015 RM'000
At 1 January		145,905	-
Transfer from plantation development expenditure	4	-	107,105
Addition during the year	5.1	15,158	19,298
Additions of nurseries		16,740	5,041
Change in fair value recognised profit or loss		(15,333)	14,461
At 31 December		162,470	145,905

**5.1 Included in additions during the year are as follows:**

	Note	2016 RM'000	2015 RM'000
Depreciation on property, plant and equipment	3	806	771
Finance cost*	19	7,744	7,697
Personnel expenses:			
- Wages, salaries and others		1,694	1,876
- Contribution to Employees Provident Fund		194	157

\* Finance cost is capitalised at a profit margin of 7.76% (2015: 7.85%) per annum.

**5.2 Fair value information**

Fair value of forestry is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2016</b>				
Forestry	-	-	162,470	162,470
<b>2015</b>				
Forestry	-	-	145,905	145,905

## 5. FORESTRY (CONTINUED)

### 5.2 Fair value information (continued)

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from forestry, taking into account expected projected latex yield, expected timber volume, latex sales price, timber sales price and upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>• Expected projected latex yield (455kg/ha/yr – 1,980kg/ha/yr)</li> <li>• Expected timber volume (308m<sup>3</sup>/ha – 450m<sup>3</sup>/ha)</li> <li>• Latex price (RM6/kg)</li> <li>• Log price (RM144/m<sup>3</sup> – RM145/m<sup>3</sup>)</li> <li>• Upkeep and Maintenance cost (RM913/ha – RM2,373/ha)</li> <li>• Pre-tax discount rate (10%)</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• Expected projected latex yield were higher (lower);</li> <li>• Expected timber volume were higher (lower);</li> <li>• Latex sales price higher (lower);</li> <li>• Log price higher (lower);</li> <li>• Upkeep and maintenance cost were lower (higher); or</li> <li>• Discount rates were lower (higher).</li> </ul>

#### Valuation processes applied by the Group for Level 3 fair value

The fair value of forestry is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of forestry being valued. The independent professional valuer provides the fair value of the Group's forestry annually. Changes in Level 3 fair values are analysed by the management every six months.

The values assigned to the key assumptions represent management's assessment of current trends in forestry in Malaysia and are based on both external and internal sources (historical data). Any changes in the market conditions or to subsequent decisions on the harvesting levels may have material impact on the assets values as the future cash flow may differ from these estimates.

The above estimates are particularly sensitive in the following cases:

- A reduction of latex yield by 10% would have resulted in a fair value loss of RM19,542,000.
- A reduction of timber volume by 10% would have resulted in a fair value loss of RM12,215,000.
- A reduction in price of latex and timber by 10% would have resulted in a fair value loss of RM32,592,000.
- An increase of 10% in the upkeep and maintenance cost would have resulted in a fair value loss of RM9,191,000.
- An increase of 1% in the discount rate would have resulted in a fair value loss of RM18,833,000.

#### Highest and best use

The Group's forestry is currently felling of timber. The valuation is however, based on the highest and best use of the forestry which is the combination of tapping latex and felling of timber. Management is of the opinion that as the result of the decrease in latex price in recent years, it is not cost effective to tap the rubber trees.

**6. INTANGIBLE ASSET - GOODWILL**

	Group	
	2016 RM'000	2015 RM'000
<b>Cost</b>		
Goodwill	<b>73,265</b>	73,265

**Impairment testing for cash-generating units containing goodwill**

For the purpose of impairment testing, goodwill is allocated to the subsidiaries which represent the cash-generating unit ("CGU") within the Group at which the goodwill is monitored for internal management purposes. The cash-generating unit is related to oil palm segment. The Group has exercised significant judgment in assessing the CGU recoverable amount using fair value less cost of disposal.

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

	Group	
	2016 RM'000	2015 RM'000
<b>Oil Palm Plantations Segment</b>		
Hydroflow Sdn. Bhd.	<b>13,855</b>	13,855
Bumi Suria Ventures Sdn. Bhd.	<b>27,789</b>	27,789
Maju Warisanmas Sdn. Bhd.	<b>31,621</b>	31,621
	<b>73,265</b>	73,265

Fair value less cost of disposal is based on management estimates having regard to estimated resale value which is determined by an external, independent professional valuer, having appropriate recognised professional qualifications and recent experience in the location and category of CGU being valued. Fair value less cost of disposal is a level 3 fair value measurement.

## 6. INTANGIBLE ASSET - GOODWILL (CONTINUED)

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

The following table shows the valuation techniques used in the determination of fair value less cost of disposal within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>Discounted cash flows: The valuation method considers the present value of net cash flows to be generated from CGU, taking into account expected projected FFB yield, FFB sales price, upkeep and maintenance cost. The expected net cash flows are discounted using risk-adjusted discount rates.</p> <p>Direct comparison model: The valuation method considers the sales of similar substitute land and related market data, and establishes a value estimated by process involving comparison. The expected net cash flows are discounted using risk-adjusted discount rates.</p>	<ul style="list-style-type: none"> <li>• Expected projected FFB yield (13mt/ha – 30mt/ha)</li> <li>• FFB sales price (RM350/mt – RM500/mt)</li> <li>• Upkeep and Maintenance cost (RM1,525/ha – RM3,860/ha)</li> <li>• Pre- tax discount rate (9% – 9.5%)</li>   <li>• Plantation land value (RM34,900/ha – RM35,000/ha);</li> <li>• Pre- tax discount rate (4.25%)</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• Expected projected FFB yield were higher (lower);</li> <li>• FFB sales price higher (lower);</li> <li>• Upkeep and maintenance cost were lower (higher); or</li> <li>• Discount rates were lower (higher).</li> </ul> <p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• Plantation land value were lower (higher); or</li> <li>• Discount rates were lower (higher).</li> </ul>

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).

The recoverable amount of a cash-generating unit is based on its fair value less cost of disposal. There is no impairment loss on goodwill based on the impairment test.

The above estimates are particularly sensitive in the following cases:

- A reduction in FFB yield per hectare by 5% would have resulted in an impairment loss of RM22,510,000.
- A reduction in price of FFB by 5% would have resulted in an impairment loss of RM27,645,000.
- An increase of 10% in the upkeep and maintenance cost would have resulted in an impairment loss of RM12,638,000.
- A reduction in plantation land value by 10% would have resulted in an impairment loss of RM7,349,000.
- An increase of 1% in the discount rate would have resulted in an impairment loss of RM21,083,000.

**7. INVESTMENTS IN SUBSIDIARIES**

	Note	Company	
		2016 RM'000	2015 RM'000
<b>Unquoted shares at cost</b>			
At 1 January		<b>1,180,361</b>	1,187,918
Disposal of a subsidiary		<b>(53,377)</b>	(14,057)
Acquisition of new subsidiaries	7.1	-	2,500
Increase in investment in a subsidiary		<b>2,400</b>	4,000
At 31 December		<b>1,129,384</b>	1,180,361

**7.1 Acquisition of new subsidiaries consists of:**

	Company	
	2016 RM'000	2015 RM'000
(i) Acquisition of Manisraya Sdn. Bhd. via cash *	-	2,500
(ii) Acquisition of THP Suria Mekar Sdn. Bhd. via cash *	-	#
	-	2,500

# Represent RM2.

\* This represent an upward transfer from a subsidiary to the Company. The transaction has no impact to the Group.

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### 7.2 Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business	Effective ownership interest and voting interest		Principal activities
		2016 %	2015 %	
<b>Direct subsidiaries</b>				
THP Ibok Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and marketing of 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.
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.
Manisraya Sdn. Bhd.	Malaysia	100	100	Tradeline services in dealing and trading of FFB.
THP Suria Mekar Sdn. Bhd.	Malaysia	100	100	Special purpose vehicle.
PT Persada Kencana Prima <sup>#</sup>	Indonesia	93	93	Cultivation of oil palm and marketing of FFB.
THP Gemas Sdn. Bhd.*	Malaysia	-	100	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.

\* The Company was disposed on 23 December 2016.

# Not audited by KPMG.

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### 7.2 Details of the subsidiaries are as follows: (continued)

Name of subsidiary	Principal place of business	Effective ownership interest and voting interest		Principal activities
		2016 %	2015 %	
<b>Indirect subsidiaries held through TH Ladang (Sabah &amp; Sarawak) Sdn. Bhd.</b>				
Ladang Jati Keningau Sdn. Bhd.	Malaysia	<b>82.53</b>	82.53	Teak plantation.
TH-Bonggaya Sdn. Bhd.	Malaysia	<b>100</b>	100	Forestry.
TH-USIA Jatimas Sdn. Bhd.	Malaysia	<b>70</b>	70	Forestry.
Derujaya Sdn. Bhd.	Malaysia	<b>100</b>	100	Dormant.
Halus Riang Sdn. Bhd.	Malaysia	<b>100</b>	100	Dormant.
Kuni Riang Sdn. Bhd.	Malaysia	<b>100</b>	100	Dormant.
TH PELITA Meludam Sdn. Bhd.	Malaysia	<b>60</b>	60	Cultivation of oil palm and marketing of FFB.
Cempaka Teratai Sdn. Bhd.	Malaysia	<b>100</b>	100	Investment holding.
Kee Wee Plantation Sdn. Bhd.	Malaysia	<b>100</b>	100	Investment holding.
TH PELITA Gedong Sdn. Bhd.	Malaysia	<b>70</b>	70	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
TH PELITA Sadong Sdn. Bhd.	Malaysia	<b>70</b>	70	Cultivation of oil palm and marketing of FFB.
TH PELITA Simunjan Sdn. Bhd.	Malaysia	<b>60</b>	60	Cultivation of oil palm and marketing of FFB.
TH PELITA Beladin Sdn. Bhd.	Malaysia	<b>55</b>	55	Cultivation of oil palm and marketing of FFB.

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)****Non-controlling interests in subsidiaries**

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

Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	Profit/(Loss) allocated to NCI RM'000
<b>2016</b>			
THP Sabaco Sdn. Bhd.	49	182,350	7,698
THP Saribas Sdn. Bhd.	20	2,116	(2,239)
THP-YT Plantation Sdn. Bhd.	30	11,981	(325)
Hydroflow Sdn. Bhd.	30	25,760	605
TH PELITA Gedong Sdn. Bhd.	30	65,446	850
TH PELITA Sadong Sdn. Bhd.	30	43,105	1,386
TH PELITA Meludam Sdn. Bhd.	40	(6,248)	(3,424)
Other individually immaterial subsidiaries	-	26,624	(1,152)
<b>Total</b>		<b>351,134</b>	<b>3,399</b>
<b>2015</b>			
THP Sabaco Sdn. Bhd.	49	180,506	982
THP Saribas Sdn. Bhd.	20	4,355	(7,814)
THP-YT Plantation Sdn. Bhd.	30	12,306	(880)
Hydroflow Sdn. Bhd.	30	25,155	39
TH PELITA Gedong Sdn. Bhd.	30	65,016	656
TH PELITA Sadong Sdn. Bhd.	30	42,139	1,086
TH PELITA Meludam Sdn. Bhd.	40	(2,825)	(13,541)
Other individually immaterial subsidiaries	-	27,787	(18,732)
<b>Total</b>		<b>354,439</b>	<b>(38,204)</b>



## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination													
As at 31 December 2016													
Subsidiary name	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.	430,257	80,823	(107,304)	(31,634)	372,142	74,585	15,710	15,710	24,786	(14,789)	(9,715)	282	3,147
THP Saribas Sdn. Bhd.	610,960	17,273	(577,282)	(40,371)	10,580	131,274	(11,193)	(11,193)	(46,833)	(2,537)	49,985	615	-
THP-YT Plantation Sdn. Bhd.	116,824	2,584	(77,784)	(1,686)	39,938	7,984	(1,083)	(1,083)	1,827	(1,838)	-	(11)	-
Hydroflow Sdn. Bhd.	133,673	2,821	(48,799)	(1,827)	85,868	5,186	2,016	2,016	5,762	(4,252)	(1,493)	17	-
TH PELITA Gedong Sdn. Bhd.	247,366	39,044	(47,490)	(20,766)	218,154	113,673	2,832	2,832	15,439	(6,199)	(9,452)	(212)	420
TH PELITA Sadong Sdn. Bhd.	130,633	33,300	(10,767)	(9,483)	143,683	35,143	4,621	4,621	6,331	(866)	(5,436)	29	420
TH PELITA Meludam Sdn. Bhd.	191,215	510	(189,406)	(17,940)	(15,621)	24,313	(8,559)	(8,559)	18,619	(446)	(18,179)	(6)	-

**7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)****Non-controlling interests in subsidiaries (continued)**

Summarised financial information before intra-group elimination													
As at 31 December 2015												Year ended 31 December 2015	
Subsidiary name	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.	430,126	67,177	(108,266)	(20,657)	368,380	65,299	7,834	7,834	28,835	(17,748)	(11,246)	(159)	2,643
THP Saribas Sdn. Bhd.	612,053	18,173	(518,393)	(90,058)	21,775	103,257	(39,070)	(39,070)	32,262	(32,428)	(640)	(806)	1,019
THP-YT Plantation Sdn. Bhd.	114,183	2,829	(73,617)	(2,375)	41,020	3,856	(2,933)	(2,933)	4,225	(4,358)	-	(133)	-
Hydroflow Sdn. Bhd.	128,727	3,139	(45,172)	(2,844)	83,850	4,006	130	130	5,123	(5,099)	(24)	-	-
TH PELITA Gedong Sdn. Bhd.	258,716	34,983	(53,982)	(22,997)	216,720	90,228	2,187	2,187	15,611	(5,666)	(9,874)	71	420
TH PELITA Sadong Sdn. Bhd.	138,790	26,465	(13,853)	(10,939)	140,463	29,580	3,620	3,620	5,901	(215)	(5,655)	31	420
TH PELITA Meludam Sdn. Bhd.	198,662	1,574	(192,027)	(15,272)	(7,063)	16,322	(33,853)	(33,853)	2,188	(711)	(1,543)	(66)	-

## 7. 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	
	2016 RM'000	2015 RM'000
Cash and cash equivalents	2,349	1,663
Land	23,731	15,886
At 31 December	26,080	17,549

The above restrictions arise from the following:

### Restriction imposed by bank covenants

The covenants of bank loans taken by TH PELITA Gedong Sdn. Bhd., TH PELITA Sadong Sdn. Bhd. and THP Saribas 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., TH PELITA Sadong Sdn. Bhd. and THP Saribas Sdn. Bhd., subsidiaries of the Company, restrict 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 subsidiaries to dispose or lease all or a substantial part of its assets or undertaking except in the ordinary course of their businesses, on ordinary commercial terms and on an arm's length basis.

## 8. OTHER INVESTMENTS

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>					
Available-for-sale financial assets – stated at cost	8.1	1,920	1,920	1,920	1,920
Less: Impairment loss		(95)	(95)	(95)	(95)
		1,825	1,825	1,825	1,825
<b>Current</b>					
Loans and receivables	8.2	3,520	4,127	-	1,760
At 31 December		5,345	5,952	1,825	3,585

**8. OTHER INVESTMENTS (CONTINUED)**

**8.1 Available for sale financial asset are investments in unquoted shares in Malaysia.**

**8.2 Loans and receivables which are deposits placed with licensed banks for the Group and Company have profit margin ranging from 2.90% to 5.38% (2015: 3.20% to 3.92%).**

**9. DEFERRED TAX (ASSETS)/LIABILITIES****Recognised deferred tax (assets)/liabilities**

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

	Assets		Liabilities		Net	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Group</b>						
Unutilised tax losses	(97,073)	(88,907)	-	-	(97,073)	(88,907)
Property, plant and equipment	93,624	174,982	328,788	339,631	422,412	514,613
FRS 139 adjustment on initial recognition of related company balances	-	-	3,462	3,623	3,462	3,623
Unabsorbed capital allowances	(113,413)	(189,575)	-	(1,847)	(113,413)	(191,422)
Others	(909)	17,975	(463)	6,605	(1,372)	24,580
Net tax (assets)/liabilities	(117,771)	(85,525)	331,787	348,012	214,016	262,487
<b>Company</b>						
Property, plant and equipment	-	-	8,111	6,159	8,111	6,159
Amount due from related companies	-	-	3,462	3,623	3,462	3,623
Others	-	-	(49)	1,936	(49)	1,936
Net tax liabilities	-	-	11,524	11,718	11,524	11,718

**Unrecognised deferred tax assets**

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

	Group	
	2016 RM'000	2015 RM'000
Unutilised tax loss carry-forwards	(9,184)	(8,647)
At 31 December	(9,184)	(8,647)
Tax at 24% (2015: 24%)	(2,204)	(2,075)

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.

**9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)****Movement in temporary differences during the year**

	At 1.1.2015	Recognised in profit or loss (note 20)	Recognised in other comprehensive income (note 22)	At 31.12.2015/ 1.1.2016	Recognised in profit or loss (note 20)	Disposal of subsidiary (note 32)	At 31.12.2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
Unutilised tax losses	(35,123)	(53,784)	-	<b>(88,907)</b>	<b>(8,166)</b>	-	<b>(97,073)</b>
Unabsorbed capital allowances	(116,130)	(75,292)	-	<b>(191,422)</b>	<b>78,009</b>	-	<b>(113,413)</b>
Property, plant and equipment	434,642	79,971	-	<b>514,613</b>	<b>(84,697)</b>	<b>(7,504)</b>	<b>422,412</b>
FRS 139 adjustment on initial recognition of related company balances	3,750	(127)	-	<b>3,623</b>	<b>(161)</b>	-	<b>3,462</b>
Others	(946)	27,194	(1,668)	<b>24,580</b>	<b>(25,952)</b>	-	<b>(1,372)</b>
	<b>286,193</b>	<b>(22,038)</b>	<b>(1,668)</b>	<b>262,487</b>	<b>(40,967)</b>	<b>(7,504)</b>	<b>214,016</b>
<b>Company</b>							
Property, plant and equipment	5,143	1,016	-	<b>6,159</b>	<b>1,952</b>	-	<b>8,111</b>
Amount due from related companies	3,750	(127)	-	<b>3,623</b>	<b>(161)</b>	-	<b>3,462</b>
Amount due from subsidiaries companies	6,992	(6,992)	-	-	-	-	-
Others	(98)	2,034	-	<b>1,936</b>	<b>(1,985)</b>	-	<b>(49)</b>
	<b>15,787</b>	<b>(4,069)</b>	-	<b>11,718</b>	<b>(194)</b>	-	<b>11,524</b>

**10. TRADE AND OTHER RECEIVABLES**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
<b>Trade</b>					
Trade receivables		<b>51,959</b>	31,251	<b>7,970</b>	3,195
<b>Non-trade</b>					
Amount due from subsidiaries	10.1	-	-	<b>197,007</b>	98,918
Other receivables		<b>57,352</b>	39,548	<b>46,403</b>	27,665
Tax recoverable		<b>9,164</b>	2,152	-	-
		<b>66,516</b>	41,700	<b>243,410</b>	126,583
		<b>118,475</b>	72,951	<b>251,380</b>	129,778

**10.1** The amount due from subsidiaries are unsecured, no profit margin applied and repayable on demand except for an amount of RM7,695,000 (2015: RM11,794,000), which is subject to profit margin 5.90% (2015: 3.33% to 3.36%).

**11. INVENTORIES**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Finished goods	<b>13,445</b>	4,294	<b>1,147</b>	555
Stores	<b>3,600</b>	21,367	<b>674</b>	535
	<b>17,045</b>	25,661	<b>1,821</b>	1,090

Finished goods have been written down to net realisable value of nil (2015: RM197,000). The write-down is included in cost of sales.

**12. CASH AND CASH EQUIVALENTS**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deposits placed with licensed banks	12.1	<b>127,473</b>	61,458	<b>127,426</b>	61,183
Cash and bank balances	12.2	<b>36,298</b>	14,132	<b>32,790</b>	10,570
		<b>163,771</b>	75,590	<b>160,216</b>	71,753

**12. CASH AND CASH EQUIVALENTS (CONTINUED)****12.1 Deposits which are placed with licensed banks for Group and Company have profit margins ranging between 2.90% to 4.00% (2015: 3.20% to 3.92%).**

Included in the deposits placed with licensed banks for Group is nil (2015 : RM33,000) pledged for a bank guarantee issued to a third party.

**12.2 Included in the bank balances is RM32,476,000 (2015: RM11,884,000) and RM31,669,000 (2015: RM10,176,000) which is maintained by the Group and the Company respectively with a related company.****13. CAPITAL AND RESERVES****Share capital**

	Group and Company			
	Number of shares 2016 '000	Amount 2016 RM'000	Number of shares 2015 '000	Amount 2015 RM'000
Authorised:				
Ordinary shares of RM0.50 each	4,000,000	2,000,000	4,000,000	2,000,000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares of RM0.50 each				
At 1 January/ 31 December	883,851	441,925	883,851	441,925

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

**Share premium**

	Group and Company	
	2016 RM'000	2015 RM'000
At 1 January/ 31 December	420,827	420,827

**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 28.

**14. LOANS AND BORROWINGS**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>					
<i>Secured</i>					
Flexi Term Financing-i	14.1	<b>30,715</b>	43,715	-	-
Ijarah Term Financing-i Facility	14.2	-	7,768	-	-
Commodity Murahabah Term Financing-i	14.3	<b>73,693</b>	-	-	-
<i>Unsecured</i>					
SUKUK Murahabah Medium Term Notes	14.4	<b>1,050,000</b>	1,060,000	-	-
Term Financing	14.5	<b>20,966</b>	17,154	-	-
		<b>1,175,374</b>	1,128,637	-	-
<b>Current</b>					
<i>Secured</i>					
Flexi Term Financing-i	14.1	<b>13,000</b>	9,000	-	-
Ijarah Term Financing-i Facility	14.2	<b>7,680</b>	12,000	-	-
Commodity Murahabah Term Financing-i	14.3	<b>4,800</b>	-	-	-
<i>Unsecured</i>					
SUKUK Murahabah Medium Term Notes	14.4	<b>70,000</b>	80,000	-	-
Islamic Trade Financing-i	14.6	<b>17,671</b>	5,493	-	-
		<b>113,151</b>	106,493	-	-
		<b>1,288,525</b>	1,235,130	-	-

**14.1 Flexi Term Financing-i****TH PELITA Meludam Sdn. Bhd.***Security*

The Flexi Term Financing-i which is taken by a subsidiary of the Group is secured over property, plant and equipment (leasehold land) with a carrying amount of RM11,219,000 (2015: RM11,448,000)(see note 3).

*Significant covenants*

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

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



**14. LOANS AND BORROWINGS (CONTINUED)****14.1 Flexi Term Financing-i (continued)****TH PELITA Meludam Sdn. Bhd. (continued)***Significant covenants (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 without 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.

**14.2 Ijarah Term Financing-i Facility****TH PELITA Gedong Sdn. Bhd. and TH PELITA Sadong Sdn. Bhd.***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 RM4,336,000 (2015: RM4,438,000)(see note 3).

## 14. LOANS AND BORROWINGS (CONTINUED)

### 14.2 Ijarah Term Financing-i Facility (continued)

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

##### *Significant covenants*

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;
- (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.

## 14. LOANS AND BORROWINGS (CONTINUED)

### 14.3 Commodity Murabahah Term Financing-i

#### THP Saribas Sdn. Bhd.

##### *Security*

The Commodity Murabahah Term Financing-i Facility, which is obtained by subsidiaries of the Group, is secured over the leasehold land with a carrying amount of RM8,176,000 (see note 3).

##### *Significant covenants*

The Commodity Murabahah Term Financing-i loan facilities are subject to the fulfilment of the following significant covenants:

- (a) not to grant any financings, loans, advance, provide security or guarantee any person except for normal trade credit or trade guarantee in the ordinary course of business;
- (b) not to incur, assume or permit to exist any indebtedness, loans or financing under Islamic banking principles except those already disclosed in writing and consented to by the bank and unsecured indebtedness incurred in the ordinary course of business of the Customer;
- (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 Bank's opinion is not material);
- (d) not to effect or permit any form of merger, reconstruction, consolidation, amalgamation or reduction in share capital or otherwise approve or permit any change of ownership or control;
- (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 any dividends in excess of ten per cent (10%) of its paid-up capital or any amount in excess of fifty per cent (50%) of its annual net income after tax or such other threshold as may be prescribed by the Bank, provided always any such permissible declaration of dividends may only be made if all payment obligation of the Customer is current;
- (g) not to enter into any 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, or enter into any management agreement whereby its business is managed by a third party;
- (h) not to initiate, commence, institute or maintain any action, suit or proceedings whatsoever in any court or tribunal against the vendor or any related party thereto in respect of any matter arising out of the purchase of the Property(ies);
- (i) not to change the Customer's financial year or the nature of the Customer's business;
- (j) not to decrease or alter the Customer's authorised or issued capital or alter the structure thereof or the rights attached thereto; and
- (k) not to breach such other covenants as may be prescribed by the Bank in the financing documents.

## 14. LOANS AND BORROWINGS (CONTINUED)

### 14.4 SUKUK Murabahah Medium Term Notes

#### THP Suria Mekar Sdn. Bhd.

The SUKUK Murabahah Medium Term Notes, which was issued by the Company in prior year is a programme of up to RM1.00 billion in nominal value to Lembaga Tabung Haji. The company has redeemed the SUKUK in 2015.

The SUKUK Murabahah Medium Term Notes, which was issued by a subsidiary of the Company in current year is a programme of up to RM1.20 billion in nominal value to Lembaga Tabung Haji. There is no change in the covenants as the SUKUK holder is the holding corporation.

#### *Significant covenants*

- (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;
- (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 payment under the arrangement pertaining to the SUKUK Murabahah is overdue and unpaid or if any of the payments under the arrangement 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;

**14. LOANS AND BORROWINGS (CONTINUED)****14.4 SUKUK Murabahah Medium Term Notes (continued)****THP Suria Mekar Sdn. Bhd. (continued)***Significant covenants (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.

## 14. LOANS AND BORROWINGS (CONTINUED)

### 14.5 Term Financing

#### TH-Bonggaya Sdn. Bhd.

##### *Security*

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

##### *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.

### 14.6 Islamic Trade Financing-i

#### Manisraya Sdn. Bhd.

##### *Significant covenants*

The Islamic trade financing facilities are subject to the fulfilment of the following significant covenants:

- (a) not to grant any financings, loans or advances, or provide security or guarantee any person, except for normal trade credit or trade guarantee in the ordinary course of business;
- (b) not to incur, assume or permit to exist any indebtedness or any loan or any financing under Islamic banking principles except those already disclosed in writing and consented to by the bank and unsecured indebtedness incurred in the ordinary course of business of the Customer;
- (c) not to create or permit to subsist any Security Interest over any of its present and future assets, business or undertaking, except liens arising by operation of law and in the normal course of business and not by way of contact;
- (d) not to effect or permit any form of merger, reconstruction, consolidation, amalgamation or reduction in share capital or otherwise approve or permit any change of ownership or control;

**14. LOANS AND BORROWINGS (CONTINUED)****14.6 Islamic Trade Financing-i (continued)****Manisraya Sdn. Bhd. (continued)***Significant covenants (continued)*

- (e) not to dispose, sell or transfer or otherwise dispose of 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 enter into any partnership, profit-sharing or royalty agreement or other arrangement or whatsoever nature whereby the Issuer's income or profits derived from its main activities are, or might be, shared with any other person, firm or a 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;
- (g) not to change the Customer's financial year;
- (h) not to engage or carry on any other business other than that as currently carried out or suspend or threaten to suspend any part of its business;
- (i) not to add, delete, amend or substitute its memorandum or articles of association in a manner inconsistent with the provisions of this Agreement, the other Security Documents and/or Transaction Documents, unless otherwise required under the law;
- (j) not to take any step to wind up or dissolve itself;
- (k) not to decrease or alter the Customer's authorised or issued capital or alter the structure thereof or the rights attached thereto;
- (l) not to obtain or permit to exist any loans or advances from its shareholders, unless these loans and advances are subordinated to the Facilities in accordance with the provisions of this Agreement, the other Security Documents and/or Transaction Documents; and
- (m) not to enter into any agreement with its shareholders, subsidiaries or associated companies, unless such agreement is entered into in the ordinary course of business, on an arms-length basis and will not have a material adverse effect on the Customer.

**15. DEFERRED INCOME**

	Note	Group	
		2016 RM'000	2015 RM'000
<b>Government grant</b>			
At 1 January		-	22,139
Fair value recognised in other comprehensive income	15.1	-	(22,139)
Fair value on government grant	15.2	<b>3,120</b>	5,180
Fair value recognised in profit and loss	15.2	<b>(3,120)</b>	(5,180)
		-	-

**15. DEFERRED INCOME (CONTINUED)**

A subsidiary of the Company received a loan in 2015 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. During the financial year, the subsidiary made an additional drawdown amounting to RM5,152,000.

**15.1** Government grant is recognised in statement of comprehensive income and in profit or loss as it relates to an asset measured at fair value (see note 5).

**15.2** 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 and longer repayment period is recognised as government grant. The term financing received during the year has been fair valued based on discounted cash flows using a rate based on the current market rate of borrowing at reporting date. The repayment of the loan is estimated to be made after 18 years (see note 14.5).

**15.3 Fair value information**

Fair value of government grant categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<b>2016</b>				
Government grant	-	-	3,120	3,120
<b>2015</b>				
Government grant	-	-	5,180	5,180

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of the grant is the difference between the fair value of the government loan and the cash received from the loan. The fair value of the loan is determined using discounted cash flows. The valuation method considers the present value of net cash flows to be payables to lender, taking into account current profit margin rate (base lending rate plus spread), and expected repayment period. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>Profit margin rate (7.76%)</li> <li>Repayment period (20 years)</li> </ul>	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> <li>Expected profit margin rate higher (lower);</li> <li>Expected repayment period higher (lower);</li> </ul>



**16. TRADE AND OTHER PAYABLES**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due to related companies	16.1	<b>13,656</b>	13,037	<b>12,457</b>	11,924
<b>Current</b>					
<b>Trade</b>					
Trade payables		<b>50,540</b>	74,695	<b>8,501</b>	3,150
<b>Non-trade</b>					
Amount due to holding corporation	16.2	<b>6,796</b>	1,825	<b>6,796</b>	1,825
Amount due to subsidiaries	16.3	-	-	<b>232,173</b>	313,000
Amount due to related companies	16.4	<b>32,978</b>	37,503	<b>32,978</b>	35,658
Other payables		<b>56,326</b>	49,171	<b>8,021</b>	7,119
Accrued expenses		<b>24,733</b>	19,065	<b>219</b>	-
Dividend payable	16.5	<b>34,073</b>	45,296	-	138
		<b>154,906</b>	152,860	<b>280,187</b>	357,740
		<b>205,446</b>	227,555	<b>288,688</b>	360,890

**16.1** The amount due to related companies is unsecured, no profit margin applied and stated at amortised cost. The amount is to be repaid over the next ten (10) years.

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

**16.3** The amount due to subsidiaries are unsecured, subject to profit margin ranges from 3.17% to 3.36% (2015: 3.33% to 3.36%) and are repayable on demand.

**16.4** The amount due to related companies are unsecured, subject to profit margin ranges from 3.17% to 3.36% (2015: 3.33% to 3.36%) and are repayable on demand.

**16.5** The Group expects to rollover the dividend payables to holding corporation amounting to RM18.5 million which was due for repayment in 2017.

**17. REVENUE**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sales	<b>556,932</b>	455,270	<b>128,242</b>	86,000
Dividends	<b>475</b>	-	<b>121,855</b>	31,096
Management fees	<b>4,903</b>	34	-	-
	<b>562,310</b>	455,304	<b>250,097</b>	117,096

**18. PROFIT MARGIN INCOME**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit margin income on financial assets that are not at fair value through profit or loss:				
- intercompany receivables	-	-	601	22,300
- early settlement of amount due from subsidiaries	-	-	-	38,107
- loans and receivables	2,538	5,251	1,565	5,140
Recognised in profit or loss	2,538	5,251	2,166	65,547

**19. FINANCE COST**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Finance cost on financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	79,356	75,509	3,402	25,205
- profit margin expense on subsidiaries	-	-	7,611	5,384
- profit margin expense on related companies	2,387	3,669	2,387	3,669
	81,743	79,178	13,400	34,258
Recognised in profit or loss	51,196	22,532	10,854	32,795
Capitalised in plantation development expenditure	22,803	48,949	2,546	1,463
Capitalised in forestry	7,744	7,697	-	-
	81,743	79,178	13,400	34,258

**20. TAX (CREDIT)/EXPENSE**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current tax expense</b>				
Malaysia - current year	<b>17,529</b>	15,811	<b>1,933</b>	1,644
- prior years	<b>265</b>	1,012	<b>686</b>	1,683
Total current tax recognised in profit or loss	<b>17,794</b>	16,823	<b>2,619</b>	3,327
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	<b>(25,827)</b>	(17,013)	<b>1,353</b>	(4,854)
(Over)/Under provision in prior year	<b>(15,140)</b>	(5,025)	<b>(1,547)</b>	785
Total deferred tax recognised in profit or loss	<b>(40,967)</b>	(22,038)	<b>(194)</b>	(4,069)
Total income tax (credit)/expense	<b>(23,173)</b>	(5,215)	<b>2,425</b>	(742)
<b>Reconciliation of effective tax expense</b>				
Profit for the year	<b>150,469</b>	23,929	<b>240,599</b>	78,687
Total income tax (credit)/expense	<b>(23,173)</b>	(5,215)	<b>2,425</b>	(742)
Profit excluding tax	<b>127,296</b>	18,714	<b>243,024</b>	77,945
Tax calculated using Malaysian tax rate of 24% (2015: 25%)	<b>30,551</b>	4,679	<b>58,326</b>	19,486
Recognition of previously unrecognised deferred tax assets	-	(10,149)	-	-
Effect of changes in tax rates*	-	836	-	(233)
Non-assessable income	<b>(67,491)</b>	(5,400)	<b>(55,040)</b>	(22,463)
Non-deductible expenses	<b>28,642</b>	8,832	-	-
Under/(Over) provided in prior years:				
- current tax	<b>265</b>	1,012	<b>686</b>	1,683
- deferred tax	<b>(15,140)</b>	(5,025)	<b>(1,547)</b>	785
Total income tax (credit)/expense	<b>(23,173)</b>	(5,215)	<b>2,425</b>	(742)

\* A reduction in the corporate tax rate from 25% to 24% was proposed in the 2015 budget. Management has used judgment with regard to determining temporary differences expected to reverse and estimated the temporary difference in prior year. The effect of any change were recognised in the profit or loss.

**21. PROFIT FOR THE YEAR**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Profit for the year is arrived at after charging:</b>				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia	<b>1,041</b>	1,032	<b>190</b>	190
- Non-audit fees				
KPMG Malaysia	<b>195</b>	213	<b>20</b>	39
Depreciation of property, plant and equipment	<b>97,196</b>	88,673	<b>1,657</b>	1,389
Personnel expenses (including key management personnel):				
- Wages, salaries and others	<b>98,101</b>	106,739	<b>7,249</b>	6,768
- Contribution to Employees Provident Fund	<b>8,089</b>	7,811	<b>499</b>	497
Plantation development expenditure written off	<b>1,625</b>	-	-	-
Property, plant and equipment written off	<b>56</b>	225	-	63
Rental expense in respect of:				
- Premises	<b>2,139</b>	2,010	<b>1,932</b>	1,932
- Land	<b>2,662</b>	2,662	<b>2,662</b>	2,662
Zakat expense	-	1,623	-	204
Trade receivables written off	-	1,749	-	833
Impairment loss on trade receivables	<b>157</b>	-	-	-
Inventories written off	-	435	-	-
Inventories written down	-	197	-	-
Other receivables written off	<b>20</b>	1,000	<b>20</b>	1,000
Change in fair value of forestry	<b>15,333</b>	-	-	-
<b>and after crediting:</b>				
Gain on disposal of property, plant and equipment	<b>95</b>	383	-	-
Rental income from property	-	-	<b>5,779</b>	5,782
Unrealised gain on foreign exchange	<b>4,684</b>	2,865	-	-
Fair value of ESOS granted	<b>15</b>	47	<b>15</b>	47
Change in fair value of forestry	-	14,461	-	-
Dividends income from subsidiaries	-	-	<b>121,855</b>	31,096
Gain on disposal of a subsidiary	<b>112,584</b>	1,303	<b>100,680</b>	2,219
Waiver of other payables	<b>8,205</b>	-	<b>8,205</b>	-
Fair value on government grant	<b>3,120</b>	5,180	-	-

**22. OTHER COMPREHENSIVE INCOME**

	Before tax	Tax benefit	Net of tax
Group	RM'000	RM'000	RM'000
<b>2016</b>			
<b>Item that is or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(138)	-	(138)
<b>2015</b>			
<b>Item that is or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(367)	-	(367)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value change in forestry	(6,949)	1,668	(5,281)
Government grant	22,139	-	22,139
	15,190	1,668	16,858

**23. EARNINGS PER ORDINARY SHARE**

The calculation of basic and diluted earnings per share for the year ended 31 December 2016 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2016	2015
	RM'000	RM'000
Profit for the year attributable to shareholders	147,070	62,133

**Weighted average number of ordinary shares**

	Group	
	2016	2015
	'000	'000
Weighted average number of ordinary shares at 31 December	883,851	883,851

**Weighted average number of ordinary shares (diluted)**

	Group	
	2016	2015
	RM'000	RM'000
Issued ordinary shares at 1 January	883,851	883,851
Weighted average number of ordinary shares at 31 December	883,851	883,851

**23. EARNINGS PER ORDINARY SHARE (CONTINUED)**

	Group	
	2016 Sen	2015 Sen
Basic earnings per ordinary share	16.64	7.03
Diluted earnings per ordinary share	16.64	7.03

**24. DIVIDENDS**

Dividends recognised in the prior year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
<b>2015</b>			
Final 2014 ordinary (net of tax)	2.00	17,677	12 June 2015

After the end of the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the owners of the Company.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2016 of 6.00 sen per ordinary share amounting to approximately RM53.03 million (based on 883,851,470 ordinary shares in issue as at 31 December 2016) will be proposed for the shareholders' approval.

**25. OPERATING SEGMENTS**

The Group has three 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 Executive Officer, who is 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.
- *Forestry* Harvesting of rubberwood.

These operating segments are disaggregated due to different nature and different economic characteristic of the products.

The cultivation of oil palm, processing of FFB, marketing of CPO, PK and FFB are aggregated to form a reportable segment as oil palm plantations due to similar nature and economic characteristics of the products. The nature and methods of distribution of the products for these division are similar. The type of customers are similar, which is industrial customers.

There are varying levels of integration between reportable segments, the oil palm plantations, forestry 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(s).

## 25. OPERATING SEGMENTS (CONTINUED)

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.

	Oil palm plantations		Management services		Forestry		Consolidation	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Group</b>								
<b>Segment profit/(loss)</b>	198,565	133,778	(24,407)	(11,351)	(13,904)	14,461	160,254	136,888
<i>Included in the measure of segment profit/(loss) are:</i>								
Revenue from external customers	<b>556,932</b>	455,270	<b>4,903</b>	34	-	-	<b>561,835</b>	455,304
Inter-segment revenue	<b>210,557</b>	99,707	<b>21,825</b>	17,920	-	-	<b>232,382</b>	117,627
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>								
Depreciation	<b>(96,340)</b>	(86,932)	<b>(856)</b>	(1,741)	-	-	<b>(97,196)</b>	(88,673)
Finance costs	<b>(126,920)</b>	(183,773)	-	-	<b>(1,725)</b>	(34,553)	<b>(128,645)</b>	(218,326)
Profit margin income from short-term investments and receivables	<b>79,949</b>	204,706	-	-	<b>37</b>	30	<b>79,986</b>	204,736
<b>Segment assets</b>	<b>5,589,928</b>	5,410,127	<b>27,510</b>	16,241	<b>200,801</b>	179,358	<b>5,818,239</b>	5,605,726
Additions to non-current assets other than financial instrument and deferred tax assets	<b>88,327</b>	162,986	<b>9,964</b>	695	<b>23,348</b>	24,801	<b>121,639</b>	188,482

**25. OPERATING SEGMENTS (CONTINUED)****Reconciliations of reportable segment revenues, profit or loss, assets and other material items**

	2016	2015
Group	RM'000	RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	160,254	136,888
Other non-reportable segments	475	-
Elimination of inter-segments profit	-	158
Unallocated income/(expenses):		
Corporate expenses	(17,179)	(15,717)
Depreciation and amortisation	(97,196)	(88,673)
Finance cost	(51,196)	(22,532)
Finance income	2,538	5,251
Gain on disposal of a subsidiary	112,584	-
Others	17,016	3,339
Consolidated profit before tax	127,296	18,714

	External revenue	Depreciation	Finance costs	Profit margin income	Segment assets	Additions to non-current assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2016</b>						
Total profit or loss for reportable segments	561,835	(97,196)	(128,645)	79,986	5,818,239	121,639
Elimination of inter-segment transaction or balances	-	-	77,449	(77,448)	(2,209,122)	-
Consolidated total	561,835	(97,196)	(51,196)	2,538	3,609,117	121,639
<b>2015</b>						
Total profit or loss for reportable segments	455,304	(88,673)	(218,326)	204,736	5,605,726	188,482
Elimination of inter-segment transaction or balances	-	-	195,794	(199,485)	(2,146,310)	(7,259)
Consolidated total	455,304	(88,673)	(22,532)	5,251	3,459,416	181,223



**25. OPERATING SEGMENTS (CONTINUED)****Geographical segments**

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.

	Revenue		Non-current assets	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	562,310	455,304	3,097,636	3,119,517
Indonesia	-	-	79,419	51,767
	<b>562,310</b>	455,304	<b>3,177,055</b>	3,171,284

**Major customers**

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

	2016 RM'000	2015 RM'000	Segment
SOP Edible Oils Sdn. Bhd.	71,301	-	Oil palm plantations
Bintulu Edible Oils Sdn. Bhd.	71,493	75,994	Oil palm plantations

**26. FINANCIAL INSTRUMENTS****26.1 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").

**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.1 Categories of financial instruments (continued)**

	Carrying amount	L&R/(FL)	AFS
2016	RM'000	RM'000	RM'000
<b>Group</b>			
<b>Financial assets</b>			
Other investments	5,345	3,520	1,825
Trade and other receivables	118,475	118,475	-
Cash and cash equivalents	163,771	163,771	-
	<b>287,591</b>	<b>285,766</b>	<b>1,825</b>
<b>Financial liabilities</b>			
Loans and borrowings	(1,288,525)	(1,288,525)	-
Trade and other payables*	(217,793)	(217,793)	-
	<b>(1,506,318)</b>	<b>(1,506,318)</b>	<b>-</b>
<b>Company</b>			
<b>Financial assets</b>			
Other investments	1,825	-	1,825
Trade and other receivables	251,380	251,380	-
Cash and cash equivalents	160,216	160,216	-
	<b>413,421</b>	<b>411,596</b>	<b>1,825</b>
<b>Financial liabilities</b>			
Trade and other payables*	(300,858)	(300,858)	-
<b>2015</b>			
<b>Group</b>			
<b>Financial assets</b>			
Other investments	5,952	4,127	1,825
Trade and other receivables	72,951	72,951	-
Cash and cash equivalents	75,590	75,590	-
	<b>154,493</b>	<b>152,668</b>	<b>1,825</b>
<b>Financial liabilities</b>			
Loans and borrowings	(1,235,130)	(1,235,130)	-
Trade and other payables*	(237,783)	(237,783)	-
	<b>(1,472,913)</b>	<b>(1,472,913)</b>	<b>-</b>
<b>Company</b>			
<b>Financial assets</b>			
Other investments	3,585	1,760	1,825
Trade and other receivables	129,778	129,778	-
Cash and cash equivalents	71,753	71,753	-
	<b>205,116</b>	<b>203,291</b>	<b>1,825</b>
<b>Financial liabilities</b>			
Trade and other payables*	(372,518)	(372,518)	-

\* excludes non-financial instruments items

## 26. FINANCIAL INSTRUMENTS (CONTINUED)

### 26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net gains/(losses) on:				
Loans and receivables	7,045	8,232	2,126	63,714
Financial liabilities measured at amortised cost	(81,743)	(79,178)	(13,400)	(34,258)
	<b>(74,698)</b>	(70,946)	<b>(11,274)</b>	29,456

Included in losses on financial liabilities of the Group measured at amortised cost is RM23,573,000 (2015: RM48,949,000) which is capitalised in plantation development expenditure (see note 4) and forestry RM7,744,000 (2015: RM7,697,000) (see note 5).

### 26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

### 26.4 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. The Company's exposure to credit risk arises principally from its receivables from customers and amount due from 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 receivables. Any receivables having significant balances past due more than sixty (60) days, which are deemed to have higher credit risk, are monitored individually.

**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.4 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:

	Gross	Individual impairment	Net
Group	RM'000	RM'000	RM'000
<b>2016</b>			
Not past due	5,816	-	5,816
Past due 0-30 days	46,090	-	46,090
Past due 31-120 days	53	-	53
Past due more than 120 days	157	(157)	-
	<b>52,116</b>	<b>(157)</b>	<b>51,959</b>
<b>2015</b>			
Not past due	18,311	-	18,311
Past due 0-30 days	11,619	-	11,619
Past due 31-120 days	1,164	-	1,164
Past due more than 120 days	157	-	157
	<b>31,251</b>	<b>-</b>	<b>31,251</b>
<b>Company</b>			
<b>2016</b>			
Not past due	<b>7,970</b>	<b>-</b>	<b>7,970</b>
<b>2015</b>			
Not past due	3,195	-	3,195

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2016	2015
	RM'000	RM'000
At 1 January	-	-
Impairment loss recognised	157	-
At 31 December	157	-

## 26. FINANCIAL INSTRUMENTS (CONTINUED)

### 26.4 Credit risk (continued)

#### 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.

#### Intercompany loans and advances

*Risk management objectives, policies and processes for managing the risk*

The Company provides advances to subsidiaries of which the Company could exercise control over its financial management and operation. The Company monitors the results of the subsidiaries 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 of the Group.

### 26.5 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, loans and borrowings.

The Group and the Company raises funds as required on the basis of budgeted expenditure and inflows for the next twelve months with the objective of ensuring adequate funds to meet commitments associated with its financial liabilities. When funds are sought, the Group and the Company balances the costs and benefits of equity and debt financing against the developments to be undertaken. At 31 December 2016, the Group's borrowings to fund the developments had terms of less than ten years. Cash flows are monitored on an on-going basis. The Group and the Company manages its liquidity needs by monitoring scheduled debt servicing payments for long term and short term financial liabilities as well as cash out flows due in its day to day operations while ensuring sufficient headroom on its undrawn committed borrowing facilities at all times so that borrowing limits are not breached. Management is of the opinion that most of the borrowings can be renewed or re-financed based on the strength of the Group's earnings, cash flow and asset base. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

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.

**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.5 Liquidity risk (continued)***Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual profit margin rate	Contractual cash flows	Under 1 year	1 – 2 years	2 – 5 years	More than 5 years
Group	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2016</b>							
<i>Non-derivative financial liabilities</i>							
SUKUK Murabahah Medium Term Notes							
	1,120,000	4.85-8.65	1,572,102	135,840	237,498	250,974	947,790
Flexi Term Financing-i	43,715	5.24-5.41	44,492	14,668	29,824	-	-
Ijarah Term Financing-i Facility	7,680	6.50	8,044	8,044	-	-	-
Term Financing	20,966	3.00	79,646	-	-	-	79,646
Islamic Trade Financing-i	17,671	3.41-3.89	18,316	18,316	-	-	-
Commodity Mudharabah Term Financing-i							
	78,493	5.67-5.83	106,107	9,381	10,626	33,047	53,053
Amount due to holding corporation	6,796	-	6,796	6,796	-	-	-
Amount due to related companies	46,634	3.30-3.36	51,608	34,082	-	14,844	2,682
Trade and other payables	164,363	-	164,363	164,363	-	-	-
	<b>1,506,318</b>		<b>2,051,474</b>	<b>391,490</b>	<b>277,948</b>	<b>298,865</b>	<b>1,083,171</b>
<b>2015</b>							
<i>Non-derivative financial liabilities</i>							
SUKUK Murabahah Medium Term Notes							
	1,140,000	4.85-8.65	1,630,753	140,774	239,725	247,912	1,002,342
Flexi Term Financing-i	52,715	5.30	58,292	11,961	33,929	12,402	-
Ijarah Term Financing-i Facility	19,768	6.50	21,115	13,036	8,079	-	-
Term Financing	17,154	3.00	71,402	-	-	-	71,402
Islamic Trade Financing-i	5,493	3.70-3.76	5,698	5,698	-	-	-
Amount due to holding corporation	1,825	-	1,825	1,825	-	-	-
Amount due to related companies	50,540	3.33-3.36	52,363	37,503	-	14,860	-
Trade and other payables	185,418	-	185,418	185,418	-	-	-
	<b>1,472,913</b>		<b>2,026,866</b>	<b>396,215</b>	<b>281,733</b>	<b>275,174</b>	<b>1,073,744</b>

**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.5 Liquidity risk (continued)***Maturity analysis (continued)*

	Carrying amount	Contractual profit margin rate	Contractual cash flows	Under 1 year	1 – 2 years	2 – 5 years	More than 5 years
Company	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2016</b>							
<i>Non-derivative financial liabilities</i>							
Amount due to subsidiaries	232,173	3.17-3.36	239,341	239,341	-	-	-
Amount due to holding corporation	6,796	-	6,796	6,796	-	-	-
Amount due to related companies	45,435	3.17-3.36	49,133	34,289	-	14,844	-
Trade and other payables	16,454	-	16,454	16,454	-	-	-
	<b>300,858</b>		<b>311,724</b>	<b>296,880</b>	-	<b>14,844</b>	-
<b>2015</b>							
<i>Non-derivative financial liabilities</i>							
Amount due to subsidiaries	313,000	3.33-3.36	323,470	323,470	-	-	-
Amount due to holding corporation	1,825	-	1,825	1,825	-	-	-
Amount due to related companies	47,582	3.33-3.36	52,012	37,168	-	14,844	-
Trade and other payables	10,111	-	10,111	10,111	-	-	-
	<b>372,518</b>		<b>387,418</b>	<b>372,574</b>	-	<b>14,844</b>	-

## 26. FINANCIAL INSTRUMENTS (CONTINUED)

### 26.6 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.

#### 26.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Indonesia Rupiah ("IDR").

##### *Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in IDR	
	2016 RM'000	2015 RM'000
<b>Group</b>		
<b>Balances recognised in the statement of financial position</b>		
Trade payables	200	24,310
<b>Net exposure</b>	<b>200</b>	<b>24,310</b>

##### *Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia ("RM"). A 10% (2015: 10%) strengthening of the RM against the following currencies would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss	
	2016 RM'000	2015 RM'000
<b>Group</b>		
IDR	15	1,823

A 10% (2015: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

#### 26.6.2 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.



**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.6 Market risk (continued)****26.6.2 Profit margin risk (continued)***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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Fixed rate instruments</b>				
Financial assets	<b>130,993</b>	65,585	<b>127,426</b>	62,943
Financial liabilities	<b>(1,158,637)</b>	(1,162,647)	-	-
	<b>(1,027,644)</b>	(1,097,062)	<b>127,426</b>	62,943
<b>Floating rate instruments</b>				
Financial assets	-	-	<b>197,007</b>	98,918
Financial liabilities	<b>(176,522)</b>	(123,023)	<b>(277,608)</b>	(360,582)
	<b>(176,522)</b>	(123,023)	<b>(80,601)</b>	(261,664)

As at 31 December 2016, the Group's exposure to the variable profit margin risk is the amount due to related companies which carries profit margin rates as stated in note 16.4.

As at 31 December 2016, the Company's exposure to the variable profit margin risk are other investments, the amount due from subsidiaries, deposits placed with licensed banks and the amount due to subsidiaries which carries profit margin rates as stated in note 8, 10, 12 and 16 respectively.

**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.

**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.6 Market risk (continued)****26.6.2 Profit margin risk (continued)***Cash flow sensitivity analysis for variable rate instruments (continued)*

	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	2016	2016	2015	2015
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Floating rate instruments	<b>(13,416)</b>	<b>13,416</b>	(9,227)	9,227
<b>Company</b>				
Floating rate instruments	<b>11,586</b>	<b>(11,586)</b>	3,850	(3,850)

**26.7 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 unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.7 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 not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2016</b>					
<b>Financial assets</b>					
Available-for-sale*	-	-	1,825	1,825	1,825
<b>Financial liabilities</b>					
Flexi Term Financing-i	-	-	(35,834)	(35,834)	(43,715)
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(1,284,945)	(1,284,945)	(1,120,000)
Ijarah Term Financing-i Facility	-	-	(7,465)	(7,465)	(7,680)
Term Financing	-	-	(23,129)	(23,129)	(20,966)
Commodity Mudharabah Term Financing-i	-	-	(71,838)	(71,838)	(78,493)
Amount due to related companies	-	-	(10,659)	(10,659)	(13,656)
	-	-	(1,433,870)	(1,433,870)	(1,284,510)

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

**26. FINANCIAL INSTRUMENTS (CONTINUED)****26.7 Fair value information (continued)**

Group	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2015</b>					
<b>Financial assets</b>					
Loans and receivables*	-	-	3,998	3,998	3,998
Available-for-sale*	-	-	1,825	1,825	1,825
	-	-	5,823	5,823	5,823
<b>Financial liabilities</b>					
Flexi Term Financing-i	-	-	(48,181)	(48,181)	(52,715)
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(1,297,780)	(1,297,780)	(1,140,000)
Ijarah Term Financing-i Facility	-	-	(19,033)	(19,033)	(19,768)
Term Financing	-	-	(19,219)	(19,219)	(17,154)
Amount due to related companies	-	-	(9,829)	(9,829)	(13,656)
	-	-	(1,394,042)	(1,394,042)	(1,243,293)

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

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 not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2016</b>					
<b>Financial assets</b>					
Available-for-sale*	-	-	1,825	1,825	1,825
<b>Financial liabilities</b>					
Amount due to related companies	-	-	(10,972)	(10,972)	(12,457)
<b>2015</b>					
<b>Financial assets</b>					
Loans and receivables*	-	-	1,760	1,760	1,760
Available-for-sale*	-	-	1,825	1,825	1,825
	-	-	3,585	3,585	3,585
<b>Financial liabilities</b>					
Amount due to related companies	-	-	(8,746)	(8,746)	(11,924)

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

## 26. FINANCIAL INSTRUMENTS (CONTINUED)

### 26.7 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 (2015: 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.

Financial instruments not carried at fair value

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

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:

	2016	2015
Loans and borrowings	7.76%	7.85%

## 27. 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 2016, the Group's strategy, which was unchanged from 2015, was to maintain the debt-to-equity ratio less than one time. The debt-to-equity ratios at 31 December 2016 and at 31 December 2015 were as follows:

	Note	Group	
		2016 RM'000	2015 RM'000
Total borrowings	14	<b>1,288,525</b>	1,235,130
Less: Cash and cash equivalents	12	<b>(163,771)</b>	(75,590)
Less: Loans and receivables	8	<b>(3,520)</b>	(4,127)
<b>Net debt</b>		<b>1,121,234</b>	1,155,413
<b>Total equity</b>		<b>1,767,495</b>	1,623,873
<b>Debt-to-equity ratios</b>		<b>63%</b>	71%

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.

## 28. 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.

**28. 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:

<b>Grant date/employees entitled</b>	<b>Number of instruments '000</b>	<b>Vesting conditions</b>	<b>Contractual life of options</b>
Option granted to Director and employees on 8 June 2009	4,808	Based on completed year of service	8 years
Option granted to Director and employees on 4 January 2011	2,756	Based on completed year of service	6 years
Option granted to Director and employees on 18 June 2013	5,660	Based on completed year of service	4 years
<b>Total share options</b>	<b>13,224</b>		

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

	<b>2016</b>		<b>2015</b>	
	<b>Weighted average exercise price RM</b>	<b>Number of options '000</b>	<b>Weighted average exercise price RM</b>	<b>Number of options '000</b>
Outstanding at 1 January	<b>1.48</b>	<b>13,308</b>	1.48	13,583
Bonus issued during the year	<b>1.27</b>	-	1.27	-
Bonus issued during the year	<b>1.45</b>	-	1.45	-
Bonus issued during the year	<b>1.74</b>	-	1.74	-
Forfeited during the year	<b>1.27</b>	-	1.27	(120)
Forfeited during the year	<b>1.45</b>	<b>(24)</b>	1.45	-
Forfeited during the year	<b>1.74</b>	<b>(60)</b>	1.74	(155)
Exercised during the year	<b>1.27</b>	-	1.27	-
Exercised during the year	<b>1.45</b>	-	1.45	-
Exercised during the year	<b>1.74</b>	-	1.74	-

The options outstanding at 31 December 2016 have an exercise price at RM1.27, RM1.45 and RM1.74 (2015: RM1.27, RM1.45 and RM1.74) per ordinary share respectively and a weighted average of the remaining contractual life of less than 1 year.

During the year, no share options were exercised. The weighted average share price for the year was RM1.48 per ordinary share.

**Employee expenses**

	<b>Group and Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Total expense recognised as share-based payments	<b>(15)</b>	<b>(47)</b>

**29. CAPITAL AND OTHER COMMITMENTS**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Property, plant and equipment</b>				
<i>Authorised but not contracted for:</i>				
Within one year	<b>57,699</b>	68,441	<b>4,333</b>	2,829
<b>Plantation development expenditure</b>				
<i>Authorised but not contracted for:</i>				
Within one year	<b>137,026</b>	201,565	<b>17,303</b>	17,317
	<b>194,725</b>	270,006	<b>21,636</b>	20,146

**30. 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 10 and 16.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>A. Holding corporation</b>				
<b>Expenses</b>				
Rental of premise	<b>(1,932)</b>	(1,932)	<b>(1,932)</b>	(1,932)
Rental of land	<b>(2,662)</b>	(2,662)	<b>(2,662)</b>	(2,662)
Profit margin expense	<b>(68,678)</b>	(63,124)	<b>(2,546)</b>	(23,544)



**30. RELATED PARTIES (CONTINUED)****Significant related party transactions (continued)**

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>B. Related companies</b>				
<b>Income</b>				
Management fees income	4,903	34	-	-
<b>Expenses</b>				
Purchase of fertilisers	(204)	(20,271)	-	(1,139)
Purchase of flight tickets	(685)	(556)	(91)	(135)
Telecommunication equipment	(444)	(525)	(158)	(158)
Insurance premium	(3,269)	(2,884)	(346)	(289)
<b>C. Subsidiaries companies</b>				
<b>Income</b>				
Rental of premise	-	-	1,932	1,932
Profit margin income from subsidiaries receivables	-	-	601	16,289
<b>Expenses</b>				
Management fees	-	-	(4,670)	(2,970)
Profit margin expense from subsidiaries payables	-	-	(7,611)	(5,384)
<b>D. Key management personnel</b>				
<i>Directors</i>				
- Fees	(2,622)	(2,677)	(1,196)	(1,059)
- Bonus	(180)	(432)	(180)	(432)
- Remuneration	(1,002)	(1,288)	(1,002)	(1,288)
- Other short-term employee benefits	(269)	(288)	(269)	(288)
	(4,073)	(4,685)	(2,647)	(3,067)
<i>Other key management personnel</i>				
- Short-term employee benefits	(1,475)	(1,599)	(1,475)	(1,599)
	(5,548)	(6,284)	(4,122)	(4,666)

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 RM38,350 (2015: RM253,000).

Executive officers also participate in the Group's share option programme (see note 28).

### 31. 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.

#### 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) Kuching High Court Suit No. 24-43-2002-I (Q-01-164-2011 and Q-01-166- 2011) - Luking Anak Uding & 2 Others**

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.

In respect of legal suit above, the Federal Court has granted a Consent Order on 3 December 2014 as the respondents have discharged all the charges and legal suit against TH PELITA Sadong Sdn. Bhd. Consequently the case in respect of the land is settled and there will be no further litigation thereon.

**(ii) Kuching High Court Suit No. 22-249-98-III(I) (Court of Appeal Civil Appeal No. Q-01-136-03/2013 and Civil Appeal No. Q-01-137-03/2013) - TR Nyutan Anak Jami & 2 Others**

Lembaga Pembangunan Dan Lindungan Tanah & Another ("Appellants"), TR Nyutan Anak Jami & 2 Others ("Respondents"), and TH PELITA Gedong Sdn. Bhd. ("Interveners").

The claim is in relation of 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 27 September 2013, the Court of Appeal of Sarawak had judged these cases in favour of the plaintiffs. On 23 October 2013, TH PELITA Gedong Sdn. Bhd. had filed an application for leave to appeal to the Federal Court of Malaysia against the decision of the Court of Appeal of Sarawak.

In respect of legal suit above, 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.

The appeal before the Federal Court in Kuching was held on 7 February 2017. In the said appeal, the solicitors of all parties involved had made their respective submissions. The Federal Court however adjourned the case for a ruling to a date to be fixed in due course.

In the Directors' opinion, TH PELITA Gedong Sdn. Bhd. has passed the threshold of a probable prospect of winning, otherwise Leave Application would have been dismissed.

**31. CONTINGENCIES (CONTINUED)**

While liability is not admitted, if defence against the action is unsuccessful, the management estimates loss as below:

	<b>2016</b>	<b>2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Land	<b>4,491</b>	4,657
Plantation development expenditure	<b>5,503</b>	5,669
	<b>9,994</b>	10,326

Based on legal advice, the Directors did not expect the outcome of the action to have a material effect on the Company's financial position.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Company.

**32. DISPOSAL OF SUBSIDIARIES****Disposal of assets in THP Gemas Sdn. Bhd.**

On 23 December 2016, the Group disposed THP Gemas Sdn. Bhd. which was satisfied via disposing 100% ordinary shares in THP Gemas Sdn. Bhd. for total sales consideration of RM154 million. The gain on disposal is recognised in profit and loss as other income.

Effect of disposal on the financial position of the Group:

<b>Group</b>	<b>RM'000</b>
Property, plant and equipment	34,142
Plantation development expenditure	3,382
Other receivables	8,322
Cash and cash equivalent	993
Inventories	751
Current tax assets	1,960
Other payables	(572)
Deferred tax	(7,504)
Net assets and liabilities	41,474
Gain on disposal	112,584
Consideration received	154,058
Less: Cash and bank balances	(993)
Net cash inflow	153,065

**32. DISPOSAL OF SUBSIDIARIES (CONTINUED)****Disposal of assets in 2015****Disposal of assets in TH Bakti Sdn. Bhd.**

On 30 December 2015, the Group disposed TH Bakti Sdn. Bhd. which was satisfied via disposing 70% ordinary shares in TH Bakti Sdn. Bhd. for total sales consideration of RM16.28 million. The gain on disposal is recognised in profit and loss as other income.

Effect of disposal on the financial position of the Group:

Group	RM'000
Other receivables	35,618
Cash and cash equivalent	26
Other payables	(11,524)
Current tax liabilities	(112)
	24,008
Non-controlling interest	(9,035)
Net assets and liabilities	14,973
Gain on disposal	1,303
Consideration received	16,276
Less: Cash and bank balances	(26)
Net cash inflow	16,250

**33. 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	836,092	701,506	585,511	345,106
- unrealised	66,491	44,952	(11,524)	(11,718)
Less: Consolidation adjustments	(268,097)	(259,042)	-	-
Total retained earnings	634,486	487,416	573,987	333,388

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*.

## 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 104 to 186 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 2016 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 33 on page 186 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:



.....  
**Tan Sri Dato' Sri Ab. Aziz bin Kasim**



.....  
**Dato' Sri Zainal Azwar bin Zainal Aminuddin**

Kuala Lumpur,

Date: 28 March 2017

## 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 104 to 186 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Mohamed Azman Shah bin Ishak, I/C No.: 661117-71-5041 in Kuala Lumpur in the Federal Territory on 28 March 2017.



.....  
**Mohamed Azman Shah bin Ishak**

Before me:



Commissioner for Oaths

# Independent Auditors' Report

to the members of TH Plantations Berhad

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of TH Plantations Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 104 to 186.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matters (continued)**

<b>Goodwill</b>	
Refer to note 2(f)(i) - Significant accounting policy: Intangible Assets (Goodwill) and note 6 – Goodwill.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group has significant carrying amount of goodwill which is allocated to cash-generating unit (“CGU”) within the Group at which the goodwill is monitored for internal management purposes. The cash-generating unit is related to oil palm segment.</p> <p>We identified the measurement of recoverable amounts of goodwill as a key audit matter because:</p> <ul style="list-style-type: none"> <li>• Of its significant amounts in the consolidated financial statements; and</li> <li>• It requires us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the recoverable values.</li> </ul>	<p>Our audit procedures included, amongst others:</p> <p>Read the valuation report and interviewed the valuer to ascertain the methodologies used by the valuer are appropriate;</p> <p>We assessed the methodologies used by the external valuers to estimate the recoverable amount;</p> <p>We evaluated the external valuer’s competency, capabilities and objectivity;</p> <p>We checked, on a sample basis the accuracy and relevance of the input data provided by management to the external valuer;</p> <p>We evaluated and challenged the following key assumptions used in the cash flows:</p> <ul style="list-style-type: none"> <li>• Production quantity – we compared the assumption to the historical production based on age of the tree of similar estates;</li> <li>• Cashflow period – we compared the assumption to the historical production cycle;</li> <li>• Commodity price – we compared the prices used in forecast against historical price and against external sources;</li> <li>• Upkeep and maintenance cost – we compared the assumption to the cost of similar estates and with our expectation based on our knowledge of the industry;</li> <li>• Discount rate – we compared the discount rate used to external source; and</li> <li>• Plantation land value – we compared against comparable transactions for oil palm plantations recent market transactions.</li> </ul> <p>We assessed whether the group’s disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in determining the recoverable amounts of goodwill.</p>

**Key Audit Matters (continued)**

<b>Forestry</b>	
Refer to note 2(h) – Significant accounting policy: Forestry and note 5 – Forestry	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Group has significant carrying amount of forestry which is carried at fair value.</p> <p>We identified the fair valuation of forestry as a key audit matter because:</p> <ul style="list-style-type: none"> <li>• Of its significant amount in the consolidated financial statements; and</li> <li>• It requires us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the fair value.</li> </ul>	<p>Our audit procedures included, amongst others:</p> <p>Read the valuation report and interviewed the valuer to ascertain the methodologies used by the valuer are appropriate;</p> <p>We assessed the methodologies used by the external valuers to estimate the fair value;</p> <p>We evaluated the external valuer's competency, capabilities and objectivity;</p> <p>We checked, on a sample basis the accuracy and relevance of the input data provided by management to the external valuer;</p> <p>We evaluated and challenged the following key assumptions used in the cash flows:</p> <ul style="list-style-type: none"> <li>• Projected latex yield and latex price – we compared against industry data from external source;</li> <li>• Projected log volume and log price – we compared against industry data from external source;</li> <li>• Upkeep and maintenance cost – we compared the assumption to the historical cost and with our expectation based on our knowledge of the industry; and</li> <li>• Discount rate – we compared the discount rate used to external source.</li> </ul> <p>We also considered the adequacy of the group's disclosures about the degree of estimation involved in arriving at the provision.</p>



**Key Audit Matters (continued)**

<b>Plantation development expenditure ("PDE")</b>	
Refer to note 2(g) – Significant accounting policy: PDE and note 4 – PDE	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Two estates of the Group have not been declared matured even though their age is 84 months and 60 months respectively. Based on industry practice an estate is usually declared matured after 36 months. This increased the risk that the carrying amounts of these estates might exceed their recoverable amounts, and therefore the carrying amount might require to be impaired.</p> <p>We identified the measurement of recoverable amounts of PDE as a key audit matter because:</p> <ul style="list-style-type: none"> <li>• Of its significant amounts in the consolidated financial statements; and</li> <li>• It requires us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the recoverable values.</li> </ul>	<p>Our audit procedures included, amongst others:</p> <p>We evaluated and challenged the following key assumptions used in the cash flows:</p> <ul style="list-style-type: none"> <li>• Commodity price – we compared the prices used in forecast against industry data from external sources;</li> <li>• Upkeep and maintenance cost – we compared the assumption to the cost of similar estates and with our expectation based on our knowledge of the industry;</li> <li>• Cashflow period – we compared the assumption to the historical production cycle;</li> <li>• Production quantity – we compared the assumption to the historical production based on age of the tree and also areas; and</li> <li>• Discount rate – we compared the discount rate used to external sources.</li> </ul> <p>We also assessed whether the group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in determining the recoverable amounts of goodwill and plantation development expenditure.</p>
<b>Contingent liability and legal proceedings</b>	
Refer to note 2(t) – Significant accounting policy: Contingent liability and note 31 – Contingencies.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The subsidiaries of the Group are involved in litigation cases.</p> <p>It is a significant area that our audit focuses on because the amounts involved are significant and the application of accounting standards to determine the amount, if any, to be provided as liability is inherently subjective.</p>	<p>Our audit procedures included, amongst others:</p> <p>Read the Group's external counsels opinions and interviewed the counsels; and</p> <p>We also assessed whether the group's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Group.</p>

## Key Audit Matters (continued)

<b>Disposal of subsidiary</b>	
Refer to note 2(a)(iv) Significant accounting policy: Basis of consolidation (Loss of control) and note 32 – Disposal of subsidiaries.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>On 25 November 2016, the Group and the Company had entered into a Conditional Share Purchase Agreement (the “SPA”) with external party for the proposed disposal of its interest in THP Gemas Sdn. Bhd. for a total cash consideration of RM154,058,000.</p> <p>The sale was completed in December 2016.</p> <p>We identified the disposal of the subsidiary as a key audit matter as the amount involved is significant.</p>	<p>Our audit procedures included, amongst others:</p> <p>Determined that the accounting for the disposal of the subsidiary is in line with the accounting standards;</p> <p>Read the terms and conditions of the sales and purchase agreement between TH Plantations Berhad (“THPB”) and external party and evaluated that the computation of the gain considered the terms and conditions appropriately; and</p> <p>Ascertained the appropriateness and the adequacy of disclosures made in the financial statements.</p>

## Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in note 7 to the financial statements, being accounts that have been included in the consolidated accounts.
- (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) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

The supplementary information set out in note 33 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

### Other Matter

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 PLT**  
(LLP0010082-LCA & AF 0759)  
Chartered Accountants

Date: 28 March 2017

Petaling Jaya



.....  
**Abdullah bin Abu Samah**  
Approval Number: 2013/06/18(J)  
Chartered Accountant

# Analysis of Shareholdings

as at 15 March 2017

## SHAREHOLDING STRUCTURE

Issued and Paid-Up Share Capital : RM441,925,735  
(comprising 883,851,470 ordinary shares of RM0.50 each)

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	178	1.94	3,300	#
100 to 1,000	785	8.54	420,162	0.05
1,001 to 10,000	6,643	72.23	27,335,682	3.09
10,001 to 100,000	1,444	15.70	38,707,775	4.38
100,001 to less than 5% of issued shares	145	1.58	105,420,180	11.93
5% and above of issued shares	2	0.02	711,964,371	80.55
<b>Total</b>	<b>9,197</b>	<b>100.00</b>	<b>883,851,470</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1	Tan Sri Dato' Sri Ab. Aziz bin Kasim	Nil	Nil	Nil	Nil
2	Tan Sri Dato' Sri Ismee bin Haji Ismail	Nil	Nil	Nil	Nil
3	Datuk Seri Johan bin Abdullah	Nil	Nil	Nil	Nil
4	Tan Sri Othman bin Mahmood	Nil	Nil	Nil	Nil
5	Dato' Sri Mohamad Norza bin Zakaria	Nil	Nil	Nil	Nil
6	Datuk Seri Nurmalia binti Abd Rahim	Nil	Nil	Nil	Nil
7	Dato' Azizan bin Abd Rahman	Nil	Nil	Nil	Nil
8	Dato' Shari bin Haji Osman	Nil	Nil	Nil	Nil
9	Dato' Amran bin Mat Nor	Nil	Nil	Nil	Nil
10	Dato' Dr. Md Yusop bin Omar	Nil	Nil	Nil	Nil
11	Dato' Sri Zainal Azwar bin Zainal Aminuddin	4,800	#	Nil	Nil

Note:

# Negligible

**SUBSTANTIAL SHAREHOLDERS**

No.	Name of Substantial Shareholder	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Lembaga Tabung Haji	652,523,331	73.83	Nil	Nil
2.	Employees Provident Fund Board	61,841,040	7.00	Nil	Nil

**TOP THIRTY SHAREHOLDERS**

No.	Name of Shareholders	No. of Shares Held	% of Issued Share capital
1.	Lembaga Tabung Haji	652,523,331	73.83
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board	59,441,040	6.73
3.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Yayasan Pok Dan Kassim	12,491,760	1.41
4.	Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	11,067,120	1.25
5.	Kumpulan Wang Persaraan (Diperbadankan)	10,199,180	1.15
6.	Amanahraya Trustees Berhad - Public Islamic Opportunities Fund	6,238,680	0.71
7.	Pertubuhan Peladang Negeri Terengganu	5,870,294	0.66
8.	AFFIN Hwang Nominees (Tempatan) Sdn. Bhd. - Affin Hwang Asset Management Berhad for Majlis Ugama Islam Dan Adat Resam Melayu Pahang	3,862,560	0.44
9.	CIMSEC Nominees (Tempatan) Sdn. Bhd. - CIMB Bank for Batu Bara Resources Corporation Sdn. Bhd. (MP0184)	3,750,000	0.42
10.	Neoh Choo Ee & Company Sdn Berhad	2,700,000	0.31
11.	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
12.	Maybank Nominees (Tempatan) Sdn. Bhd. - Amanahraya Investment Management Sdn. Bhd. for Majlis Agama Islam Negeri Sembilan (C417-260272)	2,415,840	0.27
13.	Amin Baitulmal Johor	2,400,000	0.27
14.	Majlis Agama Islam Wilayah Persekutuan	2,400,000	0.27
15.	CITIGROUP Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (PHEIM)	2,400,000	0.27
16.	Majlis Agama Islam Dan Adat Melayu Perak Darul Ridzuan	2,320,000	0.26
17.	Maybank Nominees (Tempatan) Sdn. Bhd. - Bank Kerjasama Rakyat (M) Berhad (412803)	2,233,200	0.25
18.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for DFA Emerging Markets Small Cap Series	1,515,860	0.17
19.	Majlis Agama Islam Melaka	1,200,000	0.14

**TOP THIRTY SHAREHOLDERS (CONTINUED)**

<b>No.</b>	<b>Name of Shareholders</b>	<b>No. of Shares Held</b>	<b>% of Issued Share capital</b>
20.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	1,063,540	0.12
21.	Universal Trustee (Malaysia) Berhad - KAF Dana Adib	1,053,200	0.12
22.	Citigroup Nominees (Asing) Sdn. Bhd. - CBNY for Dimensional Emerging Markets Value Fund	900,500	0.10
23.	HSBC Nominees (Asing) Sdn. Bhd. - Exempt An For Credit Suisse (SG BR-TST-Asing)	715,000	0.08
24.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	700,000	0.08
25.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Peng Nguang	620,000	0.07
26.	Pertubuhan Peladang Kawasan Manir/Belara	572,294	0.06
27.	Tai Yat Choy	544,600	0.06
28.	Dynaquest Sdn. Bhd.	540,000	0.06
29.	KAF Trustee Berhad - KIFB for the Institute of Strategic and International Studies Malaysia	530,000	0.06
30.	Zalaraz Sdn. Bhd.	526,000	0.06
<b>TOTAL</b>		<b>795,393,999</b>	<b>89.99</b>

# Properties Owned by the Group

for the year ended 31 December 2016



## 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
- TANJUNG TUAN RESORT APARTMENT**  
Port Dickson, 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 SUNGAI IBOK**  
Kemaman, Terengganu
7. **LADANG ULU CHUKAI**  
Kemaman, Terengganu
- AWANA KIJAL RESORT APARTMENT**  
Kijal, Terengganu

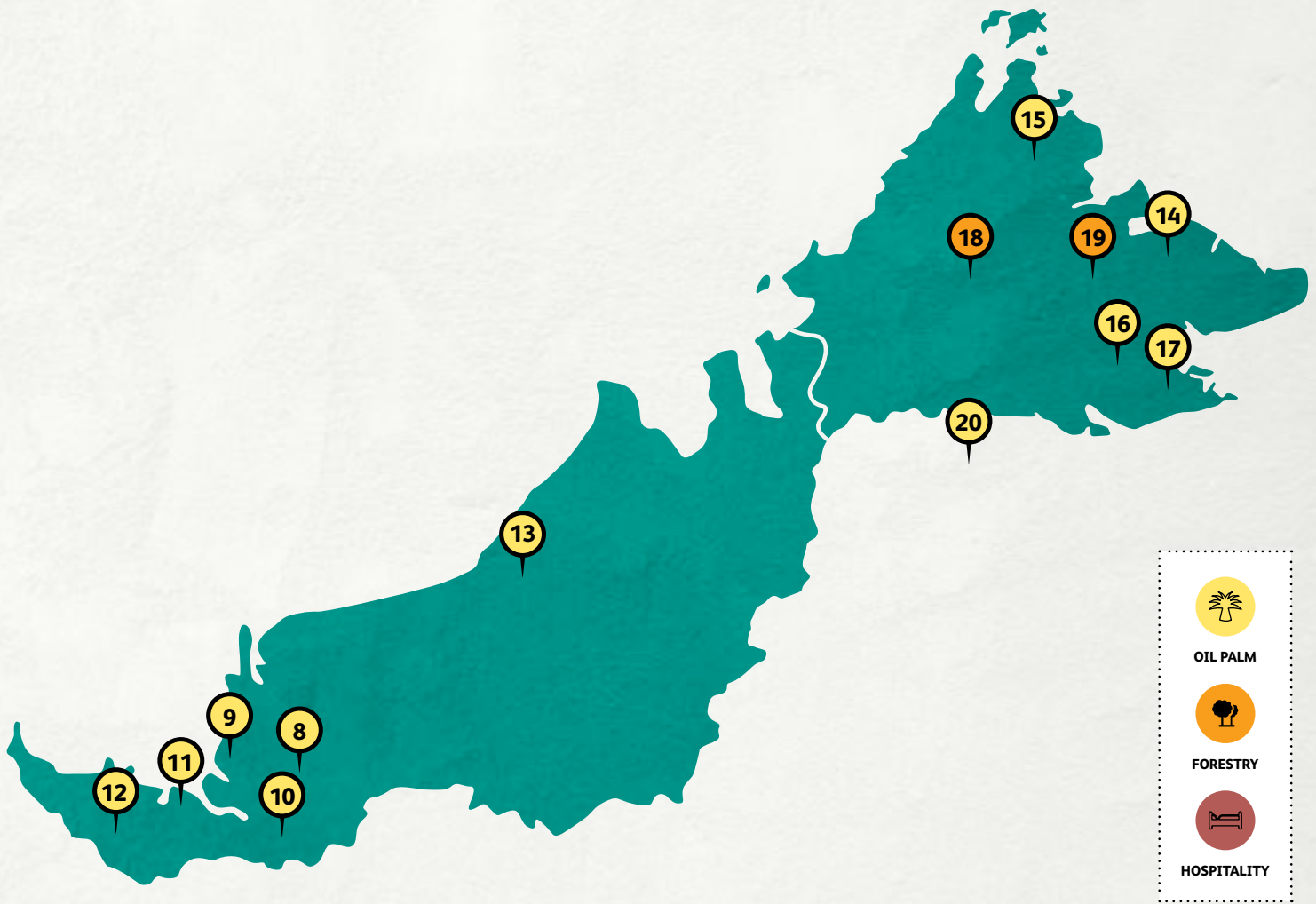
## SARAWAK

8. **LADANG KENYALANG**  
Pusa, Sarawak
- LADANG RAJA UDANG**  
Pusa, Sarawak
- LADANG ENGGANG**  
Pusa, Sarawak
- LADANG MERBOK**  
Pusa, Sarawak
- LADANG NCR SARIBAS**  
Pusa, Sarawak
- KILANG SAWIT LADANG RAJA UDANG**  
Pusa, Sarawak

Note:

\* THP has disposed of these estates and mills via the disposal of THP Gemas Sdn. Bhd.





## SABAH

## INDONESIA

- 9. **LADANG TANJUNG LILIN**  
Meludam, Sarawak
- LADANG SEMARANG**  
Meludam, Sarawak
- LADANG NCR**  
Beladin, Sarawak
- 10. **LADANG KEPAYANG**  
Samarahan, Sarawak
- LADANG SEMALATONG**  
Samarahan, Sarawak
- 11. **LADANG SUNGAI KERIAN**  
Samarahan, Sarawak
- 12. **LADANG GEDONG**  
Serian, Sarawak

- LADANG SEMATAN**  
Serian, Sarawak
- LADANG SADONG**  
Serian, Sarawak
- LADANG LUPAR**  
Serian, Sarawak
- KILANG SAWIT GEDONG**  
Serian, Sarawak
- 13. **LADANG SUNGAI ARIP**  
Bintulu, Sarawak
- LADANG SUNGAI KARANGAN**  
Bintulu, Sarawak

- 14. **LADANG BUKIT BELIAN**  
Sandakan, Sabah
- 15. **LADANG MAMAHAT**  
Kota Marudu, Sabah
- KILANG SAWIT LADANG MAMAHAT**  
Kota Marudu, Sabah
- 16. **LADANG SUNGAI TENEGANG**  
Lahad Datu, Sabah
- LADANG SUNGAI KOYAH**  
Lahad Datu, Sabah
- KILANG SAWIT SUNGAI TENEGANG**  
Lahad Datu, Sabah

- 17. **LADANG BUKIT GOLD**  
Lahad Datu, Sabah
- 18. **LADANG JATI KENINGAU**  
Keningau, Sabah
- 19. **LADANG KLAGAN 2**  
Sandakan, Sabah
- LADANG KLAGAN 3**  
Sandakan, Sabah
- LADANG KLAGAN 4**  
Sandakan, Sabah
- LADANG KLAGAN 5**  
Sandakan, Sabah
- LADANG JATIMAS**  
Sandakan, Sabah

- 20. **PT PERSADA KENCANA PRIMA**  
Kalimantan, Indonesia

## PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area Ha	Description	Net Book Value RM'000
<b>PENINSULAR MALAYSIA</b>						
<b>TH Plantations Berhad</b>						
Ladang Ulu Chukai Kemaman, Terengganu	-	Leasehold	2051	923	Oil Palm Estate	8,557
Ladang Bukit Lawiang Ladang Gunung Sumalayang Kluang, Johor	-	Leasehold	2091	4,058	Oil Palm Estate	35,910
Kilang Sawit Bukit Lawiang Kluang, Johor	28	Leasehold	2091	10 <sup>^</sup>	Palm Oil Mill	6,576
<b>THP Kota Bahagia Sdn. Bhd.<sup>1</sup></b>						
Ladang Kota Bahagia Keraton, Pahang	-	Leasehold	2071 and 2073	1,858	Oil Palm Estate	12,996
Kilang Sawit Kota Bahagia Keraton, Pahang	41	Leasehold	2071	9.804 <sup>^</sup>	Palm Oil Mill	9,549
Ladang Sungai Mengah Keraton, Pahang	-	Leasehold	2073, 2090, 2093 and 2107	2,195	Oil Palm Estate	13,914
Ladang Sungai Buan Keraton, Pahang	-	Leasehold	2093 and 2108	1,796	Oil Palm Estate	15,247
Ladang Sungai Merchong Muadzam Shah, Pahang	-	Leasehold	2085	1,720	Oil Palm Estate	13,301
<b>THP Gemas Sdn. Bhd.</b>						
Ladang Pasir Besar Ladang Londah Gemas, Negeri Sembilan	-	Leasehold	2088, 2090, 2091 and 2093	1,760	Oil Palm Estate	-
Kilang Sawit Ladang Pasir Besar Gemas, Negeri Sembilan	11	Leasehold	2091	5 <sup>^</sup>	Palm Oil Mill	-
Ladang Bukit Rokan Gemas, Negeri Sembilan	-	Leasehold	2090 and 2092	973	Oil Palm Estate	-
<b>THP Ibok Sdn. Bhd.<sup>2</sup></b>						
Ladang Sungai Ibok Kemaman, Terengganu	-	Leasehold	2042 and 2052	968	Oil Palm Estate	25,901
<b>THP-YT Plantation Sdn. Bhd.</b>						
Ladang Bukit Bidong Setiu, Terengganu	-	Leasehold	2064	2,594	Oil Palm Estate	75,967

## PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area Ha	Description	Net Book Value RM'000
<b>SABAH</b>						
<b>THP Sabaco Sdn. Bhd.</b>						
Ladang Sungai Tenegang Ladang Sungai Koyah Lahad Datu, Sabah	-	Leasehold	2083	3,886	Oil Palm Estate	105,801
Kilang Sawit Sungai Tenegang Lahad Datu, Sabah	25	Leasehold	2083	50 <sup>^</sup>	Palm Oil Mill	12,704
Ladang Bukit Gold Lahad Datu, Sabah	-	Leasehold	2076	2,020	Oil Palm Estate	81,909
Ladang Mamahat Kota Marudu, Sabah	-	Leasehold	2096, 2098 and 2099	2,936	Oil Palm Estate	116,612
Kilang Sawit Ladang Mamahat Kota Marudu, Sabah	8	Leasehold	2096	25 <sup>^</sup>	Palm Oil Mill	14,887
<b>THP Bukit Belian Sdn. Bhd.</b>						
Ladang Bukit Belian Sandakan, Sabah	-	Leasehold	2887	1,088	Oil Palm Estate	40,431
<b>TH-Bonggaya Sdn. Bhd.</b>						
Ladang Klagan 2 Ladang Klagan 3 Ladang Klagan 4 Ladang Klagan 5 Sandakan, Sabah	-	Licensed for 100 years	2098	10,117	Forestry	143,358
<b>TH-USIA Jatimas Sdn. Bhd.</b>						
Ladang Jatimas Sandakan, Sabah	-	Licensed for 100 years	2098	4,047	Forestry	56,105
<b>Ladang Jati Keningau Sdn. Bhd.</b>						
Ladang Jati Keningau Sandakan, Sabah	-	Leasehold	2078	1,550	Forestry	30,573
<b>SARAWAK</b>						
<b>THP Saribas Sdn. Bhd.<sup>3</sup></b>						
Ladang Kenyalang Ladang Raja Udang Ladang Enggang Ladang Merbok Ladang NCR Saribas Pusa, Sarawak	-	Leasehold	2060	10,670 <sup>∞</sup>	Oil Palm Estate	525,908
Kilang Sawit Ladang Raja Udang Pusa, Sarawak	4	Leasehold	2060	9 <sup>^</sup>	Palm Oil Mill	60,900

**PLANTATIONS**

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area Ha	Description	Net Book Value RM'000
<b>SARAWAK</b>						
<b>Hydroflow Sdn. Bhd.</b>						
Ladang Sungai Kerian Samarahan, Sarawak	-	Leasehold	2064 and 2067	5,530	Oil Palm Estate	99,903
<b>TH PELITA Gedong Sdn. Bhd.</b>						
Ladang Gedong Ladang Sematan Serian, Sarawak	-	Leasehold	2058	7,750	Oil Palm Estate	229,909
Kilang Sawit Gedong Serian, Sarawak	12	N/a*	N/a	217*	Palm Oil Mill	30,143
<b>TH PELITA Sadong Sdn. Bhd.</b>						
Ladang Sadong Ladang Lupar Serian, Sarawak	-	Leasehold	2060	4,549	Oil Palm Estate	189,810
<b>TH PELITA Simunjan Sdn. Bhd.</b>						
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 15/3/2017		9,630 <sup>4</sup>	Oil Palm Estate	57,485
		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				
<b>TH PELITA Beladin Sdn. Bhd.</b>						
Ladang NCR Beladin, Sarawak	-	Not available as the estate is located on NCR land and the land title has not been issued as at 15/3/2017		1,577 <sup>5</sup>	Oil Palm Estate	35,053
		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 Ha	Description	Net Book Value RM'000
<b>SARAWAK</b>						
<b>TH PELITA Meludam Sdn. Bhd.</b>						
Ladang Tanjung Lilin Ladang Semarang Meludam, Sarawak	-	Leasehold	2066	6,021	Oil Palm Estate	183,451
<b>Bumi Suria Ventures Sdn. Bhd.</b>						
Ladang Sungai Arip Ladang Sungai Karangan Sibu-Bintulu, Sarawak	-	Leasehold	2065 and 2066	6,514	Oil Palm Estate	335,383

## Notes:

- Registered under the ownership of Lembaga Tabung Haji.
  - Registered under the ownership of Syarikat Peladang LUTH Sdn Bhd (the former name of THP Ibok 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 Ladang Raja Udang).
- # Includes the net book value of land owned under Maju Warisanmas Sdn. Bhd. amounting to RM13.022 million.
- N/a Not applicable.

## HOSPITALITY

Location	Approximate Age of Building	Tenure	Titled Area Ha	Description	Net Book Value RM'000
<b>PENINSULAR MALAYSIA</b>					
Tanjung Tuan Resort, Port Dickson, Negeri Sembilan	28	-	1,222	1 unit 3-Room Apartment	12
Awana Kijal Resort, Kijal, Terengganu	15	-	816	1 unit 3-Room Apartment	70

# Corporate Directory

Company	Estates	Person In Charge	Address
<b>TH Plantations Berhad</b>	<b>Ladang Bukit Lawiang</b> Tel : 07-7863063 Fax : 07-7864271	Mukhtar Yusof (Senior Manager)	Karung Berkunci 522 86009 Kluang Johor
	<b>Ladang Gunung Sumalayang</b> Tel : 07-7863444 Fax : 07-7864606	Mukhtar Yusof (Senior Manager)	Karung Berkunci 535 86009 Kluang Johor
	<b>Ladang Ulu Chukai</b> Tel : 09-8676336 Fax : 09-8676336	Juna Palatuwi (Senior Manager)	Peti Surat 2 24107 Kijal, Kemaman Terengganu
	<b>Kilang Sawit Bukit Lawiang</b> Tel : 07-7864540 Fax : 07-7864540	Md Nazri Md Noh (Manager)	Peti Surat 114 86007 Kluang Johor
<b>THP Kota Bahagia Sdn. Bhd.</b>	<b>Ladang Kota Bahagia</b> Tel : 09-4524826 Fax : 09-4524821	Mohd Jafri Arshad (Senior Manager)	Peti Surat 19 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Mengah</b> Tel : 09-4524979 Fax : 09-4524979	Yazit Ab Jalil (Senior Manager)	Peti Surat 21 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Buan</b> Tel : 09-4524996 Fax : 09-4524995	Mohamad Sakri Idris (Senior Manager)	Peti Surat 18 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Merchong</b> Tel : 09-4530807 Fax : 09-4530804	Ahmad Mazwan Jamaludin (Manager)	Peti Surat 4 26700 Muadzam Shah Pahang
	<b>Kilang Sawit Kota Bahagia</b> Tel : 09-4524936 Fax : 09-4524828	Kamar Jamian (Senior Manager)	Peti Surat 20 26700 Muadzam Shah Pahang
<b>THP Ibok Sdn. Bhd.</b>	<b>Ladang Sungai Ibok</b> Tel : 09-8676543 Fax : 09-8676336	Juna Palatuwi (Senior Manager)	Peti Surat 2 24107 Kijal, Kemaman Terengganu
<b>THP-YT Plantation Sdn. Bhd.</b>	<b>Ladang Bukit Bidong</b> Tel : 09-6693260 Fax : 09-6693254	Rosli Ahmed Khalil (Senior Manager)	Lot 2091-1 Jalan Merang-Terengganu Kg. Gong Tengah 22100 Permaisuri, Terengganu
<b>THP Gemas Sdn. Bhd.</b> (These properties have been disposed of along with the disposal of THP Gemas Sdn. Bhd.)	<b>Ladang Londah</b> Tel : 07-9484700 Fax : 07-9484701	Abdullah Asya'ari Junoh (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	<b>Ladang Pasir Besar</b> Tel : 07-9484700 Fax : 07-9484701	Abdullah Asya'ari Junoh (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	<b>Ladang Bukit Rokan</b> Tel : 019-2397479 Fax : 019-2647610	Mat Faisal Ismail (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	<b>Kilang Sawit Ladang Pasir Besar</b> Tel : 019-2677479 Fax : 019-2647479	Kamar Jamian (Senior Manager)	Peti Surat 30 73400 Gemas Negeri Sembilan

Company	Estates	Person In Charge	Address
<b>THP Sabaco Sdn. Bhd.</b>	<b>Ladang Sungai Tenegang</b> Tel : 089-843124 Fax : 089-843127	Abdul Wahab Abdul Rashed (Senior Manager)	Karung Berkunci No 12 91109 Lahad Datu Sabah
	<b>Ladang Sungai Koyah</b> Tel : 089-959814 Fax : 089-565025	Abdul Wahab Abdul Rashed (Senior Manager)	Karung Berkunci No 6 91109 Lahad Datu Sabah
	<b>Ladang Bukit Gold</b> Tel : 089-897013 Fax : 089-843821	Faizal Zulkifli (Senior Manager)	Peti Surat 60389 91113 Lahad Datu Sabah
	<b>Ladang Mamahat</b> Tel : 089-278013 Fax : 089-259188	Abdul Kahar Sariman (Manager)	Karung Berkunci 1 89109 Kota Marudu Sabah
	<b>Kilang Sawit Sungai Tenegang</b> Tel : 089-845499 Fax : 089-565029	Mohd Azahar Yasin (Assistant General Manager)	Peti Surat 60626 91115 Lahad Datu Sabah
	<b>Kilang Sawit Ladang Mamahat</b> Tel : 089-259100 Fax : 089-259133	Muhamad Murshid Mukhtar (Senior Assistant Manager)	Karung Berkunci 29 89109 Kota Marudu Sabah
<b>THP Bukit Belian Sdn. Bhd.</b>	<b>Ladang Bukit Belian</b> Tel : 089-278031 Fax : 089-230339	Usran Mohd Zin (Manager)	WDT 167 Kota Kinabatangan 90200 Sandakan Sabah
<b>Ladang Jati Keningau Sdn. Bhd.</b>	<b>Ladang Jati Keningau</b> Tel : 089-514721 Fax : 089-514721	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
<b>TH-Usia Jatimas Sdn. Bhd.</b>	<b>Ladang Jatimas</b> Tel : 089-514721 Fax : 089-514721	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
<b>TH-Bonggaya Sdn. Bhd.</b>	<b>Ladang Klagan 2</b> Tel : 089-514721 Fax : 089-514851	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
	<b>Ladang Klagan 3</b> Tel : 089-514721 Fax : 089-514851	Mustaming Abu (Manager)	Peti Surat 3480 90739 Sandakan Sabah
	<b>Ladang Klagan 4</b> Tel : 089-514721 Fax : 089-514851	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
	<b>Ladang Klagan 5</b> Tel : 089-514721 Fax : 089-514851	Mustaming Abu (Manager)	Peti Surat 3480 90739 Sandakan Sabah

Company	Estates	Person In Charge	Address
<b>THP Saribas Sdn. Bhd.</b>	<b>Ladang Kenyalang</b> Tel : 013-8370535	Tuan Rahimi Tuan Man (Senior Manager)	KM20, Jalan Pusa-Sessang 94950 Pusa Sarawak
	<b>Ladang Raja Udang</b> Tel : 013-8627147	Mohd Sofi Harun (Manager)	KM11, Jalan Pusa-Sessang Lot 1, Blok 3, Sablor Land District 94950 Pusa Sarawak
	<b>Ladang Enggang</b> Tel : 082-474909/910 Fax : 082-474911	Mahya Masrom (Manager)	KM6, Jalan Pusa-Sessang 94950 Pusa Sarawak
	<b>Ladang Merbok</b> Tel : 013-8033213/083-485902 Fax : 082-804903	Alinan Kadar (Manager)	No.14, Jalan Feeder Pusa Ground Floor New Shophouse Pusa Bazaar, 94950 Pusa Sarawak
	<b>Ladang NCR Saribas</b> Tel : 013-8370535	Tuan Rahimi Tuan Man (Senior Manager)	KM20, Jalan Pusa-Sessang 94950 Pusa Sarawak
	<b>Pusat R&amp;D Pusa</b> Tel : 083-465866 Fax : 083-465899	Khairul Ismadi Ismail (Senior Manager)	No.14, Jalan Feeder Pusa Ground Floor New Shophouse Pusa Bazaar 94950 Pusa Sarawak
	<b>Kilang Sawit Ladang Raja Udang</b> Tel : 083-485928 Fax : 083-485929	Mohd Fadzley Mohd Nazri (Senior Manager)	Blok 3, Lot No. 44 & 45 Sablor Land District 94950 Pusa Sarawak
<b>TH Pelita Meludam Sdn. Bhd.</b>	<b>Ladang Tanjung Lilin</b> Tel : 083-474913 Fax : 083-474915	Nor Ali Akmar Mahadi (Manager)	KM 4, Jalan Pusa-Beladin 94950 Pusa Sarawak
	<b>Ladang Semarang</b> Tel : 083-474926 Fax : 083-474927	Muhammad Termeze Mat Nor (Manager)	KM 18, Jalan Pusa-Meludam 94950 Pusa Sarawak
<b>TH Pelita Beladin Sdn. Bhd.</b>	<b>Ladang NCR</b> Tel : 083-474913 Fax : 083-474915	Nor Ali Akmar Mahadi (Manager)	No 1, Ground Floor, Bazar Baru RGC Beladin 94950 Pusa Sarawak
<b>TH Pelita Simunjan Sdn. Bhd.</b>	<b>Ladang Kepayang</b> Tel : 019-8624737	Mohd Johari Md Daud (Manager)	KM 21, Kampung Isu 98400 Simunjan Sarawak
	<b>Ladang Semalatong</b> Tel : 082-804907 Fax : 082-804907	Mohd Johari Md Daud (Manager)	KM 21, Kampung Semalatong 98400 Simunjan Sarawak



Company	Estates	Person In Charge	Address
<b>TH Pelita Gedong Sdn. Bhd.</b>	<b>Ladang Gedong</b> Tel : 082-895513/14 Fax : 082-895542	Ismail Sadari (Senior Manager)	KM 8, Jalan Gedong P.O. Box 32 94700 Serian Sarawak
	<b>Ladang Sematan</b> Tel : 019-8243657 Fax : 082-895517	Tuah Nawari (Manager)	KM 8, Jalan Gedong P.O. Box 32 94700 Serian Sarawak
	<b>Kilang Sawit Gedong</b> Tel : 082-896515/18 Fax : 082-895517	Isa Jabar (Senior Manager)	KM 8, Jalan Gedong P.O. Box 32 94700 Serian Sarawak
<b>TH Pelita Sadong Sdn. Bhd.</b>	<b>Ladang Sadong</b> Tel : 082-895512 Fax : 082-895542	Martin@Zaini Soili (Manager)	KM 8, Jalan Gedong P.O. Box 32 94700 Serian Sarawak
	<b>Ladang Lupar</b> Tel : 019-8898657 Fax : 082-882907	Abang Ahmad Saifulhadi Abang Iskandar (Manager)	KM 8, Jalan Gedong P.O. Box 32 94700 Serian Sarawak
<b>Hydroflow Sdn. Bhd.</b>	<b>Ladang Sungai Kerian</b> Tel : 013-8373431 Fax : 019-8193431	Alias Bakir (Manager)	Lot 1227, Jalan Kg Ulu Gedong 94700 Gedong Sarawak
<b>Bumi Suria Ventures Sdn. Bhd.</b>	<b>Ladang Sungai Karangan</b> Tel : 084-375830 Fax : 084-375828	Girman @ Perman Sirah (Senior Manager)	KM 91, Jalan Bintulu - Sibu P.O. Box 3325 97000 Bintulu Sarawak
	<b>Ladang Sungai Arip</b> Tel : 084-375830 Fax : 084-375828	Singgat Anak Birai (Manager)	KM 91, Jalan Bintulu - Sibu P.O. Box 3325 97000 Bintulu Sarawak
Company	Estates	Person In Charge	Address
<b>PT Persada Kencana Prima</b>	<b>Jakarta Office</b> Tel : 0551-21279	Ahmad Nordzri Razali (Vice-President Director)	Jalan K.H. Agus Salim No. 11 RT. 08 Desa Selumit Dalam Kota Tarakan - 77113 Kalimantan Utara Indonesia
	<b>Tarakan Office</b> Tel : 0551-21279 Fax : 0551-21279		Alamat Ladang Jl. KH. Agus Salim RT 08 No 11 Selumit Dalam Tarakan, Kalimantan Utara Indonesia

# Abbreviations

<b>AC</b> Audit Committee	<b>AGM</b> Annual General Meeting	<b>BOD</b> Biochemical Oxygen Demand	<b>Bursa Depository</b> Bursa Malaysia Depository Sdn. Bhd.	<b>Bursa Malaysia</b> Bursa Malaysia Securities Berhad
<b>CAPEX</b> Capital Expenditure	<b>CPO</b> Crude Palm Oil	<b>DOE</b> Department of Environment	<b>ED</b> Executive Director	<b>EFB</b> Empty Fruit Bunch(es)
<b>EPS</b> Earnings Per Share	<b>ESOS</b> Employees' Share Option Scheme	<b>FFB</b> Fresh Fruit Bunch(es)	<b>FY2016</b> Financial Year Ended 31 December 2016	<b>GAP</b> Good Agricultural Practices
<b>GIS</b> Geographic Information System	<b>GLCs</b> Government Linked Companies	<b>GLCT</b> Government Linked Company Transformation	<b>Ha</b> Hectares	<b>IAD</b> Internal Audit Department
<b>INED</b> Independent Non-Executive Directors	<b>INFERS</b> Integrated Fertilisers Recommendation System	<b>IRCC</b> Investment, Risk & Compliance Committee	<b>KER</b> Kernel Extraction Rate	<b>KPIs</b> Key Performance Indicators
<b>Listing Requirements</b> Main Market of Listing Requirements of Bursa Securities	<b>MAP</b> Mandatory Accreditation Programme	<b>MASB</b> Malaysian Accounting Standard Board	<b>MPOB</b> Malaysian Palm Oil Board	<b>MSPO</b> Malaysian Sustainable Palm Oil
<b>MT</b> Metric Tonnes	<b>NCR</b> Native Customary Rights	<b>NED</b> Non-Executive Directors	<b>NGOs</b> Non-Government Organisation	<b>NINED</b> Non-Independent Non-Executive Directors
<b>OER</b> Oil Extraction Rate	<b>OSH</b> Occupational Safety and Health	<b>PBT</b> Profit Before Tax	<b>PIP</b> Performance Improvement Programme	<b>PK</b> Palm Kernel
<b>RECAL</b> Recognition of Employees' Children's Achievement in Learning	<b>RMC</b> Risk Management Committee	<b>RMF</b> Risk Management Framework	<b>RPG</b> Recommended Practice Guide	<b>RMP</b> Risk Management Policy
<b>ROD</b> Record of Depositors	<b>ROE</b> Return on Equity	<b>SL1M</b> Skim Latihan 1Malaysia	<b>SOP</b> Standard Operating Procedures	<b>SPV</b> Special Purpose Vehicle
<b>TH</b> Lembaga Tabung Haji	<b>THP or the Company</b> TH Plantations Berhad	<b>THP Group or the Group</b> TH Plantations Berhad and Subsidiaries	<b>THPAM</b> THP Agro Management Sdn Bhd	<b>The Board</b> The Board of Directors of THP
<b>The Code</b> Malaysian Code on Corporate Governance 2012	<b>UAV</b> Unmanned Aerial Vehicle	<b>VDI</b> Vendor Development Initiative	<b>Yield</b> FFB Production per Hectare	



I/We, \_\_\_\_\_ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (ADDRESS)

being a member/members of TH PLANTATIONS BERHAD ("the Company") hereby appoint \_\_\_\_\_

\_\_\_\_\_ (FULL NAME IN BLOCK 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-Third Annual General Meeting ("43<sup>rd</sup> AGM") of the Company to be held at the **Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Monday, 8 May 2017 at 10:00 a.m.** and at any adjournment thereof.

My/our proxy is to vote as indicated below:

RESOLUTION NO.	ORDINARY BUSINESSES	FOR	AGAINST
Ordinary Resolution 1	To approve the declaration of a First and Final Single Tier Dividend of 6 sen per Ordinary Share for the year ended 31 December 2016.		
Ordinary Resolution 2	To approve the payment of Directors' Fees and benefits payable of RM1,270,000.00 for the year ended 31 December 2016.		
Ordinary Resolution 3	To re-elect Dato' Azizan bin Abd Rahman as Director.		
Ordinary Resolution 4	To re-elect Dato' Amran bin Mat Nor as Director.		
Ordinary Resolution 5	To re-elect Dato' Sri Zainal Azwar bin Zainal Aminuddin as Director.		
Ordinary Resolution 6	To re-appoint KPMG Desa Megat PLT (Formerly knowns as KPMG Desa Megat & Co.) as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.		
RESOLUTION NO.	SPECIAL BUSINESS	FOR	AGAINST
Ordinary Resolution 7	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

(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).

For the appointment of two (2) proxies, the percentage of shareholdings to be represented by the proxies:

	NO. OF SHARES	PERCENTAGE
First Proxy		
Second Proxy		
<b>TOTAL</b>		100%

Number of Ordinary Shares Held	
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Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

\_\_\_\_\_  
Signature/Common Seal of Shareholder

**NOTES:**

1. In respect of deposited securities, only a Member whose name appears on the ROD as at 28 April 2017 shall be entitled to attend, speak and vote at this 43<sup>rd</sup> AGM.
2. A Member entitled to attend and vote at the 43<sup>rd</sup> AGM may appoint not more than two (2) proxies to attend, speak and vote on his behalf. A proxy may but need not be a member of the Company.
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. 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 43<sup>rd</sup> AGM or no later than 6 May 2017 at 10.00 a.m.
6. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, voting at the 43<sup>rd</sup> AGM of the Company will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and verify the results of the poll.

**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)**

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

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