TH PLANTATIONS BERHAD (12696-M)

EMBEDDING SUSTAINABLE VALUES

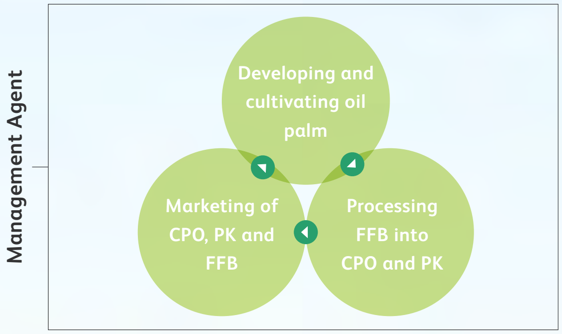
ANNUAL REPORT 2017

Who we are

TH Plantations Berhad ("THP"), the plantation arm of Lembaga Tabung Haji ("*TH*"), is engaged in the business of oil palm and rubber plantations in Malaysia.

It was first incorporated in 1972 as Perbadanan Ladang-Ladang Tabung Haji Sendirian Berhad with its first estate being Ladang Sungai Mengah, measuring 4,054 hectares. Over the years, THP gradually expanded its land bank and to date, THP's land bank stands close to 101,000 hectares. With the acquisitions made in recent years, THP believes there is vast potential for significantly higher FFB and CPO production in the coming years.

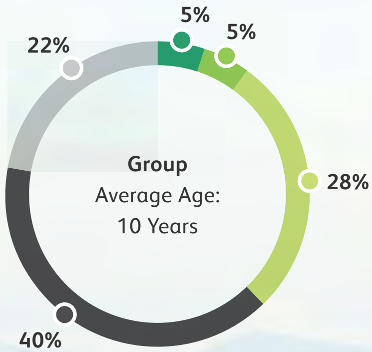
Our Core Business

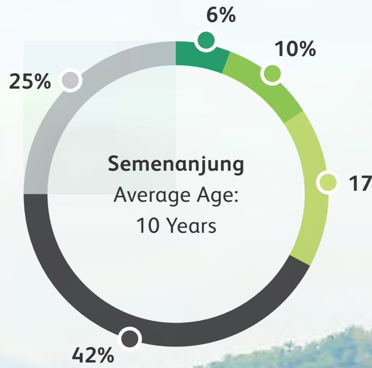


6 Palm Oil Mills with Total Milling Capacity of 240 Metric Tonnes Per Hour

LEGENDS

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

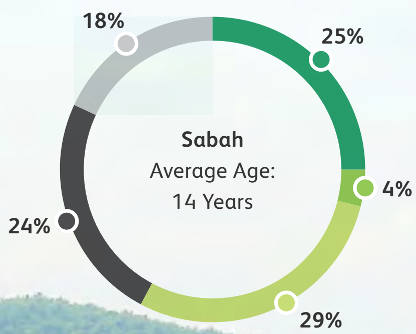


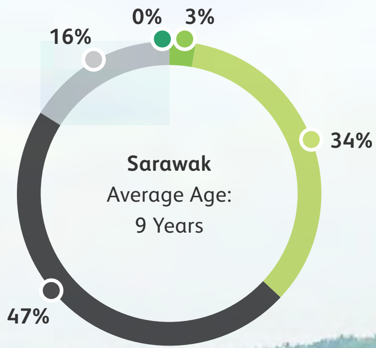


32 Oil Palm Estates
in Malaysia & Indonesia

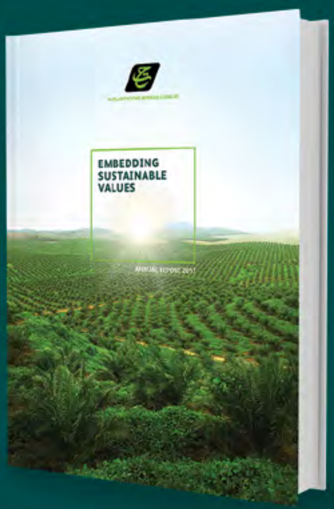
7 Forestry Plantations
in Sabah

101,000ha
of land bank





Cover Rationale



Embedding Sustainable Values reflects THP's determination towards realising its goal of becoming a regionally- and globally-recognised sustainable palm oil producer.

By embracing sustainability, we believe we have in place the right components – clear vision, strong values, innovative culture and a dynamic team – in place to maximise growth opportunities, now and in the future. Guided by our strategic Key Growth Nodes, we are focused on delivering long-term shareholder value while remaining true to our responsibilities to the environment and the communities around us.

Corporate Website

As well as general information about THP's business, the website includes an overview of the Group and information on investor relations (IR) and employment opportunities.

Please scan this QR code with your smartphone to access our website www.thplantations.my

INSIDE THIS REPORT

Navigation Icons

The following icons feature throughout the report to improve usability and show integration between the various elements:

Indicates a website reference where more information can be found.

Indicates a page or note reference of information which can be found elsewhere in this report.

ABOUT THIS REPORT

Recognising that the value we bring to our diverse base of stakeholders and shareholders is derived not just by our financial performance, but also our actions on the sustainability front, we have improved on our reporting approach this year, providing a comprehensive overview of our successes, challenges and how we responded to them in a clear and concise manner.

Guided by our main aim of creating and delivering long-term value, this Report allows us to communicate our strategies, actions and meaningful outcomes, taking into consideration not just business needs, but also capital resources and stakeholders' interests.

Demonstrating our efforts in adopting best practices, transparency and accountability, our management processes and reporting publications are aligned to the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"), Bursa Malaysia Securities Berhad's Main Market Listing Requirements and Sustainability Reporting Guidelines.

As this Report is our main communication platform to our stakeholders, its scope covers THP's main business units and key functions. We have discussed a broad range of critical areas including how we manage our business, key areas of interests, and concerns as well as how we responded to challenges during the year in review.

This Report provides a balanced, accurate and accessible assessment of THP's strategy, performance and also future opportunities, in relation to financial, economic, social, environmental and governance issues.

FEEDBACK

At THP, we believe in creating meaningful conversations with our stakeholders as this allows us to understand market needs and stakeholder perspectives, strengthen our strategy and most importantly, builds trust for the longer term. As such, we value the feedback, comments and questions received on our reports thus far.

For those who would like to provide feedback on our reports, please contact our Investor Relations unit at 03-2603 4852 or email us at investor@thplantations.com.

FORWARD LOOKING STATEMENTS

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 stipulates a certain course of action with regard to our business. However, these statements do not guarantee future operating, financial or other results as it may involve certain risks and uncertainties. As such, it is important to note that the statements here do not provide a warranty or guarantees that the anticipated results mentioned by these forward-looking statements will be achieved.

CORPORATE INFORMATION
as at 16 March 2018

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

Mohd Adzahar bin Abdul Wahid
Independent Non-Executive Director

Datuk Seri Nurmala binti Abd Rahim
Independent Non-Executive Director

Dato' Sri Amran bin Mat Nor
Independent Non-Executive Director

Datuk Abdul Shukur bin Haji Idrus
Non-Independent Non-Executive Director

Dato' Shari bin Haji Osman
Independent Non-Executive Director

Dato' Dr. Md Yusop bin Omar
Independent Non-Executive Director

Kolonel Dato' Ab Jabar bin Mohamad Aris
Non-Independent Non-Executive Director

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

Audit Committee

Mohd Adzahar bin Abdul Wahid
Chairman
Independent Non-Executive Director

Datuk Seri Nurmala binti Abd Rahim
Member
Independent Non-Executive Director

Dato' Sri Amran bin Mat Nor
Member
Independent Non-Executive Director

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

Nomination Committee

Datuk Seri Nurmala binti Abd Rahim
Chairman
Independent Non-Executive Director

Datuk Seri Johan bin Abdullah
Member
Non-Independent Non-Executive Director

Mohd Adzahar bin Abdul Wahid
Member
Independent Non-Executive Director

Place of Incorporation and Domicile

Malaysia

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 Committee

Tan Sri Dato' Sri Ismee bin Haji Ismail
Chairman
Non-Independent Non-Executive Director

Mohd Adzahar bin Abdul Wahid
Member
Independent Non-Executive Director

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

Secretaries

Aliatun binti Mahmud *(LS 0008841)*
Wan Nurul Hidayah binti Wan Yusoff *(LS 0008555)*

Website

www.thplantations.my

Registered Office

Level 35
Menara TH Platinum
No. 9 Persiaran KLCC
50088 Kuala Lumpur
Tel : 03 2603 4800
Fax : 03 2603 4695

Auditors

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

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

Sustainability and Investor Relations Department
Level 31
Menara TH Platinum
No. 9 Persiaran KLCC
50088 Kuala Lumpur
Tel : 03 2603 4800
Fax : 03 2603 4278

Principal Bankers

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

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad
Listed since 27 April 2006

Stock Name: TH PLANT
Stock Code: 5112

CORPORATE STRUCTURE

as at 16 March 2018

TH PLANTATIONS BERHAD (12696-M)

- THP Agro Management Sdn. Bhd. — 100%
- THP Bukit Belian Sdn. Bhd. — 100%
- THP Ibok Sdn. Bhd. — 100%
- TH Ladang (Sabah & Sarawak) Sdn. Bhd. — 100%
  - Kee Wee Plantation Sdn. Bhd. — 100%
    - TH PELITA Sadong Sdn. Bhd. — 65%
  - Cempaka Teratai Sdn. Bhd. — 100%
    - TH PELITA Gedong Sdn. Bhd. — 65%
  - Derujaya Sdn. Bhd. — 100%
  - TH PELITA Sadong Sdn. Bhd. — 5%
  - TH PELITA Gedong Sdn. Bhd. — 5%
  - TH PELITA Beladin Sdn. Bhd. — 55%
  - TH PELITA Meludam Sdn. Bhd. — 60%
- Maju Warisanmas Sdn. Bhd. — 100%
- THP Suria Mekar Sdn. Bhd. — 100%
- Hydroflow Sdn. Bhd. — 70%

INDICATORS

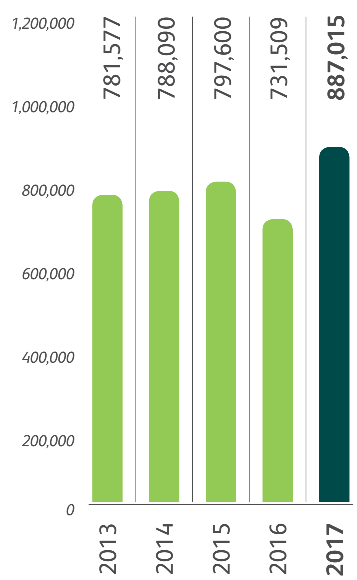
Management Services | Oil Palm | Tradeline Services | Investment Holding | Financing | Forestry | Non-Trading | Teak

Manisraya Sdn. Bhd.	Tradeline Services	100%
THP Kota Bahagia Sdn. Bhd.	Oil Palm	100%
Bumi Suria Ventures Sdn. Bhd.	Oil Palm	100%
PT Persada Kencana Prima	Oil Palm	93%
THP Saribas Sdn. Bhd.	Oil Palm	80%
THP-YT Plantation Sdn. Bhd.	Oil Palm	70%
THP Sabaco Sdn. Bhd.	Oil Palm	51%
TH-Bonggaya Sdn. Bhd.	Forestry	100%
Kuni Riang Sdn. Bhd.	Non-Trading	100%
Halus Riang Sdn. Bhd.	Non-Trading	100%
TH-USIA Jatimas Sdn. Bhd.	Forestry	70%
Ladang Jati Keningau Sdn. Bhd.	Teak	82.53%
TH PELITA Simunjan Sdn. Bhd.	Oil Palm	60%

SUSTAINABLE IN OPERATIONAL EFFICIENCY

As an upstream oil palm plantation player, we understand the importance of productivity in meeting our internal business targets. Through various initiatives implemented, we aim to uphold a high rate of operational efficiency in all our estates and mills.

FFB Production
(metric tonnes)



MANAGEMENT DISCUSSION & ANALYSIS

بِسْمِ اللَّهِ الرَّحْمَٰنِ الرَّحِيمِ

السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

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

Dear Shareholders,

It gives us great pleasure to present to you TH Plantations Berhad's Annual Report for the financial year ended 31 December 2017. Anchored on the theme "Embedding Sustainable Values", this report details our efforts in integrating the principles of "Sustainability" in the way we think, the things we do and the results that we would like to achieve.

Tan Sri Dato' Sri Ab. Aziz bin Kasim
Chairman

As a commercially-run business, our activities and targets will inevitably revolve around economic and financial pursuits. As a responsible plantation company, we shall ensure that in the course of carrying out our business activities, we do not neglect our social obligations to our stakeholders, both internal and external, as well as to the environment. Our inaugural Sustainability Statement, and report, set out in pages 23 to 52 of this Annual Report, elaborates on our efforts in embedding sustainable values in our strategy, operations and corporate culture.

THP Today

We take great pride in our company and the journey that has taken us thus far. Starting with slightly over 4,000 hectares of land bank in 1972, the year that Perbadanan Ladang-ladang Tabung Haji was established as the plantation arm of ***TH***, TH Plantations Group (as we are known today), has almost 101,000 hectares of land bank in our portfolio with assets spread throughout Malaysia and Kalimantan, Indonesia. As a result of a structured development and replanting programme carried out in the past few years, our portfolio has been revitalised into one with an improved average age profile of about 10 years. As at 31 December 2017, 60,350 hectares

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

of our land bank have been planted with oil palm, and close to 9,000 hectares have been planted with latex timber clone rubber in line with our Rubber Development Programme.

2017 Industry Landscape

After a prolonged period of challenging operating conditions, mainly brought about by erratic weather patterns and suppressed production, 2017 proved to be a year of gradual recovery for the industry. In the beginning of the year, the industry continued to grapple with lower than expected production. The lower production nevertheless helped to support the rally in palm oil product prices, with the price of Crude Palm Oil ("CPO") reaching a high of RM3,268 per metric tonne in January. As the effects of El Nino began tapering off, the industry reported a stronger recovery in production in the second part of the year. The high price levels then moderated towards the end of the year with stronger recovery in Fresh Fruit Bunches ("FFB") and CPO production, replenished stock levels and stronger Malaysian Ringgit ("MYR") versus US Dollar ("USD"). By the end of 2017, Malaysia's palm oil stocks stood at a two-year high of 2.73 million metric tonnes, up 64% from the previous year. Consequently, CPO prices traded at its lowest level for the year, at RM2,407 per metric tonne in December 2017. On average, CPO prices increased by 5% to RM2,783 per metric tonne, from an average of RM2,653 per metric tonne in 2016. Despite stiff competition from other vegetable oils and added trade barriers from importing countries, the oil palm industry contributed approximately RM78 billion in exports for the year 2017, a growth of almost 15% from the previous year.

Our Key Growth Nodes

- Enhancing the value of our existing plantation portfolio
- Expanding land bank
- Humanising our business operations

The Year Under Review

During the year under review, we pushed ahead on our Key Growth Nodes to deliver long-term shareholder value and strengthen our position in the industry. We made significant inroads in asset optimisation, enhanced productivity levels and implemented stringent cost-effective measures to drive strong performance.

Our Business Model

THP's principal activities are focused on three key components, namely:

Palm Oil

60,350ha

Production of FFB, Palm Kernel ("PK") and CPO for the Malaysian market. Our oil palm planted area spans 60,350 hectares across 32 estates in Malaysia and Kalimantan, Indonesia. We also have six palm oil mills with a combined capacity of 240 metric tonnes per hour.

Forestry

9,000ha

As part of our diversification initiatives, we have earmarked approximately 12,000 hectares of land under the Forest Management Unit. To date, about 9,000 hectares of land have been planted with latex timber clone rubber for this purpose, spanning seven forestry estates, and development works are still on-going.

Management Services

20,000ha

To ensure we utilise our plantation manpower and expertise as efficiently as possible, we offer management services for oil palm plantations. We currently manage more than 20,000 hectares of land planted with oil palm for our parent, ***TH***.

It was a year of continued challenges with indications of gradual improvements. We pushed ourselves beyond limits and capitalised on various opportunities to deliver value to our stakeholders.

Throughout 2017, we focused our efforts on driving various strategic initiatives to realise our goal of becoming an integrated and sustainable plantation company. We remained focused and centred our efforts on the seamless execution of our long-term strategy, the Key Growth Nodes.

Leveraging on the three strategic Key Growth Nodes – enhancing the value of the enlarged plantation platform, land bank expansion and humanising our business operations – we worked towards optimising opportunities throughout our whole value chain. We prudently pursued our strategy to ensure that we sustain our competitive advantage and put us on firmer footing to deliver stronger future performance.

Key Growth Node 1

Enhancing the Value of Our Existing Plantation Portfolio

Recognising that volatility in commodity prices and demand will continue during the year under review, we focused our efforts in strengthening our internal processes, increasing our FFB yields and milling efficiency while at the same time lowering production costs at all our plantations. During the year under review, we carried out the following activities to achieve the goals set out under the first Growth Node, as follows:

Structured Replanting Programme

In 2013, we instituted a structured annual replanting programme to ensure that we are able to optimise the average age and the yield potential of our palms. Currently, about 50% of our planted area are between four to nine years old, i.e. at a young mature age, while 21% are in their prime mature age. By 2020, we expect that 60% of our planted area will be in the prime mature age bracket, promising sustainably higher FFB yields and Oil Extraction Rate ("OER") in a few years' time. During the year under review, we continued with our structured replanting programme, replanting our old and sub-optimal yielding areas with improved planting material using better plantation techniques. To keep the momentum going, our target is to ensure that we reduce the composition of palms aging more than 25 years to less than 5% of our planted area at all times.

Performance Improvement Programme

To help improve performance and operational matters at our estates and mills, we continued to review the various action plans under our Performance Improvement Programme ("PIP"). As part of this, we intensified our Research and Development ("R&D") practices and implemented innovative agronomic activities as this allowed us to fully embrace sustainable practices across all our work processes and procedures. The successful implementation of these action plans has slowly but surely shown positive results as this has not only lessened our impact on the environment, but also helped in reducing costs.

- *Increased Efficiency through Mechanisation*

  To increase productivity and maximise operational effectiveness, we introduced targeted mechanisation processes at our estates and mills which not only has increased productivity and efficiency, but also helped to alleviate labour shortage and minimise our environmental footprint. These targeted processes included harvesting, crop collection as well as crop evacuation. We intensified the use of mechanical cutters during harvesting as well as mini tractors and buffaloes to transport our palms as these methods have proven to increase productivity and efficiency.

  To further optimise yield and improve plantation processes at our estates and mills, cutting-edge technology was employed at our plantations. We adopted the use of Unmanned Aerial Vehicles ("UAV") or drones at certain plantations to conduct aerial surveillance in order to capture data, imagery and statistics as this helped in improving our work processes. In FY2017, we introduced two drones throughout our estates to help map the growth of our palms.

In fact, over the longer term, these UAVs will help THP promote conservation, analyse the health of our trees, identify potential disease and pest outbreaks as well as estimate future yield. To date, the use of the UAV has assisted us in making real-time, accurate, informed decisions on matters pertaining to project costs as well as recognise the needs of each estate in a more efficient and effective manner.

We also invested in new machinery at our mills to improve mill efficiencies and lower production costs. In fact, to help us lower production costs, we purchased quality FFB from external estates, particularly in Kilang Sawit Bukit Lawiang, Johor, and Kilang Sawit Ladang Raja Udang, Sarawak. As a result of our efforts, we increased our average mill utilisation rate to 74% in FY2017 compared to only 61% in FY2016. Our mills processed a total of 992,902 metric tonnes of FFB in FY2017 as compared to 861,860 metric tonnes in FY2016, while total CPO output for the Group increased 12% to 193,979 metric tonnes from 173,258 metric tonnes produced in the previous year.

- *Water Management*

Advancement in peat research and in-depth understanding of peat characteristics in relation to water retention capability has provided us the driving impetus to redefine our peat water management strategy.

The adoption of precision agriculture application tools using Satellite and UAV technology has also enabled us to develop real time geo-referenced surface water flow maps using just the smartphone. This Precision Water Management System using smartphones is currently being used in our fields to monitor and regulate the water levels in all of our peat plantations.

- *Cost-effective Integrated Fertiliser Recommendation System (INFERS)*

In terms of fertiliser management, we intensified our R&D efforts to develop better fertiliser placement techniques using an integrated site-specific fertiliser programme to enhance our palm nutrition. In line with our goal to increase yields, it was crucial that the right fertiliser was developed as we recognised that the needs of our plantations differed, given various factors such as soil, weather conditions and even rainfall patterns. In addition, the weakening MYR and fertiliser supply shortage also made it vital to plan our fertiliser programme accurately.

Taking cognisance of this, our R&D team worked closely with major local fertiliser manufacturers to not only design new fertilisers that were more cost effective and increased the health of our palms but more importantly, specific to the needs of each estate.

- *Improved Fruit Set Quality*

In line with our goal of incorporating more sustainable practices across our operations, we introduced field breeding of weevils, specifically the *Elaeidobius kamerunicus* variety, as it is the most efficient and essential insect pollinator of oil palm. Our efforts in this will hopefully help to overcome poor fruit sets and in turn improve yields. The use of weevil breeding boxes or hatcheries has turned out to be effective in mitigating issues of seasonally poor pollination. It has also proven to be a more environmentally-friendly alternative to improve the quality of our fruit sets. Given the success of the weevil hatchery programme, we hope to extend this programme to more estates in FY2018.

- *Enhanced Soil Conservation Practices*

We also embarked on sustainable soil conservation practices to ensure we were able to enhance crop production and at the same time, avoid the loss of important soil organic matter that is essential for oil palm growth. Based on earlier research conducted, we implemented circle mulching using mineral soil techniques that helped improve palm growth, achieve earlier maturity, ensure cleaner loose fruit collection and most importantly, resulted in higher yield performance.

Key Growth Node 2

Land Bank Expansion

While we are open to the potential of further land bank expansion, this has not been a priority for the Group. We believe that at present, it is more value-adding for the Group to intensify our consolidation efforts for our existing land bank while we further streamline our processes and operations across the board.

Notwithstanding this, we have extended our expertise and services in managing oil palm plantations to our parent company, ***TH***. In addition to our own estates, we are also currently developing and managing more than 20,000 hectares of ***TH***'s estates in Peninsular Malaysia and Sarawak, bringing the total land bank managed by the Group to more than 120,000 hectares. Our management services allow us to utilise our plantation manpower and expertise as efficiently as possible, on top of being an added source of revenue for the Group. In FY2017, we started seeing the fruits of our labour as some 400 hectares of planted areas under ***TH***'s estates came under maturity and have shown encouraging production and potential.

Key Growth Node 3

Humanising our Business Operations

Sustainable Practices

As part of our goal to emerge as a sustainable plantation company, we focused our attention on embedding more sustainable practices throughout our value chain. For instance, as most of our plantations are located in remote areas, we continued to work collaboratively with the local communities to not only increase their socio-economic levels, but also on matters pertaining to land development while at the same time upholding the rights of the native people in the area. We doubled our efforts to ensure that the children in these communities were provided with access to more comprehensive educational opportunities as this would help them gain a brighter future.

On that note, we are pleased to note that THP is on-track towards obtaining our Malaysian Sustainable Palm Oil ("MSPO") certification at all our estates and mills by 2019, demonstrating our strong commitment towards the three principles of sustainability – People, Planet and Profits.

More details on our Sustainability efforts under this Key Growth Node can be found on pages 23 to 52 of this Annual Report.

Building a Strong Team

All the achievements we experienced in 2017 would not have been possible without the support we received from our loyal team of employees who have been the heart and soul of this organisation. For THP to go up to the next level of productivity and deliver strong performance, we need to build a strong talent pipeline. Hence, throughout the year under review, we carried out various programmes to upskill and help them build new capabilities and achieve fulfilling careers. These programmes covered talent development, job rotation, mobility and training, comprehensive employee benefits as well as a broad range of employee lifestyle programmes to strengthen relationships across the workplace.

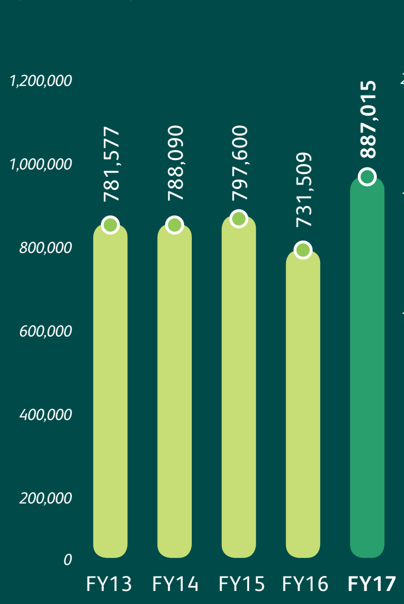
More details on our efforts to in building a stronger team can be found on pages 48 to 50, under the Sustainability section of this Annual Report.

Corporate Development

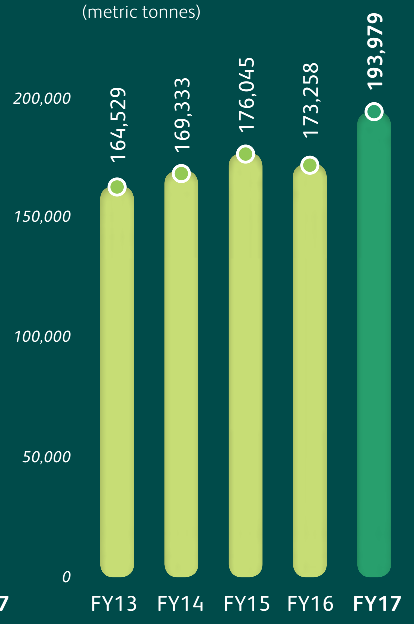
The Group, via its wholly-owned special purpose vehicle THP Suria Mekar Sdn Bhd, has a Sukuk Murabahah Medium Term Notes programme in place since May 2015. This programme allows the Group to issue up to RM1.2 billion in nominal value of the Sukuk notes, with ***TH*** being the sole investor in this programme.

At the start of the financial year under review, the Group had RM1.12 billion of Sukuk notes outstanding under the said programme. In June 2017, we carried out an early partial redemption of the notes outstanding, amounting to RM225 million. The early redemption is in line with our intention to pare down our debts, reduce financing costs and improve our cash flows. Our degearing exercise is still on-going, and we have identified other potential non-core, non-strategic assets for disposal. The disposal exercise, which will be carried out progressively in the near to medium-term, is expected to further reduce our gearing to a level that is more manageable, particularly in challenging times.

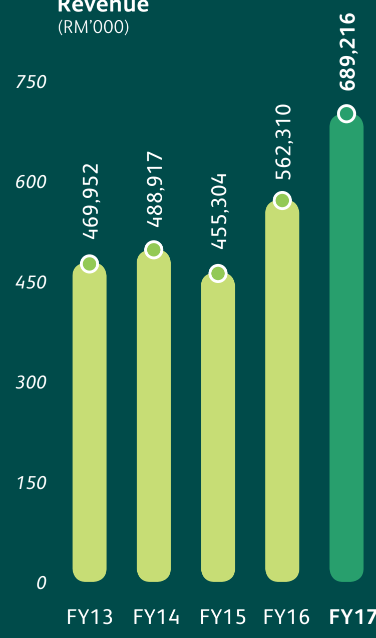
FFB Production
(metric tonnes)



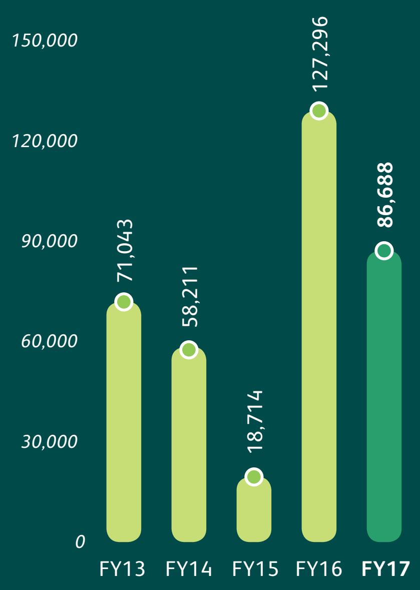
CPO Production
(metric tonnes)



Revenue
(RM'000)



Profit Before Tax
(RM'000)



Profit Before Tax

RM
86.69 million

Profit After Tax

RM
50.75 million

Financial and Operational Performance

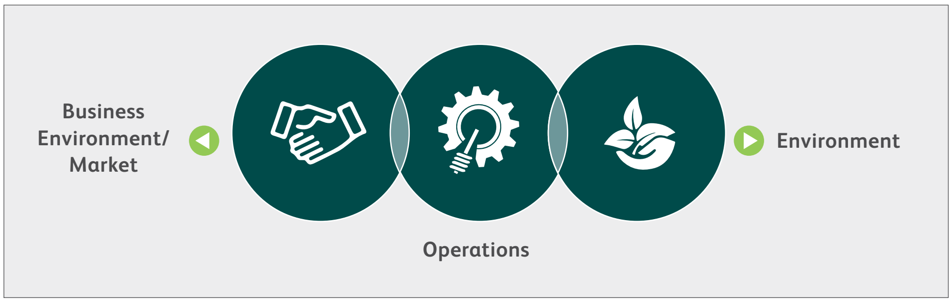
For the year under review, THP reported Profit Before Tax ("PBT") of RM86.69 million for FY2017, against a PBT of RM127.30 million a year ago. The Group also recorded Profit After Tax ("PAT") of RM50.75 million (FY2016: RM150.47 million). It is important to note that in FY2016, the Group had recognised an extraordinary gain of RM112.58 million from its disposal of THP Gemas Sdn Bhd, which helped boost its FY2016 bottom line. Excluding the effect of this extraordinary gain, the Group's FY2017 core pre-tax profit more than doubled to RM73.90 million compared to RM29.30 million last year.

The stronger core profit was mainly driven by a 21% increase in FFB production, and a concurrent 12% increase in CPO output. The Group recorded FFB production of 887,015 metric tonnes, and CPO production of 193,979 metric tonnes. In terms of FFB yield, the Group recorded 18% higher yield of 18.14 metric tonnes per hectare versus only 15.36 metric tonnes per hectare in FY2016. The Group's OER however, dropped to 19.55% in FY2017 versus 20.11% in FY2016, in line with industry trends. The Group's average realised selling price for CPO increased 8% to RM2,672 per metric tonne while average realised PK selling price grew 3% to RM2,444 per metric tonne.

Higher production, coupled with stronger realised CPO and PK prices, helped in lifting revenue by 23% to RM689.22 million. The increase in revenue outweighed the increase in cost of sales, which was 10% higher in line with improved production. The Group's gross profit margin increased to 24.76% compared to 13.9% a year ago, on the back of higher revenues.

Managing Our Risks

At THP, we recognise that our business performance faces several risks that may impact us in the near to long-term. We have put in place a robust action plan to mitigate these risks:



	Top Risks	Context	Mitigation
Business Environment/ Market	Fluctuating Commodity Prices	The palm oil commodity market is determined by the global supply, demand patterns and even regulatory positions. Hence, significant and a prolonged low-price environment for CPO/PK would have material adverse effects on THP's cash flows and profit.	We continuously monitor and manage our open commodity positions by natural hedging techniques using spot selling (30%), forward physical contracts (30%) and long-term contracts (40%).
	Volatile Foreign Exchange Movement	The selling price for CPO and PK are derived from the global commodity markets and are quoted in USD. The exchange rate fluctuations in MYR/USD pose a risk to our earnings as our trading prices will be affected.	We continuously monitor MYR/USD, world situations as well as track exchange rate movements. We work closely with market analysts and bankers to monitor market forecasts.

	Top Risks	Context	Mitigation
Operations	**Labour Shortage**	The oil palm plantation sector is a very labour-intensive industry. As recruiting foreign workers has become more difficult, this could result in: • Failure to meet targets and estimates as estate operations will be affected; • Unable to complete work programme on time; • Loss of income by not being able to carry out harvesting efficiently.	We carried out several initiatives, namely: i. Mechanisation of estates and mills, where the terrain is favourable; ii. Intensified recruitment of foreign workers to achieve an ideal worker ratio; iii. Extended the work permit of existing workers, where possible; iv. Ensured workers receive adequate training on the various sustainability best practices, implemented minimum wage (as per Government regulations), provided living quarters, medical facilities as well as a comfortable working environment;
	Pest Outbreak	The oil palm industry is susceptible to occasional pest outbreaks which can disrupt the physiology and crop ability to optimise production.	We continuously conduct early detection and prompt control actions across all our estates. To manage pest outbreaks, our Integrated Pest Management programme has been implemented satisfactorily, whereby the use of biological control agents were prioritised, including: i. Barn owls (*Tyto Alba*) have been used to control rat populations; ii. Palm oil trees are shredded properly to avoid rhinoceros beetles from breeding; iii. Use of beneficial plants that shelter and provide food to certain types of insects; and iv. Use of *Bacillus Thuringieses (Bt)*, a type of soil-dwelling bacteria that is effective against Tirathaba rufivena larvae. These efforts have had minimal to no impact on the local biodiversity.

	Top Risks	Context	Mitigation
Operations *(cont'd)*	**Breakdown at Our Mills**	Frequent interruptions at our mills will affect production, but also quality and downtime. Estate harvesting operations are affected, as a result of this chain reaction.	We ensured maintenance programmes were strictly adhered to. During these annual maintenance programmes, we made sure that various parts of the mills were functioning at optimal levels while older equipment were replaced with more efficient ones. We also have a fast-moving spare parts inventory that is maintained effectively. In addition, our mills and estates are managed by competent and well-trained personnel as this will ensure our mills run smoothly.
	Enclave Problems - Land Disputes in Sarawak	Our plantations are located in the remote areas of Sarawak and as such, prolonged issues could lead to: • Operational disruption/delay in development works; • Reduced land bank and hectarage for planting; • Legal suits against THP by natives or relevant third-party; • Loss of investment in terms of land costs, premiums, property development expenditure on planted area, payment of quit rent and finance charges; • Encroachment and blockade by natives.	Maintaining close stakeholder relationships is very important to us. We have consistently worked hard to sustain and establish strong, positive relationships with the locals and authorities especially with the Land and Survey Department, Police and the State Attorney General office through regular engagement platforms. We also carried out a series of dialogues, meetings and negotiations with land claimants within the gazetted Native Customary Rights ("NCR") and NCR areas. We also invited them to participate in the Land Lease Agreement. As part of our Standard Operating Procedure, before any area is developed, a licenced surveyor is appointed to carry out perimeter surveys to demarcate the actual state land and confirm areas that may be subjected to NCR claims, based on Application Programming Interface ("APIs") maps. To ensure that there are no legal implications on THP, we have also taken legal recourse on certain aspects. A reliable security firm was also engaged to assure the safety of our workers and our plantations.

	Top Risks	Context	Mitigation
Environment	**Unpredictable Weather Conditions** • **El Nino (prolonged dry period)**	Weather has always had a strong correlation to our FFB production and yields as it: • Impacts crops and palm growth; • Poses as a fire hazard.	We have always planned ahead to ensure that the weather impact on our production and yield is minimised. During the prolonged dry period, we put in place effective water management and moisture conservation practices by constructing silt pits and water bodies to keep the grounds moist.
	• **La Nina (prolonged wet period)**	• Floods in low lying areas; • Young palm casualties affecting flowering and development of bunches; • Damage to submerged crop; • Impact on harvesting activities and crop quality	To contend with potential La Nina effects, we put in place measures to plant our palms on raised platforms, conducted desilting of drainage and water ways, in addition to raising bund heights.
	Global Sustainability Standards	The European Union ("EU") parliament passed resolutions to impose a single certified sustainable palm oil scheme to Europe-bound palm oil exports by 2020 and to phase our palm oil from the EU biofuel programme by 2020.	A robust sustainability framework has been implemented to guide our processes and procedures throughout the whole palm oil supply chain, lessen our impact on the environment and empower the communities in areas where we operate in. We are also working towards achieving full MSPO certification by 2019 as this would cement our position as a truly integrated and sustainable plantation company.

2018 Outlook and Prospects

Moving into 2018, we are mindful that there will continue to be challenges across the global economy and palm oil industry, increased trade barriers and continued stiff competition from other vegetable oils. Although prices of palm oil products have moderated from their recent highs, sustained demand, particularly from developing countries, has ensured ample support for palm oil prices. We are optimistic that the palm oil industry will continue to be buoyed by the strong demand drive for food sources, oleochemicals and biofuel, in line with the rapid increase of the world population and economic growth.

Being a pure upstream plantation player, we believe that we have the right long-term strategy in place to harness the rising global demand for palm oil. Backed by our strong fundamentals, strategic Key Growth Nodes and a highly experienced team, we are leaving no stone unturned in our pursuit of optimising yields, driving operational efficiency and increasing productivity levels to deliver strong performance and long-term shareholder value.

Acknowledgements

We would like to extend our sincere appreciation to our Board of Directors for the collective wisdom and guidance given during these last 12 months. We would also like to thank the various palm oil agencies, the Ministry of Plantation Industries and Commodities Malaysian and regulatory bodies for the relentless support towards ensuring the palm oil industry remain resilient and robust amidst all the challenges it has faced thus far.

To our senior management team and employees – your unwavering dedication, perseverance, loyalty and passion have made our FY2017 performance possible. Thank you.

To our stakeholders, we understand that the Sustainability Journey is a long and arduous one, but we are pleased to assure you that concrete steps are being taken to take us closer to becoming a regionally- and globally-recognised sustainable palm oil producer. In time, THP will be the plantation company of choice, delivering sustainable value to its shareholders and investors while staying committed to its social responsibilities and obligations.

Thank you.

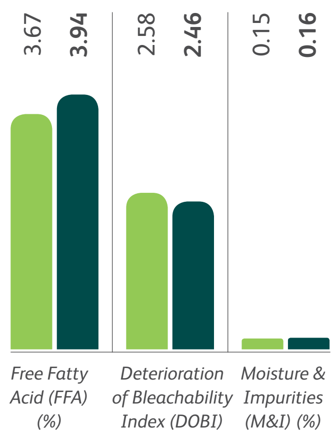
Tan Sri Dato' Sri Ab. Aziz bin Kasim
Chairman

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

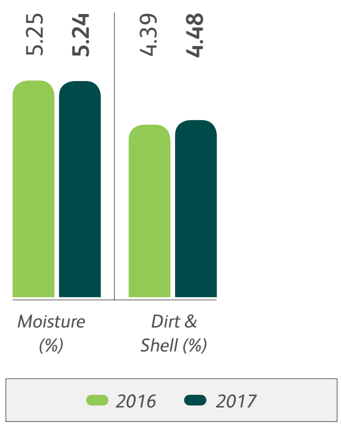
SUSTAINABLE IN IMPROVING PRODUCT QUALITY

We strive to continuously improve the quality of our Crude Palm Oil and Palm Kernel to meet customer requirements. Each batch is measured and monitored against our internal targets, which have been prepared alongside the Standard Quality Grade of the Malaysian Standards, MS814:2007 and MS236:2007, for CPO and PK respectively. The table below highlights our average performance in the past two years.

Crude Palm Oil



Palm Kernel



LINKING SUSTAINABILITY TO OUR STRATEGY

THP aspires to grow into a sustainable and integrated palm oil player over the long-term. To accomplish this goal, we have identified three key strategic Growth Nodes with the third Growth Node specifically focusing on enhancing the sustainability framework of the Group. THP has always considered sustainability as a key element of its strategy, and we have monitored our performance across key economic, environmental and social matters.

This year, we have made good progress in our sustainability initiatives. Amongst which, we established a sustainability governance structure and made headway in our aspiration to be MSPO certified. In addition, this marks our shift from traditional reporting towards the inclusion of a Sustainability Statement, prepared under the guidance of multiple sources, including the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), international sustainability reporting guidelines, industry standards and benchmarks, as well as facilitation from external consultants.

Guided by our values, we remain committed to our economic, environmental, and social matters. This includes managing our effluents and water discharge, upholding human rights and maintaining a safe and healthy workplace, as well as preserving riparian areas, exercising good agriculture practices, and improving product quality and operational efficiency.

Sustainability is a journey of continuous improvement, where we embrace change and seek to do better for the benefit of our future generations. With the progress made in 2017, we acknowledge that more could be done towards sustainable growth. We will continue our efforts in creating a shared environment that not only secures future agricultural growth and quality products, but also addresses the collective needs of our stakeholders as well as the environment.

ABOUT THE SUSTAINABILITY STATEMENT

THP's inaugural Sustainability Statement ("Statement" or "SS") has been prepared in line with the Main Market Listing Requirements ("Listing Requirements") issued by Bursa Malaysia in response to the changing tides in sustainability reporting. The purpose of this Statement is to communicate to our stakeholders our commitments and management of sustainability risks across the economic, environmental, and social ("EES") themes.

Our operations consist of three strategic business units, namely oil palm plantations, forestry (harvesting of latex and rubberwood), and management services. The scope of this Statement covers our operations in oil palm plantations in West and East Malaysia, which includes activities of cultivating oil palm, processing FFB, marketing CPO and PK, unless otherwise stated. Our Indonesian operations have been excluded as the palms here were immature during the reporting period. As palm oil activities in Malaysia is our core business, contributing almost 100% of our revenue in 2017, emphasis would be placed here.

The reporting period of our Statement is 1 January 2017 to 31 December 2017, unless otherwise stated. The content of our Statement is underlined by our commitment towards achieving full MSPO certification by 2019. We have referenced Bursa Malaysia's Sustainability Reporting Guide and Toolkits, as well as the internationally-recognised Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards") and relevant industry standards and benchmarks.

Sustainability Governance

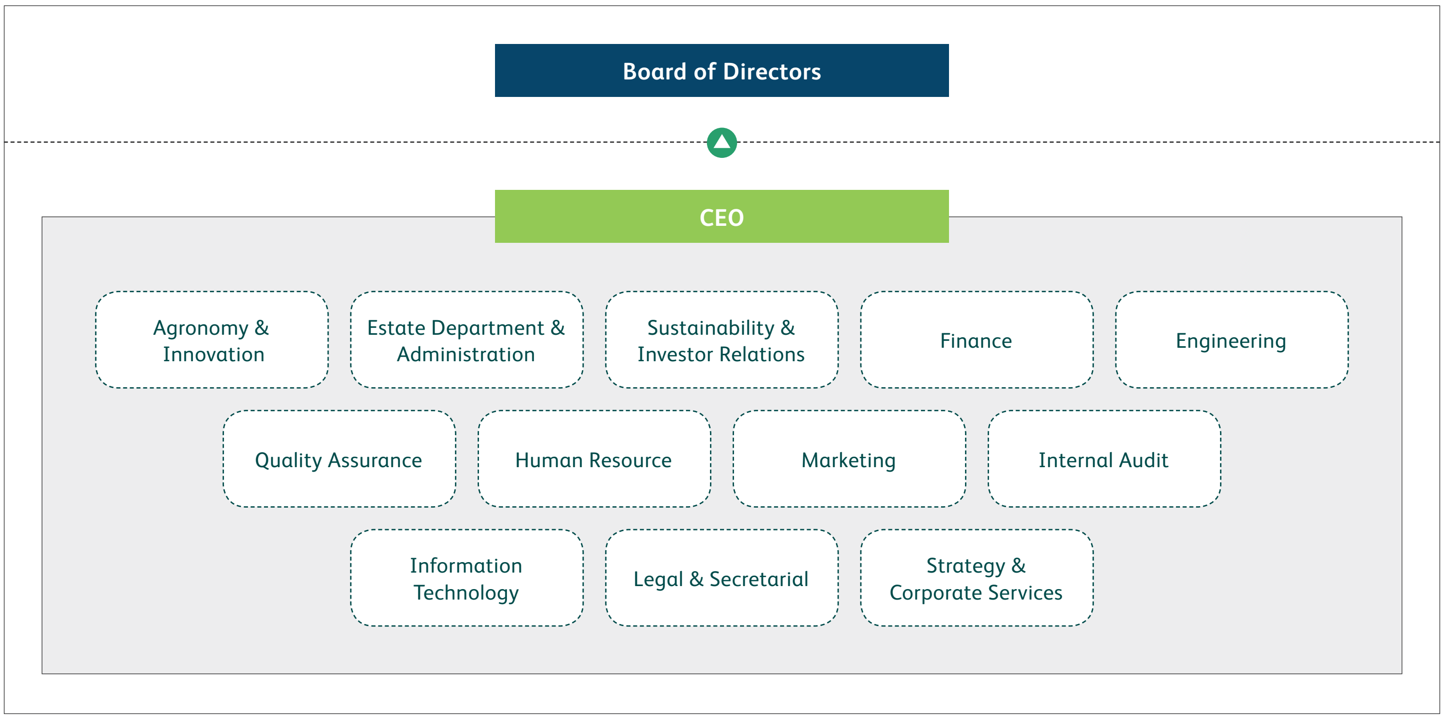
Our 'tone at the top' is set by THP's Board of Directors ("the Board"), with whom the ultimate responsibility of setting the Group's sustainability strategic direction rests. The Board is supported by the Chief Executive Officer ("CEO") and the Sustainability Committee ("SC" or "Committee"). Our CEO is tasked with reporting to the Board on the Group's sustainability performance, as well as reviewing updates from the Committee on THP's sustainability management and preparation of the annual Sustainability Statement.

The Committee comprises various heads of department (as illustrated in the diagram below). The Committee is chaired by the CEO and is responsible for monitoring the execution of the Board's strategic sustainability direction and overseeing the preparation of the Sustainability Statement.

The Committee is also responsible for monitoring the implementation of our Sustainability Agenda. Our Sustainability Agenda guides THP towards becoming a sustainable and integrated palm oil player over the long-term, including achieving full MSPO certification by 2019 and preparing a comprehensive Sustainability Statement as a platform to communicate our initiatives.

Committee's Responsibilities

- Monitoring the execution of the Board's strategic sustainability direction
- Overseeing the management of related policies and statements
- Monitoring the implementation of our Sustainability Agenda



Respective heads of departments manage the risks and opportunities that fall within their jurisdiction and report to the Committee on their achievements. The Sustainability and Investor Relations department ("SIR") department manages THP's sustainability reporting processes, ensures the Group complies with relevant sustainability requirements (such as MSPO), and serves as the communications conduit between the Group and our stakeholders.

Stakeholder Engagement

We recognise our stakeholders as being key enablers who support our business activities, contribute to our success, and to whom we owe a duty to care and to share value created. Our approach to sustainability takes into consideration the long-term impact resulting from our

	Shareholders	Directors	Management
Engagement Platforms	• Annual General Meetings • Quarterly announcements • Special meetings	• Quarterly and special Board meetings • Board Committee meetings	• Quarterly management and ad-hoc meetings
Concerns	• Growth of THP's earnings • Dividend pay-out	• Maintaining THP's financial support and growth • THP's relationship with its stakeholders • Maintaining good governance practices	• Business growth and increasing yields • Achieving MSPO certification • Stakeholder relationship management • Mitigation of occupational safety and health risks • Regulatory requirements on discharge management • Preventing human rights violations • Talent retention and supporting employees via welfare and competitive remuneration • Improving operational efficiency, including reducing waste • Product quality and meeting customers' requirements • Regulatory compliance
Management's Response	• Refer to our Management Discussion & Analysis ("MD&A") and Audited Financial Statements • Product quality and operational efficiency on page 30	• Refer to our MD&A and Audited Financial Statements • Governance and ethics on page 32	• Product quality and operational efficiency on page 30 • Traceability and supply chain management on page 32 • Occupational safety and health on page 44 • Effluent and water discharge management on page 34 • Waste management on page 35 • Employee welfare and development on page 48 • Human rights on page 42

This year, we referred to Bursa Malaysia's Prioritisation Toolkit to identify our key stakeholders in a structured manner. Following which, we engaged specifically with four stakeholder groups (management, employees, customers, and local communities) to obtain feedback on which sustainability matters each stakeholder group considered most important. This engagement forms part of our materiality assessment presented in the next section.

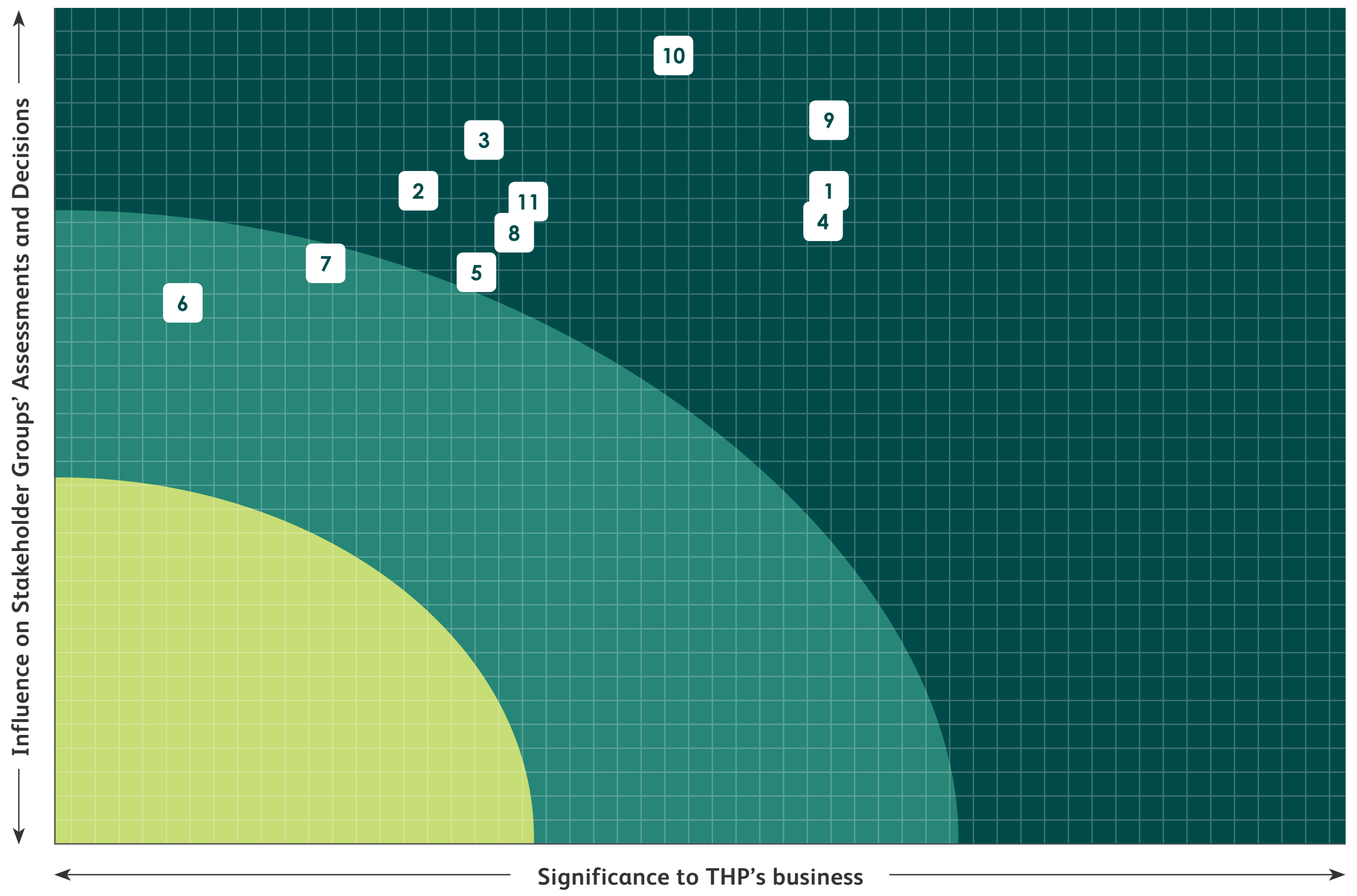
activities for both the Group and our stakeholders. As such, we have proactively engaged with our stakeholders. Summarised below is our engagement approach towards our stakeholders, highlighting their main concerns as well as THP's response:

Employees	Customers	Local Communities	Local authorities
		(i.e. towns, villages)	*(i.e. Malaysian Palm Oil Board ("MPOB"), Department of Occupational Safety & Health ("DOSH"), Department of Environment ("DOE"), municipal councils, etc.)*
• 'Open-door' policy • Company intranet, special briefings • Trainings	• Regular email/in-person correspondence to discuss issues raised	• Informal grievance channels • Donation programmes • Land management schemes	• Monthly, annual and special reporting • Forums
• Prevention of occupational safety and health risks • Seeking a supportive workplace environment with competitive wages and benefits • Good governance and ethical environmental and social management practices	• Meeting quality requirements and demand needs • THP's performance and management of EES matters	• Management of effluent discharge • Provision of support elements (i.e. donations and medical facilities)	• Meeting regulatory requirements (i.e. health and safety statistics, air emissions and effluent and discharge, etc.)
• Occupational safety and health on page 44 • Employee welfare and development on page 48 • Human rights on page 42 • Governance and ethics on page 32	• Product quality and operational efficiency on page 30 • Traceability and supply chain management on page 32 • Governance and ethics on page 32 • Biodiversity and conservation on page 39 • Human rights on page 42	• Local communities on page 51 • Biodiversity and conservation on page 39 • Effluent and water discharge management on page 34	• Governance and ethics on page 32 • Effluent and water discharge management on page 34 • Human rights on page 42 • Occupational safety and health on page 44 • Waste management on page 35 • Water management on page 38

Throughout the process, we recognised the limitations of our current stakeholder engagement scope. For future reporting, we will expand our direct stakeholder engagement process to include additional stakeholder groups. As we move towards MSPO certification, we will further develop and formalise additional platforms for engagement with our stakeholders.

Materiality Matrix

In FY2017, we identified our material matters via Bursa Malaysia's Materiality Assessment Toolkit. We considered the impact of relevant matters to the business and the importance of each matter to the engaged stakeholder groups. Below is our materiality matrix:



All relevant matters identified above are material to our operations, and are managed with prudent planning and execution. We have grouped our matters into the following themes:

Economic	Environment	Social
1. Product Quality and Operational Efficiency	4. Effluent and Water Discharge Management	8. Human Rights
2. Tracebility and Supply Chain Management	5. Waste Management	9. Occupational Safety and Health
3. Governance and Ethics	6. Water Management	10. Employee Welfare and Development
	7. Biodiversity and Conservation	11. Local Communities

The next section provides details on how we manage all of our identified material sustainability matters, including key practices we exercise and performance indicators that we monitor.

Managing Matters to Create Shared Value

All over the world, governments, organisations and people of all backgrounds are unified in agreement that the United Nations Sustainable Development Goals ("SDGs"), with its 17 ambitions provide for the future and quality of life we want for our communities, our businesses, and our nations. Following the announcement of the SDGs, the Malaysian government passed the Eleventh Malaysia Plan ("11MP") – a set of six strategic directions to grow the nation.

Against the backdrop of the abovementioned agendas, we want to communicate how our matters create value on these universally-spoken platforms. Therefore, we have connected the way we manage our matters to the different aspects of the SDGs and 11MP. We utilised publicly available documents, including the Main Paper of the Eleventh Malaysia Plan and the SDG Industry Matrix prepared by the United Nations Global Compact. Our representation of the relevant SDGs are shown below:

Economic

SDGs

- 1 NO POVERTY
- 2 ZERO HUNGER
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 10 REDUCED INEQUALITIES

11MP

- 1 Enhancing inclusiveness towards an equitable society
- 3 Accelerating human capital development for an advanced nation

Environment

SDGs

- 6 CLEAN WATER AND SANITATION
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 15 LIFE ON LAND

11MP

- 4 Pursuing green growth for sustainability and resilience

Social

SDGs

- 1 NO POVERTY
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

11MP

- 1 Enhancing inclusiveness towards an equitable society
- 2 Improving wellbeing for all
- 3 Accelerating human capital development for an advanced nation

Adopting new technology towards greater operational efficiency.

1 Product Quality and Operational Efficiency

As an upstream oil plantation business, we understand the importance of quality to meet our customers' requirements and our internal business targets. In doing so, we focus on an array of areas to manage product quality and uphold a high rate of operational efficiency. In the Management Discussion & Analysis section of our Annual Report, pages 9 to 20, we further discuss our operational performance, efforts and significant achievements during the year.

Customer Satisfaction

Our customers are important stakeholders in the sustainable development of our operations. It is our responsibility to produce quality products that benefit our customers, drive business growth and is responsibly produced and sourced. To understand and manage common industrial challenges, we regularly engage with our customers to understand their needs and develop collaborative relationships.

We strive to maintain the quality of our CPO and PK to meet customer requirements. Each batch is measured and monitored against our internal targets, which have been prepared alongside the Standard Quality Grade of the Malaysian Standards, MS814:2007 and MS236:2007, for CPO and PK respectively. The table below highlights our average performance against the targets.

We have been able to manage our quality performance within targets for the last three years mainly due to our close monitoring and strict quality management.

Average quality indicators	Internal target	Average performance 2015	2016	2017
CPO				
Free Fatty Acid (FFA) (%)	≤5.00	3.73	3.67	**3.94**
Deterioration of Bleachability Index (DOBI)	≥2.30	2.57	2.58	**2.46**
Moisture & Impurities (M&I) (%)	<0.25	0.15	0.15	**0.16**
PK				
Moisture (%)	<7.00	5.04	5.25	**5.24**
Dirt & Shell (%)	<6.00	4.82	4.39	**4.48**

Good Agriculture Practices

Our plantation operations are guided by our Standard Operating Procedures ("SOPs") on Good Agriculture Practices ("GAP"). Key focus areas of GAP include managing optimum water levels, implementation of site-specific fertiliser programmes, application of integrated pest management and efforts to minimise production of poor fruit sets.

Research and Development

R&D is an integral component of the Agronomy and Innovation department. The team consists of seven talented professionals who are focused on improving elements of operations such as increasing the quality and quantity of yield. Key areas covered by the team include fertiliser recommendations, geospatial service, and plantation research. There were a number of projects for the year, key highlights of which are:

Key R&D projects in 2017

1. Implementation of precision water management techniques for yield improvement on peatland, including establishment of water flow maps.
2. Establishment of SOP for pollinating weevil nesting box, in an effort to improve the yield of FFB.
3. Suppressing rat damage through a new baiting system.
4. Collaborative research with a local Malaysian university to forecast Bagworm outbreaks.
5. Providing technical support service to estate operations in areas of land development, establishment of estate boundary and replanting.

To support our R&D team, annual budgets are allocated for R&D expenditure. The table below highlights our R&D expenditure over the years.

	2015	2016	2017
R&D Expenditure (RM million)	1.8	2.2	**2.4**

MSPO Certification

Given our position as a supplier of CPO and PK, it is essential that we improve sustainability along the supply chain of the palm oil industry. We seek to solidify our commitment by obtaining full MSPO certification of our estates and mills by 2019.

Under MSPO Standards,
we address seven key areas:

1. Management commitment and responsibility
2. Transparency
3. Compliance to legal requirements
4. Social responsibility, safety and employment conditions
5. Environment, natural resources, biodiversity and ecosystem services
6. Best practices
7. Development and new plantings

We plan to certify all our mills and estates in Peninsular Malaysia by end of 2018, while the mills and estates in Sabah and Sarawak will be certified by June 2019. MSPO certifications will strengthen the credibility of our products and traceability measures which aligns us with local and global palm oil market demands.

In line with our goal to be an integrated and sustainable plantation company, we will continue to invest in R&D and maintain our internal quality controls, as we explore new areas of agriculture practice to improve yields and produce high quality products.

2 Traceability and Supply Chain Management

The production of sustainable palm oil is guided by responsible practices along the supply chain. We acknowledge our role in providing quality products that are made via ethical and sustainable operations. Hence, we pay close attention to the management of our supply chain to ensure that responsible and transparent end-to-end processes and procedures are practised. Our actions enable traceability, which we define below.

Traceability

As part of our efforts to manage our supply chain, we underline the importance of traceability as part of our internal procurement and supplier management processes. Our efforts are aimed at:

- Ensuring the estates are able to trace FFB produced from various stages, including seedlings, planting, harvesting and transportation; and
- Ensuring palm oil mills are able to trace the production of CPO and PK – from receipt of FFB, mill processing, transporting, and delivery.

To ensure the FFB produced at estates as well as the CPO and PK produced are traceable, we have established procedures under the purview of our Estate and Engineering departments. These operations are closely monitored to ensure we manage the sustainable production of our FFB, CPO and PK.

Fair Procurement Practices

All potential suppliers are treated equally, including potential participants of our Vendor Development Initiative ("VDI") (discussed further in page 52). Our Administration Department guides our procurement process by selecting suppliers based on specified criteria, including the extent of vendors' resources and skills, quality and composition of requested resource. Furthermore, our procurement process is governed by internal controls, such as limits of authority and approval from the Tender Committees to ensure fair practices.

Guided by our commitment towards full MSPO certification, we are in the midst of further formalising internal procedures to manage our supply chain.

3 Governance and Ethics

Good Governance

We are committed to good corporate governance and ethical practices at our workplace. Our governance practices are guided by the recommendations of the MCCG 2017, Bursa Malaysia's Listing Requirements and the adoption of the recommendations on Corporate Governance initiated by the Putrajaya Committee on Government-Linked Corporations ("GLC") High Performance as part of the GLC Transformation Programme ("Green Book").

Further information on our Corporate Governance structure and initiatives during the year can be found in the Corporate Governance Overview from pages 71 to 94.

Anti-Corruption Practices

At THP, we avoid all forms of corruption at the workplace. We have in place mitigation measures such as operational limits of authority and procedures for all directors and employees to declare any conflicts of interest. In addition, our 'open-door' policy promotes open channels of communication at the workplace.

As we recognise the importance of formalising our values and workplace practices, we will establish our own Code of Ethics to guide our management and employees in a structured manner. We are also working on arranging other preventive measures, including a Whistle-Blowing Policy to formalise our commitments, besides establishing a whistle-blowing channel and hotline to further endorse a safe and secure platform to report any incidents.

Use of beneficial plants including the *Antigonon leptopus* as part of our Integrated Pest Management programme.

4 Effluent and Water Discharge Management

Palm Oil Mill Effluent ("POME") is a significant by-product of processing FFB. Without appropriate treatment, the effluent may be detrimental to the environment. We understand the importance of managing our environmental impact by appropriately handling our effluent and water discharge.

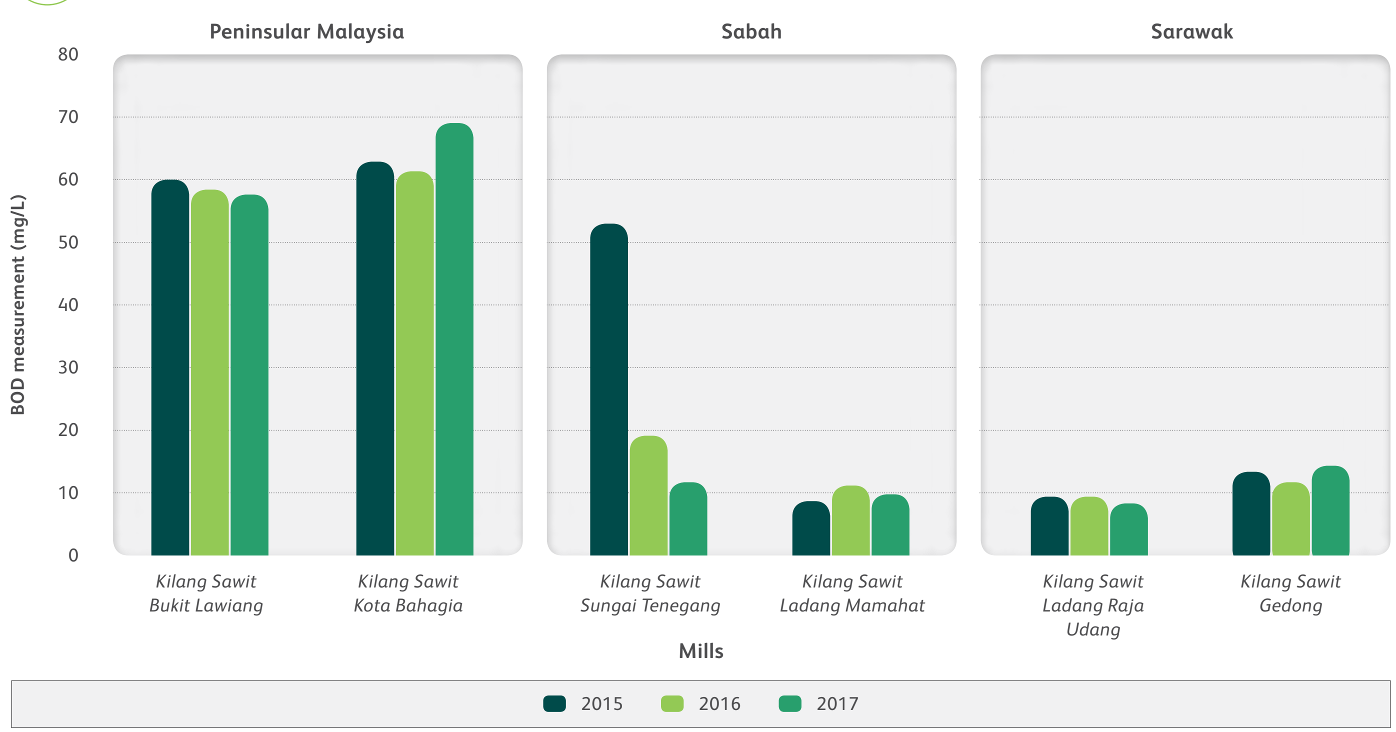
POME and Biological Oxygen Demand ("BOD") Measurements

Over years of technological evolution, we have improved our POME processing methods to manage the BOD measurements of our effluent and water discharge. The implementation of a tertiary effluent treatment plant at some of our mills has assisted in maintaining the BOD measurement below the regulatory limit, as highlighted below. Meanwhile, our other mills are striving to upgrade effluent treatment plants in anticipation of stricter DOE regulations in time to come.

Furthermore, we have stringent processes and internal controls in place to appropriately treat our effluents and maintain BOD readings within regulatory limits. The primary control would be testing a sample of treated effluent prior to discharge. Existing regulations require a BOD measurement not exceeding 100 mg/L, 50 mg/L and 20 mg/L in Peninsular Malaysia, Sarawak and Sabah's Kinabatangan Basin respectively. At THP, our target is maintain our BOD measurements below regulatory requirements.

The table below demonstrates our performance against regulatory requirements. To date, we have consistently remained within DOE limits.

BOD Measurements



In particular, our Raja Udang palm oil mill achieved the lowest BOD measurement for the last three years. For its performance on managing good environmental practices, the mill was awarded the Kilang Kelapa Sawit Lestari 2017 recognition by the Sarawak DOE in August 2017. This award recognises palm oil mills that adhere to the requirements under the Environmental Quality Act 1974.

	2015	2016	2017
Total POME generated (MT)	445,475	500,710	630,773

Our total POME generated increases in proportion to the CPO and PK produced.

We continuously look at improving discharge treatment at all our mills to reduce the BOD levels of POME generated, as well as upholding rigid internal controls and systems to prevent inappropriate discharge of effluents.

5 Waste Management

The way we manage our waste influences our environmental footprint and our social license to operate. Hence, we observe strict internal controls in waste management to prevent mishandling and to ensure adherence to relevant laws and regulations.

Hazardous and Non-Hazardous Waste Management

We constantly monitor and manage our waste as we focus on disposing our waste appropriately and reducing our waste output. Waste generated on our sites include scheduled (hazardous) and non-hazardous waste. Third-party contractors are hired to assist in disposing our waste. Disposal of our scheduled waste is performed as required by the environmental regulations under the DOE, which include working with third-party contractors who have been endorsed by the DOE. We monitor our collected scheduled waste via collection records provided by our waste contractors upon completion of waste collection from our sites. These are reported to the DOE every month.

Our newer mills are equipped with increasingly efficient processing plants, which assist us in moving towards reducing our waste output. In terms of our domestic waste, we dispose our domestic waste appropriately through waste collectors. Moving forward, we seek to report performance indicators of the total domestic waste collected.

Biomass Residue

Biomass residue is a by-product of FFB processing, which in turn are excellent sources of natural energy and fertiliser. Highlighted below is our performance data on biomass residue:

Type of Biomass Residue	2015		2016		2017	
	Produced (MT)	Amount Re-utilised (MT)	Produced (MT)	Amount Re-utilised (MT)	Produced (MT)	Amount Re-utilised (MT)
Empty Fruit Bunches	160,666	102,001	163,141	85,422	193,984	100,391
Shells	73,373	42,500	62,965	41,065	75,935	50,781
Fibre	137,534	81,130	117,700	77,690	139,655	93,691

The production of biomass residue is positively correlated with the production of CPO and PK. At present, we are able to measure some of our biomass residue, as shown above. Other forms of biomass residue (trunks and pruned fronds) have been re-used as organic fertiliser, albeit not measured. As we push forward with our sustainability agenda, we will focus on narrowing the gaps in our reporting disclosures, which include measuring and monitoring of other forms of biomass residue.

Type of Biomass Residue

Empty Fruit Bunches ("EFB")

Methods of re-utilisation

- EFB is used as an organic fertiliser in our plantations
- EFB is also incinerated to produce Bunch Ash, which is used for soil amelioration and as a source of fertiliser

Shells

Methods of re-utilisation

- As a source of fuel for the boiler system
- Sold to other plantations or industries to be re-used as sources of fuel

Fibres

Methods of re-utilisation

- As a source of fuel for the boiler system
- Sold to other plantations or industries to be re-used as sources of fuel

One of the key uses of our biomass residue is the use of shells and fibres to fuel boilers, which are utilised in processing FFB at our mills. We have practised this over the years and it has enabled us to reduce cost and our environmental footprint.

Emission from the Boilers

We monitor our boiler emissions via the Continuous Emissions Monitoring Systems ("CEMS"), which is implemented as part of local environmental regulations. The system monitors and concurrently updates the DOE on the contents of our emissions. At present, local regulations require us to maintain smoke opacity below 40%. Over the years, we have maintained our smoke opacity in line with regulations, as shown below:

Smoke Opacity Readings

* *Note that data is not available for our Kilang Sawit Ladang Mamahat for the year 2015*

In time to come, we believe that DOE regulations would include reporting requirements on emissions of dust particles and greenhouse gas ("GHG") emissions. In response to these upcoming requirements, we will implement additional measures to meet increasing regulations.

Capturing and reusing emissions as biofuel would effectively recycle emissions and reduce costs. Therefore, one of our planned measures would be to build a biogas plant at each of our sites. The plant will capture methane and produce biogas as a source of natural fuel at all our mills. These methane-capturing facilities are costly to build and as such, long-term planning and considerations would be necessary prior to the implementation.

Furthermore, we acknowledge current reporting gaps in monitoring domestic waste, other forms of biomass residue, and monitoring GHG emissions. We will move towards monitoring these additional performance areas to strengthen our initiatives.

6 Water Management

Our plantations and mills require a significant amount of water, thus, managing the efficiency of our water consumption is a high priority for us. In doing so, we reduce operational cost and exercise good agriculture practice. Furthermore, our estates and mills are surrounded by natural water streams. It is our responsibility to prevent our operations from damaging these waterways.

Water Consumption

At our plantations, we perform rainwater harvesting by digging weirs and pits to collect rainwater to provide the trees with resources over a longer period of time at our plantations. Harvested rainwater is also used to manage water tables at peatland. At the mills, FFB processing requires purer quality water, hence our utilisation of municipal water. Once treated, the processed water can be reused on site for non-operational purposes such as drip irrigation, washing or gardening around the mills and estates.

At our Raja Udang mill, we use steam traps to reduce our water consumption. Steam traps filter out the condensate which is then reused for dilution. In addition, we reuse water to cool turbines and conduct continuous sterilisation as a method of reducing water consumption. We highlight our annual water consumption below. Water consumed at mill operations increases in correlation with the increase in FFB processed.

	2015	2016	2017
Total water consumed at mill operations (m^3)	1,376,678	1,258,514	1,486,325

Water Sampling

Our mills and estates share rivers with local communities, hence it is our responsibility to prevent contamination of the rivers due to effluent and water discharge from our operations. To do so, we conduct water sampling in these rivers. Water sampling is conducted by external laboratories and the results are reported to the DOE.

Managing water consumption during FFB processing is an ongoing challenge in our industry. However, we have significantly reduced our water footprint due to efforts such as rainwater harvesting, reusing water in other areas of operations and investing in newer technology which reduces water consumption. In the future, we seek to identify more opportunities to reduce our water consumption.

7 Biodiversity and Conservation

We recognise that our operations are surrounded by local ecosystems and biodiversity. As a member of the agricultural industry, we understand our role and responsibility to respect these habitats and to support the sustainability of surrounding ecosystems. We have therefore implemented practices and controls to minimise our impact on the environment.

Riparian Reserves

Riparian reserves are areas of conservation between land and rivers teeming with life from the habitats of flora and fauna. The importance of identifying these areas for conservation lies in their role of supporting local ecosystems as well as maintaining water and soil quality. As part of our efforts, we have identified and incorporated buffer zones and riparian reserves within our plantations. As at 2017, we have established 335.16 hectares of riparian reserves and buffer zones.

To manage and preserve our riparian reserves, we plant legumes cover crops ("LCC") to prevent soil erosion. In addition, LCC helps manage the health of our crops by preventing weed growth and increasing the fertility of soil by supplying organic matter.

Environmental Impact Assessments

Prior to every replanting exercise, we perform extensive Environmental Impact Assessments ("EIA") via third party consultants. EIA is performed with the aim of minimising adverse environmental impact. For this reason, criteria considered in an EIA includes soil erosion/ slope stability and soil conditions, water pollution, noise pollution, potential loss of flora and fauna and their habitats, waste disposal, impact of replanting and abandonment, socio-economics impact, safety and health, peat soil subsidence and ecological impact. Results of the EIA are then reported to the DOE. A number of considerations are taken into account before a replanting exercise is performed. This includes the age of the oil palm, height of palm, and areas where soil quality has eroded due to flood or palm root diseases.

Peatland Management

At THP, we only plant on peat which has been set aside by the Malaysian government for agricultural development. We understand the nature of peatland and over the years, we have managed our peatland via extensive efforts and strict internal processes. This includes maintaining water at optimum levels and draining excess water to prevent peat degradation. Our Agronomy and Innovation team will provide the technical and advisory support for continuous management and care for the peatland. At the end of 2017, THP owned 47,578.40 hectares of peatland in Malaysia, of which 11,271.85 hectares are unplanted land.

Integrated Pest Management

Pest management is an unavoidable practice in cultivating palm oil to ensure healthy yields and to avoid damaging the plantation. As part of our conservation efforts and in reducing our use of chemicals, we adopt the practice of integrated pest management, which encourages the use of bio-pesticides and bio-control agents at our estates based on the most suitable pest management plans recommended by our Agronomy and Innovation department. Some of our efforts include:

- The use of *Tyto alba*, commonly referred to as barn owl, to control rat population;
- Proper shedding of oil palm trees to suppress the breeding of rhinoceros beetles;
- Planting beneficial plants that provide shelter and food for predators and parasitoids of pest; and
- The use of a local strain of *Bacillus thuringiensis* ("Bt."), a soil-dwelling bacterium, against *Tirathaba rufivena* larvae – which damage the fruit bunches on the palm.

Towards Biodiversity Conservation

We have additional efforts in place to conserve areas of natural flora and fauna around us. Our key efforts include:

Canopy cover

We ensure that we do not disrupt the canopies of the jungles. Suitable spacing and density of trees are integral in supporting a range of wildlife, especially arboreal species such as Orang Utans and Gibbons that seldom venture on ground.

Allowing natural decomposition of dead vegetation

Decomposition of dead vegetation feeds the soil with nutrients and supports a natural ecosystem. Therefore, we do not disrupt the process by applying weed killers and pesticides to these areas.

Reducing human-wildlife conflicts

To manage our impact on the environment, we ensure a minimum width of 100m – 400m between biodiversity and our operations. Where larger animals are concerned, we collaborate with experts in the field to develop and maintain green fences.

We recognise that there are more areas to extend our environmental efforts. As we move towards obtaining full MSPO certification, we seek to commence Social and Environmental Impact Assessments ("SEIA") which is an important step to assist us in identifying additional areas of improvement in monitoring and managing our performance.

Zero Burning Policy

We understand the environmental and health risks associated with open burning practices, hence our observance of a strict zero-burning policy across our operations, as stipulated in our SOP and Environmental Policy. When performing land clearing for plantation development or replanting, trees are felled, chipped and stacked. To date, there have not been any cases of open burning at plantations owned and operated by us.

LINKING SUSTAINABILITY TO OUR STRATEGY

Social

Ensuring that our stakeholders' rights are protected, respected, and valued.

8 Human Rights

Our employees and workers are important stakeholders and the cornerstone of our success. The human rights of our workforce are respected and valued as we uphold our obligation towards them. Our practices and internal systems are continuously reviewed and updated to mitigate any negative impact to our stakeholders. We have not faltered in supporting them and ensuring that their rights are protected.

Our Human Rights Commitment

As part of our commitment to become an integrated and sustainable plantation company, we see human rights as an essential component of our sustainability mandate. To this effect, we uphold, respect and protect the rights of all individuals as we understand that this forms the foundation of sustainable business growth.

In 2017, we employed 6,465 workers, of which 74% are foreign and 26% are locals working with THP. Our commitment to them is to uphold their human rights. Although we have yet to formalise a policy on human rights, we have adhered to our Human Resource ("HR") SOPs that outline the basic principles of human rights, as shown below:

Fair wages	No discrimination	No child labour	No compulsory or forced labour	Equal opportunity
Freedom of association	Safety and health at work	Social protection	Employment security	Work-life balance

Supporting Our Foreign Workforce

All our workers are treated fairly and equally. For foreign workers, the hiring process is especially different as the workers are required to relocate from their home countries. For that reason, we want to support their transition to the best of our ability. Our hiring process for foreign workers ensures that the workers are not bound by hidden fees or harmful conditions which would violate their rights. All of the foreign workers employed by us are from Indonesia.

The process begins with us obtaining approval to hire workers from the Indonesian embassy. Following this, we would visit Indonesia to interview potential candidates in person. Once hired, we take the liberty of making visa and flight arrangements for them. Their annual levy fees payable to the Malaysian government, including visa application and first-time flight ticket costs, would be borne by us.

Upon commencing at our sites, all foreign workers are provided with safe and secure accommodation close to their work site. We do not hold our foreign workers' passports, unless workers explicitly request us to do so. In such a circumstance, we obtain the workers' approval, in writing, to maintain their passports on their behalf, safely in lockers within our offices. Passports are returned upon request.

We strictly adhere to the national minimum wage regulations in our areas of operation. Under the Wage Order 2016, the Malaysian government specifies a minimum wage of MYR1,000 and MYR920 per month for West and East Malaysia, respectively. The average monthly earnings of our workers in all our estates are highlighted below:

	2015	2016	2017
Average monthly earnings per worker (MYR)	1,298	1,358	**1,536**

Other benefits provided to all our employees and workers are discussed under Employee Welfare on pages 48 to 50.

Engagement with Workers' Union

Workers have access to union representatives and are free to join worker unions. This allows our workers to engage in open dialogues and to discuss and raise issues through available platforms. The most common union is the All Malayan Estates Staff Union ("AMESU"). Union representatives represent the workers' interests in discussions with the Malayan Agricultural Producers Association ("MAPA"). THP has representatives in MAPA, who engage with the union representatives on our behalf. Topics discussed include basis of wages and other matters that impact them.

Moving forward, we remain committed towards respecting and protecting the rights of our workforce as well as encouraging our workers to communicate any issues. To solidify our commitment to them, we seek to formalise our commitments in a policy and to formalise available feedback channels.

9 Occupational Safety and Health

Our employees and workers' safety and health are of utmost priority to us. We have policies and internal controls in place to promote a culture of safety first and to ensure that our numerous health and safety systems are adhered to.

Our Policies

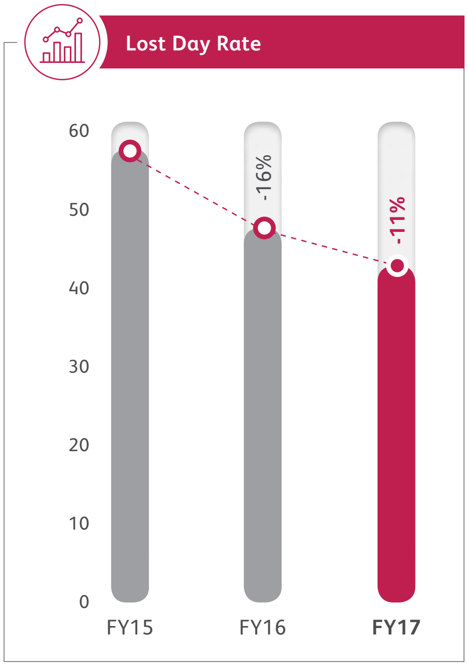
In 2016, we reviewed and updated our Occupational Safety and Health ("OSH") Policy as well as our Occupational Safety and Health for Chemical Substances Policy in line with the OSH Act 1994. The following highlights some key elements from our policies:

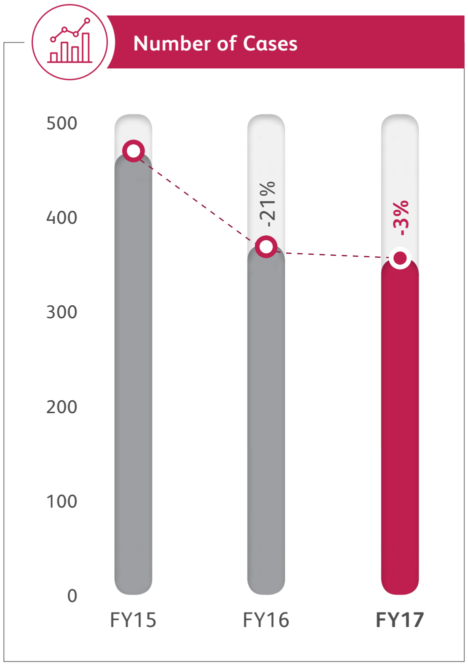
1. Provide and maintain a workplace and work system that is safe and healthy
2. Provide information, instruction, training and supervision to all employees
3. Comply with legal and other requirements as set out out in the Occupational Health and Safety Act 1994, and its regulations and approved codes of practice
4. Equip all employees with appropriate work equipment as well as personal protective equipment as relevant to their jobs
5. Ensure that all contractors and suppliers for the Company comply with all instructions and acts of safety and health
6. Any measures required to be taken in handling or carrying our work involving chemicals will be communicated to every employee while reminders shall be made from time to time

Incident Report

OSH is a key priority which we work to inculcate amongst our workforce. Spearheaded by the OSH unit, the team monitors and manages all OSH-related matters throughout the Group. Throughout the year, the unit conducts internal audits and guides THP in best practice measures, including monitoring performance measures and raising awareness on the importance of adhering to OSH practices to reduce the risk of accidents.

Lost day rate is a measure calculated as: total work days lost x 1,000,000/ total man-hours worked, as reported to DOSH under JKKP Form 8.





Our safety goal is zero work-related accidents. Towards that goal, we monitor our yearly progress against an annual target of 10% decrease in number of incident cases and lost day rate year-on-year. Since 2015, we have been able to meet our target, with the exception of the year 2017, where number of cases decreased by only 3%. It is regrettable that an incident resulted in a fatality in 2016. The Group's OSH unit performed an investigation and concluded that the fatality that occurred in 2016 was due to operator error as the victim failed to use the personal protection device assigned, and did not adhere to approved procedures.

In 2017, no fatalities were reported.

The Group is committed to its OSH training and awareness programmes to ensure that future incidents are prevented. Safety briefings are conducted every morning before the commencement of work, and work sites have clear safety signs in place. Furthermore, training schedules have been allocated to all personnel based on their job scope. Our actions are centered on strengthening a work culture that emphasises the importance of occupational safety and health.

On-site Safety and Health Facilities

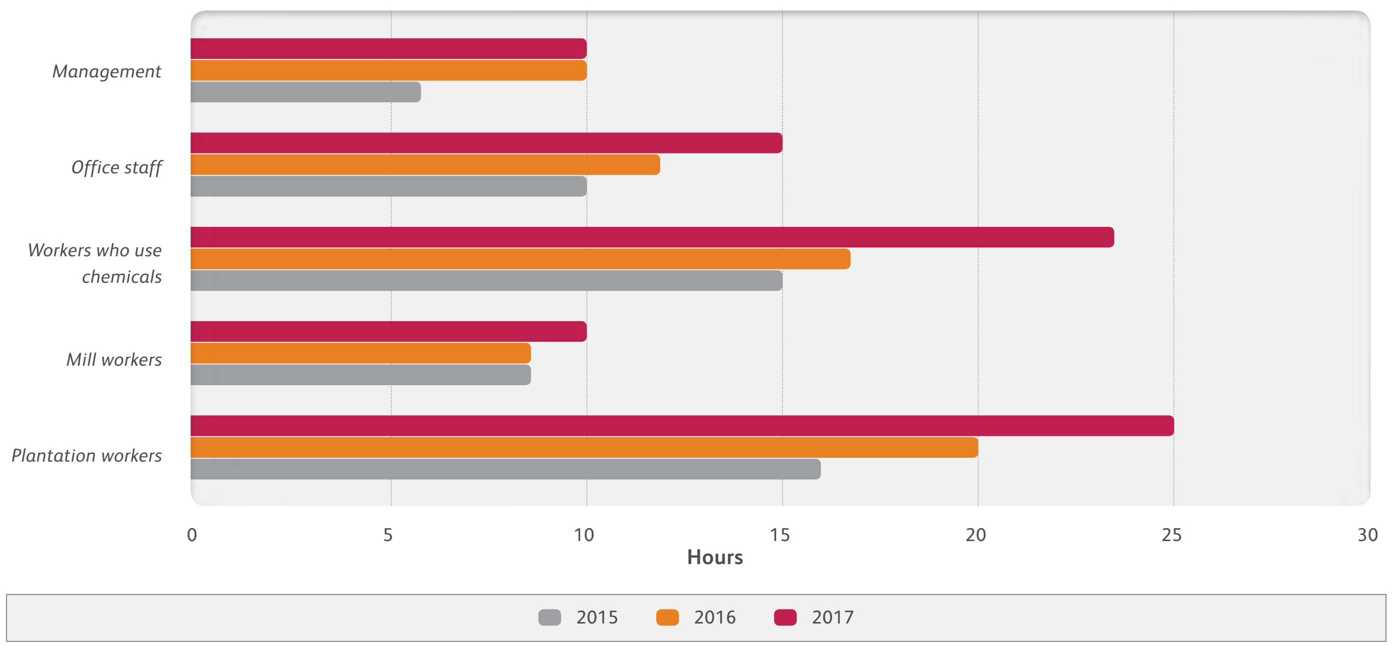
We provide free health care facilities on site for our mill and estate workers. Health care is provided by on-site medical officers, who are well equipped to respond to emergency situations. Workers freely visit these facilities for treatment as well as annual medical screenings.

Medical screenings provided look into a number of areas, including levels of chemical exposure and audiometry. Following any findings from medical screenings, workers' job allocations are updated to prioritise their health. In addition, shower rooms are available to ensure workers are able to clean themselves up after dealing with chemicals. We also ensure that there is appropriate and secured storage for hazardous waste.

Safety and Health Training

As previously discussed, workers and employees are assigned to relevant training schedules and are required to attend them. These training schedules are reviewed on a regular basis to ensure its relevance to the job scope of each participant. We monitor the participation rates at our trainings, as highlighted below:

Average hours of safety and health trainings per employee by scope of work



Our key annual training programmes for year 2017 are highlighted below:

Name of training	Content of training	Frequency of training	Attended by	Participation rate (%)
Use of Personal Protective Equipment ("PPE") Training	Training on the safety at work and the proper use of PPE	3 times/year	Workers	100%
Machinery Handling Training	Training to raise awareness on hazards at work, to brief employees on work procedures, safety precautions, during and after work practices and emergency guidance	Once/year	Drivers	100%
Training and Fire Prevention Talks	Training on hazards at the workplace in relation to potential sources of fire, and fire management procedures	Once/year	Management and Workers	100%
Briefing on Use of Chemicals	Training on the hazards of chemicals and the appropriate methods to use them safely	4 times/year	Sprayer and general worker	100%
First Aider	Basic first aid training	Once/year	Staff and supervisor	25%
SOP Briefing and PPE (Harvester)	Briefing on operating procedures, which entails safety precautions, including the proper use of PPE for harvesters	Twice/year	Harvester	100%
SOP Briefing and PPE (Sprayer)	Briefing on operating procedures, which entails safety precautions, including the proper use of PPE for sprayers	4 times/year	Sprayer	100%

We endeavour to maintain participation rates of 100% but this is not always achieved, as the case with our First Aider training in 2017. Moving forward, we would place more emphasis on achieving full participation.

Safety and Health Audits

Internal safety and health audits are conducted annually by our OSH unit. The audits cover all our estates and mills. The aim of our audits are to:

- Determine the level of health and safety of our employees in each business unit;
- Analyse the risk factors that may negatively affect the health and safety of our employees; and
- Identify areas of improvement, if any, to be made to the facility to improve levels of health and safety.

Areas assessed during the audit include:

- Review of work schedules to ensure that job allocations do not place employee health and safety at risk;
- 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; and
- Availability of amenities at the worksite.

Findings are communicated to respective managers of mills and estates. Their actions are followed-up on in subsequent audits. Key findings from the latest safety and health audit are shown below:

Key findings from safety and health audit in 2017	Management's response
Empty containers used to contain scheduled waste are not re-labelled after use	Ensure that containers used to store scheduled waste are re-labelled after use
Absence of record on clinic waste	Ensure clinic waste is recorded and data is stored
To provide additional trainings on wearing PPE, by each category of work	Management will update the training schedule to increase the number of trainings on wearing appropriate PPE, for each category of work
Workers and employees to participate in annual medical surveillance under the purview of a certified medical officer from DOSH	In addition to current efforts to provide medical screenings for workers, THP will comply with DOSH requirements on ensuring relevant workers and employees receive annual screenings from a certified medical officer from DOSH
Provide safety signage at designated areas	Ensure appropriate safety signs are clearly present at designated areas

Chemical Health Risk Assessment

Chemical safety management is an essential part of our OSH procedures to provide for a safe and healthy workplace.

The Group's OSH Unit conducted a Chemical Health Risk Assessment ("CHRA") on eleven plantations and three mills in Sabah, Sarawak, and Peninsular Malaysia in April 2016, following the expiry of the previous assessments. The CHRA is a required assessment in response to Malaysian government's Occupational Safety and Health (Use and Standard of Exposure of Chemicals Hazardous to Health) Regulation 2000.

The CHRA is performed every five years to ensure that the appropriate controls and measures are in place to protect the health of employees who may be exposed to chemicals that are hazardous to health. All assessed plantations and mills passed the assessment. Most findings are similar to the OSH audit performed during the same period.

Below, we highlight additional key findings from the CHRA audit.

Key findings from CHRA audit 2017	Management action plan/ response
To maintain a register of chemicals hazardous to health	Management will request Safety Data Sheet for every new chemical purchased
Identified areas to improve monitoring of workers exposure to certain substances	Management will organise three annual medical check-up of all workers
Provide special considerations for workers exposed to rock phosphate	Management will constantly ensure that appropriate PPE is provided

Fire Response Management

Safety measures against potential fires are in place in every estate, mill, and office. This includes fire exits, fire assembly points, fire drills, and fire extinguishers. We also ensure that our mills and estates possess trained fire-response teams. These teams are trained by the local fire brigade to equip themselves with the capabilities of managing the fires until the fire brigade arrives.

Management of Noise Levels

We monitor the levels of noise around the mills to ensure that levels are below limits stipulated by local regulations. Below we illustrate the average results of our noise monitoring over the years. Limits during the day is 70 dB(A) and 60 db(A) at night. Workers are provided with ear plugs to protect their hearing in areas with high noise levels.

Year	Average noise levels [Day dB(A)]	Average noise levels [Night dB(A)]
2015	55.8	48.7
2016	61.0	56.1
2017	**54.3**	**51.9**

In our way forward, we will continue to drive our efforts in occupational safety and health towards maintaining a safe and healthy working environment. We will continue to closely monitor performance indicators and implement and review operational controls, as well as raise awareness of the importance of safe workplace practices.

10 Employee Welfare and Development

We care about our people, and are committed to meeting the requirements of our employees and workers in the areas of career development and competitive remuneration and welfare. Without the commitment and drive of our workforce, we would struggle to grow as a business.

Our People

THP's talented and diverse workforce are our strongest resource and has been the bedrock of our success. We are committed to developing a strong workforce which can drive the Group's strategic direction and create a positive impact on our economic, environmental, and social dimensions.

Total number of employees	2017	
	Men	Women
Senior Management	**16**	**3**
Employees (Management, Executives and Non-Executives)	**606**	**187**
Workers (Local)	**840**	**831**
Workers (Foreign)	**3,879**	**915**

Benefits for Employee and Workers

We believe in a fair and equal workplace. We treat our employees equally and provide competitive remuneration based on their individual performance.

We also understand the needs of our employees and workers to adapt to a competitive and changing society. To support our employees, we provide a number of benefits, such as home, car, travel and medical allowances and free life insurance.

Life insurance is provided to our workers as well as free transport, accessible and free medical services, besides annual leave. Our workers and employees who work at our mills and estates are provided with free lodging, alongside the absorption of our foreign workers' annual levy fees.

Furthermore, we support working parents amongst our employees, providing them with 60 days of maternity leave. We acknowledge parental leave as an important benefit to support work-life balance amongst our employees. All permanent employees are entitled to parental leave and all employees who take parental leave would generally return to work post parental leave. There was an exception to this in the year 2017 whereby an employee decided to resign during maternity leave to concentrate on her newborn child's upbringing.

Turnover rates	2015	2016	2017
Total number of employees who took parental leave			
Men	8	3	10
Women	6	5	7
Total number of employees who returned to work in the reporting year after parental leave			
Men	8	3	10
Women	6	5	6

We consider our employees' long-term needs via our contribution to the Employees Provident Fund ("EPF") and Social Security Organisation ("SOCSO") on behalf of our employees. We also established the Retirement Gratuity Scheme, for which all permanent employees are eligible. The scheme provides our retiring employees with an attractive retirement package.

In addition, we also have the Recognition of Employees' Children's Achievement in Learning ("RECAL") programme in place to reward our employees' children who perform well in school. RECAL 2017 recognised the outstanding performance of 17 children who were rewarded with monetary incentives during a special event held for them and attended by the management.

Career Development and Training

We want our Group to be a platform for career progression and development for our employees. To realise this, we encourage our employees to broaden their knowledge base, and provide them with various career development programmes, such as job rotation, mobility and training programmes to help them advance in their careers.

Annually, a budget is allocated for employee trainings. Our HR department monitors and organises training programmes based on employees' skills and designations. Below, we summarise our efforts towards employee training.

Average hours of training per employee	2015	2016	2017
Management	6	6	5
Employees	6	8	7
Workers	7	9	9

	2015	2016	2017
Total expenditure on trainings (RM)	354,890	453,550	459,282

Trainings for non-technical skills	Frequency of training	Roles of employees who attended the training
Environmental Impact Assessment ("EIA")	Once/year	Estate Management
Jabatan Tenaga Kerja ("JTK")	3 times/year	Estate/Mill Employees
Pertubuhan Keselamatan Sosial ("PERKESO")	Once/year	Estate Management

Trainings for technical skills	Frequency of training	Roles of employees who attended the training
Steam Certification	Twice/year	Mill Assistant Engineer
Malaysian Institute of Accountants ("MIA")	3 times/year	Finance & Accounts staff
Xamarin Training	Twice/year	IT staff

Employee Lifestyle Programmes

Various social and sporting events are organised out of the workplace to build team work and encourage work-life balance of our employees. Numerous activities were organised both at the headquarters and at the estate/mill-level throughout 2017, including the following:

January 2017	:	Celebration of Maulidur Rasul at Ladang Kota Bahagia
May 2017	:	Celebration of Labour Day at both Ladang Sungai Tenegang and Kompleks Gedong
May 2017	:	Inter-estate Futsal Tournament at Ladang Sungai Buan
June 2017	:	The gifting of 'duit raya' to our workers in all estates in time for Aidilfitri celebrations
July 2017	:	Hari Raya Aidilfitri Open House for employees and other stakeholders
September 2017	:	Hari Raya Aidiladha celebration and "Korban" ritual at Kompleks Sungai Tenegang
September 2017	:	Inaugural Townhall session at THP Headquarters
September 2017	:	THP Movie Day
October 2017	:	THP Annual Bowling Tournament

In addition, we also encourage our employees to participate in sporting events organised by our stakeholders to foster better camaraderie amongst our employees and stakeholders. Amongst such events were the following:

February 2017	:	CALIX Bowling Tournament 2017 organised by Sime Darby Seeds and Agricultural Services Sdn Bhd
November 2017	:	Kejohanan Paintball Piala Pusingan Ketua Pegawai Operasi ***TH*** organised by Lembaga Tabung Haji

Our employees are important to us and we will continuously provide them with competitive wages and welfare in order to meet their expectations and reward them for their commitment. Our future plans include establishing formal employee engagement platforms to structure our relationship with our employees.

11 Local Communities

Our operations are located in numerous areas amongst diverse communities. With this opportunity, we cultivate significant relationships with surrounding communities and contribute to the national economy in areas of job creation and charitable aid.

Serving the Local Communities

A number of our estates, especially estates located in Sarawak, are part of a land management programme with indigenous communities. We respect the rights of these communities, therefore we establish a collaborative approach towards land management with these communities. To do so, we participate in the Sarawak NCR Land Development Programme, which is managed by the Sarawak Land Custody and Development Authority. Under this programme, we work together with native landowners to develop and manage plantation land in certain areas. In 2017, 17,178.39 hectares of our Sarawak plantations were developed under the NCR, with the participation of 72 landowners. In exchange for their participation in the programme, indigenous landowners receive income in the form of incentives and leasehold payments. These incentives are paid twice a year, based on the hectarage under our management.

	2015	2016	2017
Total amount of incentives paid to local communities, as part of land management (MYR)	3,189,645	3,017,585	**3,066,416**

Furthermore, the close proximity of our plantations to local communities allowed us to provide job opportunities to members of these communities as well as actively contribute to local communities annually.

In terms on monetary contribution, we also extended donations totalling RM158,000 to THP employees who were victims of flooding, the THP Sports Club, for Hari Raya celebration for workers, Sahabat Korporat TH, local orphanage, and a local university.

Creating New Opportunities for Graduates

As an employer, we are able to create opportunities for young graduates to develop workplace skills through capacity building programmes. Since 2014, THP has been an active participant of the Skim Latihan 1Malaysia ("SL1M") programme whereby recent graduates undergo training programmes for six months at our offices and sites to develop practical working skills. In 2017, six graduates stayed on to become permanent employees at TH Plantations.

	2015	2016	2017
Number of graduates under the SL1M programme	114	141	**120**

Enhancing Education Opportunities Through PINTAR

In any community, we recognise that education plays an important role in helping families improve their livelihoods and gain a better future. We do this by participating in the Promoting Intelligence, Nurturing Talent and Advocating Responsibility ("PINTAR") programme, which we have been part of since 2009. Under this programme, organisations adopt Malaysian schools and provide educational support, leadership, and motivational and teambuilding activities to encourage parents and community involvement in the development of children's education.

In 2017, THP again adopted SK Ladang Kota Bahagia in Keratong, Pahang and provided aid to the school. The school is located in close proximity to our plantation in Pahang, and some of the students are children of our employees and workers. We support the students at the school through various programmes, such as "Kempen Jaya UPSR", "Program Kepong UPSR" and the "English Language Campaign". These programmes prepare Standard 6 students for the national exam known as Ujian Penilaian Sekolah Rendah ("UPSR"), via workshops by experienced tutors. The English Language Campaign urges students to be proactive in language-based activities, such as the Spelling Bee. We also fund studying materials to support these students.

In 2017, we conducted three workshops with the students of SK Ladang Kota Bahagia:

- Workshop on helping students answer their UPSR 2017 questions which was attended by 63 students;
- Motivational programmes and workshops to help students understand the 2017 UPSR question format, which was attended by 97 students; and
- UPSR Kepong Programme which was attended by 45 students.

We also extended financial support to students from the reformative classes of Sekolah Kebangsaan Kota Bahagia and Sekolah Kebangsaan Muadzam Jaya. In addition, we also provided 107 sets of "Buku Soalan Latihan UPSR Didik Berita Harian". In 2017, we contributed RM71,143 towards the PINTAR programme.

Unlocking Entrepreneurial Capabilities

One of the ways in which we help our communities achieve better future prospects is through the VDI, which promotes entrepreneurship amongst the locals. Through VDI, we encourage individuals from our local communities to start a business that will allow them to become our business partner. By giving them the opportunity to earn contracts with THP, we are not only promoting an entrepreneurial culture among the locals, but also helping them earn a living. In addition to this, we also encourage the participation of Bumiputera contractors in the VDI programme. In 2017, we signed 801 contracts worth RM89 million as part of the VDI initiative, of which, 35% were Bumiputera businesses with a total contract value of RM19 mil.

	2015	2016	2017
Total number of contracts signed as part of the Vendor Development Initiative	755	706	**801**

We will continue to respect our relationship with our local and indigenous communities and utilise our resources to provide for local development. Additionally, we will play a role in supporting nationally-driven agenda to assist youths and develop the national economy of countries we operate in.

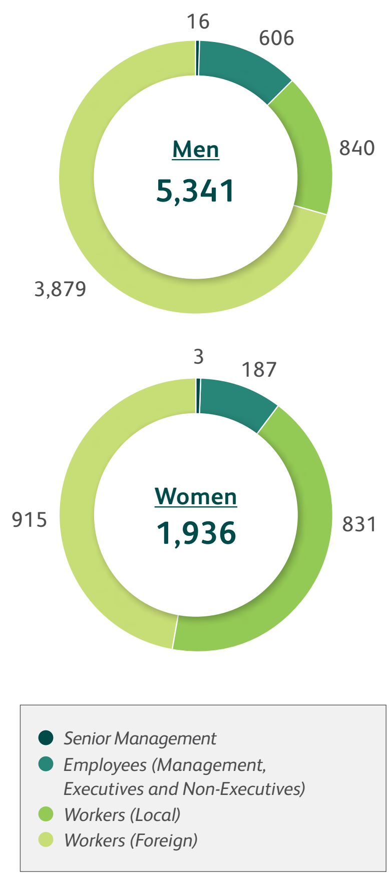
CONCLUSION

In the coming years, our sustainability aspirations and efforts are focused on having all our estates and mills MSPO certified. These efforts will guide us in formalising our sustainability commitments and systems that are presently in place to manage our sustainability matters. Alongside our MSPO plans, we will continue to monitor and manage our material matters and seek to bridge identified reporting gaps. With shifting tides and global trends in the plantation industry, we need to continuously adapt to internal and external changes while closely collaborating with our stakeholders. Led by our values, we will not falter in upholding our sustainability commitments as we move towards becoming a sustainable palm oil player.

SUSTAINABLE IN TALENT DIVERSITY & INCLUSION

Our employees and workers are important stakeholders and the cornerstone of our success. The human rights of our workforce are respected and valued as we uphold our obligation towards them. We have not faltered in supporting them and ensuring that their rights are protected.

Total number of employees



OUR GOVERNANCE FRAMEWORK

Our Board Leadership

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

MOHD ADZAHAR BIN ABDUL WAHID

Independent
Non-Executive Director

DATUK SERI NURMALA BINTI ABD RAHIM

Independent
Non-Executive Director

DATO' SRI AMRAN BIN MAT NOR

Independent
Non-Executive Director

DATUK ABDUL SHUKUR BIN HAJI IDRUS

Non-Independent
Non-Executive Director

DATO' SHARI BIN HAJI OSMAN

Independent
Non-Executive Director

DATO' DR. MD YUSOP BIN OMAR

Independent
Non-Executive Director

KOLONEL DATO' AB JABAR BIN MOHAMAD ARIS

Non-Independent
Non-Executive Director

DATO' SRI ZAINAL AZWAR BIN ZAINAL AMINUDDIN

Chief Executive Officer /
Executive Director

Note:
Save as disclosed, the above Directors do not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. They have not had a conviction for any offence within the past five (5) years and have not been imposed any penalty by regulatory bodies during the FY2017.

Gender : Male

Age : 64 years old

Date of Appointment : 10 March 2014

Nationality : Malaysian

3/6

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

TAN SRI DATO' SRI AB. AZIZ BIN KASIM

Tan Sri Dato' Sri Ab. Aziz holds a Master's Degree in International Relations and Strategic Studies from the University of Denver, Colorado, U.S.A, a Bachelor of Arts (Hons) in South East Asian Studies from University 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 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 the principal Private Secretary to the Prime Minister.

Position

- *Chairman*
- *Independent Non-Executive Director*

Committee

- *Chairman of the Remuneration Committee*

Gender : Male

Age : 53 years old

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

Nationality : Malaysian

6/6

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

TAN SRI DATO' SRI ISMEE BIN HAJI ISMAIL

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

He began his career as a Management Accountants 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.

He is currently the Group Chairman of Media Prima Berhad.

Position

- *Deputy Chairman*
- *Non-Independent Non-Executive Director*

Committee

- *Chairman of the Investment Committee*
- *Member of the Remuneration Committee*
- *Member of the Tender Committee A*

3/6

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

DATUK SERI JOHAN BIN ABDULLAH

Datuk Seri Johan holds a Diploma in Banking from Universiti Teknologi MARA ("UiTM"), Shah Alam, a Bachelor of Business Administration (Finance) from Eastern Michigan University, USA and a Master in Business Administration (Finance) degree 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 a Listing Officer in 1987, Bumiputra Merchant Bankers Berhad as Senior Manager, Corporate Finance in 1989 and 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 the Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji in July 2016.

He is currently the Chairman of TH Heavy Engineering Berhad. He is also a Director of Malakoff Corporation Berhad and Glomac Berhad.

Position

- *Non-Independent Non-Executive Director*

Committee

- *Member of the Nomination Committee*

Gender : Male

Age : 54 years old

Date of Appointment : 24 May 2017

Nationality : Malaysian

3/3

During the financial year under review, he attended all Board meetings since his appointment to the Board.

MOHD ADZAHAR BIN ABDUL WAHID

Mohd Adzahar is a Chartered Accountant by profession. He is a Fellow of the Association of Chartered Certified Accountants, United Kingdom, a member of the Malaysian Institute of Accountants ("MIA"), a member of the Financial Planning Association of Malaysia and a member of the Harvard Business School Alumni of Malaysia.

He started his career in accounting and auditing in United Kingdom before joining Bumiputra Merchant Bankers Berhad ("BMB") (now known as Alliance Investment Bank Berhad) from October 1988 to April 1994. He held various positions in BMB including his last post as Corporate Banking Manager before joining Naluri Berhad's Corporate Finance Division from April 1994 until April 1995.

In May 1995 he joined PMCare Sdn. Bhd. ("PMCare") as the General Manager of Finance. A year later he was appointed as the Executive Director of PMCare. Being an Executive Director, he is responsible for the overall management of PMCare which includes strategic planning, business development and operations. Currently, he is the Chief Executive Officer/Executive Director of PMCare.

He was an Independent Director and Audit Committee Chairman of Kencana Petroleum Berhad (now known as Sapura Kencana Petroleum Berhad) and Edra Global Energy Berhad. He was also an Independent Director of Symphony House Berhad.

Position

- *Independent Non-Executive Director*

Committee

- *Chairman of the Audit Committee*
- *Member of the Nomination Committee*
- *Member of the Investment Committee*

Gender : Female

Age : 64 years old

Date of Appointment : 10 March 2014

Nationality : Malaysian

5/6

During the financial year under review, she attended five out of six Board meetings.

DATUK SERI NURMALA BINTI ABD RAHIM

Datuk Seri Nurmala holds a Master's Degree in Public Administration from Pennsylvania State University, U.S.A., an Honours Degree in Social Science from University of Science Malaysia and a Diploma in Public Administration from the National Institute of Public Administration ("INTAN"). She has vast and in-depth experience in public administration including, inter alia, policy formulations and execution.

She started her career with the Public Service as an Administrative and Diplomatic Officer 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 and technical missions, as well as bilateral, regional and multilateral negotiations and forums for the commodity sector.

She is currently a Director of Hartalega Berhad and DPI Holdings Berhad.

Position

- *Independent Non-Executive Director*

Committee

- *Chairman of the Nomination Committee*
- *Member of the Audit Committee*
- *Member of the Tender Committee A*

5/6

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

DATO' SRI AMRAN BIN MAT NOR

Dato' Sri 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.

Position

- *Independent Non-Executive Director*

Committee

- *Member of the Audit Committee*

Gender : Male

Age : 52 years old

Date of Appointment : 18 September 2017

Nationality : Malaysian

2/2

During the financial year under review, he attended all Board meetings since his appointment to the Board.

DATUK ABDUL SHUKUR BIN HAJI IDRUS

Datuk Abdul Sukur was an officer of SERANTA, a department under the Prime's Minister Office, for more than twenty (20) years after completing his Malaysian Higher School Certificate in 1986. He also has been actively involved in the nation's political scene since 1987. He has held various positions in UMNO at the Division and State levels. Currently, he is the Selangor State Assemblyman – Kuang Area, the Chief of UMNO Selayang Division and the Chairman of Barisan Nasional of Selayang Parliament.

He also holds various positions in Government agencies. Amongst others, he is the Chairman of Felcra Training & Consultancy Sdn. Bhd., a Director of Malaysia Co-Operative Societies Commission and a Director of the Federal Agricultural Marketing Authority.

Position

- *Non-Independent Non-Executive Director*

Committee

Nil

Gender : Male

Age : 64 years old

Date of Appointment : 1 June 2015

Nationality : Malaysian

6/6

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

DATO' SHARI BIN HAJI OSMAN

Dato' Shari holds a Diploma in Planting and Management from UiTM, 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.

Position

- *Independent Non-Executive Director*

Committee

- *Chairman of the Tender Committee A*
- *Chairman of the Tender Committee B*
- *Member of the Audit Committee*
- *Member of the Remuneration Committee*
- *Member of the Investment Committee*

6/6

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

DATO' DR. MD YUSOP BIN OMAR

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.

Position

- *Independent Non-Executive Director*

Committee

Nil

Gender : Male

Age : 49 years old

Date of Appointment : 30 November 2017

Nationality : Malaysian

1/1

During the financial year under review, he attended all Board meetings since his appointment to the Board.

KOLONEL DATO' AB JABAR BIN MOHAMAD ARIS

Kolonel Dato' Ab Jabar holds a Bachelor (Hons) in Islamic Studies from Al-Azhar University, Cairo and a Diploma in Islamic Studies (Syariah) from Sultan Zainal Abidin University, Terengganu.

He joined the Malaysian Armed Forces ("MAF") in 1996 as a Staff Officer (Religious). In 2001 he was the Staff Officer under the Malaysian Armed Forces Religious Corps (KAGAT). In 2008 he was appointed as a Military Adviser to the Malaysian Embassy in Jordan for the Jordanian Armed Forces. In 2009, he was seconded from MAF to the Prime Minister's Department as the Senior Private Secretary to the Minister in the Prime Minister's Department, a position he still holds presently.

He is a Director of Pusat Pungutan Zakat Wilayah Persekutuan.

Position

- *Non-Independent Non-Executive Director*

Committee

Nil

Gender : Male

Age : 59 years old

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

Nationality : Malaysian

6/6

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

DATO' SRI ZAINAL AZWAR BIN ZAINAL AMINUDDIN

Dato' Sri Zainal Azwar holds a Bachelor's Degree in Agricultural Science from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) ("UPM").

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. He is also a member of the Malaysian Society of Soil Science and the Incorporated Society of Planters.

Position

- *Chief Executive Officer/Executive Director*

Committee

- *Member of the Employees' Share Option Scheme Committee*

OUR GOVERNANCE FRAMEWORK

An Experienced Management Team

1

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

Age: 59, Male, Malaysian

Please refer to Dato' Sri Zainal Azwar's profile on page 66

2

Dato' Abd Rashid Sahibjan
Plantation Director

Age: 58, Male, Malaysian
Date of Appointment: 1 January 2018

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 1st January 2010, he joined THP as a Plantation Advisor and was appointed the Plantation Controller (Sarawak) in 2013. Dato' Rashid is currently the Plantation Director and he 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.

3

Mohamed Azman Shah Ishak
Chief Financial Officer

Age: 51, 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 MIA. 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 14th 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.

4

Mhamod Mokhtar
Chief Operations Officer seconded to Trurich Resources Sdn Bhd as Chief Executive Officer

Age: 54, 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 1st 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 ***TH*** and Felda Global Ventures Holdings Berhad for the development and operation of oil palm plantations in Kalimantan, Indonesia.

5

Ghazali Limat
Plantation Controller (Sabah)

Age: 57, 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 on 1st 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.

Aruludin Raj Azman
Plantation Controller (Sarawak)

Age: 57, Male, Malaysian
Date of Appointment: 1 January 2018

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 15th August 2005 as Senior Manager at Ladang Sungai Merchong, Pahang. He was the Head of the Estate and Administration departments as well as the Special Officer to the CEO before he was appointed as the Plantation Controller (Sarawak) in 2018. In his current capacity, he oversees the entire plantation operations in Sarawak, where most of THP's land bank is located.

6

Aliatun Mahmud
Head, Legal & Secretarial and Company Secretary

Age: 49, Female, Malaysian
Date of Appointment: 1 January 2014

Aliatun holds a Master in 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 (Honours) 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, Messrs Hafidz & Azra (Advocates & Solicitors) and the Malaysian Resources Corporation Berhad. She joined THP on 1st 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.

7

Maizura Mohamed
Head, Strategy & Corporate Services

Age: 47, Female, Malaysian
Date of Appointment: 1 January 2014

Maizura holds a Bachelor's degree (Honours) in Chemistry from Universiti Malaya. She began her career with Boustead Holdings Berhad in 1995 and subsequently joined Maju Holdings Sdn Bhd as Manager of Business Development. She joined THP on 1st October 1999 as Manager, Corporate Planning and has been with the Group for 18 years. She is currently the Head of Strategy and Corporate Services and is responsible in overseeing strategic and corporate matters, business planning as well as managing special projects.

8

Ir Ramli Mohd Tahar
Chief Engineer
Age: 56, 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 2nd 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.

9

Othman Somadi
General Manager (Marketing)

Age: 54, 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 5th 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.

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An Experienced Management Team

11

Fadzil Abdullah
General Manager (Human Resource)

Age: 56, Male, Malaysian
Date of Appointment: 1 January 2011

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.

12

Ahmad Nordzri Razali
Vice-President Director, PT Persada Kencana Prima

Age: 55, 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 a Plantation Assistant Manager. On 15th March 1991, 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.

13

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 1st 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, MPOB's Technical Committee on Oil Palm Mechanisation Fund, MPOB-Industry Research Committee and MPOA's Agricultural Research Committee.

14

Jamaluddin Hanafiah
Assistant General Manager (Quality Assurance)

Age: 58, Male, Malaysian
Date of Appointment: 1 January 2011

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

15

Hamidon Hassan
Assistant General Manager (Information Technology)

Age: 52, Male, Malaysian
Date of Appointment: 1 January 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 1st 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: 55, Male, Malaysian
Date of Appointment: 1 October 2015

Adnan holds a Diploma in Mechanical Engineering from UTM. He began his career in FELDA in 1984 and subsequently joined THP on 1st 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 2015. In his capacity, he provides technical advisory services to mills owned by THP and drives improvement initiatives throughout THP's mill operations.

16

Md Hanif Md Nor
Planting Advisor

Age: 55, 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) on 27th 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.

17

Megat Rizal Ezzudin Abd Maulud
Assistant General Manager (Internal Audit)

Age: 42, Male, Malaysian
Date of Appointment: 1 January 2017

Megat Rizal holds a Bachelor's degree (Honours) in Accountancy and Financial Analysis from University of Warwick. He is currently a member of the MIA, the Association of Chartered Certified Accountants (ACCA), United Kingdom and also a Chartered Member of the Institute of Internal Auditors (IIA), 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 in 2004. He joined THP's Internal Audit department on 4th December 2006 and is currently the Assistant General Manager, Internal Audit of THP. He oversees the overall internal audit function for THP and reports to the Board Audit Committee.

18

Aizzura Ab Rahim
Assistant General Manager (Sustainability and Investor Relations)

Age: 37, Female, Malaysian
Date of Appointment: 1 April 2017

Aizzura holds a Bachelor's degree (Honours) in Financial Engineering from Multimedia University, a Master's degree in Applied Finance from the University of Melbourne and a member of the Malaysian Investor Relations Association. She was appointed Assistant General Manager, Sustainability and Investor Relations on 1st April 2017. In this capacity, she oversees the Group's efforts towards adopting and internalising sustainability in addition to developing and managing the Group's Investor Relations and communications strategy for its stakeholders.

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Note:
Save as disclosed, the above Chief Executives and Key Senior Management members do not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. They have not had a conviction for any offence within the past five (5) years and have not been imposed any penalty by regulatory bodies during the financial year 2017.

Chairman's Introduction

Dear Shareholders,

In this Corporate Governance Overview Statement, you will read about the part your Board of Directors has played during the year and our plans for the future.

TAN SRI DATO' SRI AB. AZIZ BIN KASIM
Chairman, Independent Non-Executive Director

The building blocks of any great company include ensuring there is a strong framework of company governance. This should never be done with a 'tick box' mindset; it needs to be engaged, thoughtful and effective. Boards need to take the lead to set a positive culture and to make sure that good governance forms a firm foundation for decision making throughout the company.

Our ambition for THP is one with excellence and growth in its DNA, but also where colleagues act with integrity and respect towards each other and keep each other safe. It is often said that the true test of integrity is that you do the right thing – even when no one is watching, and I can assure you that the Board gives a great deal of focus to corporate governance in its widest and deepest sense.

Another fundamental and vital building block is people. The Nomination Committee of the Board continues to work towards achieving an appropriate balance of experience, skills, knowledge and background in both the Boardroom and at senior leadership levels of the Group. We are mindful of the drive towards having at least 30% female representatives on Boards.

We support these endeavours but are also cognisant that any new appointments are not just based on diversity in gender, but also diversity in experience, skills and education, all underpinned through a system of meritocracy. We firmly believe that diversity improves our performance as it produces better, more varied and more valuable ideas.

During the year under review, we welcomed Kolonel Dato' Ab Jabar bin Mohamad Aris and Datuk Abdul Shukur bin Haji Idrus to the Board as Non-Independent Non-Executive Directors. Additionally, Mohd Adzahar bin Abdul Wahid joins our Board as an Independent Non-Executive Director. I have no doubt that these new members to our Board will add value in experience and knowledge. I thank Dato' Sri Mohamad Norza bin Zakaria, who retired during the year under review, as well as Tan Sri Othman bin Mahmood and Dato' Azizan bin Abdul Rahman, who have moved on to pursue other interests. Their steadfast service to the Board will leave a strong legacy and be greatly felt.

As Chairman, I am responsible for leading an effective Board and I am pleased to report that your Board has been effective during the year. Details of our appraisal process and the actions and improvements that we agreed to drive through 2017 are set out on page 80 of this Report. I want to take this opportunity to record my thanks to all members of the Board for their hard work and support throughout the year. I hope you find this report interesting and enlightening as it details the work that the Board and its Committees have carried out on your behalf during the year.

Malaysian Code on Corporate Governance 2017

This Corporate Governance Overview Statement takes guidance from the Malaysian Code on Corporate Governance 2017 ("MCCG 2017"). A copy of the MCCG 2017 first published in 2017, can be found at *www.sc.com.my*. For the year ended 31 December 2017, and at the date of this report, we applied the main principles and generally complied with the provisions of the MCCG 2017.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is available online on our website, at www.thplantations.my.

Leadership

The Board is responsible for the effective leadership of the Group. The diverse range of skills and leadership experience of the Non-Executive Directors enable them to monitor the Group's performance, provide constructive challenges and support the Executive Director.

Board Composition

As at 31st December 2017 the Board comprised the Chairman, an Executive Director and nine Non-Executive Directors.

During the year

8 May 2017
Dato' Sri Mohamad Norza bin Zakaria retired as an Independent Non-Executive Director

24 May 2017
Mohd Adzahar bin Abdul Wahid was appointed to the Board as an Independent Non-Executive Director

18 August 2017
Tan Sri Othman bin Mahmood resigned as a Non-Independent Non-Executive Director

1 September 2017
Dato' Azizan bin Abd Rahman resigned as a Non-Independent Non-Executive Director

18 September 2017
Datuk Abdul Shukur bin Haji Idrus joined the Board as a Non-Independent Non-Executive Director

30 November 2017
Kolonel Dato' Ab Jabar bin Mohamad Aris joined the Board as a Non-Independent Non-Executive Director

The Board is responsible for the effective leadership of the Group. The Board's governance framework, which is summarised below, establishes a clear division of responsibilities of the Board.

The diverse range of skills and leadership experience of the Non-Executive Directors enable them to monitor the Group's performance, provide constructive challenges and support the Executive Director. Biographical details of each of the Directors are set out on pages 56 to 66.

Key Responsibilities of the Board

The decisions which can only be made by the Board are clearly defined in the schedule of matters reserved for the Board. The full schedule of matters reserved for the Board is available on the Company's website at www.thplantations.my.

The matters requiring Board approval include, amongst others:

1 Board Structure

- Changes in the composition of the Board of THP i.e. appointment, resignation.
- Establishment of Board Committees, their members and the terms of reference as well as any changes relating thereto.
- Appointment and extension of contracts of CEO/Executive Director and the Group's Senior Management.

2 Remuneration Matters

- Recommendation of Directors' fees and any benefits for Non-Executive Directors, to be approved by the shareholders.
- Approval of remuneration packages, including service contracts for CEO/Executive Director and the Group's Senior Management and any other person the Board determines.
- Determination of size of bonus/incentive pools as part of the annual plan based on pre-determined business performance indicators and financial soundness of the Group.

3 Company and Group Operation

- Review and approval of the Group's strategic plans.
- Approval of the Group Key Performance Indicators ("KPIs").
- Approval of investment or divestment in the Company and Group, business, property or undertaking.
- Approval of major changes in the activities of the Group.
- Corporate restructuring.

4 Financial

- Approval of annual budget of the Group.
- Approval of capital expenditure and/or disposal of capital items sanctioned over and above delegated levels, i.e. the amount exceeds the threshold given to Management.
- Approval of financial statements i.e. quarterly reports, audited accounts (including announcements to Bursa Malaysia).
- Approval of interim dividend for payment and recommendation of final dividend or other distribution for shareholders' approval.
- Adoption of accounting policies in line with the Malaysian Financial Reporting Standards and any changes thereto.
- Deciding on whatever steps are necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken.
- Opening and closing of bank accounts.
- Change in mode of operation of bank accounts including cheque signatories.
- Write-off of intercompany transactions or balance.

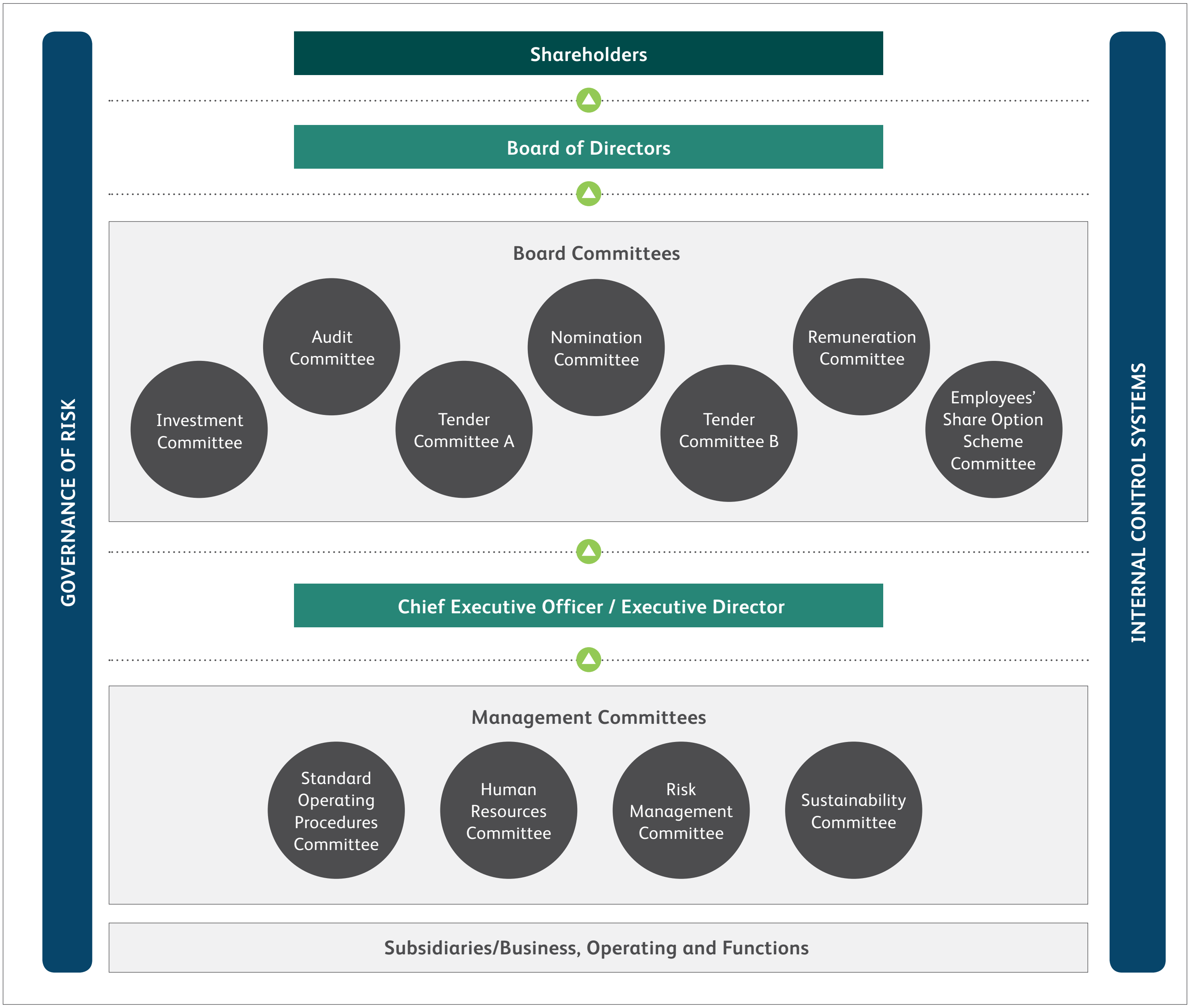
5 Others

- Convening of AGMs / EGMs.
- Change of Registered Address.
- Appointment of proxy, corporate representative.
- Entering into any corporate guarantee and indemnity issued by the Company.
- Changes in the Company's Constitution.
- Publication and issuance of Annual Report (including reports and statements contained therein) and Circular to Shareholders.
- Settlement of litigation.
- Any other matters not falling within the power and authority of the shareholders, the CEO/Executive Director or delegated to the Board Committees.

The Board has delegated certain responsibilities to its committees. The terms of reference for each committee are available on the Company's website at www.thplantations.my. The principal activities of each of these committees during the year are set out in their respective reports in this Annual Report or can be found in our Board Charter which is also available online (and, where so required by applicable regulation, are incorporated by reference into this Corporate Governance Overview Statement).

Governance Structure

The Governance structure of the Board is as follows:



The Board ensure that the Chairman has never held the post of CEO of the Company. The division of responsibilities between the Chairman and the CEO is to ensure that there is a balance of power and authority between them, thus avoiding any unfettered power of decision-making in any one individual.

Role of the Board

The Board is responsible for the effective leadership of the Group. The Board's governance framework, which is summarised below, establishes a clear division of responsibilities on the Board.

The diverse range of skills and leadership experience of the Non-Executive Directors enables them to monitor performance, provide constructive challenge and support the Executive Director. Biographical details of each of the Directors are set out on pages 56 to 66.

Chairman

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders.

The role of the Chairman are as follows:

i. Provides leadership to the Board
   - Plans Board meetings, agenda;
   - Ensures the Board receives proper information in timely manner;
   - Chairs all Board meetings;
   - Ensures that all Directors contribute and participate at Board meetings; and
   - Drives discussion toward consensus and to achieve closure on such discussions.

ii. Chairs shareholder meetings;

iii. Represents the Board to shareholders and be the spokesperson at the Annual General Meeting ("AGM"), in a way that supports the role of the CEO in reporting operational and public relations matters;

iv. Ensures the integrity and effectiveness of the governance process; and

v. Performs other responsibilities as assigned by the Board from time to time.

Chief Executive Officer/ Executive Director

CEO is, as an employee, involved in the day-to-day management of the Company and Group. He is invariably a member of the Company's Senior Management team. A CEO may also be an Executive Director.

The role of the Executive Director/CEO are as follows:

i. Develops and implements strategy, reflecting long-term objections and priorities established by the Board;

ii. Assumes full accountability to the Board for all aspects of Company operations and performance;

iii. Puts adequate operational plans and financial control systems in place;

iv. Closely monitors operating and financial results in accordance with plans and budgets; and

v. Represents the Company to major customers, employees, suppliers, and professional associations.

Non-Executive Director

Non-Executive Directors act as a bridge between Management, shareholders and other stakeholders.

They provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards or corporate governance are applied. The Companies Act 2016, makes no distinction between Executive and Non-Executive Director in terms of the legal duties that are imposed on Directors.

All directors, whether independent or not, are required to act in the best interest of THP and to exercise unfettered and independent judgement. The role of Independent Directors are as follows:

i. Not to be involved in day to day operations of the Company or running of the business;

ii. Protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality; and

iii. Important in areas where the interest of management, the Company and/or the shareholders diverge, such as audit and related party transactions.

Company Secretary

The Company Secretary provides independent advice to the Board, ensures good information flow and advises the Board on relevant matters.

The role of the Company Secretary are as follows:

i. Working closely with the Chairman to raise all material compliance and governance issues;

ii. Attending all Board, Board Committee and Subsidiary Board meetings;

iii. Ensures accurate records of all meetings and that all decisions made are properly minuted; and

iv. Facilitates the communication of key decisions and policies between the Board, Board Committees and Subsidiary Boards.

Key Board discussions and activities

A summary of the Board's key discussions and activities during the year is set out in the following table:

1 Financial

- Financial Statements for the financial year 2016
- Quarterly Report on Consolidated results
- Final Dividend for the financial year 2016
- First Interim Dividend for the financial year 2017
- Re-appointment of external auditors for the financial year 2017
- Audit fee for THP and Group for the financial year 2017
- Updates on changes in accounting standards and/or policies
- Proposed financing facility for THP's subsidiary
- Annual budget for THP Group

Governance 3

- Material litigation cases updates within the Group
- Board Charter, Whistleblowing Policy, Remuneration Policy for Directors and Senior Management
- Updates on the Companies Act 2016, Malaysian Code of Corporate Governance 2017, amendments to the Main Market Listing Requirements

2 Risk, Strategy, Sustainability

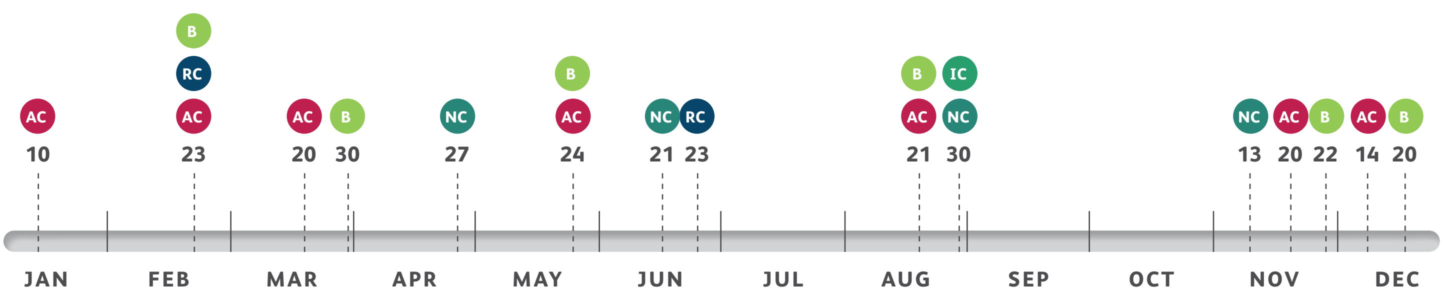
- MSPO certification
- Updates on THP Group's estates performance
- Precision Water Management on Peat in THP Group of Estates
- Business growth and improving yields
- Improving operational efficiency
- Updates on Risk Management

Succession Planning, Appointment, Resignation, Remuneration 4

- Board Evaluation Assessment
- Re-election of Directors
- Change of directorship in THP and Group
- Change of committee members in THP
- Extension of contract of service of the CEO/ED of THP
- Change in key Senior Management
- Directors' & Officers' Indemnity Insurance policy
- Performance bonus and remuneration package of the CEO/ED of THP
- Performance bonus and annual salary increment for employees of THP

5 Divestment

- Proposed disposal of Ladang Jati Keningau Sdn. Bhd.



AC Audit Committee | RC Remuneration Committee | NC Nomination Committee | IC Investment Committee | B Board

Board meeting attendance

Board meetings are typically held at the registered office of THP. The number of Board meetings attended by each Director during the 2017 financial year is as follows:

Directors	Years of Service	Attendance Summary	
		Number of Meetings Attended	%
Tan Sri Dato' Sri Ab. Aziz bin Kasim *Chairman, Independent Non-Executive Director*	3	3/6	50
Tan Sri Dato' Sri Ismee bin Haji Ismail *Deputy Chairman, Non-Independent Non-Executive Director*	11	6/6	100
Datuk Seri Johan bin Abdullah *Non-Independent Non-Executive Director*	2	3/6	50
Mohd Adzahar bin Abdul Wahid *Independent Non-Executive Director* *(Appointed w.e.f. 24 May 2017)*	-	3/3	100
Datuk Seri Nurmala binti Abd Rahim *Independent Non-Executive Director*	3	5/6	84
Dato' Sri Amran bin Mat Nor *Independent Non-Executive Director*	6	5/6	84
Datuk Abdul Shukur bin Haji Idrus *Non-Independent Non-Executive Director* *(Appointed w.e.f. 18 September 2017)*	-	2/2	100
Dato' Shari bin Haji Osman *Independent Non-Executive Director*	2	6/6	100
Dato' Dr. Md Yusop bin Omar *Independent Non-Executive Director*	2	6/6	100
Kolonel Dato' Ab Jabar bin Mohamad Aris *Non-Independent Non-Executive Director* *(Appointed w.e.f. 30 November 2017)*	-	1/1	100
Dato' Sri Zainal Azwar bin Zainal Aminuddin *Chief Executive Officer/Executive Director*	8	6/6	100
Tan Sri Othman bin Mahmood *Non-Independent Non-Executive Director* *(Resigned w.e.f. 18 August 2017)*	2	2/3	67
Dato' Sri Mohamad Norza bin Zakaria *Independent Non-Executive Director* *(Retired on 8 May 2017)*	3	2/2	100
Dato' Azizan bin Abd Rahman *Non-Independent Non-Executive Director* *(Resigned w.e.f. 1 September 2017)*	12	3/3	100

Effectiveness

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.

Fostering Commitment

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 six (6) board meetings were held in 2017 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.

Induction and Development

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 targets 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.

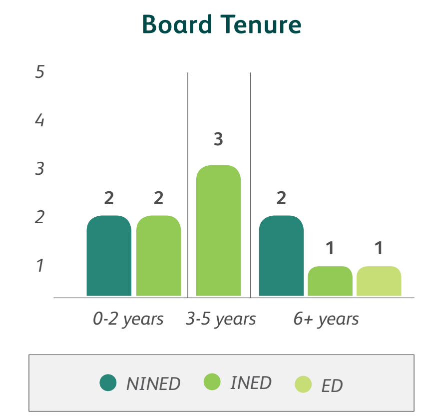
Induction briefings and updates on the industry, as well as THP's aspirations, business targets and group performance, were organised for the newly appointed Directors.

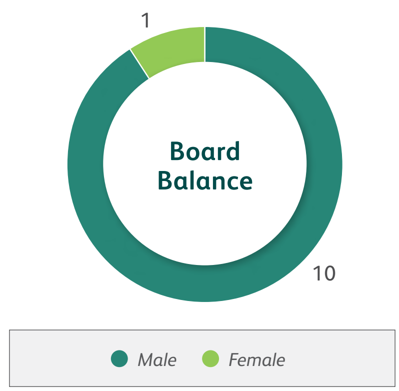
During the year under review, the following Directors went through an induction programme:

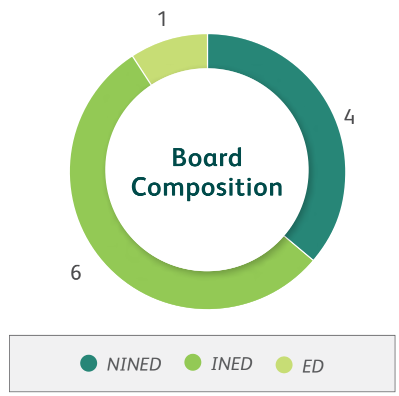
- Mohd Adzahar bin Abdul Wahid
- Datuk Abdul Shukur bin Haji Idrus
- Kolonel Dato' Ab Jabar bin Mohamad Aris

Directors are also encouraged to continue to update their skills and knowledge and to ensure that they are aware of developments in market practice. A programme of courses is made available to the Directors, who are encouraged to attend courses which they consider to be of relevance to their roles.

Programme Title
A Private Event: An Evening with Sir Michael Barber
KWAP CONNECTS 2017: Networking & Corporate Luncheon
TH Transformation Workshop – Roland Berger
Fintech Training Session
In House Programme for Directors to update on Malaysian Code of Corporate Governance 2017 and the Main Market Listing Requirements of Bursa Malaysia
Corporate Governance: Obligations of Directors from the Listing Requirements Perspective
In House Training on The Companies Act 2016
Palm Oil Economic Review
13th National Seminar: 100 years of Palm Oil
International Palm Oil Congress
MIA International Accountants Conference 2017
Securities Commission: Malaysia's Conversation with Audit Committee
Sesi Pemukiman GLC dan Kementerian Kewangan







Information and Support

The Board is provided with regular and timely information on the Group's operational and financial performance, together with reports on trading, the markets, health and safety and other matters.

The Company Secretary is the secretary to the Board and each of its committees. Prior to each Board or committee meeting, the Company Secretary ensures that the relevant papers are distributed, five working days in advance of the meeting. All Directors have access to the Company Secretary and may take independent professional advice at the expense of the Company.

Re-election 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 AGM.

The following Directors, who retire by rotation in accordance with Article 84 of the Constitution of the Company and being eligible, have offered themselves for re-election:

- Tan Sri Dato' Sri Ismee bin Haji Ismail
- Datuk Seri Nurmala binti Abd Rahim

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.

The following Directors, who have been appointed during the year, shall retire in accordance with Article 89 of the Constitution of the Company and being eligible, have offered themselves for re-election:

- Mohd Adzahar bin Abdul Wahid
- Datuk Abdul Shukur bin Haji Idrus
- Kolonel Dato' Ab Jabar bin Mohamad Aris

2017 Board Performance Evaluation

The 2017 evaluation was led by the Chairman, with the assistance of the Nomination Committee. The evaluation focused on a number of key areas:

- The skills and experience of the Board
- Meetings and Board administration
- The effectiveness of the Board's decision-making
- The Board's role with respect to the Group's strategy
- The Board's management of risk
- The Board's engagement with key stakeholders, including shareholders and employees
- The operation of the Board's committees

This Process was divided into 3 Stages

Stage 1

Completion of questionnaire

A comprehensive questionnaire was sent to each Board member. Board members completed and returned the questionnaire to the Company Secretary.

Stage 2

Evaluation of responses/ reporting

The Company Secretary compiled a report to be tabled to the Nomination Committee based on the feedback provided by Board members, addressing the performance of the Board and each of its committees.

Stage 3

Discussions with the Chairman and then the Board

The Nomination Committee and the Chairman discussed the draft conclusions. Subsequently, these conclusions and a draft action plan were discussed by the Board.

Nomination Committee

NC

Datuk Seri Nurmala Binti Abd Rahim
Chairman,
Independent Non-Executive Director

The members of the Nomination Committee are as follows:

Members	Number of Meetings Attended
Datuk Seri Nurmala Binti Abd Rahim ***Chairman, Independent Non-Executive Director*** *(Redesignated from Member to Chairman w.e.f. 1 September 2017)*	4/4
Datuk Seri Johan bin Abdullah ***Member, Non-Independent Non-Executive Director*** *(Appointed w.e.f. 1 September 2017)*	1/1
Mohd Adzahar bin Abdul Wahid ***Member, Independent Non-Executive Director*** *(Appointed w.e.f. 1 September 2017)*	1/1
Dato' Azizan bin Abd Rahman ***Chairman, Non-Independent Non-Executive Director*** *(Resigned w.e.f. 1 September 2017)*	3/3
Dato' Sri Mohamad Norza bin Zakaria ***Member, Independent Non-Executive Director*** *(Retired on 8 May 2017)*	N/A

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

The Committee shall meet at least once a year or at any other time deemed necessary by the Chairman of the Committee. The quorum for a meeting of the Committee is two (2) members.

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

- To regularly review the Board's structure, size and composition and make recommendations to the Board on any adjustments deemed necessary;
- To identify and propose to the Board suitable candidates as Directors of the Company;
- To assess the performance of the Directors on an 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 2017

- Assessing and recommending to the Board, the continuation of service of the Directors who are seeking re-election at the AGM;
- Reviewing and assessing the annual performance and effectiveness of the Board;
- Assessing and recommending to the Board on the appointment of new directors of THP namely, Mohd Adzahar bin Abdul Wahid as an Independent Non-Executive Director of THP, Datuk Abdul Shukur bin Haji Idrus as a Non-Independent Non Executive Director of THP and Kolonel Dato' Ab Jabar bin Mohamad Aris also as a Non-Independent Non Executive Director of THP;
- Reviewing and recommending to the Board on the extension of contract of service of Dato' Sri Zainal Azwar bin Zainal Aminuddin as the Chief Executive Officer/Executive Director of THP;
- Assessing and recommending to the Board on the change of directorship in THP Group; and
- Assessing and considering the proposed change of key management personnel.

Remuneration Committee

RC

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

The members of the Remuneration Committee are as follows:

Members	Number of Meetings Attended
Tan Sri Dato' Sri Ab. Aziz bin Kasim *Chairman, Independent Non-Executive Director*	1/2
Tan Sri Dato' Sri Ismee bin Haji Ismail *Member, Non-Independent Non-Executive Director*	2/2
Dato' Shari bin Haji Osman *Member, Independent Non-Executive Director*	2/2

The Remuneration Committee shall consist of at least three (3) members and shall be appointed by the Board from among the Directors of the Company, comprising wholly or mainly Non-Executive Directors.

The Committee shall meet at least once a year or at any other time deemed necessary by the Chairman of the Committee. The quorum for a meeting of the Committee is two (2) members.

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

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

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 as a whole and thereafter to be put forth to the shareholders for approval.
- 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.

Work Done in 2017

- Reviewing, considering and recommending to the Board the performance bonus for the CEO/ED of THP;
- Reviewing, considering and recommending to the Board the remuneration package of the CEO/ED of THP; and
- Reviewing, considering and recommending to the Board the performance bonus and annual salary increment for employees of THP.

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 Executive Director and Non-Executive Directors are reviewed against market practices by the Committee, 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 Executive Director is also eligible to participate in the Company's Employees Share Option Scheme ("THP ESOS") that came into effect on 8 May 2009 and expired on 7 May 2017.

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

Remuneration Committee

Details of remuneration (including benefits-in-kind) for each Director for the year ended 31 December 2017 are as follows:

	RM'000						
	*Fees		Salary	Bonus	Other Emoluments	Benefit-in-kind	Total
	Company	Group					
Non-Executive Directors							
Tan Sri Dato' Sri Ab. Aziz bin Kasim	168	-	-	-	-	31	199
Tan Sri Dato' Sri Ismee bin Haji Ismail	132	81	-	-	-	36	249
Datuk Seri Johan bin Abdullah	84	-	-	-	-	-	84
Datuk Seri Nurmala binti Abd Rahim	96	12	-	-	-	-	108
Dato' Sri Amran bin Mat Nor	96	12	-	-	-	-	108
Dato' Shari bin Haji Osman	96	-	-	-	-	-	96
Dato' Dr. Md Yusop bin Omar	84	-	-	-	-	-	84
Mohd Adzahar bin Abdul Wahid *(Appointed w.e.f. 24 May 2017)*	63	-	-	-	-	-	63
Datuk Abdul Shukur bin Haji Idrus *(Appointed w.e.f. 18 September 2017)*	21	-	-	-	-	-	21
Kolonel Dato' Ab Jabar bin Mohamad Aris *(Appointed w.e.f. 30 November 2017)*	7	-	-	-	-	-	7
Tan Sri Othman bin Mahmood *(Resigned w.e.f. 16 August 2017)*	56	-	-	-	-	-	56
Dato' Sri Mohamad Norza bin Zakaria *(Retired on 8 May 2017)*	36	-	-	-	-	-	36
Dato' Azizan bin Abd Rahman *(Resigned w.e.f. 1 September 2017)*	56	15	-	-	-	-	71
Executive Director							
Dato' Sri Zainal Azwar bin Zainal Aminuddin	84	153	1,045	576	272	7	2,137
TOTAL	**1,079**	**273**	**1,045**	**576**	**272**	**74**	**3,319**

*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
Less than RM50,000	3
RM50,000 to RM100,000	6
RM100,001 to RM150,000	2
RM150,001 to RM200,000	1
RM200,001 to RM250,000	1
RM2,100,001 to RM2,150,000	1

Accountability

The Board is responsible for the Group's systems of risk management and internal control, including those established to identify, assess, manage and monitor risk. These systems are designed to mitigate, but cannot completely eliminate, the risks faced by the Group.

Risk Management and Internal Controls

The Board is responsible for the Group's systems of risk management and internal control, including those established to identify, assess, manage and monitor risk. These systems are designed to mitigate, but cannot completely eliminate, the risks faced by the Group. The Board has delegated responsibility for overseeing the implementation of these systems to both the Investment Committee ("IC") and the Audit Committee ("AC").

The Head of Internal Audit reports to the IC on strategic risk issues and has oversight of the Group's risk management framework. Working with the Head of Internal Audit, management is responsible for the identification and evaluation of the risks that apply to the Group's business and operations, together with the design and implementation of controls which are designed to manage those risks.

Risk registers are prepared at business unit, divisional and Group levels. Those registers identify internal and external factors and risks, including those relating to contract delivery, tender pricing, the Group's IT systems and its funding requirements. These risks, and the controls designed to mitigate them, are continuously monitored.

The principal aspects of the Group's systems of risk management and internal control also include:

- The Risk Management Committee ("RMC"), which reviews risks arising during tenders for new contracts;
- The Group's standing orders that set out delegated authorities within which the Group operates. These are supplemented by standing orders which apply at divisional and business unit levels; and
- A number of Group-wide committees which ensure that key risks are managed appropriately. These include the Safety, Health and Environment Committee and committees which focus on the management of IT risks relating to the Group.

To support this structure, the Group has a 'whistleblowing' policy which enables employees to raise concerns in confidence. A summary of how the Group identifies and manages risk is set out on page 95 to 99.

Quality of Financial Reporting

The Group has clear policies and procedures to ensure the conformity, reliability and accuracy of financial reporting, including the process for preparing the Group's interim and annual financial statements.

The Group recruits suitably qualified and experienced finance professionals who have responsibility for the financial reporting process. Duties are segregated, with clear lines of accountability and delegations of authority. The Group's financial reporting policies and procedures cover financial planning and reporting, preparation of financial information and the monitoring and control of capital expenditure. The Group's financial statements preparation process includes reviews at business unit, divisional and Group levels.

Effectiveness Review

The MCCG 2017 requires the Board, at least annually, to conduct a review of the Group's systems of risk management and internal control. The steps taken by the RMC, on behalf of the Board, in reviewing these systems are described under 'Statement on Risk Management and Internal Control on page 95 to 99.

Audit Committee

Mohd Adzahar bin Abdul Wahid*
Chairman, Independent Non-Executive Director

The members of the Audit Committee during the financial year under review are as follows:

Members	Number of Meetings Attended
Mohd Adzahar bin Abdul Wahid* *Chairman, Independent Non-Executive Director* *(Appointed to the Audit Committee on 24 May 2017)*	3/3
Datuk Seri Nurmala binti Abd Rahim *Member, Independent Non-Executive Director*	6/7
Dato' Sri Amran bin Mat Nor *Member, Independent Non-Executive Director*	6/7
Dato' Shari bin Haji Osman *Member, Independent Non-Executive Director*	7/7
Datuk Seri Mohamad Norza bin Zakaria* *Chairman, Independent Non-Executive Director* *(Retired from the Audit Committee on 8 May 2017)*	3/3

* *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 1st Schedule of the Accountants Act, 1967; or

ii) He must be a member of one (1) of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

c) Must have a degree/master/doctorate in accounting or finance and at least three (3) years post qualification experience in accounting or finance; or

d) Must have at least seven (7) years' experience as 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.

f) Any former key audit engagement partner of the company's external auditors is required to observe a cooling-off period of at least 2 years before he or she could be appointed as a member of the Committee.

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.

Audit Committee

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

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

8. Authority

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

a) The authority to investigate any matter within its terms of reference;

b) The resources required to perform its duties;

c) Full and unrestricted access to any information, records, properties and personnel of THP Group;

d) Direct communication channels with the external auditors and internal auditors;

e) The right to obtain independent professional or other advice and to invite any person with relevant experience and expertise to attend the Committee Meeting whenever deemed necessary; and

f) The right to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

9. Functions and Responsibilities

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

a) To consider the appointment, resignation and dismissal of external auditors and make appropriate recommendations to the Board (including the audit fees);

b) To review with the external auditors of the Company:

   i) Their audit plan;

   ii) Their audit report;

   iii) Their management letter and management's response; and

   iv) The assistance given by the employees of the Company and THP Group to the external auditors;

c) To discuss problems and reservations arising from the interim and final audits, and any matter that the external auditors may wish to discuss (in the absence of management where necessary);

d) To review the quarterly financial results and annual audited financial statements of THP Group before recommending the same for the Board's approval, focusing particularly on:

   i) Compliance with accounting standards and any other legal requirements;

   ii) The nature and impact of any changes in or implementation of accounting policies and practices;

   iii) Significant and unusual issues and adjustments arising from the audit;

   iv) The going concern assumption;

e) To review and consider the adequacy of scope, functions, competencies and resources of the internal audit function and that it has the necessary authority to carry out its work;

f) To review the internal audit programme, internal audit plan, the reports prepared by the internal audit department and to ensure that appropriate actions are taken on the recommendations made by the internal audit function;

g) To review any appraisal or assessment of the performance of members of the internal audit function;

h) To approve any appointment or termination of senior members of the internal audit function;

i) To be informed of any resignation of internal audit staff members and provide an avenue for the resigning staff member to explain or submit his/her reasons for resignation;

j) To review any related party transactions and conflict of interest situation that may arise within the Company or THP Group including any transactions, procedures or course of conduct that may raise questions on the integrity of the management;

k) To consider the reports and major findings of any internal investigations and management's responses thereto;

l) To verify the allocation of options (if any) under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the by-laws of the relevant option scheme;

m) To promptly report to Bursa Malaysia Securities Berhad, a matter reported to the Board of Directors by the AC 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 AC Charter

The AC shall review and assess the adequacy of the AC Charter at least once a year. The AC shall recommend any amendments to the Board for approval, whenever deemed necessary and appropriate.

11. Review of the AC

The Board of Directors shall review and assess the term of office and performance of the AC and each of its members at least once every three (3) years.

Attendance

The Management was also invited to brief the AC on the Group's financial performance and relevant corporate matters as well as to address any enquiries raised by the AC. The Management of Internal Audit Department attended all AC meetings and presented the internal audit findings to the AC and also presented the internal audit plan and activities. The external auditors were also invited to attend the AC meetings to present their reports on the audited financial statement.

All issues discussed and deliberated during the AC meetings were minuted by the Company Secretary. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the AC to the Board.

Work Done During 2017

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

a) Reviewed quarterly financial and operational reports, interim financial results, interim financial report to Bursa Securities and the annual audited financial statements prior to submission to the Board for approval;

b) Reviewed the application of corporate governance principles and the extent of THP Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance in conjunction with the preparation of the Corporate Governance Overview Statement 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 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;

Audit Committee

h) Reviewed the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control prior to their inclusion in the Annual Report 2017;

i) Reviewed and approved the internal audit function, scope of work and audit plan;

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 AC and its primary function is to assist in discharging the AC's duties and responsibilities. It is the role of the Internal Audit Department to provide the AC 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 43 audits, 2 special audits and 1 follow-up on various operating units based on the annually approved internal audit plan and management request;

b) Reviewed and evaluated the adequacy and application of financial and operational controls and continuously promoted 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 AC and/or Management and reported the results to the AC and/or Management.

The cost incurred for the internal audit function for the financial year under review was approximately RM1.37 million.

This Audit Committee Report was approved by the Board of Directors of THP on 26 March 2018.

Investment Committee

IC

Tan Sri Dato' Sri Ismee bin Haji Ismail
Chairman, Non-Independent Non-Executive Director

The members of the Investment Committee are as follows:

Members	Number of Meetings Attended
Tan Sri Dato' Sri Ismee bin Haji Ismail ***Chairman, Non-Independent Non-Executive Director*** *(Redesignated from member to Chairman w.e.f. 1 September 2017)*	1/1
Dato' Shari bin Haji Osman ***Member, Independent Non-Executive Director***	1/1
Mohd Adzahar bin Abdul Wahid ***Member, Independent Non-Executive Director*** *(Appointed w.e.f. 1 September 2017)*	N/A
Dato' Azizan bin Abd Rahman ***Chairman, Non-Independent Non-Executive Director*** *(Resigned w.e.f. 1 September 2017)*	1/1
Dato' Sri Mohamad Norza bin Zakaria ***Member, Independent Non-Executive Director*** *(Retired on 8 May 2017)*	N/A

The Investment 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.

Roles and responsibilties

- 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; and
- 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.

Work Done During 2017

- The Board made the decision to change the name of the Committee from Investment, Risk & Compliance Committee to the Investment Committee. This was in view of streamlining and recognising efficiencies across all Committees; and
- Considered the proposal for the disposal of Ladang Jati Keningau Sdn Bhd by TH Ladang (Sabah & Sarawak) Sdn Bhd, a wholly owned subsidiary of THP.

Relations With Shareholders

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.

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.

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.

Upon commencement of the general meeting, the Chairman will explain the rules, 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 chairman or Senior Management. A media conference is also held immediately after the AGM at which the Chairman, CEO, Chief Financial Officer 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:

Assistant General Manager
(Sustainability and Investor Relations)

Aizzura Ab Rahim
Contact No. : 03 2603 4852
Email : info@thplantations.com

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 2017 are detailed in the Sustainability 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, 2016 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, 2016 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 Corporate Governance Overview Statement was approved by the Board of Directors of THP on 26 March 2018.

STATEMENT OF RISK MANAGEMENT & INTERNAL CONTROL

Introduction

The Statement on Risk Management and Internal Control ("the Statement") is made pursuant to the Main Market Listing Requirements of Bursa Securities Berhad and is guided by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers. The Statement outlines the nature of risk management and internal control within the THPB Group ('the Group") for the financial year under review.

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.

The Board also made the decision to change the name of the Investment, Risk and Compliance Committee to Investment Committee, while risk management will fall under the purview of the Audit Committee effective November 2017.

Management Responsibility

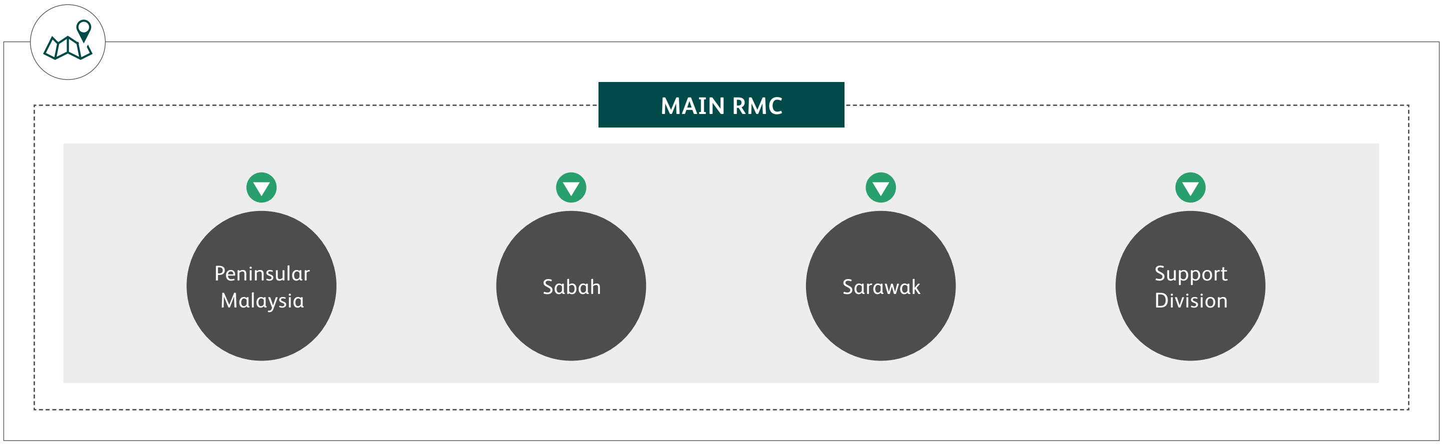
The existence of the Risk Management Committee ("RMC") within the management level is to oversee the risk management activities and internal control system within the Group by reviewing and monitoring the vital enterprise risks. The RMC has a broad mandate to ensure effective implementation of the objectives outlined in the Risk Management Policy ("RMP") and compliance with them throughout the Group. The RMC shall report to the Board of Directors 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 Board of Directors 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;
- Identify and evaluate new strategic risks and key operational risks including corporate matters;
- Assist the Board of Directors 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 Board of Directors in reviewing and reporting on the status of completion of action plans; and
- Report to the Board of Directors on any major changes to the risk profile requiring immediate attention or notification, if any.

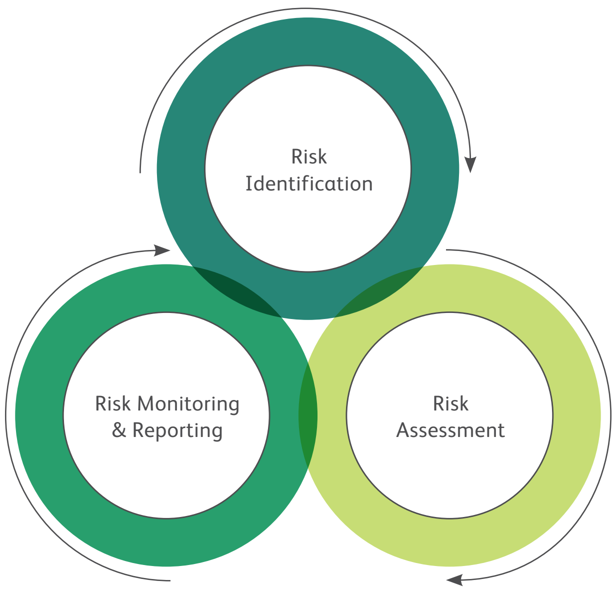
Management Responsibility (Continued)

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 key Senior Management of various departments and regions:-



Risk Management Framework

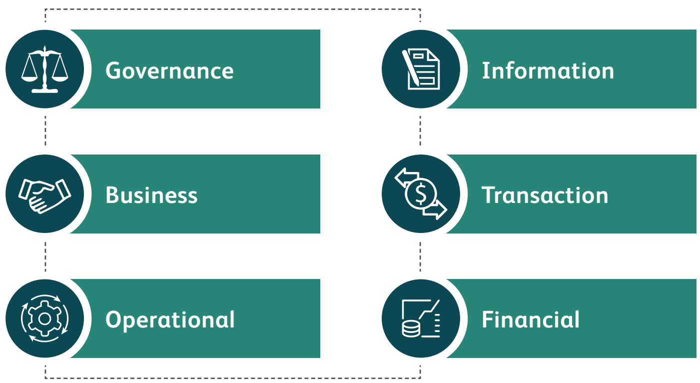
The monitoring and review process in Risk Management Framework ("RMF") that tracks the current status of the risk profile, identify any changes in the risk context and ensures that the controls are adequate in both design and operations involved the following key processes:-



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 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.

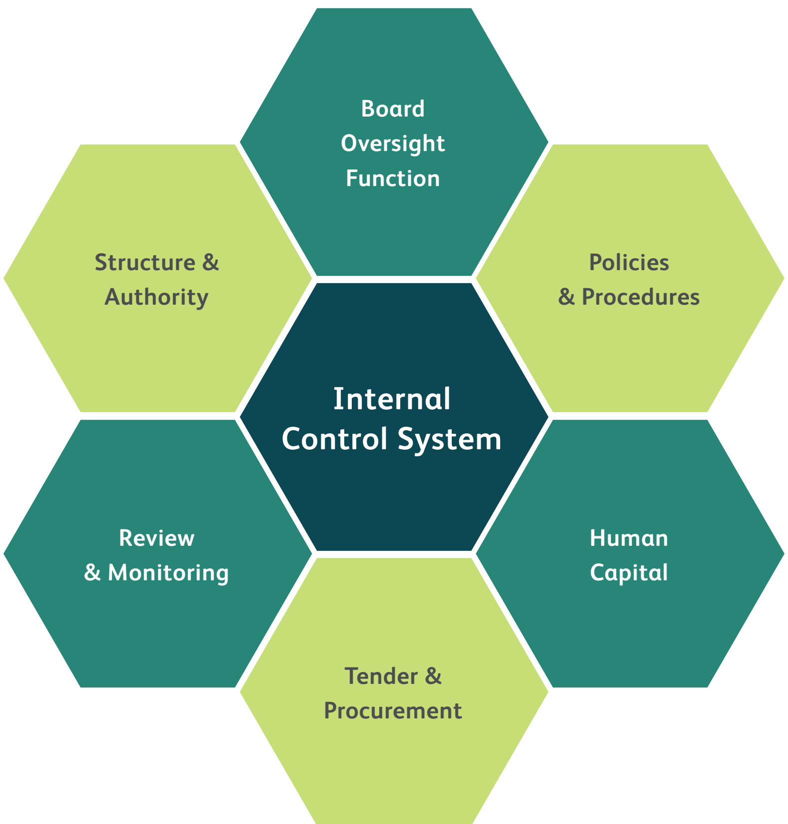
Risk Monitoring and Reporting

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 Group has in place an integrated structure of internal control system that allow the Management to operate the business in an effective and efficient way in order to achieve Group's business objectives and goals.

The key elements of our internal control system that are embedded in the operations are as follows:-



Board's Oversight Function

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 the 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.

Structure and Authority

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.

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 the Management, as and when required, to reflect any changes in business environment and needs to ensure its relevance and effectiveness.

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 acknowledged human capital as an important element of a successful business. As such, 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 toward 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 plan especially in critical position in the Group.

Tender and Procurement

The Group has Tender Committee A and B represented by the Board member 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 comprising 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 whom is Non-Executive and Independent Director. Tender Committee A approves tender award that has a value of above RM 1 million on a single contract, while Tender Committee B approves tender award with value between RM250,000 up to RM1 million.

For any contract within Management's authorisation limit, a 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. The tender committee member comprises 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 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; and
- 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 Audit and Assurance Practice Guide ("AAPG")3, 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 2017, 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.

AAPG 3 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. The 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 have 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.

ADDITIONAL COMPLIANCE INFORMATION

a. Utilisation of Proceeds from Corporate Proposals

No proceeds were raised by the Company from any corporate proposals during the financial year ended 31 December 2017.

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 Auditor's firm amounted to RM975,000 and RM208,000 respectively.

c. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting at the end of the financial year ended 31 December 2017 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 2017 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
THP	Lembaga Tabung Haji	Holding Company	Lease of land	2,928
	Lembaga Tabung Haji	Holding Company	Rental of office	3,792
	Sistem Komunikasi Gelombang Sdn. Bhd.	Related Company	Telecommunication	233
	TH Travel Services Sdn. Bhd.	Related Company	Purchase of flight tickets	535
	Syarikat Takaful Malaysia Berhad	Related Company	Purchase of insurance	3,870
THP Agro Management Sdn. Bhd.	Deru Semangat Sdn. Bhd.	Related Company	Provision of management services	285
	TH Estates (Holdings) Sdn. Bhd.	Related Company	Provision of management services	949

We have made good progress in our sustainability journey. in the year under review, we have established a sustainability governance structure and made headway in our aspiration to be Malaysian Sustainable Palm Oil ("MSPO") certified by 2019.

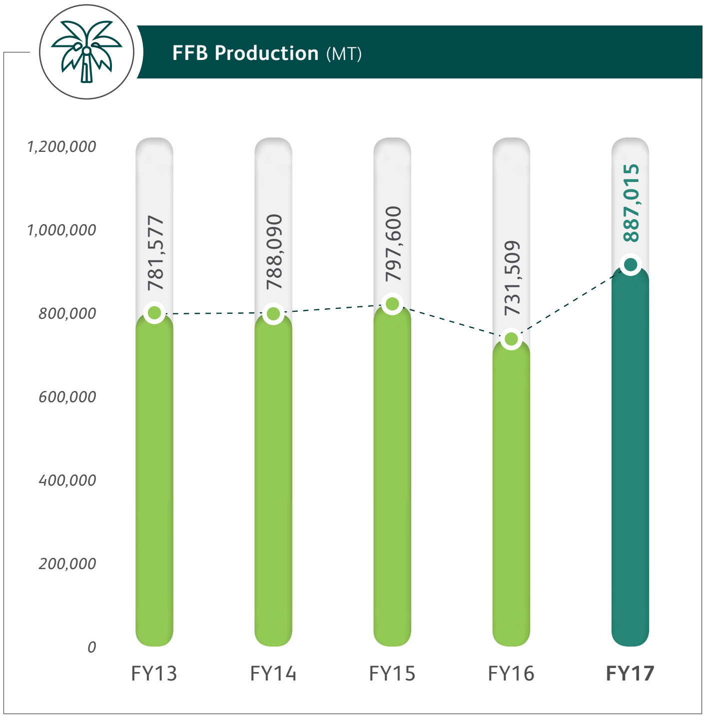
Sustainability Committee's Responsibilities

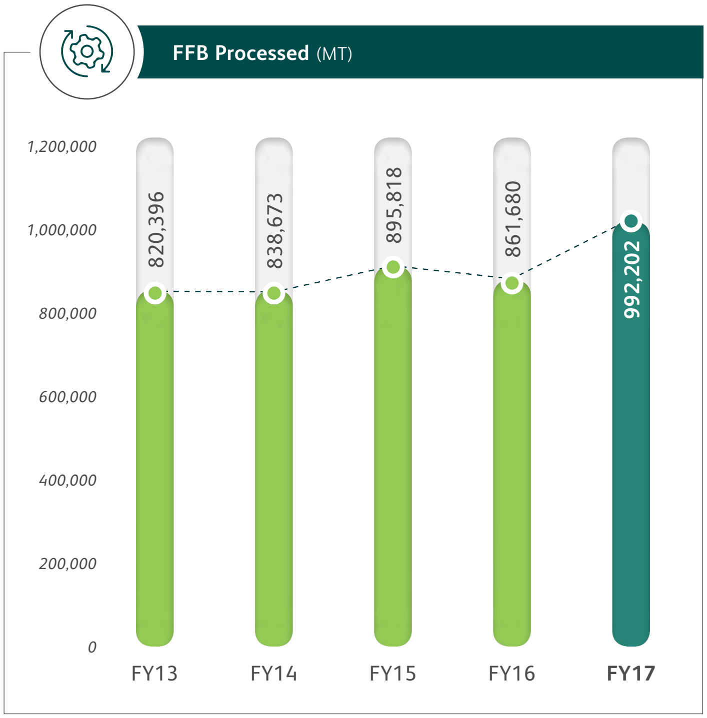
- Monitoring the execution of the Board's strategic sustainability direction
- Overseeing the management of related policies and statements
- Monitoring the implementation of our Sustainability Agenda

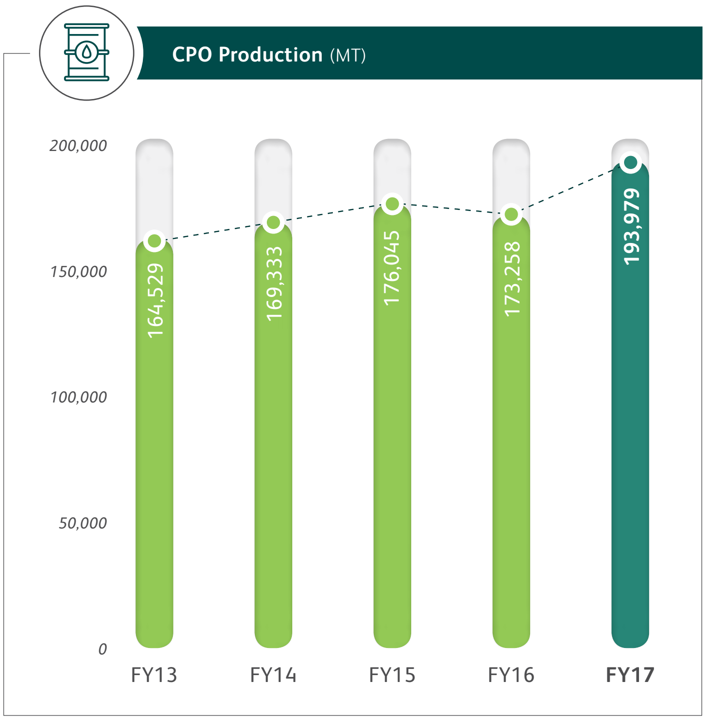
SUSTAINABLE IN PROTECTING THE ENVIRONMENT

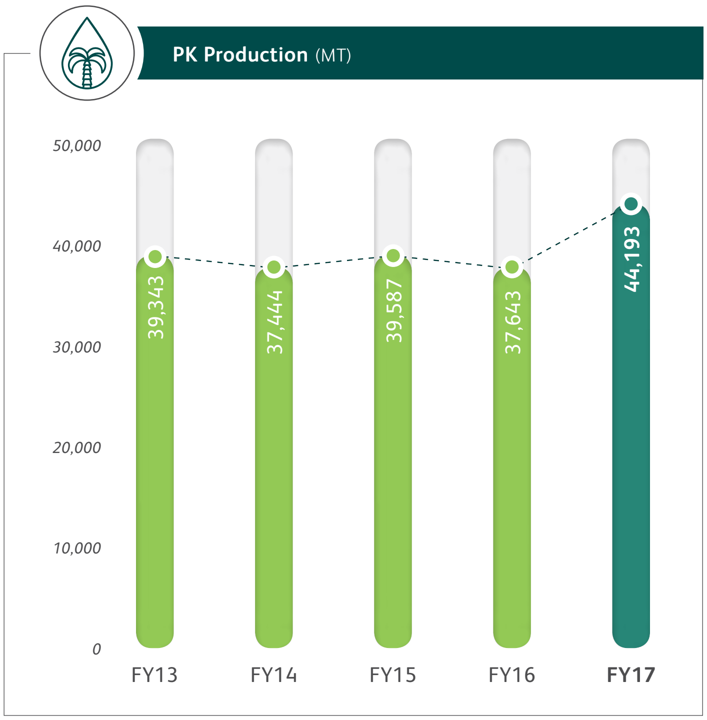
PERFORMANCE STATISTICS

Group 5-Year Plantation Statistics







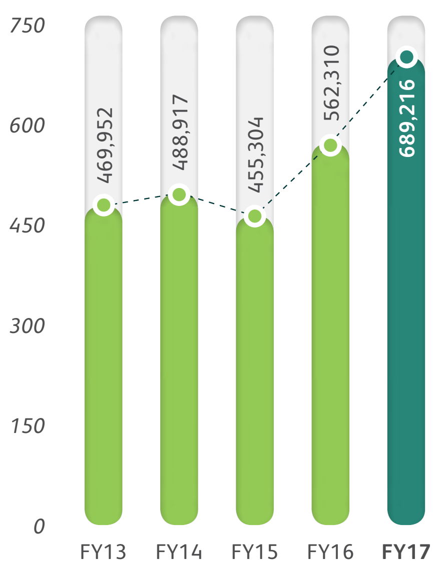


Group 5-Year Plantation Statistics

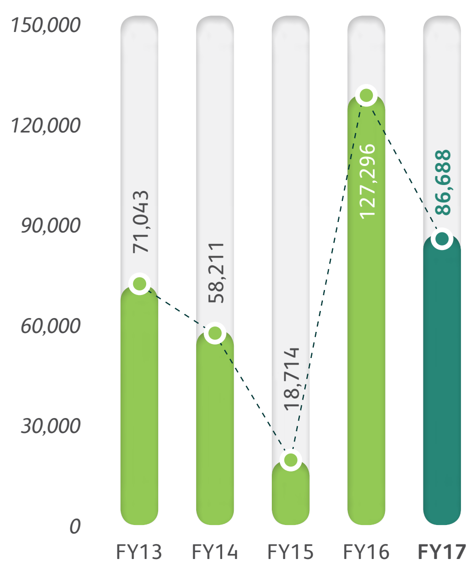
	2017	2016	2015	2014	2013
Production (MT)					
FFB produced	**887,015**	731,509	797,600	788,090	781,577
FFB processed	**992,202**	861,680	895,818	838,673	820,396
FFB purchased	**235,745**	207,294	178,365	147,323	121,913
Yield and Extraction Rates					
FFB yield (tonnes per mature hectare)	**18.14**	15.36	18.17	20.52	23.86
OER (%)	**19.55%**	20.11%	19.65%	20.19%	20.05%
KER (%)	**4.45%**	4.37%	4.42%	4.46%	4.80%
Average Selling Prices (RM per tonne)					
CPO	**2,672**	2,463	2,081	2,277	2,199
PK	**2,444**	2,365	1,545	1,651	1,294
FFB	**539**	516	379	414	362
Area Statement (hectares)					
Oil Palm					
- mature	**48,893**	47,630	43,903	38,415	32,871
- immature	**11,457**	13,474	15,443	22,002	27,399
Planted Area	**60,350**	61,104	59,346	60,417	60,270
Other crops					
- mature	**-**	-	-	-	-
- immature	**8,873**	9,028	8,990	8,110	8,110
	8,873	9,028	8,990	8,110	8,110
Planted area	**69,223**	70,132	68,336	68,527	68,380
In Course of Planting	**4,753**	4,147	6,690	7,397	9,502
Reserve land, building sites etc	**27,010**	30,492	29,486	30,385	19,829
Titled Area	**100,986**	104,771	104,512	106,309	97,711

Group 5-Year Key Financial Indicators

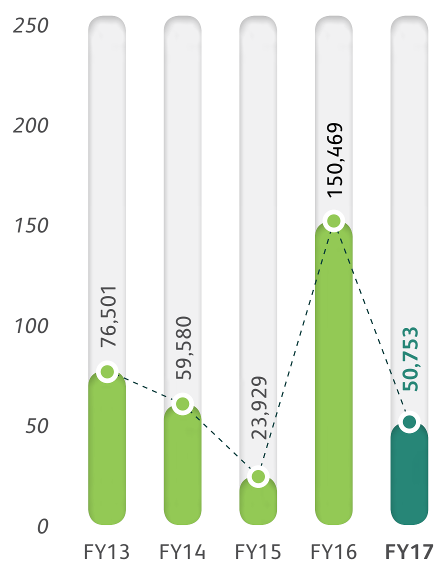
Revenue
(RM'000)



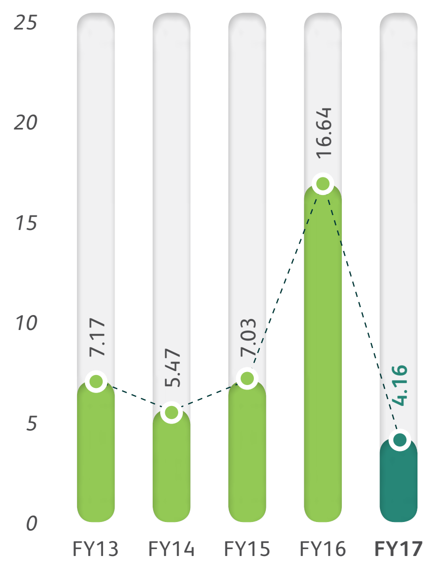
Profit Before Tax
(RM'000)



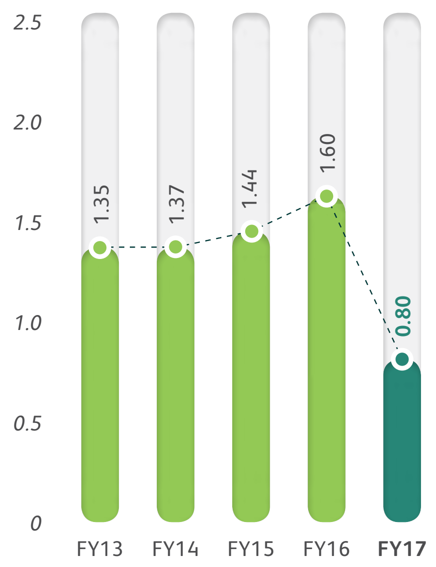
Profit After Tax
(RM'000)



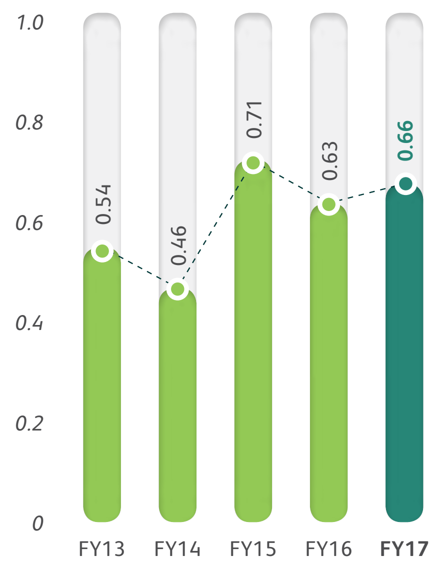
Basic Earnings per Share
(sen)



Net Assets per Share
(RM)



Net Debt to Equity Ratio
(times)



Group 5-Year Key Financial Indicators

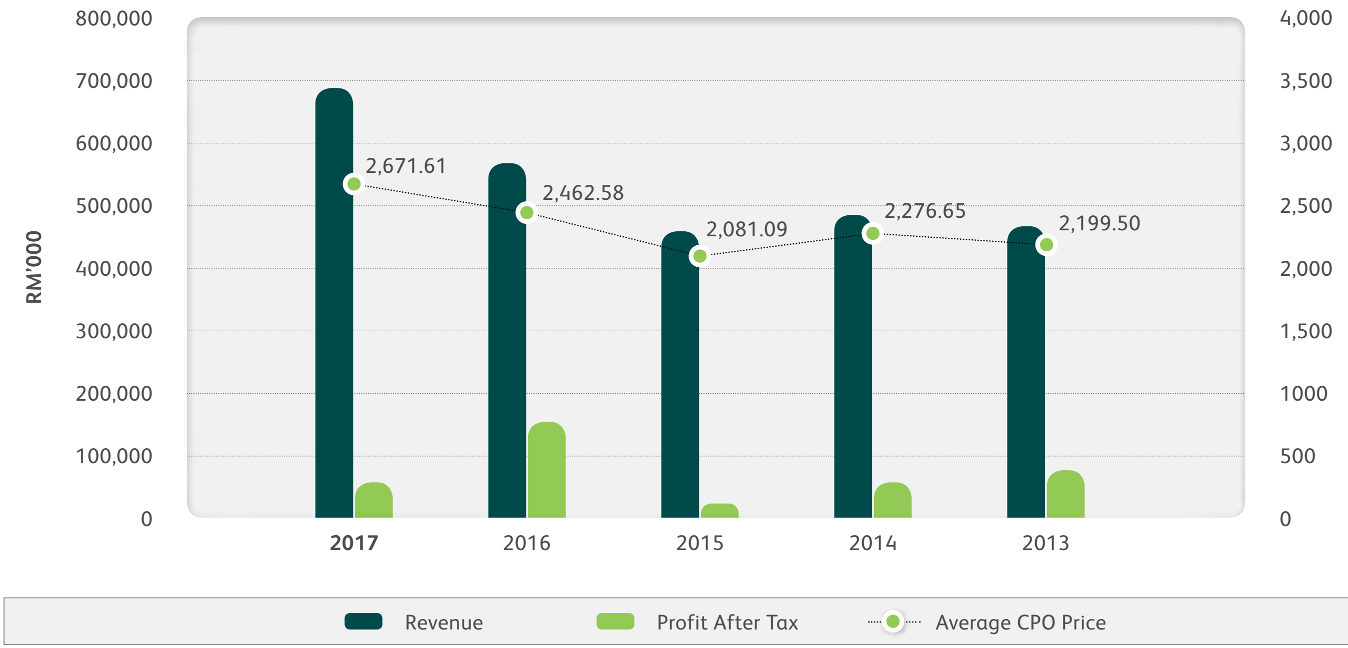
	2017	2016	2015	2014	2013
Profitability and returns					
Gross profit margin	**24.76%**	14.00%	8.37%	18.35%	24.72%
Profit before tax margin	**12.58%**	22.64%	4.11%	11.91%	15.12%
Profit after tax and minority interest margin	**5.33%**	26.15%	13.65%	9.88%	13.43%
Return on average shareholders' equity	**2.63%**	10.95%	5.01%	4.02%	5.74%
Return on average capital employed	**4.12%**	7.96%	0.84%	4.67%	5.24%
Net assets per share (RM)	**0.80**	1.60	1.44	1.37	1.35
Solvency and liquidity					
Debt to equity ratio (times)	**0.66**	0.63	0.71	0.46	0.54
Interest cover (times)	**2.34**	3.49	1.83	3.16	3.95
Current ratio (times)	**1.01**	0.97	0.57	0.87	1.05
Financial Market					
EPS (sen)					
- basic	**4.16**	16.64	7.03	5.47	7.17
- diluted	**4.16**	16.64	7.03	5.45	6.92
Gross dividend paid per share (sen)	**2.00**	6.00	-	2.00	3.62
Gross dividend paid rate (%)	**2.05%**	12.00%	0.00%	4.00%	7.24%
Gross dividend yield (%)	**1.74%**	5.45%	0.00%	1.18%	1.93%
Net dividend payout rate (%)	**2.05%**	12.00%	0.00%	4.00%	7.24%
Price-to-earnings ratio (times)	**27.67**	6.61	16.50	31.10	26.23
Price-to-book ratio (times)	**0.59**	0.55	0.63	0.93	1.04

Group 5-Year Financial Statistics

Statement of Income Statement Highlights (RM'000)

	2017	2016	2015	2014	2013
Revenue	**689,216**	562,310	455,304	488,917	469,952
Results from operating activities	**147,345**	175,954	35,995	81,913	92,431
Profit margin income from short term investments and receivables	**3,884**	2,538	5,251	3,260	2,727
Finance cost	**(64,541)**	(51,196)	(22,532)	(26,962)	(24,115)
Profit before tax	**86,688**	127,296	18,714	58,211	71,043
Tax expense	**(35,935)**	23,173	5,215	1,369	5,458
Net profit for the year	**50,753**	150,469	23,929	59,580	76,501
Attributable to :					
Owners of the Company	**36,731**	147,070	62,133	48,319	63,107
Non-controlling interests	**14,022**	3,399	(38,204)	11,261	13,394
Net profit for the year	**50,753**	150,469	23,929	59,580	76,501

Group 5-Year Profit vs Average CPO Price



Group 5-Year Financial Statistics

Statement of Financial Position Highlights (RM'000)

	2017	2016	2015	2014	2013
ASSETS					
Other non-current assets	**3,232,916**	3,223,386	3,185,369	3,084,677	2,856,028
Intangible asset	**73,265**	73,265	73,265	73,265	73,265
Total non-current assets	**3,306,181**	3,296,651	3,258,634	3,157,942	2,929,293
Other current assets	**108,729**	148,695	115,720	113,861	151,043
Cash and cash equivalents	**99,175**	163,771	75,590	364,295	145,235
Total current assets	**207,904**	312,466	191,310	478,156	296,278
Total assets	**3,514,085**	3,609,117	3,449,944	3,636,098	3,225,571
EQUITY					
Share capital	**862,752**	441,925	441,925	441,925	440,256
Share premium	**-**	420,827	420,827	420,827	417,559
Other reserves	**(80,786)**	(82,557)	(82,557)	(82,557)	(82,557)
Share option reserve	**-**	2,213	2,228	2,275	2,823
Translation reserve	**(8,545)**	(533)	(405)	(64)	-
Retained earnings	**604,044**	634,486	487,416	427,528	411,174
Total equity attributable to owners of the Company	**1,377,465**	1,416,361	1,269,434	1,209,934	1,189,255
Non-controlling interests	**359,175**	351,134	354,439	403,771	396,726
Total equity	**1,736,640**	1,767,495	1,623,873	1,613,705	1,585,981
LIABILITIES					
Long term borrowings	**1,196,183**	1,175,374	1,128,637	1,089,082	997,513
Other long term liabilities	**375,325**	345,443	361,049	382,445	360,175
Total non-current liabilities	**1,571,508**	1,520,817	1,489,686	1,471,527	1,357,688
Other current liabilities	**158,080**	207,654	229,892	540,866	271,902
Loans and borrowings	**47,857**	113,151	106,493	10,000	10,000
Total current liabilities	**205,937**	320,805	336,385	550,866	281,902
Total liabilities	**1,777,445**	1,841,622	1,826,071	2,022,393	1,639,590
Total equity and liabilities	**3,514,085**	3,609,117	3,449,944	3,636,098	3,225,571
Average capital employed	**3,298,230**	3,200,936	3,099,396	3,014,451	2,608,466
Average shareholders' equity	**1,396,913**	1,342,898	1,239,684	1,199,595	1,154,171

Group 5-Year Financial Statistics

Statement of Cash Flow Highlights (RM'000)

	2017	2016	2015	2014	2013
Profit before tax	**86,688**	127,296	18,714	58,211	71,043
Adjustment for non-cash items	**120,409**	42,072	86,944	95,112	98,773
Changes in working capital	**65,678**	(58,425)	(279,740)	347,058	49,236
Cash generated from operations	**272,775**	110,943	(174,082)	500,381	219,052
Profit margin income from short term investments and receivables	**3,884**	2,538	4,953	1,758	2,190
Profit margin expenses on payables, borrowing cost, tax and zakat paid	**(97,354)**	(96,315)	(80,689)	(64,503)	(62,530)
Net cash generated from/(used in) operating activities	**179,305**	17,166	(249,818)	437,636	158,712
Acquisition of property, plant and equipment	**(39,533)**	(35,706)	(28,290)	(63,044)	(110,873)
Plantation development expenditure	**(63,286)**	(62,585)	(124,904)	(195,213)	(192,036)
Forestry	**(12,740)**	(23,348)	(23,568)		
Acquisition of subsidiaries	**-**	-	-	-	(264,137)
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 subsidiary	**-**	153,065	16,250	-	-
Decrease in other investment	**232**	607	16,678	(20,805)	-
Other investing activities	**6**	603	2,634	2,818	(2,185)
Net cash generated (used in)/generated from investing activities	**(115,321)**	32,636	(141,200)	(277,654)	(569,231)
Proceeds from drawdown of loans and borrowings	**375,931**	248,548	1,198,415	125,095	537,067
Proceeds from issue of new ordinary share capital	**-**	-	1,000	4,444	8,429
Repayments of loans and borrowings	**(409,617)**	(192,219)	(1,057,678)	(11,387)	(71,765)
Dividends paid to owners of the Company	**(90,039)**	(11,223)	(17,622)	(31,959)	(45,668)
Dividends paid to non-controlling interests	**(4,792)**	(6,694)	(6,880)	(1,644)	-
Dividends paid by a subsidiary in relation to pre-acquisition dividend payables	**-**	-	(12,999)	(23,500)	-
Net cash (used in)/generated from financing activities	**(128,517)**	38,412	104,236	61,049	428,063
Net (decrease)/increase in cash and cash equivalents	**(64,533)**	88,214	(286,782)	221,031	17,544

Group Quarterly Performance

Financial Performance (RM'000)

2017

	Q4	Q3	Q2	Q1
Revenue	178,202	189,536	155,425	166,053
Profit from Operations	47,843	36,854	24,072	34,025
Finance cost	(13,893)	(14,467)	(14,030)	(13,716)
Profit before tax	33,950	22,387	10,042	20,309
Taxation	(21,927)	(8,237)	(711)	(5,060)
Net profit for the year	12,023	14,150	9,331	15,249
Attributable to :				
Owners of the Company	6,880	11,454	7,196	11,200
Non-controlling interests	5,143	2,696	2,135	4,049
Net profit for the year	12,023	14,150	9,331	15,249
Earnings per share (sen)				
- basic	0.78	1.30	0.81	1.27
- diluted	0.78	1.30	0.81	1.27

2016

	Q4	Q3	Q2	Q1
Revenue	170,078	170,308	132,406	89,518
Profit from Operations	148,774	30,529	11,011	(11,822)
Finance cost	(37,354)	(5,034)	(4,962)	(3,846)
Profit before tax	111,420	25,495	6,049	(15,668)
Taxation	15,138	(1,990)	3,805	6,220
Net profit for the year	126,558	23,505	9,854	(9,448)
Attributable to :				
Owners of the Company	127,462	19,175	7,581	(7,148)
Non-controlling interests	(904)	4,330	2,273	(2,300)
Net profit for the year	126,558	23,505	9,854	(9,448)
Earnings per share (sen)				
- basic	14.42	2.17	0.86	(0.81)
- diluted	14.42	2.17	0.86	(0.81)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT

For the year ended 31 December 2017

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 2017.

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

Ultimate holding company

The Company is a subsidiary of Lembaga Tabung Haji, a statutory body established under the Tabung Haji Act 1995 (Act 535) of which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

Subsidiaries

The details of the Company's subsidiaries are disclosed in note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	36,731	31,593
Non-controlling interests	14,022	-
	50,753	31,593

Reserves and provisions

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

Dividends

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

(i) a final ordinary dividend of 6.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM53.031 million in respect of the financial year ended 31 December 2016 on 2 June 2017.

(ii) an interim ordinary dividend of 1.60 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM14.142 million in respect of the financial year ended 31 December 2017 on 22 December 2017.

At the forthcoming Annual General Meeting, a final single-tier dividend in respect of the financial year ended 31 December 2017 of 2.00 sen per ordinary share amounting to approximately RM17.68 million (based on 883,851,470 ordinary shares in issue as at 31 December 2017) will be proposed for the shareholders' approval.

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Sri Dato' Sri Ab. Aziz bin Kasim
Tan Sri Dato' Sri Ismee b. Haji Ismail
Datuk Seri Johan Bin Abdullah
Dato' Sri Zainal Azwar bin Zainal Aminuddin
Dato' Sri Amran bin Mat Nor
Datuk Seri Nurmala Binti Abd Rahim
Dato' Dr. Md Yusop bin Omar
Dato' Shari bin Haji Osman
Mohd Adzahar bin Abdul Wahid (appointed on 24 May 2017)
Datuk Abdul Shukur bin Haji Idrus (appointed on 18 September 2017)
Kolonel Dato' Ab Jabar bin Mohamad Aris (appointed on 30 November 2017)
Dato' Sri Mohamad Norza B Zakaria (retired on 8 May 2017)
Tan Sri Othman bin Haji Mahmood (resigned on 16 August 2017)
Dato' Azizan b. Abd Rahman (resigned on 1 September 2017)

Directors of the subsidiaries

The following is a list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year until the date of this report:

Shafaruddin bin Hanafiah
Irwan bin Ayub
Mohammed Hayssam bin Musa
Hazem Mubarak bin Musa
Dato' Hj. Wan Zakaria Abd Rahman
Datuk Syed Hood bin Syed Edros
Mohamed Azman Shah Bin Ishak
Abang Dato' Dr Haji Ariffin B Abang Haji Borhan
Datuk Bolhassan B Di @ Ahmad B Di
Dato' Abdul Majit bin Ahmad Khan
Dato' Asha'ari bin Idris
Badrul Hisham bin Mohd Salleh
Japar Bin Mustapa
Dato' Sulaiman Bin Mohd Yusof
Datu Sajeli Bin Kipli
Razali Bin Zainudin
Datu Dr Haji Sulaiman Bin Haji Husaini
Hasbi Bin Suhaili
Aruludin Raj Bin Azman Arasu
Aliatun Binti Mahmud
Kamri Bin Ramlee
Jumastapha B Lamat
Maizura Binti Mohamed
George Lentton Anak Indang
Dato' Dr. Darus Hj. Ahmad
Datuk Seri Panglima Haji Ampong Bin Puyon
Datuk Hj. Abd. Latif bin Kandok @ Jikuat
Datuk Hamzah Bin Datuk Haji Mohd Zakaria

Directors of the subsidiaries (continued)

Yeo Kian Kok
Mohammad bin Kassim (appointed on 30 March 2017)
Ishamudin bin Hashim (appointed on 17 May 2017)
Dato' Abd Rashid bin Sahibjan (appointed on 15 January 2018)
Dato' Radin Rosli B Radin Suhadi (resigned on 31 December 2017)
Mohamad bin Sulong (resigned on 17 May 2017)
Abdul Alim bin Abd Rahman (resigned on 30 March 2017)
Tan Sri Dr Abdul Samad B Hj Alias (retired on 17 May 2017)

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			
	At 1.1.2017	**Bought**	**(Sold)**	**At 31.12.2017**
Interest in the Company:				
Dato' Sri Zainal Azwar bin Zainal Aminuddin				
- own	**4,800**	-	-	**4,800**
Dato' Radin Rosli B Radin Suhadi				
- own	**88,800**	-	-	**88,800**
Aliatun Binti Mahmud				
- own	**88,000**	-	-	**88,000**
Aruludin Raj Bin Azman Arasu				
- own	**74,400**	-	-	**74,400**
Maizura Binti Mohamed				
- own	**124,800**	-	-	**124,800**
Tan Sri Dr Abdul Samad B Hj Alias				
- own	**331,000**	-	-	**331,000**
Dato' Hj. Wan Zakaria Abd Rahman				
- own	**4,800**	-	-	**4,800**
Dato' Sulaiman Bin Mohd Yusof				
- own	**36,000**	-	-	**36,000**

	Number of options over ordinary shares			
	At 1.1.2017	**Granted**	**(Lapsed)**	**At 31.12.2017**
Share option in the Company:				
Dato' Sri Zainal Azwar bin Zainal Aminuddin				
- own	**1,440,000**	-	**(1,440,000)**	-

The exercise period for the above options has lapsed on 7 May 2017.

None of the other Directors holding office at 31 December 2017 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 the 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.

Issue of shares

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

Options granted over unissued shares

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

At an extraordinary general meeting held on 25 November 2008, the Company's shareholders approved the establishment of an ESOS of not more than 13% of the issued share capital of the Company to eligible Directors and employees of the Group. The ESOS was initially offered and granted on 8 June 2009. At a Board of Directors Meeting held on 25 February 2014, the Board approved for all the ESOS scheme to be extended to three (3) years until 7 May 2017.

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

(i) Eligible employees were those employees (including full time executive directors) of the Group who had been confirmed in service on the date of the offer. The maximum allowable allotments for the full time executive directors had been approved by the shareholders of the Company in a general meeting.

(ii) The aggregate number of shares to be issued under the ESOS did not exceed 13% of the total issued and paid-up ordinary share capital of the Company.

(iii) The Scheme originally had been in force for five (5) years but it was been extended for a further three (3) years until 7 May 2017.

(iv) The option price was not 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 was not less than RM0.50.

(v) An option holder might, 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 lapsed when they were no longer in employment with the Group.

Options granted over unissued shares (continued)

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

		Number of options over ordinary shares of RM0.50 each			
Date of offer	Exercise price	At 1.1.2017 '000	(Forfeited) '000	(Lapsed) '000	At 31.12.2017 '000
8 June 2009	RM1.27	4,808	-	(4,808)	-
4 January 2011	RM1.45	2,756	(24)	(2,732)	-
18 June 2014	RM1.74	5,660	(30)	(5,630)	-
		13,224	(54)	(13,170)	-

The exercise period for the above options has lapsed on 7 May 2017.

Indemnity and insurance costs

There were no indemnity given to or insurance effected by any director, officer or auditor of the Company during the year.

Other statutory information

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

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

Other statutory information (continued)

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

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2017 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, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in note 24 to the financial statements.

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

Mohd Adzahar bin Abdul Wahid
Director

Dato' Sri Zainal Azwar bin Zainal Aminuddin
Director

Kuala Lumpur,

Date: 2 April 2018

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	**2,610,337**	2,614,875	**84,225**	55,928
Plantation development expenditure	4	**318,423**	326,445	**24,971**	44,869
Forestry	5	**187,956**	162,470	**-**	-
Intangible asset	6	**73,265**	73,265	**-**	-
Investment in subsidiaries	7	**-**	-	**1,204,031**	1,129,384
Other investments	8	**1,825**	1,825	**1,825**	1,825
Deferred tax assets	9	**114,375**	117,771	**-**	-
Trade and other receivables	10	**-**	-	**14,740**	-
Total non-current assets		**3,306,181**	3,296,651	**1,329,792**	1,232,006
Inventories	11	**20,124**	17,045	**687**	1,821
Current tax assets		**8,603**	5,366	**2,348**	2,960
Other investments	8	**3,288**	3,520	**-**	-
Trade and other receivables	10	**41,952**	118,475	**324,269**	251,380
Prepayments and other assets		**4,620**	4,289	**1,329**	1,310
Cash and cash equivalents	12	**99,175**	163,771	**90,320**	160,216
		177,762	312,466	**418,953**	417,687
Assets classified as held for sale	13	**30,142**	-	**-**	-
Total current assets		**207,904**	312,466	**418,953**	417,687
Total assets		**3,514,085**	3,609,117	**1,748,745**	1,649,693
Equity					
Capital and reserve	14	**773,421**	781,875	**762,623**	763,037
Retained earnings		**604,044**	634,486	**538,407**	573,987
Equity attributable to owners of the Company		**1,377,465**	1,416,361	**1,301,030**	1,337,024
Non-controlling interests		**359,175**	351,134	**-**	-
Total equity		**1,736,640**	1,767,495	**1,301,030**	1,337,024
Liabilities					
Loans and borrowings	15	**1,196,183**	1,175,374	**-**	-
Employee benefits	16	**269**	-	**-**	-
Deferred tax liabilities	9	**326,738**	331,787	**16,365**	11,524
Trade and other payables	18	**48,318**	13,656	**47,028**	12,457
Total non-current liabilities		**1,571,508**	1,520,817	**63,393**	23,981
Loans and borrowings	15	**47,857**	113,151	**-**	-
Trade and other payables	18	**138,138**	205,446	**384,322**	288,688
Current tax liabilities		**4,005**	2,208	**-**	-
		190,000	320,805	**384,322**	288,688
Liabilities classified as held for sale	13	**15,937**	-	**-**	-
Total current liabilities		**205,937**	320,805	**384,322**	288,688
Total liabilities		**1,777,445**	1,841,622	**447,715**	312,669
Total equity and liabilities		**3,514,085**	3,609,117	**1,748,745**	1,649,693

The notes on pages 126 to 209 form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	19	**689,216**	562,310	**187,405**	250,097
Fair value gain on forestry	5	**25,486**	-	**-**	-
Cost of sales	20	**(544,052)**	(483,614)	**(125,054)**	(102,068)
Gross profit		**170,650**	78,696	**62,351**	148,029
Other income		**15,097**	131,029	**8,125**	115,032
Administrative expenses		**(18,224)**	(12,550)	**(15,494)**	(10,056)
Other expenses		**(20,178)**	(21,221)	**(9,048)**	(1,293)
Results from operating activities		**147,345**	175,954	**45,934**	251,712
Profit margin income from short-term investments and receivables	21	**3,884**	2,538	**9,191**	2,166
Finance cost	22	**(64,541)**	(51,196)	**(15,752)**	(10,854)
Net finance cost		**(60,657)**	(48,658)	**(6,561)**	(8,688)
Profit before tax		**86,688**	127,296	**39,373**	243,024
Tax (expense)/credit	23	**(35,935)**	23,173	**(7,780)**	(2,425)
Profit for the year	24	**50,753**	150,469	**31,593**	240,599
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit and loss, net of tax					
Foreign currency translation differences for foreign operations	25	**(8,614)**	(138)	**-**	-
Remeasurement on defined benefit liability	25	**(30)**	-	**-**	-
Total other comprehensive (expense)/income, net of tax		**(8,644)**	(138)	**-**	-
Total comprehensive income for the year		**42,109**	150,331	**31,593**	240,599
Profit attributable to:					
Owners of the Company		**36,731**	147,070	**31,593**	240,599
Non-controlling interests		**14,022**	3,399	**-**	-
Profit for the year		**50,753**	150,469	**31,593**	240,599
Total comprehensive income attributable to:					
Owners of the Company		**28,691**	146,942	**31,593**	240,599
Non-controlling interests		**13,418**	3,389	**-**	-
Total comprehensive income for the year		**42,109**	150,331	**31,593**	240,599
Basic earnings per ordinary share (sen)	26	**4.16**	16.64	**-**	-
Diluted earnings per ordinary share (sen)	26	**4.16**	16.64	**-**	-

The notes on pages 126 to 209 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

Group	Note	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
		/------Attributable to owners of the Company------/									
		/------Non-distributable------/						Distributable			
At 1 January 2016		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
Total comprehensive income for the year		-	-	-	-	(128)	(128)	147,070	146,942	3,389	150,331
Contribution by and distribution to owners of the Group											
Adjustment of fair value of ESOS	16	-	-	-	(15)	-	(15)	-	(15)	-	(15)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(6,694)	(6,694)
Total transactions with owners of the Group		-	-	-	(15)	-	(15)	-	(15)	(6,694)	(6,709)
At 31 December 2016		441,925	420,827	(82,557)	2,213	(533)	781,875	634,486	1,416,361	351,134	1,767,495

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

		Attributable to owners of the Company									
		Non-distributable						Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share Option reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2017		441,925	420,827	(82,557)	2,213	(533)	781,875	634,486	1,416,361	351,134	1,767,495
Foreign currency translation differences for foreign operations		-	-	-	-	(8,012)	(8,012)	-	(8,012)	(602)	(8,614)
Remeasurement loss on defined benefit liability		-	-	(28)	-	-	(28)	-	(28)	(2)	(30)
Total other comprehensive income for the year		-	-	(28)	-	(8,012)	(8,040)	-	(8,040)	(604)	(8,644)
Profit for the year		-	-	-	-	-	-	36,731	36,731	14,022	50,753
Total comprehensive income for the year		-	-	(28)	-	(8,012)	(8,040)	36,731	28,691	13,418	42,109
Contribution by and distribution to owners of the Group											
Adjustment of fair value of ESOS	16	-	-	-	(2,213)	-	(2,213)	-	(2,213)	-	(2,213)
Fair value adjustment on initial recognition of financial liabilities		-	-	1,799	-	-	1,799	-	1,799	-	1,799
Dividends to owners of the Company	27	-	-	-	-	-	-	(67,173)	(67,173)	-	(67,173)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(5,377)	(5,377)
Total transactions with owners of the Group		-	-	1,799	(2,213)	-	(414)	(67,173)	(67,587)	(5,377)	(72,964)
Transfer in accordance with Section 618(2) of the Companies Act 2016	14	420,827	(420,827)	-	-	-	-	-	-	-	-
At 31 December 2017		862,752	-	(80,786)	-	(8,545)	773,421	604,044	1,377,465	359,175	1,736,640

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

		/----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
At 1 January 2016		441,925	420,827	(101,928)	2,228	763,052	333,388	1,096,440
Profit and total comprehensive income for the year		-	-	-	-	-	240,599	240,599
Contribution by and distribution to owners of the Company								
Adjustment of fair value of ESOS	16	-	-	-	(15)	(15)	-	(15)
Total transactions with owners of the Company		-	-	-	(15)	(15)	-	(15)
At 31 December 2016/ 1 January 2017		441,925	420,827	(101,928)	2,213	763,037	573,987	1,337,024
Profit for the year		-	-	-	-	-	31,593	31,593
Total comprehensive income for the year		-	-	-	-	-	31,593	31,593
Contribution by and distribution to owners of the Company								
Adjustment of fair value of ESOS	16	-	-	-	(2,213)	(2,213)	-	(2,213)
Fair value adjustment on initial recognition of financial liabilities		-	-	1,799	-	1,799	-	1,799
Dividends to owners of the Company	27	-	-	-	-	-	(67,173)	(67,173)
Total transactions with owners of the Company		-	-	1,799	(2,213)	(414)	(67,173)	(67,587)
Transfer in accordance with Section 618(2) of the Companies Act 2016	14	420,827	(420,827)	-	-	-	-	-
At 31 December 2017		862,752	-	(100,129)	-	762,623	538,407	1,301,030

The notes on pages 126 to 209 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		**86,688**	127,296	**39,373**	243,024
Adjustments for:					
Depreciation of property, plant and equipment	24	**86,319**	97,196	**2,711**	1,657
Dividend income	19	**-**	(475)	**(35,203)**	(121,855)
Profit margin income	21	**(3,884)**	(2,538)	**(9,191)**	(2,166)
Finance cost	22	**64,541**	51,196	**15,752**	10,854
Change in fair value of forestry	5	**(25,486)**	15,333	**-**	-
Gain on disposal of property, plant and equipment	24	**-**	(95)	**-**	-
Plantation development expenditure written off	24	**1,193**	1,625	**-**	-
Property, plant and equipment written off	24	**319**	56	**10**	-
Impairment loss on other receivables	24	**11,120**	-	**6,336**	-
Other receivables written off	24	**-**	20	**-**	20
Impairment in investment in a subsidiary	7	**-**	-	**2,500**	-
Inventories written off	24	**72**	-	**-**	-
Expenses related to retirement benefit plan	24	**257**	-	**-**	-
Impairment loss on plantation development expenditure	24	**929**	-	**-**	-
Impairment loss on trade receivables	24	**-**	157	**-**	-
Gain on disposal of subsidiary	24	**-**	(112,584)	**-**	(100,680)
Fair value of ESOS granted	16	**(2,213)**	(15)	**(2,213)**	(15)
Fair value on government grant	17	**(12,758)**	(3,120)	**-**	-
Unrealised gain on foreign exchange	24	**-**	(4,684)	**-**	-
Operating profit before changes in working capital		**207,097**	169,368	**20,075**	30,839
Change in inventories		**(3,152)**	7,865	**1,134**	(731)
Change in trade and other payables		**28,177**	(21,842)	**28,001**	(74,628)
Change in trade and other receivables, prepayments and other assets		**40,665**	(44,448)	**6,219**	(121,946)
Change in employee benefits		**(12)**	-	**-**	-
Cash generated from/(used in) operations		**272,775**	110,943	**55,429**	(166,466)
Profit margin income from short-term investments and other receivables		**3,884**	2,538	**9,191**	1,922
Finance cost		**(73,571)**	(74,649)	**(15,752)**	(10,397)
Tax paid		**(24,281)**	(23,445)	**(2,894)**	(1,982)
Zakat paid		**(109)**	-	**-**	-
Tax refund		**607**	1,779	**-**	-
Net cash generated from/(used in) operating activities		**179,305**	17,166	**45,974**	(176,923)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(39,533)**	(35,706)	**(1,400)**	(1,265)
Dividends received		**-**	475	**35,203**	121,855
Decrease in other investment		**232**	607	**-**	1,760
Decrease in deposit pledged		**-**	33	**-**	-
Increase in investments in subsidiaries	7	**-**	-	**(74,647)**	(2,400)
Forestry	(i)	**(12,740)**	(23,348)	**-**	-
Plantation development expenditure	(ii)	**(63,286)**	(62,585)	**(8,487)**	(8,484)
Net cash inflow from disposal of subsidiary	35	**-**	153,065	**-**	154,058
Proceeds from disposal of property, plant and equipment		**6**	95	**-**	-
Net cash (used in)/from investing activities		**(115,321)**	32,636	**(49,331)**	265,524
Cash flows from financing activities					
Dividends paid to owners of the Company		**(90,039)**	(11,223)	**(66,539)**	(138)
Dividends paid to non-controlling interests		**(4,792)**	(6,694)	**-**	-
Proceeds from drawdown of loans and borrowings	15	**375,931**	248,548	**-**	-
Loan repayment	15	**(409,617)**	(192,219)	**-**	-
Net cash (used in)/from financing activities		**(128,517)**	38,412	**(66,539)**	(138)
Net (decrease)/increase in cash and cash equivalents		**(64,533)**	88,214	**(69,896)**	88,463
Cash and cash equivalents at 1 January	(iii)	**163,771**	75,557	**160,216**	71,753
Cash and cash equivalents at 31 December	(iii)	**99,238**	163,771	**90,320**	160,216

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2017

(i) Forestry

	Note	Group 2017 RM'000	Group 2016 RM'000
Additions of forestry plantation	5	**(11,903)**	(15,158)
Addition of nurseries	5	**(837)**	(16,740)
Finance cost capitalised		**-**	7,744
Depreciation of property, plant and equipment	5	**-**	806
		(12,740)	(23,348)

(ii) Plantation development expenditure

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Addition of plantation development expenditure	4	**(75,419)**	(83,272)	**(9,835)**	(11,399)
Additions of nurseries	4	**(5,151)**	(5,401)	**-**	-
Finance cost		**15,681**	22,803	**1,233**	2,546
Depreciation of property, plant and equipment	4	**1,603**	3,285	**115**	369
		(63,286)	(62,585)	**(8,487)**	(8,484)

(iii) Cash and cash equivalents

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits		**79,349**	130,993	**75,518**	127,426
Less: Other investments	8	**(3,288)**	(3,520)	**-**	-
	12	**76,061**	127,473	**75,518**	127,426
Cash and bank balances	12	**23,177**	36,298	**14,802**	32,790
		99,238	163,771	**90,320**	160,216

The notes on pages 126 to 209 form an integral part of these financial statements.

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

Principal place of business/Registered office
Level 35, Menara TH Platinum
No. 9 Persiaran KLCC
50088 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 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 2017 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 2 April 2018.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standards (FRS) and the requirements of the Companies Act 2016 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 Company:

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- IC Interpretation 23, Uncertainty over Income Tax Treatments

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

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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). As a result, the Company will not be adopting the above FRSs, Interpretations and amendments.

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.

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

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

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 expected consumption of the estate. Estimating the production trend involves significant judgement, selection of variety of methods and assumption that are normally based on past yield trend of the estates and comparable estates in the area. The actual yield however, may be different from expected.

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

(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.

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.

(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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

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

(c) **Financial instruments (continued)**

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

The Group and the Company categorise financial instruments as follows:

Financial assets

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

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

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

(b) **Loans and receivables**

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

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

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

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

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

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

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

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

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

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

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or 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.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(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.

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 individual estate 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:

	Current	Comparative
• leasehold land	60 years	60 years
• estates	30 years	30 years
• building	30 years	25 years
• plant, machinery and equipment	10-15 years	10 years
• motor vehicles	10 years	5 years
• computer equipment	5 years	3 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.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

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

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating leases

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

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

(f) Intangible assets

(i) Goodwill

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

(ii) Amortisation

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

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

(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 finished goods 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. The cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of stores is consists of the invoiced value from suppliers and is calculated using the weighted average method.

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.

(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.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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.

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.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Other assets (continued)

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.

(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.

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(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.

(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.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(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.

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.

2. Significant accounting policies (continued)

(q) Income tax (continued)

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 RM'000	Estates RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2016		1,190,613	1,350,376	194,298	203,308	14,981	53,322	28,785	3,035,683
Additions		-	-	2,231	2,488	556	3,152	27,279	35,706
Transfer from plantation development expenditure	4	-	168,055	-	-	-	-	-	168,055
Written off		-	(7,639)	-	(795)	(308)	(1,029)	(12)	(9,783)
Disposals		-	-	(58)	-	-	(191)	-	(249)
Disposal of a subsidiary		(27,129)	(19,627)	(7,544)	(14,677)	(138)	(2,647)	(2,535)	(74,297)
Transfers		-	-	8,205	6,103	-	-	(14,308)	-
Effect of movement in exchange rate		19	-	30	33	14	15	2	113
At 31 December 2016/ 1 January 2017		**1,163,503**	**1,491,165**	**197,162**	**196,460**	**15,105**	**52,622**	**39,211**	**3,155,228**
Additions		**392**	**-**	**3,443**	**2,398**	**488**	**3,412**	**29,400**	**39,533**
Transfer from plantation development expenditure	**4**	**-**	**77,152**	**-**	**-**	**-**	**-**	**-**	**77,152**
Adjustment	**3.4**	**(2,667)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,667)**
Written off		**-**	**(655)**	**(2,916)**	**(1,955)**	**(980)**	**(903)**	**(28)**	**(7,437)**
Disposals		**-**	**-**	**(5)**	**-**	**(3)**	**(132)**	**-**	**(140)**
Assets held for sale	**13**	**(32,462)**	**-**	**(166)**	**(2)**	**-**	**(96)**	**-**	**(32,726)**
Transfers		**-**	**-**	**40,795**	**5,075**	**-**	**98**	**(45,968)**	**-**
Effect of movement in exchange rate		**(127)**	**-**	**(64)**	**(50)**	**(21)**	**(31)**	**(1)**	**(294)**
At 31 December 2017		**1,128,639**	**1,567,662**	**238,249**	**201,926**	**14,589**	**54,970**	**22,614**	**3,228,649**

3. Property, plant and equipment (continued)

Group	Note	Leasehold land RM'000	Estates RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 January 2016		89,286	199,403	56,872	89,583	13,646	40,374	-	489,164
Depreciation for the year	3.1	20,445	49,879	8,346	15,479	762	6,376	-	101,287
Written off		-	(7,639)	-	(766)	(319)	(1,003)	-	(9,727)
Disposals		-	-	(58)	-	-	(191)	-	(249)
Disposal of a subsidiary		(4,530)	(18,486)	(3,777)	(10,738)	(138)	(2,486)	-	(40,155)
Effect of movement in exchange rate		-	-	2	12	11	8	-	33
At 31 December 2016/ 1 January 2017		**105,201**	**223,157**	**61,385**	**93,570**	**13,962**	**43,078**	**-**	**540,353**
Depreciation for the year	**3.1**	**20,731**	**51,511**	**6,028**	**8,360**	**527**	**765**	**-**	**87,922**
Written off		**-**	**(655)**	**(2,815)**	**(1,768)**	**(977)**	**(903)**	**-**	**(7,118)**
Disposals		**-**	**-**	**(1)**	**-**	**(1)**	**(132)**	**-**	**(134)**
Assets held for sales	**13**	**(2,483)**	**-**	**(69)**	**(2)**	**-**	**(96)**	**-**	**(2,650)**
Effect of movement in exchange rate		**-**	**-**	**(4)**	**(22)**	**(19)**	**(16)**	**-**	**(61)**
At 31 December 2017		**123,449**	**274,013**	**64,524**	**100,138**	**13,492**	**42,696**	**-**	**618,312**
Carrying amounts									
At 1 January 2016		1,101,327	1,150,973	137,426	113,725	1,335	12,948	28,785	2,546,519
At 31 December 2016/ 1 January 2017		**1,058,302**	**1,268,008**	**135,777**	**102,890**	**1,143**	**9,544**	**39,211**	**2,614,875**
At 31 December 2017		**1,005,190**	**1,293,649**	**173,725**	**101,788**	**1,097**	**12,274**	**22,614**	**2,610,337**

3. Property, plant and equipment (continued)

Company	Note	Leasehold land RM'000	Estates RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2016		9,411	29,717	18,093	18,304	201	4,741	612	81,079
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/ 1 January 2017		**9,411**	**39,287**	**18,256**	**19,244**	**243**	**5,130**	**269**	**91,840**
Additions		**-**	**-**	**110**	**607**	**14**	**251**	**418**	**1,400**
Transfer from plantation development expenditure	**4**	**-**	**29,733**	**-**	**-**	**-**	**-**	**-**	**29,733**
Transfers		**-**	**-**	**687**	**-**	**-**	**-**	**(687)**	**-**
Written off		**-**	**(655)**	**(195)**	**(7)**	**(4)**	**-**	**-**	**(861)**
At 31 December 2017		**9,411**	**68,365**	**18,858**	**19,844**	**253**	**5,381**	**-**	**122,112**
Accumulated depreciation									
At 1 January 2016		1,859	2,737	11,651	13,468	189	4,056	-	33,960
Depreciation for the year	3.1	95	365	405	714	26	421	-	2,026
Written off		-	-	-	(40)	(34)	-	-	(74)
At 31 December 2016/ 1 January 2017		**1,954**	**3,102**	**12,056**	**14,142**	**181**	**4,477**	**-**	**35,912**
Depreciation for the year	**3.1**	**95**	**1,834**	**285**	**468**	**21**	**123**	**-**	**2,826**
Written off		**-**	**(655)**	**(185)**	**(7)**	**(4)**	**-**	**-**	**(851)**
At 31 December 2017		**2,049**	**4,281**	**12,156**	**14,603**	**198**	**4,600**	**-**	**37,887**
Carrying amounts									
At 1 January 2016		7,552	26,980	6,442	4,836	12	685	612	47,119
At 31 December 2016/ 1 January 2017		**7,457**	**36,185**	**6,200**	**5,102**	**62**	**653**	**269**	**55,928**
At 31 December 2017		**7,362**	**64,084**	**6,702**	**5,241**	**55**	**781**	**-**	**84,225**

3. Property, plant and equipment (continued)

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

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Recognised in profit or loss	24	**86,319**	97,196	**2,711**	1,657
Capitalised in plantation development expenditure	4	**1,603**	3,285	**115**	369
Capitalised in forestry plantation	5	**-**	806	**-**	-
		87,922	101,287	**2,826**	2,026

3.2 Change in estimate

Estates

During the financial year ended 31 December 2017, the Company revised the annual production yield table to reflect the potential yield of each individual estate of the Group and Company.

Matured estates, which management previously amortise based on past trend production of the Group, is now amortised based on expected individual performance of respective estates. The yield per hectare is determined by internal planting advisors, who have appropriate recognised professional qualifications and experience in the field.

The effect of these changes on amortisation expense, recognised in cost of sales, in current and future periods is as follows:

Group	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Decrease in amortisation expense	(12,914)	(11,068)	(13,120)	(11,503)	(9,296)

Company	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Increase/(Decrease) in amortisation expense	352	(302)	(638)	(759)	(874)

3. Property, plant and equipment (continued)

3.2 Change in estimate (continued)

Property, plant and equipment

During the financial year ended 31 December 2017, the Company reviewed the estimated useful lives of each class of assets to be in line with the industry with effect 1 January 2017. The revisions were accounted for prospectively as changes in accounting estimates and as a result the expected useful lives of buildings, plant, machinery and equipment has been extended.

Management has performed an assessment on the expected useful lives of each class of property, plant and equipment and decided to extend the estimated useful lives for building, plant, machinery and equipment, motor vehicles (heavy equipment) and computer equipment.

The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

Group	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Decrease in depreciation expense	(14,054)	(10,789)	(9,133)	(8,042)	(6,875)
Company					
Decrease in depreciation expense	(514)	(383)	(332)	(231)	(134)

3.3 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.

3.4 The adjustment is in relation to land cost of subsidiaries that was estimated in previous year. During the year, the land cost has been finalised and adjustment has been made to adjust the land cost.

4. Plantation development expenditure

		Oil palm	
		2017	**2016**
Group	**Note**	**RM'000**	**RM'000**
At 1 January		**326,445**	405,595
Additions during the year		**75,419**	83,272
Addition of nurseries		**5,151**	5,401
Transfer to property, plant and equipment	3	**(77,152)**	(168,055)
Written off		**(1,193)**	(1,625)
Impairment of plantation development expenditure		**(929)**	-
Disposal of a subsidiary	35	**-**	(3,382)
Effect of movement in exchange rate		**(9,318)**	5,239
At 31 December		**318,423**	326,445

		Oil palm	
		2017	**2016**
Company	**Note**	**RM'000**	**RM'000**
At 1 January		**44,869**	43,040
Additions	4.1	**9,835**	11,399
Transfer to property, plant and equipment	3	**(29,733)**	(9,570)
At 31 December		**24,971**	44,869

4.1 Included in additions during the year are as follows:

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Depreciation of property, plant and equipment	3	**1,603**	3,285	**115**	369
Personnel expenses:					
- Wages, salaries and others		**16,656**	24,127	**2,980**	4,434
- Contribution to Employees Provident Fund		**861**	1,322	**146**	248
Finance cost*	22	**15,681**	22,803	**1,233**	2,546
Management fees capitalised		**-**	-	**394**	2,271

* Finance cost is capitalised at profit margin ranges from 3.57%-6.67% (2016: 4.55%-8.65%) per annum.

4. Plantation development expenditure (continued)

4.2 Impairment testing for delay in maturity of Plantation Development Expenditure ("PDE")

During the financial year, four (4) estates have not been declared matured even though the age of these estates range from 48 months to 72 months. The carrying amount of PDE of the estates as at 31 December 2017 amounted to RM52,629,000.

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 24-26 years 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 is based on each estates amortisation table.
- Price of fresh fruit bunches was determined based on long term pricing of crude palm oil (averaging at RM2,249 per metric tonne) and palm kernel price (averaging at RM1,701 per metric tonne). Oil extraction rate ("OER") (18.48%) and kernel extraction rate ("KER") (3.36%) were determined based on past years' trend.
- A after-tax discount rate of 10% 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 an impairment loss of RM929,000 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 RM38,689,000.
- A reduction in price of FFB by 10% would have resulted in an impairment loss of RM18,709,000.
- A reduction in yield per hectare by 10% would have resulted in an impairment loss of RM16,797,000.

5. Forestry

	Note	Group 2017 RM'000	Group 2016 RM'000
At 1 January		**162,470**	145,905
Addition during the year	5.1	**11,903**	15,158
Addition of nurseries		**837**	16,740
Addition charged to profit or loss		**(12,740)**	-
Change in fair value recognised to profit or loss		**25,486**	(15,333)
At 31 December		**187,956**	162,470

5. Forestry (continued)

5.1 Included in additions during the year are as follows:

		Group	
	Note	2017 RM'000	2016 RM'000
Depreciation on property, plant and equipment	3	-	806
Finance cost*	22	-	7,744
Personnel expenses:			
- Wages, salaries and others		**1,636**	1,694
- Contribution to Employees Provident Fund		**201**	194

* Finance cost is capitalised at a profit margin of nil (2016: 7.76%) 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
2017				
Forestry	**-**	**-**	**187,956**	**187,956**
2016				
Forestry	-	-	162,470	162,470

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.	• Expected projected latex yield (400kg/ha/yr -1,980kg/ha/yr) • Expected timber volume (308m3/ha - 450m3/ha) • Latex price (RM6.50/kg) • Log price (RM144/m3 - RM145/m3) • Upkeep and maintenance cost (RM913/ha - RM2,373/ha) • Pre-tax discount rate (10%)	The estimated fair value would increase/(decrease) if: • Expected projected latex yield were higher/(lower); • Expected timber volume were higher/(lower); • Latex sales price higher/(lower); • Log price higher/(lower); • Upkeep and maintenance cost were lower/(higher); or • Discount rates were lower/(higher).

5. Forestry (continued)

5.2 Fair value information (continued)

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 RM19,185,000.
- A reduction of timber volume by 10% would have resulted in a fair value loss of RM12,944,000.
- A reduction in price of latex and timber by 10% would have resulted in a fair value loss of RM36,000,000.
- An increase of 10% in the upkeep and maintenance cost would have resulted in a fair value loss of RM6,915,000.
- An increase of 1% in the discount rate would have resulted in a fair value loss of RM16,187,000.

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	
	2017	**2016**
	RM'000	**RM'000**
Cost		
Goodwill	**73,265**	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.

6. Intangible asset - goodwill (continued)

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

The aggregate carrying amount of goodwill allocated to each unit is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Oil Palm Plantations Segment		
Hydroflow Sdn. Bhd.	**13,855**	13,855
Bumi Suria Ventures Sdn. Bhd.	**27,789**	27,789
Maju Warisanmas Sdn. Bhd.	**31,621**	31,621
	73,265	73,265

Fair value less cost of disposal of CGU is determined by fair valuing the underlying assets, of which is mainly the plantation. Fair value of the plantation 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 plantations being valued. Fair value less cost of disposal is a level 3 fair value measurement.

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
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.	• Expected projected FFB yield (13.2mt/ha - 30mt/ha) • FFB sales price (RM500/mt) • Upkeep and maintenance cost (RM1,525/ha - RM3,725/ha) • Pre- tax discount rate (9% - 9.5%)	The estimated fair value would increase/ (decrease) if: • Expected projected FFB yield were higher/(lower); • FFB sales price higher/(lower); • Upkeep and maintenance cost were lower/(higher); or • Discount rates were lower/(higher).
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.	• Plantation land value (RM18,100/ha - RM35,000/ha) • Pre-tax discount rate (4.25%)	The estimated fair value would increase/ (decrease) if: • Plantation land value were lower/ (higher); or • Discount rates were lower/(higher).

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.

6. Intangible asset - goodwill (continued)

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 RM19,214,000.
- A reduction in price of FFB by 5% would have resulted in an impairment loss of RM28,561,000.
- An increase of 10% in the upkeep and maintenance cost would have resulted in an impairment loss of RM14,429,000.
- A reduction in plantation land value by 10% would have resulted in an impairment loss of RM8,326,000.
- An increase of 1% in the discount rate would have resulted in an impairment loss of RM20,276,000.

7. Investments in subsidiaries

		Company	
		2017	2016
	Note	RM'000	RM'000
Unquoted shares at cost			
At 1 January		**1,129,384**	1,180,361
Disposal of a subsidiary		**-**	(53,377)
Adjustment	7.1	**(1,106)**	-
Increase in investment in a subsidiary		**-**	2,400
Impairment in investment in a subsidiary	7.2	**(2,500)**	-
At 31 December		**1,125,778**	1,129,384
Advances to a subsidiary	7.3	**78,253**	-
		1,204,031	1,129,384

7.1 The adjustment is in relation to cost of investment in a subsidiary that was estimated in previous year. During the year, the cost of investment has been finalised and adjustment has been made to adjust the cost of investment.

7.2 As at 31 December 2017, the Company assessed its investments in subsidiaries for impairment and accordingly, after considering future profitability of the entities against the cost of investments, has recognised impairment loss amounting to RM2,500,000 in the profit or loss.

7.3 Terms of the advances are as follows:

a) The advances has no fixed redemption date and the subsidiary has an option to redeem all or part of the advances at the end of the twelfth year from date of issuance and thereafter on each subsequent periodic distribution date; and

b) The advances is unsecured and carries a periodic distribution rate of 3.57%-6.67% per annum. The periodic distribution is repayable on demand.

The following table shows the valuation technique used in the determination of the fair value of the advances during initial recognition, which is classified within Level 3, as well as the significant unobservable inputs used in the valuation models.

Type	Significant unobservable inputs	Description of valuation technique and inputs used
• Advances to subsidiary	• Profit margin rate (7.60%) • Repayment period (12 years)	Discounted cash flows using a rate based on the current market rate of borrowing of the subsidiary at the entities reporting date.

The difference between nominal and fair value of the debt has been recognised as equity investment in the subsidiary.

7. Investments in subsidiaries (continued)

7.4 Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business	Effective ownership interest and voting interest 2017 %	2016 %	Principal activities
Direct subsidiaries				
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#	Indonesia	**93**	93	Cultivation of oil palm and marketing of FFB.

Not audited by KPMG Desa Megat PLT

Indirect subsidiaries held through TH Ladang (Sabah & Sarawak) Sdn. Bhd.				
Ladang Jati Keningau Sdn. Bhd.	Malaysia	**82.53**	82.53	Teak plantation.
TH-Bonggaya Sdn. Bhd.	Malaysia	**100**	100	Forestry.
TH-USIA Jatimas Sdn. Bhd.	Malaysia	**70**	70	Forestry.
Derujaya Sdn. Bhd.	Malaysia	**100**	100	Dormant.
Halus Riang Sdn. Bhd.	Malaysia	**100**	100	Dormant.
Kuni Riang Sdn. Bhd.	Malaysia	**100**	100	Dormant.
TH PELITA Meludam Sdn. Bhd.	Malaysia	**60**	60	Cultivation of oil palm and marketing of FFB.
Cempaka Teratai Sdn. Bhd.	Malaysia	**100**	100	Investment holding.
Kee Wee Plantation Sdn. Bhd.	Malaysia	**100**	100	Investment holding.
TH PELITA Gedong Sdn. Bhd.	Malaysia	**70**	70	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.

7. Investments in subsidiaries (continued)

7.4 Details of the subsidiaries are as follows (continued):

Name of subsidiary	Principal place of business	Effective ownership interest and voting interest 2017 %	2016 %	Principal activities
Indirect subsidiaries held through TH Ladang (Sabah & Sarawak) Sdn. Bhd. (continued)				
TH PELITA Sadong Sdn. Bhd.	Malaysia	**70**	70	Cultivation of oil palm and marketing of FFB.
TH PELITA Simunjan Sdn. Bhd.	Malaysia	**60**	60	Cultivation of oil palm and marketing of FFB.
TH PELITA Beladin Sdn. Bhd.	Malaysia	**55**	55	Cultivation of oil palm and marketing of FFB.

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	(Loss)/Profit allocated to NCI RM'000
2017			
THP Sabaco Sdn. Bhd.	**49**	**185,883**	**8,071**
THP Saribas Sdn. Bhd.	**20**	**3,524**	**1,408**
THP-YT Plantation Sdn. Bhd.	**30**	**11,023**	**(958)**
Hydroflow Sdn. Bhd.	**30**	**26,164**	**404**
TH PELITA Gedong Sdn. Bhd.	**30**	**70,081**	**5,055**
TH PELITA Sadong Sdn. Bhd.	**30**	**46,216**	**3,531**
TH PELITA Meludam Sdn. Bhd.	**40**	**(7,195)**	**(947)**
Other individually immaterial subsidiaries	**-**	**23,479**	**(2,542)**
Total		**359,175**	**14,022**
2016			
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)
Total		351,134	3,399

7. **Investments in subsidiaries (continued)**

Non-controlling interests in subsidiaries (continued)

	Summarised financial information before intra-group elimination												
	As at 31 December 2017					Year ended 31 December 2017							
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 compre-hensive 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.	338,589	73,399	(15,139)	(17,496)	379,353	84,278	16,471	16,471	21,230	(12,596)	(8,674)	(40)	3,952
THP Saribas Sdn. Bhd.	591,214	14,431	(546,231)	(41,795)	17,619	159,480	7,040	7,040	34,013	(3,213)	(26,379)	4,421	-
THP-YT Plantation Sdn. Bhd.	119,575	957	(82,869)	(919)	36,744	8,286	(3,193)	(3,193)	3,231	(3,229)	-	2	-
Hydroflow Sdn. Bhd.	140,168	1,177	(50,849)	(3,284)	87,212	7,150	1,347	1,347	7,301	(7,331)	-	(30)	-
TH PELITA Gedong Sdn. Bhd.	236,121	53,413	(45,120)	(10,810)	233,604	143,332	16,850	16,850	10,967	(5,688)	(5,080)	199	420
TH PELITA Sadong Sdn. Bhd.	119,254	46,847	(6,222)	(5,826)	154,053	41,589	11,768	11,768	6,217	(750)	(5,400)	67	420
TH PELITA Meludam Sdn. Bhd.	184,757	1,866	(181,638)	(22,973)	(17,988)	29,615	(2,368)	(2,368)	21,898	(498)	(21,360)	40	-

	Summarised financial information before intra-group elimination												
	As at 31 December 2016					Year ended 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 compre-hensive 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)

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	
	2017	**2016**
	RM'000	**RM'000**
Cash and cash equivalents	**7,118**	2,349
Land	**23,233**	23,731
At 31 December	**30,351**	26,080

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

		Group		Company	
		2017	**2016**	**2017**	**2016**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current					
Available-for-sale financial assets – stated at cost	8.1	**1,825**	1,920	**1,825**	1,920
Less: Impairment loss		**-**	(95)	**-**	(95)
		1,825	1,825	**1,825**	1,825
Current					
Loans and receivables	8.2	**3,288**	3,520	**-**	-
At 31 December		**5,113**	5,345	**1,825**	1,825

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 5.56% (2016: 2.90% to 5.38%).

9. Deferred tax (assets)/liabilities

Recognised deferred tax (assets)/liabilities

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

	Assets		Liabilities		Net	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Group						
Unutilised tax losses	**(88,814)**	(97,073)	**-**	-	**(88,814)**	(97,073)
Property, plant and equipment	**84,457**	93,624	**318,919**	328,788	**403,376**	422,412
FRS 139 adjustment on initial recognition of related company balances	**-**	-	**3,720**	3,462	**3,720**	3,462
Unabsorbed capital allowances	**(117,151)**	(113,413)	**-**	-	**(117,151)**	(113,413)
Others	**7,133**	(909)	**4,099**	(463)	**11,232**	(1,372)
Net tax (assets)/liabilities	**(114,375)**	(117,771)	**326,738**	331,787	**212,363**	214,016
Company						
Property, plant and equipment	**-**	-	**12,899**	8,111	**12,899**	8,111
Amount due from related companies	**-**	-	**3,720**	3,462	**3,720**	3,462
Others	**-**	-	**(254)**	(49)	**(254)**	(49)
Net tax liabilities	**-**	-	**16,365**	11,524	**16,365**	11,524

Unrecognised deferred tax assets

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

	Group	
	2017 RM'000	**2016 RM'000**
Unutilised tax loss carry-forwards	**(86,887)**	(9,184)
At 31 December	**(86,887)**	(9,184)
Tax at 24% (2016: 24%)	**(20,853)**	(2,204)

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 1.1.2016 RM'000	Recognised in profit or loss (note 23) RM'000	Disposal of subsidiary (note 35) RM'000	At 31.12.2016/ 1.1.2017 RM'000	Recognised in profit or loss (note 23) RM'000	Recognised in equity RM'000	Transfer to assets held for sale RM'000	At 31.12.2017 RM'000
Group								
Unutilised tax losses	(88,907)	(8,166)	-	(97,073)	8,259	-	-	(88,814)
Unabsorbed capital allowances	(191,422)	78,009	-	(113,413)	(3,738)	-	-	(117,151)
Property, plant and equipment	514,613	(84,697)	(7,504)	422,412	(11,984)	-	(7,052)	403,376
Fair value adjustment on initial recognition of financial liabilities	3,623	(161)	-	3,462	(309)	567	-	3,720
Others	24,580	(25,952)	-	(1,372)	12,604	-	-	11,232
	262,487	(40,967)	(7,504)	214,016	4,832	567	(7,052)	212,363
Company								
Property, plant and equipment	6,159	1,952	-	8,111	4,788	-	-	12,899
Fair value adjustment on initial recognition of financial liabilities	3,623	(161)	-	3,462	(309)	567	-	3,720
Others	1,936	(1,985)	-	(49)	(205)	-	-	(254)
	11,718	(194)	-	11,524	4,274	567	-	16,365

10. Trade and other receivables

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	7.3	**-**	-	14,740	-
Current					
Trade					
Trade receivables		**34,269**	51,959	**5,862**	7,970
Non-trade					
Amount due from subsidiaries	10.1	**-**	-	**312,628**	197,007
Other receivables		**7,686**	57,352	**5,779**	46,403
Tax recoverable		**-**	9,164	**-**	-
		7,686	66,516	**318,407**	243,410
Transfer to assets held for sale	13	**(3)**	-	**-**	-
		41,952	118,475	**324,269**	251,380

10.1 The amount due from subsidiaries are unsecured, no profit margin applied and repayable on demand except for an amount of nil (2016: RM7,695,000), which is subject to profit margin nil (2016: 5.90%). Included in the amount due is a current portion of RM1,204,000 of a long term advances as described in Note 7.3.

11. Inventories

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Finished goods	**8,234**	13,445	**349**	1,147
Stores	**11,890**	3,600	**338**	674
	20,124	17,045	**687**	1,821

12. Cash and cash equivalents

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Deposits placed with licensed banks	12.1	**76,061**	127,473	**75,518**	127,426
Cash and bank balances	12.2	**23,177**	36,298	**14,802**	32,790
		99,238	163,771	**90,320**	160,216
Transfer to assets held for sale	13	**(63)**	-	**-**	-
		99,175	163,771	**90,320**	160,216

12. Cash and cash equivalents (continued)

12.1 Deposits which are placed with licensed banks for Group and Company have profit margins ranging between 2.95% to 4.00% (2016: 2.90% to 4.00%).

12.2 Included in the bank balances is RM28,540,000 (2016: RM32,476,000) and RM28,540,000 (2016: RM31,669,000) which is maintained by the Group and the Company respectively with a related company.

13. Group assets held for sale

Ladang Jati Keningau Sdn. Bhd.

Investment in subsidiary, Ladang Jati Keningau Sdn. Bhd. is presented as an asset held for sale following the approval of Board of Directors to sell the entire investment in Ladang Jati Keningau Sdn. Bhd. on 20 December 2017. Efforts to sell the disposal group have commenced, and a sale is expected by June 2018. Asset classified as held for sale is as below:

Group
Assets classified as held for sale

	Note	2017 RM'000
Property, plant and equipment	a	30,076
Trade and other receivables	10	3
Cash and cash equivalents	12	63
		30,142
Liabilities classified as held for sale		
Deferred tax liability		7,052
Payables and accruals	18	8,885
		15,937

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

Group	Note	RM'000
Cost	3	32,726
Accumulated depreciation	3	(2,650)
		30,076

14. Capital and reserves

Share capital

	Group and Company			
	Number of shares 2017 '000	Amount 2017 RM'000	Number of shares 2016 '000	Amount 2016 RM'000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares				
At 1 January	**883,851**	**441,925**	883,851	441,925
Transfer from share premium in accordance with Section 618(2) of the Companies Act 2016	**-**	**420,827**	-	-
At 31 December	**883,851**	**862,752**	883,851	441,925

During the financial year, all amount standing to the credit of the share premium account has been consolidated into the share capital account in accordance with Section 618(2) of Companies Act 2016.

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.

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. The share option has expired on 7 May 2017 and subsequently the amount from the share option reserve is transferred to profit or loss. Share option is disclosed in note 16.

15. Loans and borrowings

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current					
Secured					
Flexi Term Financing-i	15.1	**13,715**	30,715	**-**	-
Commodity Murahabah Term Financing-i	15.3	**256,656**	73,693	**-**	-
Unsecured					
SUKUK Murabahah Medium Term Notes	15.4	**895,000**	1,050,000	**-**	-
Term Financing	15.5	**30,812**	20,966	**-**	-
		1,196,183	1,175,374	**-**	-
Current					
Secured					
Flexi Term Financing-i	15.1	**17,000**	13,000	**-**	-
Ijarah Term Financing-i Facility	15.2	**-**	7,680	**-**	-
Commodity Murahabah Term Financing-i	15.3	**27,000**	4,800	**-**	-
Unsecured					
SUKUK Murabahah Medium Term Notes	15.4	**-**	70,000	**-**	-
Islamic Trade Financing-i	15.6	**3,857**	17,671	**-**	-
		47,857	113,151	**-**	-
		1,244,040	1,288,525	**-**	-

15.1 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 RM10,990,000 (2016: RM11,219,000) (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;

15. Loans and borrowings (continued)

15.1 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.

15. Loans and borrowings (continued)

15.2 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 RM4,234,000 (2016: RM4,336,000)(see note 3).

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;

15. Loans and borrowings (continued)

15.2 Ijarah Term Financing-i Facility (continued)

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

Significant covenants (continued)

(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 authorise 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.

15.3 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 RM8,009,000 (2016: 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;

15. Loans and borrowings (continued)

15.3 Commodity Murabahah Term Financing-i (continued)

THP Saribas Sdn. Bhd. (continued)

Significant covenants (continued)

(c) 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;

(d) 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;

(e) 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);

(f) 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;

(g) 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;

(h) 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;

(i) 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;

(j) 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);

(k) not to change the Customer's financial year or the nature of the Customer's business;

(l) not to decrease or alter the Customer's authorised or issued capital or alter the structure thereof or the rights attached thereto; and

(m) not to breach such other covenants as may be prescribed by the Bank in the financing documents.

15. Loans and borrowings (continued)

15.4 SUKUK Murabahah Medium Term Notes

THP Suria Mekar Sdn. Bhd.

The SUKUK Murabahah Medium Term Notes, which was issued by THP Suria Mekar Sdn. Bhd. is a programme of up to RM1.20 billion in nominal value to Lembaga Tabung Haji.

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);

15. Loans and borrowings (continued)

15.4 SUKUK Murabahah Medium Term Notes (continued)

THP Suria Mekar Sdn. Bhd. (continued)

Significant covenants (continued)

(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;

(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 arm's-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;

15. Loans and borrowings (continued)

15.4 SUKUK Murabahah Medium Term Notes (continued)

THP Suria Mekar Sdn. Bhd. (continued)

Significant covenants (continued)

(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.

15. Loans and borrowings (continued)

15.5 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.

15.6 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;

15. Loans and borrowings (continued)

15.6 Islamic Trade Financing-i (continued)

Manisraya Sdn. Bhd. (continued)

Significant covenants (continued)

(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;

(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 arm's-length basis and will not have a material adverse effect on the Customer.

15. Loans and borrowings (continued)

15.7 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	At 1 January 2017 RM'000	Loan repayment RM'000	Proceeds from drawdown of loans and borrowings RM'000	Other changes RM'000	At 31 December 2017 RM'000
Group					
Flexi Term Financing-i	43,715	(13,000)	-	-	30,715
Commodity Murabahah Term Financing-i	78,493	(15,000)	220,000	163	283,656
SUKUK Murabahah Medium Term Notes	1,120,000	(225,000)	-	-	895,000
Term Financing	20,966	-	20,808	(10,962)	30,812
Ijarah Term Financing-i Facility	7,680	(7,680)	-	-	-
Islamic Trade Financing-i	17,671	(148,937)	135,123	-	3,857
	1,288,525	(409,617)	375,931	(10,799)	1,244,040

16. Employee benefits

	Group	
	2017 RM'000	2016 RM'000
Defined benefit obligations	269	-
Fair value of plan assets	-	-
Net defined benefit liabilities	269	-

The Staff Retirement Benefits Scheme ("the Scheme") provides pension benefits for eligible employees upon retirement. A subsidiary of the Group participated in making contributions to the Scheme.

16. Employee benefits (continued)

The following table shows the reconciliation from the opening balance to the closing balance for net defined benefit liability and its components:

Movement in net defined benefit obligations

	Group	
	2017 **RM'000**	**2016** **RM'000**
Net defined benefit obligations at beginning of the year	**-**	-
Included in profit or loss		
Current service cost	**247**	-
Interest cost	**10**	-
	257	-
Included in other comprehensive income		
Actuarial loss arising from:		
Return on scheme assets lesser than discount rate	**30**	-
	30	-
Others		
Benefits paid directly by the employer	**(18)**	-
	(18)	-
Net defined benefit obligations at end of the year	**269**	-

The Group expects to pay RM19,800 in contributions to the defined benefit plan in 2018.

16. Employee benefits (continued)

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group	
	2017	**2016**
Discount rate	**6.98%**	-
Salary inflation	**5.00%**	-

As at 31 December 2017, the duration of the Scheme is estimated up to normal retirement age of 55 years.

The impact of the changes in discount rate and salary inflation are not expected to have any material financial impacts to the current period financial statements of the Group, thus no sensitivity analysis performed.

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 were 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.

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

Grant date/employees entitled	Number of instruments '000	Vesting conditions	Contractual life of options
Option granted to Director and employees on 8 June 2009	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
Total share options	13,224		

16. Employee benefits (continued)

Share-based payments arrangement (continued)

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

	2017		2016	
	Weighted average exercise price RM	Number of options '000	Weighted average exercise price RM	Number of options '000
Outstanding at 1 January	**1.48**	**13,224**	1.48	13,308
Forfeited during the year	**1.27**	**-**	1.27	-
Forfeited during the year	**1.45**	**(24)**	1.45	(24)
Forfeited during the year	**1.74**	**(30)**	1.74	(60)
Exercised during the year	**1.27**	**-**	1.27	-
Exercised during the year	**1.45**	**-**	1.45	-
Exercised during the year	**1.74**	**-**	1.74	-
Lapsed during the year	**1.27**	**(4,808)**	1.27	-
Lapsed during the year	**1.45**	**(2,732)**	1.45	-
Lapsed during the year	**1.74**	**(5,630)**	1.74	-

There is no outstanding options as at 31 December 2017 because the options expired on 7 May 2017.

Employee expenses

	Group and Company	
	2017 RM'000	2016 RM'000
Total expense recognised as share-based payments	**(2,213)**	(15)

17. Deferred income

		Group	
	Note	2017 RM'000	2016 RM'000
Government grant			
At 1 January		**-**	-
Fair value recognised in other comprehensive income	17.1	**-**	-
Fair value on government grant	17.2	**12,758**	3,120
Fair value recognised in profit and loss	17.2	**(12,758)**	(3,120)
		-	-

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 RM20,808,000 (2016: RM5,152,000).

17. Deferred income (continued)

17.1 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).

17.2 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 15.5).

17.3 Fair value information

Fair value of government grant categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017				
Government grant	-	-	**12,758**	**12,758**
2016				
Government grant	-	-	3,120	3,120

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.	• Profit margin rate (7.76%) • Repayment period (20 years)	The estimated fair value would increase/(decrease) if: • Expected proft margin rate higher (lower); • Expected repayment period higher (lower);

18. Trade and other payables

		Group		Company	
		2017	2016	2017	2016
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Amount due to holding corporation	18.1	**11,635**	-	**11,635**	-
Amount due to related companies	18.2	**36,683**	13,656	**35,393**	12,457
		48,318	13,656	**47,028**	12,457
Current					
Trade					
Trade payables		**39,288**	50,540	**3,815**	8,501
Non-trade					
Amount due to holding corporation	18.3	**2,516**	6,796	**2,516**	6,796
Amount due to subsidiaries	18.4	**-**	-	**344,746**	232,173
Amount due to related companies	18.4	**21,802**	32,978	**21,802**	32,978
Other payables		**45,671**	56,326	**7,857**	8,021
Accrued expenses		**25,954**	24,733	**2,952**	219
Dividend payable					
- Owner of the company	18.5	**634**	23,500	**634**	-
- Non-controlling interest	18.5	**11,158**	10,573	**-**	-
		107,735	154,906	**380,507**	280,187
Transfer to assets held for sale	13	**(8,885)**	-	**-**	-
		138,138	205,446	**384,322**	288,688

18.1 The amount due to holding corporation is unsecured, no profit margin applied and stated at amortised cost. The amount is to be repaid in 2019.

18.2 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.

The following table shows the valuation technique used in the determination of fair value during initial recognition, which is within Level 3, as well as the significant unobservable inputs used in the valuation models.

Type	Significant unobservable inputs	Description of valuation technique and inputs used
• Amount due to related companies	• Profit margin rate (7.60%)	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and Company at the entities reporting date.

The difference between nominal and fair value has been taken up in other reserve as contribution from the holding company.

18. Trade and other payables (continued)

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

18.4 The amount due to subsidiaries and related companies are unsecured, subject to profit margin ranges from 3.13% to 3.26% (2016: 3.17% to 3.36%) and are repayable on demand.

18.5 Reconciliation of movement of dividend payables

Group	Non-controlling interest RM '000	Owner of the Company RM '000	Total RM '000
At 1 January 2017	10,573	23,500	34,073
Dividend declared during the year	5,377	67,173	72,550
Dividend paid	(4,792)	(90,039)	(94,831)
At 31 December 2017	11,158	634	11,792

Group	Owner of the Company RM '000	Total RM '000
At 1 January 2017	-	-
Dividend declared during the year	67,173	67,173
Dividend paid	(66,539)	(66,539)
At 31 December 2017	634	634

19. Revenue

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales	**687,982**	556,932	**152,202**	128,242
Dividends	**-**	475	**35,203**	121,855
Management fees	**1,234**	4,903	**-**	-
	689,216	562,310	**187,405**	250,097

20. Cost of sales

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Oil palm plantations	**514,120**	454,304	**125,054**	102,068
Management services	**17,192**	29,310	**-**	-
Forestry	**12,740**	-	**-**	-
	544,052	483,614	**125,054**	102,068

21. Profit margin income

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Profit margin income on financial assets that are not at fair value through profit or loss:				
- intercompany receivables	**-**	-	**5,423**	601
- loans and receivables	**3,884**	2,538	**3,768**	1,565
Recognised in profit or loss	**3,884**	2,538	**9,191**	2,166

22. Finance cost

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Finance cost on financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	**77,838**	79,356	**4,553**	3,402
- profit margin expense on subsidiaries	**-**	-	**10,048**	7,611
- profit margin expense on related companies	**2,384**	2,387	**2,384**	2,387
	80,222	81,743	**16,985**	13,400
Recognised in profit or loss	**64,541**	51,196	**15,752**	10,854
Capitalised in plantation development expenditure	**15,681**	22,803	**1,233**	2,546
Capitalised in forestry	**-**	7,744	**-**	-
	80,222	81,743	**16,985**	13,400

23. Tax expense/(credit)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense				
Malaysia - current year	**30,714**	17,529	**2,640**	1,933
- prior years	**389**	265	**866**	686
Total current tax recognised in profit or loss	**31,103**	17,794	**3,506**	2,619
Deferred tax expense				
Origination and reversal of temporary differences	**10,830**	(25,827)	**(334)**	1,353
(Over)/Under provision in prior year	**(5,998)**	(15,140)	**4,608**	(1,547)
Total deferred tax recognised in profit or loss	**4,832**	(40,967)	**4,274**	(194)
Total income tax expense/(credit)	**35,935**	(23,173)	**7,780**	2,425

Reconciliation of effective tax Expense				
Profit for the year	**50,753**	150,469	**31,593**	240,599
Total income tax expense/(credit)	**35,935**	(23,173)	**7,780**	2,425
Profit excluding tax	**86,688**	127,296	**39,373**	243,024
Tax calculated using Malaysian tax rate of 24% (2016: 24%)	**20,805**	30,551	**9,450**	58,326
Non-assessable income	**(6,677)**	(67,491)	**(7,144)**	(55,040)
Non-deductible expenses	**8,767**	28,513	**-**	-
Effect of deferred tax assets not recognised	**18,649**	129	**-**	-
Under/(Over) provided in prior years:				
- current tax	**389**	265	**866**	686
- deferred tax	**(5,998)**	(15,140)	**4,608**	(1,547)
Total income tax expense/(credit)	**35,935**	(23,173)	**7,780**	2,425

24. Profit for the year

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the year is arrived at after charging:				
Auditors' remuneration:				
- Audit fees				
KPMG Malaysia	**975**	1,041	**190**	190
- Non-audit fees				
KPMG Malaysia	**208**	195	**20**	20
Depreciation of property, plant and equipment	**86,319**	97,196	**2,711**	1,657
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**119,092**	98,101	**9,882**	7,249
- Contribution to Employees Provident Fund	**9,159**	8,089	**676**	499
Plantation development expenditure written off	**1,193**	1,625	**-**	-
Impairment loss on plantation development expenditure	**929**	-	**-**	-
Property, plant and equipment written off	**319**	56	**10**	-
Rental expense in respect of:				
- Premises	**3,792**	2,139	**3,792**	1,932
- Land	**2,928**	2,662	**2,928**	2,662
Impairment on investment in a subsidiary	**-**	-	**2,500**	-
Impairment loss on other receivables	**11,120**	-	**6,336**	-
Impairment loss on trade receivables	**-**	157	**-**	-
Inventories written off	**72**	-	**-**	-
Other receivables written off	**-**	20	**-**	20
Change in fair value of forestry	**-**	15,333	**-**	-
Expenses related to retirement benefit plan	**257**	-	**-**	-
and after crediting:				
Gain on disposal of property, plant and equipment	**-**	95	**-**	-
Rental income from property	**-**	-	**7,641**	5,779
Change in fair value of forestry	**25,486**	-	**-**	-
Unrealised gain on foreign exchange	**-**	4,684	**-**	-
Fair value of ESOS granted	**2,213**	15	**2,213**	15
Dividends income from subsidiaries	**-**	-	**35,203**	121,855
Gain on disposal of a subsidiary	**-**	112,584	**-**	100,680
Waiver of other payables	**-**	8,205	**-**	8,205
Fair value on government grant	**12,758**	3,120	**-**	-

25. Other comprehensive income

Group	Before tax RM'000	Tax benefit RM'000	Net of tax RM'000
2017			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	**(8,614)**	**-**	**(8,614)**
Remeasurement on defined benefit liability	**(30)**	**-**	**(30)**
2016			
Item that is or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(138)	-	(138)

26. Earnings per ordinary share

The calculation of basic and diluted earnings per share for the year ended 31 December 2017 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2017 RM'000	2016 RM'000
Profit for the year attributable to shareholders	**36,731**	147,070

Weighted average number of ordinary shares

	Group	
	2017 '000	2016 '000
Weighted average number of ordinary shares at 31 December	**883,851**	883,851

Weighted average number of ordinary shares (diluted)

	Group	
	2017 '000	2016 '000
Issued ordinary shares at 1 January	**883,851**	883,851
Weighted average number of ordinary shares at 31 December	**883,851**	883,851

	Group	
	2017 Sen	2016 Sen
Basic earnings per ordinary share	**4.16**	16.64
Diluted earnings per ordinary share	**4.16**	16.64

27. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2017			
Interim 2017 ordinary (net of tax)	1.60	14,142	22 December 2017
Final 2016 ordinary (net of tax)	6.00	53,031	2 June 2017
		67,173	

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 2017 of 2.00 sen per ordinary share amounting to approximately RM17.68 million (based on 883,851,470 ordinary shares in issue as at 31 December 2017) will be proposed for the shareholders' approval.

28. 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.

28. Operating segments (continued)

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).

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.

28. Operating segments (continued)

	Oil palm plantations		Management services		Forestry		Consolidation	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Group								
Segment profit/(loss)	**250,731**	198,565	**(15,958)**	(24,407)	**12,746**	(13,904)	**247,519**	160,254
Included in the measure of segment profit/(loss) are:								
Revenue from external customers	**687,982**	557,407	**1,234**	4,903	**-**	-	**689,216**	562,310
Fair value gain on forestry	**-**	-	**-**	-	**25,486**	-	**25,486**	-
Inter-segment revenue	**137,605**	210,557	**24,911**	21,825	**-**	-	**162,516**	232,382
Not included in the measure of segment profit but provided to Group's Chief Executive Officer								
Depreciation	**(81,316)**	(96,340)	**(1,013)**	(856)	**(3,990)**	-	**(86,319)**	(97,196)
Finance costs	**(125,380)**	(126,920)	**-**	-	**(10,232)**	(1,725)	**(135,612)**	(128,645)
Profit margin income from short-term investments and receivables	**74,901**	79,949	**-**	-	**54**	37	**74,955**	79,986
Fair value of government grant	**-**	-	**-**	-	**12,758**	3,120	**12,758**	3,120
Segment assets	**5,569,455**	5,589,928	**26,943**	27,510	**224,737**	200,801	**5,821,135**	5,818,239
Additions to non-current assets other than financial instrument and deferred tax assets	**158,965**	88,327	**3,315**	9,964	**6,801**	23,348	**169,081**	121,639

28. Operating segments (continued)

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

Group	2017 RM'000	2016 RM'000
Profit or loss		
Total profit or loss for reportable segments	**247,519**	160,254
Other non-reportable segments	**-**	475
Elimination of inter-segments profit	**-**	-
Unallocated income/(expenses):		
Corporate expenses	**(18,224)**	(17,179)
Depreciation and amortisation	**(86,319)**	(97,196)
Finance cost	**(64,541)**	(51,196)
Finance income	**3,884**	2,538
Gain on disposal of a subsidiary	**-**	112,584
Others	**4,369**	17,016
Consolidated profit before tax	**86,688**	127,296

	Fair value gain on forestry RM'000	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Profit margin income RM'000	Fair value of government grant RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2017								
Total profit or loss for reportable segments	**25,486**	**689,216**	**(86,319)**	**(135,612)**	**74,955**	**12,758**	**5,821,135**	**169,081**
Elimination of inter-segment transaction or balances	**-**	**-**	**-**	**71,071**	**(71,071)**	**-**	**(2,307,050)**	**-**
Consolidated total	**25,486**	**689,216**	**(86,319)**	**(64,541)**	**3,884**	**12,758**	**3,514,085**	**169,081**
2016								
Total profit or loss for reportable segments	-	562,310	(97,196)	(128,645)	79,986	3,120	5,818,239	121,639
Elimination of inter-segment transaction or balances	-	-	-	77,449	(77,448)	-	(2,209,122)	-
Consolidated total	-	562,310	(97,196)	(51,196)	2,538	3,120	3,609,117	121,639

28. 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	**689,216**	562,310	**3,097,998**	3,097,636
Indonesia	**-**	-	**91,893**	79,419
	689,216	562,310	**3,189,981**	3,177,055

Major customers

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

	2017 RM'000	2016 RM'000	Segment
Sime Darby Austral Sdn. Bhd.	**69,697**	-	Oil palm plantations
SOP Edible Oils Sdn. Bhd.	**92,912**	71,301	Oil palm plantations
Bintulu Edible Oils Sdn. Bhd.	**166,866**	71,493	Oil palm plantations

29. Financial instruments

29.1 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");
(c) Financial liabilities measured at amortised cost ("FL"); and
(d) Fair value through profit or loss ("FVTPL")

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

2017	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
Group			
Financial assets			
Other investments	5,113	3,288	1,825
Trade and other receivables	41,952	41,952	-
Cash and cash equivalents	99,175	99,175	-
	146,240	144,415	1,825
Financial liabilities			
Loans and borrowings	(1,244,040)	(1,244,040)	-
Trade and other payables*	(185,052)	(185,052)	-
	(1,429,092)	(1,429,092)	-
Company			
Financial assets			
Other investments	1,825	-	1,825
Trade and other receivables	339,009	339,009	-
Cash and cash equivalents	90,320	90,320	-
	431,154	429,329	1,825
Financial liabilities			
Trade and other payables*	(430,981)	(430,981)	-

* exclude non-financial instruments items

29. Financial instruments (continued)

29.1 Categories of financial instruments (continued)

2016	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
Group			
Financial assets			
Other investments	5,345	3,520	1,825
Trade and other receivables	118,475	118,475	-
Cash and cash equivalents	163,771	163,771	-
	287,591	285,766	1,825
Financial liabilities			
Loans and borrowings	(1,288,525)	(1,288,525)	-
Trade and other payables*	(217,793)	(217,793)	-
	(1,506,318)	(1,506,318)	-
Company			
Financial assets			
Other investments	1,825	-	1,825
Trade and other receivables	251,380	251,380	-
Cash and cash equivalents	160,216	160,216	-
	413,421	411,596	1,825
Financial liabilities			
Trade and other payables*	(300,858)	(300,858)	-

* exclude non-financial instruments items

29. Financial instruments (continued)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net gains/(losses) on:				
Loans and receivables	**(7,236)**	7,045	**(2,235)**	2,126
Financial liabilities measured at amortised cost	**(80,222)**	(81,743)	**(10,663)**	(13,400)
	(87,458)	(74,698)	**(12,898)**	(11,274)

Included in losses on financial liabilities of the Group measured at amortised cost is RM15,681,000 (2016: RM23,573,000) and RM nil (2016: RM7,744,000) which is capitalised in plantation development expenditure (see note 4) and forestry (see note 5) respectively.

29.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

29.4 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.

29. Financial instruments (continued)

29.4 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

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.

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 RM'000	Individual impairment RM'000	Net RM'000
Group			
2017			
Not past due	**27,065**	**-**	**27,065**
Past due 0-30 days	**4,824**	**-**	**4,824**
Past due 31-120 days	**2,361**	**-**	**2,361**
Past due more than 120 days	**19**	**-**	**19**
	34,269	**-**	**34,269**
2016			
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)	-
	52,116	(157)	51,959
Company			
2017			
Not past due	**3,078**	**-**	**3,078**
Past due 0-30 days	**2,532**	**-**	**2,532**
Past due 31-120 days	**252**	**-**	**252**
	5,862	**-**	**5,862**
2016			
Not past due	7,970	-	7,970

There was no impairment required on trade receivables.

29. Financial instruments (continued)

29.4 Credit risk (continued)

Receivables (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2017	**2016**
	RM'000	**RM'000**
At 1 January	**157**	-
Impairment loss recognised	**-**	157
At 31 December	**157**	157

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.

29. Financial instruments (continued)

29.5 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 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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

29. Financial instruments (continued)

29.5 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:

Group	Carrying amount RM'000	Contractual profit margin rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2017							
Non-derivative financial liabilities							
SUKUK Murabahah Medium Term Notes	**895,000**	**3.57-6.67**	**1,408,365**	**-**	**43,807**	**237,419**	**1,127,139**
Flexi Term Financing-i	**30,715**	**5.07-5.10**	**29,917**	**18,890**	**11,027**	**-**	**-**
Term Financing	**30,812**	**3.00**	**112,939**	**-**	**-**	**-**	**112,939**
Islamic Trade Financing-i	**3,857**	**3.20-3.50**	**3,986**	**3,986**	**-**	**-**	**-**
Commodity Mudharabah Term Financing-i	**283,656**	**5.80-5.83**	**361,932**	**39,765**	**83,590**	**80,325**	**158,252**
Amount due to holding corporation	**14,151**	**-**	**14,151**	**2,516**	**11,635**	**-**	**-**
Amount due to related companies	**58,485**	**3.13-4.73**	**56,875**	**21,802**	**33,784**	**-**	**1,289**
Trade and other payables	**112,416**	**-**	**112,416**	**112,416**	**-**	**-**	**-**
	1,429,092		**2,100,581**	**199,375**	**183,843**	**317,744**	**1,399,619**
2016							
Non-derivative financial liabilities							
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	-	-	-
	1,506,318		2,051,474	391,490	277,948	298,865	1,083,171

29. Financial instruments (continued)

29.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual profit margin rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
2017							
Non-derivative financial liabilities							
Amount due to subsidiaries	**344,747**	**3.13-3.26**	**355,781**	**355,781**	**-**	**-**	**-**
Amount due to holding corporation	**14,151**	**-**	**14,151**	**2,516**	**11,635**	**-**	**-**
Amount due to related companies	**57,195**	**3.13-3.26**	**57,893**	**22,500**	**-**	**35,393**	**-**
Trade and other payables	**14,888**	**-**	**14,888**	**14,888**	**-**	**-**	**-**
	430,981		**442,713**	**395,685**	**11,635**	**35,393**	**-**
2016							
Non-derivative financial liabilities							
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	-	-	-
	300,858		311,724	296,880	-	14,844	-

29. Financial instruments (continued)

29.6 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.

29.6.1 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	
	2017	**2016**
Group	**RM'000**	**RM'000**
Balances recognised in the statement of financial position		
Trade payables	**286**	200
Net exposure	**286**	200

The impact of the changes in foreign currency exchange rate is not expected to have any material financial impacts to the current period financial statements of the Group, thus no sensitivity analysis performed.

29.6.2 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.

29. Financial instruments (continued)

29.6 Market 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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Fixed rate instruments				
Financial assets	**81,174**	130,993	**77,343**	127,426
Financial liabilities	**(953,485)**	(1,158,637)	**(344,747)**	-
	(872,311)	(1,027,644)	**(267,404)**	127,426
Floating rate instruments				
Financial assets	**-**	-	**-**	197,007
Financial liabilities	**(349,040)**	(176,522)	**(57,195)**	(277,608)
	(349,040)	(176,522)	**(57,195)**	(80,601)

As at 31 December 2017, 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 18.3.

As at 31 December 2017, 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 18 respectively.

29. Financial instruments (continued)

29.6 Market risk (continued)

29.6.2 Profit margin risk (continued)

Profit margin risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, a change in profit margin rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss		Profit or loss	
	100 bp increase 2017 RM'000	100 bp decrease 2017 RM'000	100 bp increase 2016 RM'000	100 bp decrease 2016 RM'000
Group				
Floating rate instruments	**(2,653)**	**2,653**	(13,416)	13,416
Company				
Floating rate instruments	**(435)**	**435**	11,586	(11,586)

29.7 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.

29. Financial instruments (continued)

29.7 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.

	Fair value of financial instruments not carried at fair value				Carrying amount
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**
2017					
Financial assets					
Available-for-sale*	-	-	1,825	1,825	1,825
Financial liabilities					
Flexi Term Financing-i	-	-	(27,080)	(27,080)	(30,715)
SUKUK Murabahah Medium Term Notes					
- unsecured	-	-	(895,000)	(895,000)	(895,000)
Term Financing	-	-	(32,034)	(32,034)	(30,812)
Commodity Mudharabah Term Financing-i	-	-	(279,429)	(279,429)	(283,656)
Amount due to related companies	-	-	(28,800)	(28,800)	(36,683)
Amount due to holding corporation	-	-	(10,049)	(10,049)	(11,635)
	-	-	(1,272,392)	(1,272,392)	(1,288,501)

* *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.*

29. Financial instruments (continued)

29.7 Fair value information (continued)

Group	Fair value of financial instruments not carried at fair value				Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000
2016					
Financial assets					
Available-for-sale*	-	-	1,825	1,825	1,825
Financial liabilities					
Flexi Term Financing-i	-	-	(35,834)	(35,834)	(43,715)
SUKUK Murabahah Medium Term Notes					
- unsecured	-	-	(1,120,000)	(1,120,000)	(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)
	-	-	(1,268,925)	(1,268,925)	(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.*

29. Financial instruments (continued)

29.7 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.

	Fair value of financial instruments not carried at fair value				Carrying amount
Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**
2017					
Financial assets					
Amount due from subsidiary	-	-	14,740	14,740	14,740
Available-for-sale*	-	-	1,825	1,825	1,825
	-	-	16,565	16,565	16,565
Financial liabilities					
Amount due to related companies	-	-	(30,322)	(30,322)	(35,393)
Amount due to holding corporation	-	-	(10,049)	(10,049)	(11,635)
	-	-	(40,371)	(40,371)	(47,028)
2016					
Financial assets					
Available-for-sale*	-	-	1,825	1,825	1,825
Financial liabilities					
Amount due to related companies	-	-	(10,972)	(10,972)	(12,457)

* *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.*

29. Financial instruments (continued)

29.7 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 (2016: 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
• Amount due to related companies • Amount due from subsidiaries • Loans and borrowings	Discounted cash flows using a rate based on the current market rate of borrowing of the Group and Company at the entities reporting date.

Discounted cash flows using a rate based on the current market rate of borrowing of the Group and Company at the entities reporting date.

29. Financial instruments (continued)

29.7 Fair value information (continued)

Interest rates used to determine financial instrument

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

	2017	2016
Loans and borrowings	**7.60%**	7.76%

30. 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 2017, the Group's strategy, which was unchanged from 2016, was to maintain the debt-to-equity ratio less than one time. The debt-to-equity ratios at 31 December 2017 and at 31 December 2016 were as follows:

		Group	
	Note	2017 RM'000	2016 RM'000
Total borrowings	15	**1,244,040**	1,288,525
Less: Cash and cash equivalents	12	**(99,175)**	(163,771)
Less: Other investments	8	**(3,288)**	(3,520)
Net debt		**1,141,577**	1,121,234
Total equity		**1,736,640**	1,767,495
Debt-to-equity ratios		**66%**	63%

There was no change in the Group's approach to capital management during the financial year.

31. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2017 RM'000	2016 RM'000
Less than one year	**4,220**	4,220
Between one and five years	**16,879**	16,879
More than five years	**54,768**	58,988
	75,867	80,087

A subsidiary of the Group leases land under operating leases. The leases typically run for a period of 25 years, with an option to renew the lease after that date.

32. Capital and other commitments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Property, plant and equipment				
Authorised but not contracted for:				
Within one year	**65,084**	57,699	**3,747**	4,333
Plantation development expenditure				
Authorised but not contracted for:				
Within one year	**162,807**	137,026	**12,547**	17,303
	227,891	194,725	**16,294**	21,636

33. 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.

33. Related parties (continued)

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 18.

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
A. Holding corporation				
Expenses				
Rental of premise	**(3,792)**	(1,932)	**(3,792)**	(1,932)
Rental of land	**(2,928)**	(2,662)	**(2,928)**	(2,662)
Profit margin expense	**(60,119)**	(68,678)	**(4,096)**	(2,546)
B. Related companies				
Income				
Management fees income	**1,234**	4,903	**-**	-
Expenses				
Purchase of fertilisers	**-**	(204)	**-**	-
Purchase of flight tickets	**(535)**	(685)	**(50)**	(91)
Telecommunication equipment	**(233)**	(444)	**(66)**	(158)
Insurance premium	**(3,870)**	(3,269)	**(460)**	(346)
C. Subsidiaries companies				
Income				
Rental of premise	**-**	-	**3,792**	1,932
Profit margin income from subsidiaries receivables	**-**	-	**333**	601
Expenses				
Management fees	**-**	-	**(5,654)**	(4,670)
Profit margin expense from subsidiaries payables	**-**	-	**(4,959)**	(7,611)

33. Related parties (continued)

Significant related party transactions (continued)

	Group		Company	
	2017	**2016**	**2017**	**2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
D. Key management personnel				
Non-executive directors				
- Fees	**(1,795)**	(1,965)	**(995)**	(1,112)
- Other short-term employee benefits	**(67)**	(65)	**(67)**	(65)
	(1,862)	(2,030)	**(1,062)**	(1,177)
Executive directors				
- Fees	**(657)**	(657)	**(84)**	(84)
- Bonus	**(576)**	(180)	**(576)**	(576)
- Remuneration	**(1,045)**	(1,002)	**(1,045)**	(1,002)
- Other short-term employee benefits	**(279)**	(203)	**(279)**	(202)
	(2,557)	(2,042)	**(1,984)**	(1,864)
Other key management personnel				
- Short-term employee benefits	**(2,213)**	(1,475)	**(2,213)**	(1,475)
	(6,632)	(5,547)	**(5,254)**	(4,516)

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 RM74,150 (2016: RM38,350).

Executive officers also participate in the Group's share option programme (see note 16).

34. 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 (THP Saribas Sdn. Bhd., 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. 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 13 October 2017, the Federal Court in Kuching had held in favour of TH Plantations Berhad's subsidiaries, i.e. TH PELITA Sadong Sdn. Bhd. and TH PELITA Gedong Sdn. Bhd., in deciding that the two companies' legal rights to Lot 2 Block 6 Melikin Land District, Lot 166 Block 5 Melikin Land District and Lot 7 Block 3 Melikin Land District, remained intact and were not affected by the Plaintiffs'/Respondents' claims of Native Customary Rights over portions of the said land. Consequently the case in respect of the land is settled and there will be no further litigation thereon.

(ii) Edward Gella Baul & Ors v Superintendent of Lands and Surveys Betong, Sarawak Government and THP Saribas Sdn. Bhd. (Sri Aman High Court Suit No. SRA-21NCvC-1/3-2017)

The pleadings of the above case has closed and parties are at the stage of discovery and preparation of the Parties' Bundle of Documents for trial. The Plaintiffs in the (5) cases described above has intervened in the present case. Pleadings between the Interveners and the Plaintiff are being filed. The Court has fixed the trial on 18th June 2018 till 22nd June 2018 of the said suit.

Management has recognised the settlement cost amounted to RM2,353,000 in profit or loss.

Based on external legal advice, the Directors of the subsidiary has concluded that the probability of the subsidiary suffering a further economic outflow from this legal case is "remote".

35. Disposal of subsidiaries

Disposal of assets in THP Gemas Sdn. Bhd. in 2016

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 was recognised in profit and loss as other income.

Effect of disposal on the financial position of the Group:

Group	2016 RM'000
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

STATEMENT BY DIRECTORS

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 118 to 209 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

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

Mohd Adzahar bin Abdul Wahid
Director

Dato' Sri Zainal Azwar bin Zainal Aminuddin
Director

Kuala Lumpur,
Date: 2 April 2018

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

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 118 to 209 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, NRIC No.: 661117-71-5041, MIA CA 07752, in Kuala Lumpur in the Federal Territory on 2 April 2018.

Mohamed Azman Shah bin Ishak

Before me:

PESURUHJAYA SUMPAH
No : W626
Nama: HAJJAH
JAMILAH ISMAIL
1-7-2017 - 30-6-2018
MALAYSIA

Commissioner for Oaths

Lot 5.28, Tingkat 5
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

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 2017 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 118 to 209.

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 2017, 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 2016 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)

Group	
Goodwill	
Refer to note 2(f)(i) - Significant accounting policy: Intangible Assets (Goodwill) and note 6 – Goodwill.	
The key audit matter	**How the matter was addressed in our audit**
The Group has significant carrying amount of goodwill which is allocated to cash-generating units ("CGU") within the Group at which the goodwill is monitored for internal management purposes. The cash-generating unit are related to oil palm segment. We identified the measurement of recoverable amounts of goodwill as a key audit matter because: • Of its significant amounts in the consolidated financial statements; and • It requires us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the recoverable values.	Our audit procedures included, amongst others: Read the valuation report and interviewed the valuer to determine that the methodologies used by the valuer are appropriate; We evaluated the external valuer's competency and capabilities; We checked, on a sample basis the accuracy and relevance of the input data provided by management to the external valuer; We evaluated and challenged, amongst others, the following key assumptions used in determining the recoverable amounts: • Production quantity - we compared the assumption to the historical production based on age of the tree of similar estates; • Cashflow period - we compared the assumption to the historical production cycle; • Commodity price - we compared the prices used in forecast against historical price and against external sources; • 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; • Discount rate - we compared the discount rate used to external sources; and • Plantation land value - we compared against comparable transactions for oil palm plantations recent market transactions. 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.

Key Audit Matters (continued)

Group	
Forestry	
Refer to note 2(h) - Significant accounting policy: Forestry and note 5 – Forestry	
The key audit matter	**How the matter was addressed in our audit**
The Group has significant carrying amount of forestry which is carried at fair value less cost of disposal. We identified the fair valuation of forestry as a key audit matter because: • Of its significant amount in the consolidated financial statements; and • It requires us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the fair value.	Our audit procedures included, amongst others: Read the valuation report and interviewed the valuer to determine that the methodologies used by the valuer are appropriate; We evaluated the external valuer's competency and capabilities; We checked, on a sample basis the accuracy and relevance of the input data provided by management to the external valuer; We evaluated and challenged, amongst others, the following key assumptions used in determining the recoverable amounts: • Projected latex yield and latex price - we compared against industry data from external source; • Projected log volume and log price - we compared against industry data from external source; • Upkeep and maintenance cost - we compared the assumption to the historical cost and with our expectation based on our knowledge of the industry; and • Discount rate - we compared the discount rate used to external sources. We also considered the adequacy of the group's disclosures about the degree of estimation involved in arriving at the provision.

Key Audit Matters (continued)

Group	
Plantation development expenditure ("PDE")	
Refer to note 2(g) - Significant accounting policy: PDE and note 4 – PDE	
The key audit matter	**How the matter was addressed in our audit**
Four estates of the Group have not been declared matured even though the age of these estates ranges form 48 months to 72 months. 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 amounts might require to be impaired. We identified the measurement of recoverable amounts of PDE as a key audit matter because: • Of its significant amounts in the consolidated financial statements; and • It requires us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the recoverable values.	Our audit procedures included, amongst others: We evaluated and challenged the following key assumptions used in the cash flows: • Commodity price - we compared the prices used in forecast against industry data from external sources; • 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; • Cash flow period - we compared the assumption to the historical production cycle; • Production quantity - we compared the assumption to the historical production based on age of the tree and also areas; and • Discount rate - we compared the discount rate used to external sources. 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.

Group	
Contingent liability and legal proceedings	
Refer to note 2(t) - Significant accounting policy: Contingent liability and note 34 – Contingencies.	
The key audit matter	**How the matter was addressed in our audit**
The subsidiaries of the Group are involved in litigation cases. 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.	Our audit procedures included, amongst others: Read the Group's external counsels opinions and interviewed the counsels; and We also assessed whether the group's disclosures detailing significant legal proceedings adequately disclose the potential liabilities of the Group.

Key Audit Matters (continued)

Group	
Deferred tax assets ("DTA") Valuation	
Refer to note 2(q) – Significant accounting policy: Income tax and note 9 – Deferred tax (assets)/liabilities.	
The key audit matter	**How the matter was addressed in our audit**
Deferred tax assets recognised by the Group comprised mainly tax benefits arising from unabsorbed capital allowance and unutilised tax losses. Deferred tax asset may be recognised on these tax benefit only to the extent where it is probable that the subsidiaries in which the benefits relate would have sufficient taxable profits available in the subsequent years against which the unused tax losses or unused tax credits can be utilised by the said entities. This is one of our key audit matters because of the significance of the unabsorbed capital allowances and availability of unutilised tax losses and it requires us to exercise significant judgment to evaluate forecasted future taxable profits because of the inherent uncertainties in respect of the estimates.	Our audit procedures included, amongst others: Read minutes of meetings and interviewed the management to obtain an understanding of the business plans of subsidiaries with extra focus on subsidiaries that were having unutilised tax losses and at the same time reporting unfavourable results; Challenged the management's evaluations of availability of future taxable profits in order to recognise deferred tax assets by comparing assumptions with internal and external information; and We also considered the adequacy of the disclosures in relation to the deferred tax assets.

Company	
Valuation of cost of investment in subsidiaries	
Refer to note 2(k)(ii) Significant accounting policy: Impairment (other assets) and note 7 – Investments in subsidiaries.	
The key audit matter	**How the matter was addressed in our audit**
The Company has significant investment in subsidiaries amounting to RM1,204,031. We identified the potential impairment of cost of investment in subsidiaries as a key audit matter due to the following factors: • Of its significant amounts in the financial statements; and • It requires us to exercise significant judgement in evaluating the appropriateness of assumptions applied in determining the recoverable values.	Our audit procedures included, amongst others: Evaluated the Company's assessment on indications of impairment by considering whether it had factored or considered relevant internal and external information; Compared the impairment test models with the requirements of the accounting standards; and Ascertained the appropriateness and the adequacy of disclosures made in the financial statements.

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 2016 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in note 7 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 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

KPMG Desa Megat PLT
(LLP0010082-LCA & AF 0759)
Chartered Accountants

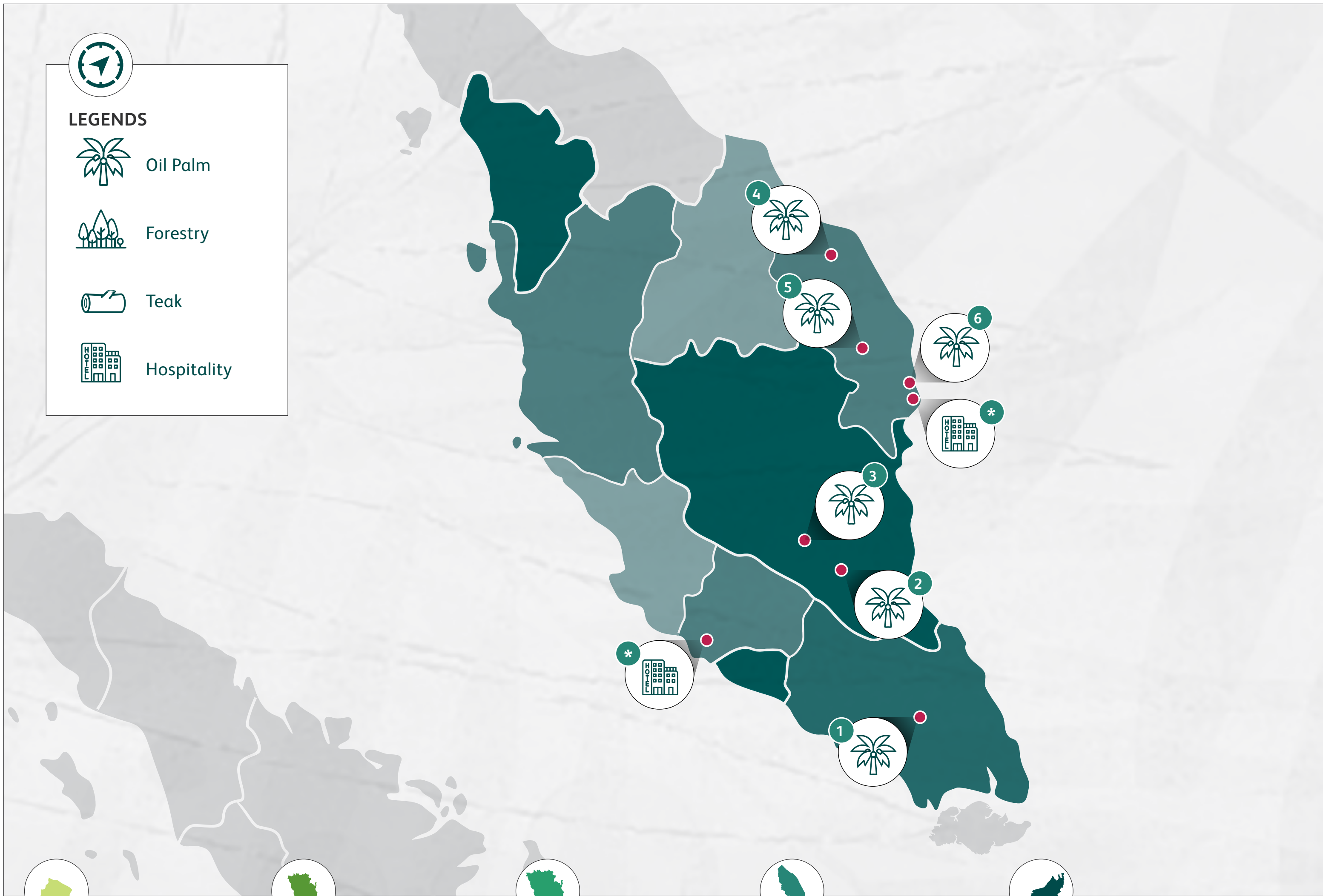
Abdullah bin Abu Samah
Approval Number: 2013/06/18(J)
Chartered Accountant

Petaling Jaya

Date: 2 April 2018

PROPERTIES OWNED BY THE GROUP

for the year ended 31 December 2017



Negeri Sembilan

* **Tanjung Tuan Resort Apartment**
Port Dickson, Negeri Sembilan

Johor

1. **Ladang Bukit Lawiang**
Kluang, Johor

Ladang Gunung Sumalayang
Kluang, Johor

Kilang Sawit Bukit Lawiang
Kluang, Johor

Pahang

2. **Ladang Kota Bahagia**
Keratong, Pahang

Ladang Sungai Mengah
Keratong, Pahang

Ladang Sungai Buan
Keratong, Pahang

Kilang Sawit Kota Bahagia
Keratong, Pahang

3. **Ladang Sungai Merchong**
Muadzam Shah, Pahang

Terengganu

4. **Ladang Bukit Bidong**
Setiu, Terengganu

5. **Ladang Sungai Ibok**
Kemaman, Terengganu

6. **Ladang Ulu Chukai**
Kemaman, Terengganu

* **Awana Kijal Resort Apartment**
Kijal, Terengganu

Sarawak

7. **Ladang Kenyalang**
Pusa, Sarawak

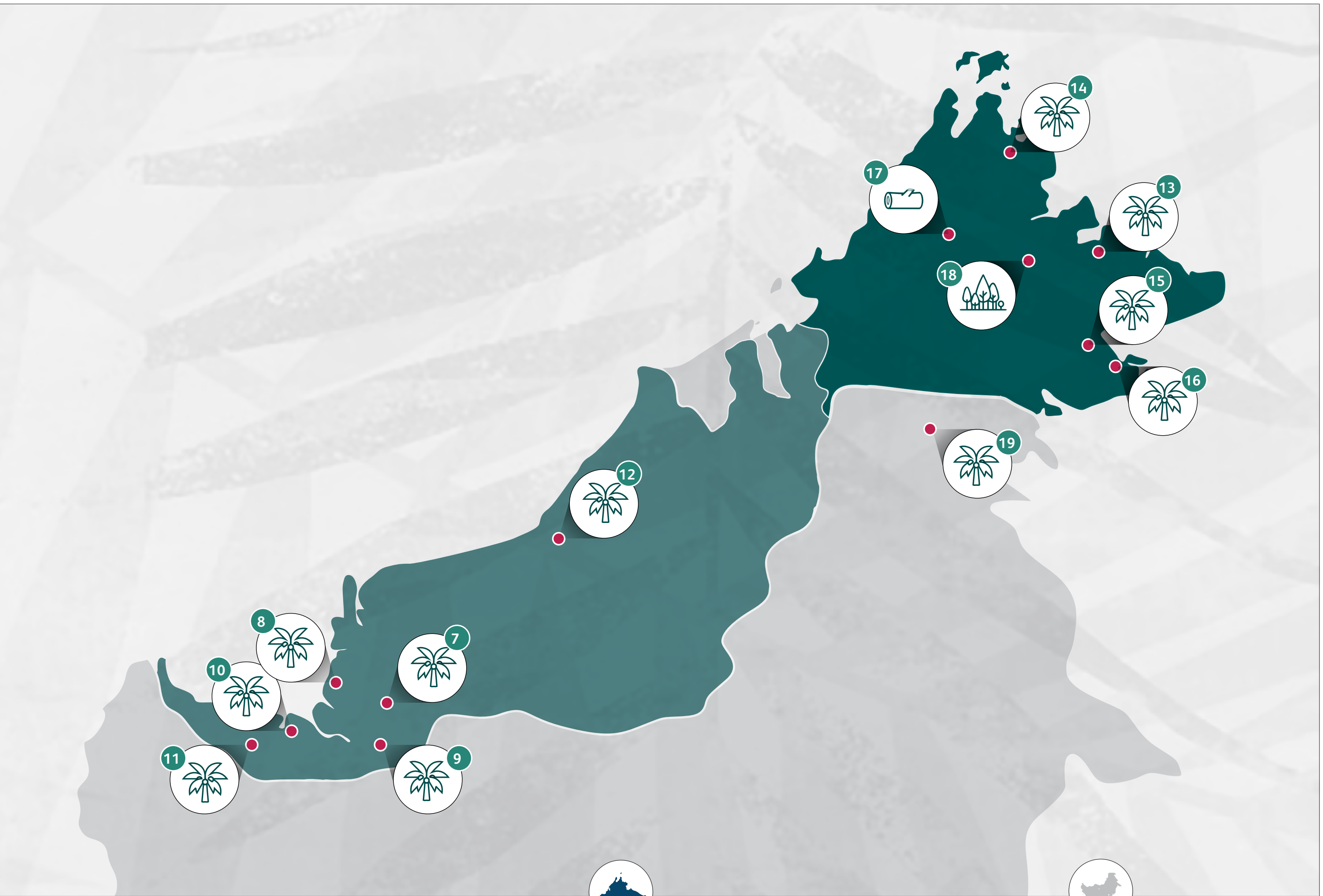
Ladang Raja Udang
Pusa, Sarawak

Ladang Enggang
Pusa, Sarawak

Ladang Merbok
Pusa, Sarawak

Ladang NCR Saribas
Pusa, Sarawak

Kilang Sawit Ladang Raja Udang
Pusa, Sarawak



8. **Ladang Tanjung Lilin**
Meludam, Sarawak

Ladang Semarang
Meludam, Sarawak

Ladang NCR
Beladin, Sarawak

9. **Ladang Kepayang**
Samarahan, Sarawak

Ladang Semalatong
Samarahan, Sarawak

10. **Ladang Sungai Kerian**
Samarahan, Sarawak

11. **Ladang Gedong**
Serian, Sarawak

Ladang Sematan
Serian, Sarawak

Ladang Sadong
Serian, Sarawak

Ladang Lupar
Serian, Sarawak

Kilang Sawit Gedong
Serian, Sarawak

12. **Ladang Sungai Arip**
Bintulu, Sarawak

Ladang Sungai Karangan
Bintulu, Sarawak

Sabah

13. **Ladang Bukit Belian**
Sandakan, Sabah

14. **Ladang Mamahat**
Kota Marudu, Sabah

Kilang Sawit Ladang Mamahat
Kota Marudu, Sabah

15. **Ladang Sungai Tenegang**
Lahad Datu, Sabah

Ladang Sungai Koyah
Lahad Datu, Sabah

Kilang Sawit Sungai Tenegang
Lahad Datu, Sabah

16. **Ladang Bukit Gold**
Lahad Datu, Sabah

17. **Ladang Jati Keningau**
Keningau, Sabah

18. **Ladang Klagan 1**
Sandakan, Sabah

Ladang Klagan 2
Sandakan, Sabah

Ladang Klagan 3
Sandakan, Sabah

Ladang Klagan 4
Sandakan, Sabah

Ladang Klagan 5
Sandakan, Sabah

Ladang Jatimas
Sandakan, Sabah

Indonesia

19. **PT Persada Kencana Prima**
Kalimantan, Indonesia

Plantations

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area (Hectares)	Description	Net Book Value (RM'000)
Peninsular Malaysia						
TH Plantations Berhad						
Ladang Ulu Chukai Kemaman, Terengganu	-	Leasehold	2051	923	Oil Palm Estate	23,926
Ladang Bukit Lawiang Ladang Gunung Sumalayang Kluang, Johor	-	Leasehold	2091	4,058	Oil Palm Estate	48,968
Kilang Sawit Bukit Lawiang Kluang, Johor	29	Leasehold	2091	10^	Palm Oil Mill	6,506
THP Kota Bahagia Sdn. Bhd.[1]						
Ladang Kota Bahagia Keratong, Pahang	-	Leasehold	2071 and 2073	1,858	Oil Palm Estate	12,259
Kilang Sawit Kota Bahagia Keratong, Pahang	42	Leasehold	2071	9.804^	Palm Oil Mill	9,027
Ladang Sungai Mengah Keratong, Pahang	-	Leasehold	2073, 2090, 2093 and 2107	2,195	Oil Palm Estate	13,180
Ladang Sungai Buan Keratong, Pahang	-	Leasehold	2093 and 2108	1,796	Oil Palm Estate	22,828
Ladang Sungai Merchong Muadzam Shah, Pahang	-	Leasehold	2085	1,720	Oil Palm Estate	18,400
THP Ibok Sdn. Bhd.[2]						
Ladang Sungai Ibok Kemaman, Terengganu	-	Leasehold	2042 and 2052	968	Oil Palm Estate	24,926
THP-YT Plantation Sdn. Bhd.						
Ladang Bukit Bidong Setiu, Terengganu	-	Leasehold	2064	2,594	Oil Palm Estate	83,952
Sabah						
THP Sabaco Sdn. Bhd.						
Ladang Sungai Tenegang Ladang Sungai Koyah Lahad Datu, Sabah	-	Leasehold	2083	3,886	Oil Palm Estate	127,506
Kilang Sawit Sungai Tenegang Lahad Datu, Sabah	26	Leasehold	2083	50^	Palm Oil Mill	11,975

Plantations

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area (Hectares)	Description	Net Book Value (RM'000)
Sabah						
THP Sabaco Sdn. Bhd.						
Ladang Bukit Gold Lahad Datu, Sabah	-	Leasehold	2076	2,020	Oil Palm Estate	80,246
Ladang Mamahat Kota Marudu, Sabah	-	Leasehold	2096, 2098 and 2099	2,936	Oil Palm Estate	112,973
Kilang Sawit Ladang Mamahat Kota Marudu, Sabah	9	Leasehold	2096	25^	Palm Oil Mill	14,243
THP Bukit Belian Sdn. Bhd.						
Ladang Bukit Belian Sandakan, Sabah	-	Leasehold	2887	1,088	Oil Palm Estate	39,696
TH-Bonggaya Sdn. Bhd.						
Ladang Klagan 1 Ladang Klagan 2 Ladang Klagan 3 Ladang Klagan 4 Ladang Klagan 5 Sandakan, Sabah	-	Licensed for 100 years	2098	10,117	Forestry	141,410
TH-USIA Jatimas Sdn. Bhd.						
Ladang Jatimas Sandakan, Sabah	-	Licensed for 100 years	2098	4,046	Forestry	55,438
Ladang Jati Keningau Sdn. Bhd.[n]						
Ladang Jati Keningau Sandakan, Sabah	-	Leasehold	2078	1,550	Teak Estate	30,076
Sarawak						
THP Saribas Sdn. Bhd.[3]						
Ladang Kenyalang Ladang Raja Udang Ladang Enggang Ladang Merbok Ladang NCR Saribas Pusa, Sarawak	-	Leasehold	2060	10,670∞	Oil Palm Estate	478,477
Kilang Sawit Ladang Raja Udang Pusa, Sarawak	5	Leasehold	2060	9^	Palm Oil Mill	58,580

Plantations

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area (Hectares)	Description	Net Book Value (RM'000)
Sarawak						
Hydroflow Sdn. Bhd.						
Ladang Sungai Kerian Samarahan, Sarawak	-	Leasehold	2064 and 2067	5,530	Oil Palm Estate	102,673
TH PELITA Gedong Sdn. Bhd.						
Ladang Gedong Ladang Sematan Serian, Sarawak	-	Leasehold	2058	7,794	Oil Palm Estate	225,970
Kilang Sawit Gedong Serian, Sarawak	13	N/a*	N/a	217*	Palm Oil Mill	29,624
TH PELITA Sadong Sdn. Bhd.						
Ladang Sadong Ladang Lupar Serian, Sarawak	-	Leasehold	2060	4,567	Oil Palm Estate	181,528
TH PELITA Simunjan Sdn. Bhd.						
Ladang Kepayang Ladang Semalatong Samarahan, Sarawak	-	Not available as the estate is located on NCR land and the land title has not been issued as at 16/3/2018 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	-	9,630[4]	Oil Palm Estate	86,157
TH PELITA Beladin Sdn. Bhd.						
Ladang NCR Beladin, Sarawak	-	Not available as the estate is located on NCR land and the land title has not been issued as at 16/3/2018 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	-	1,577[5]	Oil Palm Estate	29,168

Plantations

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area (Hectares)	Description	Net Book Value (RM'000)
Sarawak						
TH PELITA Meludam Sdn. Bhd.						
Ladang Tanjung Lilin Ladang Semarang Meludam, Sarawak	-	Leasehold	2066	6,021	Oil Palm Estate	159,706
Bumi Suria Ventures Sdn. Bhd.						
Ladang Sungai Arip Ladang Sungai Karangan Sibu-Bintulu, Sarawak	-	Leasehold	2065 and 2066	6,514	Oil Palm Estate	366,497
PT Persada Kencana Prima						
Ladang Menjelutung	-	Leasehold	2052	6,929	Oil Palm Estate	21,586

Notes:
- [1] *Registered under the ownership of Lembaga Tabung Haji.*
- [2] *Registered under the ownership of Syarikat Peladang LUTH Sdn Bhd (the former name of THP Ibok Sdn Bhd).*
- [3] *Registered under the ownership of Kenyalang Resources Sdn Bhd. (the former name of THP Saribas Sdn. Bhd).*
- [4] *Gross area as stated in the Simunjan Joint Venture Agreement*
- [5] *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 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 RM12.49 million.*
- [n] *Assets presented as an asset held for sale following the approval of Board of Directors to sell the whole investment in Ladang Jati Keningau Sdn. Bhd. on 20 December 2017.*
- N/a *Not applicable*

Hospitality

Location	Approximate Age of Building	Tenure	Area Sq metres	Description	Net Book Value (RM'000)
Peninsular Malaysia					
Tanjung Tuan Resort, Port Dickson, Negeri Sembilan	28	-	1,222	1 Unit 3 Rooms Apartment	11
Awana Kijal Resort, Kijal, Terengganu	15	-	816	1 Unit 3 Rooms Apartment	67

Head Office

Location	Tenure	Area Sq metres	Description	Net Book Value (RM'000)
Peninsular Malaysia				
Menara TH Platinum, Persiaran KLCC, Kuala Lumpur	-	56,214	Office renovation	22,835

STATISTICS OF SHAREHOLDINGS
as at 16 March 2018

Shareholding Structure

Total Number of Issued Share	:	883,851,470
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote for every share held

Analysis By Size Of Shareholdings

Category	No. of Shareholders	%	No. of Shares	%
Less than 100	194	2.12	3,546	0.00
100 to 1,000	839	9.17	445,406	0.05
1,001 to 10,000	6,494	70.96	27,156,352	3.07
10,001 to 100,000	1,475	16.12	40,717,915	4.61
100,001 to less than 5% of issued shares	148	1.62	101,722,080	11.51
5% and above of issued shares	2	0.01	713,806,171	80.76
Total	**9,152**	**100.00**	**883,851,470**	**100.00**

Directors' Shareholdings

		No. of Shares			
No.	Name of Directors	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.	Mohd Adzahar bin Abdul Wahid	Nil	Nil	Nil	Nil
5.	Datuk Seri Nurmala binti Abd Rahim	Nil	Nil	Nil	Nil
6.	Dato' Sri Amran bin Mat Nor	Nil	Nil	Nil	Nil
7.	Dato' Shari bin Haji Osman	Nil	Nil	Nil	Nil
8.	Datuk Abdul Shukur bin Haji Idrus	Nil	Nil	Nil	Nil
9.	Dato' Dr. Md Yusop bin Omar	Nil	Nil	Nil	Nil
10.	Kolonel Dato' Ab Jabar bin Mohamad Aris				
11.	Dato' Sri Zainal Azwar bin Zainal Aminuddin	4,800	#	Nil	Nil

Note:

 # Negligible

Substantial Shareholders

No.	Name of Substantial Shareholder	No. of Shares			
		Direct	%	Indirect	%
1.	Lembaga Tabung Haji	652,594,631	73.84	Nil	Nil
2.	Employees Provident Fund Board	61,211,540	6.93	Nil	Nil

Top Thirty Shareholders

No.	Name of Shareholders	No. of Shares	%
1.	Lembaga Tabung Haji	652,594,631	73.84
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	61,211,540	6.93
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)	8,453,680	0.96
6.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	6,238,680	0.71
7.	Pertubuhan Peladang Negeri Terengganu	5,870,294	0.66
8.	CIMB Islamic Nominees (Tempatan) Sdn. Bhd. Affin Hwang Asset Management Berhad for Majlis Ugama Islam Dan Adat Resam Melayu Pahang	3,977,760	0.45
9.	Neoh Choo Ee & Company Sdn. Berhad	3,700,000	0.42
10.	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
11.	Mayban Nominees (Tempatan) Sdn. Bhd. Amanahraya Investment Management Sdn. Bhd. for Majlis Agama Islam Negeri Sembilan (C417-260272)	2,415,840	0.27
12.	Amin Baitulmal Johor	2,400,000	0.27
13.	Majlis Agama Islam Wilayah Persekutuan	2,400,000	0.27
14.	Majlis Agama Islam Dan Adat Melayu Perak Darul Ridzuan	2,320,000	0.26
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Bank Kerjasama Rakyat Malaysia Berhad	2,233,200	0.25
16.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Batu Bara Resources Corporation Sdn. Bhd.	2,100,000	0.24

STATISTICS OF SHAREHOLDINGS
as at 16 March 2018

No.	Name of Shareholders	No. of Shares	%
17.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	1,616,060	0.18
18.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	1,213,540	0.14
19.	Majlis Agama Islam Melaka	1,200,000	0.14
20.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Market Value Fund	900,500	0.10
21.	Tai Yat Choy	856,600	0.10
22.	Dynaquest Sdn. Berhad	750,000	0.08
23.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yayasan Pok dan Kassim	700,000	0.08
24.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	700,000	0.08
25.	Zalaraz Sdn. Bhd.	650,000	0.07
26.	AMSEC Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Tan Peng Nguang	620,000	0.07
27.	Pertubuhan Peladang Kawasan Manir/Belara	572,294	0.06
28.	Ang Chai Eng	518,300	0.06
29.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tee Kim Tee @ Tee Ching Tee	504,000	0.06
30.	Koperasi Permodalan Felda Malaysia Berhad	500,000	0.06
Total		**793,375,799**	**89.76**

DIRECTORY OF ESTATES AND MILLS

Company	Estates	Designation	Address
TH Plantations Berhad	**Ladang Bukit Lawiang** Tel : 07-7863063 Fax : 07-7864271	**Mukhtar Yusof** *(Senior Manager)*	Karung Berkunci 522, 86009 Kluang, Johor
	Ladang Gunung Sumalayang Tel : 07-7863444 Fax : 07-7864606	**Abdullah Asya'ari Junoh** *(Manager)*	Karung Berkunci 535, 86009 Kluang, Johor
	Ladang Ulu Chukai Tel : 09-8676336 Fax : 09-8676336	**Usran Mohd Zin** *(Manager)*	Peti Surat 2, 24107 Kijal, Kemaman, Terengganu
	Kilang Sawit Bukit Lawiang Tel : 07-7864540 Fax : 07-7864540	**Md Nazri Md Noh** *(Manager)*	Peti Surat 114, 86007 Kluang, Johor
THP Kota Bahagia Sdn Bhd	**Ladang Kota Bahagia** Tel : 09-4524826 Fax : 09-4524821	**Mohd Jafri Arshad** *(Senior Manager)*	Peti Surat 19, 26700 Muadzam Shah, Pahang Darul Makmur
	Ladang Sungai Mengah Tel : 09-4524979 Fax : 09-4524979	**Yazit Ab Jalil** *(Senior Manager)*	Peti Surat 21, 26700 Muadzam Shah, Pahang Darul Makmur
	Ladang Sungai Buan Tel : 09-4524996 Fax : 09-4524995	**Mohamad Sakri Idris** *(Senior Manager)*	Peti Surat 18, 26700 Muadzam Shah, Pahang Darul Makmur
	Ladang Sungai Merchong Tel : 09-4530807 Fax : 09-4530804	**Ahmad Mazwan Jamaludin** *(Manager)*	Peti Surat 4, 26700 Muadzam Shah, Pahang Darul Makmur
	Kilang Sawit Kota Bahagia Tel : 09-4524936 Fax : 09-4524828	**Mohd Azahar Yasin** *(Assistant General Manager)*	Peti Surat 20, 26700 Muadzam Shah, Pahang Darul Makmur
THP Ibok Sdn Bhd	**Ladang Sungai Ibok** Tel : 09-8676543 Fax : 09-8676336	**Usran Mohd Zin** *(Manager)*	Peti Surat 2, 24107 Kijal, Kemaman, Terengganu
THP-YT Plantation Sdn Bhd	**Ladang Bukit Bidong** Tel : 09-6830002	**Nor Ali Akmar Mahadi** *(Manager)*	Lot 2091-1, Jalan Merang- Terengganu, Kg. Gong Tengah, 22100 Permaisuri, Terengganu

Company	Estates	Designation	Address
THP Sabaco Sdn Bhd	**Ladang Sungai Tenegang** Tel : 089-959124 Fax : 089-959127	**Ghazali Ab Talib** *(Senior Manager)*	Karung Berkunci 12, 91109 Lahad Datu, Sabah
	Ladang Sungai Koyah Tel : 089-959814 Fax : 089-959815	**Mat Faisal Ismail** *(Manager)*	Karung Berkunci No 6, 91109 Lahad Datu, Sabah
	Ladang Bukit Gold Tel : 089-897013 Fax : 089-843821	**Juna Palatuwi** *(Senior Manager)*	Peti Surat 60389, 91113 Lahad Datu, Sabah
	Ladang Mamahat Tel : 089-278013 Fax : 089-259177	**Abdul Kahar Sariman** *(Manager)*	Karung Berkunci 1, 89109 Kota Marudu, Sabah
	Kilang Sawit Sungai Tenegang Tel : 089-959810	**Kamar Jamian** *(Senior Manager)*	Peti Surat 60626, 91115 Lahad Datu, Sabah
	Kilang Sawit Ladang Mamahat Tel : 089-259166 Fax : 089-259188	**Abdul Naziz Ashady Abdul Rahman** *(Senior Assistant Manager)*	Karung Berkunci 29, 89109 Kota Marudu, Sabah
THP Bukit Belian Sdn Bhd	**Ladang Bukit Belian** Tel : 089-622339 Fax : 089-278033	**Martin@Zaini Soili** *(Manager)*	WDT 167, Kota Kinabatangan, 90200 Sandakan, Sabah
Ladang Jati Keningau Sdn Bhd	**Ladang Jati Keningau** Tel : 089-278036 Fax : 089-514851		Peti Surat 3480, 90739 Sandakan, Sabah
TH-Usia Jatimas Sdn Bhd	**Ladang Jatimas** Tel : 089-278036 Fax : 089-514851	**Mohd Nor Sulaiman** *(Manager)*	Peti Surat 3480, 90739 Sandakan, Sabah
TH-Bonggaya Sdn Bhd	**Ladang Klagan 1** Tel : 089-278015 Fax : 089-278018	**Mustaming Abu** *(Manager)*	Peti Surat 3480, 90739 Sandakan, Sabah
	Ladang Klagan 2 Tel : 089-278015 Fax : 089-278018	**Mustaming Abu** *(Manager)*	Peti Surat 3480, 90739 Sandakan, Sabah
	Ladang Klagan 3 Tel : 089-278015 Fax : 089-278018	**Mustaming Abu** *(Manager)*	Peti Surat 3480, 90739 Sandakan, Sabah
	Ladang Klagan 4 Tel : 089-278015 Fax : 089-278018	**Mustaming Abu** *(Manager)*	Peti Surat 3480, 90739 Sandakan, Sabah
	Ladang Klagan 5 Tel : 089-278015 Fax : 089-278018	**Mustaming Abu** *(Manager)*	Peti Surat 3480, 90739 Sandakan, Sabah

Company	Estates	Designation	Address
THP Saribas Sdn Bhd	**Ladang Kenyalang** Tel : 013-8370535	**Tuan Rahimi Tuan Man** *(Senior Manager)*	KM20, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Ladang Raja Udang Tel : 016-8307414	**Mohd Sofi Harun** *(Manager)*	KM11, Jalan Pusa-Sessang, Lot 1, Blok 3, Sablor Land District, 94950 Pusa, Sarawak
	Ladang Enggang Tel : 083-474909	**Mahya Masrom** *(Manager)*	KM6, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Ladang Merbok Tel : 013-8033213	**Alinan Kadar** *(Manager)*	No.14, Jalan Feeder Pusa, Ground Floor New Shophouse, Pusa Bazaar, 94950 Pusa, Sarawak
	Ladang NCR Saribas Tel : 013-8370535	**Tuan Rahimi Tuan Man** *(Senior Manager)*	KM20, Jalan Pusa-Sessang, 94950 Pusa, Sarawak
	Pusat R & D Pusa Tel : 083-465866 Fax : 083-465899	**Khairul Ismadi Ismail** *(Assistant General Manager)*	No.14, Jalan Feeder Pusa, Ground Floor New Shophouse, Pusa Bazaar, 94950 Pusa, Sarawak
	Kilang Sawit Ladang Raja Udang Tel : 083-485928 Fax : 083-485929	**Mohd Fadzley Mohd Nazri** *(Senior Manager)*	Blok 3, Lot No. 44 & 45, Sablor Land District, 94950 Pusa, Sarawak
TH PELITA Meludam Sdn Bhd	**Ladang Tanjung Lilin** Tel : 083-474913 Fax : 083-474915	**Rosli Ahmed Khalil** *(Senior Manager)*	KM 4, Jalan Pusa-Beladin, 94950 Pusa, Sarawak
	Ladang Semarang Tel : 083-474926 Fax : 083-474927	**Muhammad Termeze Mat Nor** *(Manager)*	KM 18, Jalan Pusa-Meludam, 94950 Pusa, Sarawak
TH PELITA Beladin Sdn Bhd	**Ladang NCR** Tel : 083-474913 Fax : 083-474915	**Rosli Ahmed Khalil** *(Senior Manager)*	No 1, Ground Floor, Bazar Baru, RGC Beladin, 94950 Pusa, Sarawak

Company	Estates	Designation	Address
TH PELITA Simunjan Sdn Bhd	**Ladang Kepayang** Tel : 019-8624737	**Singgat Anak Birai** *(Manager)*	KM 21, Kampung Isu, 94800 Simunjan, Sarawak
	Ladang Semalatong Tel : 082-804907 Fax : 082-804907	**Md Johari Md Daud** *(Manager)*	KM 25, Kampung Semalatong, 94800 Simunjan, Sarawak
TH PELITA Gedong Sdn Bhd	**Ladang Gedong** Tel : 082-895513/14 Fax : 082-895542	**Ismail Sadari** *(Senior Manager)*	KM 8, Jalan Gedong, P.O. Box 32, 94700 Serian, Sarawak
	Ladang Sematan Tel : 019-8243657 Fax : 082-895542	**Tuah Nawi** *(Manager)*	KM 8, Jalan Gedong, P.O. Box 32, 94700 Serian, Sarawak
	Kilang Sawit Gedong Tel : 082-896515/18 Fax : 082-895517	**Isa Jabar** *(Senior Manager)*	KM 8, Jalan Gedong, P.O. Box 32, 94700 Serian, Sarawak
TH PELITA Sadong Sdn Bhd	**Ladang Sadong** Tel : 082-895512 Fax : 082-895542	**Abang Ahmad Saifulhadi Abang Iskandar** *(Manager)*	KM 8, Jalan Gedong, P.O. Box 32, 94700 Serian, Sarawak
	Ladang Lupar Tel : 019-8898657 Fax : 082-882907	**Harisfadzillah Lamat** *(Acting Manager)*	KM 8, Jalan Gedong, P.O. Box 32, 94700 Serian, Sarawak
Hydroflow Sdn Bhd	**Ladang Sungai Kerian** Tel : 013-8373431 Fax : 019-8193431	**Alias Bakir** *(Manager)*	Lot 1227, Jalan Kg Ulu Gedong, 94700 Gedong, Sarawak
Bumi Suria Ventures Sdn Bhd	**Ladang Sungai Karangan** Tel : 084-375830 Fax : 084-375828	**Girman @ Perman Sirah** *(Senior Manager)*	KM 91, Jalan Bintulu - Sibu, P.O Box 3325, 97000 Bintulu, Sarawak
	Ladang Sungai Arip Tel : 084-375830 Fax : 084-375828	**Ramlee Mohamad** *(Manager)*	KM 91, Jalan Bintulu - Sibu, P.O Box 3325, 97000 Bintulu, Sarawak

Company	Estates	Designation	Address
PT Persada Kencana Prima	**Tarakan Office** Tel : 0551 380 8868	**Ahmad Nordzri Razali** *(Vice-President Director)*	Jalan WR. Supratman, RT 69 No. 15, Kel. Karang Anyer, Tarakan Barat, Kalimantan Utara, 77111, Indonesia

NOTICE OF THE 44TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Fourth Annual General Meeting ("44th 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, 14 May 2018 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 2017 together with Reports of the Directors and the Auditors thereon.	Please refer to Note 1
2. To approve the declaration of a Final Single Tier Dividend of 2 sen per Ordinary Share for the year ended 31 December 2017.	Ordinary Resolution 1
3. To approve the payment of Directors' Fees and benefits payable amounting to RM1,146,000.00 for the year ended 31 December 2017.	Ordinary Resolution 2
4. To approve the payment of Directors' Fees and benefits payable up to RM1,796,000.00 for the period from 1 January 2018 until the next Annual General Meeting of the Company.	Ordinary Resolution 3
5. To re-elect the following Directors, who shall retire by rotation in accordance with Article 84 of the Constitution of the Company and being eligible, offered themselves for re-election:	
i. Tan Sri Dato' Sri Ismee bin Haji Ismail	Ordinary Resolution 4
ii. Datuk Seri Nurmala binti Abd Rahim	Ordinary Resolution 5
6. To re-elect the following Directors, who shall retire by casual vacancy in accordance with Article 89 of the Constitution of the Company and being eligible, offered themselves for re-election:	
i. Mohd Adzahar bin Abdul Wahid	Ordinary Resolution 6
ii. Datuk Abdul Shukur bin Haji Idrus	Ordinary Resolution 7
iii. Kolonel Dato' Ab Jabar bin Mohamad Aris	Ordinary Resolution 8
7. To re-appoint KPMG Desa Megat PLT as Auditors of the Company in respect of the financial year ending 31 December 2018 and to authorise the Board of Directors to determine the Auditors' remuneration.	Ordinary Resolution 9

As Special Business

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

8. **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**	Ordinary Resolution 10

"**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 20 April 2018 with the related parties described therein provided that such transactions are necessary for the Group's day-to-day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

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

i. the conclusion of the next AGM of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;

ii. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 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

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

whichever is the earliest.

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

9. To transact any other business of which due notice shall have been received in accordance with the Companies Act, 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 this 44th 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 7 May 2018. Only a depositor whose name appears on the ROD as at 7 May 2018 shall be entitled to attend, speak and vote at the 44th 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 44th AGM of the Company, a Final Single Tier Dividend of 2 sen per Ordinary Share for the year ended 31 December 2017 will be paid on Monday, 4 June 2018 to Depositors registered in the ROD at the close of business on Friday, 18 May 2018.

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 Friday, 18 May 2018 in respect of ordinary transfers; and

ii. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

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

Kuala Lumpur
Date: 20 April 2018

Notes:

1. **Audited Financial Statements for the year ended 31 December 2017**

   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 from the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. **Retirement pursuant to Article 84 of the Company's Constitution**

   Tan Sri Dato' Sri Ab Aziz bin Kasim has expressed his intention not to seek for re-election at this 44th AGM. Hence, he will retire as the Chairman, Independent Non-Executive Director of the Company at the conclusion of this 44th AGM.

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

   The proposed Ordinary Resolution 10, 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 20 April 2018 for more information.

4. **Proxy and Entitlement of Attendance**

   - In respect of deposited securities, only a Member whose name appears on the ROD as at 7 May 2018 shall be entitled to attend, speak and vote at this 44th AGM.

   - A Member entitled to attend and vote at this 44th 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.

   - 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.

   - 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.

   - The instrument in appointing a proxy must be deposited at the Company's Registered Office at Level 35, Menara TH Platinum, No. 9 Persiaran KLCC, 50088 Kuala Lumpur in not less than 48 hours before the time set for holding the 44th AGM or **no later than 12 May 2018 at 10.00 a.m.**

   - Pursuant to Paragraph 8.29A(1) of the Listing Requirements, voting at this 44th AGM of the Company will be conducted by poll. The Poll Administrator and Independent Scrutineers will be appointed respectively to conduct the polling/e-voting process and verify the results of the poll.

GLOSSARY

Term	Definition
AC	Audit Committee
AGM	Annual General Meeting
BOD	Biochemical Oxygen Demand
Bursa Depository	Bursa Malaysia Depository Sdn. Bhd.
Bursa Malaysia	Bursa Malaysia Securities Berhad
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
ED	Executive Director
EES	Economic, Environment and Social
EFB	Empty Fruit Bunch(es)
EPS	Earnings Per Share
ESOS	Employees' Share Option Scheme
FFB	Fresh Fruit Bunch(es)
FY2017	Financial Year Ended 31 December 2017
GAP	Good Agricultural Practices
GIS	Geographic Information System
GLCs	Government Linked Companies
GLCT	Government Linked Company Transformation
Ha	Hectares
IAD	Internal Audit Department
INED	Independent Non-Executive Directors
INFERS	Integrated Fertilisers Recommendation System
IC	Investment Committee
KER	Kernel Extraction Rate
KPIs	Key Performance Indicators
Listing Requirements	Main Market Listing Requirements of Bursa Malaysia
MASB	Malaysian Accounting Standard Board
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
MT	Metric Tonnes
NCR	Native Customary Rights
NED	Non-Executive Directors
NINED	Non-Independent Non-Executive Directors
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PAT	Profit After Tax
PBT	Profit Before Tax
PIP	Performance Improvement Programme
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RECAL	Recognition of Employees' Children's Achievement in Learning
RMC	Risk Management Committee
RMF	Risk Management Framework
RPG	Recommended Practice Guide
RMP	Risk Management Policy
ROD	Record of Depositors
ROE	Return on Equity
R&D	Research and Development
SDG	United Nation Sustainable Development Goals
SOP	Standard Operating Procedures
TH	Lembaga Tabung Haji
THP or the Company	TH Plantations Berhad
THP Group or the Group	TH Plantations Berhad and Subsidiaries
THPAM	THP Agro Management Sdn Bhd
The Board	The Board of Directors of THP
UAV	Unmanned Aerial Vehicle
VDI	Vendor Development Initiative
Yield	FFB Production per Hectare

TH PLANTATIONS BERHAD

Company No. 12696-M
(Incorporated in Malaysia)

Proxy Form

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-Fourth Annual General Meeting ("44th 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, 14 May 2018 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 Final Single Tier Dividend of 2 sen per Ordinary Share for the year ended 31 December 2017.		
Ordinary Resolution 2	To approve the payment of Directors' Fees and benefits payable amounting to RM1,146,000.00 for the year ended 31 December 2017.		
Ordinary Resolution 3	To approve the payment of Directors' Fees and benefits payable up to RM1,796,000.00 for the period from 1 January 2018 until the next Annual General Meeting of the Company.		
Ordinary Resolution 4	To re-elect Tan Sri Dato' Sri Ismee bin Haji Ismail as Director.		
Ordinary Resolution 5	To re-elect Datuk Seri Nurmala binti Abd Rahim as Director.		
Ordinary Resolution 6	To re-elect Mohd Adzahar bin Abdul Wahid as Director.		
Ordinary Resolution 7	To re-elect Datuk Abdul Shukur bin Haji Idrus as Director.		
Ordinary Resolution 8	To re-elect Kolonel Dato' Ab Jabar bin Mohamad Aris as Director.		
Ordinary Resolution 9	To re-appoint Messrs. KPMG Desa Megat PLT as Auditors of the Company and to authorise the Board of Directors to determine their remuneration.		
RESOLUTION NO.	**SPECIAL BUSINESS**	**FOR**	**AGAINST**
Ordinary Resolution 10	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		
TOTAL		100%

Number of Ordinary Shares Held	

Dated this __________ day of ___________ 2018.

____
Signature/Common Seal of Shareholder

NOTES:

1. In respect of deposited securities, only a Member whose name appears on the ROD as at 7 May 2018 shall be entitled to attend, speak and vote at this 44^{th} AGM.

2. A Member entitled to attend and vote at this 44th 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.

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6. Pursuant to Paragraph 8.29A(1) of the Listing Requirements, voting at this 44^{th} AGM of the Company will be conducted by poll. The 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
Level 35
Menara TH Platinum
No. 9 Persiaran KLCC
50088 Kuala Lumpur

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