

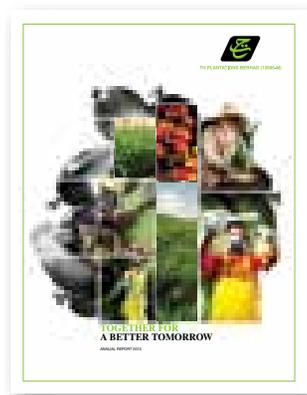


TH PLANTATIONS BERHAD (12696-M)



**TOGETHER FOR  
A BETTER TOMORROW**

ANNUAL REPORT 2015



## Cover Rationale

TH Plantations has been a part of the Malaysian plantations industry since 1972 and we are now entering the second growth stage of our journey since we were publicly listed in 2006. Here we are, almost a decade later, and our land bank has grown seven times our original size. As a medium-sized upstream plantation player, we are poised to break through a new threshold and stake our claim on greater things. However, our growth trajectory can only be achieved if we — our Company and all our stakeholders — work together to achieve this aim, for a better tomorrow can only be realised if we plan for growth and act in way that guarantees the harmony and sustainability of all our stakeholders.

# Highli

“ TH Plantations Berhad (“THP”)  
**Fresh Fruit Bunches, Palm Kernel**  
for the consumption of the **Malay**

“ *The palm oil sector witnessed a very challenging year as it continued to be weighed down by tough operating conditions, persistently weak commodity prices and global macroeconomic uncertainties. These have negatively impacted the financial performance of the industry and our Group in particular.* ”



THP's land bank stands close to

**105,000**  
hectares

as at 31 March 2016



THP is listed on the Main Board of Bursa Malaysia Securities Berhad with a market capitalisation of approximately

**RM1.13 bil**

as at 31 March 2016



**34**

**Oil Palm Estates**  
spread throughout Malaysia & Indonesia



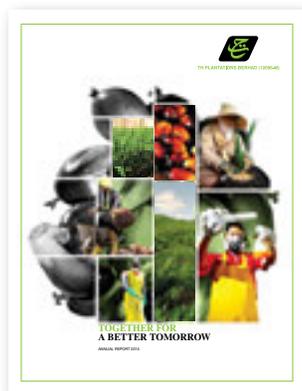
**5**

**Forestry Plantations**  
in Sabah

**7**



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



## Cover Rationale

TH Plantations has been a part of the Malaysian plantations industry since 1972 and we are now entering the second growth stage of our journey since we were publicly listed in 2006. Here we are, almost a decade later, and our land bank has grown seven times our original size. As a medium-sized upstream plantation player, we are poised to break through a new threshold and stake our claim on greater things. However, our growth trajectory can only be achieved if we — our Company and all our stakeholders — work together to achieve this aim, for a better tomorrow can only be realised if we plan for growth and act in way that guarantees the harmony and sustainability of all our stakeholders.

# Highlights

“ TH Plantations Berhad (“THP”) mainly produces **Fresh Fruit Bunches, Palm Kernel** and **Crude Palm Oil** for the consumption of the **Malaysian market.** ”



THP's land bank stands close to

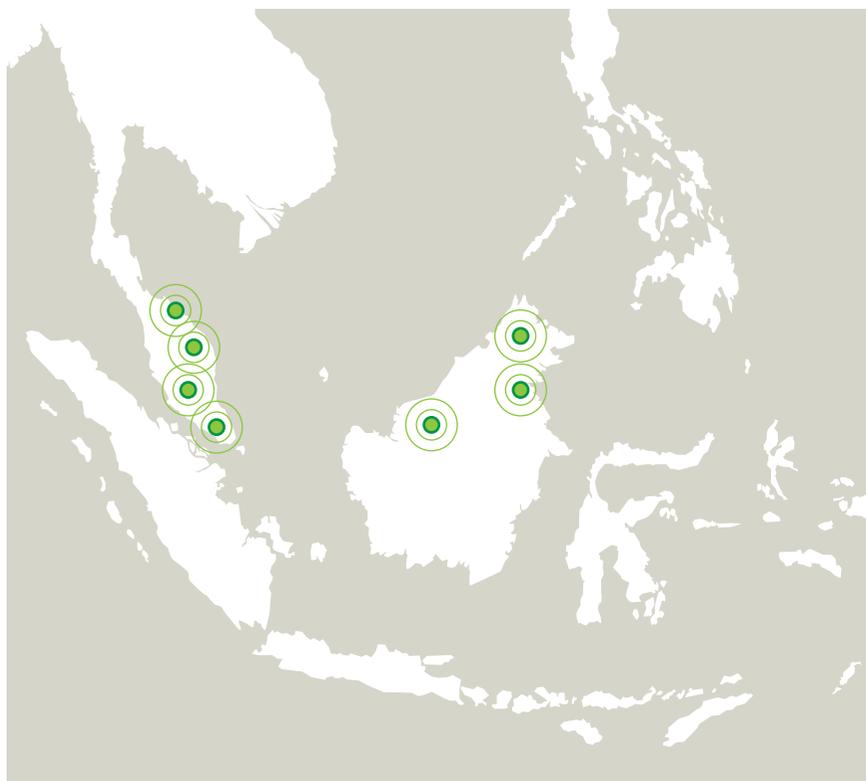
**105,000**  
hectares

as at 31 March 2016

THP is listed on the Main Board of Bursa Malaysia Securities Berhad with a market capitalisation of approximately

**RM1.13 bil**

as at 31 March 2016



THP currently owns plantations and mills in the states of

**Johor, Pahang, Negeri Sembilan, Terengganu, Sabah and Sarawak** as well as **Kalimantan, Indonesia**

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## 42<sup>nd</sup> ANNUAL GENERAL MEETING

### VENUE

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

### DATE

Wednesday, 18 May 2016

### TIME

10.00 a.m.

**34** Oil Palm Estates spread throughout Malaysia & Indonesia

**5** Forestry Plantations in Sabah

**7** Palm Oil Mills with a total milling capacity of **250 metric tonnes per hour**

**10** Years Average Age Profile approximately



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

# Notice of the 42<sup>nd</sup> Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Forty-Second Annual General Meeting (“42<sup>nd</sup> AGM”) of TH Plantations Berhad (“THP” or “the Company”) will be held at the Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Wednesday, 18 May 2016 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 2015 together with Reports of the Directors and the Auditors thereon.
2. To approve the Directors’ Fees of RM1,059,000 for the year ended 31 December 2015.
3. To re-elect Tan Sri Ab. Aziz bin Kasim, who shall retire by rotation in accordance with Article 84 of the Company’s Articles of Association and being eligible, offered himself for re-election.
4. To re-elect Datuk Seri Nurmala binti Abd Rahim, who shall retire by rotation in accordance with Article 84 of the Company’s Articles of Association and being eligible, offered herself for re-election.
5. To re-elect Dato’ Noordin bin Md Noor, who shall retire by rotation in accordance with Article 84 of the Company’s Articles of Association and being eligible, offered himself for re-election.
6. To re-elect Dato’ Johan bin Abdullah, who shall retire by casual vacancy pursuant to Article 89 of the Company’s Articles of Association and being eligible, offered himself for re-election.
7. To re-elect Dato’ Shari bin Haji Osman, who shall retire by casual vacancy pursuant to Article 89 of the Company’s Articles of Association and being eligible, offered himself for re-election.
8. To re-elect Dato’ Dr. Md Yusop bin Omar, who shall retire by casual vacancy pursuant to Article 89 of the Company’s Articles of Association and being eligible, offered himself for re-election.
9. To re-elect Datuk Seri Othman bin Mahmood, who shall retire by casual vacancy pursuant to Article 89 of the Company’s Articles of Association and being eligible, offered himself for re-election.
10. To re-appoint Messrs. KPMG Desa Megat & Co. as Auditors of the Company in respect of the financial year ending 31 December 2016 and to authorise the Board of Directors to determine the Auditors’ remuneration.

(Please refer to  
Explanatory Note 1)

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

Ordinary Resolution 9

## As Special Business

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

11. **Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders’ Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature**

Ordinary Resolution 10  
(Please refer to  
Explanatory Note 2)

“**THAT**, subject always to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of Shareholders’ Mandate for the Company and/or its Subsidiaries to enter into existing recurrent related party transactions of a revenue

## Notice of the 42<sup>nd</sup> Annual General Meeting

or trading nature as set out in Section 2.4.1 of the Circular to Shareholders dated 25 April 2016 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;

**"THAT**, a new Shareholders' Mandate be and is hereby granted for the Company and/or its Subsidiaries to enter into additional recurrent related party transactions of a revenue or trading nature as set out in Section 2.4.2 of the Circular to Shareholders dated 25 April 2016 with the related parties described therein provided that such transactions are necessary for the Group's day-to-day operations, carried out in the normal course of business, at arm's length, on normal commercial terms, not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;

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

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

whichever is the earliest.

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

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

By Order of the Board

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

Kuala Lumpur  
Date: 25 April 2016

## Notice of the 42<sup>nd</sup> Annual General Meeting

### NOTES:

1. A member entitled to attend and vote at the 42<sup>nd</sup> AGM is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company and there shall be no restriction as to the qualification of the proxy.
2. Only a Depositor whose name appears on the Record of Depositors as at 11 May 2016 shall be regarded as a member and entitled to attend the 42<sup>nd</sup> AGM or appoint proxy/proxies to attend and vote on his/her behalf.
3. Where a member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies of his/her shareholdings to be represented by each proxy. Each proxy appointed, shall represent a minimum of 100 shares. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument in appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised by the corporation.
5. In order to be valid, the instrument in appointing a proxy must be deposited at the Company's Registered Office at Tingkat 23, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur in not less than 48 hours before the time set for holding the 42<sup>nd</sup> AGM or at any adjournment thereof.

### Explanatory Notes:

#### 1. Audited Financial Statements for the year ended 31 December 2015

This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

#### 2. Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed New Shareholders' Mandate for Additional 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 normal 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 25 April 2016 for more information.

# Statement Accompanying the Notice of the 42<sup>nd</sup> Annual General Meeting

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

1. The details of Directors seeking election and re-election as stated in the Notice of the 42<sup>nd</sup> AGM are set out in their respective profiles appearing in the Directors' Profile on pages 26, 29, 31, 33, 34, 36, and 37 of this Annual Report.

The details of interest in the securities/shares of the Company and/or its Subsidiaries, if any, held by the said Directors are stated on page 203 of this Annual Report.

# ABDUL WAHAB ABDUL RASHED

## 2002

Joined THP on  
1<sup>st</sup> April as Manager  
of Ladang Bukit  
Lawiang, Johor

## 2003

Seconded to PT.  
Multigambut Industri,  
Indonesia, a plantation  
company then  
owned by Lembaga  
Tabung Haji

## 2005

Welcomed the birth  
of his fourth and last  
child into the family.  
His four children are  
his biggest motivation  
in reaching for greater  
heights with THP

## 2007

Returned to Malaysia  
and posted to Ladang  
Kota Bahagia, Pahang

## 2010

Promoted as Senior  
Manager for his  
exemplary dedication  
and loyalty. Posted  
to Ladang Sungai  
Tenegang, Sabah





"TH Plantations recognises and develops leadership qualities. I am proud to play a part in managing the resources of one of Malaysia's leading plantations companies, and my colleagues and superiors have been instrumental in making me a better leader at work and at home."

- **Abdul Wahab Abdul Rashed**  
55, Senior Manager, Ladang Sungai Tenegang

# Chairman's Statement

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

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

**Dear Shareholders,**

On behalf of the Board of Directors of TH Plantations Berhad (“THP”) and our subsidiaries (“THP Group”), I am pleased to present our Annual Report for the financial year ended 31 December 2015 (“FY2015”). Amidst the turbulent period of global economy coupled with challenges in the plantation industry, we recorded sustainable results on the back of soft crude palm oil (“CPO”) prices and lower fresh fruit bunches (“FFB”) production due to adverse weather conditions.

## INDUSTRY OVERVIEW

Based on the annual overview of the industry by the Malaysian Palm Oil Board (“MPOB”), the total oil palm planted area recorded an increase of 4.6% to 5.64 million hectares (“Ha”) from 5.39 million Ha in 2015. This is mainly due to an increase in new planted areas in Sarawak. In terms of CPO production, a marginal increase of 1.5% to 19.96 million metric tonnes (“MT”) was registered against 19.67 million MT produced in 2014. The increase was due to higher FFB processed, arising from the increase in new matured areas especially in Sarawak. Meanwhile, the FFB yield for the year was slightly lower by 0.8% to 18.48 MT per Ha from 18.63 MT per Ha achieved in the previous year. The oil extraction rate (“OER”) in 2015 also declined to 20.46% compared to last year’s OER of 20.62% mainly due to a decrease in the quality of FFB processed by mills. Exports volume of oil palm products increased marginally by 1.2% to 25.37 million MT in 2015 from 25.07 million MT in 2014. Total export revenue, however, declined by 5.4% to RM60.17 billion compared to the RM63.62 billion achieved in 2014 due to lower export prices. India maintained its position as the largest Malaysian palm oil export market in 2015, followed by the European Union, China, Pakistan, the United States, Philippines and Vietnam. These seven (7) markets together accounted for 64% of Malaysian palm oil exports in 2015. The year ended with palm oil stocks closing at 2.63 million MT, a 30.7% increase over the 2.02 million MT in December 2014. The increase was mainly due to higher opening stocks, CPO production and palm oil imports. The CPO price was traded lower during the first half of 2015, mainly due to

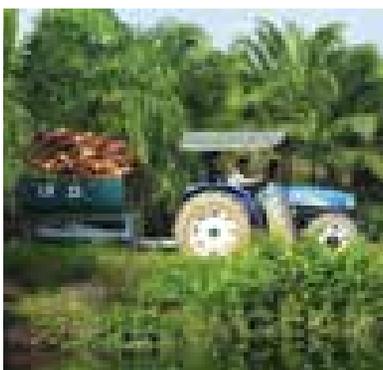
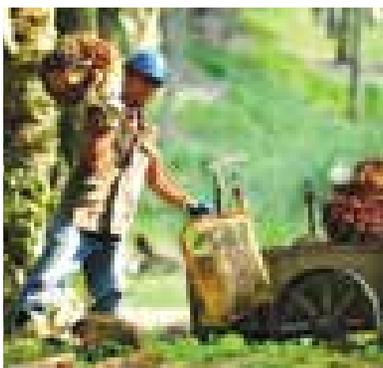


weaker world vegetable oil prices, especially soybean and rapeseed oil. It continued on a downward trend during the second half of 2015 due to market concerns stemming from the turmoil in the Chinese stock market, which, in tandem with the

weakened Brent crude oil price averaging at US\$46 per barrel, likely impacted the demand for palm oil. This was reflected in the average CPO price, which dropped by 9.6% to RM2,153.50 per MT compared to RM2,383.50 per MT in 2014.

## Chairman's Statement

*THP Group has a resilient balance sheet that is poised for sustainable growth as shareholders' funds increased from RM1.21 billion to RM1.27 billion with total assets of RM3.46 billion registered in 2015.*



### FINANCIAL OVERVIEW

The palm oil sector witnessed a very challenging year as it continued to be weighed down by tough operating conditions, persistently weak commodity prices and global macroeconomic uncertainties. These have negatively impacted the financial performance of the industry and our Group in particular.

The CPO prices have fluctuated unfavourably and have impacted us directly as an upstream plantation company. In addition to that, although our mature area increased by 14%, FFB production only increased marginally, by 1%, due to the adverse weather patterns that have had considerable impact on FFB production. Amidst this backdrop, THP Group's revenue has declined by 7% in 2015 from RM488.9 million to RM455.3 million mainly contributed by lower average prices realised for CPO and Palm Kernel ("PK") of RM2,081 per MT & RM1,545 per MT respectively. (2014: CPO of RM2,277 per MT & PK of RM1,651 per MT).

In line with the decrease in revenue and increase in cost of sales, which resulted in lower gross profit margins, the profit before tax was down by 68% from RM58.2 million to RM18.7 million for the year 2015. However, earnings per share rose by 28% from 5.47 sen in 2014 to 7.03 sen due to the increase in profit for the year attributable to owners of THP Group as the profit attributable to non-controlling interests registered a loss.

THP Group has a resilient balance sheet that is poised for sustainable growth as shareholders' funds increased from RM1.21 billion to RM1.27 billion with total assets of

RM3.46 billion registered in 2015. The Group's market capitalisation for 2015 stood at RM1.0 billion compared to RM1.5 billion in 2014.

Moving forward, the Group remains steadfast in enhancing productivity and efficiency throughout its operations. The Board is of the view that the long-term fundamentals of the palm oil sector remain attractive despite the short term headwinds. Hence, the Group remains focused in carrying out its long-term development and consolidation plans to harness the immense potential of the sector.

### DIVIDEND

Due to economic instability and challenges to the plantation industry, the Board did not recommend a dividend for FY2015.

### CORPORATE DEVELOPMENT

We focused our attention on internal initiatives to strategically respond to the external uncertainties during this tough operating period. This is to ensure the Group is fundamentally solid in riding the tides and position us in a more resilient and competitive position for future growth. These initiatives also include the streamlining of our financing structure through the creation of a special purpose vehicle ("SPV"), THP Suria Mekar Sdn Bhd (formerly known as Pinekey Enterprise Sdn Bhd). The SPV will issue sukuk murabahah medium term notes under the Sukuk Murabahah Programme to raise funds for THP Group.

With regards to our headline key performance indicators ("KPIs") for 2015, we achieved a 5.01% Return on Equity against the target of 5.50%

## Chairman's Statement

whilst a 18.17 MT per ha FFB yield was achieved against the target of 21.15 MT per Ha. The Board of Directors did not recommend any dividend for 2015.

### SUSTAINABLE GROWTH INITIATIVES

THP Group has been gradually shifting toward a more flexible and robust business model with the aim of becoming more competitive and sustainable even though the challenges for plantation companies seem more apparent now. By anchoring on our strategic plantations assets totalling 104,512 Ha, with 39 estates spread in Malaysia and Indonesia and 7 palm oil mills with a total milling capacity of 250 MT per hour, we are confident of sustaining our performance through this turbulent period.

Our on-going journey is guided by three Key Growth Nodes, namely, value enhancement of the existing plantation platform, land bank acquisition and humanising our business operations. As a pure upstream company, we are highly sensitive to the unfavourable movement of CPO prices. Thus, to mitigate the risks, we are intensifying our efforts on the first Key Growth Node to continually build momentum and derive sustainable value creation from our planted area of 68,336 Ha. The transformation of our Performance Improvement Programme ("PIP") mapped out initiatives to achieve higher yields and OER while maximising productivity and efficiency as well as reducing costs. The initiatives encompass management of operational aspects such as maintenance of mature and immature areas, harvesting, replanting and mill processing. Efforts to reduce labour dependency



*By anchoring on our strategic plantations assets totalling approximately 104,512 Ha, with 39 estates spread in Malaysia and Indonesia and 7 palm oil mills with a total milling capacity of 250 MT per hour, we are confident of sustaining our performance through this turbulent period.*

and subsequently lower production costs have been underway through enhanced mechanisation, particularly in the areas of harvesting and evacuation of FFB. At the mills, we are constantly innovating by investing in new and more efficient plants and machinery to enable us to produce higher quality CPO at optimal quantities with minimal wastage. In addition to that, we tapped into technologies which have enabled us to conduct precision-based agricultural activities that incorporate information technology and agricultural science. These tools help us to develop strategies

for better monitoring and expedite high quality operational decision-making. We are confident that all the implemented initiatives and strategies will improve efficiency, remove complexity and contribute to an improved bottom line.

On the second Key Growth Node, land bank acquisition, our current focus is to consolidate our existing plantations and develop green fields. However, we will still keep a close watch on acquisitions that complement and add value to the Group.

## Chairman's Statement

For over three decades, we have enjoyed many successes due to society's support. The final Key Growth Node, humanising our business operations, is a commitment to give back to society – especially those within our plantation areas – through improved environmental, social and economic performance. We reiterate that our commitment to the progress and wellbeing of society begins with our people and extends to various communities with the aim of building a sustainable ecosystem. We also support the government's initiatives for the Bumiputera Empowerment Agenda by building a shared future via sharing knowledge and enhancing the livelihoods of communities thus rebuilding lives.

In addition to the Key Growth Nodes and aligning our focus with optimising shareholder value, we are constantly exploring opportunities to diversify our income streams. To this end, we are monetising our plantation expertise through our wholly-owned subsidiary, THP Agro Management Sdn Bhd ("THPAM"). Besides managing THP Group's plantations, THPAM manages oil palm operations owned by Lembaga Tabung Haji ("TH") totalling approximately 12,840 Ha. We are keen to reinforce our management services capabilities as it enables us to realise future growth through diversified revenue.

### HUMAN CAPITAL

The working environment is rapidly changing and increasingly competitive as globalisation, technology and innovation influence the workplace more and more. Hence, we are committed to ensuring that our employees are equipped with relevant skills through on-going programmes, training and spiritual development whilst fostering a team

*We are also actively participating in the Skim Latihan 1Malaysia ("SLIM") initiative to train and enhance the employability of Malaysian graduates, especially those from rural areas and low-income families.*

spirit amongst colleagues. We are proud to report that many outstanding individuals in our organisation have said that they found the environment to be stimulating, and it is one that continuously challenges them to take their functional, technical and leadership skills to the next level.

We are also actively participating in the Skim Latihan 1Malaysia ("SLIM") initiative to train and enhance the employability of Malaysian graduates, especially those from rural areas and low-income families. The private and public sectors are collaborating to ensure the success of this initiative. In THP Group, trainees will undergo a one-year on-the-job training that exposes them to the workplace environment and develops their soft skills at either our headquarters, estates or mills.

### GOVERNMENT LINKED COMPANY TRANSFORMATION PROGRAMME

2015 marked the tenth year of the Government Linked Company Transformation ("GLCT") Programme and the "graduation" of all Government Linked Companies ("GLCs") who participated in this programme. THP is proud to be a part of this fraternity for the past 9 years, since it was listed on the Main Board of Bursa Malaysia Securities Berhad on 2006. GLCs transformation is associated with the Colour-Coded Books being the policy guideline books underpinning the programme which were issued in phases and regular meeting of Initiative Circles. The infrastructure provided by GLCT Programme has been the right support for THP Group to institutionalise and transition to a better position.

### CORPORATE RESPONSIBILITY ("CR")

The Group recognises that we have responsibilities to all stakeholders which include the interests of employees and their families; the need to foster Group's business relationships with partners, customers, suppliers and others, sustainable returns to shareholders, and most importantly the impact of the Group's operations on the local communities and the surrounding environment where we operate. We



## Chairman's Statement

focus our CR initiatives on issues which are close to heart and essential for the sustainable success of our business. To discover more details of our efforts to enhance the well-being of our stakeholders and protect the environment, please read our Corporate Responsibility section of this Annual Report on page 44.

### PROSPECTS

The global economy is expected to remain challenging with potential headwinds from slower growth in



emerging markets like China, falling commodity prices, interest rate hike uncertainties in the United States and the potential exit of Britain from the European Union. On the home front, the Malaysian economy is anticipated to grow at a resilient pace on the back of a modest recovery in exports and sustained growth in domestic demand driven by private sector spending, which could slow down slightly. The growth in private consumption and investment is expected to moderate in 2016, weighed down by a weaker currency and the capital expenditure cuts of oil and gas companies as a result of soft energy prices.

In view of such uncertainties, CPO prices could strengthen in 2016 due to, first, one of the most severe periods of El Niño in almost two decades and its effect on curbing the output of the world's biggest producers, second, Indonesia and Malaysia raising the amount of palm blended with diesel and, third, increased global demand for edible palm oil. The long-term outlook for the industry is envisaged to be positive, driven by demand that will outweigh supply. As the world's population grows, the demand for

food will increase and palm oil will continue to be major source of oils and fats and a contributor to the security of future global food supply.

### ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to welcome our four (4) new Board members, Datuk Seri Othman bin Mahmood and Dato' Johan bin Abdullah, both as Non-Independent Non-Executive Directors, as well as Dato' Dr Md Yusop bin Omar and Dato' Shari bin Haji Osman, who are both Independent Non-Executive Directors. I would also like to express my deepest appreciation to Dato' Haji Wan Zakaria bin Abd Rahman and En Mahbob bin Abdullah, who have served the Board with distinction for 10 years and 5 years respectively. We wish them the best of health and much success in their future endeavours.

Finally, I would like to take this opportunity to thank all our stakeholders – with particular appreciation for our shareholders and **TH**, our holding company – as well as our business partners, who together have been instrumental in helping the Group progress. Most of all, I would like to express my heartfelt gratitude to our Management for their keen insights and leadership and to all our employees for their hard work and dedication in making the Group a sustainable organisation.

Assalamualaikum Warahmatullahi Wabarakatuh.

Thank you.

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

# Chief Executive Officer's Statement

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
السَّلَامُ عَلَيْنَا وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

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

**Dear Shareholders,**

When we first mooted the idea of expanding our plantation portfolio back in 2010, CPO was trading above RM3,000 per metric tonne, and stayed at those levels for the next couple of years. The prevailing conditions then made land bank expansion favourable; we had strong cash flow, sufficient cash reserves and profitability levels that were reasonably healthy.

*In 2012, after extensive studies and preparation, we embarked on an ambitious expansion programme. By 2014, we more than doubled our portfolio and, to date, we now hold almost 105,000 hectares of land across Malaysia and Indonesia.*

**H**owever, this aggressive expansion has not been easy for both the Company and you, our shareholders. The growth pains have been evident in our financials over the past two years and will likely continue to impact our bottom line for the next few years. Of course, the situation has been exacerbated by the significant volatility of CPO prices in 2014 to 2015 as well as weather-induced production shortfall. In fact, 2015 was the most challenging year that we have experienced over the past decade in terms of poor commodity prices and an erratic weather pattern. Nevertheless, allow me to elaborate on why the Company is significantly affected by these challenges.

**AGE PROFILE/PORTFOLIO MIX**

As of 31 December 2015, our land bank breakdown was as follows: 49% in Sarawak; 25% in Sabah; 18% in Peninsular Malaysia; and the remaining 8% in Kalimantan, Indonesia. In terms of our portfolio's age profile, 18% of our planted oil palm land bank is in the prime mature age bracket of 10-19 years old, 8% is in the mature age bracket of 20-25 years old and a reasonable 4% is in the old mature age bracket, which is over 25 years old. On the other hand, 44% of our planted land bank is in the young mature age bracket, and the remaining 26% is still immature.

To put things into perspective, the ideal oil palm plantation portfolio should be made up of 70% to 80% of palms in the optimal-yielding age bracket of between 10 to 25 years, while immature and lower yielding palms — young mature and old mature that are due for replanting — should make up the remaining 20% to 30%.

Currently, THP's portfolio is almost the complete opposite. 26% of our planted oil palm land bank is in the immature age bracket while 48% are either in the young mature or old



**“ As of 31 December 2015, our land bank breakdown was as follows: 49% in Sarawak; 25% in Sabah; 18% in Peninsular Malaysia; and the remaining 8% in Kalimantan, Indonesia. ”**

mature age brackets, thus earning sub-optimal yields. Only a mere 26% is yielding optimal returns for the Company. This implies that revenues from approximately 41,000 hectares of oil palm either from optimal or

sub-optimal yields are essentially supporting the entire 59,000 hectares of land that have been planted with oil palm. In fact, if we look at it more comprehensively, these 41,000 hectares are also partially supporting

the operating costs of an additional 5,000 hectares of oil palm that are in the course of being planted, as well as close to 15,000 hectares of rubber/teak plantations that currently have no revenue contributions to the

## Chief Executive Officer's Statement



Company. It is also worth noting that the operating costs for palms that are in the immature and young mature stages are higher than average given their higher need for fertilisers, general upkeep and maintenance works. This implies that, as long as the Group's oil palm portfolio diverges from the ideal 70:30 ratio, revenues will inevitably be lower and costs will unavoidably be higher.

One other significant implication of our current age profile relates to the impact of severe weather anomalies witnessed in the past two years. To recall, we initially targeted an average yield of 21.15 metric tonnes per hectare for 2015. However, the prolonged dry weather experienced in the first half of last year and the adverse wet weather at the end of 2014 have more deeply affected the Group's production level than initially expected. Due to the Group's portfolio age profile, which primarily constitutes of younger palms, our crops are more susceptible to weather changes. We ended 2015 with an average yield of 18.17 metric tonnes per hectare. In absolute terms, at 797,600 metric tonnes, we produced only 1% more

FFB compared to the previous year. Apart from lower production, changes in the climate also affected our OER. Abnormally dry conditions led to lower bunch weight, higher incidences of malformed bunches and lower oil content in the mesocarp across our plantations, resulting in a lower OER of 19.65%, compared to 20.19% in the previous year.

Although it is rather unfortunate that the weather conditions in recent years have set us back in terms of production, we are optimistic that by 2018 our age profile would have sufficiently improved to levels that are more ideal and generate more optimal yields and revenues for the Group with better cost efficiency.

*We ended 2015 with an average yield of 18.17 metric tonnes per hectare. In absolute terms, at 797,600 metric tonnes, we produced only 1% more fresh fruit bunch (FFB) compared to the previous year.*

### RIDING THROUGH THE CHALLENGES

While it would take a few years to stabilise the Group's portfolio age profile towards more ideal levels, we are not resting on our laurels. We have proactively instituted a number of initiatives and austerity measures to help mitigate the impact of tougher operating conditions. To strengthen our cash flow position, we also reviewed our capital expenditure ("CAPEX"), prioritised developments and projects that were vital for future growth and deferred activities that would have a lesser impact to revenues in the near future. We also reviewed our replanting programme and deferred the replanting of some areas that will still be able to produce viable yields in the next one or two years. Collectively, these measures have helped reduced our operational costs by about RM20 million and CAPEX by about RM40 million, or about 20% of our initial development CAPEX budget.

At the same time, we have been very dynamic with our marketing policies and strategies to respond swiftly to changes in CPO prices, and,

## Chief Executive Officer's Statement

where possible, we tried to trade at favourable prices as and when the opportunities arose.

We also accelerated our OER improvement programme which includes continuous improvements to our milling efficiency and minimising losses in FFB processing via the refurbishment and upgrading of machineries in all of our palm oil mills. Further to that, we have upgraded our de-oiling tanks to control losses in our clarification stations, installed decanters to recover oil in the sludge as well as installed new empty fruit bunch pressing stations that extract oil in empty bunches. Moreover, improvements to milling efficiencies were realised through the provision of new sterilisers for improved sterilisation, new press and digesters for better extraction and new boilers to ensure that there is sufficient steam to facilitate sterilisation and oil separation. With the improvements in milling efficiency, lower losses during processing, increased volume of matured areas, good practices and

quality control in estate operations, we can expect a gradual increase—between 0.25% to 1%—of OER in the interim and significantly improve our OER in the next few years.

### ON-GOING DEVELOPMENT

It is also important to note that, with the acquisitions made in recent years, we still have a sizeable green field land bank, mainly in Sarawak and Kalimantan, Indonesia. We also have slightly over 2,600 hectares of oil palm plantation that are due for replanting within our portfolio. Although we have taken some steps to moderate the Group's development and replanting plans, given the unfavourable conditions, I must emphasise that it is imperative that we continue with these development and replanting plans with the best of effort to ensure smooth revenue growth in the coming years. To support these plans, we may not be able to deliver the same returns to you as before, at least in the near future.

### TOGETHER FOR A BETTER TOMORROW

Having helmed the Group for 7 years, I must say that the past year has been the most challenging one yet in many respects, while 2016 seems rather uncertain thus far. Yet, we are confident in facing what lies ahead because of the unwavering and overwhelming support and loyalty of our stakeholders.

Thank you, my fellow colleagues, who have shown greater determination in times of difficulty and have consistently supported all the initiatives and austerity measures imposed throughout the Group.

Thank you, our Board of Directors, for standing by the tough decisions that we had to make in handling these challenging operating conditions. Thank you for the wisdom, experience and advice that were shared with the management in charting the direction of the Group towards delivering what is expected of it.

Thank you to our suppliers, creditors, partners, vendors, regulators and those who have supported the Group in these challenging times.

Most importantly, thank you, our shareholders, for believing in THP and staying with the Group despite the tough times. These times will pass, and with your unrelenting support, we remain as committed as ever in growing the Group into a respectable plantation company and a source of admiration and pride for you and all our stakeholders, InsyAllah.

Assalamualaikum Warahmatullahi Wabarakatuh.

**DATO' ZAINAL AZWAR  
BIN ZAINAL AMINUDDIN**  
Chief Executive Officer



# Corporate Information

As At 31 March 2016

## BOARD OF DIRECTORS

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

**Tan Sri Ismee bin Haji Ismail**  
Deputy Chairman,  
Non-Independent Non-Executive Director  
(Appointed as Deputy Chairman w.e.f.  
1 January 2016)

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

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

**Datuk Seri Mohamad Norza  
bin Zakaria**  
Independent Non-Executive Director

**Datuk Seri Othman bin  
Mahmood**  
Non-Independent Non-Executive Director  
(Appointed w.e.f. 1 October 2015)

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

**Dato' Johan bin Abdullah**  
Non-Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

**Dato' Noordin bin Md Noor**  
Independent Non-Executive Director

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

**Dato' Shari bin Haji Osman**  
Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

**Dato' Dr. Md Yusop bin Omar**  
Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

**Datuk Seri Mohamad Norza bin Zakaria**  
Chairman, Independent Non-Executive Director

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

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

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

**Dato' Shari bin Haji Osman**  
Member, Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

## AUDIT COMMITTEE

## NOMINATION COMMITTEE

**Datuk Azizan bin Abd Rahman**  
Chairman, Non-Independent Non-Executive Director

**Datuk Seri Mohamad Norza bin Zakaria**  
Member, Independent Non-Executive Director

**Datuk Seri Nurmala binti Abd Rahim**  
Member, Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

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

**Tan Sri Ismee bin Haji Ismail**  
Member, Non-Independent Non-Executive Director

**Dato' Shari bin Haji Osman**  
Member, Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

## REMUNERATION COMMITTEE

**Corporate  
Information**

As At 31 March 2016

**Datuk Azizan bin Abd Rahman**  
Chairman, Non-Independent Non-Executive Director  
(Re-designated from member to Chairman w.e.f. 1 June 2015)

**Datuk Seri Mohamad Norza bin Zakaria**  
Member, Independent Non-Executive Director

**Dato' Shari bin Haji Osman**  
Member, Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

**INVESTMENT,  
RISK & COMPLIANCE  
COMMITTEE**

**SECRETARIES**

**Aliatun binti Mahmud**  
(LS 0008841)

**Wan Nurul Hidayah  
binti Wan Yusoff**  
(LS 0008555)

**AUDITORS**

**KPMG Desa Megat & Co.**

Level 10 KPMG Tower  
8 First Avenue Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

Tel : 03 7721 3388  
Fax : 03 7721 3399

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

Tel : 03 2687 6666  
Fax : 03 2681 0714

**REGISTERED  
OFFICE**

**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

**SHARE  
REGISTRAR**

**INVESTOR  
RELATIONS**

**Aizzura Ab Rahim**

Level 28  
Bangunan TH Selborn  
153 Jalan Tun Razak  
50400 Kuala Lumpur

Tel : 03 2687 6687  
Fax : 03 2681 0511

**STOCK  
EXCHANGE  
LISTING**

**Main Market of Bursa  
Malaysia Securities Berhad**

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

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

**PRINCIPAL  
BANKERS**

Malaysia

**PLACE OF  
INCORPORATION  
AND DOMICILE**

**WEBSITE**

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

# Corporate Structure

As At 31 March 2016



TH PLANTATIONS BERHAD (12696-M)



**100%**

THP Agro Management Sdn. Bhd.



**100%**

THP Bukit Belian Sdn. Bhd.



**100%**

THP Ibok Sdn. Bhd.



**100%**

Manisraya Sdn. Bhd.



**100%**

THP Kota Bahagia Sdn. Bhd.



**93%**

PT Persada Kencana Prima



**7%**

Badai Sakti Daniel



**80%**

THP Saribas Sdn. Bhd.



**20%**

Gunung Lesong Corporation Sdn. Bhd.



**100%**

TH-Bonggaya Sdn. Bhd.



**100%**

Kuni Riang Sdn. Bhd.



**100%**

Halus Riang Sdn. Bhd.



**70%**

TH-USIA Jatimas Sdn. Bhd.



**82.53%**

Ladang Jati Keningau Sdn. Bhd.



**60%**

TH PELITA Simunjan Sdn. Bhd.



**60%**

TH PELITA Meludam Sdn. Bhd.



**30%**

United Sabah Islamic Association



**17.47%**

Yeo Kian Kok



**10%**

Pelita Holdings Sdn. Bhd.

**30%**

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



**16%**

Pelita Holdings Sdn. Bhd.

**24%**

SGOS Capital Holdings Sdn. Bhd.

## Corporate Structure

As At 31 March 2016



# TAHIR RENI

## 1992

Started working on 17<sup>th</sup> November as a trainee supervisor at Kilang Sawit Sungai Tenegang

## 1994

His hard work and dedication earns him a permanent position with THP. He is absorbed into the THP family as a Grade 3 Supervisor

## 1997

He married the love of his life and childhood sweetheart

## 1999

The birth of his first child spurs him on to work hard and provide for his little family

## 2011

He is promoted to a Grade 1 Supervisor, a testament of his hard work in THP

## 2012

His fourth and last child is born, completing the family he built in the life as a THP employee





"The journey has not been easy; it has been an uphill climb. Through small, incremental steps, I have achieved what I dreamed about almost a decade ago, and, looking back, time seems to have passed by so quickly. I am proud of where I am today and the part I play in ensuring THP's continued success."

- Tahir Reni

47, Supervisor, Kilang Sawit Sungai Tenegang

01



03



02



04



05



01 | **TAN SRI AB. AZIZ  
BIN KASIM**

Chairman  
Independent  
Non-Executive Director

03 | **DATO' ZAINAL  
AZWAR BIN ZAINAL  
AMINUDDIN**

Chief Executive Officer /  
Executive Director

05 | **DATUK SERI  
MOHAMAD NORZA  
BIN ZAKARIA**

Independent  
Non-Executive Director

02 | **TAN SRI ISMEE  
BIN HAJI ISMAIL**

Deputy Chairman  
Non-Independent  
Non-Executive Director

04 | **DATUK SERI  
NURMALA BINTI  
ABD RAHIM**

Independent  
Non-Executive Director

## Board of Directors



06 **DATUK SERI OTHMAN BIN MAHMOOD**  
Non-Independent  
Non-Executive Director

07 **DATUK AZIZAN BIN ABD RAHMAN**  
Non-Independent  
Non-Executive Director

08 **DATO' JOHAN BIN ABDULLAH**  
Non-Independent  
Non-Executive Director

09 **DATO' NOORDIN BIN MD NOOR**  
Independent  
Non-Executive Director

10 **DATO' AMRAN BIN MAT NOR**  
Independent  
Non-Executive Director

11 **DATO' SHARI BIN HAJI OSMAN**  
Independent  
Non-Executive Director

12 **DATO' DR. MD YUSOP BIN OMAR**  
Independent  
Non-Executive Director

## Director's Profile

### TAN SRI AB. AZIZ BIN KASIM

Chairman  
Independent Non-Executive Director  
Appointed to the Board of THP on 10 March 2014

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

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

Tan Sri Ab. Aziz bin Kasim does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.



Malaysian aged **62**

Chairman, Remuneration Committee

Number of Board Meetings attended in the

**Financial Year: 5/6**

## TAN SRI ISMEE BIN HAJI ISMAIL

Deputy Chairman

Non-Independent Non-Executive Director

Appointed to the Board of THP on 1 January 2006 and was appointed as the Deputy Chairman of THP on 1 January 2016

Tan Sri Ismee is a Fellow member of the Chartered Institute of Management Accountant (CIMA) and a member of the Malaysian Institute of Accountants (MIA).

He began his career as a Management Accountant at Arab Malaysian Development Berhad in 1987. Subsequently, he joined Shell Group of Companies in Malaysia and held various positions within the Group until 1996 including as the Head of Forex and Banking of Shell Malaysia Ltd and Group Accountant of Shell Malaysia Trading Sdn. Bhd.

He then returned to Arab Malaysian Development Berhad as General Manager (Business Development), before joining Pengurusan Danaharta Nasional Berhad in 1998 as its Chief Accountant/Treasurer.

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

Currently, he is the Group Managing Director and the Chief Executive Officer of Lembaga Tabung Haji. He also sits on the Board of some of its subsidiaries. He is also currently a Director of 1Malaysia Development Berhad.

Tan Sri Ismee bin Haji Ismail does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.

Malaysian aged **51**

Member, Remuneration Committee

Member, Tender Committee A

Number of Board Meetings attended in the

**Financial Year: 6/6**



## Director's Profile

### DATO' ZAINAL AZWAR BIN ZAINAL AMINUDDIN

Chief Executive Officer / Executive Director

Appointed as the Chief Executive Officer of THP on 1 July 2009 and was appointed as an Executive Director of THP on 1 September 2009

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

Dato' Zainal Azwar bin Zainal Aminuddin does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.



**Malaysian** aged **57**

Member, Employees' Share Option Scheme Committee

Number of Board Meetings attended in the

**Financial Year: 6/6**

## DATUK SERI NURMALA BINTI ABD RAHIM

Independent Non-Executive Director  
Appointed to the Board of THP on 10 March 2014

Datuk Seri Nurmala holds a Master's Degree in Public Administration from the 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. She has vast and in-depth experience in public administration including, inter alia, policy formulations and execution.

She started her career with the Public Service as an Administrative and Diplomatic Officer (PTD) in 1978 and was first posted to the Ministry of Agriculture as an Assistant Secretary. In 1984, she served as a Senior Project Officer with INTAN for two (2) years before being promoted to Principal Assistant Director in the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), under the Prime Minister's Department. She then served the Ministry of International Trade and Industry (MITI) in 2002 in various positions such as the Director for ASEAN Division, Minister Counselor at the Embassy of Malaysia in Tokyo, Japan, Senior Director (Strategic Planning Division), Senior Director (Management Services) and later as Deputy Secretary General (Commodities) of the Ministry of Plantation Industries and Commodities ("MPIC") in 2007. Later, she was appointed as the Secretary General of MPIC from 2011 to 2014.

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

Datuk Seri Nurmala binti Abd Rahim does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. She has not had a conviction for any offence within the past ten (10) years.

**Malaysian** aged **62**

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

Number of Board Meetings attended in the

**Financial Year: 6/6**



## Director's Profile

### DATUK SERI MOHAMAD NORZA BIN ZAKARIA

Independent Non-Executive Director  
Appointed to the Board of THP on 21 July 2014

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

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

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

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

Datuk Seri Mohamad Norza bin Zakaria does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.



**Malaysian** aged **50**

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

Number of Board Meetings attended in the

**Financial Year: 6/6**

## DATUK SERI OTHMAN BIN MAHMOOD

Non-Independent Non-Executive Director  
Appointed to the Board of THP on 1 October 2015

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

He began his career as an Administrative and Diplomatic Officer in 1984. In 2006, he started to serve in the Prime Minister's Department and held several key positions, including Deputy Director in the Ministry of Finance, Secretary of the Financial and Development Division and Deputy Secretary General. Currently, he is the Senior Deputy Secretary-General, a post he has held since 2012.

He was once the Assistant District Officer of Negeri Sembilan and Deputy State Financial Officer in the Melaka State Finance and Treasury Department.

Datuk Seri Othman bin Mahmood does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.

Malaysian aged **57**

Number of Board Meetings attended in the

**Financial Year: 2/2**



## Director's Profile

### DATUK AZIZAN BIN ABD RAHMAN

Non-Independent Non-Executive Director

Appointed to the Board of THP on 1 June 2005 as an Independent Non-Executive Director  
and was re-designated as a Non-Independent Non-Executive Director of THP on 26 February 2014

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

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

In 2000, he joined the MBF Group and was subsequently appointed as the Managing Director of MBF Capital Berhad and the Executive Director of MBF Holdings Berhad in 2001. In 2005, he became the Chairman of the Eastern & Oriental Berhad Group.

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

He is currently the Chairman and the Business Development Advisor of Eastern & Oriental Berhad. He is also a Director of Apex Equity Holdings Berhad.

Datuk Azizan bin Abd Rahman does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.



Malaysian aged **66**

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

Number of Board Meetings attended in the

**Financial Year: 4/6**

**Director's  
Profile****DATO' JOHAN BIN ABDULLAH**

Non-Independent Non-Executive Director  
Appointed to the Board of THP on 1 June 2015

Dato' Johan obtained a Diploma in Banking from Universiti Teknologi MARA, Shah Alam in 1983, a Bachelor of Business Administration (Finance) from Eastern Michigan University, USA in 1985 and a Master in Business Administration (Finance) Degree from Morehead State University, USA in 1986.

He started his professional career in 1987 with the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) as a Listing Officer. In 1989, he joined the Corporate Finance division of Bumiputra Merchant Bankers Berhad and left the bank in early 1995 as a Senior Manager. He then joined Damansara Realty Berhad as General Manager, Corporate Planning. Subsequently in 1999, he rejoined Bursa Malaysia Securities Berhad 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.

In January 2015, he was appointed as Deputy Group Managing Director and Chief Executive Officer of Lembaga Tabung Haji.

He is currently the Chairman of TH Heavy Engineering Berhad and Edra Global Energy Berhad.

Dato' Johan bin Abdullah does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.

Malaysian aged **59**

Number of Board Meetings attended in the

**Financial Year: 3/4**



## Director's Profile

### DATO' NOORDIN BIN MD NOOR

Independent Non-Executive Director  
Appointed to the Board of THP on 22 December 2008

Dato' Noordin began his career after he graduated from Universiti Teknologi MARA with a Diploma in Business Studies in 1976. He has 21 years of experience in the business, information technology, construction, service, manufacturing and transportation industries.

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

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

Dato' Noordin bin Md Noor does not have any family relationship with any director and/or major shareholder(s) of the Company nor does he have any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.



Malaysian aged **58**

Chairman, Employees' Share Option Scheme Committee  
Member, Audit Committee

Number of Board Meetings attended in the

**Financial Year: 5/6**

**Director's  
Profile**

**DATO' AMRAN BIN MAT NOR**

Independent Non-Executive Director  
Appointed to the Board of THP on 1 December 2011

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

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

Dato' Amran bin Mat Nor does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.

**Malaysian** aged **50**

Member, Audit Committee

Number of Board Meetings attended in the

**Financial Year: 6/6**



## Director's Profile

### DATO' SHARI BIN HAJI OSMAN

Independent Non-Executive Director  
Appointed to the Board of THP on 1 June 2015

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

He has vast experience in the plantation industry. In his past experience, he served in key senior positions in various companies including Barlow Boustead Estates Agency as an 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 the YAB Menteri Besar of Kedah.

Dato' Shari bin Haji Osman does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.



Malaysian aged **62**

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

Number of Board Meetings attended in the

**Financial Year: 4/4**

**Director's  
Profile****DATO' DR. MD YUSOP BIN OMAR**

Independent Non-Executive Director  
Appointed to the Board of THP on 1 June 2015

Dato' Dr. Md Yusop graduated from Universiti Malaya in 1975 with a Bachelor of Arts and obtained his certificate in Public Administration from the National Institute of 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. He is also a Director of TH Heavy Engineering Berhad.

Dato' Dr. Md Yusop bin Omar does not have any family relationship with any director and/or major shareholder(s) of the Company nor any conflict of interest with the Company. He has not had a conviction for any offence within the past ten (10) years.

Malaysian aged **63**

Number of Board Meetings attended in the

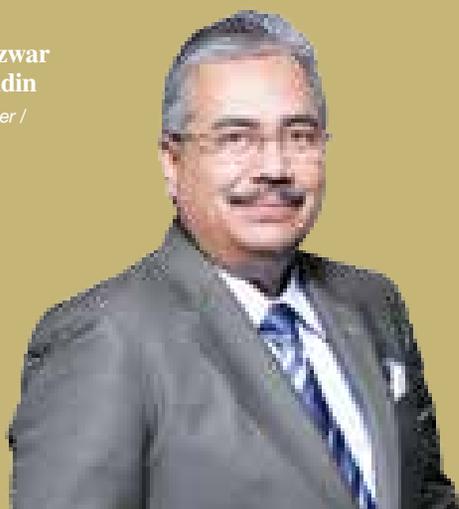
**Financial Year: 4/4**



# Senior Management

**Dato' Zainal Azwar  
Zainal Aminuddin**

*Chief Executive Officer /  
Executive Director*



**Radin Rosli  
Radin Suhadi**

*Plantation Director*



**Mhamod Mokhtar**

*Chief Operations Officer  
Seconded to Trurich Resources Sdn. Bhd.  
as Chief Executive Officer*



**Mohamed Azman  
Shah Ishak**

*Chief Financial Officer*



**Abd Rashid Sahibjan**

*Plantation Controller  
(Sarawak)*



**Ghazali Limat**

*Plantation Controller  
(Sabah)*



**Aruludin Raj Azman**

*Head, Estate Department &  
Administration  
(Special Officer to CEO)*



**Aliatun Mahmud**

*Company Secretary /  
Head, Legal & Secretarial*



**Maizura Mohamed**

*Head, Strategy & Corporate Services*



## Senior Management

**Ir. Ramli  
Mohd Tahar**  
*Chief Engineer*



**Othman Somadi**  
*General Manager  
(Marketing)*



**Fadzil Abdullah**  
*General Manager  
(Human Resource)*



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



**Muhammad  
Pilus Zambri**  
*General Manager  
(Agronomy & Innovation)*



**Dariman Darham**  
*General Manager  
(Rubber)*



**Jamaluddin  
Hanafiah**  
*Assistant General  
Manager  
(Quality  
Assurance)*



**Hamidon  
Hassan**  
*Assistant General  
Manager  
(Information  
Technology)*



**Adnan  
Ariffin**  
*Mill Advisor*



**Md Hanif  
Md Nor**  
*Planting  
Advisor*



Our Senior Management team is made up of professionals from diverse backgrounds and work experience, collectively contributing towards growing THP into a respectable plantation company.

**Megat Rizal  
Ezzudin  
Abd Maulud**  
*Senior Manager  
(Internal Audit)*

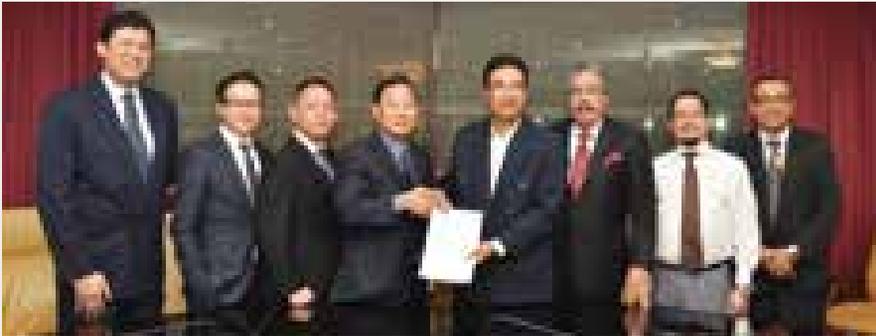


**Aizzura  
Ab Rahim**  
*Senior Manager  
(Investor  
Relations)*



# Corporate Calendar

23 JAN 15



**TH**, through TH Estate (Holdings) Sdn Bhd enters into an agreement to buy 100% of Tranvale Sdn Bhd. THP, via its subsidiary THPAM, shall act as **TH**'s Managing Agent to develop and manage the company's oil palm plantation in Betong, Sarawak

20 MAY 15



THP holds its 41st Annual General Meeting at Seri Pacific Hotel Kuala Lumpur

27 MAY 15

THP announces its 1QFY2015 financial results, reporting a 1QFY2015 PAT of RM5.1 million

17 JUN 15

Kilang Sawit Gedong receives the 'Kilang Kelapa Sawit Lestari' award from the Ministry of National Resources and Environment Sarawak

7 – 9 AUG 15



THP participates in the GLC Open Day organised by Khazanah Nasional at the Kuala Lumpur Convention Centre

23 JAN 15

**TH** enters into a Joint Venture to develop an oil palm plantation in Ulu Tembeling, Pahang, with THPAM acting as **TH**'s Managing Agent

20 FEB 15

THP announces its 4Q and FY2014 financial results, reporting a FY2014 PAT of RM59.6 million

23 JUN 15



The first phase of land development owned by TH Estate (Holdings) Sdn Bhd in Betong, Sarawak is handed over to THPAM

28 AUG 15

THP announces its 2QFY2015 financial results, reporting a 2QFY2015 PAT of RM6.5 million

27 NOV 15

THP announces its 3QFY2015 financial results, reporting a 3QFY2015 PAT of RM12.8 million

# Media Highlights



# HASHIMAH JADID

**1991**

Started working on 1<sup>st</sup> August as an Accounts Clerk at Ladang Bukit Belian, Sabah

**1992**

Welcomed the birth of her second child, a motivation for her to excel in her job

**1997**

Her fifth and last child was born, completing the family

**2007**

Embarked on a new challenge - enrolled at the Open University of Malaysia - for a Diploma in Plantation Management and Entrepreneurship

**2012**

Promoted as Assistant Manager (Estate) Accounts at Kompleks Jatimas, Sabah where she oversees the accounts preparation of Ladang Jatimas and Ladang Klagan





"In my current position, I am able to tap into my entrepreneurial know-how to solve challenges in my division creatively and decisively. I am pleased that my superiors have given me the room to explore these possibilities."

- Hashimah Jadid

54, Assistant Manager (Estate) Accounts, Kompleks Jatimas



# Corporate Responsibility

THP's corporate responsibility philosophy is based on upholding the principles of corporate governance and maintaining a high level of integrity when dealing with stakeholders.

The reputation and value of the Company is strengthened when our employees, business partners, vendors, shareholders and the communities we operate in are positively impacted by our corporate citizenry initiatives.



Employees



Shareholders



Community



Environment

Our industry, agriculture, is one that has a close relationship with nature, and it is critical for the environment to be healthy so that it can support our plantation activities. Our responsibility is to preserve and protect the environment, and we achieve that by consciously employing sustainable practices at our estates and mills. Through this, we not only create a better shared environment for all but secure the viability of future agricultural prospects and address our stakeholders' concerns about the environment.

In the following pages, we welcome you to learn more about our Corporate Responsibility efforts and discover how our actions have bettered our employees, the community, shareholders and the environment.



# Employees



*WE ENDEAVOUR TO  
NURTURE OUR PEOPLE*

Our people are the primary drivers of our organisation and the enablers of our success. Therefore, it is imperative that we nurture them holistically and create a workplace that helps them grow professionally, personally and spiritually.

## TALENT DEVELOPMENT

We strive to enable our people to realise their fullest potential, and we achieve this through the development of their functional and soft skills. Talent development at THP is a continuous, year-long process that sees the utilisation of various in-house training opportunities to, first, identify the employees' capabilities and, second, facilitate their advancement into a new realm of performance and knowledge. We also pair these efforts with external training modules from third-party trainers to maximise the breadth and width of training, as well as encourage them to pursue various learning and certification programmes relevant to their field of work. Through these three avenues, our people have many upskilling opportunities to seize and are well-supported to advance in their careers.

**MECHANISATION**

We place special emphasis on addressing labour shortages, which we remedy by increasing the productivity of labour through mechanisation. Effort is on-going to identify, test and adopt the most suitable and cost-effective machines throughout our plantations. The major focus area will be on harvesting, infield crop evacuation and manuring.

**SAFETY, OUR PRIORITY**

Our employees' health and safety are foremost amongst our concerns. That is why we have instituted health and safety policies and procedures which are constantly reviewed by our qualified Occupational Safety and Health ("OSH") officers. To keep our employees apprised and aware of health and safety best practices, the OSH unit organises talks throughout the year on occupational safety, health and the workplace environment, and these talks are conducted by experts. This initiative has resulted in continuous improvements to the awareness of our employees in these areas, and there has subsequently been a marked improvement in OSH practices across our operations.



we have built  
**clinics to ensure that  
our employees  
have easy access to  
quality healthcare**



also augmented with a Retirement Gratuity Scheme that rewards our retiring employees' hard work and loyalty.

**PROMOTING WORK-LIFE BALANCE**

A balanced life includes sufficient physical activity for bodily health and spiritual enlightenment for holistic well-being. In terms of the former, we encourage our people to participate in sports events like the annual Sports Carnival organised by our parent company, TH, or other recreational and sporting events organised by external parties. For the latter, spiritual development support is carried out via weekly yaasin recitals and motivational talks at our offices. Islamic values and work ethics are further imbued into our people via the "Kursus Keperkasaaan Diri" course which seeks to build our employees' self-confidence. Both physical and spiritual needs are supported through THP's sports facilities, multipurpose halls, mosques and suraus.

**RECOGNISING TALENT**

THP is a responsible and caring organisation that makes a conscious effort to recognise hard workers, especially those who perform beyond what is expected of them. Besides providing hard workers with career advancement opportunities, we also reward those who do physically demanding work with gifts during festival celebrations.

However, we do not stop at rewarding our staff, but also recognise their children's hard work. To inspire academic excellence, high-achievers are feted at our annual Recognition of Employees' Children's Achievements in Learning ("RECAL") event. In 2015, 19 children were rewarded for their outstanding performance in the 2014 Ujian Pencapaian Sekolah Rendah, Penilaian Menengah Rendah and Sijil Pelajaran Malaysia examinations with Certificates of Appreciation and cash gifts from the Company.



our people have many  
**upskilling opportunities**  
to seize and are well-supported  
to advance in their  
**careers**

**HEALTHCARE FOR ALL**

In our plantations, we have built clinics to ensure that our employees have easy access to quality healthcare. Manned by healthcare professionals, these clinics are also capable of handling medical emergencies that are unique to the plantation environment. Visiting Medical Officers also go into our plantations periodically to conduct more thorough check-ups.

**WELFARE BEYOND ONE'S CAREER**

Each and every one of our staff are covered by SOCSO and Employees Provident Fund contributions, and they are also provided with medical, disability and life insurance. Our Employee Value Proposition is

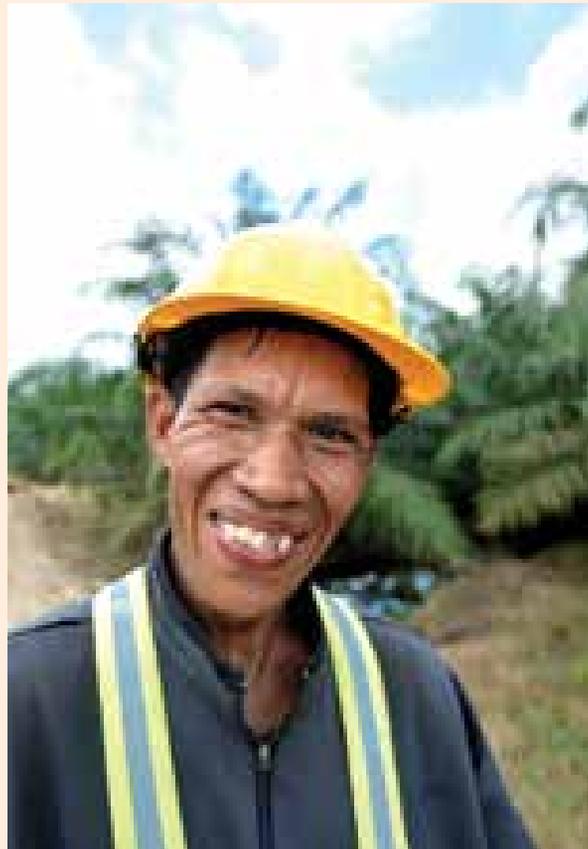
# Community

***WE ARE INVESTED  
IN THE COMMUNITY***

We care about the communities around our plantations and involve them as partners in our agricultural operations as well as provide them with job opportunities and support for their entrepreneurial development.

## SERVING INDIGENOUS COMMUNITIES

Many of our plantations, especially those in Sarawak, are located in remote areas that indigenous communities call home. In these areas, we are a participant of the Native Customary Rights (“NCR”) Land Development programme that is conducted by the Sarawak Land Custody and Development Authority, and our contribution to the programme sees us jointly develop and manage the plantations with native landowners. As of end 2015, 4,915 hectares of our Sarawak plantations are being developed under the programme, which pays out a steady stream of sustainable income to 3,610 indigenous land owners. We have also instituted a land lease programme involving lands belonging to natives, which we develop into oil palm plantations. The land lease benefits a further 794 land owners. In 2015, about RM4.3 million was paid out to the native community under these two initiatives.



**342**

Bumiputera businesses  
were registered with a total  
contract value of  
**RM12.5  
million**

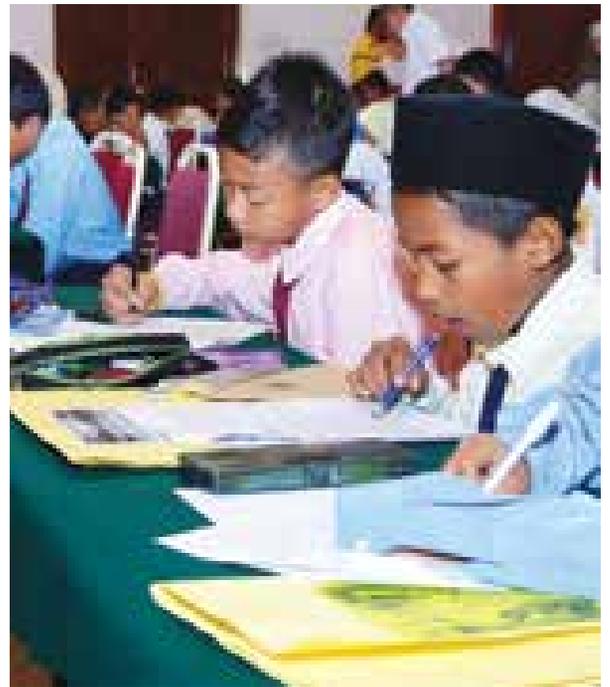
## DEVELOPING ENTREPRENEURSHIP

THP not only provides employment opportunities to members of the local communities but also promotes entrepreneurship among the locals. Our Vendor Development Initiative (“VDI”) is an initiative to encourage individuals from these communities to start businesses that can supply us with our needs, and as of end 2015, 836 small businesses have registered under the VDI and are benefitting from increased income.

Additionally, in line with the government’s move to further the Bumiputera Agenda, we especially encourage the participation of Bumiputera contractors and vendors in the VDI. Out of the 836 contractors and vendors under the VDI, 34 are Bumiputera businesses with a total contract value of RM12.5 million.

## TAKING EDUCATION FURTHER

We believe that education opens doors and uplifts the lives of the underprivileged, and that is why academic excellence amongst the student in the rural areas in and around our plantations matters to us. We have participated in the PINTAR school adoption programme since 2009. During the year under review, we adopted two schools. The two main criteria for adopting



Subjects that **showed the most improvement** were the ones that had exclusive training modules sponsored by THP.

a school are, one, that the schools are located near our plantations, and two, that the student body includes our employees' children. Once the school is adopted, THP provides additional learning support and intensive training modules for students who will sit for upcoming major national examinations.

In 2015, we conducted a UPSR workshop under the PINTAR Programme at Rompin Beach Resort, Rompin, Pahang. Students were excited and delighted to participate. They gave very positive comments and found the Programme

**We believe that education opens doors and uplifts the lives of the underprivileged**

attractive as experienced teachers provided them with valuable tips, methods and advice. Furthermore, our adoption of SMK Paris in Kinabatangan, Sabah, resulted in improved academic performance of the students there. For the PT3 exams, the Average School Grade rose from 4.92 in 2014 to 4.32 in 2015. However, SPM performance was marginally subdued, but subjects that showed the most improvement were the ones that had exclusive training modules sponsored by THP.



# Environment

*WE ACT TO PRESERVE  
THE ENVIRONMENT*

A vibrant and balanced ecosystem is the key to sustainable development. To maintain a healthy environment, especially at our plantations, THP employs green technologies and integrates environmentally-friendly agricultural practices such as zero burning, soil conservation and bio-based pest management into its daily business activities.

## ZERO BURNING

A strict zero burning policy forms the core of our environmental agenda and this policy has been adopted and enforced in all our plantations. When clearing new tracts of land for development or existing plantations for replanting purposes, the felled trees are chipped and stacked within the fields in accordance with planting or replanting plans. This method not only helps us carry out our zero burning policy efficiently but also improves the nutritional quality and soil fertility in the new or replanted areas.

We have been able to increase profitability and productivity, achieve optimum crop life cycles and effectively manage assets and facilities

## PRECISE AGRICULTURAL MANAGEMENT

Cutting-edge technology has enabled to conduct more precise agricultural activities. First, we have utilised an Unmanned Aerial Vehicle (“UAV”) system that creates digital maps which we can use to plan, project costs and profits, determine maintenance needs or redesign roads and facilities.

We have also implemented our own Geographic Information System (“GIS”), e-GIS, which captures, stores, analyses, manages and presents all types of spatial or geographical data to assist in decision-making. This system enables us to easily access data, derive smarter insights, discover new opportunities and identify potential risks in our operational plans. We have

been able to increase profitability and productivity, achieve optimum crop age profile and effectively manage assets and facilities.

## FERTILISER MANAGEMENT

Considerable efforts have been made to develop methods to estimate, on a scientific basis, the fertiliser requirements of oil palm. THP has developed an integrated site-specific fertiliser recommendation programme to attain the current site yield potential according to palm growth, yield level, environment and nutrition status. The improved technique on fertiliser placement along the frond heaps also leads to minimal losses and enhanced palm nutrition efficiency. This eventually contributes to a healthier environment and reduces our operational costs.



### INTEGRATED PEST MANAGEMENT

The need to nurture the balance of the biodiversity of our plantations, which sustains the prevention of crop losses, has caused us to consider the use of bio-pesticides and bio-control agents that have proven to be effective in suppressing pests that damage crops. Adopting good Integrated Pest Management will not have an adverse impact on our natural environment or its biodiversity. We also include beneficial plants in our pest management programme, which have helped to reduce the defoliating pest population to a level far below the critical limit. These beneficial plants are known to shelter and provide food—pollen and nectar—to beneficial insects. Other promising examples of bio-control are the use of barn owls (*Tyto alba*) for rat control, proper shredding of oil palm trees to suppress the breeding of Rhinoceros beetles (*Oryctes rhinoceros*) and the use of proven bio-pesticides that are effective against Tirathaba bunch moth.

### WATER MANAGEMENT AND MOISTURE CONSERVATION

The maintenance of optimal water levels is the foremost challenge in peat plantations. A concerted effort has been made to further improve our existing water management system in the most cost-effective

Our improved water management strategy also reduces peat decomposition and greenhouse gas emissions, and when coupled with our cost-effective water conservation practices in mineral soil, they both minimise the impact of dry spells on our palm oil production.



manner and this will be a key enabler for enhanced yields from peat plantations. Our improved water management strategy also reduces peat decomposition and greenhouse gas emissions, and when coupled with our cost-effective water conservation practices in mineral soil, they both minimise the impact of dry spells on our palm oil production.

### TOWARDS A ZERO BOD TARGET

We are determined to keep the biochemical oxygen demand (“BOD”) level at our mills below the 20mg/L regulatory limit. Initiatives to treat effluent water are continuously explored and will be implemented across all our mills progressively. Towards that end, we

have implemented a tertiary effluent treatment plant at our Raja Udang Palm Oil Mill in Pusa, Sarawak, resulting in a consistent effluent discharge of between 15 to 18mg/L, which is well below the regulatory limit. Another initiative that we are talking towards being even more environmentally-friendly is the continuous monitoring of emission

especially from our boilers. This ensures that any gas emitted is below the boundaries as set by the Department of Environment (“DOE”).

We are also studying the potential of using bio-gases from effluents to generate electricity and enjoy greater energy efficiencies.

### EFFICIENCY IN OUR FIELD OPERATIONS

Low fertility, inherent poor bearing capacity and the presence of woody materials in peat pose serious challenges to field operations that involve fertiliser application, crop harvesting and evacuation. On-going efforts are being made to identify, test and adopt the most suitable and cost-effective equipment and machinery to manage such challenges. We are also collaborating with machinery suppliers and research institutions to fast track the adoption of new and advanced technologies already available in the market to realise increased efficiency in our field operations.

### AWARDS AND RECOGNITION

THP has received numerous awards over the years in recognition of its excellent and environmentally harmonious estate and mill practices. In 2015, our Gedong Palm Oil Mill again received the “Kilang Kelapa Sawit Lestari” award from the DOE. This award recognises our mill’s excellence in its practices on BOD levels compliance, empty fruit bunches management as well as prompt submission of quarterly reports on its effluent water discharge.




THP has received numerous awards over the years in recognition of its **excellent and environmentally** harmonious estate and mill practices.



# Shareholders



*WE ENSURE THAT WE  
IMPLEMENT GOOD  
MARKETPLACE PRACTICES*



THP's distinct corporate identity is steeped in Islamic values that have contributed to its ethical business culture and influenced the actions of its every employee. Our commitment to fair play and transparency mitigates risks, safeguards the Group's reputation and raises the confidence level of our customers, and these cumulatively ensure the Group's sustainability.

## **BUSINESS ETHICS AND VALUES**

The strong influence of Islamic values and principles underpins our business ethics, forms our core and guides our actions in all our operations. We further support our ethics framework with best practices in corporate governance and, together, these ensure a high level of transparency in all our transactions and dealings with vendors, investors and shareholders.

## CORPORATE GOVERNANCE

As a responsible public listed company, we have a duty to protect the interests of our stakeholders, especially our shareholders. As such, we continuously endeavour to strengthen our business fundamentals in a manner that guarantees sustainable financial growth.

Meeting the high standards of corporate governance falls under the purview of our esteemed Board of Directors who have a close—yet independent—relationship with the Management to ensure that the Company progresses well in future undertakings. To that end, our adherence to the Malaysian Code on Corporate Governance 2012 and Bursa Malaysia Securities Berhad’s Main Market Listing Requirements will ensure that we attain our goals ethically and responsibly.

## PROCUREMENT MADE TRANSPARENT

We recognise that responsible procurement practices play a critical role in maintaining cost efficiencies for the benefit of the Company and its stakeholders. For that reason, we have utilised a structured procurement framework, supported by policies and procedures that ensure fair and transparent dealings with vendors, along the entire procurement value chain. Open tenders ensure that contracts are awarded to the most cost effective, reliable and qualified vendors.

## INVESTOR RELATIONS

Our dedicated Investor Relations department, whose function is to engage with the financial and investment community, are a valuable resource for our shareholders. Besides responding to shareholder queries and holding briefings for analysts and investors, we provide timely updates on our financial performance via press releases and announcements to Bursa Malaysia Securities Berhad. Shareholders, both current and



The Company will continue to build on the successes of its sustainability agenda and, in the process, create greater shared value for all its valued stakeholders.



We recognise that responsible procurement practices play a critical role in maintaining cost efficiencies for the benefit of the Company and its stakeholders

potential, are invited to access this data on our corporate website, [www.thplantations.my](http://www.thplantations.my), and other relevant publications such as our annual reports. Our annual general meetings provide an excellent platform for our shareholders to engage with us directly. At these sessions, our Board of Directors and Senior Management report on and provide an account of the Company’s performance for the year as well as answer any queries.

## THE WAY FORWARD

THP’s growth has progressed well over the years, thanks to a dedicated adherence to its sustainable policies that recognise the high value of balancing financial performance with social and environmental considerations. As such, the Company will continue to build on the successes of its sustainability agenda and, in the process, create greater shared value for all its valued stakeholders.

# ANWAR BASRANG

## 2014

First heard about a potential career in THP from a friend back in his hometown Bulukumba, Indonesia

## 2015

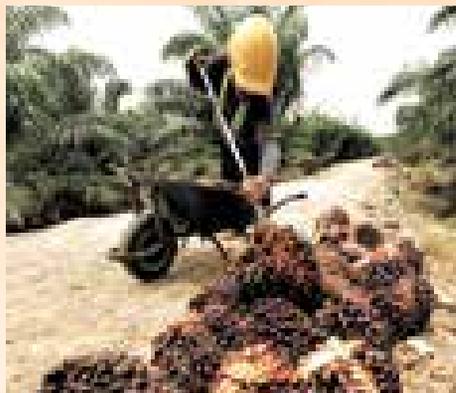
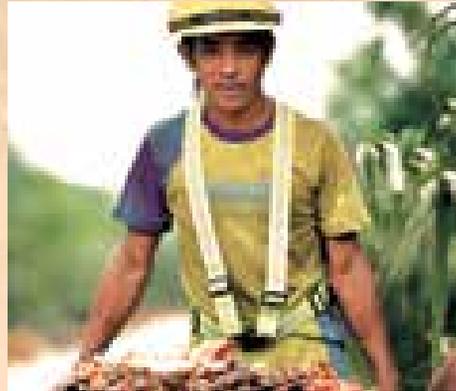
Joined the THP family on 7<sup>th</sup> February at Ladang Sungai Koyah, Sabah

He settled down in Sabah with his wife and two children

## 2016

With his determination and continuous support from his supervisors, he has now become a skilled harvester, adept at using advanced technologies to harvest quickly and safely





"I have never dreamed of being in such a rewarding and fulfilling career. Options were always limited for me, and, Alhamdulillah, my career has enabled me to provide for my family and give my children a better future - better than what I've had."

- Anwar Basrang

23, Harvester, Ladang Sungai Koyah

# Statement on Corporate Governance

The Board of Directors of THP (“the Board”) continues to remain committed in its effort to implement the principles and best practices set out in the Malaysian Code on Corporate Governance 2012 (“the Code”), Bursa Malaysia Securities Berhad’s Main Market Listing Requirements (“Listing Requirements”) and the adoption of recommendations on corporate governance in “Green Book Enhancing Board Effectiveness” initiated by the Putrajaya Committee on GLC High Performance as part of the GLC Transformation Programme (“Green Book”) as well as the Corporate Governance Guide 2<sup>nd</sup> edition issued by Bursa Malaysia Securities Berhad.

The adoption of good corporate governance is a fundamental part of the Board’s responsibility to protect and enhance shareholders’ value and the performance of THP Group.

This statement provides a description of how THP Group has applied the above mentioned guidelines and the extent of its compliance with the best practices set out in the Code throughout the year ended 31 December 2015.

## THE BOARD OF DIRECTORS

### 1. COMPOSITION AND SIZE OF THE BOARD

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

As at the date of this Statement, there are twelve (12) members of the Board, comprising seven (7) Independent Non-Executive Directors, four (4) Non-Independent Non-Executive Directors and one (1) Executive Director/Chief Executive Officer. This composition is in compliance with the Listing Requirements, which require one-third (1/3) of the members of the Board to be independent.

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

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

The presence of seven (7) Independent Non-Executive Directors, who neither engage in the day-to-day management of the Company, nor participate in any business dealings, or are involved in any other form of relationship with the Company, ensures that they remain free from any conflict of interest situation and facilitates the effective discharge of their roles and responsibilities as Independent Directors. They have fulfilled the criteria of independence as defined in the Listing Requirements. The tenure of service of Independent Non-Executive Directors will be nine (9) years as advocated by the Code.

## Statement on Corporate Governance

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

The profiles of each member of the Board are outlined in pages 26 to 37 of this Annual Report.

### 2. DUTIES AND RESPONSIBILITIES OF THE BOARD

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

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

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

On an on-going basis as the needs arise, the Board also assesses whether projects, acquisitions and disposals, as well as other strategic considerations proposed during Board meetings for the year in review, are in line with the objectives and broad outline of the adopted strategic plans.

- b. Overseeing the conduct of the Company's business to ensure that it is being properly managed. All operational matters are discussed during Board meetings, and expert advice or independent advice is sought where necessary.

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

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

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

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

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

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

## Statement on Corporate Governance

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

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

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

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

Details of the Internal Audit functions are further discussed in the Audit Committee Report as set out on page 85 of this Annual Report.

At the same time, the Board also diligently sustains a dynamic and robust corporate climate, focused on strong ethical values.

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

### **3. BOARD MEETINGS AND SUPPLY OF INFORMATION TO THE BOARD**

A total of six (6) board meetings were held in 2015 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.

## Statement on Corporate Governance

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

The Chairman of the Audit Committee is to inform the Directors during Board meetings of any salient matters noted by the Audit Committee arising from audit findings that may require the Board's attention or direction.

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

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

The Directors' attendance at Board meetings for the financial year ended 31 December 2015 is detailed below:

Directors	Number of Meetings Attended	Percentage
<b>Tan Sri Ab. Aziz bin Kasim</b> Chairman, Independent Non-Executive Director	5/6	83.33
<b>Tan Sri Ismee bin Haji Ismail</b> Deputy Chairman, Non-Independent Non-Executive Director	6/6	100
<b>Dato' Zainal Azwar bin Zainal Aminuddin</b> Chief Executive Officer/Executive Director	6/6	100
<b>Datuk Seri Nurmala binti Abd Rahim</b> Independent Non-Executive Director	6/6	100
<b>Datuk Seri Mohamad Norza bin Zakaria</b> Independent Non-Executive Director	6/6	100
<b>Datuk Seri Othman bin Mahmood</b> Non-Independent Non-Executive Director (Appointed w.e.f. 1 October 2015)	2/2	100
<b>Datuk Azizan bin Abd Rahman</b> Non-Independent Non-Executive Director	4/6	66.67
<b>Dato' Johan bin Abdullah</b> Non-Independent Non-Executive Director (Appointed w.e.f. 1 June 2015)	3/4	75

## Statement on Corporate Governance

Directors	Number of Meetings Attended	Percentage
<b>Dato' Noordin bin Md Noor</b> Independent Non-Executive Director	5/6	83.33
<b>Dato' Amran bin Mat Nor</b> Independent Non-Executive Director	6/6	100
<b>Dato' Shari bin Haji Osman</b> Independent Non-Executive Director <i>(Appointed w.e.f. 1 June 2015)</i>	4/4	100
<b>Dato' Dr. Md Yusop bin Omar</b> Independent Non-Executive Director <i>(Appointed w.e.f. 1 June 2015)</i>	4/4	100
<b>Dato' Haji Wan Zakaria bin Abd Rahman</b> Independent Non-Executive Director <i>(Retired w.e.f. 20 May 2015)</i>	1/1	100
<b>Mahbob bin Abdullah</b> Independent Non-Executive Director <i>(Retired w.e.f. 20 May 2015)</i>	1/1	100

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

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

#### 4. APPOINTMENT OF NEW DIRECTORS

The number and composition of members of the Board are reviewed on a regular basis to ensure its effectiveness in safeguarding the Company's long term interests.

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

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

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

## Statement on Corporate Governance

### 5. RE-ELECTION/RE-APPOINTMENT OF DIRECTORS

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

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

At this forthcoming AGM, Tan Sri Ab. Aziz bin Kasim, Datuk Seri Nurmala binti Abd Rahim and Dato' Noordin bin Md Noor are subject to retirement by rotation under the Company's Articles of Association, and being eligible, have offered themselves for re-election.

The Company's Articles of Association also provide that newly-appointed directors shall hold office until the next AGM and shall then be eligible for re-election. Accordingly, Datuk Seri Othman bin Mahmood, Dato' Johan bin Abdullah, Dato' Shari bin Haji Osman and Dato' Dr. Md Yusop bin Omar, all newly appointed Directors of the Company, will be retiring and have offered themselves for re-election at this forthcoming AGM.

The Board has adopted a retirement age policy for its members, guided in general by the Companies Act, 1965 and the Green Book. Both of these set the age limit for Directors at seventy (70) years. Pursuant to Section 129 (6) of the Companies Act, 1965, Directors over seventy (70) years of age are to retire at every AGM and may offer themselves for re-appointment. However, no Director has attained the age of seventy (70) years as at the date of this Annual Report.

### 6. BOARD COMMITTEES

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

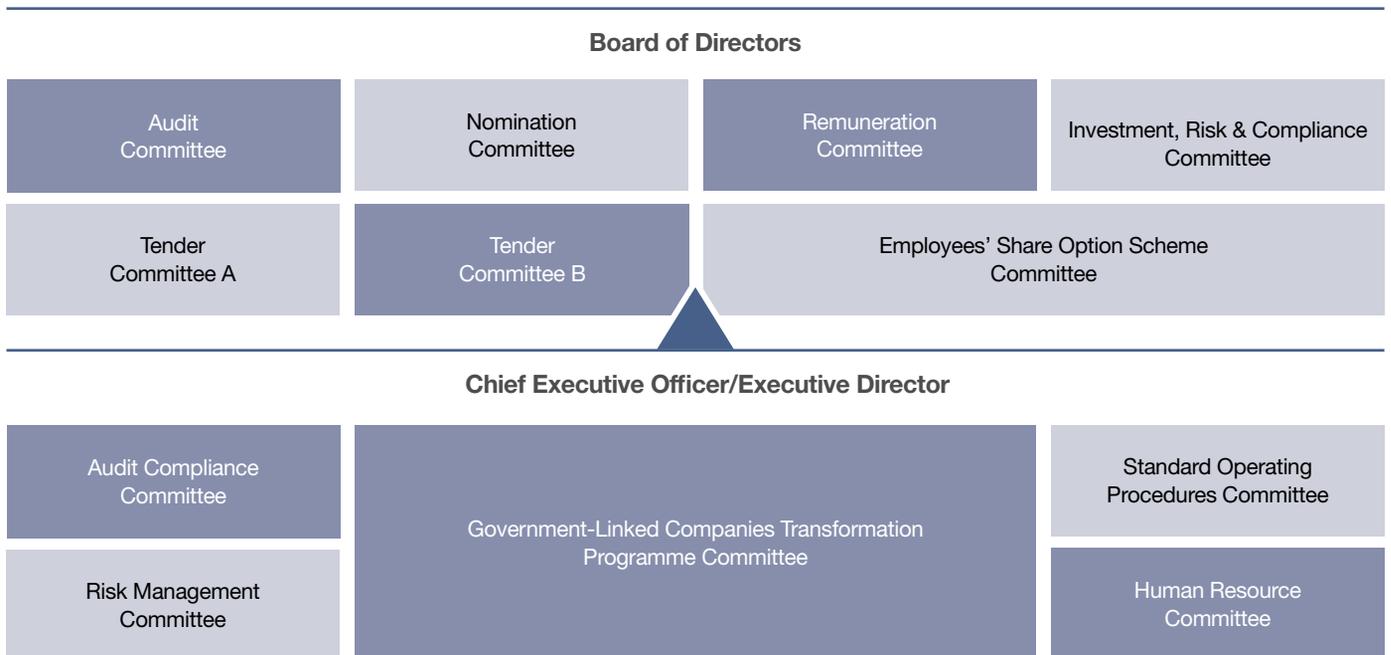
- Audit Committee;
- Nomination Committee;
- Remuneration Committee;
- Investment, Risk & Compliance Committee;
- Tender Committee A;
- Tender Committee B; and
- Employees' Share Option Scheme Committee.

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

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

## Statement on Corporate Governance

### TH PLANTATIONS BERHAD AND MANAGEMENT COMMITTEES



Details of the main Board Committees for the financial year ended 31 December 2015 are outlined below:

#### a. Audit Committee

Pursuant to Paragraph 15.15 of the Listing Requirements, the Audit Committee Report for the financial year ended 31 December 2015 is presented on pages 79 to 85 of this Annual Report.

#### b. Nomination Committee

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

The members of the Nomination Committee are as follows:

- i. Datuk Azizan bin Abd Rahman  
Chairman, Non-Independent Non-Executive Director
- ii. Datuk Seri Mohamad Norza bin Zakaria  
Member, Independent Non-Executive Director

## Statement on Corporate Governance

iii. Datuk Seri Nurmala binti Abd Rahim  
Member, Independent Non-Executive Director  
(Appointed w.e.f. 1 June 2015)

iv. Mahbob bin Abdullah  
Member, Independent Non- Executive Director  
(Retired w.e.f. 20 May 2015)

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.

During the year, the Nomination Committee held three (3) meetings, details of which are as follows:

<b>Members</b>	<b>Number of Meetings Attended</b>
Datuk Azizan bin Abd Rahman	3/3
Datuk Seri Mohamad Norza bin Zakaria	2/3
Datuk Seri Nurmala binti Abd Rahim	2/2
Mahbob bin Abdullah	1/1

## Statement on Corporate Governance

### c. Remuneration Committee

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

The members of the Remuneration Committee are as follows:

- i. Tan Sri Ab. Aziz bin Kasim  
Chairman, Independent Non-Executive Director
- ii. Tan Sri Ismee bin Haji Ismail  
Member, Non-Independent Non-Executive Director
- iii. Dato' Shari bin Haji Osman  
Member, Independent Non-Executive Director  
*(Appointed w.e.f. 1 June 2015)*
- iv. Dato' Haji Wan Zakaria bin Abd Rahman  
Member, Independent Non-Executive Director  
*(Retired w.e.f. 20 May 2015)*

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

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

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

- The remuneration of Directors shall be the ultimate responsibility of the Board after considering the recommendations made by the Committee.
- The Executive Director does not participate in discussions pertaining to his own remuneration.
- The determination of remuneration packages of Non-Executive Directors, including the Non-Executive Chairman shall be a matter to be considered by the Board unanimously.

## Statement on Corporate Governance

- 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.

During the year, the Remuneration Committee held three (3) meetings, the details of which are as follows:

Members	Number of Meetings Attended
Tan Sri Ab. Aziz bin Kasim	3/3
Tan Sri Ismee bin Haji Ismail	3/3
Dato' Shari bin Haji Osman	1/1
Dato' Haji Wan Zakaria bin Abd Rahman	2/2

#### d. Investment, Risk & Compliance Committee

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

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

- i. Datuk Azizan bin Abd Rahman  
Chairman, Non-Independent Non-Executive Director  
*(Re-designated from member to Chairman w.e.f. 1 June 2015)*
- ii. Datuk Seri Mohamad Norza bin Zakaria  
Member, Independent Non-Executive Director
- iii. Dato' Shari bin Haji Osman  
Member, Independent Non-Executive Director  
*(Appointed w.e.f. 1 June 2015)*
- iv. Mahbob bin Abdullah  
Chairman, Independent Non-Executive Director  
*(Retired w.e.f. 20 May 2015)*

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

- To assist the Board of Directors on matters related to investments for the growth of the Company;
- To provide guidance for the Executive Director and his Management team to prepare and recommend a strategy for the business based on teamwork through the formal hierarchy of management;

## Statement on Corporate Governance

- 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.

No Investment, Risk & Compliance Committee meetings were held in the year under review.

### e. Tender Committee A

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

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

The members of Tender Committee A are as follows:

- i. Dato' Shari bin Haji Osman  
Chairman, Independent Non-Executive Director  
*(Appointed w.e.f. 1 June 2015)*
- ii. Tan Sri Ismee bin Haji Ismail  
Member, Non-Independent Non-Executive Director
- iii. Datuk Seri Nurmala binti Abd Rahim  
Member, Independent Non-Executive Director  
*(Appointed w.e.f. 1 June 2015)*
- iv. Mahbob bin Abdullah  
Chairman, Independent Non-Executive Director  
*(Retired w.e.f. 20 May 2015)*
- v. Dato' Haji Wan Zakaria bin Abd Rahman  
Member, Independent Non-Executive Director  
*(Retired w.e.f. 20 May 2015)*

## Statement on Corporate Governance

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

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

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

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

<b>Members</b>	<b>Number of Meetings Attended</b>
Dato' Shari bin Haji Osman	1/1
Tan Sri Ismee bin Haji Ismail	1/1
Datuk Seri Nurmala binti Abd Rahim	1/1
Mahbob bin Abdullah	Not Applicable
Dato' Haji Wan Zakaria bin Abd Rahman	Not Applicable

### 7. DIRECTORS' REMUNERATION

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

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

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

## Statement on Corporate Governance

Details of remuneration (including benefits-in-kind) of each Director for the year ended 31 December 2015 are as follows:

Executive Director	RM'000					Total
	Salary	Fees*	Bonus	Other Emoluments	Benefits -in-kind	
Dato' Zainal Azwar bin Zainal Aminuddin	932	84	432	226	7	1,681
<b>Non-Executive Directors</b>						
Tan Sri Ab. Aziz bin Kasim	-	168	-	-	56	224
Tan Sri Ismee bin Haji Ismail	-	84	-	-	25	109
Datuk Seri Nurmala binti Abd Rahim	-	96	-	-	25	121
Datuk Seri Mohamad Norza bin Zakaria	-	108	-	-	25	133
Datuk Seri Othman bin Mahmood <i>(Appointed w.e.f. 1 October 2015)</i>	-	21	-	-	-	21
Datuk Azizan bin Abd Rahman	-	89	-	-	25	114
Dato' Johan bin Abdullah <i>(Appointed w.e.f. 1 June 2015)</i>	-	49	-	-	25	74
Dato' Noordin bin Md Noor	-	96	-	-	25	121
Dato' Amran bin Mat Nor	-	96	-	-	25	121
Dato' Shari bin Haji Osman <i>(Appointed w.e.f. 1 June 2015)</i>	-	56	-	-	25	81
Dato' Dr. Md Yusop bin Omar <i>(Appointed w.e.f. 1 June 2015)</i>	-	49	-	-	25	74
Dato' Haji Wan Zakaria bin Abd Rahman <i>(Retired on 20 May 2015)</i>	-	35	-	70	-	105
Mahbob bin Abdullah <i>(Retired on 20 May 2015)</i>	-	35	-	60	-	95
<b>TOTAL</b>	<b>932</b>	<b>1,059</b>	<b>432</b>	<b>356</b>	<b>288</b>	<b>3,074</b>

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

## Statement on Corporate Governance

Number of Directors whose remuneration falls within the following bands:

Ranges of Remuneration	Number of Directors	
	Executive Director	Non-Executive Directors
Less than RM50,000	-	1
RM50,001 to RM100,000	-	4
RM100,001 to RM150,000	-	7
RM200,000 to RM250,000	-	1
RM1,650,000 to RM1,700,000	1	-

### 8. DIRECTORS' TRAINING

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

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

In addition, the Directors are also encouraged to continue attending various training programmes that are relevant to further enhance their knowledge and expertise in discharging their responsibilities.

For the financial year ended 31 December 2015, the Directors attended conferences, seminars and training programmes, including those listed below:

- Palm & Lauric Oils Conference 2015 organised by Bursa Malaysia Berhad
- ASEAN Capital Market CEO Summit 2015 organised by Bursa Malaysia Berhad
- Sustainability Symposium organised by Bursa Malaysia Berhad
- MIA Conference 2015 organised by Malaysian Institute of Accountants
- Mandatory Accreditation Programme organised by Bursatra Sdn. Bhd.
- Corporate Compliance: Focussing on Directors Duties, Liabilities and Expectations organised by Bursatra Sdn. Bhd.
- Khazanah Megatrends Forum 2015: Harnessing Creative Distruption organised by Khazanah Nasional Berhad
- Leadership Excellence For The Chair Takaful organised by Bank Negara Malaysia
- Integrity Workshop organised by Lembaga Tabung Haji
- Integrity Forum organised by Lembaga Tabung Haji
- Making A Great Leader Seminar organised by Lembaga Tabung Haji
- Breakfast Talk For Syarikat Takaful's Director organised by Syarikat Takaful Malaysia
- International Day For The Eradication Of Poverty 2015 organised by United Nation Development Programme Malaysia and Yayasan Sejahtera

## Statement on Corporate Governance

### 9. COMMUNICATION AND RELATIONSHIP WITH INVESTORS AND SHAREHOLDERS

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

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

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

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

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

### 10. ACCOUNTABILITY AND AUDIT

#### Financial Reporting

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

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

## Statement on Corporate Governance

### Internal Controls

The review of the system of internal controls is set out under the Statement on Risk Management and Internal Control from pages 73 to 78 of this Annual Report. In 2015, the Audit Committee met the External Auditors twice without the presence of the Management.

### Related Party Transactions

All related party transactions are reviewed by the internal auditors on a quarterly basis and the reports are subsequently reviewed by the Audit Committee to ensure compliance with the Listing Requirements and the appropriateness of such transactions before being recommended to the Board for its approval.

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

The Shareholders' mandate in respect of the recurrent related party transactions is obtained at the AGM of the Company on a yearly basis. Details of these transactions are set out from page 87 of this Annual Report.

### Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is described in the Audit Committee Report from pages 79 to 85 of this Annual Report.

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

### Relationship with the Management

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

## Statement on Corporate Governance

### 11. DIRECTORS' RESPONSIBILITY STATEMENT IN THE PREPARATION OF AUDITED FINANCIAL STATEMENTS

The Board of Directors is required under Paragraph 15.26(a) of the Listing Requirements to issue a statement explaining its responsibilities in the preparation of the audited financial statements. The Directors are required by the Companies Act, 1965 to prepare audited financial statements for each financial year which provide a true and fair view of the state of affairs of THP Group at the end of the financial year and of the profit and loss of the Company and the Group for the financial year under review. In preparing these audited financial statements, the Directors have:

- Used appropriate accounting policies and consistently applied them;
- Made judgments and estimates that are reasonable and prudent; and
- Stated whether applicable approved accounting standards have been followed, subject to any material departures disclosed and explained in the audited financial statements.

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

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

This Statement on Corporate Governance is made in accordance with the Resolution of the Board of Directors dated 31 March 2016.

# Statement on Risk Management and Internal Control

## INTRODUCTION

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

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

## RESPONSIBILITY AND ACCOUNTABILITY

Pursuant to the Code, 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 the 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 internal and external audit.

These committees are empowered by clearly established and approved terms 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 shareholders’ investments and the Group’s assets.

However, due to the limitations that are inherent in the 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.

## Statement on Risk Management and Internal Control

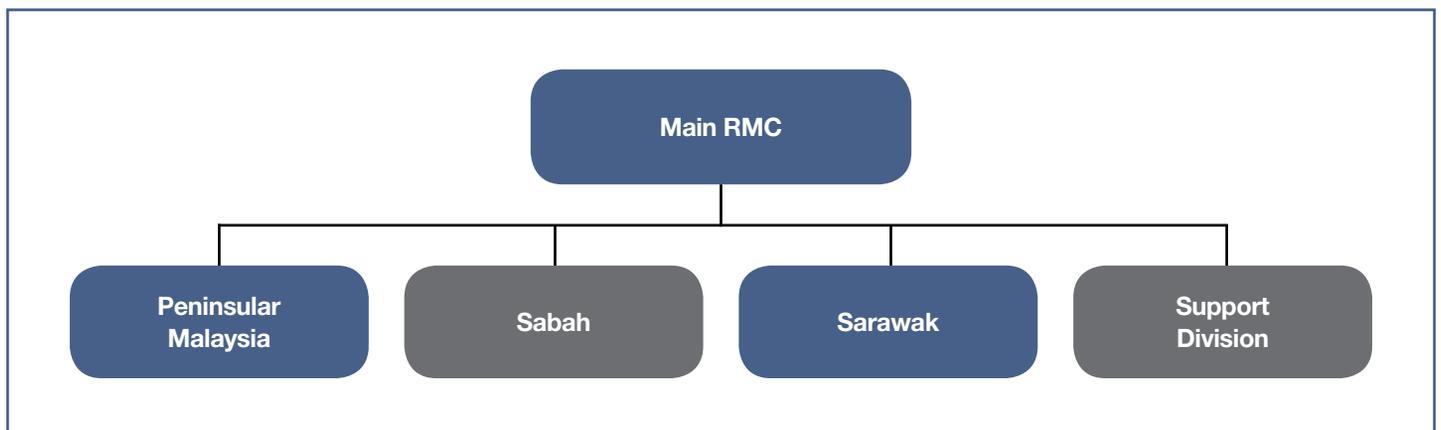
### MANAGEMENT RESPONSIBILITY

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 vital enterprise risks. The RMC has a broad mandate to ensure the effective implementation of the objectives outlined in the Risk Management Policy (“RMP”) and compliance with them throughout the Group. The RMC shall report to the IRCC on higher risk exposures and closely monitor those risks that are identified, if any.

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

- Assist the IRCC in implementing the objectives outlined in the RMP;
- Organise the required risk management resources and actively monitor risk management initiatives;
- 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 IRCC in reviewing and updating the existing risk profile and risk mapping in line with the needs of the current business environment, if any;
- Assist the IRCC in reviewing and reporting on the status of completion of action plans; and
- Report to the IRCC on any major changes to the risk profile requiring immediate attention or notification, if any.

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



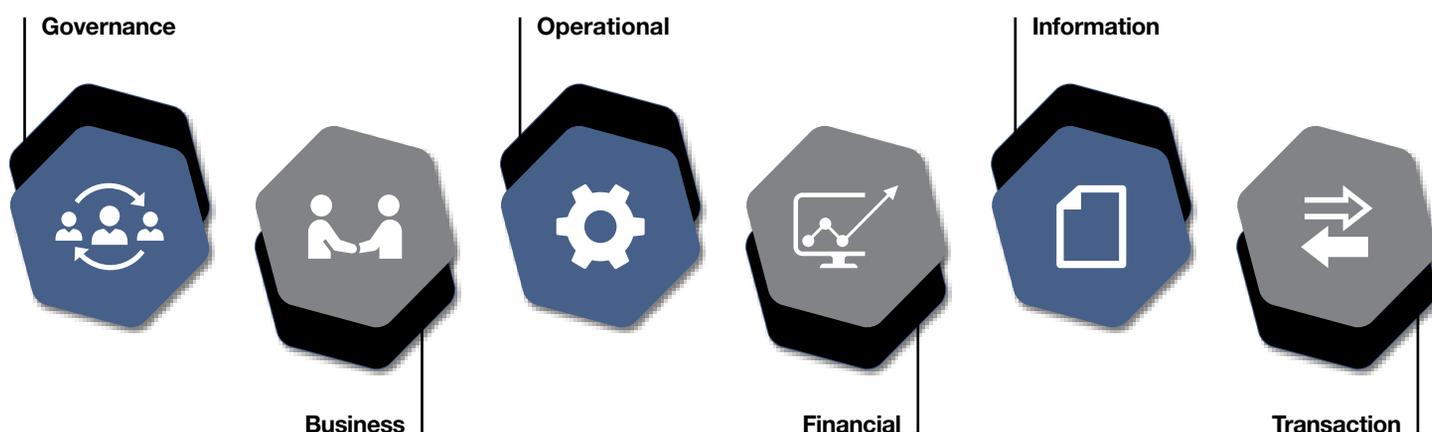
## Statement on Risk Management and Internal Control

### RISK MANAGEMENT FRAMEWORK

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

#### Risk Identification

Risk identification is a line management responsibility, whereby an employee shall recognise and identify the risks arising 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 the individual’s competence, authority, responsibility and available resources. Risks that have been identified and assessed are 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 the implementation of those plans. Control plans are in place to ensure accountabilities and the meeting of 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.

## Statement on Risk Management and Internal Control

### INTERNAL CONTROL SYSTEM

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

#### Organisation Structure and Authorisation Policy

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

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

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

#### Operational Policies and Procedures

The Board and the Management acknowledge the importance of documented policies and Standard Operating Procedures ("SOP") in managing the operations of the Group. This is to ensure that a 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 change in the business environment and needs to ensure its relevance and effectiveness.

#### Independent Members in Audit Committee

The AC supports the Board's oversight function in evaluating the business performance of the Group as well as the effectiveness and compliance of the Group's internal control system through operation and financial reports from the Management and audit report 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.

#### 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 estates and mills on a regular basis. The monthly Progress Reports prepared by Managers of estates and mills are reviewed by senior management as part of a process of reporting and monitoring the Group's operational performance.

The 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.

## Statement on Risk Management and Internal Control

### Human Capital Management

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

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

### Tender and Procurement

The Group’s Tender Committees A and B also consist of the Group’s Board members, and are responsible for reviewing, deliberating and approving tender awards of major contracts and ensuring that the procurement processes are complied with its procurement ethics, policies and requirements.

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

For any contract within the Management’s authorisation limit, clearly defined policies and procedures on procurement of goods and services are in place to effectively control the process of awarding contract or procuring goods and services by main office, estates and mills. This tender committee comprises members 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 with regards to the effectiveness of the risk management, internal control and governance processes of the Group.

The IAD assists in discharging the AC’s duties and responsibilities by implementing a systematic and disciplined approach to review the business processes using a risk-based methodology in performing the audit assignments. A comprehensive Audit Report is produced to highlight audit findings and provide recommendations to Management for comments and actions. A follow-up audit would be carried out to monitor the status of completion and compliance to the agreed action plans.

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

## Statement on Risk Management and Internal Control

### 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 financial and operational activities, risk management and internal control system by the IAD based on the annual audit planning as approved by the AC throughout the financial year under review.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

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

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

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

### CONCLUSION

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

There were no material losses incurred during the financial year under review as a result of weaknesses in the internal control. The Management has taken the necessary measures to improve the risk 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 of the Group’s business objectives.

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

# Audit Committee Report

## INTRODUCTION

The Board is pleased to present the Audit Committee Report of the Board for the financial year ended 31 December 2015.

## COMPOSITION

The following are the current members of the Audit Committee:

**Datuk Seri Mohamad Norza bin Zakaria\***

Chairman, Independent Non-Executive Director

**Datuk Seri Nurmala binti Abd Rahim**

Member, Independent Non-Executive Director

**Dato' Noordin bin Md Noor**

Member, Independent Non-Executive Director

**Dato' Amran bin Mat Nor**

Member, Independent Non-Executive Director

**Dato' Shari bin Haji Osman**

Member, Independent Non-Executive Director

*(Appointed to the Audit Committee w.e.f. 1 June 2015)*

**Datuk Azizan bin Abd Rahman**

Member, Non-Independent Non-Executive Director

*(Resigned from the Audit Committee w.e.f. 1 June 2015)*

\*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.

## **Audit Committee Report**

### **2. Membership**

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

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

### **3. Chairman**

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

### **4. Quorum**

The quorum of the Audit Committee meeting shall not be less than two (2), the majority of whom shall be Independent Non-Executive Directors.

### **5. Meeting**

- a) The Committee shall have at least four (4) meetings in a financial year and such additional meetings as the Chairman shall decide in order to fulfil its duties;
- b) The Committee meeting shall be chaired by the Chairman; or in his absence, another member who is an Independent Director nominated by the Audit Committee;
- c) The Company Secretary shall act as the Secretary of the Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the Notice of meeting, together with the supporting explanatory documentation to members not less than five (5) days prior to each meeting;
- d) The Secretary of the Committee shall be entrusted to record the proceedings of the Committee meeting;

## Audit Committee Report

- e) The Committee may invite any Board member or any member of the senior management or any relevant employee within THP Group whom the Committee thinks fit to attend the Audit Committee Meeting, to assist in resolving and clarifying matters raised in the audit report and/or to brief on their respective reports and findings; and
- f) The Committee shall report to the full Board from time to time, its recommendation for consideration and implementation and the final decision shall be the responsibility of the Board.

### 6. Voting and Proceedings of Meeting

The decision of the Committee shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Provided that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the issue in question, the Chairman shall not have a casting vote.

Circular Resolutions signed by all the members shall be valid and effective as if it had been passed at the Audit Committee meeting.

### 7. Minutes

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

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

## Audit Committee Report

### 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;

## Audit Committee Report

- k) To consider the reports and major findings of any internal investigations and management's responses thereto;
- l) To verify the allocation of options (if any) under a share scheme for employees to ensure compliance with the allocation criteria determined by the Company's share option committee and in accordance with the by-laws of the relevant option scheme;
- m) To promptly report to Bursa Malaysia Securities Berhad, a matter reported to the Board of Directors by the Audit Committee which has not been satisfactorily resolved resulting in a breach of the Listing Requirements; and
- n) Such other functions or responsibilities as may be agreed to by the Committee and the Board.

### 10. Review of the Audit Committee Charter

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

### 11. Review of the Audit Committee

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

### ATTENDANCE

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

Members	No. of Meetings Attended	Percentage
Datuk Seri Mohamad Norza bin Zakaria	5/6	83
Datuk Seri Nurmala binti Abd Rahim	6/6	100
Dato' Noordin bin Md Noor	5/6	83
Dato' Amran bin Mat Nor	6/6	100
Dato' Shari bin Haji Osman	4/4	100
Datuk Azizan bin Abd Rahman	1/2	50

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

## Audit Committee Report

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

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

- a) Reviewed quarterly financial and operational reports, interim financial results, interim financial report to Bursa Securities and the annual audited financial statements prior to submission to the Board for approval;
- b) Reviewed the application of corporate governance principles and the extent of THP Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance in conjunction with the preparation of the Statement on Corporate Governance and Statement on Risk Management and Internal Control;
- c) Reviewed and approved the external auditors' scope of work and audit plan;
- d) Reviewed with the external auditors, 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;
- h) Reviewed the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control prior to their inclusion in the Annual Report 2015;
- 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.

## Audit Committee Report

### INTERNAL AUDIT FUNCTION AND ACTIVITIES

The internal audit function of THP Group is performed in-house and is independent from the main activities and operations of THP Group's operating units. The IAD reports directly to the Audit Committee and its primary function is to assist in discharging the Audit Committee's duties and responsibilities. It is the role of the IAD to provide the Audit Committee with periodic, independent and objective reports on the state of risk management and internal control 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 IAD has:

- a) Conducted 45 audits and 2 follow-ups on various operating units based on the annually approved internal audit plan and 4 special reviews requested by the Management;
- 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 Audit Committee and/or Management and reported the results to the Audit Committee and/or Management.

The cost incurred for the internal audit function for the financial year under review was approximately RM1.08 million.

This Audit Committee Report is prepared in accordance with a resolution of the Board of Directors dated 31 March 2016.

# Additional Compliance Information

## **A. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS**

During the financial year ended 31 December 2015, the Company had issued RM140.0 million of Sukuk Murabahah under its RM1.2 billion Sukuk Murabahah Programme. The proceeds raised from the Sukuk Murabahah were for the following purposes:

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

## **B. SHARE BUY-BACK**

The Company did not make any proposal for share buy-back during the financial year ended 31 December 2015.

## **C. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**

The Company did not issue any options, warrants or convertible securities during the financial year 2015 except for the issuance of options under the Company's Employees' Share Option Scheme ("ESOS").

The amount of ESOS issued by the Company and exercised by eligible employees during the financial year 2015 is disclosed in the Directors' Report and Note 28 of the Financial Statements for the year ended 31 December 2015.

## **D. DEPOSITORY RECEIPT PROGRAMME ("DRP")**

The Company did not sponsor DRP during the financial year ended 31 December 2015.

## **E. IMPOSITION OF SANCTIONS AND/OR PENALTIES**

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by any relevant authority for the financial year ended 31 December 2015.

## **F. NON-AUDIT FEES**

Non-audit fees amounting to RM213,000.00 were incurred for the financial year ended 31 December 2015.

## **G. VARIATION IN RESULTS**

There was no deviation of 10% or more between the profit after taxation and minority interests stated in the fourth quarter announcement of un-audited results for the financial year ended 31 December 2015 and the audited financial statements of THP Group for the financial year ended 31 December 2015.

## Additional Compliance Information

### H. PROFIT GUARANTEE

The Company did not give any profit guarantee during the financial year ended 31 December 2015.

### I. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving directors' and major shareholders' interest which were still subsisting at the end of the financial year ended 31 December 2015 or which were entered into since the end of the previous financial period.

### J. RECURRENT RELATED PARTY TRANSACTIONS

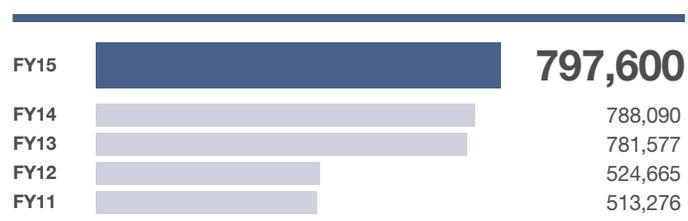
The aggregate value of the Recurrent Related Party Transactions of a revenue or trading nature conducted in pursuant to the shareholders' mandate during the financial year ended 31 December 2015 between the THP and/or its subsidiary companies with related parties are set out below:-

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	2,662
	Lembaga Tabung Haji	Holding Company	Rental of office	1,932
	Lembaga Tabung Haji	Related Company	Profit margin expense	23,544
	CCM Fertilizers Sdn. Bhd.	Related Company	Purchase of fertilisers	20,271
	Sistem Komunikasi Gelombang Sdn. Bhd.	Related Company	Telecommunication	525
	TH Travel Services Sdn. Bhd.	Related Company	Purchase of flight tickets	556
	Syarikat Takaful Malaysia Berhad	Related Company	Purchase of insurance	2,884

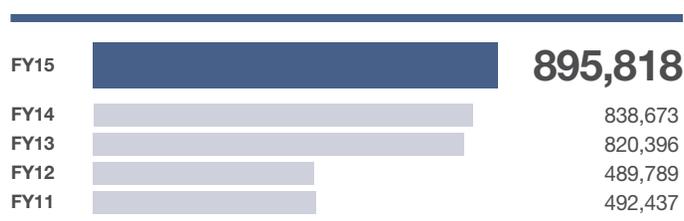
# Performance Statistics

## GROUP 5-YEAR PLANTATION STATISTICS

### FFB Production (metric tonnes)



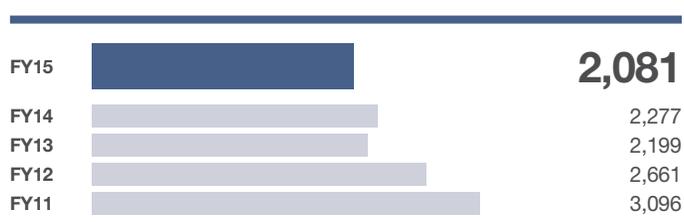
### FFB Processed (metric tonnes)



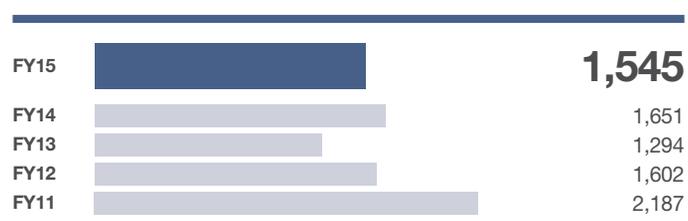
### FFB Yield (tonnes per mature hectare)



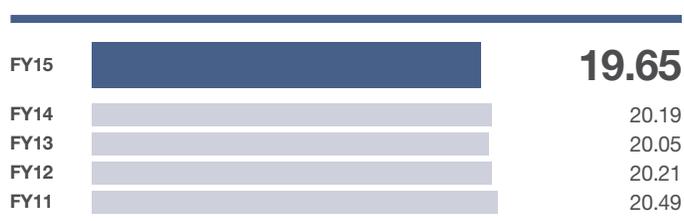
### Average Selling Prices - Crude Palm Oil (RM per metric tonne)



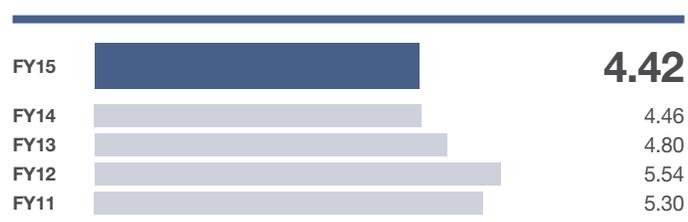
### Average Selling Prices - Palm Kernel (RM per metric tonne)



### Oil Extraction Rate (%)



### Kernel Extraction Rate (%)



## Performance Statistics

### GROUP 5-YEAR PLANTATION STATISTICS

	2015	2014	2013	2012	2011
<b>Production (metric tonnes)</b>					
FFB produced	<b>797,600</b>	788,090	781,577	524,665	513,276
FFB processed	<b>895,818</b>	838,673	820,396	489,789	492,437
FFB purchased	<b>178,365</b>	147,323	121,913	61,139	50,707
<b>Yield and Extraction Rates</b>					
FFB yield (tonnes per mature hectare)	<b>18.17</b>	20.52	23.86	21.51	22.39
OER (%)	<b>19.65%</b>	20.19%	20.05%	20.21%	20.49%
KER (%)	<b>4.42%</b>	4.46%	4.80%	5.54%	5.30%
<b>Average Selling Prices (RM per metric tonne)</b>					
Crude Palm Oil	<b>2,081</b>	2,277	2,199	2,661	3,096
Palm Kernel	<b>1,545</b>	1,651	1,294	1,602	2,187
FFB	<b>379</b>	414	362	472	586
<b>Area Statement (hectares)</b>					
Oil Palm					
- mature	<b>43,903</b>	38,415	32,871	24,392	22,920
- immature	<b>15,443</b>	22,002	27,399	17,079	12,650
Planted Area	<b>59,346</b>	60,417	60,270	41,471	35,570
Other crops					
- mature	-	-	-	-	-
- immature	<b>8,990</b>	8,110	8,110	-	-
Planted Area	<b>8,990</b>	8,110	8,110	-	-
<b>Total Planted Area</b>	<b>68,336</b>	68,527	68,380	41,471	35,570
In Course of Planting	<b>6,690</b>	7,397	9,502	1,368	1,837
Reserve land, building sites etc	<b>29,486</b>	30,385	19,829	7,045	1,965
<b>Total Titled Area</b>	<b>104,512</b>	106,309	97,711	49,884	39,372

## Performance Statistics

### GROUP 5-YEAR FINANCIAL STATISTICS

#### Revenue (RM'000)

FY15	<b>455,304</b>
FY14	488,917
FY13	469,952
FY12	375,846
FY11	434,835

#### Profit After Tax (RM'000)

FY15	<b>23,929</b>
FY14	59,580
FY13	76,501
FY12	167,536
FY11	149,765

#### Basic Earnings per Share (sen)

FY15	<b>7.03</b>
FY14	5.47
FY13	7.17
FY12	21.49
FY11	24.52

#### Net Assets per Share (RM)

FY15	<b>1.44</b>
FY14	1.37
FY13	1.35
FY12	1.54
FY11	1.23

#### Market Capitalisation (times)

FY15	<b>1,025</b>
FY14	1,503
FY13	1,655
FY12	1,442
FY11	1,079

#### Net Debt to Equity Ratio (times)

FY15	<b>0.71</b>
FY14	0.46
FY13	0.54
FY12	0.24
FY11	-

## Performance Statistics

### GROUP 5-YEAR KEY FINANCIAL INDICATORS

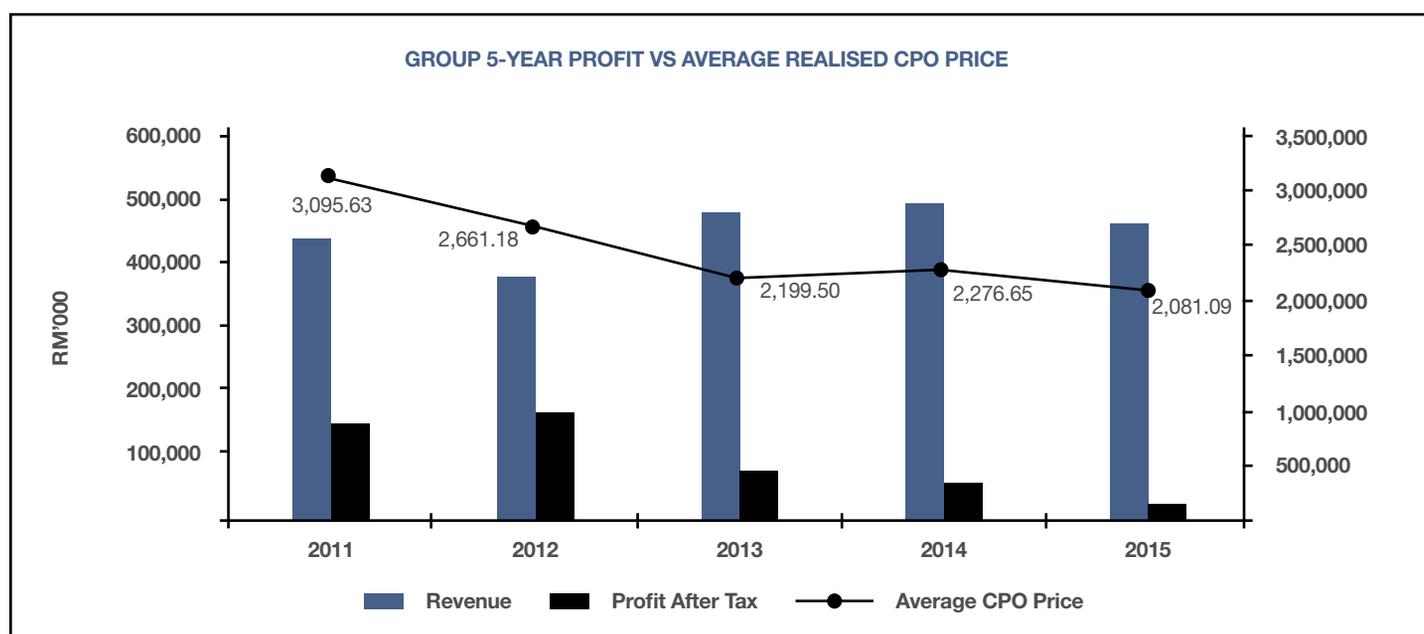
	2015	2014	2013	2012	2011
<b>Profitability and returns</b>					
Gross profit margin	<b>8.37%</b>	18.35%	24.72%	30.15%	45.87%
Profit before tax margin	<b>4.11%</b>	11.91%	15.12%	49.45%	42.09%
Profit after tax and minority interest margin	<b>13.65%</b>	9.88%	13.43%	41.65%	28.71%
Return on average shareholders' equity	<b>5.01%</b>	4.02%	5.74%	16.34%	28.43%
Return on average capital employed	<b>0.84%</b>	4.67%	5.24%	25.06%	74.76%
Net assets per share (RM)	<b>1.44</b>	1.37	1.35	1.54	1.23
<b>Solvency and liquidity</b>					
Net debt to equity ratio (times)	<b>0.71</b>	0.46	0.54	0.24	-
Interest cover (times)	<b>1.83</b>	3.16	3.95	19.07	22.85
Current ratio (times)	<b>0.57</b>	0.87	1.05	1.11	1.65
<b>Financial Market</b>					
Earnings per share (sen)					
- basic	<b>7.03</b>	5.47	7.17	21.49	24.52
- diluted	<b>7.03</b>	5.45	6.92	21.07	23.34
Gross dividend paid per share (sen)	-	2.00	3.62	4.60	12.50
Gross dividend paid rate (%)	<b>0.00%</b>	4.00%	7.24%	9.20%	24.92%
Gross dividend yield (%)	<b>0.00%</b>	1.18%	1.93%	2.31%	5.90%
Net dividend payout rate (%)	<b>0.00%</b>	4.00%	7.24%	9.20%	24.92%
Price-to-earnings ratio (times)	<b>16.50</b>	31.10	26.23	9.26	8.65
Price-to-book ratio (times)	<b>0.63</b>	0.93	1.04	0.96	1.32

## Performance Statistics

### GROUP 5-YEAR FINANCIAL STATISTICS

#### STATEMENT OF PROFIT OR LOSS HIGHLIGHTS (RM'000)

	2015	2014	2013	2012	2011
<b>Revenue</b>	<b>455,304</b>	488,917	469,952	375,846	434,835
Results from operating activities	<b>35,995</b>	81,913	92,431	193,131	185,813
Profit margin income from short term investments and receivables	<b>5,251</b>	3,260	2,727	3,007	5,586
Finance cost	<b>(22,532)</b>	(26,962)	(24,115)	(10,286)	(8,377)
<b>Profit before tax</b>	<b>18,714</b>	58,211	71,043	185,852	183,022
Tax expense	<b>5,215</b>	1,369	5,458	(18,316)	(33,257)
<b>Net profit for the year</b>	<b>23,929</b>	59,580	76,501	167,536	149,765
Profit attributable to:					
Owners of the Company	<b>62,133</b>	48,319	63,107	156,554	124,829
Non-controlling interests	<b>(38,204)</b>	11,261	13,394	10,982	24,936
<b>Net profit for the year</b>	<b>23,929</b>	59,580	76,501	167,536	149,765



## Performance Statistics

### GROUP 5-YEAR FINANCIAL STATISTICS

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

	2015	2014	2013	2012	2011
<b>ASSETS</b>					
Other non-current assets	3,185,369	3,084,677	2,856,028	2,232,516	972,341
Intangible asset	73,265	73,265	73,265	14,006	-
<b>Total non-current assets</b>	<b>3,258,634</b>	<b>3,157,942</b>	<b>2,929,293</b>	<b>2,246,522</b>	<b>972,341</b>
Other current assets	115,720	113,861	151,043	155,231	107,113
Cash and cash equivalents	75,590	364,295	145,235	125,217	167,194
<b>Total current assets</b>	<b>191,310</b>	<b>478,156</b>	<b>296,278</b>	<b>280,448</b>	<b>274,307</b>
<b>Total assets</b>	<b>3,449,944</b>	<b>3,636,098</b>	<b>3,225,571</b>	<b>2,526,970</b>	<b>1,246,648</b>
<b>EQUITY</b>					
Share capital	441,925	441,925	440,256	364,178	254,548
Share premium	420,827	420,827	417,559	484,206	39,925
Other reserves	(82,557)	(82,557)	(82,557)	(82,557)	26,245
Share option reserve	2,228	2,275	2,823	4,317	5,149
Exchange reserve	(405)	(64)	-	-	-
Retained earnings	487,416	427,528	411,174	348,942	298,149
<b>Total equity attributable to owners of the Company</b>	<b>1,269,434</b>	<b>1,209,934</b>	<b>1,189,255</b>	<b>1,119,086</b>	<b>624,016</b>
Non-controlling interests	354,439	403,771	396,726	393,899	194,631
<b>Total equity</b>	<b>1,623,873</b>	<b>1,613,705</b>	<b>1,585,981</b>	<b>1,512,985</b>	<b>818,647</b>
<b>LIABILITIES</b>					
Long term borrowings	1,128,637	1,089,082	997,513	470,562	150,000
Other long term liabilities	361,049	382,445	360,175	289,715	111,970
<b>Total non-current liabilities</b>	<b>1,489,686</b>	<b>1,471,527</b>	<b>1,357,688</b>	<b>760,277</b>	<b>261,970</b>
Other current liabilities	229,892	540,866	271,902	233,708	166,031
Loans and borrowings	106,493	10,000	10,000	20,000	-
<b>Total current liabilities</b>	<b>336,385</b>	<b>550,866</b>	<b>281,902</b>	<b>253,708</b>	<b>166,031</b>
<b>Total liabilities</b>	<b>1,826,071</b>	<b>2,022,393</b>	<b>1,639,590</b>	<b>1,013,985</b>	<b>428,001</b>
<b>Total equity and liabilities</b>	<b>3,449,944</b>	<b>3,636,098</b>	<b>3,225,571</b>	<b>2,526,970</b>	<b>1,246,648</b>
Average capital employed	3,099,396	3,014,451	2,608,466	1,676,940	1,034,611
Average shareholders' equity	1,239,684	1,199,595	1,154,171	871,551	568,699

## Performance Statistics

### GROUP 5-YEAR FINANCIAL STATISTICS

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

	2015	2014	2013	2012	2011
<b>Profit before tax</b>	<b>18,714</b>	58,211	71,043	185,852	183,022
Adjustment for non-cash items	<b>86,944</b>	95,112	98,773	(50,910)	39,938
Changes in working capital	<b>(279,740)</b>	347,058	49,236	(104,698)	1,501
<b>Cash (used in)/generated from operations</b>	<b>(174,082)</b>	500,381	219,052	30,244	224,461
Profit margin income from short term investments and receivables	<b>4,953</b>	1,758	2,190	2,724	5,084
Profit margin expenses on payables, borrowing cost, tax and zakat paid	<b>(80,689)</b>	(64,503)	(62,530)	(62,348)	(70,604)
<b>Net cash (used in)/from operating activities</b>	<b>(249,818)</b>	437,636	158,712	(29,380)	158,941
Acquisition of property, plant and equipment	<b>(28,290)</b>	(63,044)	(110,873)	(46,550)	(22,757)
Plantation development expenditure	<b>(124,904)</b>	(195,213)	(192,036)	(89,307)	(63,886)
Forestry	<b>(23,568)</b>	-	-	-	-
Acquisition of assets and liabilities, net of cash and cash equivalents acquired	-	(12,410)	(264,137)	(62,388)	-
Proceeds from disposal of estate	-	11,000	-	-	-
Proceeds from disposal of subsidiary	<b>16,250</b>	-	-	-	-
Increase in other investment	<b>16,678</b>	(20,805)	-	-	-
Other investing activities	<b>2,634</b>	2,818	(2,185)	(547)	1,427
<b>Net cash used in investing activities</b>	<b>(141,200)</b>	(277,654)	(569,231)	(198,792)	(85,216)
Proceeds from drawdown of loans and borrowings	<b>1,198,415</b>	125,095	537,067	250,000	-
Proceeds from issue of new ordinary share capital	<b>1,000</b>	4,444	8,429	16,283	31,423
Repayments of loans and borrowings	<b>(1,057,678)</b>	(11,387)	(71,765)	-	(15,524)
Dividends paid to owners of the Company	<b>(17,622)</b>	(31,959)	(45,668)	(80,835)	(52,065)
Dividends paid to non-controlling interests	<b>(6,880)</b>	(1,644)	-	-	-
Dividend paid by a subsidiary in relation to pre-acquisition dividend payables	<b>(12,999)</b>	(23,500)	-	-	-
<b>Net cash from/(used in) financing activities</b>	<b>104,236</b>	61,049	428,063	185,448	(36,166)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(286,782)</b>	221,031	17,544	(42,724)	37,559

## Performance Statistics

### GROUP QUARTERLY PERFORMANCE

#### FINANCIAL PERFORMANCE (RM'000)

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

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



# CONSOLIDATED FINANCIAL STATEMENTS

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# Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, cultivation of oil palm, processing of fresh fruit bunches ("FFB"), marketing of crude palm oil ("CPO"), palm kernel ("PK") and FFB. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	62,133	78,687
Non-controlling interests	(38,204)	-
	23,929	78,687

## 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 a final ordinary dividend of 2.00 sen per ordinary share, tax exempt under the single-tier tax system, totalling RM17.68 million in respect of the financial year ended 31 December 2014 on 12 June 2015.

The Directors do not recommend any dividend to be declared for the financial year under review.

## DIRECTORS OF THE COMPANY

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

Tan Sri Ab. Aziz bin Kasim  
 Tan Sri Ismee bin Haji Ismail  
 Datuk Seri Nurmala binti Abd Rahim  
 Dato' Zainal Azwar bin Zainal Aminuddin  
 Datuk Azizan bin Abd Rahman  
 Dato' Haji Wan Zakaria bin Abd Rahman (retired on 20 May 2015)  
 Dato' Noordin bin Md Noor  
 Dato' Amran bin Mat Nor  
 Datuk Seri Mohamad Norza bin Zakaria  
 Mahbob bin Abdullah (retired on 20 May 2015)  
 Dato' Johan bin Abdullah (appointed on 1 June 2015)  
 Dato' Dr. Md Yusop bin Omar (appointed on 1 June 2015)  
 Dato' Shari bin Haji Osman (appointed on 1 June 2015)  
 Datuk Seri Othman bin Mahmood (appointed on 1 October 2015)

## Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares of RM0.50 each			At 31.12.2015
	At 1.1.2015	Bought	(Sold)	
Interest in the Company:				
Dato' Zainal Azwar bin Zainal Aminuddin				
- own	4,800	-	-	4,800
Dato' Haji Wan Zakaria bin Abd Rahman				
- own	4,800	-	-	4,800

	Number of ordinary shares of RM0.50 each			At 31.12.2015
	At 1.1.2015	Granted	(Sold)	
Share option in the Company:				
Dato' Zainal Azwar bin Zainal Aminuddin				
- own	1,440,000	-	-	1,440,000

None of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares and options over shares of the Company and of its related corporations during the financial year.

### DIRECTORS' BENEFITS

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

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

### ISSUE OF SHARES

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

## Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

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

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

- i) Eligible employees are those employees (including full time executive directors) of the Group who have been confirmed in service on the date of the offer. The maximum allowable allotments for the full time executive directors have been approved by the shareholders of the Company in a general meeting.
- ii) The aggregate number of shares to be issued under the ESOS shall not exceed 13% of the total issued and paid-up ordinary share capital of the Company for the time being.
- iii) The Scheme originally shall be in force for five (5) years but it has been extended for a further three (3) years until 7 May 2017.
- iv) The option price shall not be at discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall not be less than the par value of the shares of the Company of RM0.50.
- v) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate as determined by the ESOS committee or the Board of Directors as specified in the option certificate.
- vi) The option granted to eligible employees will lapse when they are no longer in employment with the Group.

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

Date of offer	Exercise price	Number of options over ordinary shares of RM0.50 each			At 31.12.2015 '000
		At 1.1.2015 '000	(Exercised) '000	(Forfeited) '000	
8 June 2009	RM1.27	4,928	-	(120)	4,808
4 January 2011	RM1.45	2,780	-	-	2,780
18 June 2014	RM1.74	5,875	-	(155)	5,720
		13,583	-	(275)	13,308

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this report the names of the persons to whom option have been granted to subscribe for less than 100,000 shares of RM0.50 each, except for Directors.

## Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The names of option holders granted options under the ESOS to subscribe for 100,000 or more ordinary shares of each are as follows:

	Number of options over ordinary shares of RM0.50 each			
	At 1.1.2015	Bonus issue	(Exercised)	At 31.12.2015
Share option in the Company:				
Dato' Che Abdullah @ Rashidi bin Che Omar	864,000	-	-	864,000
Marzuki bin Abd. Rahman	864,000	-	-	864,000
Maizura binti Mohamed	480,000	-	-	480,000
Mohamed Azman Shah bin Ishak	480,000	-	-	480,000
Mohamad bin Karim	480,000	-	-	480,000
Radin Rosli bin Radin Suhadi	444,000	-	-	444,000
Kamar Bin Jamian	320,400	-	-	320,400
Azmat Bin Rahmat	280,000	-	-	280,000
Ahmad Nazri Bin Mohd Daud	254,000	-	-	254,000
Samshul Bahri Bin Muhammad	120,000	-	-	120,000
Hadzormi Bin Ismail	240,000	-	-	240,000
Aliatun Binti Mahmud	260,000	-	-	260,000
Mohd Khuzae Bin Hassan	240,000	-	-	240,000
Mohd Azahar Bin Yasin	180,600	-	-	180,600
Roslan Bin Baba	120,000	-	-	120,000
Aruludin Raj Bin Azman Arasu	228,000	-	-	228,000
Rosnita Binti Kamal Din	162,900	-	-	162,900
Martin Soili	132,000	-	-	132,000
Mat Saad Bin Ramli	264,000	-	-	264,000

### OTHER STATUTORY INFORMATION

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

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

## Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### OTHER STATUTORY INFORMATION (CONTINUED)

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

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

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

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

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

In the opinion of the Directors, except for those disclosed in the Note 5 and 15, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 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.

## **Directors' Report**

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### **AUDITORS**

The auditors, Messrs KPMG Desa Megat & Co., have indicated their willingness to accept re-appointment.

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



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



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

Kuala Lumpur,

Date: 29 February 2016

# Statements of Financial Position

AS AT 31 DECEMBER 2015

	Note	Group			Company		
		31.12.2015 RM'000	31.12.2014 RM'000 Restated	1.1.2014 RM'000 Restated	31.12.2015 RM'000	31.12.2014 RM'000 Restated	1.1.2014 RM'000 Restated
<b>Assets</b>							
Property, plant and equipment	3	2,546,519	2,250,598	1,961,740	47,119	18,896	16,453
Plantation development expenditure	4	405,595	749,784	845,416	43,040	60,220	45,081
Forestry	5	145,905	-	-	-	-	-
Intangible asset	6	73,265	73,265	73,265	-	-	-
Investment in subsidiaries	7	-	-	-	1,180,361	1,187,918	1,160,345
Other investments	8	1,825	22,630	599	1,825	19,989	599
Deferred tax assets	9	85,525	61,665	48,273	-	-	-
Trade and other receivables	10	-	-	-	-	493,463	439,092
<b>Total non-current assets</b>		<b>3,258,634</b>	<b>3,157,942</b>	<b>2,929,293</b>	<b>1,272,345</b>	<b>1,780,486</b>	<b>1,661,570</b>
Inventories	11	25,661	20,417	25,477	1,090	956	1,064
Current tax assets		9,702	6,274	9,499	3,597	2,682	4,150
Other investments	8	4,127	-	-	1,760	-	-
Trade and other receivables	10	72,951	83,452	77,335	129,778	385,707	286,199
Prepayments and other assets		3,279	3,718	3,451	649	706	651
Cash and cash equivalents	12	75,590	364,295	145,235	71,753	359,950	139,568
		191,310	478,156	260,997	208,627	750,001	431,632
Assets classified as held for sale		-	-	35,281	-	-	14,057
<b>Total current assets</b>		<b>191,310</b>	<b>478,156</b>	<b>296,278</b>	<b>208,627</b>	<b>750,001</b>	<b>445,689</b>
<b>Total assets</b>		<b>3,449,944</b>	<b>3,636,098</b>	<b>3,225,571</b>	<b>1,480,972</b>	<b>2,530,487</b>	<b>2,107,259</b>

The notes on pages 112 to 199 form an integral part of these financial statements.

## Statements of Financial Position

AS AT 31 DECEMBER 2015  
(CONTINUED)

	Note	Group			Company		
		31.12.2015 RM'000	31.12.2014 RM'000	1.1.2014 RM'000	31.12.2015 RM'000	31.12.2014 RM'000	1.1.2014 RM'000
<b>Equity</b>							
Capital and reserve	13	782,018	782,406	778,081	763,052	763,099	758,710
Retained earnings		487,416	427,528	411,174	333,388	272,378	247,456
<b>Equity attributable to owners of the Company</b>		1,269,434	1,209,934	1,189,255	1,096,440	1,035,477	1,006,166
<b>Non-controlling interests</b>		354,439	403,771	396,726	-	-	-
<b>Total equity</b>		1,623,873	1,613,705	1,585,981	1,096,440	1,035,477	1,006,166
<b>Liabilities</b>							
Loans and borrowings	14	1,128,637	1,089,082	997,513	-	1,000,000	910,000
Deferred income	15	-	22,139	-	-	-	-
Deferred tax liabilities	9	348,012	347,858	348,290	11,718	15,787	12,864
Trade and other payables	16	13,037	12,448	11,885	11,924	11,412	10,923
<b>Total non-current liabilities</b>		1,489,686	1,471,527	1,357,688	23,642	1,027,199	933,787
Loans and borrowings	14	106,493	10,000	10,000	-	-	-
Trade and other payables	16	227,555	538,067	264,963	360,890	467,811	167,306
Current tax liabilities		2,337	2,799	3,716	-	-	-
		336,385	550,866	278,679	360,890	467,811	167,306
Liabilities classified as held for sale		-	-	3,223	-	-	-
<b>Total current liabilities</b>		336,385	550,866	281,902	360,890	467,811	167,306
<b>Total liabilities</b>		1,826,071	2,022,393	1,639,590	384,532	1,495,010	1,101,093
<b>Total equity and liabilities</b>		3,449,944	3,636,098	3,225,571	1,480,972	2,530,487	2,107,259

The notes on pages 112 to 199 form an integral part of these financial statements.

# Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Revenue</b>	17	455,304	488,917	117,096	94,429
Cost of sales		(417,181)	(399,205)	(67,551)	(41,211)
<b>Gross profit</b>		38,123	89,712	49,545	53,218
Other income		29,059	15,048	8,621	6,237
Administrative expenses		(18,582)	(17,644)	(9,444)	(9,383)
Other expenses		(12,605)	(5,203)	(3,529)	-
<b>Results from operating activities</b>		35,995	81,913	45,193	50,072
Profit margin income from short-term investments and receivables	18	5,251	3,260	65,547	70,241
Finance cost	19	(22,532)	(26,962)	(32,795)	(60,396)
<b>Net finance (cost)/income</b>		(17,281)	(23,702)	32,752	9,845
<b>Profit before tax</b>		18,714	58,211	77,945	59,917
Tax credit/(expense)	20	5,215	1,369	742	(3,030)
<b>Profit for the year</b>	21	23,929	59,580	78,687	56,887
<b>Other comprehensive income, net of tax</b>					
<b>Item that is or may be reclassified subsequently to profit and loss, net of tax</b>					
Foreign currency translation differences for foreign operations		(367)	(69)	-	-
	22	(367)	(69)	-	-
<b>Item that will not be reclassified subsequently to profit and loss, net of tax</b>					
Fair value change in forestry		(5,281)	-	-	-
Government grant		22,139	-	-	-
	22	16,858	-	-	-
<b>Total other comprehensive income/(expense), net of tax</b>		16,491	(69)	-	-
<b>Total comprehensive income for the year</b>		40,420	59,511	78,687	56,887
<b>Profit attributable to:</b>					
Owners of the Company		62,133	48,319	78,687	56,887
Non-controlling interests		(38,204)	11,261	-	-
<b>Profit for the year</b>		23,929	59,580	78,687	56,887
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		77,224	48,255	78,687	56,887
Non-controlling interests		(36,804)	11,256	-	-
<b>Total comprehensive income for the year</b>		40,420	59,511	78,687	56,887
<b>Basic earnings per ordinary share (sen)</b>	23	7.03	5.47	-	-
<b>Diluted earnings per ordinary share (sen)</b>	23	7.03	5.45	-	-

The notes on pages 112 to 199 form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

Group	Note	Attributable to owners of the Company					Distributable					Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share option reserve RM'000	Exchange reserve RM'000	Total capital reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total RM'000	
<b>At 1 January 2014</b>		440,256	417,559	(82,557)	2,823	-	778,081	411,174	1,189,255	396,726	1,585,981	
Foreign currency translation differences for foreign operations		-	-	-	-	(64)	(64)	-	(64)	(5)	(69)	
Profit for the year		-	-	-	-	-	-	48,319	48,319	11,261	59,580	
<b>Total comprehensive income for the year</b>		-	-	-	-	(64)	(64)	48,319	48,255	11,256	59,511	
Acquisition of subsidiary	31	-	-	-	-	-	-	-	-	1,211	1,211	
<i>Contribution by and distribution to owners of the Group</i>												
Issuance of ordinary shares pursuant to ESOS	13	1,669	3,268	-	(493)	-	4,444	-	4,444	-	4,444	
Adjustment of fair value of ESOS	28	-	-	-	(55)	-	(55)	-	(55)	-	(55)	
Dividends to owners of the Company	24	-	-	-	-	-	-	(31,965)	(31,965)	-	(31,965)	
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	(5,422)	(5,422)	
<b>Total transactions with owners of the Group</b>		1,669	3,268	-	(548)	-	4,389	(31,965)	(27,576)	(5,422)	(32,998)	
<b>At 31 December 2014</b>		441,925	420,827	(82,557)	2,275	(64)	782,406	427,528	1,209,934	403,771	1,613,705	

The notes on pages 112 to 199 form an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

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

The notes on pages 112 to 199 form an integral part of these financial statements.

# Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

Company	Note	/-----Attributable to owners of the Company-----/				/-----Non-distributable-----/ Distributable			Total equity RM'000
		Share capital RM'000	Share premium RM'000	Other reserve RM'000	Share option reserve RM'000	Total capital reserve RM'000	Retained earnings RM'000		
<b>At 1 January 2014</b>		440,256	417,559	(101,928)	2,823	758,710	247,456	1,006,166	
Profit and total comprehensive income for the year		-	-	-	-	-	56,887	56,887	
<i>Contribution by and distribution to owners of the Company</i>									
Issuance of ordinary shares pursuant to ESOS	13	1,669	3,268	-	(493)	4,444	-	4,444	
Adjustment of fair value of ESOS		-	-	-	(55)	(55)	-	(55)	
Dividends to owners of the Company	24	-	-	-	-	-	(31,965)	(31,965)	
<b>Total transactions with owners of the Company</b>		1,669	3,268	-	(548)	4,389	(31,965)	(27,576)	
<b>At 31 December 2014/ 1 January 2015</b>		441,925	420,827	(101,928)	2,275	763,099	272,378	1,035,477	
Profit and total comprehensive income for the year		-	-	-	-	-	78,687	78,687	
<i>Contribution by and distribution to owners of the Company</i>									
Adjustment of fair value of ESOS	28	-	-	-	(47)	(47)	-	(47)	
Dividends to owners of the Company	24	-	-	-	-	-	(17,677)	(17,677)	
<b>Total transactions with owners of the Company</b>		-	-	-	(47)	(47)	(17,677)	(17,724)	
<b>At 31 December 2015</b>		441,925	420,827	(101,928)	2,228	763,052	333,388	1,096,440	

The notes on pages 112 to 199 form an integral part of these financial statements.

# Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		18,714	58,211	77,945	59,917
<i>Adjustments for:</i>					
Depreciation of property, plant and equipment	21	88,673	85,286	1,389	1,064
Dividend income	17	-	(183)	(31,096)	(36,317)
Profit margin income	18	(5,251)	(3,260)	(65,547)	(70,241)
Finance cost	19	22,532	26,962	32,795	60,396
Change in fair value of forestry	21	(14,461)	-	-	-
Gain on disposal of property, plant and equipment	21	(383)	(72)	-	-
Gain on disposal of estate	21	-	(13,943)	-	-
Property, plant and equipment written off	21	225	1,228	63	2
Zakat expenses	21	1,623	34	204	-
Trade receivables written off	21	1,749	-	833	-
Inventories written off	21	435	-	-	-
Inventories written down	21	197	-	-	-
Gain on disposal of subsidiary	21	(1,303)	-	(2,219)	-
Fair value of ESOS granted	28	(47)	(55)	(47)	(55)
Other receivables written off	21	1,000	341	1,000	47
Government grant	15	(5,180)	-	-	-
Reversal of impairment on financial asset	21	-	(1,226)	-	(1,226)
Unrealised gain on foreign exchange	21	(2,865)	-	-	-
<b>Operating profit before changes in working capital</b>					
		105,658	153,323	15,320	13,587
Change in deferred income		22,139	(22,139)	-	-
Change in inventories		(5,876)	5,078	435	269
Change in trade and other payables		(284,303)	317,780	(329,694)	295,430
Change in trade and other receivables, prepayments and other assets		(11,700)	46,339	974,736	(127,538)
<b>Cash (used in)/generated from operations</b>					
		(174,082)	500,381	660,797	181,748
Profit margin income from short-term investments and other receivables		4,953	1,758	27,440	68,739
Finance cost		(71,481)	(39,667)	(32,596)	(47,267)
Tax paid		(22,873)	(28,572)	(4,242)	(6,077)
Tax refund		13,665	3,736	7,438	-
<b>Net cash (used in)/from operating activities</b>					
		(249,818)	437,636	658,837	197,143

The notes on pages 112 to 199 form an integral part of these financial statements.

## Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(28,290)	(63,044)	(3,082)	(4,006)
Acquisition of assets and liabilities, net of cash and cash equivalents acquired	31	-	(12,410)	(2,500)	-
Dividends received		-	183	56,902	11,082
Decrease/(Increase) in other investment		16,678	(20,805)	16,404	(18,164)
Decrease in deposit pledged		1,923	1,986	-	-
Increase in investments in subsidiaries	7	-	-	(4,000)	(13,516)
Plantation development expenditure	(i)	(124,904)	(195,213)	(9,412)	(14,642)
Forestry	(ii)	(23,568)	-	-	-
Proceeds from disposal of estates		-	11,000	-	-
Proceeds from disposal of subsidiary	32	16,250	-	16,276	-
Proceeds from disposal of property, plant and equipment		711	649	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(141,200)</b>	<b>(277,654)</b>	<b>70,588</b>	<b>(39,246)</b>
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company		(17,622)	(31,959)	(17,622)	(31,959)
Dividends paid to non-controlling interests		(6,880)	(1,644)	-	-
Dividend paid by a subsidiary in relation to pre-acquisition dividend payables		(12,999)	(23,500)	-	-
Proceeds from issuance of new ordinary shares		1,000	4,444	-	4,444
Proceeds from drawdown of loans and borrowings		1,198,415	125,095	-	90,000
Loan repayment		(1,057,678)	(11,387)	(1,000,000)	-
<b>Net cash from/(used in) financing activities</b>		<b>104,236</b>	<b>61,049</b>	<b>(1,017,622)</b>	<b>62,485</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>					
		(286,782)	221,031	(288,197)	220,382
Cash and cash equivalents at 1 January	(iii)	362,339	141,308	359,950	139,568
<b>Cash and cash equivalents at 31 December</b>	<b>(iii)</b>	<b>75,557</b>	<b>362,339</b>	<b>71,753</b>	<b>359,950</b>

The notes on pages 112 to 199 form an integral part of these financial statements.

## Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### (i) Plantation development expenditure

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Addition of plantation development expenditure	4	(128,594)	(196,435)	(9,748)	(15,139)
Additions of nurseries		-	(5,896)	-	-
Depreciation of property, plant and equipment	4	3,690	7,118	336	497
		(124,904)	(195,213)	(9,412)	(14,642)

### (ii) Forestry

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Additions of forestry plantation	5	(19,298)	-	-	-
Additions of nurseries	5	(5,041)	-	-	-
Depreciation of property, plant and equipment	5	771	-	-	-
		(23,568)	-	-	-

### (iii) Cash and cash equivalents

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits	12	61,458	354,946	61,183	355,094
Less: Pledged deposits	12	(33)	(1,956)	-	-
		61,425	352,990	61,183	355,094
Cash and bank balances	12	14,132	9,349	10,570	4,856
		75,557	362,339	71,753	359,950

The notes on pages 112 to 199 form an integral part of these financial statements.

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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

## Principal place of business/Registered office

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 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 2015 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 29 February 2016.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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

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

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

- FRS 14, *Regulatory Deferral Accounts*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10, *Consolidated Financial Statements*, FRS 12, *Disclosure of Interests in Other Entities* and FRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116, *Property, Plant and Equipment* and FRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

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

- FRS 9, *Financial Instruments (2014)*

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 1. BASIS OF PREPARATION (CONTINUED)

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

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

- Amendments to FRS 10, *Consolidated Financial Statements* and FRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations except for FRS 14, Amendments to FRS 11, Amendments to FRS 10, Amendments to FRS 12, Amendments to FRS 128 and Amendments to FRS 119 which are not applicable to the Group and the Company:

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

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

The Group and the Company falls within the scope of MFRS 141, Agriculture. Therefore, the Company is currently exempted from adopting the Malaysian Financial Reporting Standards (“MFRSs”) and is referred to as a “Transitioning Entity”.

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

#### (b) Basis of measurement

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

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

The Directors expect to “roll-over” the SUKUK Murabahah medium term notes, amount due to holding corporation and the amount due to related companies which are due to be payable in the next 12 months, with carrying amount of RM149,657,000 as at 31 December 2015. The SUKUK Murabahah medium term notes subscriber is the holding corporation of the Group. The forecasts incorporate current payables, committed expenditure and other future expected expenditure, and revenue from newly mature area of 3,788 hectare. In the event that the Group disposes any of the subsidiaries, the proceeds from the disposal will reduce the amount of notes the Group seeks to “roll over”.

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 1. BASIS OF PREPARATION (CONTINUED)

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

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

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

When there is an indication of impairment, management measured the recoverable amounts based on value in use of the PDE. Significant assumptions used to derive to value in use is 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 to 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 to fair value is as shown in Note 5.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 1. BASIS OF PREPARATION (CONTINUED)

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

##### (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 and experts, internal and external to the Group, for matters in the ordinary course of business.

##### (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.

##### (vii) Valuation of land

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

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

### 2. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

- (i) Subsidiaries 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### 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.

##### (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### (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.

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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial instruments

##### (i) Initial recognition and measurement

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

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

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

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

The Group and the Company categorise financial instruments as follows:

#### ***Financial assets***

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

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

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

##### (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial instruments (continued)

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

###### *Financial assets (continued)*

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

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

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

###### *Financial liabilities*

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

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

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

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

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

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Financial instruments (continued)

##### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

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

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

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Property, plant and equipment (continued)

##### (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 annual production yield table. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

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

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

#### (e) Leased assets

##### (i) Finance lease

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

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

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Leased assets (continued)

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

#### (g) Plantation development expenditure

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use. The cost also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

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

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

#### (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Impairment (continued)

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

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

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

#### (l) Equity instruments

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

##### (i) Issue expenses

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

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

#### (m) Employee benefits

##### (i) Short-term employee benefits

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

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

##### (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

##### (iii) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

##### (iv) Dividend income

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

##### (v) Management fees

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

##### (vi) Profit margin income

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

#### (p) Borrowing costs

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

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

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

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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.

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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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.

#### (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Leasehold land RM'000	Estates RM'000	Buildings RM'000	Plant, machinery and equipment RM'000			Motor vehicles RM'000	Work-in-progress RM'000	Total RM'000
					Plant, machinery and equipment	Plant, machinery and equipment	Plant, machinery and equipment			
<b>Cost</b>										
At 1 January 2014		1,163,616	692,372	162,507	192,462	13,778	42,193	23,340	2,290,268	
Transfer from assets held for sale		11,063	19,841	4,119	788	18	227	138	36,194	
Acquisition of assets	31	20,678	-	-	25	-	116	-	20,819	
Additions		6,093	14,418	3,858	721	514	12,258	25,182	63,044	
Transfer from plantation development expenditure	4	-	297,963	-	-	-	-	-	297,963	
Written off		-	(12,394)	(276)	(2,206)	(89)	(472)	(667)	(16,104)	
Disposals		(10,861)	(19,332)	(4,119)	(2,062)	(18)	(2,517)	-	(38,909)	
Transfers		-	-	11,344	9,551	480	-	(21,375)	-	
Effect of movement in exchange rate		-	-	-	1	-	8	-	9	
At 31 December 2014/1 January 2015		1,190,589	992,868	177,433	199,280	14,683	51,813	26,618	2,653,284	
Additions		-	-	2,854	2,757	422	1,565	20,692	28,290	
Transfer from plantation development expenditure	4	-	362,368	-	-	-	-	-	362,368	
Written off		-	(4,378)	(518)	(1,423)	(290)	(74)	-	(6,683)	
Disposals		-	(482)	(59)	-	-	-	-	(541)	
Transfers		-	-	11,884	6,209	149	-	(18,242)	-	
Adjustment on final billing		-	-	2,684	(3,548)	-	-	(289)	(1,153)	
Effect of movement in exchange rate		24	-	20	33	17	18	6	118	
At 31 December 2015		1,190,613	1,350,376	194,298	203,308	14,981	53,322	28,785	3,035,683	

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

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

Group	Note	Leasehold land RM'000	Estates RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
<b>Accumulated depreciation</b>									
At 1 January 2014		48,245	138,479	38,813	66,451	12,165	24,375	-	328,528
Transfer from assets held for sale		255	623	192	112	10	97	-	1,289
Depreciation for the year	3.1	20,596	37,505	9,803	11,702	1,076	11,722	-	92,404
Written off		-	(12,388)	(119)	(1,821)	(89)	(459)	-	(14,876)
Disposals		(253)	(828)	(352)	(1,142)	(14)	(2,070)	-	(4,659)
Transfers		-	-	-	47	(47)	-	-	-
At 31 December 2014/1 January 2015		68,843	163,391	48,337	75,349	13,101	33,665	-	402,686
Depreciation for the year	3.1	20,443	40,544	9,030	15,512	829	6,776	-	93,134
Written off		-	(4,378)	(436)	(1,281)	(291)	(72)	-	(6,458)
Disposals		-	(154)	(59)	-	-	-	-	(213)
Effect of movement in exchange rate		-	-	-	3	7	5	-	15
At 31 December 2015		89,286	199,403	56,872	89,583	13,646	40,374	-	489,164
<b>Carrying amounts</b>									
At 1 January 2014		1,115,371	553,893	123,694	126,011	1,613	17,818	23,340	1,961,740
At 31 December 2014/1 January 2015		1,121,746	829,477	129,096	123,931	1,582	18,148	26,618	2,250,598
At 31 December 2015		1,101,327	1,150,973	137,426	113,725	1,335	12,948	28,785	2,546,519

Notes to the  
Financial StatementsFOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

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

Company	Leasehold land Note	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
At 1 January 2014	9,411	7,496	15,882	15,921	204	4,376	1,038	54,328
Additions	-	-	715	1,217	16	375	1,683	4,006
Transfer	-	-	425	180	-	-	(605)	-
Written off	-	(2,337)	(29)	(819)	(14)	(40)	-	(3,239)
At 31 December 2014/1 January 2015	9,411	5,159	16,993	16,499	206	4,711	2,116	55,095
Additions	-	-	116	669	1	33	2,263	3,082
Transfer from plantation development expenditure	4	26,928	-	-	-	-	-	26,928
Transfer	-	-	1,351	2,416	-	-	(3,767)	-
Written off	-	(2,370)	(367)	(1,280)	(6)	(3)	-	(4,026)
At 31 December 2015	9,411	29,717	18,093	18,304	201	4,741	612	81,079
<b>Accumulated depreciation</b>								
At 1 January 2014	1,669	7,373	11,237	14,184	177	3,235	-	37,875
Depreciation for the year	3.1	21	387	589	20	449	-	1,561
Written off	-	(2,336)	(29)	(817)	(14)	(41)	-	(3,237)
At 31 December 2014/1 January 2015	1,764	5,058	11,595	13,956	183	3,643	-	36,199
Depreciation for the year	3.1	49	380	772	13	416	-	1,725
Written off	-	(2,370)	(324)	(1,260)	(7)	(3)	-	(3,964)
At 31 December 2015	1,859	2,737	11,651	13,468	189	4,056	-	33,960
<b>Carrying amounts</b>								
At 1 January 2014	7,742	123	4,645	1,737	27	1,141	1,038	16,453
At 31 December 2014/1 January 2015	7,647	101	5,398	2,543	23	1,068	2,116	18,896
At 31 December 2015	7,552	26,980	6,442	4,836	12	685	612	47,119

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

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

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Recognised in profit or loss	21	88,673	85,286	1,389	1,064
Capitalised in plantation development expenditure	4	3,690	7,118	336	497
Capitalised in forestry plantation	5	771	-	-	-
		93,134	92,404	1,725	1,561

### 3.2 Security

At 31 December 2015, the leasehold land of subsidiaries with a carrying amount of RM15,886,000 (2014: RM16,217,000) is subject to a registered debenture to secure bank loan granted to its subsidiaries (see Note 14).

### 3.3 Land

Included in the total carrying amount of land are:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Leasehold land with unexpired lease period of more than 50 years	1,064,175	1,100,846	7,358	7,647
Leasehold land with unexpired lease period of less than 50 years	37,152	20,900	194	-
	1,101,327	1,121,746	7,552	7,647

3.4 Management depreciated matured estate based on estimate in which the management calculates based on the potential yield per hectare by age of the trees. The potential 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 require significant judgement and is dependent on past trend production of the Group. The actual yield however, may be different from expected.

3.5 Management estimates the cost of land of a subsidiary amounting to RM23,499,000 (2014: RM23,561,000) was based on provisional Hak Guna Usaha ("HGU"). HGU is still pending issuance by Government of Indonesia.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 4. PLANTATION DEVELOPMENT EXPENDITURE

Group	Note	Oil palm RM'000	Rubber RM'000	Total	
				31.12.15 RM'000	31.12.14 RM'000
At 1 January		635,730	114,054	749,784	845,416
Change in fair value recognise in other comprehensive income	22	-	(6,949)	(6,949)	-
Transfer to forestry	4.1	-	(107,105)	(107,105)	-
		635,730	-	635,730	845,416
Additions during the year	4.2	128,594	-	128,594	196,435
Addition in nurseries		-	-	-	5,896
Transfer to property, plant and equipment	3	(362,368)	-	(362,368)	(297,963)
Effect of movement in exchange rate		3,639	-	3,639	-
At 31 December		405,595	-	405,595	749,784

Company	/-----Oil palm-----/	
	31.12.15 RM'000	31.12.14 RM'000 Restated
At 1 January	60,220	45,081
Additions during the year	9,748	15,139
	69,968	60,220
Less: Transfer to property, plant and equipment	(26,928)	-
At 31 December	43,040	60,220

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 4. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

#### 4.1 Transfer to forestry

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

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

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, upkeep and maintenance cost and harvesting cost. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>• Expected projected latex yield (500kg/ha/yr – 2000kg/ha/yr)</li> <li>• Expected timber volume (308m<sup>3</sup>/ha – 500m<sup>3</sup>/ha)</li> <li>• Latex price (RM6/kg)</li> <li>• Log price (RM144/m<sup>3</sup> – RM145/m<sup>3</sup>)</li> <li>• Upkeep and Maintenance cost (RM1,614/ha – RM4,407/ha)</li> <li>• Harvesting cost (RM2.35/kg)</li> <li>• Pre-tax discount rate (10%)</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• Expected projected latex yield were higher (lower);</li> <li>• Expected timber volume were higher (lower);</li> <li>• Latex sales price higher (lower);</li> <li>• Log price higher (lower);</li> <li>• Upkeep, maintenance and harvesting cost were lower (higher); or</li> <li>• Discount rates were lower (higher).</li> </ul>

#### 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 4. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

4.2 Included in additions during the year are as follows:

	Note	Group		Company	
		31.12.15 RM'000	31.12.14 RM'000 Restated	31.12.15 RM'000	31.12.14 RM'000 Restated
Depreciation of property, plant and equipment	3	3,690	7,118	336	497
Personnel expenses:					
- Wages, salaries and others		24,491	37,227	5,075	7,461
- Contribution to Employees Provident Fund		1,337	1,850	284	349
Finance cost*	19	48,949	35,908	1,463	-
Management fees capitalised		-	-	1,291	1,244

\* Finance cost is capitalised at profit margin ranges from 4.55%-8.65% (2014: 6.60%) per annum.

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

During the financial years, two (2) estates of subsidiaries has not been declared matured even though the age of PDE is 72 months and 60 months. The carrying amount of the PDE as at 31 December 2015 amounted to RM46,215,000 and RM24,987,000 respectively.

For the purpose of impairment testing, PDE costs is allocated to the area which represent the cash-generating unit of the subsidiaries at which the area is monitored for internal management purposes.

The recoverable amounts of the cash generating units were based on their value in use.

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

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 25-year period were extrapolated using a constant growth rate of 3%, which does not exceed the long term average growth rate of the industry. Management believes that this 30-year forecast period is appropriate as it represents one full cycle of the oil palm tree.
- Price of Fresh Fruit Bunches ("FFB") was determined based on long term pricing of Crude Palm Oil (averaging at RM2,477 per metric tonne) and Palm Kernel price (averaging at RM1,660 per metric tonne). Oil extraction rate ("OER") (16%) and kernel extraction rate ("KER") (4%) were determined based on past years' trend.
- A pre-tax discount rate of 12% was applied in determining the recoverable amount of the unit.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 4. PLANTATION DEVELOPMENT EXPENDITURE (CONTINUED)

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

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

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

The above estimates are particularly sensitive in the following cases:

- An increase of 5% in the discount rate used with 5% reduction in price of FFB would have resulted in an impairment loss of RM4,300,000.
- An increase of 5% in the discount rate used with 5% reduction in yield per hectare would have resulted in an impairment loss of RM2,303,000.

### 5. FORESTRY

Group	Note	2015 RM'000	2014 RM'000
At 1 January		-	-
Transfer from plantation development expenditure	4	107,105	-
Addition during the year	5.1	19,298	-
Additions of nurseries		5,041	-
Change in fair value recognised profit or loss		14,461	-
At 31 December		145,905	-

5.1 Included in additions during the year are as follows:

	Note	2015 RM'000	2014 RM'000
Depreciation on property, plant and equipment		771	-
Finance cost*		7,697	-
Personnel expenses:			
- Wages, salaries and others		1,876	-
- Contribution to Employees Provident Fund		157	-

\* Finance cost is capitalised at a profit margin of 7.85% (2014: Nil) per annum.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 5. FORESTRY (CONTINUED)

#### 5.2 Fair value information

Fair value of forestry is categorised as follows:

	Level 1 RM'000	Level 2 RM'000	2015 Level 3 RM'000	Total RM'000
Forestry	-	-	145,905	145,905
	-	-	145,905	145,905

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, upkeep and maintenance cost and harvesting cost. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>Expected projected latex yield (500kg/ha/yr – 2000kg/ha/yr)</li> <li>Expected timber volume (308m<sup>3</sup>/ha – 500m<sup>3</sup>/ha)</li> <li>Latex price (RM6/kg)</li> <li>Log price (RM144/m<sup>3</sup> – RM145/m<sup>3</sup>)</li> <li>Upkeep and Maintenance cost (RM1,614/ha – RM2,075/ha)</li> <li>Harvesting cost (RM2.35/kg)</li> <li>Pre-tax discount rate (10%)</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>Expected projected latex yield were higher (lower);</li> <li>Expected timber volume were higher (lower);</li> <li>Latex sales price higher (lower);</li> <li>Log price higher (lower);</li> <li>Upkeep, maintenance and harvesting cost were lower (higher); or</li> <li>Discount rates were lower (higher).</li> </ul>

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

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

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.

#### 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 6. INTANGIBLE ASSET - GOODWILL

Group	Notes	2015 RM'000	2014 RM'000
<b>Cost</b>			
At 1 January		73,265	73,265
Transfer from asset held for sale		-	151
Impairment loss	6.1	-	(151)
At 31 December		73,265	73,265

6.1 Impairment loss is in relation of disposals of assets and liabilities in TH Bakti Sdn. Bhd..

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

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

Oil Palm Plantation Segment	Group	
	2015 RM'000	2014 RM'000
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

The recoverable amounts of the CGUs were based on their value in use.

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

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan. Cash flows for a further 25-year period were extrapolated using a constant growth rate of 3% (2014: 3%), which does not exceed the long term average growth rate of the industry. Management believes that this 30-year forecast period is appropriate as it represents one full cycle of the oil palm tree.
- Price of Fresh Fruit Bunches ("FFB") was determined based on long term pricing of Crude Palm Oil (averaging at RM2,477 per metric tonne) and Palm Kernel price (averaging at RM1,660 per metric tonne). Oil extraction rate ("OER") (16%) and kernel extraction rate ("KER") (4%) were determined based on past years' trend.
- A pre-tax discount rate of 12% was applied in determining the recoverable amount of the unit.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 6. INTANGIBLE ASSET – GOODWILL (CONTINUED)

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

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

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

The above estimates are particularly sensitive in the following cases:

- An increase of 5% in the discount rate used with 5% reduction in price of FFB would have resulted in an impairment loss of RM15,772,000.
- An increase of 5% in the discount rate used with 5% reduction in yield per hectare would have resulted in an impairment loss of RM12,303,000.

### 7. INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2015 RM'000	2014 RM'000
Unquoted shares at cost			
At 1 January		1,187,918	1,160,345
Transfer from asset held for sale		-	14,057
Disposal of a subsidiary		(14,057)	-
Acquisition of new subsidiaries	7.1	2,500	13,516
Increase in investment in a subsidiary		4,000	-
		1,180,361	1,187,918

7.1 Acquisition of new subsidiaries consists of:

	Note	Company	
		2015 RM'000	2014 RM'000
(i) Acquisition of PT Persada Kencana Prima via cash		-	13,516
(ii) Acquisition of Manisraya Sdn. Bhd. via cash *		2,500	-
(iii) Acquisition of THP Suria Mekar Sdn. Bhd. via cash *		#	-
		2,500	13,516

# Represent RM2.

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.2 Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business	Effective ownership interest and voting interest		Principal activities
		2015 %	2014 %	
<b>Direct subsidiaries</b>				
THP Ibok Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and marketing of FFB.
THP Gemas Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP-YT Plantation Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm and marketing of FFB.
THP Sabaco Sdn. Bhd.	Malaysia	51	51	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Bukit Belian Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and marketing of FFB.
THP Saribas Sdn. Bhd.	Malaysia	80	80	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Kota Bahagia Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
THP Agro Management Sdn. Bhd.	Malaysia	100	100	Management services.
Hydroflow Sdn. Bhd.	Malaysia	70	70	Cultivation of oil palm and marketing of FFB.
TH Ladang (Sabah & Sarawak) Sdn. Bhd.	Malaysia	100	100	Investment holding.
TH Bakti Sdn. Bhd.*	Malaysia	-	70	Ceased operation.
Bumi Suria Ventures Sdn. Bhd.	Malaysia	100	100	Cultivation of oil palm and marketing of FFB.
Maju Warisanmas Sdn. Bhd.	Malaysia	100	100	Letting of investment property.
Manisraya Sdn. Bhd	Malaysia	100	-	Tradeline services in dealing and trading of FFB.
THP Suria Mekar Sdn. Bhd. (Formerly known as Pinekey Sdn. Bhd.)	Malaysia	100	-	Special purpose vehicle.
PT Persada Kencana Prima #	Indonesia	93	93	Cultivation of oil palm and marketing of FFB.

\* The Company was disposed on 30 December 2015.

# Not audited by KPMG

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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

Name of subsidiary	Principal place of business	Effective ownership interest and voting interest		Principal activities
		2015 %	2014 %	
<b>Indirect subsidiaries held through TH Ladang (Sabah &amp; Sarawak) Sdn. Bhd.</b>				
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.
Pinekey Sdn. Bhd.	Malaysia	-	100	Dormant.
Manisraya Sdn. Bhd.	Malaysia	-	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.
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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

#### Non-controlling interests in subsidiaries

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

Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	(Loss)/Profit allocated to NCI RM'000
<b>2015</b>			
THP Sabaco Sdn. Bhd.	49	180,506	982
THP Saribas Sdn. Bhd.	20	4,355	(7,814)
THP-YT Plantation Sdn. Bhd.	30	12,306	(880)
Hydroflow Sdn. Bhd.	30	25,155	39
TH PELITA Gedong Sdn. Bhd.	30	65,016	656
TH PELITA Sadong Sdn. Bhd.	30	42,139	1,086
TH PELITA Meludam Sdn. Bhd.	40	(2,825)	(13,541)
Other individually immaterial subsidiaries	-	27,787	(18,732)
<b>Total</b>		<b>354,439</b>	<b>(38,204)</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

#### Non-controlling interests in subsidiaries (continued)

Subsidiary name	Summarised financial information before intra-group elimination											
	As at 31 December 2015					Year ended 31 December 2015						
Non-current assets RM'000	Current assets RM'000	Non-current liabilities RM'000	Current liabilities RM'000	Net assets/(liabilities) RM'000	Revenue RM'000	Profit/(loss) for the year RM'000	Total comprehensive income/(loss) RM'000	Cash flows from operating activities RM'000	Cash flows from investing activities RM'000	Cash flows from financing activities RM'000	Net increase/(decrease) in cash and cash equivalents RM'000	Dividends paid to NCI RM'000
THP Sabaco Sdn. Bhd.	362,928	67,177	(13,604)	(20,657)	395,844	65,299	7,834	28,835	(17,748)	(11,246)	(159)	2,643
THP Saribas Sdn. Bhd.	633,490	18,173	(434,707)	(90,058)	126,898	103,257	(39,070)	32,262	(32,428)	(640)	(806)	1,019
THP-YT Plantation Sdn. Bhd.	108,712	2,829	(60,869)	(2,375)	48,297	3,856	(2,933)	4,225	(4,358)	-	(133)	-
Hydroflow Sdn. Bhd.	108,261	3,139	(23,561)	(2,844)	84,995	4,006	130	5,123	(5,099)	(24)	-	-
TH PELITA Gedong Sdn. Bhd.	227,908	34,983	(18,622)	(22,997)	221,272	90,228	2,187	15,611	(5,666)	(9,874)	71	420
TH PELITA Sadong Sdn. Bhd.	137,687	26,465	(8,201)	(10,939)	145,012	29,580	3,620	5,901	(215)	(5,655)	31	420
TH PELITA Meludam Sdn. Bhd.	202,950	1,574	(150,981)	(15,272)	38,271	16,322	(33,853)	2,188	(711)	(1,543)	(66)	-

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

#### Non-controlling interests in subsidiaries (continued)

Subsidiary name	NCI percentage of ownership interest and voting interest (%)	Carrying amount of NCI RM'000	Profit/(Loss) allocated to NCI RM'000
<b>2014</b>			
THP Sabaco Sdn. Bhd.	49	182,159	7,478
THP Saribas Sdn. Bhd.	20	12,188	(1,365)
THP-YT Plantation Sdn. Bhd.	30	13,186	2,314
Hydroflow Sdn. Bhd.	30	25,116	137
TH PELITA Gedong Sdn. Bhd.	30	64,780	1,306
TH PELITA Sadong Sdn. Bhd.	30	41,473	1,794
TH PELITA Meludam Sdn. Bhd.	40	10,716	(933)
Other individually immaterial subsidiaries	-	54,153	530
<b>Total</b>		<b>403,771</b>	<b>11,261</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

#### Non-controlling interests in subsidiaries (continued)

Subsidiary name	Summarised financial information before intra-group elimination												
	As at 31 December 2014					Year ended 31 December 2014							
Non-current assets RM'000	Current assets RM'000	Non-current liabilities RM'000	Current liabilities RM'000	Net assets/(liabilities) RM'000	Revenue RM'000	Profit/(loss) for the year RM'000	Total comprehensive income/(loss) RM'000	Cash flows from operating activities RM'000	Cash flows from investing activities RM'000	Cash flows from financing activities RM'000	Net increase/(decrease) in cash and cash equivalents RM'000	Dividends paid to NCI RM'000	
THP Sabaco Sdn. Bhd.	359,803	76,522	(10,033)	(27,076)	399,216	87,961	15,261	21,122	21,127	(20,725)	-	402	-
THP Saribas Sdn. Bhd.	621,949	11,777	(439,553)	(28,109)	166,064	121,425	(6,825)	(6,198)	60,937	(42,790)	(17,189)	958	-
THP-YT Plantation Sdn. Bhd.	105,393	1,226	(53,909)	(1,481)	51,229	6,993	7,713	7,713	8,848	(8,695)	-	153	-
Hydroflow Sdn. Bhd.	102,229	3,316	-	(21,826)	83,719	3,913	457	1,132	11,361	(11,390)	(83)	(112)	-
TH PELITA Gedong Sdn. Bhd.	235,770	35,728	(28,827)	(22,187)	220,484	91,545	4,353	13,201	27,782	(15,851)	(12,114)	(183)	-
TH PELITA Sadong Sdn. Bhd.	145,143	20,117	(13,292)	(9,175)	142,793	36,678	5,980	9,498	22,428	(16,071)	(6,654)	(297)	-
TH PELITA Meludam Sdn. Bhd.	201,255	989	(119,640)	(11,656)	70,948	9,560	(2,333)	14,883	15,594	(14,370)	(1,530)	(306)	-

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 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	
	2015 RM'000	2014 RM'000
Cash and cash equivalents	1,663	1,584
Land	15,886	16,217
At 31 December	17,549	17,801

The above restrictions arise from the following:

#### Restriction imposed by bank covenants

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

The covenants of bank loan taken by TH PELITA Meludam Sdn. Bhd. and TH PELITA Sadong 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 8. OTHER INVESTMENTS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>					
Available-for-sale financial assets					
– stated at cost	8.1	1,920	1,920	1,920	1,920
Less: Impairment loss		(95)	(95)	(95)	(95)
		1,825	1,825	1,825	1,825
Loans and receivables		-	20,805	-	18,164
		1,825	22,630	1,825	19,989
<b>Current</b>					
Loans and receivables	8.2	4,127	-	1,760	-
		4,127	-	1,760	-
At 31 December		5,952	22,630	3,585	19,989

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

8.2 Loans and receivables are deposits which are placed with licensed banks for Group and Company have profit margin ranges from 3.20% to 3.92% (2014: 2.90% to 3.50%).

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 9. DEFERRED TAX (ASSETS)/LIABILITIES

#### Recognised deferred tax (assets)/liabilities

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

Group	Assets		Liabilities		Net				
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
Unutilised tax losses	(88,907)	(35,106)	(36,766)	-	(17)	(1,350)	(88,907)	(35,123)	(38,116)
Property, plant and equipment	174,982	87,687	116,402	339,631	346,955	343,659	514,613	434,642	460,061
FRS 139 adjustment on initial recognition of related company balances	-	-	1,163	3,623	3,750	7,865	3,623	3,750	9,028
Unabsorbed capital allowances	(189,575)	(113,837)	(128,527)	(1,847)	(2,293)	(1,884)	(191,422)	(116,130)	(130,411)
Others	17,975	(409)	(545)	6,605	(537)	-	24,580	(946)	(545)
Net tax (assets)/liabilities	(85,525)	(61,665)	(48,273)	348,012	347,858	348,290	262,487	286,193	300,017

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

#### Recognised deferred tax (assets)/liabilities (continued)

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

Company	Liabilities			Net		
	← 31.12.15 RM'000	31.12.14 RM'000	→ 1.1.14 RM'000	← 31.12.15 RM'000	31.12.14 RM'000	→ 1.1.14 RM'000
Property, plant and equipment	6,159	5,143	5,497	6,159	5,143	5,497
Amount due from related companies	3,623	3,750	3,872	3,623	3,750	3,872
Amount due from subsidiaries	-	6,992	3,992	-	6,992	3,992
Others	1,936	(98)	(497)	1,936	(98)	(497)
Net tax (assets)/liabilities	11,718	15,787	12,864	11,718	15,787	12,864

#### Unrecognised deferred tax assets

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

	Group	
	2015 RM'000	2014 RM'000
Unutilised tax loss carry-forwards	(8,647)	(111,293)
Capital allowance carry-forwards	-	(22,974)
At 31 December	(8,647)	(134,267)
Tax at 24% (2014: 24%)	(2,075)	(32,224)

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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 9. DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

#### Movement in temporary differences during the year

Group	At 1.1.2014		Transfer from assets held for sale	Recognised in profit or loss		Acquisition of assets and liabilities		At 31.12.2014/1.1.2015		Recognised in other comprehensive income		At 31.12.2015
	RM'000	RM'000		RM'000	(note 20)	RM'000	(note 31)	RM'000	RM'000	(note 20)	RM'000	
Unutilised tax losses	(38,116)	-	-	2,993	-	-	(53,784)	(35,123)	-	-	(88,907)	
Unabsorbed capital allowances	(130,411)	-	-	14,281	-	-	(75,292)	(116,130)	-	-	(191,422)	
Property, plant and equipment	460,061	2,870	2,870	(63,868)	5,579	5,579	79,971	434,642	-	-	514,613	
FRS 139 adjustment on initial recognition of related company balances	9,028	-	-	(5,278)	-	-	(127)	3,750	-	-	3,623	
Others	(545)	-	-	(401)	-	-	27,194	(946)	(1,668)	(1,668)	24,580	
	300,017	2,870	2,870	(22,273)	5,579	5,579	(22,038)	286,193	(1,668)	(1,668)	262,487	
<b>Company</b>												
Property, plant and equipment	5,497	-	-	(354)	-	-	1,016	5,143	-	-	6,159	
Amount due from related companies	3,872	-	-	(122)	-	-	(127)	3,750	-	-	3,623	
Amount due from subsidiaries	3,992	-	-	3,000	-	-	(6,992)	6,992	-	-	-	
Others	(497)	-	-	399	-	-	2,034	(98)	-	-	1,936	
	12,864	-	-	2,923	-	-	(4,069)	15,787	-	-	11,718	

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due from subsidiaries	10.1	-	-	-	493,463
<b>Current</b>					
<b>Trade</b>					
Trade receivables		31,251	25,300	3,195	1,573
<b>Non-trade</b>					
Amount due from subsidiaries	10.2	-	-	98,918	337,817
Amount due from related companies	10.3	-	910	-	910
Other receivables		39,548	43,530	27,665	1,834
Tax credit	10.4	2,152	13,712	-	7,438
Dividend receivables		-	-	-	36,135
		41,700	58,152	126,583	384,134
		72,951	83,452	129,778	385,707

**10.1** The amount due from subsidiaries are unsecured, subject to profit margin ranges of nil (2014: 2.98% to 6.60%) and stated at amortised cost.

**10.2** The amount due from subsidiaries are unsecured, no profit margin applied and repayable on demand except for an amount of RM11,794,000 (2014: RM288,511,000), which is subject to profit margin ranges from 3.33% to 3.36% (2014: 2.98% to 3.30%).

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

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

### 11. INVENTORIES

	Group			Company		
	31.12.15 RM'000	31.12.14 RM'000 Restated	1.1.14 RM'000 Restated	31.12.15 RM'000	31.12.14 RM'000 Restated	1.1.14 RM'000 Restated
Finished goods	4,294	2,161	2,429	555	510	236
Stores	21,367	18,256	23,048	535	446	828
	25,661	20,417	25,477	1,090	956	1,064

Finished goods have been written down to net realisable value of RM197,000 (2014: nil) being charged to profit or loss as part of cost of sales.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 12. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	12.1	61,458	354,946	61,183	355,094
Cash and bank balances	12.2	14,132	9,349	10,570	4,856
		75,590	364,295	71,753	359,950

**12.1** Deposits which are placed with licensed banks for Group and Company have profit margins ranging between 3.20% to 3.92% (2014: 2.90% to 3.50%).

Included in the deposits placed with licensed banks for Group are RM33,000 (2014: RM1,956,000) pledged for a bank guarantee issued to a third party.

**12.2** Included in the bank balances is RM11,884,000 (2014: RM9,216,000) and RM10,176,000 (2014: RM3,732,000) which is maintained by the Group and the Company respectively with a related company.

### 13. CAPITAL AND RESERVES

#### Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2015 '000	2015 RM'000	2014 '000	2014 RM'000
Authorised:				
Ordinary shares of RM0.50 each	1,000,000	500,000	1,000,000	500,000
Issued and fully paid shares classified as equity instruments:				
Ordinary shares of RM0.50 each				
At 1 January	883,851	441,925	880,513	440,256
Issue for cash under ESOS	-	-	3,338	1,669
At 31 December	883,851	441,925	883,851	441,925

#### Ordinary shares

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 13. CAPITAL AND RESERVES (CONTINUED)

#### Share premium

	Group and Company	
	2015 RM'000	2014 RM'000
At 1 January	420,827	417,559
Issue of shares under ESOS	-	3,268
At 31 December	420,827	420,827

#### Other reserves

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

#### Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Share option is disclosed in Note 28.

### 14. LOANS AND BORROWINGS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>					
<b>Secured</b>					
Flexi Term Financing-i	14.1	43,715	54,258	-	-
Ijarah Term Financing-i Facility	14.2	7,768	21,868	-	-
<b>Unsecured</b>					
Murabahah Medium Term Notes ("MMTN")		-	200,000	-	200,000
SUKUK Murabahah Medium Term Notes	14.3	-	800,000	-	800,000
SUKUK Murabahah Medium Term Notes	14.3	1,060,000	-	-	-
Term Financing	14.4	17,154	12,956	-	-
		1,128,637	1,089,082	-	1,000,000
<b>Current</b>					
<b>Secured</b>					
Flexi Term Financing-i	14.1	9,000	-	-	-
SUKUK Murabahah Medium Term Notes	14.3	80,000	-	-	-
Ijarah Term Financing-i Facility	14.2	12,000	10,000	-	-
<b>Unsecured</b>					
Islamic Trade Financing-i	14.5	5,493	-	-	-
		106,493	10,000	-	-
		1,235,130	1,099,082	-	1,000,000

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 14. LOANS AND BORROWINGS (CONTINUED)

#### 14.1 Flexi Term Financing-i

##### **TH Pelita Meludam Sdn. Bhd.**

##### *Security*

The Flexi Term Financing-i which is taken by a subsidiary of the Group is secured over property, plant and equipment (leasehold land) with a carrying amount of RM11,448,000 (2014: RM11,677,000) (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;
- (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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 14. LOANS AND BORROWINGS (CONTINUED)

#### 14.2 Ijarah Term Financing-i Facility

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

###### *Security*

The Ijarah Term Financing-i Facility, which is obtained by subsidiaries of the Group, is secured over the leasehold land with a carrying amount of RM4,438,000 (2014: RM4,540,000)(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;
- (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;

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 14. LOANS AND BORROWINGS (CONTINUED)

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

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

###### *Significant covenants (continued)*

- (l) not to decrease or in any way whatsoever alter (other than by way of increase) the authorised or issued capital of the company whether by varying the amount;
- (m) not to declare any bonus issue or make any distribution (be it income or capital in nature) or declare and/or pay out any dividend if an Event or Default has occurred or is effect any change in the key management of the company; and
- (n) not to make any alteration to the general purpose in its application for the Ijarah Facility.

#### 14.3 SUKUK Murabahah Medium Term Notes

##### THP Suria Mekar Sdn. Bhd.

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

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

The Group expect to rollover of SUKUK Murabahah Medium Term Notes amounting RM80 million which was due for repayment in 2016.

###### *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);

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 14. LOANS AND BORROWINGS (CONTINUED)

#### 14.3 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 Muharabah 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 arms-length basis; and
  - iii) will not have a Material Adverse Effect on the Issuer;
- (k) not to change the utilisation of proceeds of the Sukuk Murabahah Programme;
- (l) not to engage or carry on any other business other than that as currently carried out;
- (m) not to suspend or threaten to suspend any part of its business;

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 14. LOANS AND BORROWINGS (CONTINUED)

#### 14.3 SUKUK Murabahah Medium Term Notes (continued)

##### THP Suria Mekar Sdn. Bhd. (continued)

###### *Significant covenants (continued)*

- (n) not to consolidate or amalgamate or merge with or into, or transfer all or substantially all its assets to, or acquire all or substantially all the assets (including shares and/or stocks of any class, partnership or joint venture interest) of another entity;
- (o) not to enter into a transaction, whether directly or indirectly, with interested persons (including a director, substantial shareholder or persons connected with them) unless:
  - i) such transaction shall be on terms that are no less favourable to the Issuer than those which could have been obtained in a comparable transaction from persons who are not interested; and
  - ii) with respect to transactions involving an aggregate payment or value equal to or greater than such amount representing twenty five percent (25%) of the Issuer's net asset as reflected in its then current audited financial statement, the Issuer obtains a certification from an independent adviser that the transaction is carried out on fair and reasonable terms, provided that the Issuer certifies to the Investor or the Joint Lead Managers, that the transaction complies with paragraph (i) above, that (where applicable) the Issuer has received the certification referred to in paragraph (i) above and that the transaction has been approved by the majority of the board of directors or shareholders in a general meeting, as the case may require; and
- (p) not to enter into any partnership, profit-sharing or royalty agreement or other arrangement of whatsoever nature whereby the Issuer's income or profits derived from its main activity(ies) are, or might be, shared with any other person, firm or company or enter into any management contract or other arrangement of whatsoever nature whereby the Issuer's business or operations are managed by any other person, firm or company, unless entered into in its ordinary course of business.

#### 14.4 Term Financing

##### TH-Bonggaya Sdn. Bhd.

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 14. LOANS AND BORROWINGS (CONTINUED)

#### 14.4 Term Financing (continued)

##### TH-Bonggaya Sdn. Bhd. (continued)

###### *Significant covenants*

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

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

#### 14.5 Islamic Trade Financing-i

##### Manisraya Sdn. Bhd.

###### *Significant covenants*

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

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 14. LOANS AND BORROWINGS (CONTINUED)

#### 14.5 Islamic Trade Financing-i (continued)

##### Manisraya Sdn. Bhd. (continued)

##### *Significant covenants (continued)*

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 15. DEFERRED INCOME

	Note	Group	
		2015 RM'000	2014 RM'000
<b>Government grant</b>			
At 1 January		22,139	-
Fair value recognised in other comprehensive income	4	(22,139)	-
Fair value on government grant	15.1	5,180	22,139
Fair value recognised in profit and loss	15.2	(5,180)	-
		-	22,139

A subsidiary of the Company received a loans 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 RM8,461,000.

**15.1** 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 20 years.

#### 15.2 Fair value information

Fair value of government grant categorised as follows:

	2015			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Government grant	-	-	5,180	5,180
	-	-	5,180	5,180

	2014			Total RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Government grant	-	-	22,139	22,139
	-	-	22,139	22,139

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 15. DEFERRED INCOME (CONTINUED)

#### 15.2 Fair value information (continued)

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

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
The fair value of the grant is the difference between the fair value of the government loan and the cash received from the loan. The fair value of the loan is determined using discounted cash flows. The valuation method considers the present value of net cash flows to be payables to lender, taking into account current profit margin rate (base lending rate plus spread), and expected repayment period. The expected net cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> <li>Profit margin rate (7.85%)</li> <li>Repayment period (20 years)</li> </ul>	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> <li>Expected profit margin rate higher (lower);</li> <li>Expected repayment period higher (lower);</li> </ul>

15.3 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).

### 16. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due to related companies	16.1	13,037	12,448	11,924	11,412
<b>Current</b>					
<b>Trade</b>					
Trade payables		74,695	65,688	3,150	2,470
<b>Non-trade</b>					
Amount due to holding corporation	16.2	1,825	2,407	1,825	2,407
Amount due to subsidiaries	16.3	-	-	313,000	122,028
Amount due to related companies	16.4	37,503	335,894	35,658	322,082
Other payables		49,171	49,594	7,119	5,606
Accrued expenses		19,065	23,856	-	13,136
Dividend payable	16.5	45,296	60,628	138	82
		152,860	472,379	357,740	465,341
		227,555	538,067	360,890	467,811

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 16. TRADE AND OTHER PAYABLES (CONTINUED)

- 16.1** The amount due to related companies is unsecured, no profit margin applied and stated at amortised cost.
- 16.2** The amount due to holding corporation is unsecured and no profit margin applied. The Group expect to rollover of amount due to holding corporation which was due for repayment in 2016.
- 16.3** The amount due to subsidiaries are unsecured, repayable on demand and subject to profit margin ranges from 3.33% to 3.36% (2014: 2.98% to 3.30%).
- 16.4** The amount due to related companies are unsecured and subject to profit margin ranges from 3.33% to 3.36% (2014: 2.98% to 3.30%). The Group expect to rollover of amount due to related companies which was due for repayment in 2016.
- 16.5** The Group expect to rollover of dividend payables to holding corporation amounting to RM34 million which was due for repayment in 2016.

### 17. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales	455,270	488,016	86,000	58,112
Dividends	-	183	31,096	36,317
Management fees	34	718	-	-
	455,304	488,917	117,096	94,429

### 18. PROFIT MARGIN INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit margin income on financial assets that are not at fair value through profit or loss:				
- intercompany receivables	-	-	22,300	67,067
- early settlement of amount due from subsidiaries	-	-	38,107	-
- loans and receivables	5,251	3,260	5,140	3,174
Recognised in profit or loss	5,251	3,260	65,547	70,241

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 19. FINANCE COST

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance cost on financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	75,509	60,604	25,205	54,578
- profit margin expense on subsidiaries	-	-	5,384	3,552
- profit margin expense on related companies	3,669	2,266	3,669	2,266
	79,178	62,870	34,258	60,396
Recognised in profit or loss	22,532	26,962	32,795	60,396
Capitalised in plantation development expenditure	48,949	35,908	1,463	-
Capitalised in forestry	7,697	-	-	-
	79,178	62,870	34,258	60,396

### 20. TAX (CREDIT)/EXPENSE

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current tax expense</b>					
Malaysia - current year		15,811	25,255	1,644	2,087
- prior years		1,012	(4,351)	1,683	(1,980)
Total current tax recognised in profit or loss		16,823	20,904	3,327	107
<b>Deferred tax expense</b>					
Origination and reversal of temporary differences		(17,013)	(28,822)	(4,854)	3,074
(Over)/Under provision in prior year		(5,025)	6,549	785	(151)
Total deferred tax recognised in profit or loss	9	(22,038)	(22,273)	(4,069)	2,923
Total income tax (credit)/expense		(5,215)	(1,369)	(742)	3,030

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 20. TAX (CREDIT)/EXPENSE (CONTINUED)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Reconciliation of effective tax expense</b>				
Profit for the year	23,929	59,580	78,687	56,887
Total income tax (credit)/expense	(5,215)	(1,369)	(742)	3,030
Profit excluding tax	18,714	58,211	77,945	59,917
Tax calculated using Malaysian tax rate of 25% (2014: 25%)	4,679	14,553	19,486	14,979
Recognition of previously unrecognised deferred tax assets	(10,149)	(6,097)	-	-
Effect of changes in tax rates*	836	-	(233)	-
Non-assessable income	(5,400)	(13,165)	(22,463)	(9,818)
Non-deductible expenses	8,832	1,142	-	-
Under/(Over) provided in prior years:				
- current tax	1,012	(4,351)	1,683	(1,980)
- deferred tax	(5,025)	6,549	785	(151)
	(5,215)	(1,369)	(742)	3,030

\* A reduction in the corporate tax rate from 25% to 24% was proposed in the 2014 budget. For the Company, the reduction will be effective 1 January 2016. Management has used judgment with regard to determining temporary differences expected to reverse and estimated the temporary difference. The effect of any change is recognised in the profit or loss.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 21. PROFIT FOR THE YEAR

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit for the year is arrived at after charging:</b>					
Auditors' remuneration:					
- Audit fees KPMG Malaysia		1,032	892	190	190
- Non-audit fees KPMG Malaysia		213	23	39	23
Depreciation of property, plant and equipment		88,673	85,286	1,389	1,064
Personnel expenses (including key management personnel):					
- Wages, salaries and others		106,739	108,303	6,768	4,580
- Contribution to Employees Provident Fund		7,811	10,896	497	342
Property, plant and equipment written off		225	1,228	63	2
Rental expense in respect of:					
- Premises		2,010	2,010	1,932	1,932
- Land		2,662	2,662	2,662	2,662
Zakat expense		1,623	34	204	-
Trade receivables written off		1,749	-	833	-
Inventories written off		435	-	-	-
Inventories written down		197	-	-	-
Other receivables written off		1,000	341	1,000	47
<b>and after crediting:</b>					
Gain on disposal of estate	(i)	-	13,943	-	-
Gain on disposal of property, plant and equipment		383	72	-	-
Rental income from property		-	114	5,782	5,778
Reversal of impairment on financial asset		-	1,226	-	1,226
Unrealised gain on foreign exchange		2,865	-	-	-
Fair value of ESOS granted		47	55	47	55
Change in fair value of forestry		14,461	-	-	-
Dividends income from					
- subsidiaries		-	-	31,096	36,133
- other investments		-	184	-	184
Gain on disposal of a subsidiary		1,303	-	2,219	-
Fair value on government grant		5,180	-	-	-

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 21. PROFIT FOR THE YEAR (CONTINUED)

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

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

Group	RM'000
Sales proceed	45,000
Property, plant and equipment	(33,673)
Inventories	(23)
Deferred tax liabilities	2,790
Impairment loss on goodwill associated with the cash generating unit	(151)
Net gain on disposal of estate	13,943

### 22. OTHER COMPREHENSIVE INCOME

Group	2015		
	Before tax RM'000	Tax (expenses) /benefit RM'000	Net of tax RM'000
<b>Item that is or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(367)	-	(367)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Fair value change in forestry	(6,949)	1,668	(5,281)
Government grant	22,139	-	22,139
	15,190	1,668	16,858

Group	2014		
	Before tax RM'000	Tax (expenses) /benefit RM'000	Net of tax RM'000
<b>Item that is or may be reclassified subsequently to profit or loss</b>			
Foreign currency translation differences for foreign operations	(69)	-	(69)

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 23. EARNINGS PER ORDINARY SHARE

The calculation of basic and diluted earnings per share for the year ended 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2015 RM'000	2014 RM'000
Profit for the year attributable to shareholders	62,133	48,319

Weighted average number of ordinary shares

	Group	
	2015 '000	2014 '000
Weighted average number of ordinary shares at 31 December	883,851	883,140

Weighted average number of ordinary shares (diluted)

	Group	
	2015 '000	2014 '000
Issued ordinary shares at 1 January	883,851	883,140
Effect of share options on issue	-	2,687
Weighted average number of ordinary shares at 31 December	883,851	885,827

	Group	
	2015 Sen	2014 Sen
Basic earnings per ordinary share	7.03	5.47
Diluted earnings per ordinary share	7.03	5.45

### 24. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share	Total amount RM'000	Date of payment
<b>2015</b>			
Final 2014 ordinary (net of tax)	2.00	17,677	12 June 2015
<b>2014</b>			
Final 2013 ordinary (net of tax)	3.62	31,965	16 June 2014

The Director do not recommend any dividend to be declared for the financial year under review.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 25. OPERATING SEGMENTS

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

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

These operating segments are disaggregated due to different nature and different economic characteristic of the products.

The cultivation of oil palm, processing of FFB, marketing of CPO, PK and FFB are aggregated to form a reportable segment as oil palm plantations due to similar nature and economic characteristics of the products. The nature and methods of distribution of the products for these division are similar. The type of customers are similar, which is industrial customers.

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

Performance is measured based on segment profit before tax, interest, and depreciation, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### **Segment assets**

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

#### **Segment liabilities**

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

#### **Segment capital expenditure**

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
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### 25. OPERATING SEGMENTS (CONTINUED)

	Oil palm plantations		Management services		Forestry		Consolidation	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Segment profit/(loss)</b>	133,778	268,249	(11,351)	(9,165)	14,461	-	136,888	259,084
<i>Included in the measure of segment profit/(loss) are:</i>								
Revenue from external customers	455,270	488,199	34	718	-	-	455,304	488,917
Inter-segment revenue	99,707	102,469	17,920	19,277	-	-	117,627	121,746
<i>Not included in the measure of segment profit but provided to Group's Chief Executive Officer</i>								
Depreciation	(86,932)	(82,700)	(1,741)	(2,586)	-	-	(88,673)	(85,286)
Finance costs	(183,773)	(99,406)	-	-	(34,553)	-	(218,326)	(99,406)
Profit margin income from short-term investments and receivables	204,706	95,277	-	-	30	-	204,736	95,277
<b>Segment assets</b>	5,410,127	5,141,745	16,241	13,502	179,358	192,695	5,605,726	5,347,942
Additions to non-current assets other than financial instrument and deferred tax assets	162,986	265,289	695	1,162	24,801	38,954	188,482	305,405

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 25. OPERATING SEGMENTS (CONTINUED)

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

Group	2015 RM'000	2014 RM'000
<b>Profit or loss</b>		
Total profit or loss for reportable segments	136,888	259,084
Other non-reportable segments	-	183
Elimination of inter-segments profit	158	(89,258)
Unallocated income/(expenses)		
Corporate expenses	(15,717)	(17,644)
Depreciation and amortisation	(88,673)	(85,286)
Finance cost	(22,532)	(26,962)
Finance income	5,251	3,260
Others	3,339	14,834
Consolidated profit before tax	18,714	58,211

	External revenue RM'000	Depreciation RM'000	Finance costs RM'000	Profit margin income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
<b>2015</b>						
Total profit or loss for reportable segments	455,304	(88,673)	(218,326)	204,736	5,605,726	188,482
Elimination of inter-segment transaction or balances	-	-	195,794	(199,485)	(2,146,310)	(7,259)
Consolidated total	455,304	(88,673)	(22,532)	5,251	3,459,416	181,223
<b>2014</b>						
Total profit or loss for reportable segments	488,917	(85,286)	(99,406)	95,277	5,347,942	305,405
Elimination of inter-segment transaction or balances	-	-	72,444	(92,017)	(1,711,844)	(35,721)
Consolidated total	488,917	(85,286)	(26,962)	3,260	3,636,098	269,684

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 25. OPERATING SEGMENTS (CONTINUED)

#### Geographical segments

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

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue RM'000	Non-current assets RM'000
<b>2015</b>		
Malaysia	455,304	3,119,517
Indonesia	-	51,767
	455,304	3,171,284
<b>2014</b>		
Malaysia	488,199	3,033,603
Indonesia	718	40,044
	488,917	3,073,647

#### Major customers

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

	2015 RM'000	2014 RM'000	Segment
Sime Darby Futures Sdn. Bhd.	-	44,132	Oil palm plantations
Bintulu Edible Oils Sdn. Bhd.	75,994	116,045	Oil palm plantations

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS

#### 26.1 Categories of financial instruments

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

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

2015	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
<b>Group</b>			
<b>Financial assets</b>			
Other investments	5,952	4,127	1,825
Trade and other receivables	72,951	72,951	-
Cash and cash equivalents	75,590	75,590	-
	154,493	152,668	1,825
<b>Financial liabilities</b>			
Loans and borrowings	(1,235,130)	(1,235,130)	-
Trade and other payables*	(237,783)	(237,783)	-
	(1,472,913)	(1,472,913)	-
<b>Company</b>			
<b>Financial assets</b>			
Other investments	3,585	1,760	1,825
Trade and other receivables	129,778	129,778	-
Cash and cash equivalents	71,753	71,753	-
	205,116	203,291	1,825
<b>Financial liabilities</b>			
Trade and other payables*	(372,518)	(372,518)	-

\* excludes non-financial instruments items

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.1 Categories of financial instruments (continued)

2014	Carrying amount RM'000	L&R/(FL) RM'000	AFS RM'000
<b>Group</b>			
<b>Financial assets</b>			
Other investments	22,630	20,805	1,825
Trade and other receivables	83,452	83,452	-
Cash and cash equivalents	364,295	364,295	-
	470,377	468,552	1,825
<b>Financial liabilities</b>			
Loans and borrowings	(1,099,082)	(1,099,082)	-
Trade and other payables	(550,515)	(550,515)	-
	(1,649,597)	(1,649,597)	-
<b>Company</b>			
<b>Financial assets</b>			
Other investments	19,989	18,164	1,825
Trade and other receivables	879,170	879,170	-
Cash and cash equivalents	359,950	359,950	-
	1,259,109	1,257,284	1,825
<b>Financial liabilities</b>			
Loans and borrowings	(1,000,000)	(1,000,000)	-
Trade and other payables	(479,223)	(479,223)	-
	(1,479,223)	(1,479,223)	-

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Loans and receivables	8,232	2,919	63,714	70,194
Financial liabilities measured at amortised cost	(79,178)	(62,870)	(34,258)	(60,396)
	(70,946)	(59,951)	29,456	9,798

Included in losses on financial liabilities measured at amortised cost is RM48,949,000 (2014: RM35,908,000) which is capitalised in plantation development expenditure (see Note 4) and forestry RM7,697,000 (2014: Nil) (see Note 5).

#### 26.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

#### 26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from its receivables from customers and amount due from subsidiaries.

##### Receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. The Group and the Company do not require collateral in respect of financial assets.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.4 Credit risk (continued)

##### Receivables (continued)

###### *Exposure to credit risk, credit quality and collateral*

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than sixty (60) days, which are deemed to have higher credit risk, are monitored individually.

###### *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:

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Not past due	10	31,251	25,300	3,195	1,573

There was no impairment required on trade receivables.

##### Investments and other financial assets

###### *Risk management objectives, policies and processes for managing the risk*

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

###### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group and the Company have only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.4 Credit risk (continued)

##### Intercompany loans and advances

*Risk management objectives, policies and processes for managing the risk*

The Company provides advances to subsidiaries. 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 which are owned related company by the Company.

#### 26.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company raises funds as required on the basis of budgeted expenditure and inflows for the next twelve months with the objective of ensuring adequate funds to meet commitments associated with its financial liabilities. When funds are sought, the Group and the Company balances the costs and benefits of equity and debt financing against the developments to be undertaken. At 31 December 2015, the Group's borrowings to fund the developments had terms of less than ten years. Cash flows are monitored on an on-going basis. The Group and the Company manages its liquidity needs by monitoring scheduled debt servicing payments for long term and short term financial liabilities as well as cash out flows due in its day to day operations while ensuring sufficient headroom on its undrawn committed borrowing facilities at all times so that borrowing limits are not breached. Management is of the opinion that most of the borrowings can be renewed or re-financed based on the strength of the Group's earnings, cash flow and asset base. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at a significantly different amount.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.5 Liquidity risk (continued)

##### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

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
<b>2015</b>							
<i>Non-derivative financial liabilities</i>							
SUKUK Murabahah							
Medium Term Notes	1,140,000	4.85-8.65	1,630,753	140,774	239,725	247,912	1,002,342
Flexi Term Financing-i	52,715	5.30	58,292	11,961	33,929	12,402	-
Ijarah Term							
Financing-I Facility	19,768	6.50	21,115	13,036	8,079	-	-
Term Financing	17,154	3.00	71,402	-	-	-	71,402
Islamic Trade							
Financing-i	5,493	3.70-3.76	5,698	5,698	-	-	-
Amount due to holding corporation	1,825	-	1,825	1,825	-	-	-
Amount due to related companies	50,540	3.33-3.36	52,363	37,503	-	14,860	-
Trade and other payables	185,418	-	185,418	185,418	-	-	-
	1,472,913		2,026,866	396,215	281,733	275,174	1,073,744

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.5 Liquidity risk (continued)

*Maturity analysis (continued)*

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
<b>2014</b>							
<i>Non-derivative financial liabilities</i>							
Murabahah Medium Term Notes	200,000	8.60	227,621	10,445	165,653	51,523	-
SUKUK Murabahah Medium Term Notes	800,000	4.85-8.65	1,254,100	43,659	96,031	281,300	833,110
Flexi Term Financing-i	54,258	5.32	68,350	5,050	22,000	36,350	4,950
Ijarah Term Financing-i Facility	31,868	6.50	35,160	14,029	16,887	4,244	-
Term Financing	12,956	3.00	57,864	-	-	-	57,864
Amount due to holding corporation	2,407	-	2,407	2,407	-	-	-
Amount due to related companies	348,342	2.98-3.30	365,328	346,441	-	-	18,887
Trade and other payables	199,766	-	199,766	199,766	-	-	-
	<b>1,649,597</b>		<b>2,210,596</b>	<b>621,797</b>	<b>300,571</b>	<b>373,417</b>	<b>914,811</b>

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.5 Liquidity risk (continued)

*Maturity analysis (continued)*

Company	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
<b>2015</b>							
<i>Non-derivative financial liabilities</i>							
Amount due to subsidiaries	313,000	3.33-3.36	323,470	323,470	-	-	-
Amount due to holding corporation	1,825	-	1,825	1,825	-	-	-
Amount due to related companies	47,582	3.33-3.36	52,012	37,168	-	14,844	-
Trade and other payables	10,111	-	10,691	10,691	-	-	-
	372,518		387,998	373,154	-	14,844	-
<b>2014</b>							
<i>Non-derivative financial liabilities</i>							
Murabahah Medium Term Notes	200,000	8.60	227,621	10,445	165,653	51,523	-
SUKUK Murabahah Medium Term Notes	800,000	6.60	1,254,100	43,659	96,031	281,300	833,110
Amount due to subsidiaries	122,028	3.30	132,790	132,790	-	-	-
Amount due to holding corporation	2,407	-	2,407	2,407	-	-	-
Amount due to related companies	333,494	2.98-3.30	348,400	332,195	-	-	16,205
Trade and other payables	21,294	-	21,294	21,294	-	-	-
	1,479,223		1,986,612	542,790	261,684	332,823	849,315

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.6 Market risk

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

##### 26.6.1 Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Indonesia Rupiah ("IDR").

##### *Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Denominated in IDR	
	2015 RM'000	2014 RM'000
Balances recognised in the statement of financial position		
Trade payables	24,310	9,540
Net exposure	24,310	9,540

##### *Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have functional currencies other than Ringgit Malaysia ("RM"). A 10% (2014: 10%) strengthening of the RM against the following currencies would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Group	Profit or loss	
	2015 RM'000	2014 RM'000
IDR	1,823	715

A 10% (2014: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.6 Market risk (continued)

##### 26.6.2 Profit margin risk

The Group's and the Company's fixed rate borrowings is exposed to a risk of change in its fair value due to changes in profit margin rates.

*Risk management objectives, policies and processes for managing the risk*

The Group and the Company adopt a policy of ensuring that almost all borrowings are on a fixed profit margin basis.

*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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
Financial assets	65,585	375,751	62,943	373,258
Financial liabilities	(1,162,647)	(1,012,956)	-	(1,000,000)
	(1,097,062)	(637,205)	62,943	(626,742)
<b>Floating rate instruments</b>				
Financial assets	-	-	98,918	337,817
Financial liabilities	(123,023)	(434,468)	(47,582)	(333,494)
	(123,023)	(434,468)	51,336	4,323

As at 31 December 2015, the Group's exposure to the variable profit margin risk is the amount due to related companies which carries profit margin rates as stated in Note 16.4.

As at 31 December 2015, the Company's exposure to the variable profit margin risk are the amount due from subsidiaries and the amount due to subsidiaries, which carries profit margin rates as stated in Note 8,10 and 16 respectively.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.6 Market risk (continued)

##### 26.6.2 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 2015 RM'000	100 bp decrease 2015 RM'000	100 bp increase 2014 RM'000	100 bp decrease 2014 RM'000
<b>Group</b>				
Floating rate instruments	(9,227)	9,227	(32,585)	32,585
<b>Company</b>				
Floating rate instruments	3,850	(3,850)	324	(324)

#### 26.7 Fair value information

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

It was not practicable to estimate the fair value of the Group’s investment in unquoted shares due to the lack of comparable quoted market prices in an active market and the fair value cannot be reliably measured.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.7 Fair value information (continued)

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

Group	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2015</b>					
<b>Financial assets</b>					
Loans and receivables*	-	-	3,998	3,998	3,998
Available-for-sale*	-	-	1,825	1,825	1,825
	-	-	5,823	5,823	5,823
<b>Financial liabilities</b>					
Flexi Term Financing-i	-	-	(48,181)	(48,181)	(52,715)
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(1,297,780)	(1,297,780)	(1,140,000)
Ijarah Term Financing-i Facility	-	-	(19,033)	(19,033)	(19,768)
Term Financing	-	-	(19,219)	(19,219)	(17,154)
Amount due to related companies	-	-	(9,829)	(9,829)	(13,037)
	-	-	(1,394,042)	(1,394,042)	(1,242,674)

\* 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.

## Notes to the Financial Statements

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(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.7 Fair value information (continued)

Group	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2014</b>					
<b>Financial assets</b>					
Loans and receivables*	-	-	20,805	20,805	20,805
Available-for-sale*	-	-	1,825	1,825	1,825
	-	-	22,630	22,630	22,630
<b>Financial liabilities</b>					
Flexi Term Financing-i	-	-	(52,737)	(52,737)	(54,258)
Murabahah Medium Term Notes – unsecured	-	-	(185,399)	(185,399)	(200,000)
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(929,489)	(929,489)	(800,000)
Ijarah Term Financing-i Facility	-	-	(30,683)	(30,683)	(31,868)
Term Financing	-	-	(14,643)	(14,643)	(12,956)
Amount due to related companies	-	-	(9,114)	(9,114)	(12,448)
	-	-	(1,222,065)	(1,222,065)	(1,115,530)

\* 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.7 Fair value information (continued)

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

Company	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2015</b>					
<b>Financial assets</b>					
Loans And Receivables*	-	-	1,760	1,760	1,760
Available-For-Sale*	-	-	1,825	1,825	1,825
	-	-	3,585	3,585	3,585
<b>Financial liabilities</b>					
Amount due to related companies	-	-	(8,746)	(8,746)	(11,924)

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

Company	Fair value of financial instruments not carried at fair value				Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	
<b>2014</b>					
<b>Financial assets</b>					
Loans and receivables*	-	-	18,734	18,734	18,164
Available-for-sale*	-	-	1,825	1,825	1,825
Amount due from subsidiaries	-	-	537,120	537,120	493,463
	-	-	557,679	557,679	513,452
<b>Financial liabilities</b>					
Murabahah Medium Term Notes – unsecured	-	-	(185,399)	(185,399)	(200,000)
SUKUK Murabahah Medium Term Notes – unsecured	-	-	(929,489)	(929,489)	(800,000)
Amount due to related companies	-	-	(8,110)	(8,110)	(11,412)
	-	-	(1,122,998)	(1,122,998)	(1,011,412)

\* 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.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 26. FINANCIAL INSTRUMENTS (CONTINUED)

#### 26.7 Fair value information (continued)

##### Policy on transfer between levels

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

##### Level 1 fair value

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

##### Level 2 fair value

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

##### *Non-derivative financial liabilities*

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

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

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

##### (a) Financial instruments not carried at fair value

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

##### *Interest rates used to determine financial instrument*

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

	2015	2014
Loans and borrowings	7.85%	7.85%

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 27. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the debt-to-equity ratio less than one time. The debt-to-equity ratios at 31 December 2015 and at 31 December 2014 were as follows:

	Note	Group	
		2015 RM'000	2014 RM'000
Total borrowings	14	1,235,130	1,099,082
Less: Cash and cash equivalents	12	(75,590)	(364,295)
Less: Loans and receivables	8	(4,127)	(20,805)
Net debt		1,155,413	713,982
Total equity		1,623,873	1,613,705
Debt-to-equity ratios		71%	44%

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

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

### 28. EMPLOYEE BENEFITS

#### Share-based payments arrangement

On 25 November 2008, the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. In accordance with these programmes options are exercisable at the market price of the shares at the date of grant.

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

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 28. EMPLOYEE BENEFITS (CONTINUED)

#### Share-based payments (continued)

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

Grant date/employees entitled	Number of instruments '000	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	2,780	Based on completed year of service	6 years
Option granted to Director and employees on 18 June 2013	5,720	Based on completed year of service	5 years
<b>Total share options</b>	<b>13,308</b>		

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

	2015		2014	
	Weighted average exercise price RM	Number of options '000	Weighted average exercise price RM	Number of options '000
Outstanding at 1 January	1.48	13,583	1.48	17,205
Bonus issued during the year	1.27	-	1.27	-
Bonus issued during the year	1.45	-	1.45	-
Bonus issued during the year	1.74	-	1.74	-
Forfeited during the year	1.45	-	1.45	(2)
Forfeited during the year	1.27	(120)	1.27	-
Forfeited during the year	1.74	(155)	1.74	(282)
Exercised during the year	1.27	-	1.27	(2,271)
Exercised during the year	1.45	-	1.45	(786)
Exercised during the year	1.74	-	1.74	(281)

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 28. EMPLOYEE BENEFITS (CONTINUED)

#### Share-based payments (continued)

The options outstanding at 31 December 2015 have an exercise price at RM1.27, RM1.45 and RM1.74 (2014: RM1.27, RM1.45 and RM1.74) per ordinary share respectively and a weighted average of the remaining contractual life of 2 years.

During the year, no share options were exercised (2014: 3,338,000). The weighted average share price for the year was RM1.51 (2014: RM1.51) respectively per ordinary share.

#### Employee expenses

	Group and Company	
	2015 RM'000	2014 RM'000
Total expense recognised as share-based payments	(47)	(55)

### 29. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Property, plant and equipment				
<i>Authorised but not contracted for:</i>				
Within one year	68,441	94,399	2,829	5,530
Plantation development expenditure				
<i>Authorised but not contracted for:</i>				
Within one year	201,565	218,083	17,317	17,057
	270,006	312,482	20,146	22,587

### 30. RELATED PARTIES

#### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 30. RELATED PARTIES (CONTINUED)

#### Identity of related parties (continued)

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

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

#### Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 10 and 16.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>A. Holding corporation</b>				
<b>Expenses</b>				
Rental of premise	(1,932)	(1,932)	(1,932)	(1,932)
Rental of land	(2,662)	(2,662)	(2,662)	(2,662)
Profit margin expense	(63,124)	(54,577)	(23,544)	(54,577)
<b>B. Related companies</b>				
<b>Income</b>				
Management fees income	34	718	-	-
<b>Expenses</b>				
Purchase of fertilisers	(20,271)	(27,787)	(1,139)	(1,541)
Purchase of flight tickets	(556)	(734)	(135)	(147)
Telecommunication equipment	(525)	(925)	(158)	(134)
Insurance premium	(2,884)	(2,928)	(289)	(370)

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 30. RELATED PARTIES (CONTINUED)

#### Significant related party transactions (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>C. Subsidiaries companies</b>				
<b>Income</b>				
Rental of premise	-	-	1,932	1,932
Profit margin income from subsidiaries receivables	-	-	16,289	67,067
<b>Expenses</b>				
Management fees	-	-	(2,970)	(1,958)
Profit margin expense from subsidiaries payables	-	-	(5,384)	(3,552)
<b>D. Key management personnel</b>				
<b>Directors</b>				
- Fees	(2,677)	(1,783)	(1,059)	(1,332)
- Bonus	(432)	(480)	(432)	(400)
- Remuneration	(1,288)	(777)	(1,288)	(1,476)
- Other short-term employee benefits	(288)	(873)	(288)	(253)
	(4,685)	(3,913)	(3,067)	(3,461)
<b>Other key management personnel</b>				
- Short-term employee benefits	(1,599)	(1,441)	(1,599)	(1,441)
	(6,284)	(5,354)	(4,666)	(4,902)

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 RM253,000 (2014: RM653,000).

Executive officers also participate in the Group's share option programme (see Note 28).

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 31. ACQUISITION OF ASSETS AND LIABILITIES

#### Acquisition of subsidiaries in 2014

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

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

	2014 RM’000
<b>Identifiable assets acquired and liabilities assumed</b>	
Property, plant and equipment	20,819
Trade and other receivable	217
Cash and bank balances	3
Trade and other payable	(733)
Deferred tax liabilities	(5,579)
	14,727
Purchase consideration settled in cash and cash equivalents	13,516
Deferred consideration	(1,103)
Cash and cash equivalents	(3)
	12,410

#### Allocation of fair value to assets and liabilities

The allocation of fair value of assets and liabilities as a result of the acquisition as follow:

	2014 RM’000
Total consideration	13,516
Non-controlling interest, based on their proportionate interest in the recognised amounts	1,211
Fair value of identifiable net assets	(14,727)

The fair value of land has been determined based on provisional Hak Guna Usaha (“HGU”). Surat Kepastian Hak Guna Usaha (“SK-HGU”) is subject to regulatory approval.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 32. DISPOSAL OF SUBSIDIARIES

#### Disposal of assets in TH Bakti Sdn. Bhd.

On 30 December 2015, the Group disposed TH Bakti Sdn Bhd which was satisfied via disposing 70% ordinary shares in TH Bakti Sdn Bhd for total sales consideration of RM16.28 million.

Effect of disposal on the financial position of the Group:

Group	RM'000
Other receivable	35,618
Cash and cash equivalent	26
Other payables	(11,524)
Current tax liabilities	(112)
	24,008
Non-controlling interest	(9,035)
Net assets and liabilities	14,973
Gain on disposal	1,303
Consideration received	16,276
Less: Cash and balances	(26)
Net cash inflow	16,250
Gain on disposal subsidiary	
- Attributable to gain disposed interest	1,303

### 33. CONTINGENCIES

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefit will be required.

#### Litigation

Certain portion of the plantation land currently owned by the subsidiaries (TH PELITA Sadong Sdn. Bhd. and TH PELITA Gedong Sdn. Bhd.) ("Affected Entities"), are currently being implicated under legal proceedings of which the defendants are the joint venture partners of the Affected Entities together with the Superintendent of Land & Survey Department and the State Government of Sarawak.

**Notes to the  
Financial Statements**FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)**33. CONTINGENCIES (CONTINUED)**

The cases involved are as follows:

**(i) The Kuching High Court Suit No. 22-249-98-III(I) (The Court of Appeal Civil Appeal No. Q-01-136-03/2013 and Civil Appeal No. Q-01-137-03/2013)**

Lembaga Pembangunan Dan Lindungan Tanah & another (appellants), TR Nyutan Anak Jami and 2 others (respondents), TH PELITA Sadong Sdn. Bhd. and TH PELITA Gedong Sdn. Bhd.

On 3 December 2015, the Federal Court had allowed TH PELITA Gedong Sdn. Bhd. Leave to Appeal to the Federal Court on a point of law arising from the decision of the Court of Appeal in September 2013, and furthermore, the Federal Court also extended the Stay of Execution of the High Court judgment as affirmed by the Court of Appeal on 19 June 2014.

In the Directors' opinion, TH PELITA Gedong Sdn Bhd have passed the threshold of a probable prospect of winning, otherwise Leave Application would have been dismissed.

While liability is not admitted, if defence against the action is unsuccessful, the management estimates loss as below:

	2015	2014
	RM'000	RM'000
Land	4,657	4,946
Plantation development expenditure	5,669	6,084
	10,326	11,030

Based on legal advice, the Directors did not expect the outcome of the action to have a material effect on the Company's financial position.

In the Directors' opinion, disclosure of any further information about the above matter would be prejudicial to the interests of the Company.

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 34. COMPARATIVE FIGURES

Nurseries, deferred tax assets and deferred tax liabilities has been reclassified to conform with the current financial year presentation. The effects of reclassification are disclosed below:

#### Statements of financial position

	Group			
	31.12.2014		1.1.2014	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Plantation development expenditure	749,784	730,128	845,416	831,655
Inventories	20,417	40,073	25,477	39,238
Deferred tax assets	61,665	-	48,273	-
Deferred tax liabilities	347,858	286,193	348,290	300,017

	Company			
	31.12.2014		1.1.2014	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Plantation development expenditure	60,220	59,532	45,081	44,232
Inventories	956	1,644	1,064	1,913

The above reclassification does not have any impact on the earnings of the Group.

#### Statements of cashflow

Group	31.12.2014	
	As restated RM'000	As previously stated RM'000
Net cash from operating activities	437,636	431,740
Net cash used in investing activities	(277,654)	(271,758)

## Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015  
(CONTINUED)

### 35. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised	701,506	735,986	345,106	257,944
- unrealised	44,952	(12,015)	(11,718)	14,434
Less: Consolidation adjustments	(259,042)	(296,443)	-	-
<b>Total retained earnings</b>	<b>487,416</b>	<b>427,528</b>	<b>333,388</b>	<b>272,378</b>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

# Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 103 to 198 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 on page 199 to the financial statements has been compiled in accordance with Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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



Tan Sri Ab. Aziz bin Kasim



Dato' Zainal Azwar bin Zainal Aminuddin

Kuala Lumpur,

Date: 29 February 2016

# Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Mohamed Azman Shah bin Ishak**, the officer primarily responsible for the financial management of TH Plantations Berhad, do solemnly and sincerely declare that the financial statements set out on pages 103 to 199 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 29 February 2016.



Mohamed Azman Shah bin Ishak

Before me:



Menara Perkim, Ground Floor  
150 Jalan Ipoh,  
51200 Kuala Lumpur,  
NPP: 013-2101 301

# Independent Auditors' Report to the Members of TH Plantations Berhad

## Report on the Financial Statements

We have audited the financial statements of TH Plantations Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 103 to 198.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## Independent Auditors' Report to the Members of TH Plantations Berhad

(CONTINUED)

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which are included in Note 7 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 35 on page 199 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



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



**Abdullah Abu Samah**  
Approval Number: 2013/06/16(J)  
Chartered Accountant

Petaling Jaya,

Date: 29 February 2016

# Analysis of Shareholdings

AS AT 31 MARCH 2016

## SHAREHOLDING STRUCTURE

Authorised Share Capital	: RM2,000,000,000.00 (comprising 4,000,000,000 ordinary shares of RM0.50 each)
Issued and Paid-Up Share Capital	: RM441,925,735.00 (comprising 883,851,470 ordinary shares of RM0.50 each)
Class of Shares	: Ordinary Shares of RM0.50 each
Voting Rights by Show of Hands	: One vote for every member
Voting Rights by Poll	: One vote for every share held

## ANALYSIS BY SIZE OF SHAREHOLDINGS

Category	No. of Holders	%	No. of Shares	%
Less than 100	175	1.90	3,174	#
100 to 1,000	732	7.93	386,748	0.04
1,001 to 10,000	6,805	73.76	27,921,063	3.16
10,001 to 100,000	1,361	14.75	35,817,694	4.06
100,001 to less than 5% of issued shares	151	1.64	113,571,420	12.85
5% and above of issued shares	2	0.02	706,151,371	79.89
<b>Total</b>	<b>9,226</b>	<b>100.00</b>	<b>883,851,470</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Tan Sri Ab. Aziz bin Kasim	Nil	Nil	Nil	Nil
2.	Tan Sri Ismee bin Haji Ismail	Nil	Nil	Nil	Nil
3.	Dato' Zainal Azwar bin Zainal Aminuddin	4,800	#	Nil	Nil
4.	Datuk Seri Nurmala binti Abd Rahim	Nil	Nil	Nil	Nil
5.	Datuk Seri Mohamad Norza bin Zakaria	Nil	Nil	Nil	Nil
6.	Datuk Seri Othman bin Mahmood	Nil	Nil	Nil	Nil
7.	Datuk Azizan bin Abd Rahman	Nil	Nil	Nil	Nil
8.	Dato' Johan bin Abdullah	Nil	Nil	Nil	Nil
9.	Dato' Noordin bin Md Noor	Nil	Nil	Nil	Nil
10.	Dato' Amran bin Mat Nor	Nil	Nil	Nil	Nil
11.	Dato' Shari bin Haji	Nil	Nil	Nil	Nil
12.	Dato' Dr. Md Yusop bin Omar	Nil	Nil	Nil	Nil

Note:

# Negligible

## Analysis of Shareholdings

AS AT 31 MARCH 2016

### SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Ordinary Shares Held			
		Direct	%	Indirect	%
1.	Lembaga Tabung Haji	643,618,431	72.82	Nil	Nil
2.	Employees Provident Fund Board	66,487,320	7.53	Nil	Nil

### TOP THIRTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Share capital
1.	Lembaga Tabung Haji	643,618,431	72.82
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	62,532,940	7.08
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)	11,053,280	1.25
6.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	6,238,680	0.71
7.	Pertubuhan Peladang Negeri Terengganu	5,870,294	0.66
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	3,954,380	0.45
9.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Batu Bara Resources Corporation Sdn. Bhd. (MP0184)	3,900,000	0.44
10.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Affin Hwang Assets Management Berhad for Majlis Ugama Islam Dan Adat Resam Melayu Pahang	3,862,560	0.44
11.	Amsec Nominees (Tempatan) Sdn. Bhd. Assar Asset Management Sdn. Bhd. for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	2,600,000	0.29
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Amanahraya Investment Management Sdn. Bhd. for Majlis Agama Islam Negeri Sembilan (C417-260272)	2,415,840	0.27
13.	Amin Baitulmal Johor	2,400,000	0.27
14.	Majlis Agama Islam Wilayah Persekutuan	2,400,000	0.27

## Analysis of Shareholdings

AS AT 31 MARCH 2016

### TOP THIRTY SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares Held	% of Issued Share capital
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Life Non-Par FD)	2,352,000	0.27
16.	Majlis Agama Islam Dan Adat Melayu Perak Darul Ridzuan	2,320,000	0.26
17.	PM Nominees (Tempatan) Sdn. Bhd. for Bank Kerjasama Rakyat Malaysia Berhad	2,233,200	0.25
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Shareholder's Fund)	1,864,100	0.21
19.	Neoh Choo Ee & Company Sdn. Berhad	1,858,800	0.21
20.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for DFA Emerging Markets Small Cap Series	1,515,860	0.17
21.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Par Fund 2)	1,402,300	0.16
22.	Majlis Agama Islam Melaka	1,200,000	0.14
23.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.	1,025,640	0.12
24.	Citigroup Nominees (Asing) Sdn. Bhd. CBNY for Dimensional Emerging Markets Value Fund	900,500	0.10
25.	Amanahraya Trustees Berhad Amanah Saham Bank Simpanan Nasional	868,300	0.10
26.	Chrisantha Priyange Richard Perera	750,000	0.08
27.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	700,000	0.08
28.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Balance Fund)	700,000	0.08
29.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Low Geat Hong (T-731341)	650,000	0.07
30.	Maybank Nominees (Tempatan) Sdn. Bhd. Etiqa Insurance Berhad (Dana EKT Prima)	639,500	0.07
<b>TOTAL</b>		<b>795,385,485</b>	<b>89.99</b>



## NEGERI SEMBILAN

1. **LADANG LONDAH**  
Gemas, Negeri Sembilan
- LADANG PASIR BESAR**  
Gemas, Negeri Sembilan
- LADANG BUKIT ROKAN**  
Gemas, Negeri Sembilan
- KILANG SAWIT LADANG PASIR BESAR**  
Gemas, Negeri Sembilan
- TANJUNG TUAN RESORT APARTMENT**  
Port Dickson, Negeri Sembilan

## JOHOR

2. **LADANG BUKIT LAWIANG**  
Kluang, Johor
- LADANG GUNUNG SUMALAYANG**  
Kluang, Johor
- KILANG SAWIT BUKIT LAWIANG**  
Kluang, Johor

## PAHANG

3. **LADANG KOTA BAHAGIA**  
Keraton, Pahang
- LADANG SUNGAI MENGAH**  
Keraton, Pahang
- LADANG SUNGAI BUAN**  
Keraton, Pahang
- KILANG SAWIT KOTA BAHAGIA**  
Keraton, Pahang
4. **LADANG SUNGAI MERCHONG**  
Muadzam Shah, Pahang

## TERENGGANU

5. **LADANG BUKIT BIDONG**  
Setiu, Terengganu
6. **LADANG SUNGAI IBOK**  
Kemaman, Terengganu
7. **LADANG ULU CHUKAI**  
Kemaman, Terengganu
- AWANA KIJAL RESORT APARTMENT**  
Kijal, Terengganu

## SARAWAK

8. **LADANG KENYALANG**  
Pusa, Sarawak
- LADANG RAJA UDANG**  
Pusa, Sarawak
- LADANG ENGGANG**  
Pusa, Sarawak
- LADANG MERBOK**  
Pusa, Sarawak
- KILANG SAWIT LADANG RAJA UDANG**  
Pusa, Sarawak
- LADANG NCR SARIBAS**  
Pusa, Sarawak



## SABAH

- |   |   |   |   |  |  |
|---|---|---|---|--|--|
| <p>9. <b>LADANG TANJUNG LILIN</b><br/>Meludam, Sarawak</p> <p><b>LADANG SEMARANG</b><br/>Meludam, Sarawak</p> <p><b>LADANG NCR BELADIN</b><br/>Beladin, Sarawak</p> <p>10. <b>LADANG KEPAYANG</b><br/>Samarahan, Sarawak</p> <p><b>LADANG SEMALATONG</b><br/>Samarahan, Sarawak</p> <p>11. <b>LADANG SUNGAI KERIAN</b><br/>Samarahan, Sarawak</p> | <p>12. <b>LADANG GEDONG</b><br/>Serian, Sarawak</p> <p><b>LADANG SEMATAN</b><br/>Serian, Sarawak</p> <p><b>LADANG SADONG</b><br/>Serian, Sarawak</p> <p><b>LADANG LUPAR</b><br/>Serian, Sarawak</p> <p><b>KILANG SAWIT GEDONG</b><br/>Serian, Sarawak</p> <p>13. <b>LADANG SUNGAI ARIP</b><br/>Bintulu, Sarawak</p> <p><b>LADANG SUNGAI KARANGAN</b><br/>Bintulu, Sarawak</p> | <p>14. <b>LADANG BUKIT BELIAN</b><br/>Sandakan, Sabah</p> <p>15. <b>LADANG MAMAHAT</b><br/>Kota Marudu, Sabah</p> <p><b>KILANG SAWIT LADANG MAMAHAT</b><br/>Kota Marudu, Sabah</p> <p>16. <b>LADANG SUNGAI TENEGANG</b><br/>Lahad Datu, Sabah</p> | <p><b>LADANG SUNGAI KOYAH</b><br/>Lahad Datu, Sabah</p> <p><b>KILANG SAWIT SUNGAI TENEGANG</b><br/>Lahad Datu, Sabah</p> <p>17. <b>LADANG BUKIT GOLD</b><br/>Lahad Datu, Sabah</p> <p>18. <b>LADANG JATI KENINGAU</b><br/>Keningau, Sabah</p> | <p>19. <b>LADANG KLAGAN 2</b><br/>Sandakan, Sabah</p> <p><b>LADANG KLAGAN 4</b><br/>Sandakan, Sabah</p> <p><b>LADANG KLAGAN 5</b><br/>Sandakan, Sabah</p> <p><b>LADANG JATIMAS</b><br/>Sandakan, Sabah</p> | <p>20. <b>PT PERSADA KENCANA PRIMA</b><br/>Kalimantan, Indonesia</p> |
|---|---|---|---|--|--|

## INDONESIA

## Properties Owned by the Group

As At 31 December 2015

### PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
<b>PENINSULAR MALAYSIA</b>						
<b>TH Plantations Berhad</b>						
Ladang Ulu Chukai Kemaman, Terengganu	-	Leasehold	2051	923	Oil Palm Estate	8,724
Ladang Bukit Lawiang Ladang Gunung Sumalayang Kluang, Johor	-	Leasehold	2091	4,058	Oil Palm Estate	26,555
Kilang Sawit Bukit Lawiang Kluang, Johor	27	Leasehold	2091	10 <sup>^</sup>	Palm Oil Mill	6,897
<b>THP Kota Bahagia Sdn. Bhd.<sup>1</sup></b>						
Ladang Kota Bahagia Keratong, Pahang	-	Leasehold	2071 and 2073	1,858	Oil Palm Estate	13,832
Kilang Sawit Kota Bahagia Keratong, Pahang	40	Leasehold	2071	9.804 <sup>^</sup>	Palm Oil Mill	10,631
Ladang Sungai Mengah Keratong, Pahang	-	Leasehold	2073, 2090, 2093 and 2107	2,195	Oil Palm Estate	14,898
Ladang Sungai Buan Keratong, Pahang	-	Leasehold	2093 and 2108	1,796	Oil Palm Estate	15,730
Ladang Sungai Merchong Muadzam Shah, Pahang	-	Leasehold	2085	1,720	Oil Palm Estate	7,584
<b>THP Gemas Sdn. Bhd.</b>						
Ladang Pasir Besar Ladang Londah Gemas, Negeri Sembilan	-	Leasehold	2088, 2090, 2091 and 2093	1,760	Oil Palm Estate	18,727
Kilang Sawit Ladang Pasir Besar Gemas, Negeri Sembilan	10	Leasehold	2091	5 <sup>^</sup>	Palm Oil Mill	6,659
Ladang Bukit Rokan Gemas, Negeri Sembilan	-	Leasehold	2090 and 2092	973	Oil Palm Estate	8,670
<b>THP Ibok Sdn. Bhd.<sup>2</sup></b>						
Ladang Sungai Ibok Kemaman, Terengganu	-	Leasehold	2042 and 2052	968	Oil Palm Estate	26,664
<b>THP-YT Plantation Sdn. Bhd.</b>						
Ladang Bukit Bidong Setiu, Terengganu	-	Leasehold	2064	2,594	Oil Palm Estate	35,875

## Properties Owned by the Group

As At 31 December 2015

### PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
<b>SABAH</b>						
<b>THP Sabaco Sdn. Bhd.</b>						
Ladang Sungai Tenegang Ladang Sungai Koyah Lahad Datu, Sabah	-	Leasehold	2083	3,886	Oil Palm Estate	89,694
Kilang Sawit Sungai Tenegang Lahad Datu, Sabah	24	Leasehold	2083	50 <sup>^</sup>	Palm Oil Mill	13,258
Ladang Bukit Gold Lahad Datu, Sabah	-	Leasehold	2076	2,020	Oil Palm Estate	84,442
Ladang Mamahat Kota Marudu, Sabah	-	Leasehold	2096, 2098 and 2099	2,936	Oil Palm Estate	120,871
Kilang Sawit Ladang Mamahat Kota Marudu, Sabah	7	Leasehold	2096	25 <sup>^</sup>	Palm Oil Mill	15,923
<b>THP Bukit Belian Sdn. Bhd.</b>						
Ladang Bukit Belian Sandakan, Sabah	-	Leasehold	2887	1,088	Oil Palm Estate	41,857
<b>TH-Bonggaya Sdn. Bhd.</b>						
Ladang Klagan 2 Ladang Klagan 4 Ladang Klagan 5 Sandakan, Sabah	-	Licensed for 100 years	2098	10,117	Rubber & Teak Estate	145,248
<b>TH-USIA Jatimas Sdn. Bhd.</b>						
Ladang Jatimas Sandakan, Sabah	-	Licensed for 100 years	2098	4,047	Rubber & Teak Estate	57,012
<b>Ladang Jati Keningau Sdn. Bhd.</b>						
Ladang Jati Keningau Sandakan, Sabah	-	Leasehold	2078	1,550	Teak Estate	31,076
<b>SARAWAK</b>						
<b>THP Saribas Sdn. Bhd.<sup>3</sup></b>						
Ladang Kenyalang Ladang Raja Udang Ladang Enggang Ladang Merbok Ladang NCR Pusa, Sarawak	-	Leasehold	2060	10,709 <sup>∞</sup>	Oil Palm Estate	485,051
Kilang Sawit Ladang Raja Udang Pusa, Sarawak	3	Leasehold	2060	9 <sup>^</sup>	Palm Oil Mill	66,650

## Properties Owned by the Group

As At 31 December 2015

### PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
<b>SARAWAK</b>						
<b>Hydroflow Sdn. Bhd.</b>						
Ladang Sungai Kerian Samarahan, Sarawak	-	Leasehold	2064 and 2067	5,530	Oil Palm Estate	100,921
<b>TH PELITA Gedong Sdn. Bhd.</b>						
Ladang Gedong Ladang Sematan Serian, Sarawak	-	Leasehold	2058	7,750	Oil Palm Estate	239,893
Kilang Sawit Gedong Serian, Sarawak	11	N/a*	N/a	217*	Palm Oil Mill	35,733
<b>TH PELITA Sadong Sdn. Bhd.</b>						
Ladang Sadong Ladang Lupar Serian, Sarawak	-	Leasehold	2060	4,549	Oil Palm Estate	197,999
<b>TH PELITA Simunjan Sdn. Bhd.</b>						
Ladang Kepyang Ladang Semalatong Samarahan, Sarawak	-	Not available as the estate is located on NCR land and the land title has not been issued as at 31/3/2016		9,630 <sup>4</sup>	Oil Palm Estate	30,262
		The land shall be alienated to TH PELITA Simunjan Sdn. Bhd. for a period of sixty (60) years pursuant to the Simunjan Joint Venture Agreement				
<b>TH PELITA Beladin Sdn. Bhd.</b>						
Ladang NCR Beladin, Sarawak	-	Not available as the estate is located on NCR land and the land title has not been issued as at 31/3/2016		1,577 <sup>5</sup>	Oil Palm Estate	36,270
		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				

## Properties Owned by the Group

As At 31 December 2015

### PLANTATIONS

Location	Approximate Age of Building	Tenure	Year of Expiry	Titled Area Hectares	Description	Net Book Value RM'000
<b>SARAWAK</b>						
<b>TH PELITA Meludam Sdn. Bhd.</b>						
Ladang Tanjung Lilin Ladang Semarang Meludam, Sarawak	-	Leasehold	2066	6,021	Oil Palm Estate	189,896
<b>Bumi Suria Ventures Sdn. Bhd.</b>						
Ladang Sungai Arip Ladang Sungai Karang Sibu-Bintulu, Sarawak	-	Leasehold	2065 and 2066	6,514	Oil Palm Estate	338,237 <sup>#</sup>

## Notes:

- Registered under the ownership of Lembaga Tabung Haji.
  - Registered under the ownership of Syarikat Peladang LUTH Sdn. Bhd. (the former name of THP Ibok Sdn. Bhd).
  - Registered under the ownership of Kenyalang Resources Sdn. Bhd. (the former name of THP Saribas Sdn. Bhd).
  - Gross area as stated in the Simunjan Joint Venture Agreement.
  - Gross area as stated in the Beladin Joint Venture Agreement.
- \* On 13 September 2012, TH PELITA Gedong Sdn. Bhd. received an offer from the Ministry of Resource Planning and Environment for the alienation of the land alongside Lot 166, Block 6 of Melikin Land District, where the Gedong Palm Oil Mill is located and TH PELITA Gedong Sdn. Bhd. is currently undertaking the procedures for the alienation of said land.
- <sup>∞</sup> As per latest perimeter survey.
- <sup>^</sup> Part of the titled area under Ladang Kota Bahagia (Kilang Sawit Kota Bahagia), Ladang Bukit Lawiang (Kilang Sawit Bukit Lawiang), Ladang Pasir Besar (Kilang Sawit Ladang Pasir Besar), Ladang Sungai Tenegang (Kilang Sawit Sungai Tenegang), Ladang Mamahat (Kilang Sawit Ladang Mamahat) and Ladang Raja Udang (Kilang Sawit Ladang Raja Udang).
- <sup>#</sup> Includes the net book value of land owned under Maju Warisanmas Sdn. Bhd. amounting to RM13.022 million.
- N/a Not applicable.

### HOSPITALITY

Location	Approximate Age of Building	Tenure	Titled Area Hectares	Description	Net Book Value RM'000
<b>PENINSULAR MALAYSIA</b>					
Tanjung Tuan Resort, Port Dickson, Negeri Sembilan	27	-	1,222	1 unit 3-Room Apartment	12
Awana Kijal Resort, Kijal, Terengganu	14	-	816	1 unit 3-Room Apartment	78

# Directory of Estates and Mills

Company	Estates	Person In Charge	Address
<b>TH Plantations Berhad</b>	<b>Ladang Bukit Lawiang</b> Tel : 07-7863063 Fax : 07-7864271	Mukhtar Yusof (Senior Manager)	Karung Berkunci 522 86009 Kluang Johor
	<b>Ladang Gunung Sumalayang</b> Tel : 07-7863444 Fax : 07-7864606	Mukhtar Yusof (Senior Manager)	Karung Berkunci 535 86009 Kluang Johor
	<b>Ladang Ulu Chukai</b> Tel : 09-8676336 Fax : 09-8676336	Juna Palatuwi (Manager)	Peti Surat 2 24107 Kijal, Kemaman Terengganu
	<b>Kilang Sawit Bukit Lawiang</b> Tel : 07-7864540 Fax : 07-7864540	Md Nazri Md Noh (Manager)	Peti Surat 114 86007 Kluang Johor
<b>THP Kota Bahagia Sdn. Bhd.</b>	<b>Ladang Kota Bahagia</b> Tel : 09-4524826 Fax : 09-4524821	Mohd Jafri Arshad (Senior Manager)	Peti Surat 19 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Mengah</b> Tel : 09-4524979 Fax : 09-4524979	Yazit Ab Jalil (Senior Manager)	Peti Surat 21 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Buan</b> Tel : 09-4524996 Fax : 09-4524995	Mohamad Sakri Idris (Senior Manager)	Peti Surat 18 26700 Muadzam Shah Pahang
	<b>Ladang Sungai Merchong</b> Tel : 09-4530807 Fax : 09-4530804	Ahmad Mazwan Jamaludin (Manager)	Peti Surat 4 26700 Muadzam Shah Pahang
	<b>Kilang Sawit Kota Bahagia</b> Tel : 09-4524936 Fax : 09-4524828	Kamar Jamian (Senior Manager)	Peti Surat 20 26700 Muadzam Shah Pahang
<b>THP Ibok Sdn. Bhd.</b>	<b>Ladang Sungai Ibok</b> Tel : 09-8676543 Fax : 09-8676336	Juna Palatuwi (Manager)	Peti Surat 2 24107 Kijal, Kemaman Terengganu
<b>THP-YT Plantation Sdn. Bhd.</b>	<b>Ladang Bukit Bidong</b> Tel : 09-6693260 Fax : 09-6693254	Rosli Ahmed Khalil (Senior Manager)	No. 206, Kg Pengkalan Atap Batu Rakit 21020 Kuala Terengganu Terengganu

## Directory of Estates and Mills

Company	Estates	Person In Charge	Address
<b>THP Gemas Sdn. Bhd.</b>	<b>Ladang Londah</b> Tel : 07-9484700 Fax : 07-9484701	Abdullah Asya'ari Junoh (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	<b>Ladang Pasir Besar</b> Tel : 07-9484700 Fax : 07-9484701	Abdullah Asya'ari Junoh (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	<b>Ladang Bukit Rokan</b> Tel : 019-2397479 Fax : 019-2647610	Mat Faisal Ismail (Manager)	Peti Surat 28 73400 Gemas Negeri Sembilan
	<b>Kilang Sawit Ladang Pasir Besar</b> Tel : 019-2677479 Fax : 019-2647479	Kamar Jamian (Senior Manager)	Peti Surat 30 73400 Gemas Negeri Sembilan
<b>THP Sabaco Sdn. Bhd.</b>	<b>Ladang Sungai Tenegang</b> Tel : 089-959124 Fax : 089-959127	Abdul Wahab Abdul Rashed (Senior Manager)	Karung Berkunci 12 91109 Lahad Datu Sabah
	<b>Ladang Sungai Koyah</b> Tel : 089-959814 Fax : 089-9593817	Abdul Wahab Abdul Rashed (Senior Manager)	Karung Berkunci No 6 91109 Lahad Datu Sabah
	<b>Ladang Bukit Gold</b> Tel : 089-959820 Fax : 089-959821	Faizal Zulkifli (Senior Manager)	Peti Surat 60389 91113 Lahad Datu Sabah
	<b>Ladang Mamahat</b> Tel : 089-278013 Fax : 089-278011	Abdul Kahar Sariman (Manager)	Karung Berkunci 1 89109 Kota Marudu Sabah
	<b>Kilang Sawit Sungai Tenegang</b> Tel : 089-959810 Fax : 089-565029	Mohd Azahar Yasin (Assistant General Manager)	Peti Surat 60626 91115 Lahad Datu Sabah
	<b>Kilang Sawit Ladang Mamahat</b> Tel : 089-259166 Fax : 089-259188	Muhamad Murshid Mukhtar (Senior Assistant Manager)	Karung Berkunci 29 89109 Kota Marudu Sabah
<b>THP Bukit Belian Sdn. Bhd.</b>	<b>Ladang Bukit Belian</b> Tel : 089-278030 Fax : 089-278033	Usran Mohd Zin (Manager)	WDT 167 Kota Kinabatangan 90200 Sandakan Sabah
<b>Ladang Jati Keningau Sdn. Bhd.</b>	<b>Ladang Jati Keningau</b> Tel : 089-514721 Fax : 089-514721	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
<b>TH-Usia Jatimas Sdn. Bhd.</b>	<b>Ladang Jatimas</b> Tel : 089-514721 Fax : 089-514721	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah

## Directory of Estates and Mills

Company	Estates	Person In Charge	Address
<b>TH-Bonggaya Sdn. Bhd.</b>	<b>Ladang Klagan 2</b> Tel : 089-514721 Fax : 089-514851	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
	<b>Ladang Klagan 4</b> Tel : 089-514721 Fax : 089-514851	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
	<b>Ladang Klagan 5</b> Tel : 089-514721 Fax : 089-514851	Ramlee Mohamad (Manager)	Peti Surat 3480 90739 Sandakan Sabah
<b>THP Saribas Sdn. Bhd.</b>	<b>Ladang Kenyalang</b> Tel : 082-804916 Fax : 082-804919	Tuan Rahimi Tuan Man (Senior Manager)	KM20, Jalan Pusa-Sessang 94950 Pusa Sarawak
	<b>Ladang Raja Udang</b> Tel : 083-485920 Fax : 083-485923	Mohd Sofi Harun (Manager)	KM11, Jalan Pusa-Sessang Lot 1, Blok 3, Sablor Land District, 94950 Pusa Sarawak
	<b>Ladang Enggang</b> Tel : 082-804910 Fax : 082-804911	Mahya Masrom (Manager)	KM6, Jalan Pusa-Sessang 94950 Pusa Sarawak
	<b>Ladang Merbok</b> Tel : 082-804910 Fax : 082-804911	Alinan Kadar (Manager)	Lot 410, Blok 9, Awik Krian LD Saratok Area, 94950 Pusa Sarawak
	<b>Ladang NCR Saribas</b> Tel : 082-804916 Fax : 082-804919	Tuan Rahimi Tuan Man (Senior Manager)	KM20, Jalan Pusa-Sessang 94950 Pusa Sarawak
	<b>Pusat R&amp;D Pusa</b> Tel : 083-465866 Fax : 083-465899	Khairul Ismadi Ismail (Senior Manager)	No.14, Jalan Feeder Pusa Ground Floor New Shophouse Pusa Bazaar, 94950 Pusa Sarawak
	<b>Kilang Sawit Ladang Raja Udang</b> Tel : 083-485928 Fax : 083-485929	Mohd Fadzley Mohd Nazri (Senior Manager)	Blok 3, Lot 1 Sablor Land District 94950 Pusa Sarawak
<b>TH PELITA Meludam Sdn. Bhd.</b>	<b>Ladang Tanjung Lilin</b> Tel : 082-804914 Fax : 082-804915	Nor Ali Akmar Mahadi (Manager)	No 1, Ground Floor, Bazar Baru RGC Beladin, 94950 Pusa Sarawak
	<b>Ladang Semarang</b> Tel : 083-466566 Fax : 083-466966	Muhammad Termeze Mat Nor (Manager)	No 7, Ground Floor, Bazar Baru RGC Beladin, 94950 Pusa Sarawak
<b>TH PELITA Beladin Sdn. Bhd.</b>	<b>Ladang NCR Beladin</b> Tel : 082-804914 Fax : 082-804915	Nor Ali Akmar Mahadi (Manager)	No 1, Ground Floor, Bazar Baru RGC Beladin, 94950 Pusa Sarawak

## Directory of Estates and Mills

Company	Estates	Person In Charge	Address
<b>TH PELITA SIMUNJAN SDN. BHD.</b>	<b>Ladang Kepayang</b> Tel : 083-412100 Fax : 083-412101	Mohd Johari Md Daud (Manager)	KM 25, Jalan Simunjan Kg Semalatong-Kepayang 98400 Simunjan Sarawak
	<b>Ladang Semalatong</b> Tel : 082-804905 Fax : 082-804907	Mohd Johari Md Daud (Manager)	KM 25, Jalan Simunjan Kg Semalatong-Kepayang 98400 Simunjan Sarawak
<b>TH PELITA Gedong Sdn. Bhd.</b>	<b>Ladang Gedong</b> Tel : 082-882902 Fax : 082-882903	Ismail Sadari (Senior Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian Sarawak
	<b>Ladang Sematan</b> Tel : 082-882912 Fax : 082-882915	Tuah Nawi (Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian Sarawak
	<b>Kilang Sawit Gedong</b> Tel : 082-882909 Fax : 082-882908	Isa Jabar (Senior Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian Sarawak
<b>TH PELITA Sadong Sdn. Bhd.</b>	<b>Ladang Sadong</b> Tel : 082-882918 Fax : 082-882919	Martin@Zaini Soili (Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian Sarawak
	<b>Ladang Lupar</b> Tel : 082-882906 Fax : 082-882907	Abang Ahmad Saifulhadi Abang Iskandar (Manager)	P.O. Box 32, KM 8, Jalan Gedong 94700 Serian Sarawak
<b>Hydroflow Sdn. Bhd.</b>	<b>Ladang Sungai Kerian</b> Tel : 013-8385848	Alias Bakir (Manager)	Lot 1227, Jalan Kg Ulu Gedong 94700 Gedong Sarawak
<b>Bumi Suria Ventures Sdn. Bhd.</b>	<b>Ladang Sungai Karangan</b> Tel : 084-375828 Fax : 084-375828	Girman @ Perman Sirah (Senior Manager)	KM 91, Jalan Bintulu - Sibul, P.O Box 3325 97000 Bintulu Sarawak
	<b>Ladang Sungai Arip</b> Tel : 084-375828 Fax : 084-375828	Singgat Anak Birai (Manager)	KM 91, Jalan Bintulu - Sibul, P.O Box 3325 97000 Bintulu Sarawak
Company	Estates	Person In Charge	Address
<b>PT Persada Kencana Prima</b>	<b>Jakarta Office</b> Tel : 021-5700297 Fax : 021-5704978	Ahmad Nordzri Razali (Vice-President Director)	Wisma Nugra Santana, Lantai 13 Jl. Jend Sudirman Kav 7 - 8 Jakarta Pusat 10220 Indonesia
	<b>Tarakan Office</b> Tel : 0551-21279 Fax : 0551-21279		Jl. KH. Agus Salim RT 08, No 11 Selumit Dalam Tarakan, Kalimantan Utara Indonesia

## Abbreviations

<b>AC</b> Audit Committee	<b>AGM</b> Annual General Meeting	<b>BOD</b> Biochemical Oxygen Demand	<b>Bursa Securities</b> Bursa Malaysia Securities Berhad
<b>CAPEX</b> Capital Expenditure	<b>CPO</b> Crude Palm Oil	<b>DOE</b> Department of Environment	<b>EFB</b> Empty Fruit Bunch(es)
<b>ESOS</b> Employees' Share Option Scheme	<b>FFB</b> Fresh Fruit Bunch(es)	<b>FY2015</b> Financial Year Ended 31 December 2015	<b>GIS</b> Geographic Information System
<b>GLCs</b> Government Linked Companies	<b>GLCT</b> Government Linked Company Transformation	<b>Ha</b> Hectares	<b>IAD</b> Internal Audit Department
<b>IRCC</b> Investment, Risk & Compliance Committee	<b>KER</b> Kernel Extraction Rate	<b>KPIs</b> Key Performance Indicators	<b>Listing Requirements</b> Main Market of Listing Requirements of Bursa Securities
<b>MAP</b> Mandatory Accreditation Programme	<b>MASB</b> Malaysian Accounting Standard Board	<b>MPOB</b> Malaysian Palm Oil Board	<b>MT</b> Metric Tonnes
<b>NCR</b> Native Customary Rights	<b>OER</b> Oil Extraction Rate	<b>OSH</b> Occupational Safety and Health	<b>PIP</b> Performance Improvement Programme
<b>PK</b> Palm Kernel	<b>RECAL</b> Recognition of Employees' Children's Achievement in Learning	<b>RMC</b> Risk Management Committee	<b>RMF</b> Risk Management Framework
<b>RPG</b> Recommended Practice Guide	<b>RMP</b> Risk Management Policy	<b>SL1M</b> Skim Latihan 1Malaysia	<b>SOP</b> Standard Operating Procedures
<b>SPV</b> Special Purpose Vehicle	<b>TH</b> Lembaga Tabung Haji	<b>THP or the Company</b> TH Plantations Berhad	<b>THP Group or the Group</b> TH Plantations Berhad and Subsidiaries
<b>THPAM</b> THP Agro Management Sdn Bhd	<b>The Board</b> The Board of Directors of THP	<b>The Code</b> Malaysian Code on Corporate Governance 2012	<b>UAV</b> Unmanned Aerial Vehicle
	<b>VDI</b> Vendor Development Initiative	<b>Yield</b> FFB Production per Hectare	



# TH PLANTATIONS BERHAD

Company No. 12696-M  
(Incorporated in Malaysia under the Companies Act, 1965)

# FORM OF PROXY

I/We, \_\_\_\_\_ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (ADDRESS)

being member/members of TH PLANTATIONS BERHAD ("the Company") hereby appoint \_\_\_\_\_

\_\_\_\_\_ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (ADDRESS)

or failing him/her \_\_\_\_\_ (FULL NAME IN BLOCK LETTERS)

NRIC No./Passport No./Company No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ (ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Forty-Second Annual General Meeting ("42<sup>nd</sup> AGM") of the Company to be held at the Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50746 Kuala Lumpur on Wednesday, 18 May 2016 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. (Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to the voting is given, the proxy will vote or abstain at his/her own discretion).

RESOLUTION NO.	ORDINARY BUSINESSES	FOR	AGAINST
Ordinary Resolution 1	To approve Directors' Fees of RM1,059,000 for year ended 31 December 2015.		
Ordinary Resolution 2	To re-elect Tan Sri Ab. Aziz bin Kasim as Director.		
Ordinary Resolution 3	To re-elect Datuk Seri Nurmala binti Abd Rahim as Director.		
Ordinary Resolution 4	To re-elect Dato' Noordin bin Md Noor as Director.		
Ordinary Resolution 5	To re-elect Dato' Johan bin Abdullah as Director.		
Ordinary Resolution 6	To re-elect Dato' Shari bin Haji Osman as Director.		
Ordinary Resolution 7	To re-elect Dato' Dr. Md Yusop bin Omar as Director.		
Ordinary Resolution 8	To re-elect Datuk Seri Othman bin Mahmood as Director.		
Ordinary Resolution 9	To re-appoint Messrs. KPMG Desa Megat & Co. as Auditors of the Company and to authorise Board of Directors to determine their remuneration.		
RESOLUTION NO.	SPECIAL BUSINESS		
Ordinary Resolution 10	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue and/or Trading Nature and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue and/or Trading Nature.		

For the appointment of two (2) proxies, the percentage of shareholdings to be represented by the proxies:

	NO. OF SHARES	PERCENTAGE
Proxy 1		
Proxy 2		
TOTAL		100%

Number of Ordinary Shares Held \_\_\_\_\_

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
Signature/Common Seal of Shareholder

**NOTES:**

1. A member entitled to attend and vote at the 42<sup>nd</sup> AGM is eligible to appoint not more than two (2) proxies to attend and vote on his/her behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company and there shall be no restriction as to the qualification of the proxy/proxies.
2. Only a Depositor whose name appears on the Record of Depositors as at 11 May 2016 shall be regarded as a member and entitled to attend the 42<sup>nd</sup> AGM or appoint proxy/proxies to attend and vote on his/her behalf.
3. Where a member appoints two (2) proxies, the appointment shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. Each proxy appointed shall represent a minimum of 100 shares. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. The instrument in appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised by the corporation.
5. The instrument in appointing a proxy shall be deposited at the Company's Registered Office at Tingkat 23, Bangunan TH Selborn, 153, Jalan Tun Razak, 50400 Kuala Lumpur in not less than 48 hours before the time set for holding the 42<sup>nd</sup> AGM or at any adjournment thereof.

**STAMP**

**The Company Secretary**

**TH PLANTATIONS BERHAD**

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





**TH PLANTATIONS BERHAD (12696-M)**

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

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