

13. FINANCIAL INFORMATION

13.1 Financial Results of our Group

The following table sets out a summary of the proforma consolidated results of our Group for the past five (5) financial years ended 31 December 2005 based on the assumption that our Group had been in existence throughout the financial years under review. The proforma consolidated results are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 14 of this Prospectus.

	<-----Financial year ended 31 December----->				
	2001 RM 000	2002 RM 000	2003 RM 000	2004 RM 000	2005 RM 000
Revenue	78,312	119,591	140,883	145,736	112,047
Other income – management fees	60	60	7,159	8,052	12,505
EBITDA	11,986	40,767	62,620	63,023	52,041
Depreciation	(6,961)	(6,850)	(6,705)	(6,966)	(7,354)
Finance cost	(120)	(121)	(347)	-	-
Share of profit/(loss) from associated company	439	(11)	25	77	31
PBT	5,344	33,785	55,593	56,134	44,718
Taxation	(1,663)	(9,355)	(14,567)	(15,485)	(12,574)
Zakat	-	-	(1,045)	(1,036)	(959)
PAT	3,681	24,430	39,981	39,613	31,185
No. of ordinary shares in issue (000)	50,000 ¹	50,000 ¹	50,000 ¹	50,000 ¹	196,094
Gross EPS (sen)	11 ²	68 ²	111 ²	112 ²	23
Net EPS (sen)	7 ³	49 ³	80 ³	79 ³	16

Notes:

1. Being the number of shares in issue before the Scheme.
2. Based on PBT divided by the number of shares in issue before the Scheme.
3. Based on PAT divided by the number of shares in issue before the Scheme.
4. There were no extraordinary nor exceptional items during the financial years under review.

The financial statements of our Company and its subsidiaries were not subject to any audit qualification for the financial years under review, and there were no extraordinary and exceptional items nor any minority interests in the profits of the proforma consolidated results of our Group during these financial years. Inter-company sales and purchases between us and our subsidiaries and unrealised profits included in closing inventories at the end of each of the financial years under review have been eliminated on consolidation.

13. FINANCIAL INFORMATION *(Continued)*

13.2 Summary of Selected Historical Financial and Operating Data of our Group

The following tables present selected proforma consolidated financial and other data of our Group as at and for the years ended 31 December 2001, 2002, 2003, 2004 and 2005. This data should be read in conjunction with the proforma consolidated financial statements of our Company and the related notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other historical financial and operating data which are included in Section 8 of this Prospectus. Our Company's proforma consolidated financial statements for each of the years ended 31 December 2001, 2002, 2003, 2004 and 2005 have been prepared based on the audited financial statements for the respective financial years after incorporating such adjustments considered necessary. Our Company's consolidated financial statements for each of the years ended 31 December 2001, 2002, 2003, 2004 and 2005 have been audited by our Company's independent auditors, KPMG Desa Megat & Co. Our Company's financial statements are prepared in accordance with applicable approved accounting standards in Malaysia.

Income Statement Data

	<-----Financial year ended 31 December----->				
	2001	2002	2003	2004	2005
	RM 000	RM 000	RM 000	RM 000	RM 000
Revenue					
CPO	59,688	94,199	108,393	100,043	83,967
PK	9,232	12,012	13,434	19,470	16,881
FFB	9,392	13,380	19,056	26,223	11,199
	<u>78,312</u>	<u>119,591</u>	<u>140,883</u>	<u>145,736</u>	<u>112,047</u>
Other income – management fees	60	60	7,159	8,052	12,505
EBITDA	11,986	40,767	62,620	63,023	52,041
Depreciation	(6,961)	(6,850)	(6,705)	(6,966)	(7,354)
Finance cost	(120)	(121)	(347)	-	-
Share of profit/(loss) from associated company	439	(11)	25	77	31
PBT	5,344	33,785	55,593	56,134	44,718
Taxation	(1,663)	(9,355)	(14,567)	(15,485)	(12,574)
Zakat	-	-	(1,045)	(1,036)	(959)
PAT	<u>3,681</u>	<u>24,430</u>	<u>39,981</u>	<u>39,613</u>	<u>31,185</u>

13. FINANCIAL INFORMATION (Continued)

Balance Sheet Data

	←-----Financial year ended 31 December-----→				
	2001	2002	2003	2004	2005
	RM 000	RM 000	RM 000	RM 000	RM 000
Inventories	12,586	4,315	1,846	4,102	2,670
Trade receivables	5,028	8,664	9,126	7,802	10,222
Other receivables, deposits and prepayments	23,581	22,291	22,538	42,545	33,808
Cash and cash equivalents	9,222	31,854	47,146	28,802	44,702
Trade payables	1,680	1,962	2,947	2,203	1,167
Other payables and accrued expenses	3,124	4,676	7,084	8,362	25,536
Short term borrowings	100	600	-	-	-

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13. FINANCIAL INFORMATION (Continued)

13.3 Proforma Consolidated Balance Sheet of Our Group

	<i>Notes</i>	Audited as at 31.12.2005 RM 000	Proforma I After OFS RM 000
Property, plant and equipment		107,875	107,875
Plantation development expenditure		5,841	5,841
Associated company		550	550
Current assets			
Inventories		2,670	2,670
Trade and other receivables	4	44,031	19,592
Cash and cash equivalents	5	43,476	34,866
		90,177	57,128
Current liabilities			
Trade and other payables		26,703	26,703
Dividend payable	6	31,049	-
Taxation		2,432	2,432
		60,184	29,135
Net current assets		29,993	27,993
		<u>144,259</u>	<u>142,259</u>
Financed by			
Share capital		98,047	98,047
Share premium	7	2,000	-
Retained profits		24,093	24,093
Shareholders' fund		124,140	122,140
Minority shareholders' interest		-	-
Long term and deferred liabilities			
Deferred taxation		20,119	20,119
		<u>144,259</u>	<u>142,259</u>
NTA per share (RM)		0.63	0.62
Number of shares in issue (000)		<u>196,094</u>	<u>196,094</u>

13. FINANCIAL INFORMATION (Continued)

1. The Proforma Consolidated Balance Sheets of THP Group are based on the following information:
 - Audited financial statements of THP as at 31 December 2005;
 - Audited financial statements of LBU as at 31 December 2005; and
 - Audited financial statements of THPE as at 31 December 2005.
2. The Proforma Consolidated Balance Sheets of THP Group have been prepared using accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements. The Scheme is accounted for using the acquisition method of accounting.
3. The Proforma Consolidated Balance Sheets are for illustrative purposes only to incorporate the Scheme as though they were affected on 31 December 2005.

Proforma I

Proforma I incorporates the effect of the following and listing expenses of approximately RM2.0 million:

- Settlements of related companies balances of approximately RM24,439,000 and dividend payable to LTH of approximately RM31,049,000;
- Listing expenses of approximately RM2,000,000;
- Offer for sale of 74,515,700 ordinary shares of RM0.50 each at an offer price of RM1.25 per share to LTH Depositors, Islamic institutions, eligible directors of THP Group and LTH, eligible employees of THP and LTH and the Malaysian public; and
- Listing and quotation for the entire issued and paid up share capital of THP comprising 196,094,000 ordinary shares of RM0.50 each on the Main Board of the Bursa Securities.

4. Movement in trade and other receivables:

	RM 000
Balance at 31 December 2005	44,031
Less: Settlement of related companies balances	(24,439)
Balance after Proforma I	19,592

5. Movement in cash and cash equivalents:

	RM 000
Balance at 31 December 2005	43,476
Add : Settlement of related companies balances	24,439
Less: Settlement of dividend payable to LTH	(31,049)
Listing expenses	(2,000)
Balance after Proforma I	34,866

13. FINANCIAL INFORMATION (Continued)
6. Movement in dividend payable:

	RM 000
Balance at 31 December 2005	31,049
Less: Settlement of dividend payable to LTH	(31,049)
Balance after Proforma I	<u>-</u>

7. Movement in share premium:

	RM 000
Balance at 31 December 2005	2,000
Less: Listing expenses	(2,000)
Balance after Proforma I	<u>-</u>

13.4 Working Capital, Borrowings, Contingent Liabilities, Capital Commitment and Material Litigation
(i) Working Capital

Our Directors are of the opinion that after taking into consideration the cashflow position of our Group, our Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus for our foreseeable requirements.

(ii) Borrowings

As at 28 February 2006 (being the latest practicable date prior to the registration of this Prospectus), the Group has no external borrowings.

(iii) Contingent Liabilities

As at 28 February 2006, our Directors are not aware of any contingent liabilities, which upon becoming enforceable, that may have a material impact on the profit or net assets value of our Group.

(iv) Capital Commitment

As at 31 December 2005, our capital commitment, which upon becoming enforceable may have a material impact on the profit or net assets value of our Group, is set forth below:

	As at 31 December 2005 RM 000
Property, plant and equipment authorised but not provided for	<u>8,695</u>
PDE authorised but not provided for	<u>3,286</u>

13. FINANCIAL INFORMATION (Continued)

(v) Material Litigation

None of the members of our Group is engaged in any material litigation either as plaintiff or defendant and the Directors do not know of any proceedings pending or threatened against any member of our Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the position of any member of our Group.

13.5 Trade Receivables Ageing Analysis as at 31 December 2005

Based on our Group's audited accounts as at 31 December 2005, total trade receivables balances amounted to RM10.22 million. The credit period extended to customers of our Group is usually between 1 to 60 days.

The ageing analysis for trade receivables as at 31 December 2005 is as follows:

Ageing (days)	< 30	30 – 60	61 – 90	>90	Total
Trade debts (RM 000)	9,075	843	304	-	10,222
% of total debts	88.78	8.25	2.97	-	100.00

As at 31 December 2005, our Group has no allowances for doubtful debts as all amounts are deemed to be recoverable.

Our Directors are of the opinion that all the remaining trade receivable balances are recoverable from the respective trade receivable.

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13. FINANCIAL INFORMATION (Continued)

13.6 Reporting Accountants' Letter on Proforma Consolidated Balance Sheet

(Prepared for inclusion in this Prospectus)



KPMG Desa Megat & Co. (Firm No. AF 0759)
Chartered Accountants
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Internet www.kpmg.com.my

The Board of Directors
TH Plantations Berhad
Level 26, Bangunan TH Selborn,
Jalan Tun Razak,
50400 Kuala Lumpur

14 March 2006

Dear Sirs

Letter on the proforma consolidated balance sheets as at 31 December 2005

We have reviewed the presentation of the proforma consolidated balance sheets of TH Plantations Berhad ("THP" or "the Company") (formerly known as TH Plantations Sdn. Bhd.) and its subsidiaries ("THP Group" or "the Group") as at 31 December 2005, which have been prepared for illustrative purposes only, for which the Directors of THP are solely responsible, as set out in the accompanying statement (which we have stamped for the purpose of identification), for inclusion in the Prospectus in connection with the following and should not be relied on for any other purposes:

- i. Offer for sale of 74,515,700 ordinary shares of RM0.50 each at an offer price of RM1.25 per share to Lembaga Tabung Haji ("LTH") depositors, Islamic institutions, eligible directors of THP Group and LTH, eligible employees of THP and LTH and the Malaysian public.
- ii. Listing and quotation for the entire issued and paid up share capital of THP comprising 196,094,000 ordinary shares of RM0.50 each on the Main Board of the Bursa Malaysia Securities Berhad.

In our opinion,

- the proforma consolidated balance sheets have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies of the Group; and
- the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully

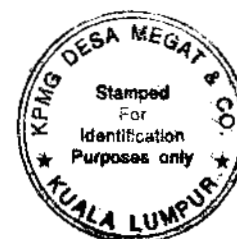
KPMG Desa Megat & Co.
Firm Number: AF0759
Chartered Accountants

Johan Idris
Partner
Approval Number: 2585/10/06(J)

13. FINANCIAL INFORMATION (Continued)

TH PLANTATIONS BERHAD AND ITS SUBSIDIARIES
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2005

	<i>Audited balance sheet At 31.12.2005</i>	<i>Proforma I</i>
<i>Note</i>	<i>RM'000</i>	<i>RM'000</i>
Property, plant and equipment	107,875	107,875
Plantation development expenditure	5,841	5,841
Investment in associated company	550	550
Current assets		
Inventories	2,670	2,670
Trade and other receivables	4 44,031	19,592
Cash and cash equivalents	5 43,476	34,866
	<u>90,177</u>	<u>57,128</u>
Current liabilities		
Trade and other payables	26,703	26,703
Dividend payable	6 31,049	-
Taxation	2,432	2,432
	<u>60,184</u>	<u>29,135</u>
Net current assets	29,993	27,993
	<u>144,259</u>	<u>142,259</u>
Financed by		
Share capital	98,047	98,047
Share premium	7 2,000	-
Retained profits	24,093	24,093
Shareholders' fund	124,140	122,140
Long term and deferred liabilities		
Deferred taxation	20,119	20,119
	<u>144,259</u>	<u>142,259</u>
Net Tangible Assets per share (RM)	0.63	0.62
Number of shares in issue ('000)	196,094	196,094



13. FINANCIAL INFORMATION (Continued)

TH PLANTATIONS BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2005

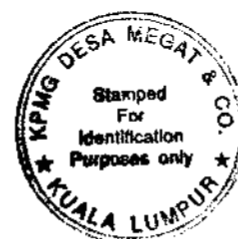
1. The Proforma Consolidated Balance Sheets of THP are based on the following information:
 - Audited financial statements of THP as at 31 December 2005;
 - Audited financial statements of Ladang Bangka Ulu Sdn Bhd as at 31 December 2005; and
 - Audited financial statements of TH Peladang Sdn Bhd as at 31 December 2005.
2. The Proforma Consolidated Balance Sheets of THP have been prepared using accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements. The transactions are accounted for using the acquisition method of accounting.
3. The Proforma Consolidated Balance Sheets are for illustrative purposes only to incorporate the following transactions as though they were affected on 31 December 2005.

Proforma I

Proforma I incorporates the effect of the following:

- Settlements of related companies balances of approximately RM24,439,000 and dividend payable to LTH of approximately RM31,049,000;
 - Listing expenses of approximately RM2,000,000;
 - Offer for sale of 74,515,700 ordinary shares of RM0.50 each at an offer price of RM1.25 per share to LTH depositors, Islamic institutions, eligible directors of THP Group and LTH, eligible employees of THP and LTH and the Malaysian public; and
 - Listing and quotation for the entire issued and paid up share capital of THP comprising 196,094,000 ordinary shares of RM0.50 each on the Main Board of the Bursa Malaysia Securities Berhad.
4. Movement in trade and other receivables:

	<i>RM'000</i>
Balance at 31 December 2005	44,031
Less: Settlement of related companies balances	(24,439)
Balance after Proforma I	19,592



13. FINANCIAL INFORMATION *(Continued)*

5. Movement in cash and cash equivalents:

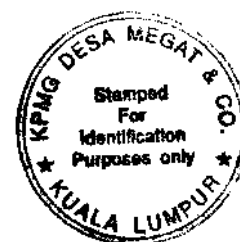
	<i>RM'000</i>
Balance at 31 December 2005	43,476
Add : Settlement of related companies balances	24,439
Less: Settlement of dividend payable to LTH	(31,049)
Listing expenses	(2,000)
Balance after Proforma I	<u>34,866</u>

6. Movement in dividend payable:

	<i>RM'000</i>
Balance at 31 December 2005	31,049
Less: Settlement of dividend payable to LTH	(31,049)
Balance after Proforma I	<u>-</u>

7. Movement in share premium account:

	<i>RM'000</i>
Balance at 31 December 2005	2,000
Less: Listing expenses	(2,000)
Balance after Proforma I	<u>-</u>



13. FINANCIAL INFORMATION *(Continued)*

13.7 Consolidated Profit Forecast

Our Directors forecast that the consolidated profit forecast for our Group for the financial year ending 31 December 2006 will be as follows:

Financial year ending 31 December	Forecast 2006 RM 000
Revenue	118,515
PBT	44,614
Taxation	(12,977)
Zakat	(812)
PAT before MI	30,825
MI	-
PATAMI	30,825
No. of ordinary shares assumed in issue (000)	196,094
Gross EPS (sen)	22.75
Net EPS (sen)	15.72
Net PE multiple based on the issue price of RM1.25 per our Share (times)	7.95

The accounts of the subsidiaries have been consolidated using the applicable approved accounting standards in Malaysia whereby the consolidated results of our Group have been presented as if our Group had always been in existence. The consolidated profit forecast has been prepared on bases and accounting principles consistent with those previously adopted in the preparation of audited financial statements.

See Section 13.11 of this Prospectus for details of the assumptions in relation to our profit forecast.

13. FINANCIAL INFORMATION *(Continued)*

13.8 Dividend Forecast and Policy

It is the policy of our Directors in recommending dividends to allow shareholders to participate in the profits of our Group as well as retaining adequate reserves for the future growth of our Group.

Our Board will take into consideration the following factors and the financial position of the Group in recommending and determining the level of dividend payments, if any, in any particular financial year or period:

- our level of cash, gearing, return on equity and retained earnings;
- the availability of tax credits to frank dividends;
- projected levels of capital expenditure; and
- our investment plans.

Our Company intends to distribute approximately 50% of our Group's annual PATAMI to our shareholders after taking into consideration the factors outlined above.

Based on the forecast consolidated profit after taxation for the financial year ending 31 December 2006 our Directors anticipate that in the absence of unforeseen circumstances, our Company will be in the position to propose a final gross dividend of 8.00 sen per ordinary share, based on the issued and paid-up share capital of 196,094,000 ordinary shares of RM0.50 each.

The intended appropriation of the forecast consolidated profit after taxation is as follows:

Financial year ending 31 December	Forecast 2006 RM 000
Consolidated PBT	44,614
Taxation	(12,977)
Zakat	(812)
Consolidated PAT before MI	<u>30,825</u>
MI	<u>-</u>
Consolidated PATAMI	30,825
Proposed final net dividend	<u>(11,295)</u>
Retained profits for the financial year	<u>19,530</u>
Gross dividend per ordinary share (sen)	8.00
Net dividend per ordinary share (sen)	5.76
Net dividend yield (%)	4.61
<i>(based on the offer price of RM1.25 per ordinary share)</i>	
Net dividend cover (times)	2.73

Notwithstanding the above, our Directors have full discretion to propose the waiver of any future dividend payment as and when deemed necessary, if it is in the best interests of our Company.

13. FINANCIAL INFORMATION (Continued)

Future dividends will be waived if:

- (i) Our Group is in a loss position for the relevant financial period; or
- (ii) Our Group has insufficient cash flow to meet any dividend payments.

13.9 Sensitivity Analysis

The principal bases and assumptions upon which the sensitivity analysis on the our Group's profit have been made as follows:

- (i) The selected variable will vary +5% and –5% from the base case; and
- (ii) Except for the selected variable items, the same assumptions for the other items in the base case shall apply.

The following scenario attempts to show the impact on profit resulting from changes in sales volume, cost of sales, operating and administrative expenses and prices.

(i) Change in Sales Volume

Consolidated profit forecast for the financial year ending 31 December 2006

	-15%	-10%	-5%	0%	+5%	+10%	+15%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PAT before and after MI	21,360	24,461	27,561	30,825	33,738	36,814	39,891

Comments

The sensitivity analysis is prepared based on the following assumptions:

- (i) Movement in both directions in sales volume by 5%, 10% and 15% respectively;
- (ii) The revenue and the cost of sales fluctuate by the same percentages; and
- (iii) All other components assumed to remain constant/unchanged.

(ii) Change in cost of sales

Consolidated profit forecast for the financial year ending 31 December 2006

	-15%	-10%	-5%	0%	+5%	+10%	+15%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PAT before and after MI	36,217	34,460	32,701	30,825	28,697	26,540	24,671

Comments

The sensitivity analysis is prepared based on the following assumptions:

- (i) Movement in both directions in cost of sales by 5%, 10% and 15% respectively; and
- (ii) All other components assumed to remain constant/unchanged.

13. FINANCIAL INFORMATION *(Continued)*

(iii) Change in operating and administrative expenses

Consolidated profit forecast for the financial year ending 31 December 2006

	-15%	-10%	-5%	0%	+5%	+10%	+15%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PAT before and after MI	31,897	31,432	30,966	30,825	30,033	29,563	29,092

Comments

The sensitivity analysis is prepared based on the following assumptions:

- (i) Movement in both directions in operating and administrative expenses by 5%, 10% and 15% respectively; and
- (ii) All other components assumed to remain constant/unchanged.

(iv) Change in CPO prices

Consolidated profit forecast for the financial year ending 31 December 2006

	-15%	-10%	-5%	0%	+5%	+10%	+15%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PAT before and after MI	19,599	23,286	26,973	30,825	34,321	37,980	41,640

Comments

The sensitivity analysis is prepared based on the following assumptions:

- (i) Movement in both directions in CPO prices by 5%, 10% and 15% respectively; and
- (ii) All other components assumed to remain constant/ unchanged.

13.10 Directors' Commentary on the Consolidated Profit Forecast for Financial Year Ending 31 December 2006

Our Group's revenue is forecast to increase by RM6.47 million as compared to previous year's proforma revenue of RM112.05 million. This is attributed to the additional 57% of FFB from external suppliers that the Group expects to secure as compared to the previous year. This will result in higher CPO and PK production by 14% and 10% respectively. The price of CPO and PK are forecast to be RM1,350 per MT and RM1,000 per MT respectively.

Our Group's PBT is forecast to decrease slightly from RM44.72 million in 2005 to RM44.61 million in 2006.

For the year ending 31 December 2006, our Group forecasts a PATAMI of RM30.83 million with revenue of RM118.52 million. This represents a decrease in forecast PATAMI of RM0.36 million as compared to previous year's proforma PATAMI of RM31.19 million.

13. FINANCIAL INFORMATION (Continued)

Our Directors have reviewed and analysed the basis and assumptions used in arriving at the consolidated profit forecast of our Group for the financial year ending 31 December 2006 and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the future prospects of the industry, future plans, strategies and prospects of our Group as set out in Section 7 of this Prospectus and after taking into consideration the forecast gearing levels, liquidity and working capital requirements of the Group.

Nevertheless, these bases and assumptions cover future periods for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often outside the control of our Group. Therefore, certain assumptions used in the preparations of the consolidated profit forecast may differ significantly from the actual situation after the date of this profit forecast.

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13. FINANCIAL INFORMATION (Continued)

13.11 Reporting Accountants' Letter on the Consolidated Profit Forecast

(Prepared for inclusion in this Prospectus)



KPMG Desa Megat & Co. (Firm No. AF 0759)
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The Board of Directors
TH Plantations Berhad
Level 26, Bangunan TH Selborn,
Jalan Tun Razak,
50400 Kuala Lumpur

14 March 2006

Dear Sirs,

**Reporting accountant's letter on the consolidated profit forecast
for the year ending 31 December 2006**

We have reviewed the consolidated profit forecast of TH Plantations Berhad ("THP" or "the Company") (formerly known as TH Plantations Sdn. Bhd.) and its subsidiaries ("THP Group" or "the Group") for the financial year ending 31 December 2006 as set out in the accompanying statement, which we have stamped for identification purposes, in accordance with the International Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus in connection with the following and should not be relied on for any other purposes:

- i. Offer for sale of 74,515,700 ordinary shares of RM0.50 each at an offer price of RM1.25 per share to Lembaga Tabung Haji ("LTH") depositors, Islamic institutions, eligible directors of THP Group and LTH, eligible employees of THP and LTH and the Malaysian public.
- ii. Listing and quotation for the entire issued and paid up share capital of THP comprising 196,094,000 ordinary shares of RM0.50 each on the Main Board of the Bursa Malaysia Securities Berhad.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by THP Group in its audited financial statements for the financial year ended 31 December 2005 and relevant applicable approved accounting standards for the financial year ending 31 December 2006. The Directors of THP are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

13. FINANCIAL INFORMATION (Continued)



TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
Reporting accountant's letter on the profit forecast
For the financial year ending
31 December 2006

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matter stated in the preceding paragraph:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by THP Group in its audited financial statements for the financial year ended 31 December 2005 and relevant applicable approved accounting standards for the financial year ending 31 December 2006.

Yours faithfully

KPMG Desa Megat & Co.
Firm Number: AF0759
Chartered Accountants

Johan Idris
Partner
Approval Number: 2585/10/06(J)

13. FINANCIAL INFORMATION (Continued)

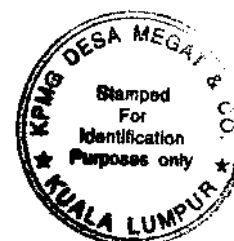
TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
Reporting accountant's letter on the profit forecast
For the financial year ending
31 December 2006

**TH PLANTATIONS BERHAD
AND ITS SUBSIDIARIES ("THP GROUP")**

**CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2006**

Barring unforeseen circumstances, the Directors forecast that the consolidated profit forecast of THP Group for the financial year ending 31 December 2006 will be as follows:

	Forecast
	2006
	RM'000
Revenue	118,515
Profit from operations	44,583
Share of profit from associated company	31
Consolidated profit before taxation and zakat	44,614
Taxation	
- the Company and its subsidiaries	(12,975)
- associated company	(2)
Zakat	(812)
Consolidated profit after taxation and zakat	30,825
Number of ordinary shares in issue ('000)	196,094
Earnings per share (sen)	
- based on profit after taxation	15.72
- based on profit attributable to shareholders	15.72



13. FINANCIAL INFORMATION (Continued)

TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
Reporting accountant's letter on the profit forecast
For the financial year
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The principal bases and assumptions upon which the profit forecasts have been made are as follows:

Revenue assumptions

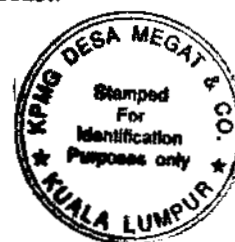
1. Assumptions on selling prices, sales volume, extraction rates and yield are as follows:

	2006
Average selling prices (RM per MT)	
- Crude palm oil ("CPO")	1,350
- Palm kernel ("PK")	1,000
- Fresh fruit bunch ("FFB")	268
 Sales volume (MT)	
- CPO	67,880
- PK	18,356
- FFB	31,831
 Extraction rate (%)	
- Oil extraction rate	20.00
- Kernel extraction rate	5.25 – 5.50
 Yield per hectare of FFB (MT)	22.34

2. THP Group will be able to obtain the required quantity of FFB for THP Group's operations at the forecast FFB prices during the year under review.
3. There will be no significant variation in the forecast average extraction rates of the CPO and PK which will adversely affect the performance of THP Group.
4. Transaction including sales to and purchases from related parties are at arms-length.

Operating assumptions

1. The cost of materials (especially cost of fertiliser), labour, transportation costs, mill and general overheads for THP Group's operations will not change materially from the present levels.
2. The mills are expected to be operating on normal capacity.
3. Capital expenditure and replanting expenditure programmes will be implemented as scheduled and there will be no material acquisitions or disposal of property, plant and equipment ("PPE") other than those already included in this forecast.



13. FINANCIAL INFORMATION (Continued)

TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
Reporting accountant's letter on the profit forecast
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Details of the additions for the year under review will be as follows: -

Financial year ending	2006 RM'000
PPE	8,695
Plantation development expenditure	3,286
Total	11,981

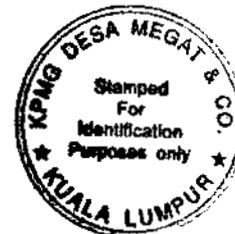
4. There will be no major incidence of bad and doubtful debts.
5. There will be no material contingent liabilities and litigations which are likely to give rise to any proceedings which might materially affect THP Group's assets, financial position and operations and the profit forecast.

Tax assumptions

1. Tax credit under Section 108 of the Income Tax Act 1967 is credited based on tax actually paid.

General assumptions

1. There will be no significant changes in the principal activities, composition and structure of THP Group other than as disclosed in the cover to this letter.
2. There will be no significant changes in THP Group's existing management, accounting and operational policies that will adversely affect the activities and performance of THP Group.
3. There will be no significant changes in the prevailing political, economic and market conditions that will adversely affect the activities and performance of THP Group.
4. There will be no significant changes in the present legislation or Government regulations, rates and basis of duties, levies, cess and taxes, which will adversely affect the operations of THP Group or the market in which it operates.
5. There will be no significant variation in the following forecast average selling prices, production volume and extraction rate of THP Group from those used in the forecast which will adversely affect the performance of THP Group.



13. FINANCIAL INFORMATION (Continued)

TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
Reporting accountant's letter on the profit forecast
For the financial year
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6. There will be no significant changes in the rate and basis of taxation. Taxation rate is presumed to be maintained at 28% throughout the financial year under review.
7. There will be no major breakdown in the manufacturing facilities and equipment, major industrial disputes, economic and political changes or any abnormal circumstances which will adversely affect the operations of THP Group.
8. There will be no significant adverse changes in the current demand and in the prevailing market conditions in Malaysia and world oil and fats market which will adversely affect THP Group performance.
9. There will be no significant variation in the exchange rates of foreign currencies, which are based on the prevailing exchange rate, that will adversely affect the performance of THP Group.
10. Inflation rates will not change materially from those presently prevailing.
11. There will be no material increase in wages, overheads and operating expenses and the increase is expected to be in line with inflation and will not fluctuate significantly from present levels.
12. There will be no unfavourable weather conditions, natural disasters or major disasters or major disruption in the planting, harvesting and estate works arising from industrial disputes, labour shortage, or any abnormal circumstances that will adversely affect the production, yield, oil and kernel extraction of THP Group.
13. There will be no significant variation in the planned oil palm planting programme of THP Group and the programme will be implemented as scheduled.
14. It is assumed that the consolidated revenue and gross margin of THP Group as identified and scheduled by the Directors and management of THP Group will materialise. There will be no delays or any abnormal circumstances which will adversely affect the forecasted revenue pattern.



14. ACCOUNTANT'S REPORT

(Prepared for inclusion in this Prospectus)



KPMG Desa Megat & Co. (Firm No. AF 0759)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

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The Board of Directors
TH Plantations Berhad
Level 26, Bangunan TH Selborn
Jalan Tun Razak
50490 Kuala Lumpur

14 March 2006

Dear Sirs

**TH Plantations Berhad (“THP” or “the Company”) (formerly known as TH Plantations Sdn. Bhd.) and its subsidiaries (“THP Group” or “the Group”)
Accountants’ Report**

This report has been prepared by Messrs. KPMG Desa Megat & Co., an approved company auditor, for inclusion in the Prospectus to be dated 23 March 2006 in connection with the following and should not be relied upon for any other purposes:

- i Offer for sale of 74,515,700 ordinary shares of RM0.50 each at an offer price of RM1.25 per share to Lembaga Tabung Haji (“LTH”) depositors, Islamic institutions, eligible directors of THP Group and LTH, eligible employees of THP and LTH and the Malaysian public.
- ii Listing and quotation for the entire issued and paid up share capital of THP comprising 196,094,000 ordinary shares of RM0.50 each on the Main Board of the Bursa Malaysia Securities Berhad.

1 General information

Introduction

This report has been prepared exclusively for the inclusion in the Prospectus in connection with the listing of and the quotation of the entire issued and paid up share capital of TH Plantations Berhad (“THP”) (formerly known as TH Plantations Sdn. Bhd) on the Main Board of the Bursa Malaysia Securities Berhad.

14. ACCOUNTANT'S REPORT (Continued)

TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
 Accountants' Report
 For inclusion in prospectus
 14 March 2006

1.1 Background

THP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 28 August 1972 under the name of Perbadanan Ladang-Ladang Tabong Haji Sendirian Berhad. On 15 September 1997, it changed its name to TH Plantations Sdn. Bhd. The principal activities of THP are investment holding, cultivation of oil palm, processing of fresh fruit bunches ("FFB"), marketing of crude palm oil ("CPO"), palm kernel ("PK") and FFB and plantation management.

On 26 May 2005, THP changed its status to a public limited company.

1.2 Share capital

At the date of incorporation, THP's authorised share capital was RM20,000,000 consisting of 20,000,000 ordinary shares of RM1.00 each. At that date, THP's issued and paid-up share capital was RM2 consisting of 2 ordinary shares of RM1.00 each. Prior to the proposed listing of and quotation for the entire enlarged issued paid-up share capital of THP on the Main Board of Bursa Malaysia Securities Berhad as set out in paragraph 1.3 below, THP's authorized share capital was RM100,000,000 consisting of 200,000,000 ordinary shares of RM0.50 each and issued and paid-up share capital was RM98,047,000 consisting of 196,094,000 ordinary shares of RM0.50 each.

Number of ordinary shares	Par value	Type of share	Issued and fully paid-up share capital RM
196,094,000	RM 0.50	Ordinary shares	98,047,000

1.3 Proposed listing scheme

In conjunction with the listing of and quotation of the entire issued and paid-up share capital of THP on the Main Board of the Bursa Malaysia Securities Berhad, THP will undertake the following proposed transactions:

- i) Offer for sale of 74,515,700 ordinary shares of RM0.50 each at an offer price of RM1.25 per share to LTH depositors, Islamic institutions, eligible directors of THP Group and LTH, eligible employees of THP and LTH and the Malaysian public.
- ii) Listing and quotation for the entire issued and paid up share capital of THP comprising 196,094,000 ordinary shares of RM0.50 each on the Main Board of the Bursa Malaysia Securities Berhad.

14. ACCOUNTANT'S REPORT (Continued)

*TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
Accountants' Report
For inclusion in prospectus
14 March 2006*

1.4 Information on subsidiaries and associate

The THP Group comprises the following subsidiaries and associated company all of which are incorporated in Malaysia as private limited companies under the Companies Act, 1965. The subsidiaries and associate of THP as at the date of this report and their principal activities are as follows:

Name of company	Date of incorporation	Effective ownership interest	< -----Share Capital----- >		Principal activities
			Authorised	Issued and fully paid-up	
			RM	RM	
TH Peladang Sdn. Bhd. ("THPE")	14 August 1979	100.00%	10,000,000	5,652,868	Cultivation of oil palm and selling of FFB.
Ladang Bangka Ulu Sdn. Bhd. ("LBU")	18 February 1989	100.00%	25,000,000	25,000,000	Cultivation of oil palm, processing of FFB and marketing of CPO, PK and FFB.
Kilang Sawit Panji Alam Sdn. Bhd. ("KISPA")	12 June 1980	24.01%	10,000,000	7,600,000	Processing of FFB and marketing of CPO and PK.

2 Financial performance**2.1 Proforma consolidated results of the THP Group**

We set out below the proforma group consolidated results of the THP Group for the five (5) financial years ended 31 December 2005, after making such adjustments as we considered necessary assuming that the THP Group has been in existence throughout the financial years under review. The proforma group consolidated results are prepared based on the audited financial statements of THP, THPE, and LBU for the five (5) financial years ended 31 December 2005.

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
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 Accountants' Report
 For inclusion in prospectus
 14 March 2006

	-----Year ended-----				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Revenue	78,312	119,591	140,883	145,736	112,047
Other income					
- management fees	60	60	7,159	8,052	12,505
Earnings before interest, depreciation, taxation and amortization ("EBITDA")	11,986	40,767	62,620	63,023	52,041
Depreciation	(6,961)	(6,850)	(6,705)	(6,966)	(7,354)
Financing cost	(120)	(121)	(347)	-	-
Share of profit/(loss) from associated company	439	(11)	25	77	31
Profit before taxation	5,344	33,785	55,593	56,134	44,718
Taxation					
- the Company and its subsidiaries	(1,662)	(9,354)	(14,562)	(15,483)	(12,572)
- associated company	(1)	(1)	(5)	(2)	(2)
Zakat	-	-	(1,045)	(1,036)	(959)
Profit after taxation and zakat	3,681	24,430	39,981	39,613	31,185
Number of ordinary shares in issue during the year ('000)	50,000	50,000	50,000	50,000	196,094
Weighted average number of ordinary share each in issue at year end ('000)	50,000	50,000	50,000	50,000	194,930
Effective tax rate (%)	31.12	27.69	26.20	27.59	28.12
Pre-tax profit margin (%)	6.82	28.25	39.46	38.52	39.91
Interest coverage ratio (times)	45	279	160	-	-
Earnings per share (sen)					
- Gross	11	68	111	112	23
- Net	7	49	80	79	16

14. ACCOUNTANT'S REPORT (Continued)

TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
 Accountants' Report
 For inclusion in prospectus
 14 March 2006

2.2 Notes to the proforma consolidated results**2.2.1 Basis of accounting**

The proforma consolidated results of the THP Group for the past five (5) years ended 31 December 2005 have been prepared in compliance with applicable approved accounting standards in Malaysia.

2.2.2 Basis of consolidation

The proforma consolidated results of the Proforma THP Group are prepared for illustrative purposes only and are based on the audited financial statements of THP and its subsidiaries for the financial years under review.

The Proforma THP Group results have been presented on the basis that LBU and THPE are wholly owned subsidiaries throughout the financial years under review.

All inter-company balances and transactions have been eliminated on consolidation.

2.2.3 Exceptional items

There were no extraordinary or exceptional items for the financial years under review.

2.2.4 Dividend

Details of dividends paid by THP and its subsidiaries for the relevant financial years are as follows:

THP

	←-----Year ended-----→				
	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2004	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividend					
Interim dividend:	7,500	15,000	40,000	30,000	43,124
Gross rate (%)	15	30	80	60	44
Net tax of 28%	5,400	10,800	28,800	21,600	31,049

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
 Accountants' Report
 For inclusion in prospectus
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LBU

	<-----Year ended----->				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Dividend					
Interim dividend:	2,500	250	250	-	6,944
Gross rate (%)	10	1	1	-	28
Net tax of 28%	1,800	-	180	-	5,000
Amount tax exempt	-	250	-	-	-
Total	1,800	250	180	-	5,000

THPE

	<-----Year ended----->				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Dividend					
Interim dividend:	1,131	565	1,695	1,695	3,472
Gross rate (%)	20	10	30	30	61
Net tax of 28%	814	407	407	-	2,500
Amount tax exempt	-	-	1,130	1,695	-
Total	814	407	1,537	1,695	2,500

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
(formerly known as *TH Plantations Sdn. Bhd.*)
Accountants' Report
For inclusion in prospectus
14 March 2006

2.3 The Proforma THP Group Balance Sheets

We set out below the proforma group consolidated balance sheet of the THP Group for the five financial years as at 31 December 2005, after making such adjustments as we considered necessary assuming that the THP Group has been in existence throughout the financial years under review. The proforma group consolidated balance sheets are prepared based on the audited financial statements of THP, THPE, and LBU for the five (5) financial years ended 31 December 2005.

	←-----As at----->				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Property, plant and equipment	70,086	65,681	65,445	67,483	107,875
Plantation development expenditure	3,986	6,657	7,809	11,559	5,841
Investments in associated company	438	425	446	521	550
Other investments	200	200	200	200	-
Current assets	50,417	67,124	80,656	83,251	91,402
Less: Current liabilities	(17,904)	(21,214)	(27,075)	(22,951)	(60,184)
Net current assets	32,513	45,910	53,581	60,300	31,218
	107,223	118,873	127,481	140,063	145,484
Financed by:					
Share capital	50,000	50,000	50,000	50,000	98,047
Share premium	-	-	-	-	2,000
Retained profits	42,093	53,525	64,257	77,102	25,319
Shareholders' funds	92,093	103,525	114,257	127,102	125,366
Deferred income	-	1,018	1,018	1,018	-
Borrowings (secured)	2,900	2,300	-	-	-
Deferred taxation	12,230	12,030	12,206	11,943	20,118
	107,223	118,873	127,481	140,063	145,484
Number of ordinary shares of each in issue at year end ('000)	50,000	50,000	50,000	50,000	196,094
Net tangible assets ("NTA") (RM'000)	92,093	103,525	114,257	127,102	125,366
NTA per share (RM)	1.84	2.07	2.29	2.54	0.64
Current ratio (times)	2.82	3.16	2.98	3.63	1.52
Total external borrowings (RM'000)	2,900	2,300	-	-	-
Gearing ratio (times)	0.03	0.02	-	-	-

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
 Accountants' Report
 For inclusion in prospectus
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2.4 THP

Historical performance

The following financial information of THP was extracted from the audited financial statements of THP for the past five (5) financial years ended 31 December 2005.

2.4.1 Summary of results

	←-----Year ended-----→				
	31 Dec 2001	31 Dec 2002	31 Dec 2003	31 Dec 2004	31 Dec 2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue – sales	71,685	111,320	128,081	125,595	95,797
– dividend	577	288	865	865	8,715
Total revenue	72,262	111,608	128,946	126,460	104,512
Less: Costs of sales	(58,337)	(68,842)	(77,002)	(77,628)	(58,317)
Gross profit	13,925	42,766	51,944	48,832	46,195
Administration expenses	(7,177)	(8,111)	(12,210)	(10,076)	(13,295)
Other operating expenses	(2,462)	(5,758)	(899)	(2,682)	(1,504)
Other operating income	943	903	10,212	10,812	15,997
Operating profit	5,229	29,800	49,047	46,886	47,393
Financing costs	(120)	(121)	(347)	-	-
Profit before taxation and zakat	5,109	29,679	48,700	46,886	47,393
Taxation	(1,654)	(8,782)	(12,858)	(12,447)	(12,983)
Zakat	-	-	(896)	(861)	(860)
Net profit for the year	3,455	20,897	34,946	33,578	33,550
Number of ordinary shares each in issue at year end ('000)	50,000	50,000	50,000	50,000	196,094
Weighted average number of ordinary shares each in issue at year end	50,000	50,000	50,000	50,000	194,930
Earnings per share (sen)					
- Gross	10	59	97	94	24
- Net	7	42	70	67	17

14. ACCOUNTANT'S REPORT *(Continued)*



*TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
Accountants' Report
For inclusion in prospectus
14 March 2006*

Notes:

- i) The effective tax rates for the financial years ended 31 December 2001 to 2002 were higher than the applicable statutory tax rate of 28.0% due to certain expenses being disallowed for tax purposes.

For financial years ended 31 December 2003 to 2005 the effective tax rate was lower than the applicable statutory tax rate of 28% due to certain plantation development expenditures capitalised on new planting areas being allowed as a deduction for tax purposes.

- ii) There were no extraordinary or exceptional items for the financial years under review.

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
(formerly known as *TH Plantations Sdn. Bhd.*)
Accountants' Report
For inclusion in prospectus
14 March 2006

2.4.2 Summarised balance sheets

	←-----As at-----→				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Property, plant and equipment	44,480	41,758	42,800	40,670	48,611
Plantation development expenditure	3,680	6,117	6,956	10,487	5,590
Investments in subsidiary companies	14,443	14,443	14,443	19,868	64,919
Investments in associated company	1,825	385	385	385	385
Other investments	200	200	200	200	-
Current assets	50,073	64,825	71,828	87,698	72,020
Less: Current liabilities	(17,445)	(20,456)	(26,282)	(37,321)	(59,567)
Net current assets	32,628	44,369	45,546	50,377	12,453
	97,256	107,272	110,330	121,987	131,958
Financed by:					
Share capital	50,000	50,000	50,000	50,000	98,047
Share premium	-	-	-	-	2,000
Retained profits	34,856	44,954	51,100	63,078	24,190
Shareholders' funds	84,856	94,954	101,100	113,078	124,237
Deferred income	-	1,018	1,018	1,018	-
Financing (secured)	2,900	2,300	-	-	-
Deferred taxation	9,500	9,000	8,212	7,891	7,721
	97,256	107,272	110,330	121,987	131,958
Number of ordinary shares of in issue at year end ('000)	50,000	50,000	50,000	50,000	196,094
NTA (RM'000)	84,856	94,954	101,100	113,078	124,237
NTA per share (RM)	1.70	1.90	2.02	2.26	0.63
Current ratio (times)	2.87	3.17	2.73	2.35	1.21
Total external borrowings (RM'000)	2,900	2,300	-	-	-
Gearing ratio (times)	0.03	0.02	-	-	-

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
 Accountants' Report
 For inclusion in prospectus
 14 March 2006

2.5 THPE

Historical performance

The following financial information of THPE was extracted from the audited financial statements of THPE for the past five (5) financial years ended 31 December 2005.

2.5.1 Summary of results

	<-----Year ended----->				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Revenue	2,018	3,497	4,776	3,865	3,962
Less: Costs of sales	(1,795)	(2,038)	(2,365)	(2,070)	(2,421)
Gross profit	223	1,459	2,411	1,795	1,541
Administrative expenses	(169)	(189)	(207)	(245)	(135)
Other operating expenses	(1)	(291)	(6)	(14)	(84)
Other operating income	268	148	322	275	581
Profit before taxation	321	1,127	2,520	1,811	1,903
Taxation	(111)	(285)	(625)	(460)	(742)
Zakat	-	-	(47)	(34)	(29)
Net profit for the year	210	842	1,848	1,317	1,132
Number of ordinary shares in issue at year end ('000)	5,653	5,653	5,653	5,653	5,653
Weighted average number of ordinary shares in issue ('000)	5,653	5,653	5,653	5,653	5,653
Earning per share (sen)					
- Gross	6	20	45	32	34
- Net	4	15	33	23	20

Notes:

- (i) The effective tax rates for the financial years ended 31 December 2001 and 2005 were higher than the applicable statutory tax rate of 28% due to certain expenses being disallowed for tax purposes.

For financial years ended 31 December 2002, 2003 and 2004, the effective tax rates were lower than the applicable statutory tax rate of 28% due to deduction of plantation development expenditure being allowed for tax purposes.

- (ii) There were no extraordinary or exceptional items for the financial years under review.

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
(formerly known as TH Plantations Sdn. Bhd.)
 Accountants' Report
 For inclusion in prospectus
 14 March 2006

2.5.2 Summarised balance sheets

	←-----As at----->				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Property, plant and equipment	2,566	2,283	2,111	1,975	2,428
Plantation development expenditure	82	311	618	827	-
Current assets	7,044	8,496	9,083	8,819	7,390
Less: Current liabilities	(397)	(1,360)	(1,826)	(2,060)	(1,695)
Net current assets	6,647	7,136	7,257	6,759	5,695
	9,295	9,730	9,986	9,561	8,123
Financed by:					
Share capital	5,653	5,653	5,653	5,653	5,653
Retained profits	3,112	3,547	3,858	3,479	2,111
Shareholders' funds	8,765	9,200	9,511	9,132	7,764
Deferred taxation	530	530	475	429	359
	9,295	9,730	9,986	9,561	8,123
Number of ordinary shares in issue at year end ('000)	5,653	5,653	5,653	5,653	5,653
NTA (RM'000)	8,765	9,200	9,511	9,132	7,764
NTA per share (RM)	1.55	1.63	1.68	1.62	1.37
Current ratio (times)	17.74	6.25	4.97	4.28	4.36

14. ACCOUNTANT'S REPORT (Continued)



TH Plantations Berhad
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2.6 LBU

Historical performance

The following financial information of LBU was extracted from the audited financial statements of LBU for the past five (5) financial years ended 31 December 2005.

2.6.1 Summary of results

	-----Year ended-----				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Revenue	6,457	8,762	12,647	16,276	15,376
Less: Costs of sales	(6,380)	(6,577)	(7,112)	(8,144)	(11,475)
Gross (loss)/profit	77	2,185	5,535	8,132	3,901
Administration expenses	(207)	(254)	(624)	(501)	(99)
Other operating expenses	(49)	(334)	(1)	-	-
Other operating income	230	241	302	594	304
Profit before taxation and zakat	51	1,838	5,212	8,225	4,106
Taxation	(58)	(367)	(1,160)	(2,576)	(1,287)
Zakat	-	-	(101)	(141)	(71)
Net (loss)/profit for the year	(7)	1,471	3,951	5,508	2,748
Number of ordinary shares in issue at year end ('000)	25,000	25,000	25,000	25,000	25,000
Weighted average number of ordinary shares in issue ('000)	25,000	25,000	25,000	25,000	25,000
Earning per share (sen)					
- Gross	-	7	21	33	16
- Net	-	6	16	22	11

Notes:

- (i) The effective tax rates for the financial years ended 31 December 2001, 2004 and 2005 were higher than the applicable statutory tax rate of 28% due to certain expenses being disallowed for tax purposes.

For financial years ended 31 December 2002 and 2003, the effective tax rates were lower than the applicable statutory tax rate of 28% due to deduction of plantation development expenditure being allowed for tax purposes.

- (ii) There were no extraordinary or exceptional items for the financial years under review.

14. ACCOUNTANT'S REPORT (Continued)



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2.6.2 Summarised balance sheets

	←-----As at-----→				
	31 Dec 2001 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2004 RM'000	31 Dec 2005 RM'000
Property, plant and equipment	23,040	21,640	20,533	24,839	28,598
Plantation development expenditure	224	229	235	245	250
Current assets	8,068	13,613	17,797	21,670	18,728
Less: Current liabilities	(819)	(3,378)	(1,741)	(4,318)	(6,884)
Net current assets	7,249	10,235	16,056	17,352	11,844
	30,513	32,104	36,824	42,436	40,692
Financed by:					
Share capital	25,000	25,000	25,000	25,000	25,000
Retained profits	3,313	4,604	8,305	13,812	11,560
Shareholders' funds	28,313	29,604	33,305	38,812	36,560
Deferred taxation	2,200	2,500	3,519	3,624	4,132
	30,513	32,104	36,824	42,436	40,692
Number of ordinary shares of in issue at year end ('000)	25,000	25,000	25,000	25,000	25,000
NTA(RM'000)	28,313	29,604	33,305	38,812	36,560
NTA per share (RM)	1.13	1.18	1.33	1.55	1.46
Current ratio (times)	9.85	4.02	10.22	5.02	2.72

14. ACCOUNTANT'S REPORT (Continued)



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3 Statement of assets and liabilities

The following is a detailed statement of assets and liabilities of THP and THP Group, which have been based on the audited financial statements of THP and its subsidiaries as at 31 December 2005 and THP Group Proforma which have been prepared for illustrative purposes only and are based on the audited financial statements of THP and its subsidiaries as at 31 December 2005.

The proforma statement of assets and liabilities of THP Group have been prepared on the assumption that the proposed listing scheme as detailed in Note 1.3, settlement of related companies balances of approximately RM24,439,000 and dividend payable to LTH of approximately RM31,049,000 and listing expenses of approximately RM2,000,000 had been effected on 31 December 2005. The proforma statements should be read in conjunction with the notes thereto:

	Notes	THP Audited RM'000 31 Dec 2005	THP Group Audited RM'000 31 Dec 2005	THP Group Proforma RM'000 31 Dec 2005
Property, plant and equipment	3.2	48,611	107,875	107,875
Plantation development expenditure		5,590	5,841	5,841
Investments in subsidiary companies	3.3	64,919	-	-
Investment in associated company	3.4	385	550	550
Current assets	3.5	72,020	90,177	57,128
Less: Current liabilities	3.6	(59,567)	(60,184)	(29,135)
Net current assets		12,453	29,993	27,993
		131,958	144,259	142,259
Financed by:				
Share capital		98,047	98,047	98,047
Share premium	3.7	2,000	2,000	-
Retained profits		24,190	24,093	24,093
Shareholders' funds		124,237	124,140	122,140
Deferred taxation	3.8	7,721	20,119	20,119
		131,958	144,259	142,259

14. ACCOUNTANT'S REPORT (Continued)



*TH Plantations Berhad
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3.1.1 Summary of significant accounting policies

The following accounting policies are adopted by THP Group and THP and are consistent with those adopted in previous years.

3.1.2 Basis of accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

3.1.3 Basis of Consolidation

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the Group's financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or negative goodwill as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

3.1.4 Investments

Long term investments in subsidiary and associated companies are stated at cost less impairment loss, where applicable.

Long term investments in subsidiary and associated companies are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

14. ACCOUNTANT'S REPORT (Continued)

*TH Plantations Berhad
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3.1.5 Associates

Associated companies are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associated companies on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

3.1.6 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

- i) The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	
- Palm oil mills	2%
- Others	4%
Machinery, plant and equipment	10%
Motor vehicles	20%

- i) Plantations include all related development and planting expenditures and is amortised over the period of 25 years based on estimated annual production.
- ii) Leasehold land of the Group and Company is amortised on a consistent basis over the period of 60 to 99 years.

14. ACCOUNTANT'S REPORT (Continued)



*TH Plantations Berhad
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3.1.7 Impairment

The carrying amount of assets, other than inventories and financial assets (other than investments in subsidiaries and associates), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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. The reversal is recognised in the income statement.

3.1.8 Goodwill

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired. Goodwill on consolidation is written off to income statement.

3.1.9 Inventories

Sales stocks are stated at the lower of cost and net realisable value with weighted average cost being the main basis for cost.

Cost is calculated based on weighted average and for cost of production, it is based on weighted average cost of production in plantations and includes milling, processing and transportation charges, where applicable.

Store consumables are stated at cost. Cost is determined based on invoice from suppliers.

Nurseries are stated at cost. Cost include planting expenditures and maintenance costs of palm oil seedlings before transfer to plantations.

14. ACCOUNTANT'S REPORT (Continued)



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3.1.10 Trade and other receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

3.1.11 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 value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

3.1.12 Trade and other payables

Trade and other payables are stated at cost.

3.1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

3.1.14 Expenses

All borrowing costs and other expenses related borrowings are charged to the income statement.

14. ACCOUNTANT'S REPORT (Continued)



*TH Plantations Berhad
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3.1.15 Plantation development expenditure

All cost in relation to plantation development is accumulated as plantation development expenditure. The Company will amortise this cost after it has been capitalised into property, plant and equipment as plantation cost when the plantation has begin production fully.

3.1.16 Revenue**a) Sales stock**

Revenue from sale of sales stocks is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

b) Dividend income

Dividend income is recognised when the right to receive payment is established.

3.1.17 Employee benefits**a) Short term employee benefits**

Wages and salaries, bonuses and social security contributions are recognised as an expense in the year which the associated services are rendered by employees of the Group and Company. Short term accumulating compensated absences such as paid annual leave are recognized when services are rendered by employees that increases their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

b) Defined contribution plans

As required by law, eligible employers in Malaysia make contributions to the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

14. ACCOUNTANT'S REPORT (Continued)



*TH Plantations Berhad
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3.2 Property, plant and equipment

	THP Group Proforma 31 Dec 2005 RM'000
Net book value	
Long term leasehold land	37,527
Estates	33,652
Buildings	16,725
Plant and machinery, motor vehicles, furniture, fittings and equipment	17,630
Work in progress	2,341
	<u>107,875</u>

Included in buildings is a property carried at net book value of RM149,760 in which the transfer of the title of the property is in progress.

3.3 Investment in Subsidiaries

	THP Audited 31 Dec 2005 RM'000
Unquoted shares, at cost	<u>64,919</u>

Details of the subsidiaries are set out in Section 1.4 of this report.

3.4 Investment in Associated Company

	THP Audited 31 Dec 2005 RM'000	THP Group Proforma / THP Group Audited 31 Dec 2005 RM'000
Unquoted shares, at cost	1,825	1,825
Impairment in value of associated company	(1,440)	-
Share of loss in associated company	-	(1,275)
	<u>385</u>	<u>550</u>

Details of the associate are set out in Section 1.4 of this report.

14. ACCOUNTANT'S REPORT *(Continued)*

*TH Plantations Berhad
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3.5 Current assets

	Note	THP Group Proforma 31 Dec 2005 RM'000
Inventories	3.5.1	2,670
Trade receivables		10,222
Other receivables, deposits and prepayments	3.5.2	9,370
Cash and bank balances	3.5.3	34,866
		<u>57,128</u>

Included in trade receivables are amount owing from associated company of RM1,181,875.

3.5.1 Inventories

	THP Group Proforma 31 Dec 2005 RM'000
Sales stocks	1,735
Store items	420
Nursery	515
	<u>2,670</u>

All inventories are stated cost.

14. ACCOUNTANT'S REPORT *(Continued)*

*TH Plantations Berhad
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3.5.2 Other receivables, deposits and prepayments

	THP Group Proforma 31 Dec 2005 RM'000
Deposits	345
Prepayments	975
Other receivables	3,453
Staff loan	668
Hibah receivables	11
Withholding tax	3,022
Tax recoverable	896
	<u>9,370</u>

Included as withholdings tax is withholding tax by an Indonesian related company, P.T.Multigambut Industri ("PTMGI"), to the Indonesian tax authority on the management fees imposed by THP of RM3,022,000. The amount will be settled once PTMGI pays the withholding tax and produce the certificate of payment.

Tax recoverable is subject to the agreement of Inland Revenue Board.

3.5.3 Cash and bank balances

	THP Group Proforma 31 Dec 2005 RM'000
As at 31 December 2005 – THP Group Audited	43,476
Add: Settlement of related companies balances	24,439
Less: Dividend payment to LTH	(31,049)
Listing expenses	(2,000)
	<u>34,866</u>

14. ACCOUNTANT'S REPORT (Continued)



*TH Plantations Berhad
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3.6 Current liabilities

	Note	THP Group Proforma 31 Dec 2005 RM'000
Trade payables		1,167
Amount due to LTH		1,905
Amount due to related companies		13,917
Other payables and accrued expenses	3.6.1	9,714
Taxation		2,432
		<u>29,135</u>

Amount due to LTH and related companies are unsecured, interest free, have no fixed term of repayment and non trade related.

3.6.1 Other payables and accrued expenses

	THP Group Proforma 31 Dec 2005 RM'000
Other creditors	5,081
Security deposit	52
Provision for bonus	1,739
Provision for zakat	2,394
Provision for audit fees	168
Provision for employee benefit	144
Accruals	136
	<u>9,714</u>

14. ACCOUNTANT'S REPORT *(Continued)*

*TH Plantations Berhad
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3.7 Share premium

	THP Group Proforma RM'000
As at 31 December 2005 – THP Group Audited	2,000
Less: Listing expenses	(2,000)
	<u>-</u>

3.8 Deferred taxation

Deferred taxation relates to temporary differences between capital bases of assets and liabilities for tax purposes against their carrying values in the balance sheet.

3.9 Capital commitments

	THP Group Proforma 31 Dec 2005 RM'000
<i>Property, plant and equipment</i>	
Approved but not contracted	8,695
	<u>=====</u>
<i>Plantation development expenditure</i>	
Approved but not contracted	3,286
	<u>=====</u>

14. ACCOUNTANT'S REPORT (Continued)



*TH Plantations Berhad
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3.10 Financial instruments**Financial risk management objectives and policies**

Exposure to credit and profit margin risks arises in the normal course of the Group's business. The Group's policies for managing each of these risks are summarised below. The Board of Directors review and authorize policies to manage each risk as identified below.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Evaluation of credit worthiness is conducted for all customers who require credit for a certain period.

At the balance sheet date, the Group has no concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each asset shown in the balance sheet.

Profit margin risk

At the balance sheet date, the Group is not exposed to profit margin risk as the Group does not have any borrowings.

Liquidity risk

The Group reviews and ensures that the level of cash and cash equivalents is sufficient to cover its daily operation requirement and to reduce the effect of change in cash flow.

Fair values

With regard to trade and other receivables and trade and other payables, the fair values could not be determined as there are no repayment schedules and interest charges.

14. ACCOUNTANT'S REPORT (Continued)



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4.0 Proforma Cashflow Statements

The proforma cashflow statement of THP Group set out below are based on the audited consolidated financial statements of THP Group for the financial year ended 31 December 2005. The proforma cashflow statement of THP Group have been prepared for illustrative purposes only on the assumption that the proposed listing scheme in section 1.3, settlement of related companies balances of approximately RM24,439,000 and dividend payable to LTH of approximately RM31,049,000 and listing expenses of approximately RM2,000,000 had been effected on 31 December 2005.

	31 Dec 2005	31 Dec 2005
	THP Group	THP Group
	Audited	Proforma
	RM'000	RM'000
Cash flow from operating activities		
Profit before taxation	42,526	42,526
Adjustment for:		
Depreciation and amortization	8,483	8,483
Goodwill written off	1,062	1,062
Share of profit of associate	(31)	(31)
Write off of property, plant and equipment	532	532
Gain on disposal of property, plant and equipment	(418)	(418)
Reversal of provision	(704)	(704)
Write off of expenditure	(896)	(896)
Deferred income	(1,018)	(1,018)
Income from short term investment	(524)	(524)
	<u>49,012</u>	<u>49,012</u>
Operating profit before working capital changes		
Movement in working capital:		
Inventories	1,432	1,432
Trade and other receivables	16,426	40,865
Trade and other payables	252	252
	<u>67,122</u>	<u>91,561</u>
Cash generated from operations		
Taxation paid	(12,736)	(12,736)
Income from short term investment	524	524
Listing expenses	-	(2,000)
	<u>54,910</u>	<u>77,349</u>
Net cash generated from operating activities		

14. ACCOUNTANT'S REPORT (Continued)



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	31 Dec 2005	31 Dec 2005
	THP Group	THP Group
	Audited	Proforma
	RM'000	RM'000
Cash flow from investing activities		
Acquisition of property, plant and equipment	(11,614)	(11,614)
Plantation development expenditure	(2,004)	(2,004)
Proceeds from disposal of property, plant and equipment	418	418
Proceeds from disposal of investment	200	200
Increase in investment of pledged short term deposits	(629)	(629)
Increase in investment of subsidiaries	(36,392)	(36,392)
Net cash used in investing activities	<u>(50,021)</u>	<u>(50,021)</u>
Cash flow from financing activities		
Dividends paid to holding corporation	(7,200)	(38,249)
Dividends paid to minority interest	(2,056)	(2,056)
Net cash used in financing activities	<u>(9,256)</u>	<u>(40,305)</u>
Net decrease in cash and cash equivalents	(4,367)	(12,977)
Cash and cash equivalent at beginning of the year	46,252	46,252
Cash and cash equivalents at end of the year	<u>41,885</u>	<u>33,275</u>
Add : Short term deposits pledged	1,591	1,591
	<u>43,476</u>	<u>34,866</u>

5 Proforma NTA cover

Based on the proforma statement of assets and liabilities of THP Group Proforma as at 31 December 2005 as set out in Section 3 above, the NTA cover will be as follows:

	THP Group
	Proforma
Net tangible assets as per the THP Group Proforma statements of assets and liabilities (RM)	122,140,000
Number of ordinary shares of RM0.50	196,094,000
NTA cover per ordinary share of RM0.50 each (RM)	<u>0.62</u>

14. ACCOUNTANT'S REPORT *(Continued)*



*TH Plantations Berhad
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6 Post balance sheet event

Other than the proposed listing scheme in section 1.3, settlement of related companies balances of approximately RM24,439,000 and dividend payable to LTH of approximately RM31,049,000 and listing expenses of approximately RM2,000,000, no events have arisen subsequent to the balance sheet date which would require disclosure in this report.

7 Audited financial statements

No audited financial statements of THP and its subsidiary companies have been made up in respect of any period subsequent to 31 December 2005.

Yours faithfully

KPMG Desa Megat & Co.

KPMG Desa Megat & Co.
Firm Number: AF0759
Chartered Accountants

JOHAN IDRIS
Partner
Approval Number: 2585/10/06(J)

15. DIRECTOR'S REPORT

(Prepared for inclusion in this Prospectus)



TH PLANTATIONS BERHAD (12696-M)
(formerly known as TH Plantations Sdn. Bhd.)

Bil. Surat Kami:

Bil Surat Tuan:

Registered Office:

Tingkat 26
Bangunan TH Selborn
165 Jalan Tun Razak
50400 Kuala Lumpur

15 March 2006

The Shareholders
TH Plantations Berhad
(formerly known as TH Plantations Sdn Bhd)

Dear Sirs/Madam

On behalf of the Directors of TH Plantations Berhad (formerly known as TH Plantations Sdn Bhd) ("THP"), I report after due inquiry that during the period from 31 December 2005 (being the date to which the last audited accounts of THP and its subsidiaries ("THP Group") have been made up) to 14 March 2006 (being a date not earlier than fourteen (14) days before the issue of this Prospectus):

- (a) The business of the THP Group has, in the opinion of the Directors, been satisfactorily maintained;
- (b) In the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the THP Group which have adversely affected the trading or the value of the assets of the THP Group;
- (c) The current assets of the THP Group appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (d) Save as disclosed in Section 13.4 of this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the THP Group;
- (e) There have been, since the last audited financial statements of the THP Group, no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in respect of any borrowings; and
- (f) Save as disclosed in the Accountants' Report set out in Section 14 of this Prospectus and the Proforma Consolidated Balance Sheet set out in Section 13.6 of this Prospectus, there have been, since the last audited financial statements of the THP Group, no material changes in the published reserves or any unusual factors affecting the profit of the THP Group.

Yours faithfully
For and on behalf of the Board of Directors
of **TH PLANTATIONS BERHAD**
(formerly known as TH Plantations Sdn Bhd)


DATO' RASHID BIN OMAR
Managing Director

16. VALUATION CERTIFICATE

(Prepared for inclusion in this Prospectus)


WTW
INTERNATIONAL

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)

 Juruukur Berkanun
Chartered Surveyors

 Perunding Hertz Antarabangsa
International Property Consultants

 4th Floor
88 Jalan Banggol
20100 Kuala Terengganu
Terengganu
Malaysia
Tel : 09-626 2760
Fax : 09-622 2788

 E-mail: kuala@wtw.com.my
Website: www.wtw.com.my

Our Ref : WTW/K.Tr/V/7624/2005/MFI

14 March 2006

TH PLANTATIONS BERHAD
Level 27 Bangunan TH Selborn
165 Jalan Tun Razak
50400 Kuala Lumpur

Dear Sirs

TH PLANTATIONS BERHAD ("THP" OR THE "COMPANY")
 ▪ **LISTING ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD**

 Mohd Talhar A Rahman
FRICS, FISM, MSISV, APEPS
Goh Tian Sui
B.Sc., FRICS, FISM, APEPS
Ping Soo Theng
B.Sc., FRICS, MISM, APEPS
Chong Pah Aung SMP
B.Sc., FRICS, FISM, APEPS
Tew You Kian
B.Surv., MISM, APEPS
Md Baharuddin Mustafa
B.Surv., FISM, MIMM, APEPS
Wan Nordin Wan Salleh
Dip in Val., Dip in Est. Mgt., MISM, APEPS
Danny Yeo Soon Kee
Dip in Val., MISM, APEPS
Foo Gee Jen
B.Surv., MISM, APEPS
Tony Lee Eng Kow
B.Sc., MISM, APEPS
Ku Fuziah Ku Hamzah
B.Sc., MISM, APEPS
Aziah Mohd Yusoff
MBA, BIE, MRICS, MISM, APEPS
Heng Kiang Hai
MBA, B.Surv., MISM, APEPS

 Consultant
Abdul Halim Othman
B.Sc., FRICS, FISM, APEPS

This certificate has been prepared for inclusion in the Prospectus of THP to be dated 23 March 2006 in relation to the listing exercise of THP on the main board of Bursa Malaysia Securities Berhad.

We received an instruction from THP to act as an independent valuer, to value Ladang Sungai Ibok for the purpose of the listing exercise of THP on the Main Board of Bursa Malaysia Securities Berhad.

We have inspected the property on 6 February 2005 and as instructed the material date of valuation is taken to be the date of inspection.

The basis of the valuation is the market value of the subject property. The market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation has been prepared in accordance with the requirements as set out in the Guidelines on Asset Valuations for Submission to the Securities Commission, Malaysia and the Manual of Valuation Standards (MVS) issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

We have valued the subject property by the Investment (Discounted Cash Flow) Method of Valuation and is briefly described in the schedule below :



16. VALUATION CERTIFICATE (Continued)

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)



Our Ref : WTW/K.Tr/V/7624/2005/MFI

PROPERTY IDENTIFICATION	GENERAL DESCRIPTION OF PROPERTY	MARKET VALUE
Our Ref No : WTW/K.Tr/V/7624/2005/MFI : LADANG SUNGAI IBOK, TERENGGANU DATED 9 MARCH 2005 [Date of Inspection : 6 February 2005]		
<p>Lot Nos. Lot PT Nos. 345(P), 342(P), 341(P) and PT 369(P), Mukim of Hulu Cukai, District of Kemaman, State of Terengganu</p> <p>Title Nos. HSD Nos. 826, 827, 828 and 1747 respectively</p> <p>Locality Along the southern side of the 22 km post Bandar Sri Bandi/Kemasik main road, Hulu Cukai, Kemaman.</p> <p>Titled Land Area 957.554 hectares</p> <p>Registered Owner SYARIKAT PELADANG LUTH SDN. BHD.</p> <p>Category of Land Use Agricultural</p> <p>Tenure Lot Nos. PT 341(P), PT 342(P) & PT 345(P) : Leasehold 60 years expiring on 19 October 2042</p> <p>Lot No. PT 369(P) : Leasehold 60 years expiring on 16 June 2052</p> <p>Encumbrances Nil</p>	<p>The subject property is an oil palm estate known as Ladang Sungai Ibok, Mukim of Hulu Cukai, District of Kemaman, State of Terengganu.</p> <p>It is located along the northern and southern side of the 22nd km post Bandar Sri Bandi/Kemasik main road.</p> <p>Site The site comprises four (4) lots with a total land area of 957.554 hectares and divided into four (4) fields.</p> <p>The subject lots are irregular in shape and level, undulating rolling, hilly and somewhat steep terrain.</p> <p>Buildings Erected within the mid-northern portion of the subject property are the office building, manager's bungalow, staff quarters, store, generator house, surau, crèche and workers quarters.</p> <p>The buildings were observed to be in fair state of repairs.</p> <p>Road System The estate is served by a network of motorable laterite roads.</p> <p>Existing Use The estate is planted with 863.00 hectares of mature oil palms. It is divided into four main fields. The plantings were of 1980, 1981 and 2002. Total planted area is approximately 863.00 hectares whilst the estate hectareage is about 957.550 hectares. The 1980 planting and 1981 planting form approximately 34.9% and 49.9% of the total planted area respectively.</p> <p>The palms are of Dura by Pisifera and the average planting stand is about 135 per hectare.</p>	<p>RM17,250,000/- (Ringgit Malaysia : Seventeen Million Two Hundred And Fifty Thousand only)</p> <p>Method of Valuation : Investment (Discounted Cash Flow) Method</p> <p>Other Methods of Valuation are deemed not appropriate for this Valuation.</p> <p>Date of Valuation: 6 February 2005</p>

16. VALUATION CERTIFICATE (Continued)

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (19149-U)



Our Ref : WTW/K.Tr/V/7624/2005/MFI

PROPERTY IDENTIFICATION	GENERAL DESCRIPTION OF PROPERTY	MARKET VALUE
Our Ref No : WTW/K.Tr/V/7624/2005/MFI : LADANG SUNGAI IBOK, TERENGGANU DATED 9 MARCH 2005 (Cont'd) [Date of Inspection : 6 February 2005]		
Express Conditions <u>Lot Nos. PT 345(P), PT 342(P) & PT 341(P) :</u> i. Tanah yang dibenarkan ini hendaklah dalam masa enam (6) bulan diusahakan untuk tanaman kelapa sawit dan lain-lain tanaman yang mendapat kebenaran Pihak Berkuasa Negeri. ii. Projek ini hendaklah dijalankan menurut syarat-syarat di Lampiran 'A' berkembar. 1) Ladang ini hendaklah terus dipunyai secara majoriti oleh SYARIKAT PELADANG LUTH SDN. BHD. 2) Syarikat ini mestilah dipunyai sepenuhnya oleh Warga Negara Malaysia. 3) Syarikat ini hendaklah juga merezabkan 10% daripada saham-sahamnya kepada pekerja-pekerja ladangnya. 4) Sekurang-kurangnya 90% daripada pekerja di semua peringkat perjawatan hendaklah terdiri daripada Bumiputra dan tidak kurang dari 75% hendaklah Bumiputra tempatan dan ini hendaklah digambarkan di semua peringkat perjawatan. Syarikat ini hendaklah juga mengadakan skim latihan untuk mengambil serta melatih Bumiputra bagi semua peringkat perjawatan supaya memenuhi kehendak syarat ini.	Existing Use (Cont'd) The yields recorded in the year 2004 range from 19.49 to 25.28 tonnes per hectare (on field by field basis). Average costs of production over the last five years is estimated at RM104.19 per tonne. The extraction rates range from 18.47% to 19.48% and 4.96% to 5.19% for palm oil and palm kernel oil respectively. Planning Provisions The subject property is designated for agricultural use as per the express conditions in the title documents.	

16. VALUATION CERTIFICATE (Continued)

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (18149-U)



Our Ref : WTW/K.Tr/V/7624/2005/MFI

PROPERTY IDENTIFICATION	GENERAL DESCRIPTION OF PROPERTY	MARKET VALUE
Our Ref No : WTW/K.Tr/V/7624/2005/MFI : LADANG SUNGAI IBOK, TERENGGANU DATED 9 MARCH 2005 (Cont'd) [Date of Inspection : 6 February 2005]		
<p>5) Perusahaan tersebut hendaklah dijalankan dalam masa 6 bulan daripada tarikh kelulusan. Jika perusahaan tidak bermula dalam masa 6 bulan dari tarikh kelulusan, kelulusan tersebut akan ditarik balik.</p> <p>6) Seboleh-bolehnya syarikat ini hendaklah melantik Bumiputra ke dalam Lembaga Pengarahnya, komposisi Lembaga Pengarahnya hendaklah mencerminkan struktur equiti syarikat. Pelantikan pengarah-pengarah serta sebarang perubahan hendaklah dibuat selepas berunding terlebih dahulu dengan Lembaga Kemajuan Terengganu Tengah.</p> <p>7) Sistem pengedaran keluaran-keluaran syarikat dan pelantikan pengedar atau pengedar-pengedar hendaklah dibuat selepas berunding terlebih dahulu dengan Lembaga Kemajuan Terengganu Tengah dan Kementerian Perdagangan dan Perindustrian.</p> <p>8) Hasil pengeluaran-pengeluaran ladang ini hendaklah diproses di kilang-kilang pusat kecuali dibenarkan secara bertulis oleh Lembaga Kemajuan Terengganu Tengah (KETENGAH) untuk diproses di lain-lain kilang.</p> <p>9) Tidak dibenarkan apa-apa jenis bangunan didirikan di atas tanah yang diluluskan ini melainkan setelah mendapat kebenaran bertulis daripada Lembaga Kemajuan Terengganu Tengah.</p>		

16. VALUATION CERTIFICATE (Continued)

C H Williams Talhar & Wong

C H Williams Talhar & Wong Sdn Bhd (19149 - U)



Our Ref : WTW/K.Tr/V/7624/2005/MFI

PROPERTY IDENTIFICATION	GENERAL DESCRIPTION OF PROPERTY	MARKET VALUE
Our Ref No : WTW/K.Tr/V/7624/2005/MFI : LADANG SUNGAI IBOK, TERENGGANU DATED 9 MARCH 2005 (Cont'd) [Date of Inspection : 6 February 2005]		
<p>For Lot No. PT 369 (P) :</p> <p>Di dalam masa dua belas (12) bulan daripada tarikh tanah ini diberimilik hendaklah ditanam dengan tanaman kelapa sawit sahaja mengikut jenis yang diluluskan oleh Pengarah Pertanian Negeri / Lembaga Kemajuan Terengganu Tengah.</p> <p>Restriction In Interest For Lot Nos. PT 345(P), PT 342(P) & PT 341(P) :</p> <p>Tanah yang dibenarkan ini tidaklah boleh dipindahmilik, digadai atau disewakan melainkan dengan kebenaran bertulis oleh Pihak Berkuasa Negeri.</p> <p>For Lot No. PT 369(P) :</p> <p>Tanah yang diberimilik ini tidaklah boleh dibuat pindahmilik digadai atau disewakan kecuali terlebih dahulu diberi kebenaran bertulis oleh Pihak Berkuasa Negeri.</p>		

In our opinion, the market value of the subject property as at the date of valuation free from all encumbrances is **RM17,250,000/-** (Ringgit Malaysia : Seventeen Million Two Hundred and Fifty Thousand Only).

Yours faithfully
for and on behalf of
C H Williams Talhar & Wong Sdn Bhd

MOHD FIRDAUS BIN IDRIS
Dip., BSc (Hons), MISM, APEPS
Registered Valuer (V 574)