

SARAWAK PLANTATION BERHAD

COMPANY NO. 451377-P • INCORPORATED IN MALAYSIA

www.spbgroup.com.my

ANNUAL REPORT 2009





Cautionary Statement Regarding Forward-Looking Statements

This Annual Report contains some forward-looking statements in respect of the Company's financial condition, results of operations and business. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statements. In this respect readers must therefore not rely solely on these statements in making investment decisions regarding Sarawak Plantation Berhad. The Board and the Company shall not be responsible for any investment decisions made by the readers in reliance on those forward-looking statements. Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise in the interim of the publication of this Annual Report and the time of reading this Annual Report. The Board has however established a Risk Management Committee to mitigate as much as practicably possible the consequences of any uncertainties and contingencies. Further details can be found in the Statement on Corporate Governance on pages 49 to 58 of this Annual Report.

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Our Vision

// ...To be one of the largest and highest performing plantation companies in Sarawak ... //



Corporate Culture

INTEGRITY...

Trustworthy and accountable

We stand by high moral values and principles, giving emphasis to being transparent in all our conduct, being faithful and honest, and being accountable and responsible towards our business decisions and results.

PROFESSIONALISM

Ethical application of knowledge

We stress on ethical conduct in the discharge of our duties, ensuring a high quality service both within and outside the organisation.

INNOVATION...

Growing through change and moving ahead of the times

We encourage creativity in our business to produce significant organisational improvements, welcome new ideas and believe in an attitude of being forward looking in our business.

Our Mission

// ...To Maximize Stakeholders' Returns With Special Emphasis On Sustainable Development And Corporate Social Responsibilities ... //



Nursery at Matadeng New Development Area

EXCELLENCE...

Always achieve results beyond stakeholders' expectation

We strive to execute our duties diligently every time, achieve our challenging goals and deliver superior performance to stakeholders through sustainable practices in all aspects of our dealings.

COMMITMENT...

Deliver what we promise and believe in

We believe in our vision and mission and dedicate ourselves to enhance shareholders' values, create a caring working environment, focus on environmentally friendly practices for sustainable development and build a socially responsible organisation.

EFFECTIVENESS AND EFFICIENCY...

Creating quality impact with little wasted effort

We think fast and carry out tasks and responsibilities quickly, to create powerful effects but without compromising on quality.

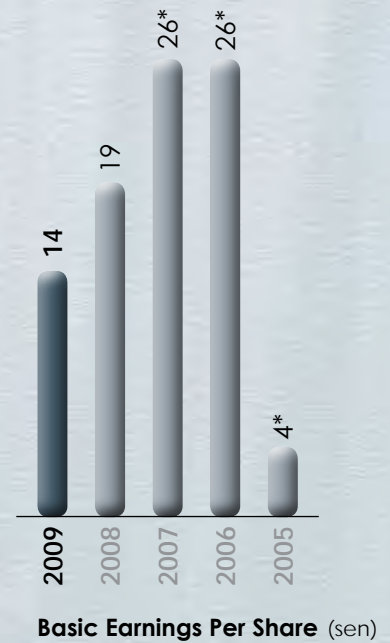
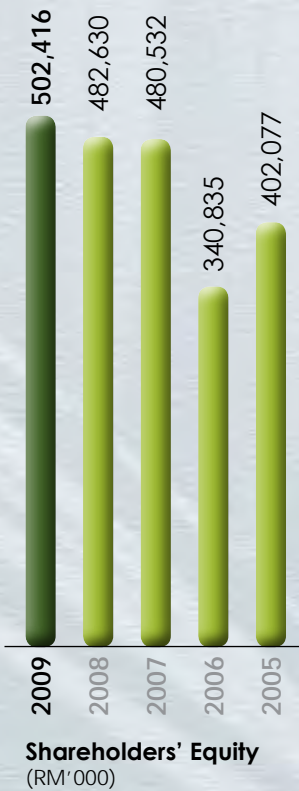
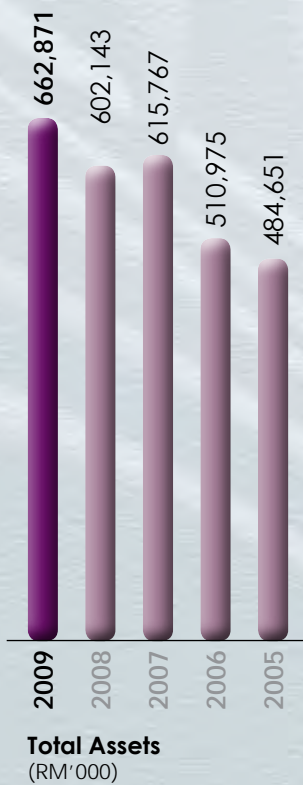
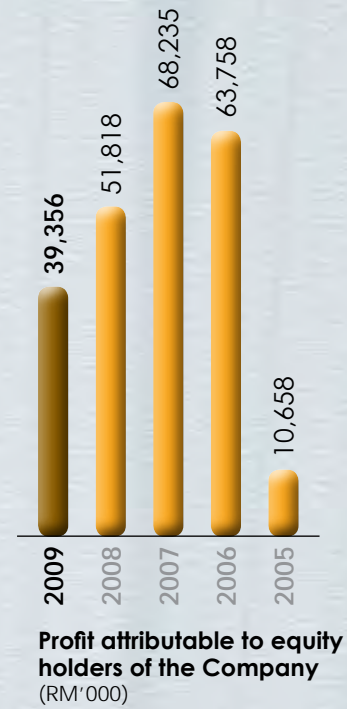
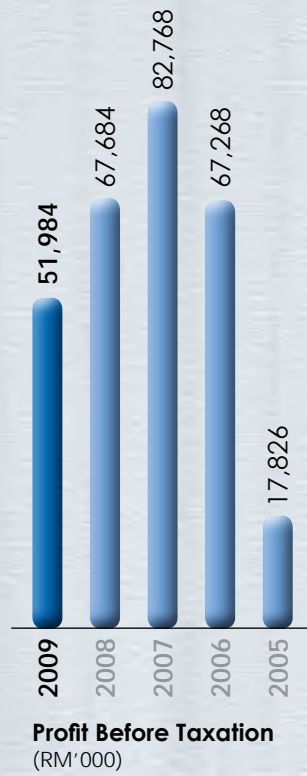
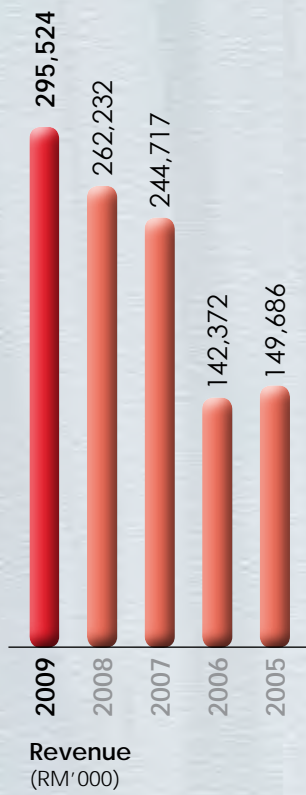
5 Years Financial Highlights

Year	2009	2008	2007	2006	2005
Revenue (RM'000)	295,524	262,232	244,717	142,372	149,686
Profit Before Taxation (RM'000)	51,984	67,684	82,768	67,268	17,826
Profit attributable to equity holders of the Company (RM'000)	39,356	51,818	68,235	63,758	10,658
Total Assets (RM'000)	662,871	602,143	615,767	510,975	484,651
Net Tangible Assets (RM'000)	502,416	482,630	480,532	340,835	402,077
Shareholders' Equity (RM'000)	502,416	482,630	480,532	340,835	402,077
Total number of Shares ('000)	280,000	280,000	280,000	135,000	135,000
Basic Earnings per Share (sen)	14	19	26*	26*	4*
Dividend per Share (RM)	0.085	0.11	0.14	0.15#	1.19#
Net Tangible Assets per Share (RM)	1.80	1.73	1.72	2.52	2.98
Gearing Ratio (times)	0.1	0.1	0.1	0.2	0**

On 135,000,000 ordinary share of RM1.00 each (dividends declared prior to listing of SPB)

* Computed as if the bonus issue of 115,000,000 ordinary share of RM1.00 each was effected throughout the financial years.

** Less than 0.1



* Computed as if the bonus issue of 115,000,000 ordinary share of RM1.00 each was effected throughout the financial years.



Nursery

Corporate Information

BOARD OF DIRECTORS

CHAIRMAN

Datuk Hasmi Bin Hasnan

DEPUTY CHAIRMAN

Dato Sri Ahmad Tarmizi Bin Haji Sulaiman

GROUP MANAGING DIRECTOR

Haji Mohamad Bolhair Bin Reduan

EXECUTIVE DIRECTOR

Haji Bolhan Bin Berawi (Finance)

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

Datuk Abdul Hamed Bin Sepawi

Haji Chaiti Bin Haji Bolhassan

Haji Abdul Hamid Bin Ibrahim

Haji Yahya Bin Haji Daud

INDEPENDENT NON-EXECUTIVE DIRECTORS

YB Datuk Haji Hamden Bin Ahmad

Datu Haji Mohammed Sepuan Bin Anu

Azizi Bin Morni

Polit Bin Hamzah

Umang Nangku Jabu

COMPANY SECRETARIES

Trina Tan Yang Li (0666-KT032)

Bong Siu Lian (MAICSA 7002221)

REGISTERED OFFICE

8th Floor, Wisma NAIM, 2½ Mile, Rock Road,
93200 Kuching, Sarawak, Malaysia.

Tel: 6 082-233550/233560/233570

Fax: 6 082-256560

Email: info@spbgroup.com.my

BUSINESS OFFICE

Lot 1174, Block 9, MCLD Miri Waterfront, Jalan
Permaisuri, 98000 Miri, Sarawak, Malaysia.

Tel: 6 085-413814 (12 lines)

Fax: 6 085-416192

E-mail: info@spbgroup.com.my

www.spbgroup.com.my

SOLICITORS

ALVIN CHONG & PARTNERS ADVOCATES

Lot 176 and 177, 2nd Floor, Jalan Song Thian
Cheok, 93100 Kuching, Sarawak, Malaysia.

Tel: 6 082-410111

SHARE REGISTRAR

TRICOR INVESTOR SERVICES SDN BHD

Level 17, The Gardens North Tower MidValley City,
Lingkaran Syed Putra, 59200 Kuala Lumpur.

Tel: 6 03-22643883

Fax: 6 03-22821886

AUDITOR

KPMG (AF-0758)

CHARTERED ACCOUNTANTS

Level 6, Westmoore House, Twin Tower Centre, Rock
Road, 93200 Kuching, Sarawak, Malaysia.

Tel: 6 082-422699

PRINCIPAL BANKER

CIMB BANK BERHAD

1st Floor, Lot 2690, Block 10 KLCD, 3rd Mile,
Rock Road, 93250 Kuching, Sarawak, Malaysia.

Tel: 6 082 238507/238075

STOCK EXCHANGE LISTING

MAIN MARKET OF
BURSA MALAYSIA SECURITIES BERHAD
on 28 August 2007

Sector: Plantation

Stock Code: 5135

Stock Name: SWKPLNT

Corporate Structure



SARAWAK PLANTATION BERHAD

COMPANY NO.451377-P • INCORPORATED IN MALAYSIA

Investment holding



Organisational Structure



SARAWAK PLANTATION BERHAD

COMPANY NO.451377-P • INCORPORATED IN MALAYSIA



Corporate Profile



Sarawak Plantation Berhad (SPB) was incorporated in Malaysia on 28 October 1997 as a private limited company under the name of Sarawak Plantation Sdn. Bhd. and commenced business in the same year. SPB was converted into a public company on 1 February 2000 and assumed its present name. SPB was specially incorporated as the vehicle company for the privatisation of Sarawak Land Development Board's (SLDB) assets.

SLDB is a body corporate established by the Sarawak Land Development Order 1972, under the Land Development Ordinance 1956. The primary functions of SLDB are the development of large scale agricultural land into oil palm plantations in Sarawak with the objective of creating employment opportunities, increasing income and improving the standard of living of rural communities.

The privatisation of SLDB's assets, comprising oil palm plantations, milling facilities and related assets, was effected through the transfer of SLDB's assets to

the SPB Group (comprising SPB and its subsidiaries). With this privatisation, all principal assets of SLDB are now owned and managed by SPB and certain of its subsidiaries.

Collectively, the Sarawak Government through State Financial Secretary (SFS) and other state institutions holds substantial shareholdings in SPB. In addition, some of its substantial shareholders and several of its Directors have credible standing in the business community in Sarawak. These are valuable factors which enhance the competitiveness of SPB and its expansion and development in Sarawak.

SPB is one of the pioneer players in the oil palm industry in Sarawak. Currently SPB has a total land bank of 52,071 Ha of which 12,914 Ha is under the Native Customary Rights (NCR) scheme.

SPB, through its wholly owned subsidiary, Sarawak Plantation Agriculture Development Sdn Bhd (SPAD), owns thirteen (13) oil palm estates with a total planted area of 26,000 Ha as at 31 December



SARAWAK PLANTATION BERHAD

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2009. Further, in response to the State Government's policy on NCR land development, SPB, through its subsidiary, SPB PELITA Suai Sdn Bhd (SP Suai), has developed and fully planted 1,855 Ha of NCR land in Sarawak with oil palms.

In addition, two new subsidiaries, SPB Pelita Wak Pakan Sdn Bhd and SPB PELITA Mukah Sdn Bhd (formerly known as SPB PELITA Mukah 5 & 6 Sdn Bhd), have been incorporated to undertake the development of new NCR land with a total gross area of 10,786 Ha.

SPAD also owns 2 palm oil mills, with a total milling capacity of 180 MT/hour, located at Niah and Mukah, respectively.

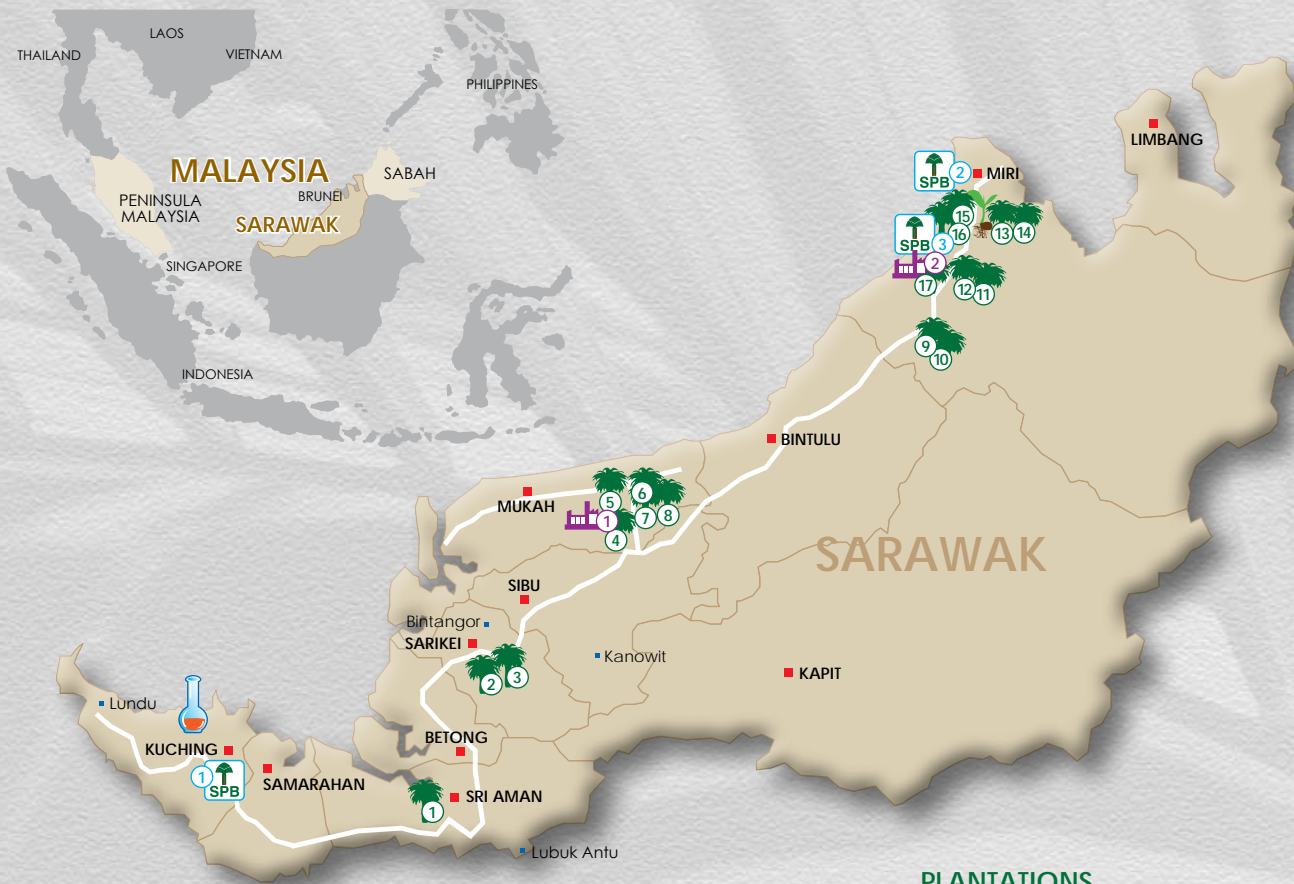
The core business activities of the SPB Group are:

- Development, cultivation and management of oil palm plantations on a large scale.
- Milling of fresh fruit bunches (FFB) into crude palm oil (CPO) and palm kernel (PK).

- Plantation management services.
- Strategic investment to develop NCR land into oil palm plantations.
- Operation of a seed garden supplying high yielding seeds and seedlings.
- Providing laboratory and technical services for the oil palm industry

SPB is the only oil palm seed producer in Sarawak and it owns and operates a seed garden of 230 Ha with the capacity to produce 5 million high quality seeds over the next five years. Current annual production is around 1.4 million seeds. These high quality seeds are certified by SIRIM and are licensed for sale by the Malaysian Palm Oil Board (MPOB). Apart from providing seeds for internal use, SPB also sells its seeds to other plantations and smallholders.

Locality Map of our Operations, Business And Registered Office



Registered Office




Business Office



SPB OFFICES

-  **REGISTERED OFFICE**
8th Floor Wisma NAIM 2½ Mile
Rock Road 93200 Kuching Sarawak
-  **BUSINESS OFFICE**
Lot 1174 Block 9 MCLD Miri
Waterfront Jalan Permaisuri 98000
Miri Sarawak
-  **OPERATION CONTROLLER'S OFFICE**
Ladang 3


SEED PRODUCTION

-  **SEED PRODUCTION UNIT**
4KM off KM 55 Miri/Bintulu Road

PALM OIL MILLS

-  **MUKAH PALM OIL MILL (MPOM)**
13KM off KM 85 Sibu/Bintulu Road
-  **NIAH PALM OIL MILL (NPOM)**
2 KM off KM 75 Miri/Bintulu Road

LABORATORY

-  **KUCHING LABORATORY (1.12 ha)**
Lot 2497 Blk 14 Solak LD Jalan
Sultan Tengah Petra Jaya Kuching

PLANTATIONS

-  **MELUGU (2,245 ha)**
① KM 16 Sri Aman/Serian Road
-  **SPB PELITA WAK PAKAN (5,340 ha)**
② Sarikei
-  **TULAI (595 ha)**
③ 3 KM off KM 20 Sibu/Sarikei Road
-  **MUKAH 1 (3,947 ha)**
④ 11KM off KM 85 Sibu/Bintulu Road
-  **SPB PELITA MUKAH(5,446 ha)**
⑤ (formerly known as SPB PELITA Mukah 5 & 6 Sdn Bhd)
Mukah
-  **Matading (7,620 ha)**
⑥ Mukah and Bawan Land District
-  **MUKAH 3 (2,726 ha)**
⑦ 20KM off KM 85 Sibu/Bintulu Road
-  **SRI DUAN (3,038 ha)**
⑧ 27KM off KM 85 Sibu/Bintulu Road
-  **SPB PELITA SUAI (2,128 ha)**
⑨ 13 KM off KM 108 Miri/Bintulu Road
-  **SAWAI (2,726 ha)**
⑩ 14 KM off KM 106 Miri/Bintulu Road
-  **SUBIS 3 (2,580 ha)**
⑪ 6KM off KM 87 Miri/Bintulu Road
-  **SUBIS 2 (2,763 ha)**
⑫ 1KM off KM 87 Miri/Bintulu Road
-  **LADANG SUREA (1,838 ha)**
⑬ 4KM off KM 55 Miri/Bintulu Road
-  **BUKIT PENINJAU (2,203 ha)**
⑭ 8KM off KM 53 Miri/Bintulu Road
-  **SUNGEI TANGIT (1,726 ha)**
⑮ 3 KM off KM 71 Miri/Bintulu Road
-  **LADANG 3 (2,287 ha)**
⑯ KM 77 Miri/Bintulu Road
-  **LADANG KOSA (2,863 ha)**
⑰ KM 78 Miri/Bintulu Road

Message to Our Shareholders

On behalf of the Board of Directors it gives us great pleasure to present your Company's Annual Report for the year ended 31 December 2009, the second full year of operations since our listing on the Main Market of Bursa Malaysia Securities Berhad on 28 August 2007.

Financial Performance

The Company recorded an increase in revenue to RM295.52 million in the year under review, compared to RM262.23 million for 2008. The increase in revenue of RM33.29 million or 12.7% was largely attributable to higher sales volume of crude palm oil (CPO) and palm kernel (PK) during the current financial year. Sales volume of CPO and PK increased by 45.2% and 5.7% respectively during 2009 but were partially offset by lower realised average selling prices compared to 2008. Average selling prices of CPO and PK fell by 18.3% and 29.5% respectively in the current financial year, in tandem with the softer global oils and fats prices and crude oil price.

Despite this higher revenue, profit before tax was down by RM15.70 million (- 23.19%) at RM51.98 million, compared to RM67.68 million for 2008, profit attributable to shareholders was down by RM12.46 million (-24.04%) at RM39.36 million compared to RM51.82 million in 2008, and basic earnings per ordinary share was down by 4.44 sen (-23.97%) at 14.08 sen compared to 18.52 sen in 2008.

Other than lower realised average selling prices for CPO and PK, the decline in profit before tax for 2009 was also attributable to an increase in cost of sales of around RM57.5 million.

However, on a more positive note, the Group's total assets grew by RM60.73 million (+10.09%) to RM662.87 million from RM602.14 million in 2008, and net assets per share rose by 8 sen (+4.65%) to RM1.80 from RM1.72 in 2008.

In the light of prevailing market conditions, the Board believes the Company's financial performance was satisfactory. The Company did not issue any profit forecast or profit guarantee for the year in review.

Dividends

The Board did not recommend a Final Dividend for the financial year ended 31 December 2009. On 8 October 2009 the Company paid an interim single-tier exempt dividend of 3 sen per share, and on 8 April 2010 it paid a further interim, single-tier exempt dividend of 5.5 sen per share. These combined interim dividends represent a total dividend of 8.5 sen and a total distribution to Shareholders of RM23.76 million or 60% of the Group's net profits for the year ended 31 December 2009. The dividend yield is 4% based on the year-end share price of RM2.11 and in the Board's opinion offers adequate short term financial returns for our investors whilst maintaining reasonable cash reserves for future growth, including expansion of land bank, plantation development and other capital expenditure.

Corporate Highlights

Payment of Second Dividends to NCR Community Partners

Underlining the long term benefits of our community partnership programme, our pioneer community joint venture partners received their second dividend payment, amounting to RM500,000. The 153 NCR (Native Customary Rights) landowners from the Penan community of Jambatan Suai have been the 30% shareholders in SPB PELITA Suai Sdn Bhd since 1999, and started to enjoy the benefits of their commitment to our vision with their first dividend payment of RM500,000 in 2008. These dividend payments are only part of the joint venture's contribution to the community; the plantation also provides abundant employment opportunities and small-scale projects for local Penan entrepreneurs, as well as on-site health and education facilities for the whole community.



Operational Highlights

Key operational highlights were the increase of mature hectareage under cultivation by over 1,379 hectares. A particular highlight was the development of 1,850 hectares at Matading, of which 1,212 hectares had been cleared as at year end. See the Review of Operations in the next chapter for further details.

Prioritising Corporate Social Responsibility

During the year we achieved a major step towards our ambition of becoming an exemplary corporate citizen, with the setting-up of a dedicated CSR Sub-Unit within the Corporate Affairs Department. The new Sub-Unit is run by a full-time executive officer under the direct supervision of the Group Managing Director. This more precise focus on CSR has enabled us to once again intensify our CSR activities, particularly in newer areas. Please see the Statement on Corporate Social Responsibility for further details. For 2010 we will intensify further our efforts, irrespective of market conditions. We also have an ongoing communication programme in place to manage community expectations and assure affected communities that our growth remains on track.

The Recession – Challenges And Opportunities

The global recession has affected SPB in terms of profit margins, but does not seem to have affected the overall demand for palm oil. In fact, prices have now firmed up considerably from a low of RM1,400 per tonne in October 2008 and are currently hovering around RM2,500 per tonne. Under-planting of soya and corn in the United States and other temperate zone producing countries due to the La Nina effect, as well as flood losses in Peninsular Malaysia, should help to keep prices buoyant in the short term. Our own view is that the price will range between RM2,200 and RM2,800 over the next 1-2 years, and that our operation is efficient enough to deliver good returns to shareholders within that price range.

In the Board's opinion, the recession also presented valuable opportunities. We put more effort into increasing our yield per hectare, with the long term target of becoming an industry leader. Our objective was therefore to establish and implement the ideal balance between yield, costs and profitability, and we expect to reap the benefits now that the global economy is moving steadily out of recession.



We are still keeping a close watch for potential acquisitions and mergers, as the effects of the recent economic storm may still yield valuable opportunities to increase our hectarage, particularly with ongoing brownfield operations, which can provide immediate financial returns. However our approach is highly selective; we are targeting strategically located acquisitions which are either close to our milling facilities or otherwise offer economies of scale. Our immediate aim is to increase our hectarage to 60,000 hectares over the next 2-3 years, with the long term goal of 100,000 hectares.

Prospects For 2010 And Beyond

RISK FACTORS

Economic and Political Background

The Malaysian economy is expected to recover during the coming financial year, with most reputable commentators revising their growth forecasts upwards to around 5%. However, the impact on the plantation sector has thus far been marginal.

CPO Prices

As a pure plantation concern, our earnings are highly sensitive to fluctuations in CPO prices. However the market for edible oils and feedstock has remained relatively buoyant despite the recession and is expected to remain so for the foreseeable future.

Exchange Rate

Appreciation of the Malaysian Ringgit will increase the price competitiveness of soyabean oil and negatively impact CPO process, but US\$ denominated raw materials such as fuel and fertiliser will become cheaper, thus reducing production costs. The converse occurs should the RM depreciate. Given the mitigating factor of fuel and fertiliser costs, modest currency fluctuations are likely to have only moderate impact on the Company's profitability.



Crude Oil Prices

Crude oil prices slumped dramatically during 2008 and the early part of 2009, which was widely expected to translate into lower costs for fertiliser and other agro-chemicals derived from crude oil, thus reducing production costs. However, crude oil prices subsequently staged a strong recovery and now stand at around US\$80 per barrel. Thus the transient drop in crude oil prices failed to translate into reduced production costs; in fact, the converse was true.

Historically, higher crude oil prices tended to drive up CPO prices, as CPO competes with crude oil as a feedstock for many industries, and palm oil based bio-diesel is an increasingly popular alternative energy source. However, a number of analysts have recently noticed an increasing detachment between crude oil and CPO prices, and thus variations in crude oil prices are expected to have a less dramatic effect on CPO prices in the immediate future.

OUTLOOK

The risk factors outlined above show an acceptable risk profile with valuable opportunities, and thus the outlook for the short and medium term remains positive for a variety of reasons as outlined below.

Young Oil Palm Age Profile

Around 25% of our oil palms are either immature or young mature (less than 7 years). As these plants attain maturity, our CPO yields are poised to improve compared to those of 2009.

Stabilising CPO Prices

As outlined above, CPO prices appear set to remain comparatively stable over the foreseeable future, with acceptable profit margins.

New Areas Coming Into Maturity

We intend to develop 10,000 ha within the next two years, which will partially mature and begin to yield CPO by 2013.



ANTICIPATED RESULTS

Based on the activities, initiatives and market conditions outlined above, and barring any unforeseen circumstances, the Board of Directors is confident of achieving reasonably good results for 2010.

Acknowledgements

We would like to convey our sincerest thanks to our fellow directors and all the employees of Sarawak Plantation Berhad and its subsidiaries for their hard work and professionalism. We would also like to thank all the State and Federal Government Ministries, Departments, Statutory Bodies and Regulatory Agencies who have offered us such close cooperation and support during 2009. Heartfelt thanks are also due to our joint venture partners, sub-contractors, consultants, professional advisors, service providers and community neighbours, whose goodwill and unstinting efforts have helped our Company to perform so well.

We would like to reserve the warmest thanks of all for our fellow shareholders. We are a recently listed company that is only just beginning to realise its potential in the international plantation sector, in the face of challenging economic conditions. We are delighted that you have such strong faith in our abilities to achieve that potential.

Thank you,

Datuk Hasmi Bin Hasnan
Chairman

Haji Mohamad Bolhair Bin Reduan
Group Managing Director

Review of Operations

Oil Palm Plantation

Our total land bank as at 31 December 2009 is 52,071 hectares (inclusive of 12,914 hectares under the Native Customary Rights (NCR) joint ventures), of which 27,855 hectares (inclusive of 1,855 hectares under the NCR joint venture) are planted with oil palm.

For the year 2009, we produced a total of 317,307 MT of fresh fruit bunches (FFB), most of which were milled by our own palm oil mills at Niah and Mukah, which are located close to our plantations.

Area Statement

In 2009, there was an increase of 1,379 hectares (weighted average) for mature areas. The increase was due to palms coming to maturity during the review period, increasing the total matured oil palm area from 24,799 hectares in 2008 to 26,178 hectares in 2009.

	Hectarage (Ha)
● Oil Palm	27,855
● Others	13,430
● Vacant land under Native Customary Rights (NCR) joint ventures (gross)	10,786
Total	52,071



5 years hectarage and FFB record by age profile

	Unit	2005	2006	2007	2008	2009
FFB PRODUCTION VOLUME						
Old Mature	MT	46,458	22,992	29,501	24,754	13,026
Prime Mature	MT	228,659	249,405	276,151	270,226	269,014
Young Mature	MT	65,807	49,730	24,207	36,155	35,267
Underplanting	MT	33,390	29,555	8,231	3,503	0
Total	MT	374,314	351,682	338,090	334,638	317,307

Yield

Old Mature	MT/Wha	16.53	9.58	13.11	10.31	5.43
Prime Mature	MT/Wha	23.25	19.74	18.16	17.15	15.61
Young Mature	MT/Wha	11.87	9.75	7.49	7.40	7.19
Average	MT/Wha	19.07	17.47	15.99	14.40	12.93

PLANTED HECTARAGE (weighted average)

Oil Palm						
- Mature	Wha	20,938	21,482	22,551	24,799	26,178
- Immature	Wha	5,148	5,408	4,687	2,533	1,623
Total planted hectarage	Wha	26,086	26,890	27,238	27,332	27,801

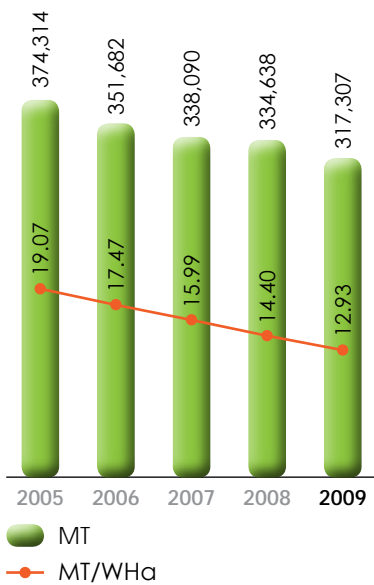
MATURE HECTARAGE (weighted average)

- Old Mature	Wha	2,999	2,561	2,401	2,561	2,561
- Prime Mature	Wha	12,031	13,482	16,707	17,025	18,385
- Young Mature	Wha	5,908	5,439	3,443	5,213	5,232
Total	Wha	20,938	21,482	22,551	24,799	26,178
Less : Estates Roads	Wha	1,312	1,347	1,413	1,554	1,641
Mature Hectarage (Net)	Wha	19,626	20,135	21,138	23,245	24,537

Wha - Weighted hectarage (average for the year by reference to maturity)
 Old Mature - 27 years onwards
 Prime Mature - 7 to less than 27 years
 Young Mature - 3 to less than 7 years

FFB Production and Yield

In 2009, FFB production decreased by 5% to 317,307 MT. The decrease was mainly due to under performance of old mature areas and poor pollinations as a result of heavy rainfall in early of 2009.



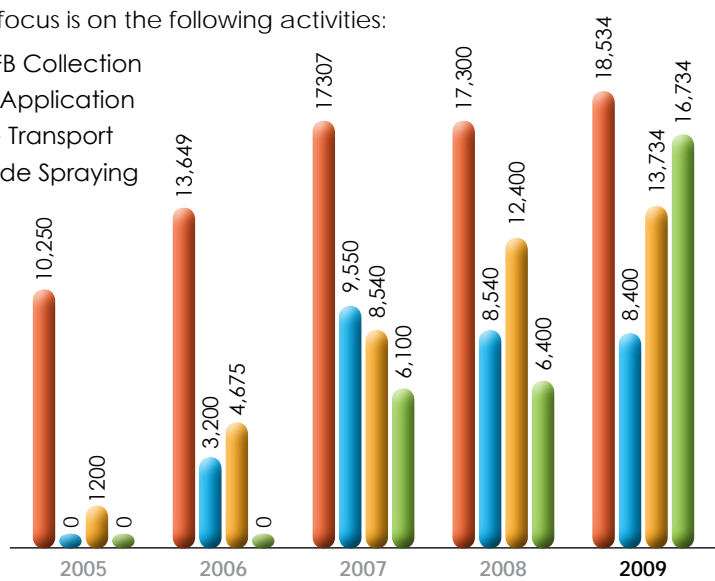
Estate Mechanisation

Labour shortage is still a perennial issue in the industry as a whole and SPB is no exception.

Major estate activities are carried out manually and the operation is laborious. In order to overcome the labour shortage, SPB estates have over the years done major improvements and upgrading of infrastructure to cater for mechanisation. As a result, our labour to land ratio is reduced from 1 worker: 8 hectares to 1 worker:10.7 hectares.

Our main focus is on the following activities:

- Infield FFB Collection
- Fertiliser Application
- Mainline Transport
- Weedicide Spraying



- Infield FFB Collection (Ha)
- Fertiliser Application (Ha)
- Mainline Transport (Ha)
- Weedicide Spraying (Ha)

Development of Matading land at Mukah

The Group purchased 4 parcels of land at Matading, Mukah and Bawan Land District, with a total area of 7,620 hectares from Lembaga Amanah Kebajikan Masjid Negeri Sarawak. The acquisition was completed in 2009.

The Group plans to develop these parcels of land in stages. Block survey work was completed for 1,850 hectares and development activities have been carried out on this parcel of land. 1,212 hectares were cleared as at year end and the remaining 638 hectares were cleared in quarter 1, 2010. Nursery has been established to cater for the development of this parcel of land and seeds are supplied by the Group's own seed production unit. Planting activities will be carried out extensively in the first half of 2010. The first harvesting is expected to be in year 2013.

The remaining 5,770 hectares will be developed over the next two years.

Good Agronomic Practices

Good Agronomic Practices (GAP) are in place from nursery stage up to field planting as well as maintenance of oil palm plantations. The principal focus of GAP is on nursery management, manuring, weeding, soil and water management, Integrated Pest Management (IPM) and disease control, pruning and harvesting, with the aim of enhancing FFB production.

In line with our Group's continuous effort on yield improvement, the site specific application of various fertilisers continued to be implemented to minimise surface run-off losses especially on hilly areas and low lying areas. Proper nutrient management and effective techniques of fertiliser application are practiced.

In 2009, our estates continued to practice planting of beneficial plants such as *Cassia Cobanensis*, *Turnera Subulata* and *Ipomea Sp.*

In addition, improved frond placement continued to be practiced to retain water and improve soil fertility. As part of the environmental friendly initiatives, empty fruit bunches (EFB) and compost from the mills were applied on the hilly terrain areas to conserve moisture and saving on inorganic fertiliser inputs. Moving forward, more EFB shall be converted into compost for easy application and handling.

Legume cover crops (LCC) such as *Mucuna Bracteata* have also been planted in our estates and have proven to be effective in reducing soil erosion, nutrient losses as well as suppressing weed growth. LCC shall be established in all replanting areas and future new plantings.



Remote Sensing Pilot Project

Our pilot project was completed in Ladang Surea in 2008. In 2009, the remote sensing pilot projects were extended to 2 other estates, namely Sungai Tangit and Subis 2. It covered individual tree counting, road and track network mapping, database establishment, disease mapping, drainage and flood-prone area mapping and fertiliser management. The information is useful for enhancing the effectiveness of estate management. Therefore, the Management targets to expand the remote sensing project to other estates in 2010 in order to enhance the Group's operational efficiency and effectiveness and ultimately reduce cost and increase productivity.





Cattle Integration

The Group's Cattle Integration project was initiated in 2000 under the "Pawah" scheme through the Department of Agriculture (DOA) Sarawak. Over the years, a total of 1,381 heads of cattle were received from DOA and 932 heads of cattle were repaid to DOA. In 2009, a total of 77 heads were repaid to DOA and 213 heads were sold to external parties. As at 31 December, 2009 the Group has a total of 1,601 heads of cattle.

Cattle integration benefits the participating estates through its integrated weed management programme which contributes to reducing weeding cost. Decreased use of herbicides also enhances our efforts towards achieving good agricultural and farm (GAF) practices and standards.

Through systematic grazing, good animal husbandry and good estate management practices, the calving rate achieved for the year was 22% to 64% as compared to 37% to 63% in 2008 with a slightly increased mortality rate of 2.94% as compared to 2.21% in 2008.

The Cattle Integration project is economically viable in the long run and is also a safe, environmentally friendly practice.



Seed Production Unit

The Group is the sole producer of germinated DxP seeds in Sarawak, under the brand name "Surea DxP". Our Seed Garden started to produce DxP oil palm seeds in 2007. It now produces 1.4 million seeds annually. The capacity will increase once the 30 hectares of the Second Seed Garden starts producing in 2013. The total seed production for the Group is projected to increase to 5 million seeds within the next 5 years.

Through the Group's collaboration with Malaysian Palm Oil Board (MPOB) in breeding programmes, our traits of oil palm can produce high FFB yield, high oil-to-bunch ratio and low height increment. Progeny trial covering an area of 74 hectares were planted in various locations since year 2007 to gauge planting material's quality including oil extraction ratio, height increment and tolerance to pests and diseases.

The Group obtained SIRIM certification of mother palms which conforms to SIRIM's Standard (MS 157:2005) on 13th June 2008 and MPOB licence for sales of seeds on 8 October 2008, both of which were renewed on 13 June 2009 and 30 September 2009, respectively.

Active breeding and selection programmes continue to be carried out to develop high yield materials for commercial plantings. The Group also participated in the International Oil Palm Comparative Trial initiated by MPOB to determine the performance of planting materials from other seed producers.



Milling Operation

The Group currently owns and operates two mills, namely, Mukah Mill located in the Mukah Division and Niah Mill, located in the Miri Division.

Mukah Mill was commissioned in 1981 and has an upgraded capacity of 60MT/hour. Niah Mill was commissioned in 1976 and has an upgraded capacity of 120MT/hour. The combined capacity of both mills is currently 180 MT/hour.

The upgraded Niah Mill incorporated the latest innovations in milling technology and automation in various stages of the process resulting in minimal handling of FFB, reduced water and energy consumption and enhanced efficiency and safety. The mill has also installed the state-of-the art effluent polishing system which ensures that effluent discharged into the watercourse will have a Biochemical Oxygen Demand of below 20 parts per million.

Logistic costs are kept low as our mills are close to major roads within easy reach of Miri, Mukah and Bintulu, key urban locations with strong customer bases, good transshipment facilities and most importantly, major buyers in Bintulu.

Special emphasis has been placed on converting empty fruit bunches to produce compost in order to reduce fertiliser costs and improve soil condition in estates neighbouring our palm oil mills. During the year under review, 9,475 MT of compost was produced for the consumption of our own estates.

Milling efficiency is maintained at both mills and production losses are controlled within the industry's acceptable level.

Our two (2) mills process both our own crops and third party crops. For year 2009, the FFB throughput for Niah Mill and Mukah Mill were 379,204 MT and 169,379 MT respectively. The third party crops represent about 37% of total crop processed at Niah Mill and 73% of total crops processed at Mukah Mill.

Milling Operation (continued)

Production records 2005 to 2009

The production records of our two (2) mills for the year under review and the past four (4) years are as follows :

	2005	2006	2007	2008	2009
Intake of FFB (MT)					
Niah Mill	329,238	314,743	313,787	356,210	379,204
Mukah Mill	99,813	91,161	89,943	126,068	169,379
Total	429,051	405,904	403,730	482,278	548,583
Output of CPO (MT)					
Niah Mill	69,722	65,581	63,577	72,079	79,768
Mukah Mill	19,422	18,497	17,450	24,494	33,295
Total	89,144	84,078	81,027	96,573	113,063
Output of PK (MT)					
Niah Mill	17,623	15,939	15,440	16,292	18,310
Mukah Mill	5,649	4,885	3,998	5,549	6,204
Total	23,272	20,824	19,438	21,841	24,514
Average oil extraction rate ("OER") (%)					
Niah Mill	21.18	20.84	20.26	20.24	21.04
Mukah Mill	19.46	20.29	19.40	19.43	19.66
Average	20.78	20.71	20.07	20.02	20.61
Average kernel extraction rate ("KER") (%)					
Niah Mill	5.35	5.06	4.92	4.57	4.83
Mukah Mill	5.66	5.36	4.44	4.40	3.66
Average	5.42	5.13	4.81	4.53	4.47

Quality Control

We place great emphasis on the quality of the oil palm products that we produce. The milling quality control begins with the grading of FFB to ensure that the FFB quality is in line with the Malaysian Palm Oil Board (MPOB)'s recommended guidelines and practices. Co-ordination and co-operation between our estates and our mills is vital for achieving good oil extraction rate (OER). FFB grading results are provided to the estates for them to control FFB quality in the field.

The mills adopted the following measures to ensure quality products:

- (i) Minimum FFB handling at loading ramp to avoid damage to the fruits.
- (ii) Adequate sterilisation of FFB by cycle selection based on crop. A shorter sterilisation time is selected for overripe and small bunches;
- (iii) Close monitoring of the processing lines to ensure minimal losses.
- (vii) All machineries are under stringent maintenance programmes to ensure operational efficiency.

Samples of CPO and PK produced are taken from the mills regularly and are analysed by our laboratories in accordance with guidelines published by MPOB. This is to ensure that the CPO and PK produced comply with relevant standards and technical specifications, especially the levels of acidity, moisture and impurities in the CPO and PK.



Health, Safety and Environment (HSE)

The Board and Management of SPB place health, safety and environmental responsibility and compliance at the top of the Group's operational agenda.

The Group complies with all legislative requirements in its implementation of health, safety and environmental (HSE) responsibilities at the workplace. In promoting greater HSE awareness and performance, safety briefing, on-job-training, HSE inspection together with hazard identification and risk assessment were carried out. Having improved in HSE performance, loss of mandays due to occupational accidents at the workplace had been minimised resulting in no major interference and setback to the operations.

During the year under review, we achieved a number of important milestones and also strengthened on going HSE system and practices:

- ▶ Annual health examinations for all pesticides applicators, mill laboratory workers and any personnel involved in handling hazardous agricultural and laboratory chemicals. No negative health effects were observed in these employees. These examinations are carried out on an annual basis to safeguard our employees' health when handling agricultural and laboratory chemicals.
- ▶ Annual audiometric testing for mill employees who are exposed to high noise levels at the workplace. With good promotion of the Hearing Conservation Programme in place, no employees were found to be experiencing significant hearing loss.
- ▶ Positive noise monitoring for both mills which was carried out in accordance with the provisions of the Factories and Machinery Act.
- ▶ Chemical exposure monitoring for oil palm estates and mills – a half yearly inspection was carried out in accordance with the provisions of the Occupational Safety and Health Act.
- ▶ Health & Safety programmes for working in confined space, lock out/ tag out policy for hazardous energy, fire protection and prevention and working at height were established to mitigate HSE-related risks at the work place and minimise unnecessary occupational accidents and dangerous occurrences at the workplace.
- ▶ Pre-inspection of agricultural vehicles comprising agricultural tractors, motor graders, compactors and other heavy machineries, was made mandatory.
- ▶ Establishment of safety signages at strategic locations of the workplaces.

The Group will continue to promote, coordinate and implement safe, healthy and environmentally friendly workplace and work practices throughout its operations. This will also be achieved through our good working relationship with the relevant authorities including the Department of Occupational Safety and Health (DOSH), the Department of Environment (DOE), BOMBA and the local authorities.



Marketing

Principal Market

Our Group's revenue is principally derived from the sale of CPO, PK and FFB. Our CPO and PK are sold to local refiners, feedmillers and poultry farms. Bintulu Edible Oils Sdn Bhd being the largest refiner and PK Crusher in Sarawak is our main buyer of CPO and PK.

Our CPO and PK sales volume for the current year under review and the past four (4) years are set out below :

Year	BEO		Other refiners, feedmills and poultry farms		Total Volume	
	CPO (MT)	PK (MT)	CPO (MT)	PK (MT)	CPO (MT)	PK (MT)
2005	89,261	23,836	1,236	-	90,497	23,836
2006	78,261	19,077	3,259	-	81,520	19,077
2007	79,852	19,420	1,146	250	80,998	19,670
2008	79,325	21,795	2,329	95	81,654	21,890
2009	102,868	19,028	15,689	4,107	118,557	23,135

Average selling price realised for the year under review and the past four (4) years are as follows :

Year	CPO (RM/MT)	PK (RM/MT)
2005	1,365	924
2006	1,485	811
2007	2,455	1,327
2008	2,693	1,398
2009	2,200	986

Revenue from the sales of oil palm products is closely related to the selling prices and sales volume. The performance of the palm oil industry is fundamentally dependent on the demand and supply in the global oils and fats market. The price of CPO fluctuates in accordance with the supplies of world edible oil and fats and consumers' demand. Generally, the decrease in the palm oil stock level and the increase in demand would raise the price and vice-versa. The cyclical trend has a direct correlation with the movements in the prices of palm oil.



Human Resources

The thrust of the Group's human capital development and management initiatives for the year remain focused on developing a coherent and competent workforce in line with the Group's corporate culture values and synonyms : I.P.I.E.C.E. It is essential that a work culture and mindset of continuous performance excellence be instilled from within. Self belief, motivation and integrity are highly emphasised at internal meetings and trainings.

The Group's management team is optimistic that continuous development programmes together with the desire to self development will propel the workforce to be further committed, innovative, effective and efficient to attain the performance level required.

To complement the various compensation and staff benefits programmes, efforts have been put in place to ensure that an average of 5-training man-day per staff is achieved through various Development Programmes. This is in line with the Group's strategy to build up the competency base within the workforce. To-date, the Group's workforce has been provided with relevant functional or soft skills trainings.

Human capital development efforts are strategised towards the development of sound emotional and spiritual/intellectual values and complemented with requisite functional and technical skills. The introduction of the Key Performance Indicator (KPI) based performance initiatives towards the end of the financial year is a clear sign that the Board of Directors and Management remain focused and committed on enhancing the Group's performance.

The Group also believes that the success and sustainability of the performance excellence culture can only be realised through the Group's ability to attract and retain high performers. Moving forward, the Group will remain in a strong position to attract new talents whilst continuously enhancing the internal resources.

At the same time, efforts are also being made to mitigate the dependency on foreign labor or Tenaga Kerja Indonesia (TKI) through mechanisation of operations, recruitment and training of more local workers. While doing so, the Management is no less serious in ensuring that the present TKI labor force continues to be more productive and remain a high value-adding component of the Group's workforce.

While strategically and steadfastly addressing the various challenges in the increasingly competitive labor market, the Group is confident that it will continue to maintain its position as an employer of choice among the plantation sector in Sarawak in the years to come.



Information Technology

The Group focuses on the continuous upgrading of hardware and infrastructure with the aim of improving information technology operations and providing quality support to the Group.

The Wide Area Network (WAN) Satellite Networking system and Internet Protocol Virtual Private Network (IP-VPN) infrastructure which were installed in 2007 and 2008 respectively, are fully operational and has contributed to the enhancement of communication within the Group's operating units.

In addition, our information technology department continues to play an important role in providing accurate and timely information and maintaining data security, as well as increasing operational efficiency and effectiveness of the Group.

Corporate Finance and Planning

The Board ensures that our financial reporting is carried out in compliance with the Financial Reporting Standards (FRS) and other statutory requirements.

The Group continues to keep abreast of new developments in FRS and ensures all newly applicable FRS requirements are implemented in respective financial years.

In addition, we recognise the fundamental importance of public trust in financial reporting and we encourage transparency. We ensure that timely, accurate and reliable financial information is provided to our shareholders and the investment community at all times, through announcement of interim results on a quarterly basis. We also place great emphasis on the continuous upgrading of our information technology systems, in order to ensure timeliness, reliability and accuracy of data and information.

In line with our mission to maximise shareholders' returns and increase shareholders' value, our corporate finance and planning department focuses on creating value by providing proactive and valuable support to our other operating units.

Budgetary control is one of the key tools for effective cost rationalisation and controls. The Group uses the Management Information System for close monitoring purposes. Any significant variances, in particular unfavourable variances, will thereby be identified and investigated and appropriate follow up action will be implemented.

Corporate Affairs

The Group's Corporate Affairs Department mainly manages communications with the government, regulatory bodies, private and public sectors. Dissemination of information of the Group is restricted to matters that are in the public domain.

The Group recognises the importance of investor relations and corporate social responsibilities, which is in line with the Group's Mission. The Group also acknowledges the need to combine economic dynamism with environmental and social responsibilities.

In 2009, the Group's Corporate Affairs Department continued to support the Group's quest to enhance investor relations and corporate social responsibilities via its comprehensive corporate communication channels which include the annual report, corporate website, positive media engagements, regular brand-building activities, advertisements, investors relations activities, corporate networking functions, corporate social responsibility and philanthropic activities.

Board of Directors



CHAIRMAN

Datuk Hasmi Bin Hasnan

Datuk Hasmi, aged 57, a Malaysian, was appointed as our Director on 30 August 2005. He is currently our Chairman, a member of our Board Executive Committee, our Nomination and Remuneration Committee and our Special Tender and Land Acquisition Committee. He graduated with a BSc in Estate Management from London South Bank University, United Kingdom in 1978. He is a Senior Certified Valuer with International Real Estate Institute, USA and a member of The International Real Estate Federation (FIABCI). He began his career in 1979 as a valuer in the Land and Survey Department of Sarawak. Since 1982, he has been involved in a wide range of businesses, including valuation, project management, property development and management, timber, construction and publishing. He has been the Managing Director of Naim Holdings Berhad since 25 July 2003 and was appointed the Chairman of Dayang Enterprise Holdings Berhad on 29 February 2008. He also holds various directorships in other companies. He was awarded the Property Man of The Year for 2008 by the International Real Estate Federation (FIABCI) in Kuala Lumpur.



DEPUTY CHAIRMAN

Dato Sri Ahmad Tarmizi Bin Haji Sulaiman

Dato Sri Ahmad Tarmizi, aged 48, a Malaysian, was appointed as our Director on 30 August 2005. He is the Chairman of our Board Executive Committee. He holds a Bachelor of Science (Business Administration) and a Masters of Business Administration. His current and previous employments include being the State Financial Secretary of Sarawak from 2004, Chief Executive Officer with Amanah Saham Sarawak Berhad between 1993 and 2002 and as an Investment Manager with both American International Assurance Co. Limited and Arab-Malaysian Merchant Bank Berhad. Dato Sri Ahmad Tarmizi is the Chairman of Kuching Water Board, a Board Member of several Sarawak Government Agencies and Government Linked Companies such as Sarawak Economic Development Corporation, Bintulu Development Authority, Sarawak Tourism Board, Sarawak Land Consolidation and Rehabilitation Authority (SALCRA), Sarawak Foundation and Land Custody and Development Authority (LCDA). In the corporate sector, amongst others, he is the Chairman of Sacofa Sdn Bhd and a Director of Amanah Saham Sarawak Berhad, Syarikat SESCO Berhad and Borneo Housing Mortgage Finance Berhad.



GROUP MANAGING DIRECTOR

Haji Mohamad Bolhair Bin Reduan

Haji Mohamad Bolhair, aged 53, a Malaysian, has been our Group Managing Director since October 1997. He is a member of our Board Executive Committee, our Risk Management Committee and our Special Tender and Land Acquisition Committee. His professional qualifications include being a Member of the Chartered Institute of Cost and Management Accountants, United Kingdom, a member of the Malaysian Institute of Management and he holds a Certificate in the KLCE Commodity Futures Trading since 1991. He started his career as an Accountant with Malaysia LNG Sdn Bhd in 1982. In 1987, he joined ASEAN Bintulu Fertiliser Sdn Bhd as a Financial Accountant and in 1988, he was promoted to Management Accountant with the same organisation. He left ASEAN Bintulu Fertiliser Sdn Bhd in 1990 to become the Deputy General Manager of SLDB. He was the General Manager of SLDB from 1992 until his appointment as Managing Director of Sarawak Plantation Services Sdn Bhd (SPS) in October 1993. He was a Director of Suai Plantation Sdn Bhd from 1992 to 2004, Board Member of Bintulu Edible Oils Sdn Bhd from 1991 to 2004, Board Member of Palm Oil Research Institute of Malaysia from 1991 to 1992, Council Member of Malaysian Palm Oil Growers Council and Committee Member of United Planting Association of Malaysia. He is currently in the Board of Malaysian Palm Oil Board, Deputy Chairman of East Malaysia Planters Association (EMPA), Counselor of EMPA, Sarawak and Treasurer of Sarawak Oil Palm Plantation Owners Association (SOPPOA), Advisor for Universiti Teknologi MARA and also sits in the Board of Directors for Pusat Pembangunan Kemahiran Sarawak (PPKS). He has also recently been appointed a director of SPB Pelita Wak Pakan Sdn Bhd and SPB Pelita Mukah Sdn Bhd (formerly known as SPB Pelita Mukah 5 & 6 Sdn Bhd).

**NON INDEPENDENT NON EXECUTIVE DIRECTOR****Datuk Abdul Hamed Bin Sepawi**

Datuk Abdul Hamed, aged 60, a Malaysian, was appointed as our Director on 30 August 2005. He is the Chairman of our Nomination and Remuneration Committee and a member of our Special Tender and Land Acquisition Committee. He holds a Bachelor of Science degree from University of Malaya and a Bachelor of Forestry from Australia National University. He also holds a Masters Degree in Forest Products Utilisation from the Oregon State University. He has been a substantial investor in a number of oil palm companies for about 10 years including such names as Ladang Selezu Sdn Bhd, Sebulu Sdn Bhd, Medan Sepadu Sdn Bhd and Butrasemari Sdn Bhd. He is very active in timber, property, construction, as well as the oil palm business. He has been the Executive Chairman of Ta Ann Holdings Berhad, a resource-based group since 1999, the Chairman and a substantial shareholder of Naim Holdings Berhad and the Chairman of Sarawak Energy Berhad (SEB), a company that owns 100% of a power-generating company in Sarawak, namely Syarikat SESCO Berhad. Ta Ann Holdings Berhad and Naim Holdings Berhad are listed on the Main Market of Bursa Malaysia Securities Berhad.



NON INDEPENDENT NON EXECUTIVE DIRECTOR

Haji Chaiti Bin Haji Bolhassan

Haji Chaiti, aged 56, a Malaysian, was appointed as our Director on 30 August 2005. He is a member of our Nomination and Remuneration Committee. He is currently the Permanent Secretary, Ministry of Land Development and Ministry of Rural Development Sarawak. He graduated from University Sains Malaysia in the field of Social Science and obtained his Master's Degree in Public Administration from the University of Southern California, Los Angeles, USA in 1988. He also attended the Senior Executive Fellow Programme (SEF) at Harvard University, USA in 2002.



NON INDEPENDENT NON EXECUTIVE DIRECTOR

Haji Abdul Hamid Bin Ibrahim

Haji Abdul Hamid, aged 57, was appointed as our Director on 1 May 2005. He obtained his Diploma in Agriculture from Universiti Putra Malaysia in 1975 and is a member of the Incorporated Society of Planters. He started his career in SLDB as a Scheme Supervisor (Oil Palm) in 1975, Assistant Manager in 1978, Estate Manager in 1987, Group Manager in 1992 and Operation Controller Surveillance 1 of the Group in 1994. In 1996, he was seconded to SALCRA as the Field Operation Controller and as one of the management team managing the organisation. He was conferred the Pingat Perkhidmatan Bakti (PPB) in September 2001. Haji Abdul Hamid has since resigned as the Group's Operation Controller and as a member of our Risk Management Committee. Effective from 19.01.2010, his designation was changed from Executive Director to Non Independent Non Executive Director.



NON INDEPENDENT NON EXECUTIVE DIRECTOR

Haji Yahya Bin Haji Daud

Haji Yahya, aged 58, a Malaysian, was appointed as our Director on 1 May 2007. He graduated from Institut Teknologi Kebangsaan Malaysia with a First Class Diploma in Mechanical Engineering in 1973 and has a First Grade Steam Engineer Certificate from Jabatan Kilang dan Jentera in 1978. He is a Fellow of the Institution of Certified Engineers Malaysia. He joined SLDB as a Technical Assistant in 1973 and served as Engineer/Manager and Senior Engineer before being promoted to the position of Visiting Engineer in 1992. He managed the implementation of infrastructure works for rural growth centres for the State Government of Sarawak as part of the function of SLDB when SPS was managing SLDB and was generally responsible for the operations of the Group's palm oil mills, building and road construction. Haji Yahya is a Director of Azaria Sdn Bhd. He has since resigned as the Group's Visiting Engineer and as a member of our Risk Management Committee. Effective from 26 April 2010, his designation was changed from Executive Director to Non Independent Non Executive Director.



EXECUTIVE DIRECTOR

Haji Bolhan Bin Berawi

Haji Bolhan, aged 57, a Malaysian, was appointed as our Director on 1 May 2007. He is a member of our Risk Management Committee and is currently the Chief Financial Officer of the Group. He has been a Director of Sarawak Plantation Agriculture Development Sdn Bhd and Sarawak Plantation Property Holding Sdn Bhd since March 1999 and a Director of Sarawak Plantation Property Development Sdn Bhd, SPB Pelita Wak Pakan Sdn Bhd and SPB Pelita Mukah Sdn Bhd (formerly known as SPB Pelita Mukah 5 & 6 Sdn Bhd) since 2008. He holds a Masters of Business Administration from the University of the Sunshine Coast, Australia and a Bachelor of Arts (Accounting) from Newport University, California. His previous employment includes being the Accounts and Administration Manager for TAB Timbers (S) Sdn Bhd, Manager Financial Accounting for Malaysia LNG Sdn Bhd (PETRONAS), Manager Finance and Services for Malaysia LNG Dua Sdn Bhd (PETRONAS) and Financial Controller for SALCRA. He has considerable experience in areas of accounting and finance in timber logging operation, oil and gas industry and in plantation development and operation.



INDEPENDENT NON EXECUTIVE DIRECTOR

YB Datuk Haji Hamden Bin Ahmad

YB Datuk Haji Hamden, aged 62, a Malaysian, was appointed as our Director on 1 May 2007. He is the Chairman of our Board Audit Committee and a member of our Special Tender and Land Acquisition Committee. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants (FCCA). He began his career as a Chief Accountant with Sarawak Land Development Board from 1978 to 1982. He set up his own accounting firm in 1983. He is currently an elected member of Dewan Undangan Negeri Sarawak and a Senior Independent Non-Executive Director of Naim Holdings Berhad. He is also a Director of BLD Plantation Berhad. He also holds directorship in several private limited companies.



INDEPENDENT NON EXECUTIVE DIRECTOR

Datu Haji Mohammed Sepuan Bin Anu

Datu Haji Mohammed Sepuan, aged 63, a Malaysian, was appointed as our Director on 1 May 2007. He is a member of our Board Audit Committee and our Risk Management Committee. He graduated with a BSc (Hons) in Agricultural Engineering from the University of Cranfield, United Kingdom in 1977. He started work as an Assistant Agricultural Officer in Simunjan in 1968. He has wide experiences in agriculture developments especially in the establishment of crops like oil palm, rubber, fruit crops and rice in the smallholders sector. He was appointed Director of the Integrated Agriculture Development Project Samarahan in 1994 and then served as Director of Agriculture in 2001 until the end of March 2006. His last assignment was as an Agriculture Advisor in the Ministry of Modernisation of Agriculture. His term expired on 30 April 2007.



INDEPENDENT NON EXECUTIVE DIRECTOR

Azizi Bin Morni

Azizi Morni, aged 37, a Malaysian, was appointed as our Director on 1 May 2007. He is a member of our Board Audit Committee and our Nomination and Remuneration Committee. He graduated from the University of Malaya with Bachelor of Laws Degree with Honours in 1999 and was admitted to the High Court of Sabah and Sarawak in October 2000. He began his legal career with Messrs. Sim & Yee Advocates and later joined Messrs. Khaider Zaidell & Company Advocates as a partner in 2001 before setting up his sole proprietor practice under the name of Azizi Ariffin Advocates & Solicitors in 2003. In January 2006, his sole proprietor practice Messrs. Azizi Ariffin Advocates & Solicitors merged with Messrs. Chen Chieng Ning & Company to form Messrs Chen Ching Ning & Azizi Advocates. As on July 2010, Azizi Morni is practicing as a founding partner of Messrs. Kubeta Partners Advocates. Azizi Morni's work over the years covered civil litigation and conveyancing, servicing private and corporate clients such as Malayan Banking Bhd, CIMB Bank, RHB Bank Bhd, Bank Islam Malaysia Bhd, Syarikat SESCO Berhad, Sarawak Economic Development Corporation, Dewan Bandaraya Kuching Utara, Pusat Pembangunan Kemahiran Sarawak, Housing Development Corporation, Koperasi Bina Harta Malaysia Berhad and Midas Residential Sdn Bhd.



INDEPENDENT NON EXECUTIVE DIRECTOR

Polit Bin Hamzah

Polit Hamzah, aged 60, a Malaysian, was appointed as our Director on 1 May 2007. He is the Chairman of our Risk Management Committee, a member of our Board Audit Committee and our Special Tender and Land Acquisition Committee. He graduated with BSc (Hons) in Geology from University of Malaya in 1975. He worked for twenty years (1975-1996) in the oil and gas exploration and production company (Petronas Carigali Sdn Bhd) in various technical and management positions with the last position being the General Manager in-charge of the Sabah Operations. From 1997-2001, he headed the Land Custody and Development Authority (LCDA), a body responsible for planning and development of lands for large scale commercial agriculture (oil palm, sago) plantations and property development throughout the State of Sarawak through partnerships with listed and private companies. In 2002-2003 he was the General Manager of the Sarawak Economic Development Corporation. From 2003 till to date, he continues to get involved in the Boards of various government and private owned companies in Sarawak and at the federal level. He was a member of the Board of Lembaga Pergalakan Pelancongan Malaysia (Tourism Malaysia), a body corporate under the Ministry of Tourism, Malaysia. He is a director of Dayang Enterprise Holdings Berhad and SPB Pelita Mukah Sdn Bhd (formerly known as SPB Pelita Mukah 5 & 6 Sdn Bhd).



INDEPENDENT NON EXECUTIVE DIRECTOR

Umang Nangku Jabu

Umang Jabu, age 33, a Malaysian, was appointed as our Director on 1 May 2007. She graduated from RMIT University in Melbourne, Australia in 2003 with a Masters of Finance. Prior to that, she completed her studies at Monash University in Melbourne, Australia with a Graduate Diploma in Industrial and Employee Relations in 1999 and subsequently with a Master of Management in Human Resource Management in 2000. Her undergraduate was in Bachelor of Business (Business Information System) from RMIT University Melbourne, Australia in 1999 where she graduated with a distinction. She commenced her working career in Australia as a Human Resources Officer for a company in Melbourne in March 2000. Umang Jabu returned to her home town, Kuching, Sarawak, Malaysia in 2003 to explore business opportunities. Since then, she has been involved in the private business sector as a director of a number of companies. She has been holding the position of Director of Administration and Finance for Betong Premix Sdn. Bhd. since the company's incorporation in 2003. She is involved in the strategic planning of the company's activities through the day to day running of the business. She is responsible for the Business Support System for the company's activities and oversees the company's Financial Management, Financial Control and Customer Relationship Management. She is also involved with the Dewan Usahawan Bumiputera Sarawak as the Penolong Bendahari Kehormat since 2006. She is currently a director of SPB Pelita Wak Pakan Sdn Bhd.

Conflict of Interest

Save as disclosed below, none of our Directors or substantial shareholders of our Company has any interest, direct or indirect, in any business carrying on a similar trade as our Group.

Company	Principal activities	Major products
Datuk Hasmi Bin Hasnan		
Medan Sepadu Sdn. Bhd.	Investment holding The company holds 30% equity interest in KUB Sepadu Sdn. Bhd. whereby its principal activity is in cultivation of oil palm	Palm oil products
Datuk Abdul Hamed Bin Sepawi		
Ta Ann Holdings Berhad	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plantation Sdn. Bhd.	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plywoods Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Mega Bumimas Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Multi Maximum Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Durin Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Igan Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Silas Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ladang Selezu Sdn. Bhd.	Oil palm plantation	Palm oil products
Sebubu Sdn. Bhd.	Oil palm plantation	Palm oil products
Palmhead Sdn. Bhd.	Oil palm plantation	Palm oil products
Butrasemari Sdn. Bhd.	Oil palm plantation	Palm oil products
Manis Oil Sdn. Bhd.	Operation of palm oil mill	Palm oil products
PSS Oil Mill Sdn. Bhd.	Operation of palm oil mill	Palm oil products
Haji Chaiti Bin Haji Bolhassan		
Bau Palm Oil Mill Sdn. Bhd.	Processing of oil palm products	Palm oil products
Saratok Palm Oil Mill Sdn. Bhd.	Processing of oil palm products	Palm oil products
YB Datuk Haji Hamden Bin Ahmad		
BLD Plantation Berhad	Cultivation of oil palm	Palm oil products

Additional Information

None of our Directors have been convicted of any offences.

There are no family relationship between the Directors and/or major shareholders of the Company.

For our Directors' attendance at Board Meetings held during the year in review, please refer to pages 49 to 50 of this Annual Report.

For our Directors' securities holdings in SPB, please refer to page 125 of this Annual Report.

Key Management Personnel



Haji Mohamad
Bolhair Bin Reduan

**GROUP MANAGING
DIRECTOR**

General Manager of SLDB
(before privatisation) since
1992

Over 15 years management
experience in plantation
industry



Haji Bolhan Bin
Berawi

**CHIEF FINANCIAL
OFFICER**

Joined SPB in 1997.

Over 30 years
experience in
finance and
accounting.



Haji Yahya
Bin Haji Daud

VISITING ENGINEER

Joined SLDB (before
privatisation) in 1973.
Resigned with effect
from 30 June 2010.

Over 30 years
experience in
processing and
engineering.



Ismail Bin Haji Mustapha
ACTING OPERATION CONTROLLER
Joined SLDB (before privatisation) in 1979.
Over 30 years experience in plantation operation.



Trina Tan Yang Li
CORPORATE LEGAL & SECRETARIAL MANAGER
Joined SPB in 2000.
Over 16 years legal and 9 years company secretarial experience.



Affendy Bin Haji Morni
HUMAN RESOURCE AND ADMINISTRATION MANAGER
Joined SPB in 2008.
Over 25 years experience in human resource and administration.



Liew Men Khian
MARKETING MANAGER
Joined SLDB (before privatisation) in 1972.
Over 15 years experience in marketing of oil palm products.

Audit Committee Report

The Board of Sarawak Plantation Berhad is pleased to present the Audit Committee's ("the Committee") Report for the financial year ended 31 December 2009.

1. Members and Meetings

The Committee Members during the financial year are as per listed below:-

No.	Name	Status of Directorship	Independent	Appointment / Resignation
1	YB Datuk Haji Hamden Bin Ahmad	Chairman Independent Non Executive Director	Yes	Appointed on 1 May 2007
2	Datuk Abdul Hamed Bin Sepawi *	Non Independent Non Executive Director	No	Appointed on 1 May 2007 Resigned on 11 May 2009
3	Datu Haji Mohammed Sepuan Bin Anu	Independent Non Executive Director	Yes	Appointed on 1 May 2007
4	Encik Azizi Bin Morni	Independent Non Executive Director	Yes	Appointed on 1 May 2007
5	Encik Polit Bin Hamzah	Independent Non Executive Director	Yes	Appointed on 1 May 2007

During the financial year, the Committee conducted five (5) meetings as per followings:-

No.	Name	No. of Meetings Attended	Attendance (%)
1	YB Datuk Haji Hamden Bin Ahmad	5/5	100
2	Datuk Abdul Hamed Bin Sepawi*	1/1	100
3	Datu Haji Mohammed Sepuan Bin Anu	5/5	100
4	Encik Azizi Bin Morni	4/5	80
5	Encik Polit Bin Hamzah	5/5	100

* Datuk Abdul Hamed Bin Sepawi resigned as a member of the Audit Committee on 11.05.2009.

The Group's internal and external auditors and certain members of senior management attended the meetings by invitation during the financial year.

Details of the Committee Members' profiles are contained in the "Board of Directors" as set out on pages 30 to 42 of this Annual Report.

2. Summary of Activities

The activities carried out by the Committee included the following:

- Reviewed reports from the internal and external auditors and recommended the same to the Board for acceptance;
- Evaluated existing policies, established audit quality and ensured compliance with the Group's policies;
- Provided assurance that the Group's goal and objectives were achieved and assets were safeguarded;
- Ensured that proper processes and procedures were in place to comply with all laws, regulations and rules established by relevant regulatory bodies;

2. Summary of Activities (continued)

The activities carried out by the Committee included the following (continued):

- Reviewed related party transactions and conflict of interest situations that could have arisen;
- Reviewed and approved the annual audit plan proposed by the internal auditors;
- Reviewed the quarterly results and year end financial statements of the Group prior to the approval by the Board;
- Reviewed the findings of the external auditors in relation to audit and accounting issues which arose from the audit and updates of new developments on accounting standards issued by the Malaysian Accounting Standard Board (MASB);
- Reviewed all audit reports presented by the internal auditors, their findings and recommendations with respect to system and control weaknesses;
- Ensured the adequacy of the scope, functions and resources of the internal audit department and that it had the necessary authority to carry out its work; and
- Evaluated consultants and recommended their appointment to assess areas where special technical expertise is required as directed by the Board.

3. Internal Audit Function

The Group has an internal audit function whose primary responsibility is to undertake regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively within the Group. The internal audit function adopts a risk-based audit methodology which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis.

The activities carried out by the internal audit include, amongst others, the review of the adequacy of risk management, system of internal control for effectiveness and efficiency, assessment of compliance with established rules, guidelines, laws and regulations, review of reliability and integrity of information and means of safeguarding assets.

The Internal Audit Manager is responsible for enhancing quality assurance and improvement programme of the internal audit function. In order to achieve this, the monitoring of its effectiveness is done through internal self-assessment tools and independent external assessment. The results will then be communicated to the Committee. The Internal Audit Manager reports directly to the Chairman of the Committee.

The total costs incurred for the Group's internal audit function in respect of the financial year ended 31 December 2009 amounted to RM562,777.

4. Terms of Reference

The terms of reference of the Committee are as follows:

- Provides assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for the Group;
- Maintains through regularly scheduled meetings, a direct line of communication between the Board and the external and internal auditors;
- Avails to auditors a private and confidential audience at any time they desire and to request such audience through the Chairman of the Committee with or without the prior knowledge and concern of the Management; and
- Acts upon the Board of Directors' request to investigate and reports on any issues or concern with regard to the management of the Group.

4. Terms of Reference (continued)

In addition, the Committee is authorised to carry out duties as mentioned below and has unrestricted access to all of the Group's records, properties and personnel to enable it to discharge its duties.

- Keeps under review the quality and effectiveness of the accounting and internal control systems as well as the efficiency of the Group's operation;
- Recommends the nomination of a person or persons as external auditors;
- Approves the appointment of the Internal Audit Manager and ensures that the Group Internal Audit Department is adequately resourced and has an independent status within the Group;
- Reviews the audit plan, scope of examination and audit observations of the external and internal auditors and to ensure that appropriate action is taken by the Management in respect of the audit observations and the Committee's recommendations;
- Reviews the annual financial statements before submission to the Board and focuses primarily on compliance with accounting standards as well as other regulatory requirements and the adequacy of information disclosure for a fair and full presentation of the financial affairs of the Group;
- Assesses the effects of any change in accounting principles or of any development arising from the accounting profession or any statutory authority;
- Directs any special investigations on the Group's operations to be carried out by the Internal Audit Department or any other appropriate agencies;
- Discusses problems and reservations arising out of external or internal audits and any matters which the auditors wish to bring up in the absence of the Management or Executive Director(s) where necessary; and
- Performs any other related duties as directed by the Board.

Statement on Corporate Governance

In today's challenging corporate environment, the Board of Directors firmly believes that maintaining good corporate governance leads to sustainable financial performance. Operating in an ethical environment and being transparent in the performance of its duties is always essential. To meet the high expectations of our investors, the Board of Directors works closely with its committees to exercise their authorities and discharge their oversight duties effectively and responsibly bearing in mind its accountability and responsibility towards the Company and its shareholders.

The Board of Directors wishes to assure that compliance with the principles and best practices of the Malaysian Code on Corporate Governance is strictly adhered to constantly.

In compliance with Paragraph 15.25 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Board of Directors is pleased to provide the following statement on how the principles and best practices of the Malaysian Code on Corporate Governance is practiced in the Company.

I. Board Of Directors

Duties and Responsibilities

The Board sets the vision and the strategies of the Company, placing great emphasis on enhancing shareholders' value and investors' confidence whilst maintaining a high standard of integrity. The Board also sets the framework within which the Company shall operate, in particular, the areas of corporate governance, internal controls, risk management, succession planning and investment strategies.

To assist the Board to discharge its responsibility, the Board Audit Committee, the Board Executive Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Special Tender and Land Acquisition Committee have been set up. The Board Audit Committee has been set up since 11.11.2000, the Board Executive Committee was set up on 26.09.2005, the Risk Management Committee and the Nomination and Remuneration Committee were both set up on 01.05.2007, whilst the Special Tender and Land Acquisition Committee was set up on 25.02.2009.

Board Meetings

During the year, the Board of Directors met five times. The existing Directors, save for Datuk Hasmi Bin Hasnan, Dato Sri Ahmad Tarmizi Hj. Sulaiman, Haji Mohamad Bolhair Reduan, Datuk Abdul Hamed Bin Sepawi and Haji Chaiti Haji Bolhassan, were all appointed on 01.05.2007.

The details of the individual director's attendance are as follows:

Name of Director	Date of Appointment / Resignation and Designation	No. of Meetings Attended	Percentage (%)
Datuk Hasmi Bin Hasnan	Appointed on 30.08.2005 Non Independent Non Executive Chairman	4/5	80
Dato Sri Ahmad Tarmizi Bin Hj Sulaiman	Appointed on 30.08.2005 Non Independent Non Executive Deputy Chairman	3/5	60

I. Board of Directors (continued)

Board Meetings (continued)

Name of Director	Date of Appointment / Resignation and Designation	No. of Meetings Attended	Percentage (%)
Haji Mohamad Bolhair Bin Reduan	Appointed on 28.10.1997 Executive Director / Group Managing Director	5/5	100
Datuk Abdul Hamed Bin Sepawi	Appointed on 30.08.2005 Non Independent Non Executive Director	3/5	60
Haji Chaiti Bin Haji Bolhassan	Appointed on 30.08.2005 Non Independent Non Executive Director	3/5	60
Haji Abdul Hamid Bin Ibrahim*	Appointed on 01.05.2007 Non Independent Non Executive Director	5/5	100
Haji Yahya Bin Haji Daud**	Appointed on 01.05.2007 Non Independent Non Executive Director	5/5	100
Haji Bolhan Bin Berawi	Appointed on 01.05.2007 Executive Director	5/5	100
YB Datuk Haji Hamden Bin Ahmad	Appointed on 01.05.2007 Independent Non Executive Director	4/5	80
Datu Haji Mohammed Sepuan Bin Anu	Appointed on 01.05.2007 Independent Non Executive Director	5/5	100
Encik Polit Bin Hamzah	Appointed on 01.05.2007 Independent Non Executive Director	3/5	60
Encik Azizi Bin Morni	Appointed on 01.05.2007 Independent Non Executive Director	5/5	100
Puan Umang Nangku Jabu	Appointed on 01.05.2007 Independent Non Executive Director	3/5	60

* Designation was changed from Executive Director to Non Independent Non Executive Director with effect from 19.01.2010

** Designation was changed from Executive Director to Non Independent Non Executive Director with effect from 26.04.2010

Board Balance

The Board of Directors of the Company comprises thirteen directors of whom five are independent. Of the remainder, one is an Executive Director and the rest are Non Independent Non Executive Directors. The Chairman of the Company is one of the Non Independent Non Executive Directors.

A brief profile of each director is provided on pages 30 to 42 of this Annual Report.

The membership of the Board of Directors reflects a broad range of diverse professional backgrounds, with wide ranging business and management experience and the expertise to plan and support the operations of the Company and to take it to greater heights of achievement.

Supply of Information

All Directors are supplied with ample information through Board Papers and have free access to the Management at all times to inquire or request further information.

I. Board of Directors (continued)

Supply of Information (continued)

At Board Meetings, the Directors are provided with financial and operational information and progress reports relating to the crucial aspects of the operation of the Company. These papers are circulated to the Directors at least one week before the date of the Board Meetings. The Board of Directors are also specifically tasked to approve annual budgets, acquisition and disposal of properties or materials of substantial value, appointment of consultants for specific assignments and changes to the management and control structure within the Company.

Further, the Board of Directors is also informed at Board Meetings on the latest amendments to legislation and how they impact the Company. They are also notified of any corporate announcements released by Bursa Malaysia Securities Berhad (Bursa Securities) and the impending restriction in dealing with the securities of the Company at least one month prior to the announcement of the quarterly results.

Appointments to the Board

Since the listing of the Company on 28 August 2007, no new directors were appointed to the Board. For future appointments, the Company has put in place an evaluation process which will be carried out by the Nomination and Remuneration Committee.

Re-election of Directors

In accordance with the Company's Articles of Association, one third or the numbers closest to one third of the Directors for the time being shall retire from their office and be eligible for re-election provided always that all the Directors shall retire from their office at least once in every three years. Any person elected by the Board either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next annual general meeting and shall then be eligible for re-election.

II. Board Committees

The following Board Committees have been established to assist the Board to discharge its duties and responsibilities. The Committees listed below do not have executive powers but report to the Board of Directors on all matters considered and submit their recommendations to the Board for its approval.

Board Audit Committee

The Board Audit Committee established on 11.11.2000 provides assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities by examining and monitoring of the Company's accounting and financial reporting practices. It also serves as an independent and objective party in the review of financial information presented by Management for distribution to shareholders and the general public.

The Board Audit Committee comprises the following members:

Name of Committee Member	Designation
YB Datuk Haji Hamden Bin Ahmad	Chairman - Independent Non Executive Director
Datuk Abdul Hamed Bin Sepawi*	Non Independent Non Executive Director
Datu Haji Mohammed Sepuan Bin Anu	Independent Non Executive Director
Encik Polit Bin Hamzah	Independent Non Executive Director
Encik Azizi Bin Morni	Independent Non Executive Director

* Resigned with effect from 11.05.2009.

The terms of reference of the Board Audit Committee together with the Audit Committee's Report are set out on pages 46 to 48 of the Annual Report. The activities of the Board Audit Committee for the year ended 31 December 2009 are also set out in the Audit Committee's Report.

II. Board Committees (continued)

Board Executive Committee

The Board Executive Committee established on 26.09.2005 comprises the following members:

Name of Committee Member	Designation
Dato Sri Ahmad Tarmizi Bin Haji Sulaiman	Chairman - Non Independent Non Executive Director
Datuk Hasmi Bin Hasnan	Non Independent Non Executive Director
Haji Mohamad Bolhair Bin Reduan	Executive Director

The terms of reference of the Board Executive Committee includes the following:

- deliberates and makes appropriate recommendations to the Board of Directors on policy matters, major activities and urgent material transactions;
- approves matters which require immediate or urgent decision and/or where these matters are beyond the financial limit of authority of the Management;
- acts upon the Board of Directors' request to investigate and assists Management to resolve critical issues and areas of concern.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee established on 01.05.2007 comprises the following members:

Name of Committee Member	Designation
Datuk Abdul Hamed Bin Sepawi	Chairman Non Independent Non Executive Director
Datuk Hasmi Bin Hasnan	Non Independent Non Executive Director
Haji Chaiti Bin Haji Bolhassan	Non Independent Non Executive Director
Encik Azizi Bin Morni	Independent Non Executive Director

The Nomination and Remuneration Committee seeks to establish a remuneration policy which attracts, maintains and retains a set of Executive Directors and senior executives of requisite caliber to propel the Company towards greater prospects and growth. The remuneration packages are also linked to seniority, position, experience and the Company's overall performance. The Nomination and Remuneration Committee also seeks to establish a formal and transparent procedure for the appointment of new directors to the Board and top management executives.

The terms of reference of the Nomination and Remuneration Committee includes the following:

- establishes and reviews terms and conditions of employment and remuneration of the Executive Directors and top Management Executives of the Company;
- approves annual salary increments and bonuses of the Executive Directors and top Management Executives of the Company based on their individual assessment made by the relevant Appraiser;
- identifies and nominates for approval of the Board, candidates to fill board vacancies as and when they arise;
- reviews the required mix of skills, experience and other qualities, including core competencies, which Non Executive Directors should bring to the Board;
- establishes the minimum requirements for the Board and the Chief Executive Officer to perform their responsibilities effectively;

II. Board Committees (continued)

Nomination and Remuneration Committee (continued)

- (f) establishes a mechanism for the formal assessment of the Board's effectiveness as a whole, the contribution of each director to the effectiveness of the Board and the contribution of the Board's various committees;
- (g) oversees the appointment, management, succession planning and performance evaluation of top Management Executives and recommend to the Board of Directors their removal if they are ineffective, errant and negligent in discharging their responsibilities;
- (h) ensures that all Directors undergo compulsory and other appropriate induction programmes and receives continuous training.

Risk Management Committee

The Risk Management Committee established on 01.05.2007 comprises the following members:

Name of Committee Member	Designation
Encik Polit Bin Hamzah	Chairman Independent Non Executive Director
Datu Haji Mohammed Sepuan Bin Anu	Independent Non Executive Director
Haji Abdul Hamid Bin Ibrahim*	Non Independent Non Executive Director
Haji Yahya Bin Haji Daud**	Non Independent Non Executive Director
Haji Mohamad Bolhair Bin Reduan	Executive Director
Haji Bolhan Bin Berawi	Executive Director
Encik Liew Men Khian	Marketing Manager

*Resigned with effect from 19.01.2010. ** Resigned with effect from 26.04.2010.

The Risk Management Committee forms an integral part of the effective management of the Company and it seeks to identify and address principal risk areas which include business, environment, human capital, safety and security and operation of the Company with the aim of preventing and mitigating these risks.

The terms of reference of the Risk Management Committee includes the following:

- (a) establishes the risk management policy of the Company and reviews such policy regularly in view of the changing business environment;
- (b) identifies principal risks underlying the business and operation of the Company and set up the risk profile of the Company;
- (c) evaluates, monitors and develops strategies and actions to address these principal risks with a view to maintaining a balance between the risks and the returns to shareholders;
- (d) reviews the reports on risks, major findings and management actions in addressing these risks;
- (e) performs a review of the application of risk management policy and practices of the Company on at least a half yearly basis;
- (f) reports to the Board of Directors on the status of the evaluation and monitoring of the risk profile on a half yearly basis;
- (g) advises the Management on the resources required in reviewing, evaluating and monitoring the risk profile of the Company;
- (h) directs the Internal Auditor to pursue further into areas identified as high risks and reports its findings and recommendations for submission to the Audit Committee.

The Risk Management Committee met twice during the year.

II. Board Committees (continued)

Special Tender and Land Acquisition Committee

The Special Tender and Land Acquisition Committee established on 25.02.2009 comprises the following members:

Name of Committee Member	Designation
Datuk Hasmi Bin Hasnan	Chairman Non Independent Non Executive Director
Datuk Abdul Hamed Bin Sepawi	Non Independent Non Executive Director
Haji Mohamad Bolhair Bin Reduan	Executive Director
YB Datuk Haji Hamden Bin Ahmad	Independent Non Executive Director
Encik Polit Bin Hamzah	Independent Non Executive Director

The Special Tender and Land Acquisition Committee is given authority to give approvals where the same is required in between the scheduled Board Meetings. This is in the hope that major decisions on tenders which includes the purchase of essential items like fertilisers are not unduly held back.

The terms of reference of the Special Tender and Land Acquisition Committee includes the following:

- (a) deliberates and makes immediate decisions on tenders and land acquisition matters in between scheduled Board Meetings; and
- (b) reports to the Board of Directors the decisions it made on a quarterly basis.

The Special Tender and Land Acquisition Committee met thrice during the year.

III. Directors' Training

As part of our Directors' continuous training programme and to keep abreast with the new development in this dynamic corporate environment, they have attended the training as stated below:

Name of Director	Brief Description of Training
Datuk Hasmi Bin Hasnan	*
Dato Sri Ahmad Tarmizi Bin Hj Sulaiman	*
Haji Mohamad Bolhair Bin Reduan	- Palm Oil Conference 2009 - ESQ Leadership Seminar (Emotional & Spiritual Quotient) - Indonesian Palm Oil Conference 2010 (Gabungan Pengusaha Kelapa Sawit Indonesia) - International Palm Oil Congress (PIPOC 2009)
Datuk Abdul Hamed Bin Sepawi	- Getting up to Speed with Governance (Part 2)
Haji Chaiti Bin Haji Bolhassan	- The 14th Malaysia Capital Market Summit 2009
Haji Abdul Hamid Bin Ibrahim	- Seminar Perihal Tanah Negeri Sarawak April 2009 - Seminar Perihal Tanah Negeri Sarawak October 2009 - Performance Management Through Key Performance Indicators
Haji Yahya Bin Haji Daud	- Performance Management Through Key Performance Indicators
Haji Bolhan Bin Berawi	- CFO Summit 2009 - Performance Management Through Key Performance Indicators

III. Directors' Training (continued)

Name of Director	Brief Description of Training
YB Datuk Haji Hamden Bin Ahmad	- Financial Essential for Non- Financial Professionals - Strengthening Corporate Directors Performance, Leadership & Corporate Governance - Forum on FRS139 Financial Instruments: Recognition & Measurement
Datu Haji Mohammed Sepuan Bin Anu	- Financial Essential for Non- Financial Professionals - Update on Regulatory Framework, Directors Duties & Governance Conference 2009
Encik Polit Bin Hamzah	- Update on Regulatory Framework, Directors Duties & Governance Conference 2009 - Audit Committee Institute Roundtable Discussion
Encik Azizi Bin Morni	- Financial Essential for Non-Financial Professionals - Strengthening Corporate Directors Performance, Leadership & Corporate Governance - Audit Committee Institute Roundtable Discussion
Puan Umang Nangku Jabu	- International Palm Oil Congress (PIPOC 2009)

* These directors have made attempts and efforts to attend training during the year but were unable to due to work exigencies.

IV. Directors' Remuneration

The fees of the Non Executive Directors are determined by the Board of Directors with the approval of the shareholders at the Annual General Meeting. All directors are paid meeting allowance for each Board Meeting that they attend and are also eligible for other benefits in kind, including medical expenses, up to the limit as approved by the Company. The Executive Directors are also rewarded with bonus which is dependent on the performance of the Company and the individual director. The bonus of the Executive Directors is approved by the Nomination and Remuneration Committee and endorsed by the Board of Directors.

The details of the remuneration of the Directors during the year are as follows:

	Executive Directors (RM)	Non Executive Directors (RM)	Total (RM)
Fees	234,000	1,434,027	1,668,027
Salary	1,081,068	0	1,081,068
Other Emoluments	182,424	17,184	199,608
Bonus	147,390	0	147,390
Meeting Allowance	19,692	30,306	49,998
Total	1,664,574	1,481,517	3,146,091

The aggregate remuneration of the Directors of the Company for the year in the respective bands are as stated below:

	Executive Directors	Non Executive Directors	Total
Below RM50,000			
RM50,001 - RM100,000		3	3
RM100,001 - RM150,000		5	5
RM150,001 - RM200,000			
RM200,001 - RM250,000			
RM250,001 - RM300,000	1		1

IV. Directors' Remuneration (continued)

The aggregate remuneration of the Directors of the Company for the year in the respective bands are as stated below (continued):

	Executive Directors	Non Executive Directors	Total
RM300,001 – RM350,000			
RM350,001 – RM400,000	2		2
RM400,001 – RM450,000			
RM450,001 – RM500,000			
RM500,001 – RM550,000			
RM550,001 – RM600,000			
RM600,001 – RM650,000			
RM650,001 – RM700,000	1	1	2

V. Shareholder Communication and Investor Relations

Shareholder and Investor Communication

The Company recognises the importance of effective communication with its shareholders and investors. The Board is committed to ensure that information with regards to major corporate developments and events are disseminated through the following channels:

- Annual Reports
- Various disclosures and announcements made to Bursa Malaysia Securities Berhad
- Press releases and press statements
- Circulars to shareholders
- Company's website at www.spbgroup.com.my

Further, the investment community comprising individuals, analysts, fund managers and other stakeholders have dialogues with the Company's representatives on a regular basis. This enables the investors to get a balanced understanding of the main issues and concerns affecting the Company. Discussions at such meetings and dialogues are restricted to matters that are in the public domain.

Whilst the Company endeavours to provide as much information as possible to its shareholders and investors, it must also be wary of the legal and regulatory framework governing the release of material and price-sensitive information.

Annual General Meeting (AGM)

AGMs act as another source of communication with the shareholders of the Company. This is the platform at which shareholders are encouraged to participate actively through question and answer sessions with the Directors to better inform themselves of the financial and operational performance of the Company. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf.

VI. Accountability and Audit

Financial Reporting

The Board of Directors is responsible for presenting a balanced, clear and comprehensive assessment of the Company's financial performance through the interim and annual financial statements to shareholders. The Board of Directors and the Board Audit Committee have to ensure that the financial statements are drawn up in accordance with the provisions of the Companies Act 1965 and the Financial Reporting Standards in Malaysia. In presenting the financial statements, the Board of Directors has reviewed and ensured that appropriate accounting policies have been used, consistently applied and supported by reasonable and prudent judgments and estimates.

VI. Accountability and Audit (continued)

Internal Controls

The Board of Directors assumes the responsibility for the Company to maintain a sound System of Internal Controls to safeguard shareholders' investment and the Company's assets, as well as reviewing the adequacy and effectiveness of the system of internal controls.

The Board of Directors also recognises that due to the limitations inherent in any internal controls, such systems of internal controls are designed to manage and mitigate risks that may impede the Company's achievement of its objectives rather than eliminate these risks. Accordingly, the system of internal controls can only provide reasonable but not absolute assurance against any material misstatements, loss or fraud.

The Directors' Statement on Internal Control as set out on page 59 to 60 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal controls to safeguard shareholders' interests and the Company's assets.

Statement of Compliance with the best practices of the Code

The Board of Directors is committed to uphold high standards of professionalism and excellent corporate governance practices in the running of the affairs of the Company. The Board of Directors is pleased to confirm that it has complied with the best practices of the Malaysian Code of Corporate Governance during the year in review.

Relationship with the Auditors

The Board of Directors, via its Board Audit Committee, maintains a formal and transparent relationship with its external auditors in seeking their professional advice and to ensure compliance with approved accounting standards and statutory requirements.

VII. Other Information

Utilisation of proceeds from Corporate Proposals

During the financial year ended 31 December 2007, total gross proceeds of RM90 million were raised from the public issue consisting of the issuance of 30 million new ordinary shares of RM1.00 each in the Company at an issue price of RM3.00 per ordinary share in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad on 28 August 2007.

The status of the utilisation of proceeds as at 30 April 2010 is shown below:

	RM'000
Gross proceeds received on 28 August 2007	90,000
Less utilisation for :	
Capital expenditure	18,432
Working capital purposes for the Group's core business	55,969
Share issue expenses	4,031
Unutilised balance as at 30 April 2010	11,568

The intended time frame for full utilisation of the proceeds for the purpose of capital expenditure is by 31 March 2011.

Share Buy Back

The SPB shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Total cumulative treasury shares held by the Company as at 31 December 2009 is 436,100.

VII. Other Information (continued)

Share Buy Back (continued)

During the financial year ended 31 December 2009, the Company did not purchase any of its own shares. In addition, none of the treasury shares held were resold or cancelled.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued by the Company during the year.

American Depository Receipt (“ADR”) or Global Depository Receipt (“GDR”) Programme

The Company did not sponsor any ADR or GDR programmes during the year.

Imposition of Sanctions and / or Penalties

There were no sanctions and / or penalties imposed on the Company or its subsidiaries, directors or management arising from any significant breach of rules, guidelines and legislation by any relevant authority for the financial year ended 31 December 2009.

Non Audit Fee

The amount of non audit fees paid to the external auditors, KPMG, by the Company and its subsidiaries during the financial year ended 31 December 2009 amounted to RM29,800.

Variation in profit estimate, forecast or projection

The Company did not issue any profit estimate, forecast or projection for the financial year.

Variation in Results

There was no deviation of 10% or more between the profit after taxation and minority interest stated in the Quarter IV Announcement of unaudited results for the financial year ended 31 December 2009 and the audited financial statements of the Company for the financial year ended 31 December 2009.

Profit Guarantee

The Company did not give any profit guarantee during the year.

Material Contracts

There were no material contracts of the Company and its subsidiaries involving the Directors and/or major shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a revenue or trading nature

For further details on the recurrent related transactions of a revenue or trading nature of the Company and its subsidiaries conducted during the financial year ended 31 December 2009, please refer to note 27 of the Financial Statements as set out on pages 116 to 117 of this Annual Report.

Revaluation Policy on Landed Properties

There was no revaluation policy on landed properties adopted by the Company during the financial year ended 31 December 2009.

This statement is made in accordance with the resolution of the Board of Directors dated 26 April 2010.

Statement on Internal Control

This Statement on Internal Control by the Board of Directors ("the Board") is made pursuant to the Listing Requirements of Bursa Malaysia on the Group's compliance with the Principle and Best Practices for the state of internal control as provided in the Malaysian Code on Corporate Governance.

Board Responsibilities

The Board of Sarawak Plantation Berhad acknowledges its responsibility towards the Group to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the system of internal control. A sound system of internal control includes the establishment of an appropriate control environment and framework, encompassing financial, operational and compliance controls and management of risks throughout its operations.

Due to the limitations inherent in any internal control, such systems are designed to manage and mitigate risks that may impede the Groups' achievement of its objectives rather than eliminate these risks. Accordingly, the system of internal control can only provide reasonable but not absolute assurance against any material misstatement or loss arising from the possibility of poor judgment in decision making, management overriding controls, loss and the occurrence of unforeseeable circumstances. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

Internal Control and Risk Management

The Board regards risk management as an integral part of effective management of the business and operation of the Group which can directly affect its ability to implement its strategy and achieve its mission.

The Risk Management Committee, comprising representatives from the Board and the Management, assists the Board in strengthening and monitoring the risk management practice of the Group. The Group established its Risk Management Policy and Risk Profile in 2008. The Group's approved Risk Management Policy outlines the policies and procedures for implementing, reviewing, evaluating and monitoring the principal risks of the Group whereas the approved Risk Profile documents the principal risks identified, strategies, controls and management actions in addressing such risks, which includes examining the business operational risks in critical areas, potential impacts and identifying measures and timeframe to mitigate those risks. The Management periodically reviews the measures taken to manage those identified risks. The results of and the recommendations arising from the review are tabled to the Risk Management Committee before the Risk Profile is updated.

Other Key Elements of Internal Control

Other key elements of the Group's system of internal control include:-

- Defined organisation structure and clearly established responsibilities and delegation of authority for the Management and Board Committees;
- Standard Operating Policies and Procedures setting out the operating controls pertaining to plantation, mill operation, process and engineering, health and safety, finance, human resource, marketing, information technology and internal audit. They are reviewed and updated as and when necessary to reflect changes in the business environment and legal requirements;
- Annual detailed budgeting whereby operating units prepare their budgets and business plans for consolidation and review by the Management. The consolidated management budget is thereafter aligned to the corporate objectives and strategies of the Group and is presented to the Board for deliberation and approval;

Other Key Elements of Internal Control (continued)

- Management performance reports are prepared for review by the Board on a quarterly basis. Any significant deviation from the budget and parameters set by the Board would be investigated, explained and presented to the Board;
- Regular meetings between Executive Directors and the Management are held to deliberate the Group's strategies, policies, financial and operational performance and other key issues; and
- Appointment of external experts and professionals on a project basis to review and evaluate the Group's plantation and mill activities. Their recommendations for improvement are reviewed and acted upon by the Management.

Internal Audit

The Internal Audit Department reports directly to the Audit Committee on a quarterly basis, the results of works carried out in accordance with the Internal Audit Plan approved by the Audit Committee. The internal audit function performs periodic reviews on critical business processes to identify any significant risks, assesses the effectiveness and adequacy of the system of internal control and where necessary, recommends areas for improvement.

The Audit Committee, on behalf of the Board, receives reports from both internal and external auditors. The Audit Committee regularly reviews the reports and holds discussions with the Management on the actions taken on identified internal control issues.

Weaknesses in Internal Control

There were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. Those areas which require improvement, as highlighted by the internal and external auditors have been, or are being addressed.

The Board confirms that its system of internal control was operational throughout the year and up to the date of approval of the Annual Report. In addition, the Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and size of operations of the Group. As such, the Board, in striving for continuous improvement, will put in place proper action plans, when necessary, to further enhance the Group's system of internal control.

The Group's system of internal control applies to the Company and its subsidiaries only and does not cover its associated companies.

This statement is made in accordance with the resolution of the Board of Directors dated 26 April 2010.

Corporate Social Responsibility

Sarawak Plantation Berhad (SPB) believes that good Corporate Social Responsibility (CSR) practices are integral to its operations. We are committed to CSR as a sustainable approach to business that benefits all stakeholders, customers, employees, shareholders as well as communities in general. SPB aims to uphold the highest standards of environmental and social responsibility. CSR forms part of our Corporate Culture. The Company will strive to be a socially responsible citizen, meeting globally recognised corporate responsibility standards.

HIGHLIGHTS OF 2009 CSR ACTIVITIES

Environment

The Group's operations and activities are carried out in an environmentally friendly manner. Key initiatives and practices for plantation activities that are always in place include the following:

Plantation Development

- ▶ Zero burning when carrying out land clearing and replanting activities to ensure minimal impact to the surrounding environment. The zero burning practice also improves soil condition because of its emphasis on microbial functional density;
- ▶ Construction of contour terraces in undulating to hilly terrain to reduce soil erosion;
- ▶ Establishment of legume cover crops for soil conservation and to build up organic matter and reduce soil erosion;
- ▶ Retain riparian buffer along the stream/river in order to preserve water quality for people living in the vicinity of the development area;
- ▶ Any sensitive areas (burial ground) shall be protected from disturbance by the project activities; and
- ▶ Priority in hiring locals particularly those living around the project area.

Weed management

- ▶ Encourage natural ground covers such as *Nephrolepis Bisserrata* to minimise soil exposure and reduce weeds.

Manuring

- ▶ Placement of pruned fronds on lips of terraces and in between inter rows to recycle organic matter and for moisture conservation;
- ▶ Usage of compost and empty fruit bunches as alternative fertiliser to minimise the demand for inorganic fertiliser whilst maintaining the fertility of soil; and
- ▶ Application of treated palm oil mill effluent for nutrient recycling and moisture conservation.

Pest and disease management

- ▶ Minimise losses from known fungal diseases such as *Ganoderma* with a high standard of field sanitation;
- ▶ Practice Integrated Pest Management (IPM) to minimise the use of toxic pesticides through the promotion of beneficial plants, natural enemies and bio-control; and
- ▶ Maintain soft weeds in inter rows and plant beneficial plants (e.g. nectarines) for integrated pest management and control of predators.



Environment (continued)

Mill Operation

Key initiatives and practices for mill operation that are in place include:

- ▶ Usage of lagoons and polishing system for treatment of palm oil mill effluent to ensure that effluent discharge into the watercourse will have a Biochemical Oxygen Demand of below 20 parts per million;
- ▶ Palm oil mill effluent is also used as organic fertilisers at our estates;
- ▶ Continuous monitoring and regular stack sampling of boiler emission are always on going to ensure smoke emission is within the emission standard under the Environmental Quality Act (Clean Air); and
- ▶ Scheduled wastes are stored and disposed of in accordance with regulatory requirements imposed by the Department of Environment (DOE).

Workplace

We firmly believe our employees are our important assets. Hence we ensure that their welfare and well being are constantly safeguarded. Besides ensuring that the working conditions are comfortable, safe and conducive, our employees in the estates and mills are provided with ample modern amenities. Apart from the basic communication facilities, our estates and mills are equipped with improved infrastructure and facilities such as roads, schools, clinics, transportation, playgrounds, community halls and places of worship.

The Group emphasises on staff training and development and invests adequate funds to develop and enhance competencies at all levels of the workforce. A total of about 2,000 training mandays, carried out officially, have been clocked in by the staff through various training programmes organised throughout 2009. Trainings are on going, unofficially, at the workplace as the Group stresses on a continuous learning environment. Soft skills trainings are also given the same emphasis as functional and technical trainings. The soft skills trainings conducted during the year included Train the Trainer, Practical Public Speaking, Personal Empowerment and People Turnaround (PETA) programme.

In addition, to achieve career advancement and further development, capable and talented employees are identified to undergo the Clerical/Supervisional/Executive and Managerial Development Programmes. These selected employees have undergone programmes such as Group Dynamics Programme, Personal Empowerment for Organisational Excellence, Enhancing Administrative & Clerical Skills. Continuous development programmes will be carried out in subsequent years.

To complement the development of functional competencies, the Group believes that a healthy regime and combination of recreational and staff wellness activities will further boost and sustain a high level of performance at the workplace.



Workplace (continued)

In this respect, recreational and staff wellness activities are organised internally or in collaboration with external agencies to create awareness and to inculcate healthy living among employees. Activities organised by KREDAS (SPB Staff Recreational Club) during the year included blood donation drives (in collaboration with the Miri General Hospital), sports and a family trip to the Borneo Tropical Rainforest, Lambir. Besides these, the Management, employees and workers from estates, mills and other offices within the Group also gather together at various locations within the region to participate in the Inter-Region Games 2009. Football, volleyball, bowling, sepak takraw, badminton, carom, darts, table tennis and futsal competitions were organised. These activities not only enhance rapport among employees but also boost the morale of the staff and workers.

Health, welfare, sports and wellness programmes as well as training and development for the employees and workers will continue to be the primary focus of the Group.

Community

The Group purchases fresh fruit bunches (FFB) from smallholders living nearby the two mills of the Group. Purchases from smallholders is one of the key corporate social initiatives of the Group and provides smallholders with a steady income.

In addition, the Group participates in the Native Customary Rights (NCR) joint ventures whereby the NCR land owners benefit through the development of their land into oil palm plantations. The development of NCR land also creates job opportunities and entrepreneurship for the local communities.

In February 2009, the Group donated RM20,000 to the Football Association Of Sarawak and other statutory bodies. In addition, as part of our continuous social responsibility towards the community and staff, the Group provided food and emergency rations to the families and flood victims in Kuching whose houses were battered by strong waves and destroyed by the flood.

In June 2009, a Health Talk and Pap Smear Free Screening Programme was conducted at the Community Hall of Ladang 3 with the aim to increase health awareness among the nearby community and workers. It was conducted by the Health Department of Miri.

The staff also participated in a health programme organised by the Sarawak Heart Foundation during World Heart Day 2009 in July 2009. A free General Health Screening for the workers and staff at Mukah Oil Palm Mill was carried out in October 2009.

The Group constructed Tube Wells at selected estates in order to overcome water shortage problems encountered by the nearby community. Water tanks were also distributed to neighbouring longhouses at the Group's new development areas.



Community (continued)

Throughout 2009, the Group supported sports and religious functions organised by the local communities through cash contributions and also organised the breaking of fast for the orphans during Ramadhan. The Group regularly organises Blood Donation Campaigns for the benefit of Sarawak General Hospital's blood bank.

Marketplace

SPB recognises the importance of effective communication with its shareholders, investors and other stakeholders. The Group ensures transparency and adheres to good corporate governance practices. SPB's corporate website provides easy access to information on the Group's financial and operations and email communications with the Group.

In addition, appropriate policies and procedures are in place to ensure that business and operational conducts are executed within the expected line and requirements of business conducts and ethics.

Feedback and suggestions from the customers, suppliers and contractors are addressed promptly and follow up actions are taken accordingly.



Investor Relations Activities



Investor Relations Activities

The Board and Management of the Group have always believed in building and maintaining a mutually beneficial long term relationship with its shareholders. With this in mind, Investor Relations (IR) activities are a key priority. These activities are conducted so as to consistently update and provide shareholders, institutional investors and research analysts with relevant comprehensive, transparent and prompt information about the Group. This is a way of allowing the Group's existing and potential shareholders and investors to have an informed and realistic opinion of the Group's profitability, strategic positioning and associated opportunities as well as risks.

Other ways of achieving the objective include timely announcement of the Company's quarterly financial reports, other material information as required by Bursa Malaysia and conducting regular activities to inform shareholders and analysts of business development as well as important events within the Group.

To develop a long-term relationship of trust among existing and future shareholders, SPB consistently participates in and organises visits, briefings and meetings with fund managers and analysts. It is through such IR activities that the Group's corporate management strategies and current developments are discussed with interested parties who will gain a balanced overview and all necessary information. Such IR activities are led and conducted by the Group Managing Director, Haji Mohamad Bolhair Bin Reduan, assisted by Executive Directors, all of whom communicate with the investors on pertinent matters.

For the year under review, the Group had meetings and briefings with various fund managers and research analysts. These briefings promote interaction between investors, analysts and key members of the management team.

The Group also consistently received coverage from various research institutions such as Standard & Poor's, Kenanga Research, MIDF Research and Affin Investment Bank.

All communications and discussions at meetings and briefings and any other IR activities are restricted to matters that are in the public domain.

Diary of Corporate Events

January 15, 2009

Visit to Seed Garden

Working visit by the standing committee of official on localisation of employment to the Seed Garden at Ladang Surea headed by the State Secretary of Sarawak YB Datuk Amar Wilson Baya Dandot.



January 19, 2009

Courtesy Call on Sarawak Heart Foundation

SPB's Chief Financial Officer and executives paid a courtesy call on the Sarawak Heart Foundation and handed over a cheque of RM150,000 to support the Foundation's activities.



January 17, 2009

Futsal Friendly Match

Futsal friendly match with Sportswriter's Association Malaysia (SAM) Sarawak Branch was held at Arena Sukan Complex, Kuching. Other sports played that day were badminton and table tennis.



February 25, 2009

Visit to Niah Palm Oil Mill

A delegation led by the Ministry of Industrial Development, Sarawak, Malaysia (MID) visited SPB's Niah Palm Oil Mill. The delegation comprised of representatives from Malaysian Industrial Development Authority (MIDA), Fuji-Keizai Group and Malaysia Palm Oil Board (MPOB) Miri.

March 20, 2009

Participation in the Maulidur Rasul Celebration

SPB staff took part in the Miri District Level procession in conjunction with the Maulidur Rasul Celebration 1430H/2009M. In this event, SPB's contingent was judged as the winner in the banner category and awarded 3rd placing in the procession category.



June 18, 2009

SPB's 12th Annual General Meeting (AGM)

SPB held its 12th Annual General Meeting at Sarawak Club, Kuching. Present at this meeting were the Chairman, Board of Directors, management staff and also shareholders.



April 20, 2009

Bowling Tournament

Staff and family members of the Group from Kuching and Melugu Oil Palm Estate had a memorable Bowling Tournament at Crystal Bowl, BDC Kuching. This event was one of the Group's recreational and staff wellness activities carried out during the year.

August 10, 2009

Corporate Update Meeting

The Group gave a corporate briefing and company updates to analysts and fund managers.



October 22, 2009

Donation of Water-Tanks at Matading

The Group handed over 33 units of R18CC 400 Gallons Polystor HDPE Water Storage Tanks to the inhabitants of four longhouses located within its new development project in Matading, Mukah. The inhabitants of the four longhouses who received the water tanks were from Rumah Budul, Rumah Kalang, Rumah Bakar and Rumah Dunstan.



November 14, 2009

Health talk and free general screening at Mukah Palm Oil Mill (MPOM)

A health talk and general screening programme organised by the Group for estate workers and residents in the areas surrounding our MPOM was held. The health talk was conducted by the officer from Penolong Pegawai Perubatan Klinik Kesihatan Skim Kelapa Sawit (KKSKS) Mukah while the health screening covered H1N1, Chikungunya/ Dengue, Pap Smear, Breast Self Examination and TB. The staff and workers who turned up for this event benefited from the Health Screening.



November 1, 2009

Friendly Golf Tournament at the Borneo Highlands Resort.

The Group welcomed a group of Indonesian golfers led by the Malaysian Consulate in Pontianak, Kalimantan Barat at the Borneo Highlands Resort in Kuching. These golfers were representatives from the Governor's Office, the Police and Armed Forces, Heads of Banks, Forestry and Commerce and also the Director of Pertamina Kalimantan.



November 22, 2009

SCCI Annual Corporate Report Award

SPB was named as the 1st runner-up at the 2009 Sarawak Chamber of Commerce and Industry (SCCI) Annual Corporate Report Awards held at the Hilton Hotel Kuching. At this function, the Group Managing Director received the award from the Deputy Chief Minister of Sarawak.


Statement On Directors' Responsibility For Preparing The Annual Financial Statements

The Board of Directors is required by the Companies Act 1965 ("the Act") to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of every financial year and of the results and cash flows of the Company and the Group for every financial year.

As required by the Act, the financial statements have been prepared in accordance with Financial Reporting Standards and the provisions of the Act in Malaysia. The Directors have considered that in preparing the financial statements for the financial year ended 31 December 2009 as set out in pages 76 to 119 of this Annual Report, appropriate accounting policies have been adopted and are consistently applied and supported by reasonable and prudent judgements and estimates. These estimates and judgements in applying the accounting policies of the Company and the Group are based on the Directors' best knowledge of current events and actions.

The Directors have the responsibility to ensure that the Company and the Group maintain proper accounting records which disclose with reasonable accuracy the financial position and performance of the Company and the Group and also to ensure that the financial statements comply with the Act. The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

The statement is made in accordance with a resolution of the Board of Directors dated 26 April 2010.



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Directors' Report

for the year ended 31 December 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

Principal activities

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results	Group RM	Company RM
Profit attributable to:		
Equity holders of the Company	39,355,538	31,233,171
Minority interest	803,533	-
	40,159,071	31,233,171

Dividends

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

- (i) a second interim single-tier exempt dividend of 4.00 sen per ordinary share of RM1.00 each totalling RM11,182,556 in respect of the year ended 31 December 2008 on 15 April 2009; and
- (ii) a first interim single-tier exempt dividend of 3.00 sen per ordinary share of RM1.00 each totalling RM8,386,917 in respect of the year ended 31 December 2009 on 8 October 2009.

The Company declared on 24 February 2010 a second interim single-tier exempt dividend of 5.50 sen per ordinary share of RM1.00 each totalling RM15,376,015 in respect of the year ended 31 December 2009. The dividend was paid on 8 April 2010.

The Directors do not recommend any final dividend to be paid for the year under review.

Reserves and provisions

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

Directors of the Company

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

Datuk Hasmi Bin Hasnan
Dato' Sri Ahmad Tarmizi Bin Haji Sulaiman
Haji Mohamad Bolhair Bin Reduan
Datuk Abdul Hamed Bin Sepawi
Haji Chiti @ Chaiti Bin Haji Bolhassan
Haji Bolhan Bin Berawi
Haji Abdul Hamid Bin Ibrahim
Haji Yahya Bin Haji Daud
YB Datuk Haji Hamden Bin Ahmad
Datu Haji Mohammed Sepuan Bin Anu
Polit Bin Hamzah
Azizi Bin Morni
Umang Nangku Jabu

Directors' interests

The interests and deemed interests of the Directors, including where applicable the interests of their spouses or children who themselves are not Directors of the Company, in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
Direct interests in the Company				
Datuk Hasmi Bin Hasnan	2,955,700	-	-	2,955,700
Dato' Sri Ahmad Tarmizi Bin Haji Sulaiman	200,000	-	-	200,000
Haji Mohamad Bolhair Bin Reduan	18,836,985	-	-	18,836,985
Datuk Abdul Hamed Bin Sepawi	200,000	-	-	200,000
Haji Chiti @ Chaiti Bin Haji Bolhassan	100,000	-	-	100,000
Haji Bolhan Bin Berawi	732,000	-	-	732,000
Haji Abdul Hamid Bin Ibrahim	625,487	-	-	625,487
Haji Yahya Bin Haji Daud	625,733	-	-	625,733
YB Datuk Haji Hamden Bin Ahmad	100,000	-	-	100,000
Datu Haji Mohammed Sepuan Bin Anu	25,000	-	-	25,000
Polit Bin Hamzah	50,000	-	-	50,000
Azizi Bin Morni	11,000	-	-	11,000
Umang Nangku Jabu	50,000	-	-	50,000
Deemed interests in the Company				
Datuk Hasmi Bin Hasnan *	86,476,024	-	-	86,476,024
Datuk Abdul Hamed Bin Sepawi *	84,994,424	-	-	84,994,424
Haji Mohamad Bolhair Bin Reduan	235,000	-	-	235,000
<i>* Deemed interests via companies in which the Director has substantial financial interests.</i>				
Deemed interest in SPB Pelita Suai Sdn. Bhd.:				
Datuk Hasmi Bin Hasnan)				
Datuk Abdul Hamed Bin Sepawi)	1,596,000	-	-	1,596,000
Deemed interest in Sarawak Plantation Services Sdn. Bhd.:				
Datuk Hasmi Bin Hasnan)				
Datuk Abdul Hamed Bin Sepawi)	95,000	-	-	95,000
Deemed interest in Azaria Sdn. Bhd.:				
Datuk Hasmi Bin Hasnan)				
Datuk Abdul Hamed Bin Sepawi)	3	-	-	3
Deemed interest in SPB Pelita Wak Pakan Sdn. Bhd.:				
Datuk Hasmi Bin Hasnan)				
Datuk Abdul Hamed Bin Sepawi)	1	-	-	1

Directors' interests (continued)

	Number of ordinary shares of RM1.00 each			
	At 1.1.2009	Bought	Sold	At 31.12.2009
Deemed interest in SPB Pelita Mukah 5 & 6 Sdn. Bhd.:				
Datuk Hasmi Bin Hasnan)				
Datuk Abdul Hamed Bin Sepawi)	1	-	-	1
Deemed interest in SPS Trading Sdn. Bhd.:				
Datuk Hasmi Bin Hasnan)				
Datuk Abdul Hamed Bin Sepawi)	2	-	-	2

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 the Directors as shown in the financial statements of the Company or of its related corporations, as the case may be) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business (see also Note 27 to the financial statements).

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

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

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the balance sheets and income 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) all current assets have been stated at the lower of cost and net realisable value.

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

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

Other statutory information (continued)

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

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

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

In the opinion of the Directors, other than the impairment loss on plantation development expenditure of RM766,974, gain on disposal of assets classified as held for sale of RM7,564,093 and reversal of impairment loss on property, plant and equipment of RM308,154 (see Note 19), the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re- appointment.

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

Datuk Hasmi Bin Hasnan

Haji Mohamad Bolhair Bin Reduan

Kuching,

Date: 26 April 2010

Balance Sheets

at 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Assets					
Property, plant and equipment	3	236,228,439	223,352,556	-	844
Prepaid lease payments	4	35,490,262	9,025,559	-	-
Plantation development expenditure	5	223,393,288	219,980,170	-	-
Investment in subsidiaries	6	-	-	298,685,579	198,685,579
Other investments	8	1,619,173	1,187,583	-	-
Investment property	9	5,999,432	6,161,580	-	-
Deferred tax assets	10	842,000	1,487,500	-	-
Amount due from subsidiaries	11	-	-	9,663,563	121,303,119
Total non-current assets		503,572,594	461,194,948	308,349,142	319,989,542
Inventories	12	30,358,040	37,098,711	-	-
Receivables, deposits and prepayments	11	33,861,408	34,027,722	256,542	394,665
Assets classified as held for sale	13	-	434,061	-	-
Current tax recoverable		2,504,718	1,538,403	85,511	-
Cash and bank balances	14	92,574,692	67,849,590	56,368,799	33,876,523
Total current assets		159,298,858	140,948,487	56,710,852	34,271,188
Total assets		662,871,452	602,143,435	365,059,994	354,260,730
Equity					
Share capital	15	280,000,000	280,000,000	280,000,000	280,000,000
Reserves	16	222,415,623	202,629,558	83,454,454	71,790,756
Total equity attributable to equity holders of the Company		502,415,623	482,629,558	363,454,454	351,790,756
Minority interest	2(a)(iv)	4,116,642	3,979,776	-	-
Total equity		506,532,265	486,609,334	363,454,454	351,790,756
Liabilities					
Deferred tax liabilities	10	33,905,019	29,604,468	-	-
Borrowings	18	64,820,000	-	-	-
Total non-current liabilities		98,725,019	29,604,468	-	-
Payables and accruals	17	54,654,168	35,755,873	1,605,540	2,300,049
Borrowings	18	2,960,000	50,000,000	-	-
Current tax payable		-	173,760	-	169,925
Total current liabilities		57,614,168	85,929,633	1,605,540	2,469,974
Total liabilities		156,339,187	115,534,101	1,605,540	2,469,974
Total equity and liabilities		662,871,452	602,143,435	365,059,994	354,260,730

The notes on pages 83 to 119 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	19	295,524,581	262,231,544	33,000,000	21,000,000
Cost of sales		(218,699,729)	(161,153,735)	-	-
Gross profit		76,824,852	101,077,809	33,000,000	21,000,000
Other operating income		12,232,621	11,114,861	-	107
Distribution costs		(16,155,788)	(13,561,280)	-	-
Other operating expenses		-	(14,229,132)	-	-
Administrative expenses		(17,000,747)	(20,152,087)	(2,367,930)	(3,442,055)
Replanting expenditure		(3,445,301)	(4,446,583)	-	-
Reversal of impairment loss on:					
- property, plant and equipment		308,154	2,150,871	-	-
- plantation development expenditure		-	4,615,874	-	-
Results from operating activities		52,763,791	66,570,333	30,632,070	17,558,052
Interest income		1,580,200	3,332,406	793,421	1,846,695
Interest expenses		(2,359,583)	(2,219,212)	-	-
Profit before taxation	19	51,984,408	67,683,527	31,425,491	19,404,747
Tax expense	21	(11,825,337)	(14,055,254)	(192,320)	(1,124,288)
Profit for the year		40,159,071	53,628,273	31,233,171	18,280,459
Attributable to:					
Equity holders of the Company		39,355,538	51,818,010	31,233,171	18,280,459
Minority interest		803,533	1,810,263	-	-
Profit for the year		40,159,071	53,628,273	31,233,171	18,280,459
Basic/Diluted earnings per ordinary share (sen)	22	14.08	18.52		
Dividend per ordinary share (sen)	23	8.50	11.00		

The notes on pages 83 to 119 are an integral part of these financial statements.

Statements of changes in Equity

for the year ended 31 December 2009

Group	Attributable to equity holders of the Company							Total equity RM
	Non-distributable				Distributable			
	Share capital RM	Share premium RM	Equity reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Minority interest RM	
At 1 January 2008	280,000,000	60,968,951	493,560	-	139,069,639	480,532,150	2,836,178	483,368,328
Profit for the year	-	-	-	-	51,818,010	51,818,010	1,810,263	53,628,273
Dividends paid to: -shareholders of the Company	23	-	-	-	(48,498,295)	(48,498,295)	-	(48,498,295)
-minority shareholders							(666,667)	(666,667)
Treasury shares acquired	16			(1,222,307)		(1,222,307)		(1,222,307)
Incorporation of new subsidiaries							2	2
At 31 December 2008	280,000,000	60,968,951	493,560	(1,222,307)	142,389,354	482,629,558	3,979,776	486,609,334
	(Note 15)	(Note 16)	(Note 16)	(Note 16)	(Note 16)			
At 1 January 2009	280,000,000	60,968,951	493,560	(1,222,307)	142,389,354	482,629,558	3,979,776	486,609,334
Profit for the year	-	-	-	-	39,355,538	39,355,538	803,533	40,159,071
Dividends paid to: -shareholders of the Company	23				(19,569,473)	(19,569,473)		(19,569,473)
-minority shareholders							(666,667)	(666,667)
At 31 December 2009	280,000,000	60,968,951	493,560	(1,222,307)	162,175,419	502,415,623	4,116,642	506,532,265
	(Note 15)	(Note 16)	(Note 16)	(Note 16)	(Note 16)			

The notes on pages 83 to 119 are an integral part of these financial statements.

	Note	Non-distributable			Distributable	Total RM
		Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	
Company						
At 1 January 2008		280,000,000	60,968,951	-	42,261,948	383,230,899
Profit for the year		-	-	-	18,280,459	18,280,459
Treasury shares acquired	16	-	-	(1,222,307)	-	(1,222,307)
Dividends paid to shareholders of the Company	23	-	-	-	(48,498,295)	(48,498,295)
At 31 December 2008 / 1 January 2009		280,000,000	60,968,951	(1,222,307)	12,044,112	351,790,756
Profit for the year		-	-	-	31,233,171	31,233,171
Dividends paid to shareholders of the Company	23	-	-	-	(19,569,473)	(19,569,473)
At 31 December 2009		280,000,000	60,968,951	(1,222,307)	23,707,810	363,454,454
		(Note 15)	(Note 16)	(Note 16)	(Note 16)	

The notes on pages 83 to 119 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Profit before taxation	51,984,408	67,683,527	31,425,491	19,404,747
Adjustments for:				
(Reversal of allowance) / Allowance for diminution in value of other investments	(389,313)	742,844	-	-
Amortisation of prepaid lease payments (Note 4)	213,930	181,860	-	-
Amortisation of investment property (Note 9)	162,148	162,145	-	-
Depreciation of property, plant and equipment (Note 3)	20,501,278	13,763,616	844	960
Dividend income from:				
- subsidiaries	-	-	(33,000,000)	(21,000,000)
- other investments	(13,388)	(39,820)	-	-
Gain on disposal of property, plant and equipment	-	(47,652)	-	-
Gain on disposal of assets classified as held for sale	(7,564,093)	(9,801,672)	-	-
(Gain)/Loss on disposal of other investments	(24,460)	79,134	-	-
Impairment loss on plantation development expenditure (Note 5)	766,974	-	-	-
Interest income	(1,580,200)	(3,332,406)	(793,421)	(1,846,695)
Interest expenses	2,359,583	2,219,212	-	-
Inventories written off	1,052,632	6,906,949	-	-
Reversal of impairment loss on:				
- property, plant and equipment (Note 3)	(308,154)	(2,150,871)	-	-
- plantation development expenditure (Note 5)	-	(4,615,874)	-	-
Property, plant and equipment written off	149,478	223,053	-	-
Plantation development expenditure written off	381,276	-	-	-
Operating profit/(loss) before changes in working capital	67,692,099	71,974,045	(2,367,086)	(3,440,988)
Changes in working capital:				
Inventories	5,688,039	(29,348,921)	-	-
Receivables, deposits and prepayments	(18,619,381)	9,654,988	138,123	(47,560)
Payables and accruals	7,454,087	(25,738,482)	(694,513)	1,628,063
Cash generated from/(used in) operations	62,214,844	26,541,630	(2,923,476)	(1,860,485)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities (continued)				
Tax refunded	-	337,859	-	-
Tax paid	(8,017,364)	(12,613,492)	(447,756)	(400,863)
Interest paid	(2,359,583)	(2,427,124)	-	-
Interest received	1,587,758	3,376,204	793,421	1,875,203
Net cash from/(used in) operating activities	53,425,655	15,215,077	(2,577,811)	(386,145)
Cash flows from investing activities				
Acquisition of property, plant and equipment [Note (i)]	(24,581,221)	(21,837,085)	-	-
Acquisition of prepaid lease payments	(5,570,749)	(16,878,697)	-	-
Dividends received	13,388	18,324	33,000,000	21,000,000
Increase in investment in subsidiaries	-	-	(100,000,000)	-
Decrease/(Increase) in bank balances and fixed deposits pledged to banks	332,443	(449,450)	-	-
Subscription of shares in newly incorporated subsidiaries	-	-	-	(4)
Proceeds from disposal of property, plant and equipment	-	54,221	-	-
Proceeds from disposal of assets classified as held for sale	8,000,000	9,900,655	-	-
Plantation development expenditure (net of depreciation of property, plant and equipment capitalised)	(4,105,831)	(1,810,125)	-	-
Net cash (used in)/from investing activities	(25,911,970)	(31,002,157)	(67,000,000)	20,999,996
Cash flows from financing activities				
Amount due from subsidiaries	-	-	111,639,560	(35,576,411)
Proceeds from borrowings	70,000,000	-	-	-
Repayment of borrowings	(52,220,000)	-	-	-
Dividends paid to shareholders of the Company	(19,569,473)	(48,498,295)	(19,569,473)	(48,498,295)
Dividends paid to minority shareholders	(666,667)	(666,667)	-	-
Treasury shares acquired (Note 16)	-	(1,222,307)	-	(1,222,307)
Net cash (used in)/from financing activities	(2,456,140)	(50,387,269)	92,070,087	(85,297,013)
Net increase /(decrease) in cash and cash equivalents	25,057,545	(66,174,349)	22,492,276	(64,683,162)
Cash and cash equivalents at beginning of year	66,115,390	132,289,739	33,876,523	98,559,685
Cash and cash equivalents at end of year [Note (ii)]	91,172,935	66,115,390	56,368,799	33,876,523

Note

(i) Acquisition of property, plant and equipment

	Group	
	2009 RM	2008 RM
Paid in cash	24,581,221	21,837,085
Payables	9,094,647	8,126,945
	33,675,868	29,964,030

(ii) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits placed with licensed banks	90,855,701	65,519,815	56,324,059	33,850,278
Cash and bank balances	1,718,991	2,329,775	44,740	26,245
	92,574,692	67,849,590	56,368,799	33,876,523
Less: Bank balances and fixed deposits pledged	(1,401,757)	(1,734,200)	-	-
	91,172,935	66,115,390	56,368,799	33,876,523

The notes on pages 83 to 119 are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2009

Sarawak Plantation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The addresses of the registered office and principal place of business of the Company are as follows:

Registered office

8th Floor, Wisma NAIM, 2 ½ Miles, Rock Road, 93200 Kuching, Sarawak.

Principal place of business

Lot 1174, Block 9, MCLD, Miri Waterfront, Jalan Permaisuri, 98000 Miri, Sarawak.

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the financial statements of the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate.

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are stated in Note 6 to the financial statements.

The financial statements were approved by the Board of Directors on 26 April 2010.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards, generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board but are only effective from annual reporting periods beginning on or after the respective dates indicated herein:

Standard/Amendment/Interpretation	Effective date
FRS 8, <i>Operating Segments</i>	1 July 2009
Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i>	1 January 2010
Amendments to FRS 2, <i>Share-based Payment: Vesting Conditions and Cancellations</i>	1 January 2010
Amendments to FRS 127, <i>Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2010
FRS 4, <i>Insurance Contracts</i>	1 January 2010
FRS 7, <i>Financial Instruments: Disclosures</i>	1 January 2010
FRS 101, <i>Presentation of Financial Statements (revised)</i>	1 January 2010
FRS 123, <i>Borrowing Costs (revised)</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation</i> - <i>Puttable Financial Instruments and Obligations Arising on Liquidation</i> - <i>Separation of Compound Instruments</i>	1 January 2010
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	1 January 2010
Amendments to FRS 101, <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i>	1 January 2010
Amendments to FRS 139, <i>Financial Instruments: Recognition and Measurement</i> - <i>Reclassification of Financial Assets</i> - <i>Collective Assessment of Impairment for Banking Institutions</i>	1 January 2010

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Standard/Amendment/Interpretation	Effective date
Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 January 2010
IC Interpretation 10, <i>Interim Financial Reporting and Impairment</i>	1 January 2010
IC Interpretation 11, <i>FRS 2 - Group and Treasury Share Transactions</i>	1 January 2010
IC Interpretation 13, <i>Customer Loyalty Programmes</i>	1 January 2010
IC Interpretation 14, <i>FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction</i>	1 January 2010
Amendments to FRS 132, <i>Financial Instruments: Presentation - Classification of Rights Issues</i>	1 March 2010
FRS 1, <i>First-time Adoption of Financial Reporting Standards (revised)</i>	1 July 2010
FRS 3, <i>Business Combinations (revised)</i>	1 July 2010
FRS 127, <i>Consolidated and Separate Financial Statements (revised)</i>	1 July 2010
Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
IC Interpretation 15, <i>Agreements for the Construction of Real Estate</i>	1 July 2010
IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17, <i>Distribution of Non-cash Assets to Owners</i>	1 July 2010
Amendments to FRS 1, <i>Limited Exception from Comparative FRS 7, Disclosures for First-time Adopters</i>	1 January 2010
Amendments to FRS 7, <i>Improving Disclosures About Financial Instruments</i>	1 January 2010

The Group plans to apply:

- from the annual period beginning on 1 January 2010 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or before 1 January 2010, other than Amendments to FRS 2, Amendments to FRS 132, FRS 4, and IC Interpretation (ICI) 9, ICI 11, ICI 13 and ICI 14 which are not applicable to the Group; and
- from the annual period beginning on 1 January 2011 those standards, amendments and interpretations as listed above that are effective for annual periods beginning on or after 1 March 2010, other than FRS 1 (revised), Amendments to FRS 2, ICI 12, ICI 15 and ICI 17 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which is to be applied prospectively, is not expected to have any financial impacts to the financial statements for the current and prior periods upon their first adoption.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*, is not disclosed by virtue of the exemption given in the respective FRSs.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRS 8 replace FRS 114, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. As the Group is primarily engaged in the cultivation of oil palm and palm oil milling operations carried out in Malaysia, which are within a single business segment, the adoption of FRS 8 is not expected to have a material impact on the Group.

FRS 101 aims to improve user's ability to analyse and compare the information given in financial statements. It requires information in financial statements to be aggregated on the basis of shared characteristics to enable readers to analyse transactions between a reporting entity and its shareholders separately from transactions with external parties. FRS 101 also changes the titles of the financial statements to reflect their functions more clearly, for example, balance sheet is renamed as statement of financial position, amongst others.

FRS 123 (revised) requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset and removes the option of immediately recognising the borrowing costs as an expense. As the Group's current capitalisation policy for borrowing costs is consistent with FRS 123 (revised), the adoption thereof is not expected to have a material impact on the Group.

IC interpretation 10 prohibits the reversal of an impairment loss that has been recognised in an interim period during a financial period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IC Interpretation 10 applies prospectively from the date the measurement criteria of FRS 136, *Impairment of Assets* and FRS 139 respectively were first applied. As the subsidiaries (see Note 6) were all incorporated by the Company, rather than acquired from third parties, the adoption of IC Interpretation 10 will not have a material impact on the Group.

FRS 3 (revised), which is to be applied prospectively, incorporates the following changes to the existing FRS 3:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debts issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

The amendments to FRS 127 require changes in group composition to be accounted for as equity transactions between the group and its minority (will be known as non-controlling) interest holders. Currently, changes in group composition are accounted for in accordance with Note 2(a)(iii).

The amendments to FRS 127 further require all losses attributable to the minority interest to be absorbed by the minority interest i.e., the excess and any further losses exceeding the minority interest in the equity of a subsidiary are no longer charged against the Group's interest. Currently, such losses are accounted for in accordance with Note 2(a)(iv).

The amendments to FRS 127 are not expected to have material impacts to the Group.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition, measurement and/or disclosure. Among the amendments is one that allows the reclassification of long-term leasehold land that in substance is a finance lease, presently treated as prepaid lease payments, to property, plant and equipment and measured as such retrospectively. The improvements to FRSs (2009) are not expected to have a material impact to the Group.

Financial Reporting Standards will be fully converged with International Financial Reporting Standards by 1 January 2012. The financial impact and effects on disclosures and measurement consequent on such convergence are dependent on the issuance of such new or revised standards, amendments and interpretations by the Malaysian Accounting Standards Board as are necessary to effectuate the full convergence.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and 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 estimate is revised and in any future periods affected thereby.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

2. Significant accounting policies

The following are the significant accounting policies of the Group which have been applied consistently by the Group entities to the periods presented in these financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Subsidiaries are consolidated using the purchase method of accounting where the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

(ii) Associates

Associates are entities in which the Group has significant influence, but not control, over the financial and operating policies.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Associates (continued)

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation to make, or has made, payments on behalf of the investee.

Investment in associates is stated in the Group's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(iii) Changes in Group composition

Where a subsidiary issues new equity shares to minority interest for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When the Group purchases a subsidiary's equity shares from minority interest for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. 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) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(v) 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Transactions eliminated on consolidation (continued)

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment to the underlying assets.

(b) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of assets and any other costs directly attributable to bringing the assets to working condition for their 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 and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy [see Note 2(s)]. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date.

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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other operating income" or "administrative expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. 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:

Commercial buildings	50 years
Other buildings	20 years
Furniture, fittings and equipment	5 years and 10 years
Infrastructure works	20 years
Plant and machinery	5 years and 10 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

2. Significant accounting policies (continued)

(c) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and the title of which is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payments made on acquiring a leasehold interest on land are accounted for as prepaid lease payments which are recognised as an asset on the balance sheet.

Prepaid lease payments are amortised to the income statements on a straight-line basis over the term of the lease.

(d) Plantation development expenditure

Teak tree plantation

Expenditure on teak tree plantation in the form of land clearing, planting and upkeep of trees up to the time of harvest is capitalised in the balance sheets as tree planting expenditure and will only be charged to the income statements at the time of harvest in proportion of the teak trees harvested.

Oil palm plantation

New planting expenditure incurred on land clearing, planting, upkeep of oil palms and interest incurred net of sale proceeds from scout harvesting during the pre-maturity period are capitalised as oil palm plantation expenditure. Upon maturity, all subsequent maintenance expenditure is charged to the income statements. The capitalised pre-cropping cost is not amortised, which represents costs incurred in planting in the original estates, as their values are maintained through replanting programmes. Replanting expenditure is charged to the income statements in the year in which the expenditure is incurred.

Rubber tree plantation

Rubber tree plantation is accounted for in the same way as teak tree plantation.

(e) Investment in equity securities

Investment in equity securities is recognised initially at fair value plus attributable transaction costs.

Subsequent to initial recognition, investment in non-current equity securities other than investments in subsidiaries and associates is stated at cost less allowance for diminution in value.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities other than investments in subsidiaries and associates, an allowance for diminution in value is made and recognised as an expense in the year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statements.

All investments in equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- a) the recognition of an asset on the day it is received by the entity, and
- b) the derecognition of an asset and recognition of any gain or loss on disposal on the date it is delivered.

(f) Investment property

Investment property is a property which is owned to earn rental income or is for capital appreciation or for both. Properties that are occupied by companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment property is stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(b).

2. Significant accounting policies (continued)

(f) Investment property (continued)

Depreciation on investment property, comprising solely buildings, is charged to the income statements on a straight-line basis over their estimated useful life of 50 years.

Determination of fair value

The Directors estimate the fair values of the Group's investment property without the involvement of independent valuers.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value with weighted average cost being the basis of cost. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cost of crude palm oil and palm kernel includes raw material cost, direct labour and an appropriate share of production overheads based on normal operating capacity.

Cost of fresh fruit bunches acquired from third parties includes the cost of purchase of the inventory while that of fresh fruit bunches from own plantations includes harvesting cost and an appropriate share of the expenditure incurred in the upkeep and maintenance of mature estates.

Oil palm nursery inventories consist of seedlings remaining in the nursery for eventual field planting. Cost of palm oil seeds and seedlings includes the cost of treatment and cultivation.

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.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or other financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policy. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

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

(k) Impairment of assets

The carrying amounts of assets except for inventories [Note 2(g)], deferred tax assets [Note 2(q)], non-current assets held for sale [Note 2(i)] and financial assets (excluding investments in subsidiaries and associates that are not classified as held for sale) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that has an indefinite useful life, the recoverable amount is estimated usually at each reporting date.

2. Significant accounting policies (continued)

(k) Impairment of assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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 groups of assets (the "cash-generating unit"). Goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of 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 each reporting date for any indications that the losses have decreased or no longer exist. 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. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(l) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

(i) Issue expenses

Incremental costs directly attributable to the issue of equity instruments are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of the shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

When treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method, other than borrowing costs capitalised in accordance with Note 2 (s).

(n) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or other financial asset to another entity.

2. Significant accounting policies (continued)

(o) 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 provision 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.

Contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(p) 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 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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill and 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 tax 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 balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

2. Significant accounting policies (continued)

(q) Tax expense (continued)

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

(r) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, 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.

(ii) Provision of services

Management fees, agronomic fee and consultancy fee are recognised based on services rendered.

(iii) Dividend income

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

(iv) Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease.

(s) Interest income and borrowing costs

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

All borrowing costs are recognised in the income statements using the effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset and development of plantations which necessarily takes a substantial period of time to be prepared for its intended use.

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

(t) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. 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. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Motor vehicles RM	Assets under construction RM	Total RM
Cost								
At 1 January 2008	18,245,171	77,876,310	24,157,472	96,207,751	72,871,943	31,974,524	8,954,364	330,287,535
Additions	41,827	700,461	1,969,701	476,231	419,833	2,814,522	23,541,455	29,964,030
Disposals	-	-	(12,735)	-	-	-	-	(12,735)
Write-offs	-	(72,046)	-	(247)	-	(54,391)	(183,207)	(309,891)
Transfers	-	4,473,531	102,239	7,736,518	9,285,288	-	(21,597,576)	-
At 31 December 2008/ 1 January 2009	18,286,998	82,978,256	26,216,677	104,420,253	82,577,064	34,734,655	10,715,036	359,928,939
Additions	220,350	546,782	1,201,428	337,756	512,087	3,224,750	27,632,715	33,675,868
Disposals	-	(321,797)	(1,787)	(498,467)	(1,609,311)	(211,748)	-	(2,643,110)
Write-offs	-	(13,798)	(45,972)	(38,916)	(49,695)	(3,715,471)	(117,330)	(3,981,182)
Transfers	-	5,070,059	-	26,584,833	3,247,248	262,270	(35,164,410)	-
At 31 December 2009	18,507,348	88,259,502	27,370,346	130,805,459	84,677,393	34,294,456	3,066,011	386,980,515

Depreciation and impairment loss

At 1 January 2008:

Accumulated depreciation	3,071,415	21,303,184	18,586,684	44,192,880	15,681,071	17,890,729	-	120,725,963
Accumulated impairment loss	-	3,466,937	3,641	67,344	13,201	-	440,797	3,991,920
Depreciation for the year	349,100	4,033,112	1,867,180	3,817,204	1,873,674	2,162,105	-	14,102,375
Disposals	-	-	(6,166)	-	-	-	-	(6,166)
Write-offs	-	(41,246)	-	(242)	-	(45,350)	-	(86,838)
Reversal of impairment loss (Note 19)	-	(1,691,044)	-	(19,030)	-	-	(440,797)	(2,150,871)

3. Property, plant and equipment (continued)

Group (continued)	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 December 2008/1 January 2009:								
Accumulated depreciation	3,420,515	25,295,050	20,447,698	48,009,842	17,554,745	20,007,484	-	134,735,334
Accumulated impairment loss	-	1,775,893	3,641	48,314	13,201	-	-	1,841,049
	3,420,515	27,070,943	20,451,339	48,058,156	17,567,946	20,007,484	-	136,576,383
Depreciation for the year	350,109	4,025,579	1,387,988	4,611,123	7,242,443	3,339,573	-	20,956,815
Disposals	-	(320,169)	-	(498,414)	(1,609,191)	(206,596)	-	(2,634,370)
Write-offs	-	(7,999)	(45,300)	(23,679)	(49,410)	(3,632,363)	-	(3,758,751)
Reversal of impairment loss	-	(324,795)	(3,641)	(46,364)	(13,201)	-	-	(388,001)
At 31 December 2009:								
Accumulated depreciation	3,770,624	28,992,461	21,790,386	52,098,872	23,138,587	19,508,098	-	149,299,028
Accumulated impairment loss	-	1,451,098	-	1,950	-	-	-	1,453,048
	3,770,624	30,443,559	21,790,386	52,100,822	23,138,587	19,508,098	-	150,752,076
Carrying amounts								
At 1 January 2008	15,173,756	53,106,189	5,567,147	51,947,527	57,177,671	14,083,795	8,513,567	205,569,652
At 31 December 2008/ 1 January 2009	14,866,483	55,907,313	5,765,338	56,362,097	65,009,118	14,727,171	10,715,036	223,352,556
At 31 December 2009	14,736,724	57,815,943	5,579,960	78,704,637	61,538,806	14,786,358	3,066,011	236,228,439

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost			
At 1 January 2008, 31 December 2008/ 1 January 2009 and 31 December 2009	18,012	184,117	202,129
Depreciation			
At 1 January 2008	16,208	184,117	200,325
Depreciation for the year	960	-	960
At 31 December 2008/ 1 January 2009	17,168	184,117	201,285
Depreciation for the year	844	-	844
At 31 December 2009	18,012	184,117	202,129
Carrying amounts			
At 1 January 2008	1,804	-	1,804
At 31 December 2008/ 1 January 2009	844	-	844
At 31 December 2009	-	-	-

Depreciation

Depreciation charge for the year is allocated as follows:

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Amount charged to income statements	19	20,501,278	13,763,616	844	960
Amount capitalised in plantation development expenditure	5	455,537	338,759	-	-
		20,956,815	14,102,375	844	960

The Group recognised in previous years an impairment loss of RM3,991,920 for staff quarters and other structures constructed on unalienated residential land in Lambir, Meradong and Melugu, Sarawak. Following the issuance of titles to the Melugu land to the Group during the year 31 December 2008, an impairment loss of RM 2,150,871 was reversed.

In 2009, an allowance for impairment loss of RM388,001 was reversed by the Group, out of which RM308,154 was credited to the income statement (see Note 19) as the underlying non-usable staff quarters and other structures on the unalienated land in Lambir and Meradong, Sarawak had been written off in earlier years. The remainder of the allowance and the underlying property, plant and equipment were written off to the income statement. The net charge to the income statement on the write-off, net of the allowance for impairment loss, was RM149,478 (see Note 19).

The balance of allowance for impairment loss retained in the books is for usable staff quarters and other structures constructed on unalienated land in Lambir and Meradong, Sarawak. The Group is in the process of applying for alienation of the said land for the relevant authorities.

3. Property, plant and equipment (continued)

Included in property, plant and equipment as at 31 December 2009 is interest capitalised of RM207,912 (2008: Nil) at the rate of 3.19% to 4.55% (2008: Nil) per annum.

Buildings and plant and machineries with carrying amounts of RM66,813,664 (2008: RM67,915,598) are charged to a bank for banking facilities granted to the Group.

4. Prepaid lease payments – Group

	Leasehold land		Total RM
	Unexpired term less than 50 years RM	Unexpired term more than 50 years RM	
Cost			
At 1 January 2008	5,193,746	3,860,676	9,054,422
Transfer to assets classified as held for sale	1,400,822	99,909	1,500,731
At 31 December 2008/1 January 2009	6,594,568	3,960,585	10,555,153
Additions	11,857	26,666,776	26,678,633
Reclassification	99,909	(99,909)	-
At 31 December 2009	6,706,334	30,527,452	37,233,786
At 1 January 2008			
Accumulated amortisation	881,000	430,630	1,311,630
Accumulated impairment loss	36,104	-	36,104
	917,104	430,630	1,347,734
Amortisation for the year (Note 19)	110,760	71,100	181,860
At 31 December 2008/ 1 January 2009:			
Accumulated amortisation	991,760	501,730	1,493,490
Accumulated impairment loss	36,104	-	36,104
	1,027,864	501,730	1,529,594
Amortisation for the year (Note 19)	125,555	88,375	213,930
At 31 December 2009			
Accumulated amortisation	1,117,315	590,105	1,707,420
Accumulated impairment loss	36,104	-	36,104
	1,153,419	590,105	1,743,524
Carrying amounts			
At 1 January 2008	4,276,642	3,430,046	7,706,688
At 31 December 2008/ 1 January 2009	5,566,704	3,458,855	9,025,559
At 31 December 2009	5,552,915	29,937,347	35,490,262

Impairment loss of RM36,104 recognised during the year ended 31 December 2006 related to the cost of unalienated land in Meradong, Sarawak. The Group is in the process of applying alienation of the said land from the relevant authorities.

Long-term leasehold land with a carrying amount of RM316,838 (2008: RM108,389) is charged to a bank for banking facilities granted to the Group.

5. Plantation development expenditure - Group

Plantation development expenditure consists of the following:

	Oil palm plantation RM	Teak tree plantation RM	Rubber tree plantation RM	Total RM
Cost				
At 1 January 2008	199,463,982	16,820,441	1,546,863	217,831,286
Additions	1,333,498	815,386	-	2,148,884
At 31 December 2008/1 January 2009	200,797,480	17,635,827	1,546,863	219,980,170
Additions	3,896,603	664,765	-	4,561,368
Disposals	(218,289)	(162,987)	-	(381,276)
At 31 December 2009	204,475,794	18,137,605	1,546,863	224,160,262
Impairment loss				
At 1 January 2008	3,118,100	-	1,497,774	4,615,874
Reversal of impairment loss (Note 19)	(3,118,100)	-	(1,497,774)	(4,615,874)
At 31 December 2008/1 January 2009	-	-	-	-
Impairment loss during the year (Note 19)	-	-	766,974	766,974
At 31 December 2009	-	-	766,974	766,974
Carrying amounts				
At 1 January 2008	196,345,882	16,820,441	49,089	213,215,412
At 31 December 2008/ 1 January 2009	200,797,480	17,635,827	1,546,863	219,980,170
At 31 December 2009	204,475,794	18,137,605	779,889	223,393,288

Plantation development expenditure incurred during the year includes:-

	Note	2009 RM	2008 RM
Depreciation of property, plant and equipment	3	455,537	338,759
- Contribution to the Employees Provident Fund		72,216	65,114
- Wages, salaries and others		821,699	886,343

Included in plantation development expenditure is a carrying amount of RM9,348,202 (2008: RM9,411,519) incurred on a parcel of long-term leasehold land (see Note 4) that has been charged to a bank for banking facilities granted to the Group.

6. Investment in subsidiaries – Company

	2009 RM	2008 RM
Unquoted shares, at cost	298,685,579	198,685,579

The principal activities of the subsidiaries, all of which are incorporated in Malaysia, and the Company's interest therein are as follows:

Subsidiaries	Principal activities	Effective ownership interest	
		2009 %	2008 %
Sarawak Plantation Agriculture Development Sdn. Bhd.	Cultivation of oil palm and processing of fresh fruit bunches	100.00	100.00
Sarawak Plantation Property Holding Sdn. Bhd.	Property investment	100.00	100.00
Sarawak Plantation Services Sdn. Bhd. ("SPSSB")	Provision of management, agronomic and consultancy services	95.00	95.00
SPB Pelita Suai Sdn. Bhd.*	Cultivation of oil palm	60.00	60.00
Lionsun Timber Sdn. Bhd.*	Dormant	100.00	100.00
Azaria Sdn. Bhd.*	Dormant	75.00	75.00
Cayamas Sdn. Bhd.*	Dormant	100.00	100.00
Sarawak Plantation Property Development Sdn. Bhd.	Dormant	100.00	100.00
SPB Pelita Wak Pakan Sdn. Bhd. ~	Dormant	50.00	50.00
SPB Pelita Mukah 5 & 6 Sdn. Bhd. ~	Dormant	50.00	50.00
<u>Subsidiary of SPSSB</u>			
SPS Trading Sdn. Bhd.*	Marketing agent and dealer for water tanks and farm machineries	95.00	95.00

* The financial statements of the subsidiaries are audited by a firm of Chartered Accountants other than KPMG.

~ The Group's ownership in SPB Pelita Wak Pakan Sdn. Bhd. and SPB Pelita Mukah 5 & 6 Sdn. Bhd. will be increased to 60% pursuant to agreements with the minority equity holder.

On 23 December 2009, the Company subscribed for 1,000,000 redeemable preference shares of RM1.00 each at a premium of RM99 per share for a total consideration of RM100 million in its wholly owned subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd.

7. Investment in associate - Group

	2009 RM	2008 RM
Unquoted shares, at cost	205,000	205,000
Share of post-acquisition losses	(205,000)	(205,000)
	-	-

The Group's share of the losses of the associate is restricted to the cost of its investment therein.

The principal activities of the associate, which is incorporated in Malaysia, and the Group's interest therein are as follows:

Investee	Effective ownership interest	
	2009 %	2008 %
Wonderland Transport Services Sdn. Bhd.*	35	35

* Held through a subsidiary, Sarawak Plantation Services Sdn. Bhd.. The associate has ceased operations and has not made available its management accounts or financial statements to the Group. As a consequence, the financial information on the associate is not presented.

8. Other investments – Group

	Unit trusts RM	Portfolio investments RM	Total RM
Non-current			
2009			
Cost	647,259	1,833,217	2,480,476
Allowance for diminution in value of investments	(285,805)	(575,498)	(861,303)
Carrying amount	361,454	1,257,719	1,619,173
Market value (Note 24)	361,454	1,257,719	1,619,173
2008			
Cost	647,259	1,790,940	2,438,199
Allowance for diminution value of investments	(417,741)	(832,875)	(1,250,616)
Carrying amount	229,518	958,065	1,187,583
Market value (Note 24)	229,518	958,065	1,187,583

The portfolio investments are managed by a fund management company.

9. Investment property – Group

	Buildings RM
Cost	
At 1 January 2008, 31 December 2008/ 1 January 2009 and 31 December 2009	8,623,575
Amortisation	
At 1 January 2008	2,299,850
Amortisation for the year (Note 19)	162,145
At 31 December 2008/ 1 January 2009	2,461,995
Amortisation for the year (Note 19)	162,148
At 31 December 2009	2,624,143
Carrying amounts	
At 1 January 2008	6,323,725
At 31 December 2008/1 January 2009	6,161,580
At 31 December 2009	5,999,432
Estimated fair value	
At 1 January 2008	10,500,000
At 31 December 2008/ 1 January 2009	10,500,000
At 31 December 2009	10,500,000

10. Deferred tax – Group

10.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 RM	2008 RM	2009 RM	2008 RM	2009 RM	2008 RM
Property, plant and equipment	-	-	(35,897,650)	(31,503,083)	(35,897,650)	(31,503,083)
Plantation development expenditure	-	-	-	-	-	-
Allowance for doubtful debts	102,475	295,431	-	-	102,475	295,431
Tax loss carry-forwards	1,332,757	1,332,757	-	-	1,332,757	1,332,757
Capital allowance carry-forwards	-	374,826	-	-	-	374,826
Agricultural allowance carry-forwards	1,385,399	1,330,547	-	-	1,385,399	1,330,547
Others	14,000	52,554	-	-	14,000	52,554
Tax assets/(liabilities)	2,834,631	3,386,115	(35,897,650)	(31,503,083)	(33,063,019)	(28,116,968)
Set off	(1,992,631)	(1,898,615)	1,992,631	1,898,615	-	-
Net tax assets/(liabilities)	842,000	1,487,500	(33,905,019)	(29,604,468)	(33,063,019)	(28,116,968)

10. Deferred tax – Group (continued)

10.1 Recognised deferred tax assets and liabilities (continued)

Movements in deferred tax during the year are as follows:

	At 1.1.2008 RM	Recognised in income statement RM	At 31.12.2008/ 1.1.2009 RM	Recognised in income statement RM	At 31.12.2009 RM
Property, plant and equipment	(26,675,108)	(4,827,975)	(31,503,083)	(4,394,567)	(35,897,650)
Plantation development expenditure	1,200,127	(1,200,127)	-	-	-
Allowance for doubtful debts	288,571	6,860	295,431	(192,956)	102,475
Tax loss carry-forwards	1,332,757	-	1,332,757	-	1,332,757
Capital allowance carry-forwards	1,101,227	(726,401)	374,826	(374,826)	-
Agricultural allowance carry-forwards	2,037,734	(707,187)	1,330,547	54,852	1,385,399
Others	41,594	10,960	52,554	(38,554)	14,000
	(20,673,098)	(7,443,870)	(28,116,968)	(4,946,051)	(33,063,019)
		(Note 21)		(Note 21)	

10.2 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2009 RM	2008 RM
Property, plant and equipment	(164,000)	(118,000)
Capital allowance carry-forwards	400,000	299,000
Tax loss carry-forwards	421,000	421,000
	657,000	602,000

Deferred tax assets of RM164,000 (2008: RM151,000) have not been recognised in respect of the temporary differences because it is not probable if future taxable profits will be available against which the affected Group entity can utilise the benefits.

Unabsorbed capital allowance carry-forwards, unutilised tax loss carry-forwards and unabsorbed agricultural allowance carry-forwards do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the Company if there is a substantial change of 50% or more in the shareholdings thereof.

11. Trade and other receivables

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-current				
Non-trade				
Amount due from subsidiaries	-	-	9,663,563	121,303,119
Current				
Trade				
Trade receivables	25,345,417	7,154,705	-	-
Less: Allowance for doubtful debts	-	(18,068)	-	-
	25,345,417	7,136,637	-	-
Non-trade				
Other receivables	3,757,727	4,863,745	119,286	276,154
Less: Allowance for doubtful debts	(397,792)	(1,695,594)	-	(11,382)
	3,359,935	3,168,151	119,286	264,772
Deposits	34,126,922	33,610,370	-	500
Less: Allowance for doubtful debts	(32,200,000)	(32,200,000)	-	-
	1,926,922	1,410,370	-	500
Prepayments	3,102,224	22,184,644	10,346	1,473
Club membership	126,910	127,920	126,910	127,920
	3,229,134	22,312,564	137,256	129,393
Current total	33,861,408	34,027,722	256,542	394,665
Total	33,861,408	34,027,722	9,920,105	121,697,784

Included in deposits of the Group are:

- an amount of RM32,200,000 (2008: RM32,200,000) paid for the acquisition of a 30% equity interest in four plantation companies in prior years and which have been fully provided for as doubtful in earlier years;
- an amount of RM556,697 (2008: RM487,188) paid by the Group as deposits for land survey work; and
- part-payment of RM547,704 paid for the right to develop certain Native Customary Rights (NCR) land into an oil palm plantation.

Included in prepayments of the Group was an amount RM17,715,197 paid by the Group for the acquisition of leasehold land from a corporate shareholder of the Company in 2008.

Included in other receivables of the Group is a balance of RM162,667 (2008: RM221,913) which bears interest at 4.00% (2008: 4.00% - 7.25%) per annum.

11. Trade and other receivables (continued)

Included in trade and other receivables of the Group are amounts due from a corporate shareholder of the Company as follows:

	Group	
	2009 RM	2008 RM
Trade	82,352	88,525
Non-trade	2,543,196	2,543,196
Less: Allowance for doubtful debts	-	(457,635)
	2,543,196	2,085,561
	2,625,548	2,174,086

12. Inventories - Group

	2009 RM	2008 RM
At cost:		
Crude palm oil and palm kernel	16,713,925	22,960,033
Stores and consumables	9,661,052	7,817,231
Oil palm nursery inventories	3,378,785	2,882,340
Oil palm seeds	394,274	706,619
Oil palm fresh fruit bunches	210,004	43,246
	30,358,040	34,409,469
At net realisable value:		
Crude palm oil and palm kernel	-	2,689,242
	30,358,040	37,098,711

13. Assets classified as held for sale - Group

In the last financial year, the Group entered into a conditional sale and purchase agreement for the sale of a parcel of leasehold land for a consideration of RM8,000,000. As the disposal was expected to be completed within the next twelve months, the land was classified as an asset held for sale.

Leasehold land held for sale comprised the following:

	2008 RM
Leasehold land:	
Cost	578,366
Accumulated amortisation	(144,305)
	434,061

14. Cash and bank balances

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Fixed deposits placed with licensed banks	90,855,701	65,519,815	56,324,060	33,850,278
Cash and bank balances	1,718,991	2,329,775	44,739	26,245
	92,574,692	67,849,590	56,368,799	33,876,523

Included in the cash and bank balances of the Group are amounts pledged to licensed banks to secure bank guarantee facilities as follows:

	Group	
	2009 RM	2008 RM
Bank balances pledged	528,550	1,134,200
Fixed deposits pledged	873,207	600,000
	1,401,757	1,734,200

15. Share capital

	Group and Company			
	Amount		Number of shares	
	2009 RM	2008 RM	2009	2008
Ordinary shares of RM1.00 each				
Authorised:				
Opening and closing balances	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid:				
Opening and closing balances	280,000,000	280,000,000	280,000,000	280,000,000

16. Reserves

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Share premium	60,968,951	60,968,951	60,968,951	60,968,951
Retained earnings	162,175,419	142,389,354	23,707,810	12,044,112
Equity reserve	493,560	493,560	-	-
Treasury shares	(1,222,307)	(1,222,307)	(1,222,307)	(1,222,307)
	222,415,623	202,629,558	83,454,454	71,790,756

16.1 Share premium

This represents the premium arising from the issuance of ordinary shares in satisfaction of the purchase consideration for subsidiaries acquired in 1999 and the public issue, less capitalisation for a bonus issue, effected in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad in 2007.

16. Reserves (continued)

16.2 Retained earnings – Section 108 tax credit

The retained earnings of the Company, which has migrated to the single-tier company income tax system, are distributable in full as single-tier exempt dividends.

16.3 Equity reserve

Equity reserve represents the capital contribution by certain shareholders of the Company, in respect of shares granted to employees of a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd., in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad. This entailed the sale of 135,000 ordinary shares of RM1.00 each in the Company by Cermat Ceria Sdn. Bhd., State Financial Secretary Inc. and Sarawak Land Development Board, to eligible employees of the subsidiary, on a basis proportionate to their then existing shareholdings in the Company.

16.4 Treasury shares

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company purchased 436,100 of its own shares from the open market at an average price of RM2.80 per ordinary share in the last financial year. The total consideration paid was RM1,231,181 including transactions cost of RM8,874. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

17. Payables and accruals

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Trade				
Trade payables	15,235,026	9,437,112	-	-
Non-trade				
Accrued expenses	32,947,730	19,049,179	1,559,053	2,156,805
Other payables	6,471,412	7,269,582	46,487	143,244
	39,419,142	26,318,761	1,605,540	2,300,049
Total	54,654,168	35,755,873	1,605,540	2,300,049

Included in the other payables of the Group is an amount of RM812,187 (2008: RM851,369) due to a corporate shareholder of the Company and an amount of RM3,157,369 (2008: RM3,598,258) being retention sums.

18. Borrowings - Group

	2009 RM	2008 RM
Current		
Secured - revolving credits	-	50,000,000
Unsecured - term loan	2,960,000	-
	2,960,000	50,000,000
Non-current		
Secured - term loan	50,000,000	-
Unsecured - term loan	14,820,000	-
	64,820,000	-
Total	67,780,000	50,000,000

18.1 Security

The Group has been granted banking facilities comprising a revolving credit facility of RM50 million and two term loan facilities of RM75 million and RM20 million respectively. The term loans have only been partially drawn down as at 31 December 2009.

The revolving credits have been settled in the current financial year end but the facility remains available to the Group.

The banking facilities are secured by way of a first legal charge over certain prepaid lease payments, buildings, plant and machinery and equipment of a subsidiary (see Notes 3 and 4) and a corporate guarantee from the Company.

18.2 Covenants

The borrowings are not subject to any significant covenants.

18.3 Interest rate

The secured revolving credits and the term loans bear interest at 1% per annum above the bank's costs of fund.

18.4 Terms and repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
2009						
Secured term loan	2014	50,000,000	-	5,000,000	45,000,000	-
Unsecured term loan	2015	17,780,000	2,960,000	2,960,000	8,880,000	2,980,000
		67,780,000	2,960,000	7,960,000	53,880,000	2,980,000
2008						
Secured Revolving credit	2009	50,000,000	-	-	-	-
		50,000,000	-	-	-	-

19. Revenue and profit before taxation

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Revenue				
Dividend income from subsidiaries	-	-	33,000,000	21,000,000
Sale of crude palm oil and palm kernel	294,553,360	260,934,123	-	-
Agronomic service income	166,609	81,858	-	-
Management service income	108,507	511,023	-	-
Rental from letting of investment property	696,105	704,540	-	-
	295,524,581	262,231,544	33,000,000	21,000,000
Profit before taxation is arrived at after charging:				
Allowance for diminution in value of other investments	-	742,844	-	-
Allowance for doubtful debts	397,792	109,164	-	-
Amortisation of investment property (Note 9)	162,148	162,145	-	-
Amortisation of prepaid lease payments (Note 4)	213,930	181,860	-	-
Amortisation of club membership	1,010	1,010	1,010	1,010
Auditors' remuneration:				
- Statutory audit				
- KPMG				
- current year	120,000	105,000	20,000	20,000
- Other auditors				
- current year	11,700	10,900	-	-
- prior year	-	(17,845)	-	(10,000)
- Other services				
- KPMG	15,000	15,000	15,000	15,000
Depreciation of property, plant and equipment (Note 3)	20,501,278	13,763,616	844	960
Interest expense:				
- revolving credits	1,636,000	2,219,212	-	-
- term loan	723,583	-	-	-
Loss on disposal of other investments	-	79,134	-	-
Inventories written down	-	758,244	-	-
Impairment loss on plantation development expenditure (Note 5)	766,974	-	-	-
Inventories written off	1,052,632	6,906,949	-	-
Personnel expenses (including key management personnel):				
- Contributions to the Employees Provident Fund	2,462,394	2,547,246	-	-

19. Revenue and profit before taxation (continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Profit before taxation is arrived at after charging (continued):				
- Share-based payments	-	-	-	-
- Wages, salaries and others	37,629,970	40,542,522	1,470,007	2,501,332
Property, plant and equipment written off (Note 3)	149,478	223,053	-	-
Plantation development expenditure written off	381,276	-	-	-
Rental of premises	46,312	-	-	-
and after crediting:				
Dividend income from subsidiaries	-	-	33,000,000	21,000,000
Dividend income from other investments	13,338	39,820	-	-
Gain on disposal of assets classified as held for sale	7,564,093	9,801,672	-	-
Gain on disposal of property, plant and equipment	-	47,652	-	-
Gain on disposal of other investments	24,460	-	-	-
Interest income:				
- fixed deposits	1,566,970	3,006,441	793,421	1,846,695
- other investments	13,230	17,714	-	-
- overdue other receivable	-	304,180	-	-
- others	-	4,071	-	-
Income from rental of premises	170,029	506,466	-	-
Reversal of allowance for diminution in value of other investments	389,313	-	-	-
Reversal of impairment loss on:				
- property, plant and equipment (Note 3)	308,154	2,150,871	-	-
- plantation development expenditure (Note 5)	-	4,615,874	-	-

20. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Directors of the Company:				
- Fees	1,668,027	2,057,271	1,410,027	1,787,271
- Short term employee benefits (including estimated benefits-in-kind)	1,478,064	1,707,853	57,781	714,061
	3,146,091	3,765,124	1,467,808	2,501,332
Other key management personnel				
- Short term employee benefits (including estimated benefits-in-kind)	470,550	751,368	1,000	-
Total	3,616,641	4,516,492	1,468,808	2,501,332

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

21. Tax expense

Recognised in the income statements

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Current tax expense				
Malaysian - current year	7,302,109	6,629,964	188,000	421,385
- prior years	(422,823)	(18,580)	4,320	702,903
	6,879,286	6,611,384	192,320	1,124,288
Deferred tax expense				
- current year (Note 10)	4,946,051	7,450,319	-	-
- prior year	-	(6,449)	-	-
	4,946,051	7,443,870	-	-
Total tax expense	11,825,337	14,055,254	192,320	1,124,288
Reconciliation of tax expense				
Profit for the year	40,159,071	53,628,273	31,233,171	18,280,459
Total tax expense	11,825,337	14,055,254	192,320	1,124,288
Profit excluding tax	51,984,408	67,683,527	31,425,491	19,404,747

21. Tax expense (continued)

Recognised in the income statements (continued)

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Tax calculated using Malaysian tax rate of 25% (2008: 26%)	12,996,000	17,598,000	7,856,000	5,045,000
Effect of lower tax rate for certain subsidiaries/associate	-	1,000	-	-
Effect of change in tax rate *	-	(1,002,000)	-	-
Non-deductible expenses	1,348,160	1,285,283	582,000	836,385
Unrecognised deferred tax assets	13,000	4,000	-	-
Tax exempt income	(2,109,000)	(2,548,000)	(8,250,000)	(5,460,000)
Utilisation of reinvestment allowance	-	(1,258,000)	-	-
	12,248,160	14,080,283	188,000	421,385
(Over)/Under provision in prior years	(422,823)	(25,029)	4,320	702,903
Total tax expense	11,825,337	14,055,254	192,320	1,124,288

* The Malaysian corporate tax rate is 25% for year of assessment 2009 and was 26% and 27% for years of assessment 2008 and 2007 respectively.

The Group provided deferred tax at 25% for the years ended 31 December 2009 and 2008, but at 26% for the year ended 31 December 2007. An adjustment was made for the year ended 31 December 2008 to account for the effect of the change in the tax rate.

22. Earnings per ordinary share – Group

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2009 RM	2008 RM
Profit attributable to equity holders of the Company	39,355,538	51,818,010
Weighted average number of ordinary shares		
Number of ordinary shares in issue	280,000,000	280,000,000
Effect of ordinary shares repurchased	(436,100)	(140,108)
Weighted average number of ordinary shares at end of the year	279,563,900	279,859,892
	2009 sen	2008 sen
Basic earnings per ordinary share	14.08	18.52

23. Dividends

Dividends recognised in the year by the Company comprise:

	Sen per share (tax exempt)	Total RM	Date of payment
2009			
Second interim 2008 ordinary	4.00	11,182,556	15 April 2009
First interim 2009 ordinary	3.00	8,386,917	8 October 2009
		<u>19,569,473</u>	

	Sen per share (net of tax)	Total RM	Date of payment
2008			
Interim 2007 ordinary	4.99	13,985,999	18 April 2008
Final 2007 ordinary	5.33	14,918,400	28 July 2008
Interim 2008 ordinary	7.00	19,593,896	19 September 2008
		<u>48,498,295</u>	

The Company declared on 24 February 2010 a second interim single-tier exempt dividend of 5.5 sen per ordinary share totalling RM15,376,015 in respect of the year ended 31 December 2009. The dividend was paid on 8 April 2010 and will be recognised in the financial statements for the ending 31 December 2010.

The dividend per ordinary share as disclosed in the income statements relates to the total dividends declared or proposed for the financial year.

24. Financial instruments

Exposure to credit, interest rate, foreign currency and liquidity risk arises in the normal course of the Group's business. The objective of the Group's financial risk management policy is to ensure that the Group creates value for its shareholders by taking steps to manage the risks through review of risk exposure and adherence to the Group's financial risk management policies and system of internal control.

Credit risk

Cash and cash equivalents are only placed with licensed banks.

Management has a credit policy in place and, other than those receivables which have been provided as doubtful (see Note 11) and the concentrations of credit risk disclosed below, the Group does not face significant exposure to credit risk. At the balance sheet date, the Group's credit risk is concentrated on the following:

	2009 RM	2008 RM
Amount due from a subsidiary	9,553,159	119,589,299
Trade receivable due from a customer	22,858,992	5,317,826
	<u>32,412,151</u>	<u>124,907,125</u>

The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

24. Financial instruments (continued)

Liquidity risk

The Group constantly manages its cash flow to ensure availability of funds to meet its working capital requirements by maintaining a sufficient level of banking facilities and cash and cash equivalents.

Interest rate risk

The Group's primary interest rate risk exposure relates to short-term financing facilities and fixed deposits placed with licensed banks.

Interest-bearing financial instruments are negotiated and monitored according to changes in the interest rate regime to ensure that the Group is exposed to minimal interest rate risk.

The world economy is gradually recovering from the economic and financial crisis started in September 2008, exerting an upward pressure on interest rates. The Group may earn/have to pay interest at higher rates on fixed deposits/borrowings going forward.

Effective interest rates and repricing analysis

In respect of interest bearing financial instruments, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	Effective interest rate per annum %	Total RM	Less than 1 year RM	2-5 years RM	More than 5 years RM
Group					
<u>2009</u>					
Floating rate instruments					
Fixed deposits placed with licensed banks	1.65 - 2.56	90,855,701	90,855,701	-	-
Secured term loan	4.00	(50,000,000)	(50,000,000)	-	-
Unsecured term loan	4.00	(17,780,000)	(17,780,000)	-	-
Other receivables	4.00	162,667	162,667	-	-
<u>2008</u>					
Floating rate instruments					
Fixed deposits placed with licensed banks	2.00 - 3.89	65,519,815	65,519,815	-	-
Secured revolving credits	4.80	(50,000,000)	(50,000,000)	-	-
Other receivables	4.00 - 7.25	221,913	221,913	-	-
Company					
<u>2009</u>					
Floating rate instruments					
Fixed deposits placed with licensed banks	1.65 - 2.56	56,324,060	56,324,060	-	-
<u>2008</u>					
Floating rate instruments					
Fixed deposits placed with licensed banks	2.00 - 3.55	33,850,278	33,850,278	-	-

24. Financial instruments (continued)

Foreign currency risk

The Group is not exposed to any foreign currency risk as it operates domestically and all its transactions are denominated in Ringgit Malaysia.

Fair values

Recognised financial instruments

The carrying amounts of cash and bank balances, trade and other receivables, balances with subsidiaries, trade and other payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the long-term portion of the term loans bearing interest at variable rates, also approximates fair value.

The fair value of other financial assets, together with the carrying amounts shown in the balance sheets, are as follows:

	2009		2008	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial assets				
Other investments (Note 8)				
Portfolio investments	1,257,719	1,257,719	958,065	958,065
Unit trusts	361,454	361,454	229,518	229,518

Fair values of portfolio investments and unit trusts are based on quoted market prices at the balance sheet date without any deduction for transaction costs. The portfolio investments and unit trusts have been written down to their fair values at the year end.

Unrecognised financial instruments

There were no unrecognised financial instruments as at 31 December 2009 and 31 December 2008.

25. Contingencies - unsecured

The Directors are of the opinion that provision is not required in respect of the following corporate guarantees as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:

	Company	
	2009 RM	2008 RM
Corporate guarantees granted for banking facilities of subsidiaries	137,000,000	137,000,000

26. Capital expenditure commitments

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Property, plant and equipment				
Authorised but not contracted for	59,798,000	40,708,000	-	-
Contracted but not provided for	9,975,000	9,339,000	-	249,000
	69,773,000	50,047,000	-	249,000
Prepaid lease payments				
Authorised but not contracted for	91,018,000	59,486,000	-	-
Contracted but not provided for	-	10,656,000	-	-
	91,018,000	70,142,000	-	-
Plantation development expenditure				
Authorised but not contracted for	57,149,000	32,535,000	-	-
Contracted but not provided for	17,518,000	1,295,000	-	-
	74,667,000	33,830,000	-	-
Other investments				
Contracted but not provided for	-	9,320,000	-	9,320,000
Total	235,458,000	163,339,000	-	9,569,000

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

The Company has a related party relationship with:

- (i) its subsidiaries;
- (ii) its associate;
- (iii) key management personnel;
- (iv) companies/organisation connected to certain Directors of the Company and/or of its subsidiaries; and
- (v) its corporate shareholders.

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 20) and those disclosed elsewhere in the financial statements, are as follows:

27. Related parties (continued)

	Group			
	Transaction amount for the year ended 31 December		Balance outstanding as at 31 December	
	2009 RM	2008 RM	2009 RM	2008 RM

Transactions with a corporate shareholder of the Company

Nature of transaction

Management service fee	(39,215)	(39,215)	(82,352)	(41,176)
Prepayment for the acquisition of leasehold land	-	15,810,197	-	17,715,197
Purchase of oil palm fresh fruit bunches	632,452	788,908	72,120	740,798

Transaction with a company in which a Director has interests

Nature of transaction

Acquisition of wide area network	-	203,004	-	34,348
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	Company			
	Transaction amount for the year ended 31 December		Balance outstanding as at 31 December	
	2009 RM	2008 RM	2009 RM	2008 RM

Transaction with subsidiaries

Nature of transaction

Dividend income	(33,000,000)	(21,000,000)	-	-
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There is no allowance for doubtful debts provided against the outstanding balances of related parties. The amount due from subsidiaries is disclosed in the balance sheet and Note 11 to the financial statements. The above related party transactions are based on negotiated terms and the amounts outstanding at the balance sheet date are unsecured and expected to be settled in cash.

28. Segment reporting

Segment reporting is not necessary as the Group is principally involved in the cultivation of oil palm and processing of fresh fruit bunches in Malaysia.

29. Material litigation

29.1 Litigation initiated

- (a) The Company ("Plaintiff" or "Purchaser") instituted legal action against a third party ("Defendant" or "Vendor"). The claim is for the refund of the sum of RM7,200,000 paid under a Sale and Purchase Agreement ("SPA") dated 27 July 1999 for the purchase of 4,148,000 ordinary shares of RM1.00 each in Bahtera Bahagia Sdn. Bhd.. The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000. Based on the opinion of the Company's advocates, the Defendant/Vendor failed to obtain a Waiver of Pre-emption Rights by 31 December 2000 and thereby breached one of the conditions precedent of the SPA. Accordingly, the Company as the Plaintiff/Purchaser became entitled to the refund of the deposit and part payment made under the SPA.

29. Material litigation (continued)

29.1 Litigation initiated (continued)

- (a) A writ and Statement of Claim was filed on 27 December 2006 and an Amended Writ and Statement of Claim redated 27 April 2007 has been served on the Defendant. A Defence and Counterclaim was filed and served on 28 May 2007. The Plaintiff has filed a Reply and Defence to Counterclaim on 20 June 2007.

This case has been consolidated with those disclosed in items 29.1(d), 29.1(e) and 29.1(f). These matters have been set down for hearing on 20 and 21 September 2010.

The Directors in consultation with the Company's advocates are of the opinion that the Company is likely to recover the deposit and part-payment of RM7.2 million and that the Company has a good defence against the Defendant's counterclaim. Notwithstanding this, the Directors have provided the above deposit and part payment in full as doubtful. This forms part of the allowance for doubtful debts of RM32,200,000 set out in Note 11 (a) to the financial statements.

- (b) The Company sued 15 individuals (defendants), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over its land described as Lot 7 Block 12 Bawan Lawan District. The financial relief claimed by the Company are special damages of RM2,836,000, general unspecified damages and interest thereon at the rate of 8% per annum. The Company obtained an injunction restraining the Defendants from entering or trespassing on its land, threatening or harassing its employees, or disrupting, obstructing or hindering its work. No defence or counter claim against the Company has been filed.

The suit has been consolidated with another suit, Kuching High Court Suit No. 22-23-2006-II (TR Ladon anak Edieh and 10 others vs. SLDB and 2 others). The order for consolidation has been approved pending extraction by the advocates for the Defendants.

The suit is now fixed for mention on 24 May 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that the Company has strong merits in the case.

- (c) The Company ("Plaintiff") instituted legal action against an insurance company ("Defendant") to seek recovery of the Company's loss and damage arising from the incident herein. On 9 May 2008, a water tank burst at the Company's Niah Palm Oil Mill. The impact from the discharging water caused damage to three Crude Palm Oil ("CPO") tanks resulting in spillage of CPO and other incidental damages. On 4 September 2008, the Defendant declined liability under two policies issued by them, one covering property loss and damage and the other, consequential loss.

A Writ and Statement of Claim was filed on 11 March 2009 and the Defence was filed on 24 April 2009 and served on the Company on 27 April 2009. A Reply to the Defence was filed and served on 26 May 2009. The Summons for Directions and Notice to attend Pre-Trial Case Management was filed on 3 June 2009. The Summons for Directions was heard on 4 November 2009. The Court fixed the matter for mention on 27 May 2010. Meanwhile, per-trial discovery process is still underway.

The Directors, in consultation with the Company's advocates, are of the opinion that the Company has strong merits in the case.

- (d) The Company ("Plaintiff" or "Purchaser") instituted legal action against a third party ("Defendant" or "Vendor"). The claim is for the account of the sum of RM2,600,000 paid under a Sale and Purchase Agreement ("SPA") dated 16 July 1999 for the purchase of 7,500 ordinary shares of RM1.00 each in Sachiew Plantations Sdn. Bhd.. The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000. Based on the opinion of the Company's advocates, the Defendant/Vendor failed to obtain a Waiver of Pre-Emption Rights by 31 December 2000 and thereby breached one of the conditions precedent of the SPA. The Company then allowed the Vendor to find a buyer for the shares. The Vendor sold the shares but did not account for the sum of RM2,600,000 and is thus deemed to be holding the same on trust for the Company.

29. Material litigation (continued)

29.1 Litigation initiated (continued)

- (d) A Writ and Statement of Claim was filed on 19 February 2009. An amended writ and statement of claim redated 23 April 2009 has been served on the defendant. A Defence and Counterclaim dated 18 June 2009 has been served by the Defendant's Advocates. The plaintiff has filed a Reply and Defence to the Counterclaim on 6 August 2009.

This case has been consolidated with those disclosed in items 29.1(a), 29.1(e) and 29.1(f). These matters have been set down for hearing on 20 and 21 September 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that the Company has strong merits in the case.

- (e) The Company ("Plaintiff" or "Purchaser") instituted legal action against a third party ("Defendant" or "Vendor"). The claim is for the refund of the sum of RM15,400,000 paid under a Sale and Purchase of Agreement ("SPA") dated 23 September 1999 for the purchase of 30,000 ordinary shares of RM1.00 each in Kumpulan Kris Jati Sdn. Bhd.. The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000. Based on the opinion of the Company's advocates, the Defendant/Vendor failed to obtain a Waiver of Pre-emption Rights by 31 January 2000 and thereby breached one of the conditions precedent of the SPA. Accordingly, the Company as the Plaintiff/Purchaser became entitled to the refund of the deposit and part payment made under the SPA.

A Writ and Statement of Claim was filed on 19 February 2009. An amended writ and statement of claim redated 23 April 2009 has been served on the defendant. A Defence and Counterclaim dated 18 June 2009 has been served by the Defendant's Advocates. The plaintiff has filed a Reply and Defence to the Counterclaim on 6 August 2009.

This case has been consolidated with those disclosed in items 29.1(a), 29.1(d) and 29.1(f). These matters have been set down for hearing on 20 and 21 September 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that the Company has strong merits in the case.

- (f) The Company ("Plaintiff" or "Purchaser") instituted legal action against a third party ("Defendant" or "Vendor"). The claim is for the Defendant to account to the Plaintiff the sum of RM7,000,000 paid under a Sale and Purchase Agreement ("SPA") dated 16 July 1999 for the purchase of 4.5 million ordinary shares of RM1.00 each in Empresa (M) Sdn. Bhd. ("Empresa"). The SPA was amended and varied by Deeds of Variation dated 27 November 1999 and 16 August 2000.

The Plaintiff discovered that Empresa had encroached on third party's land which the Defendant could not resolve and the parties orally agreed that the Defendant would find a buyer and pay back the RM7,000,000 to the Plaintiff. The Defendant found a buyer and sold the shares but did not pay the moneys to the Plaintiff.

A Writ and Statement of Claim was filed on 30 April 2009 and the same has been served on the Defendant. A Defence and Counterclaim dated 18 June 2009 has been served by the Defendant's Advocates. The Plaintiff has filed a Reply and Defence to the Counterclaim on 6 August 2009.

This case has been consolidated with those disclosed in items 29.1(a), 29.1(d) and 29.1(e). These matters have been set down for hearing on 20 and 21 September 2010.

The Directors, in consultation with the Company's advocates, are of the opinion that the Company has strong merits in the case.

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 76 to 119 are drawn up in accordance with Financial Reporting Standards and 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 at 31 December 2009 and of the results of their financial performance and cash flows for the year then ended.

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

Datuk Hasmi Bin Hasnan

Haji Mohamad Bolhair Bin Reduan

Kuching,

Date: 26 April 2010

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Haji Bolhan Bin Berawi, the Director primarily responsible for the financial management of Sarawak Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 76 to 119 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 abovenamed

in Kuching in the State of Sarawak

on 26 April 2010

Haji Bolhan Bin Berawi

Before me:

Chiam Yen Kwang

Commissioner For Oaths

Kuching, Sarawak

Independent Auditors' Report

to the members of Sarawak Plantation Berhad

Report on the Financial Statements

We have audited the financial statements of Sarawak Plantation Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 76 to 119.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and 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 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports for all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

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

Firm Number: AF 0758
Chartered Accountants

Chin Chee Kong

Approval Number: 1481/01/11 (J)
Chartered Accountant

Kuching,

Date: 26 April 2010

Analysis of Shareholdings

as at 30 April 2010

According to the number of securities held in respect of Ordinary Shares:

Size of Shareholding	No. of Shareholders / Depositors	% of Shareholders / Depositors	No. of Shares Held	% of Issued Capital
1 – 99	11	0.55	390	0.00
100 – 1000	545	27.05	506,854	1.81
1,001 – 10,000	1,123	55.73	5,157,670	1.84
10,001 – 100,000	276	13.69	9,565,244	3.42
100,001 – 13,978,194*	56	2.78	72,613,932	25.97
13,978,195 and above**	4	0.20	191,719,810	68.58
Total	2,015	100.00	279,563,900	100.00

* Less than 5% of Issued Shares ** 5% and above of Issued Shares

Top Thirty Shareholders

Names	Holdings	
	Number	%
1. Cermat Ceria Sdn. Bhd.	84,968,024	30.35
2. State Financial Secretary Sarawak	71,218,101	25.44
3. OSK Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Bolhair Bin Reduan	18,836,985	6.73
4. Lembaga Tabung Haji	16,696,700	5.96
5. Yayasan Sarawak	11,604,939	4.14
6. CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Trustee Bhd. for the Yayasan Budaya Melayu Sarawak Charitable Trust (49991 TR01)	9,117,346	3.26
7. CIMSEC Nominees (Tempatan) Sdn. Bhd. Eminent Platform Sdn. Bhd.	7,175,200	2.56
8. Dayak Cultural Foundation	7,100,439	2.54
9. Lembaga Amanah Kebajikan Masjid Negeri Sarawak	5,000,000	1.79
10. Citigroup Nominees (Asing) Sdn. Bhd. UBS AG Singapore for Ecocube Investment Ltd.	4,700,100	1.68
11. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank NA, Singapore (Julius Baer)	4,468,500	1.60
12. OSK Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Hasmi Bin Hasnan	2,955,700	1.06
13. Amanah Khairat Yayasan Budaya Melayu Sarawak	2,487,593	0.89
14. Amanahraya Trustees Bhd. Public Islamic Opportunities Fund	2,137,400	0.76
15. Cheng Ah Teck @ Cheng Yik Lai	1,790,000	0.64
16. Lambaian Kukuh Sdn. Bhd	1,481,600	0.53
17. Vision Classic Holdings Ltd.	931,900	0.33
18. Amanahraya Trustees Bhd. Public Islamic Select Treasures Fund	810,400	0.29

Top Thirty Shareholders (continued)

	Names	Holdings	
		Number	%
19.	AMSEC Nominees (Tempatan) Sdn. Bhd. Assar Asset Management Sdn. Bhd. for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	750,000	0.27
20.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Bhd. for Maaki Progress Fund (4082)	750,000	0.27
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities for Bolhan Bin Berawi	732,000	0.26
22.	OSK Nominees (Tempatan) Sdn. Bhd. OSK Capital Sdn. Bhd. for Yahya Bin Daud	625,733	0.22
23.	Abdul Hamid Bin Ibrahim	625,487	0.22
24.	Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Bhd. for Maaki Value Fund (950290)	426,000	0.15
25.	Liew Men Khian	425,733	0.15
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Lim Poh Ean (PB)	400,000	0.14
27.	Ismail Bin Mustapha @ Ikong Bin Mustapha	380,733	0.14
28.	Cartaban Nominees (Tempatan) Sdn. Bhd. DBS Vickers (Hong Kong) Ltd. for Teh Hong Eng	347,600	0.12
29.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	300,000	0.11
30.	Bujang Bin Ahmad Zaidi	287,000	0.10

Substantial Shareholders

Names of Substantial Shareholders	NRIC / Registration No.	Malaysian / Foreign	Nationality / Country of Incorporation	Direct Holdings		Indirect Holdings (excluding bare trustees)	
				No.	%	No.	%
Cermat Ceria Sdn. Bhd.	449914-K	Malaysian	Malaysia	84,968,024	30.35	-	-
State Financial Secretary Sarawak	ORD211948	Malaysian	Malaysia	71,218,101	25.44	-	-
OSK Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Bolhair Bin Reduan	6023A	Malaysian	Malaysia	18,836,985	6.73	235,000	0.08
Lembaga Tabung Haji	ACT5351995	Malaysian	Malaysia	16,696,700	5.96	-	-

Substantial Shareholders (continued)

Names of Substantial Shareholders	NRIC / Registration No.	Malaysian / Foreign	Nationality / Country of Incorporation	Direct Holdings		Indirect Holdings (excluding bare trustees)	
				No.	%	No.	%
Datuk Hasmi Bin Hasnan	530411-13-5603	Malaysian	Malaysian	2,955,700	1.06	86,476,024	30.88
Datuk Abdul Hamed Bin Sepawi	490531-13-5129	Malaysian	Malaysian	200,000	0.07	84,994,424	30.36

Directors' Direct and Indirect Shareholding in the Company

Names of Directors	Designation	Nationality	Direct Holdings		Indirect Holdings	
			No.	%	No.	%
Datuk Hasmi Bin Hasnan	Chairman	Malaysian	2,955,700	1.06	86,476,024	30.88
Dato Sri Ahmad Tarmizi Bin Haji Sulaiman	Deputy Chairman	Malaysian	200,000	0.07	-	-
Haji Mohamad Bolhair Bin Reduan	Group Managing Director	Malaysian	18,836,985	6.73	235,000	0.08
Datuk Abdul Hamed Bin Sepawi	Non Executive Director	Malaysian	200,000	0.07	84,994,424	30.36
Haji Chaiti Bin Haji Bolhassan	Non Executive Director	Malaysian	100,000	0.04	-	-
Haji Abdul Hamid Bin Ibrahim	Non Executive Director	Malaysian	625,487	0.22	-	-
Haji Yahya Bin Haji Daud	Non Executive Director	Malaysian	625,733	0.22	-	-
Haji Bolhan Bin Berawi	Executive Director	Malaysian	732,000	0.26	-	-
YB Datuk Haji Hamden Bin Ahmad	Independent Director	Malaysian	100,000	0.04	-	-
Datu Haji Mohammed Sepuan Bin Anu	Independent Director	Malaysian	25,000	0.01	-	-
Polit Bin Hamzah	Independent Director	Malaysian	50,000	0.02	-	-
Azizi Bin Morni	Independent Director	Malaysian	11,000	0.00	-	-
Umang Nangku Jabu	Independent Director	Malaysian	50,000	0.02	-	-

Top 10 Properties

Registered Owner/ Lessee	Estate/Address	Title/ Location	Description	Approximate Age of Building (years)
SPAD	Mukah 1 11 KM off KM 85, Sibubintulu Road	Part of Lot 6 & 24, Blk 8, Sikat LD	Land and building	1-27
		Part of Lot 24, Blk 8, Sikat LD	Land and building	2-29
	Ladang Tiga KM77, Miri-Bintulu Road	Part of Lot 2, Lot 14, Blk 11, Niah LD, Lot 3 Blk 8 Bukit Kisi LD	Land and building	1-33
		Part of Lot 2, Blk 11, Niah LD	Land and building	1-33
	Matading Mukah and Bawan LD	Lot 4, 5, 6 Bawan LD / Lot 19 Mukah LD	Land	Not Applicable
	Mukah 3 20 KM off KM 85, Sibubintulu Road	Lot 33 and Part of Lot 32, Blk 12, Bawan LD	Land and building	1-21
	Subis 3 6 KM off KM 87, Miri-Bintulu Road	Part of Lot 1, Blk 18, Niah LD, Part of Lot 4 Blk 8, Bukit Kisi LD	Land and building	2-27
	Sawai, Niah 14 KM off KM 106, Miri-Bintulu Road	Lot 68, Sawai LD	Land and building	2-12
	Sri Duan 27 KM off KM 85, Sibubintulu Road	Part of Lot 32, Blk 12, Bawan LD	Land and building	1-15
	Bukit Peninjau 8 KM off KM 53, Miri-Bintulu Road	Lot 12 & 89, Blk 2, Bukit Kisi LD	Land and building	1-36
	Melugu KM16, Kuching- Sri Aman Road	Lot 1, 2 and 85, Blk 11, Klauh LD Lot 185-188 and 309-315 Melugu Town Lot 44, 252, 298, 307, 319-321 Blk 7 Klauh LD Lot 14, 26, 149, 250-252 Blk 12 Klauh Land Lot 84 Blk 13 Klauh Land	Land and building	1-7
	Subis 2 1 KM off KM 87, Miri-Bintulu Road	Lot 2, Blk 17, Part of Lot 1 Blk 18, Niah LD, Part of Lot 4 Blk 8 Bukit Kisi LD	Land and building	2-30

PDE - Plantation Development Expenditure

Blk - Block

LD - Land District

Year of Acquisition	Tenure/ Expiry of Lease	Existing use	Land Area (Ha)	Net book value as at 31 December 2009		
				Land and building (RM)	PDE (RM)	Total (RM)
1997	60 years/ 11.06.2049	Nursery/oil palm activities/residential/office/store	3,924.50	3,143,567	27,409,632	30,553,199
	60 years/ 11.06.2049	Mill/residential/office/store	22.5	7,899,607	0	7,899,607
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/residential/office/store	2,267.90	4,159,564	9,348,202	13,507,766
	60 years/ 06.05.2043	Mill/residential/office/store	19.10	16,006,677	0	16,006,677
2009	60 years/ 06.03.2067/ 10.12.2066	Oil palm activities	7,620.00	25,598,276	2,056,179	27,654,455
1997	60 years/ 11.06.2049	Oil palm & nursery activities/residential/office/store	2,726.00	2,774,222	24,063,576	26,837,798
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/residential/office/store	2,580.00	1,859,525	24,042,862	25,902,387
1997	60 years/ 17.01.2056	Oil palm activities/teak/residential/office/store	2,726.00	4,449,592	18,587,300	23,036,892
1997	60 years/ 11.06.2049	Oil palm activities/residential/office/store	3,038.00	3,199,296	17,766,353	20,965,649
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/residential/office/store	2,202.87	4,773,904	15,433,291	20,207,195
1997/2009	60 years/ 20.03.2060/ 31.12.2030/ 21.01.2069/ 18.08.2068/ 11.01.2069/ 11.09.2069/ 14.01.2069/ 07.09.2068	Oil palm activities/residential/office	2,245.00	4,122,660	14,649,592	18,772,252
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm & nursery activities/residential/office/store	2,763.50	1,934,561	16,595,430	18,529,991

Notice of Annual General Meeting

NOTICE is hereby given that the 13th Annual General Meeting of Sarawak Plantation Berhad will be held at Ground Floor Wisma NAIM, 2½ Miles Rock Road, 93200 Kuching, Sarawak on Tuesday, 15th June 2010 at 2.00pm to transact the following business:

AGENDA:

1. Adoption of Audited Financial Statements

To receive the Audited Financial Statements for the year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon

Ordinary Resolution 1

2. Approval of Directors' Fees

To approve Directors' Fees in respect of the financial year ended 31 December 2009

Ordinary Resolution 2

3. Re-election of Directors

In accordance with Article 86 of the Company's Articles of Association, Haji Mohamad Bolhair Bin Reduan retires by rotation from the Board and being eligible, offers himself for re-election

Ordinary Resolution 3

4. Re-appointment of Auditors

To re-appoint Messrs. KPMG as auditors for the Company and authorize the Directors to fix their remuneration

Ordinary Resolution 4

Special Businesses

To consider and if thought fit to pass the following as Ordinary Resolutions:

5. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature

"That approval be and is hereby given to the Company and its subsidiaries to enter into RRPT of a Revenue or Trading Nature as set out in Section 2.5 of the Circular to Shareholders dated 21 May 2010 ("Circular") with the specific related parties mentioned therein which are necessary for the Group's day to day operations, subject to the following:

- (a) That the RRPT are entered into on generally acceptable commercial terms not more favourable to the mandated related parties, they are at arm's length and are not prejudicial to the interests of the minority shareholders; and
- (b) A disclosure of the aggregate amount of RRPT conducted pursuant to the Proposed Renewal of Shareholders' Mandate shall be made in the Annual Report, including a breakdown of the aggregate value of the RRPT made during the financial year, amongst other, based on the following information:
 - (i) The type of recurrent transactions made; and
 - (ii) The names of the related parties involved in each type of recurrent transaction made and their relationship with the Company

AND THAT such approval shall continue to be in force until:

- (i) The conclusion of the next Annual General Meeting (AGM) of the Company;

5. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature (continued)

(ii) The expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act 1965 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or

(iii) Revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors of the Company be authorized to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for the period from this AGM to the next AGM"

Ordinary Resolution 5

6. Proposed Renewal of Authority to Purchase Own Shares

"That subject always to the Companies Act 1965 and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and are hereby unconditionally authorized to purchase such amount of ordinary shares of RM1.00 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that:

(a) The aggregate number of shares to be purchased and / or held pursuant to this resolution does not exceed 10% of the Issued and Paid Up share capital of the Company; and

(b) An amount not exceeding RM20million being the amount not exceeding the total Company's latest audited cash and cash equivalent of RM 56,368,799 as at 31 December 2009 be allocated for the proposed share buy back;

(c) The Directors' of the Company may decide in their discretion to retain the ordinary shares in the Company as Treasury Shares and / or cancel them and / or resell them and / or distribute them as share dividends

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement and finalise and give effect to the Proposed Share Buy Back;

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next AGM of the Company following the passing of this ordinary resolution, unless revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting."

Ordinary Resolution 6

7. Authority to Allot and Issue Shares

"THAT pursuant to Section 132D of the Companies Act 1965 ("the Act") and subject always to the approval of the relevant authorities, the Directors of the Company be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the Issued Share Capital of the Company for the time being AND THAT the Directors be and are hereby empowered to obtain the approval of the listing and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

Ordinary Resolution 7

8. Proposed Amendment to the Articles of Association of the Company

" THAT the existing Article 154 (a) be amended as follows:

Existing Article 154 (a)

Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the Members or person entitled thereto, or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons and to such address as such person may in writing direct or through a crediting of funds into a nominated bank account of such Member or person entitled to the dividend and the receipt by the person whose name at the date of declaration of dividend appears on the Register of Members or the Record of Depositors as the owner of any share shall be a good discharge to the Company for all payments made in respect of such share. Every such cheque and warrant shall be sent at the risk of the person entitled to the money thereby represented. No unpaid dividend or interest shall bear interest as against the Company.

Proposed new Article 154 (a)

Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant and sent through post direct to the registered address of the holder or to such person and to such address as the holder may in writing direct or **electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment**. Every such cheque or warrant or **electronic transfer or remittance** shall be made payable to the order of the person to whom it is sent and the payment of any such cheque or warrant or electronic transfer or remittance shall operate as a good **and full** discharge to the Company in respect of the payment represented thereby. Every such cheque or warrant or **electronic transfer or remittance** shall be sent at the risk of the person entitled to the money thereby represented. No unpaid dividend or interest shall bear interest as against the Company"

Special Resolution 1

9. To Transact any other ordinary business of which due notice shall have been given

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)

TRINA TAN YANG LI (0666-KT032)

Company Secretaries

Kuching Sarawak

Dated this 21 day of May 2010

DIRECTORS TO RETIRE AT 13th ANNUAL GENERAL MEETING

Pursuant to Article 86 of the Company's Articles of Association, Haji Mohamad Bolhair Bin Reduan, Haji Bolhan Bin Berawi, Haji Abdul Hamid Bin Ibrahim and Haji Yahya Bin Haji Daud will be retiring at the 13th Annual General Meeting.

Haji Bolhan Bin Berawi, Haji Abdul Hamid Bin Ibrahim and Haji Yahya Bin Haji Daud have advised that they do not seek for re-election at the 13th Annual General Meeting.

Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 ("the Act") shall not apply to the Company.
2. To be valid, this form fully completed must be deposited at the registered office of the Company at 8th Floor Wisma NAIM 2 ½ Miles Rock Road 93200 Kuching Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof
3. A member shall be entitled to appoint more than 1 proxy to attend at the same meeting provided that the provision of Section 149(1)(b) of the Act are complied with.
4. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
6. Please take note that interested directors, interested major shareholders or interested persons connected with a director or major shareholder and where it involves the interest of an interested person connected with a director or major shareholder, must not vote in respect of their direct and / or indirect shareholdings on the resolution approving the Proposed Shareholders' Mandate.

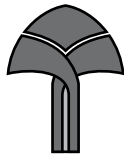
EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Ordinary Resolution 5 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature
This ordinary resolution, if passed, will authorize the Company and its subsidiaries to transact with mandated related parties for the period from this AGM till the next AGM. Please refer to Part I of the Circular to Shareholders dated 21 day of May 2010 for further details.
2. Ordinary Resolution 6 – Proposed Renewal of Authority to Purchase Own Shares
Please refer to Part II of the Circular to Shareholders dated 21 day of May 2010 for further details.
3. Ordinary Resolution 7 – Authority to Allot and Issue New Shares
This proposed resolution, if passed, will empower the Directors of the Company to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the Issued Share Capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM.
4. The Proposed Special Resolution No. 1 is to amend the Company's Articles of Association so that it is in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad in relation to eDividend.

STATEMENT ACCOMPANYING NOTICE OF AGM

There is no person seeking election as Director of the Company at this Annual General Meeting.

CDS Account no. of authorized nominee:



Form of Proxy

SARAWAK PLANTATION BERHAD
 COMPANY NO.451377-P • INCORPORATED IN MALAYSIA

I/We,

NRIC NO. / ID No. / Company No. (new) (old)

of

being a member of SARAWAK PLANTATION BERHAD, hereby appoint

NRIC No. / ID No. (new) (old)

of

or failing which the Chairman of the Meeting as my / our proxy / proxies to vote for me on my / our behalf at the 13th Annual General Meeting of the Company to be held at Ground Floor Wisma NAIM, 2½ Miles Rock Road, 93200 Kuching, Sarawak on Tuesday, 15th June 2010 at 2 pm or at any adjournment thereof, in the matter as indicated below:

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Adoption of Audited Financial Statements		
Ordinary Resolution 2	Approval of Directors' Fees		
Ordinary Resolution 3	Re-Election of Director : Haji Mohamad Bolhair bin Reduan		
Ordinary Resolution 4	Re-Appointment of Auditors		
Special Businesses			
Ordinary Resolution 5	Proposed Renewal of Shareholders' Mandate for Recurrent Related Part Transactions (RRPT) of a Revenue or Trading Nature		
Ordinary Resolution 6	Proposed Renewal of Authority to Purchase Own Shares		
Ordinary Resolution 7	Authority to Allot and Issue Shares		
Special Resolution 1	Proposed Amendment to the Articles of Association of the Company		

(Please indicate with an X in the spaces above how you wish your votes to be casted on the resolutions specified in the Notice of Meeting. If no specific direction as to the voting is indicates, the proxy / proxies will vote or abstain from voting as he / she / they think fit.)

Date this day of 2010

Signature of Shareholder(s) / Common Seal

Number of shares

- Notes:**
1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall apply to the Company.
 2. To be valid this form duly completed must be deposited at the registered office of the Company at 8th Floor Wisma NAIM 2 ½ Mile Rock Road Kuching Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
 3. A member shall be entitled to appoint more than 1 proxy to attend at the same meeting provided that the provisions of Section 149(1)(b) of the Act are complied with.
 4. Where a member appoints more than 1 proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
 5. If the appointer is a corporation this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
 6. Please take note that interested directors interested major shareholders or interested persons connected with a director or major shareholder and where it involves the interest of an interested person connected with a director or major shareholder must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Proposed Shareholders' Mandate.

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The Company Secretary

SARAWAK PLANTATION BERHAD

8th Floor, Wisma NAIM, 2½ Mile, Rock Road,
93200 Kuching, Sarawak.

Tel: 082-233550 Email: info@spbgroup.com.my

STAMP

Fold line



SARAWAK PLANTATION BERHAD

COMPANY NO.451377-P INCORPORATED IN MALAYSIA

REGISTERED OFFICE

8th Floor, Wisma Naim, 2½ Mile, Rock Road,
93200 Kuching, Sarawak.

Tel: 082-233550

Email: info@spbgroup.com.my

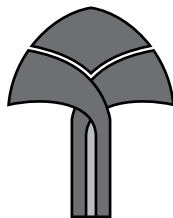
BUSINESS OFFICE

Lot 1174, Block 9, MCLD, Miri Waterfront,
Jalan Permaisuri, 98000 Miri, Sarawak.

Tel: 085-413814

Email: info@spbgroup.com.my

www.spbgroup.com.my



SARAWAK PLANTATION BERHAD

COMPANY NO.451377-P • INCORPORATED IN MALAYSIA

Date : 21 May 2010

Dear Shareholder,

RE: Implementation of Electronic Dividend Payment ("eDividend")

Electronic Dividend Payment or eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders' cash dividend entitlements into their respective bank accounts. We wish to inform you that all listed issuers who make announcement **on or after 1 September 2010** for a books closing date for cash dividend entitlements are required to pay cash dividend via eDividend to shareholders who have provided their bank account information to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository").

Benefits of eDividend

- i. Faster access to your cash dividends as your entitlement will be directly credited to your bank account;
- ii. Eliminates the inconvenience of having to travel to the bank to deposit the dividend cheques;
- iii. Eliminates incidents of misplaced, lost or expired cheques;
- iv. Eliminates incident of unauthorised deposit of dividend cheques;
- v. The convenience of one-off registration for entitlement to cash dividend from all listed issuers;
- vi. Option to consolidate dividends from all your Central Depository System ("CDS") accounts into one bank account for better account management.

Registration for eDividend

You can register for eDividend through your authorised depository agents ("ADA"/ "brokers") with effect from **19 April 2010**. You need not pay any fees if you register within the grace period of one year, i.e. **19 April 2010 to 18 April 2011**. However, if you register after 18 April 2011, you will have to pay a fee.

You are required to provide your bank account number and other information to Bursa Depository through your stock broker, by completing the prescribed form. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia's website at <http://www.bursamalaysia.com>.

You need to submit the duly completed prescribed form together with the following documents for registration:-

- (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification;

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

- (b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend

If you are unable to be present at your stock broker's office to submit the prescribed form and supporting documents, you can still submit your forms through your remiser or other means to your stock broker's office but please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

Notification of eDividend payment after registration

You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

Additional information for shareholders

Your savings or current account must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. The bank account must be maintained with a financial institution that offers MEPS Inter-Bank GIRO ("IBG") service. We provide herewith the current listing of IBG members extracted from the official website of MEPS, for up-to-date listing, you are advised to visit the website at http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer :

- | | |
|--|---|
| 1. Affin Bank Berhad | 12. EON Bank Berhad |
| 2. Alliance Bank Malaysia Berhad | 13. Hong Leong Bank Berhad |
| 3. AmBank (M) Berhad | 14. HSBC Bank Malaysia Berhad |
| 4. Bank Islam Malaysia Berhad | 15. Malayan Banking Berhad |
| 5. Bank Muamalat Malaysia Berhad | 16. OCBC Bank (Malaysia) Berhad |
| 6. Bank Kerjasama Rakyat Malaysia Berhad | 17. Public Bank Berhad |
| 7. Bank of America | 18. RHB Bank Berhad |
| 8. Bank Simpanan Nasional | 19. Standard Chartered Bank Malaysia Berhad |
| 9. CIMB Bank Berhad | 20. The Royal Bank of Scotland Berhad |
| 10. Citibank Berhad | 21. United Overseas Bank (Malaysia) Bhd |
| 11. Deutsche Bank Berhad | |

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders. If you have any queries relating to eDividend, please do not hesitate to contact our share registrars:

Tricor Investor Services Sdn Bhd
Level 17 The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel. No. : 03 – 2264 3883
Email : is.enquiry@my.tricorglobal.com

Thank you.

Yours faithfully

Company Secretary