SARAWAK PLANTATION BERHAD

COMPANY NO. 451377-P
INCORPORATED IN MALAYSIA

2011 ANNUAL REPORT

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 44 to 56 of this Annual Report.

COVER RATIONALE

The cover represents the Company's approach to develop the human capital leading towards sustainability hence ensuring the sustainable growth of the Company.

CONTENTS

OUR VISION

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

OUR MISSION

"...To maximize stakeholders' returns with special emphasis on sustainable development and corporate social responsibilities..."

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 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.

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

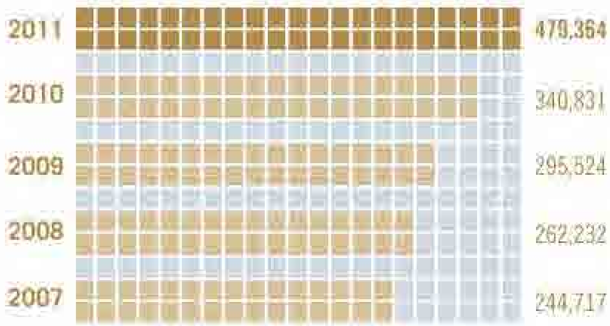
We think fast and carry out tasks and responsibilities quickly, to create powerful effects but without compromising on quality.

5 YEARS' FINANCIAL **HIGHLIGHTS**

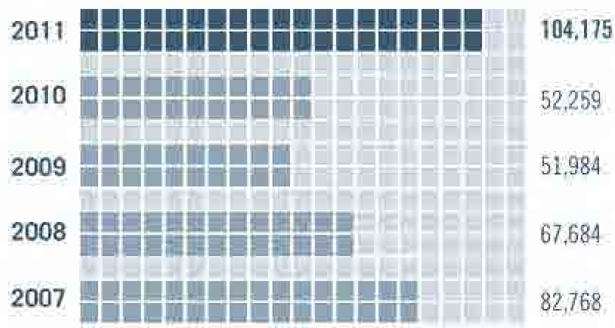
Year	2011	2010	2009	2008	2007
Revenue (RM'000)	**479,364**	340,831	295,524	262,232	244,717
Profit Before Tax (RM'000)	**104,175**	52,259	51,984	67,684	82,768
Profit attributable to Owners of the Company (RM'000)	**81,599**	34,355	39,356	51,818	68,235
Total Assets (RM'000)	**763,867**	691,719	662,871	602,143	615,767
Net Assets (RM'000)	**564,146**	509,945	502,416	482,630	480,532
Total equity attributable to Owners of the Company (RM'000)	**564,146**	509,945	502,416	482,630	480,532
Total number of Shares ('000)	**280,000**	280,000	280,000	280,000	280,000
Net Assets per Share (RM)	**2.01**	1.82	1.80	1.73	1.72
Basic Earnings per Share (sen)	**29**	12	14	19	26*
Dividend per Share (sen)	**16.3**	7.5	8.5	11	14
Gearing Ratio (times)	**0.1**	0.2	0.1	0.1	0.1

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

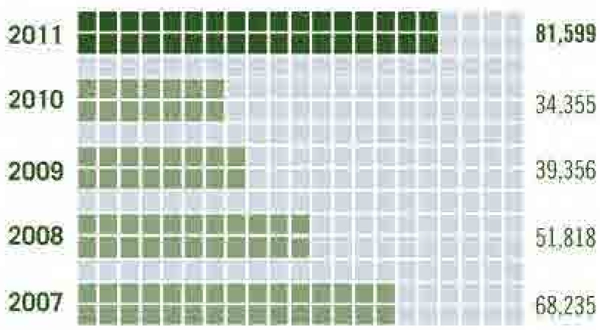
Revenue (RM'000)



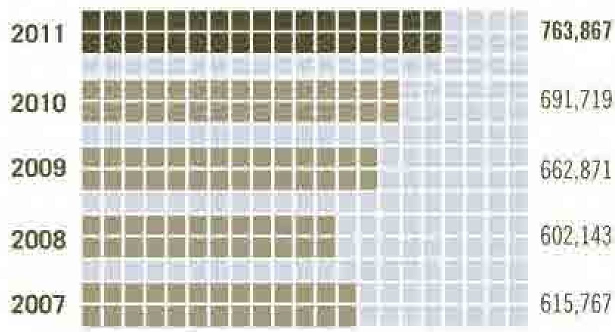
Profit before tax (RM'000)



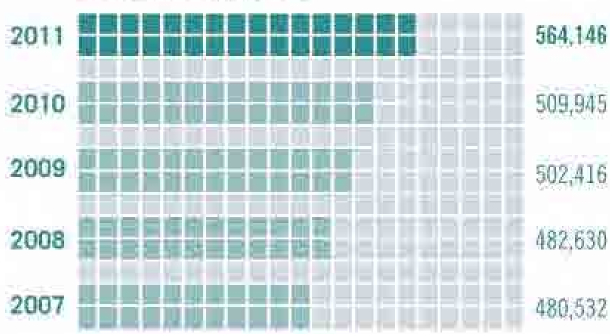
Profit attributable to Owners of the Company (RM'000)



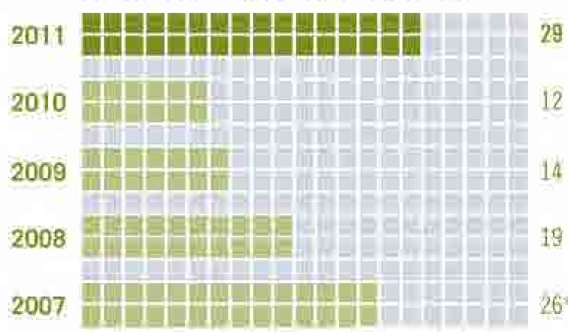
Total assets (RM'000)



Net Assets (RM'000)



Basic earnings per share (sen)



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

CORPORATE **STRUCTURE**

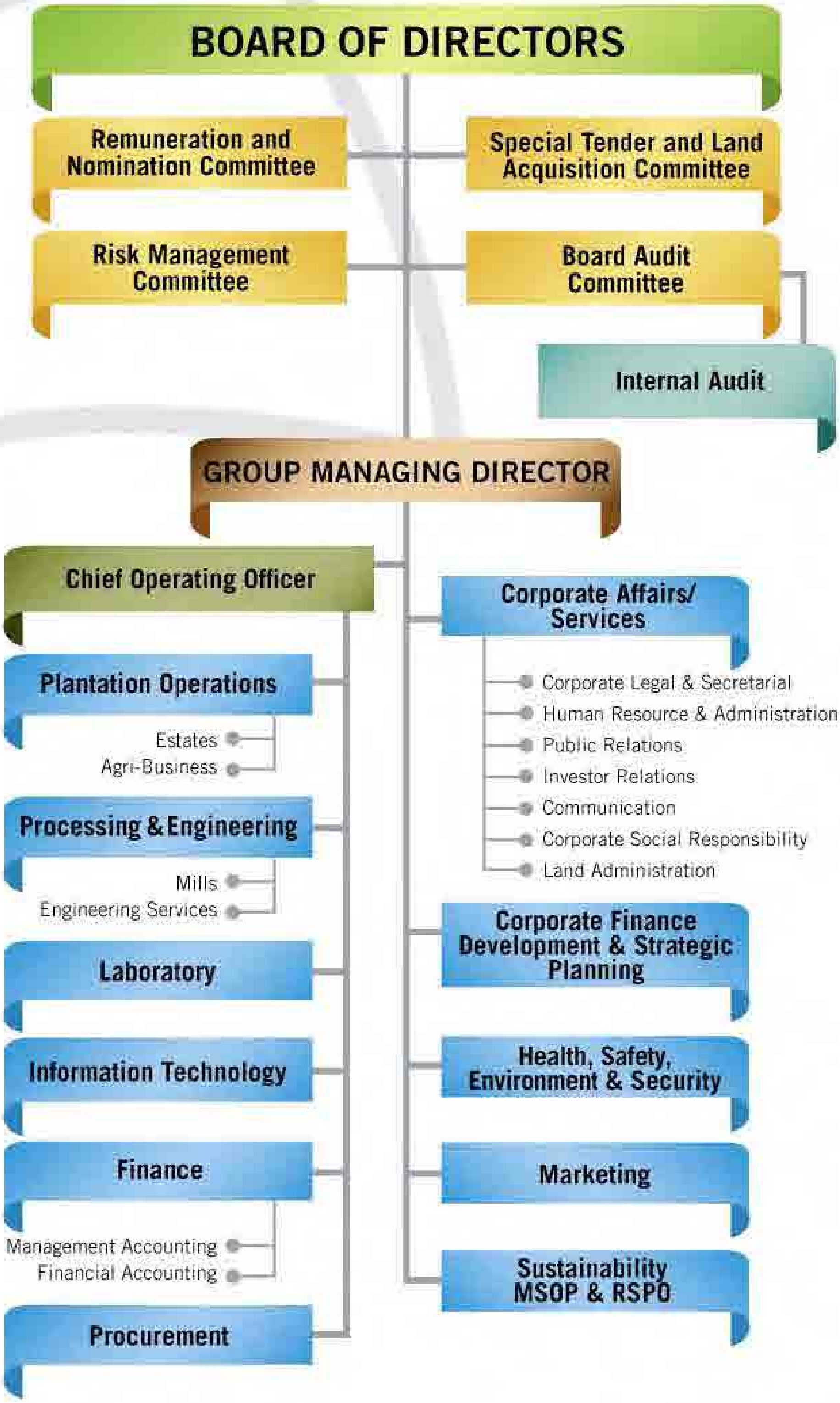
SARAWAK PLANTATION BERHAD
COMPANY NO.451377-P • INCORPORATED IN MALAYSIA
Investment Holding

- **100%** — **SARAWAK PLANTATION AGRICULTURE DEVELOPMENT SDN BHD**
  Cultivation of oil palm and processing of fresh fruit bunches
- **100%** — **SARAWAK PLANTATION PROPERTY HOLDING SDN BHD**
  Property investment
- **100%** — **SARAWAK PLANTATION PROPERTY DEVELOPMENT SDN BHD**
  Property development (Dormant)
- **95%** — **SARAWAK PLANTATION SERVICES SDN BHD**
  Provision of management, agronomic and consultancy services
  - **100%** — **SPS TRADING SDN BHD**
    Marketing agent and dealer for water tanks and farm machineries
  - **35%** — **WONDERLAND TRANSPORT SERVICES SDN BHD**
    Provision of transportation services (ceased operations)
- **60%** — **SPB PELITA SUAI SDN BHD**
  Cultivation of oil palm
- **50%** — **SPB PELITA WAK PAKAN SDN BHD**
  Cultivation of oil palm (Dormant)
- **50%** — **SPB PELITA MUKAH SDN BHD**
  Cultivation of oil palm (Dormant)
- **100%** — **LIONSUN TIMBER SDN BHD**
  Dormant
- **100%** — **CAYAMAS SDN BHD**
  Dormant
- **75%** — **AZARIA SDN BHD**
  Dormant

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.

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 hold substantial shareholdings in SPB. In addition, some of its substantial shareholders 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 51,965 hectares of which 12,914 hectares is under the Native Customary Rights (NCR) scheme.

SPB, through its wholly owned subsidiary, Sarawak Plantation Agriculture Development Sdn Bhd (SPAD), owns fourteen (14) oil palm estates with a total planted area of 27,719 hectares as at 31 December 2011. 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 hectares of NCR land in Sarawak with oil palms.

In addition, two other subsidiaries, SPB PELITA Wak Pakan Sdn Bhd and SPB PELITA Mukah Sdn Bhd have been incorporated in previous years to undertake the development of new NCR land with a total gross area of 10,786 hectares. Currently, the development of these two NCR projects have not commenced.

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. Its current annual production is around 1.4 million seeds and it targets to produce 5.8 million high quality seeds by 2014. 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.

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

CHAIRMAN
Datuk Abdul Hamed Bin Sepawi

GROUP MANAGING DIRECTOR
Datuk Haji Hamden Bin Ahmad

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS
Datu Haji Chaiti Bin Haji Bolhassan
Hasmawati Binti Sapawi

INDEPENDENT NON-EXECUTIVE DIRECTORS
Polit Bin Hamzah
Azizi Bin Morni
Umang Nangku Jabu

COMPANY SECRETARIES
Trina Tan Yang Li (0666-KT032)
Bong Siu Lian (MAICSA 7002221)

REGISTERED OFFICE
8th Floor, Wisma NAIM, 2½ Mile,
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Tel: 6 082-233550/233560/233570
Fax: 6 082-256560
Email: info@spbgroup.com.my

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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

AUDITORS
KPMG (AF-0758)
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 **CULTURE**

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MESSAGE TO OUR **SHAREHOLDERS**

Financial and Operations Review

Overall for the year 2011, the Group achieved 100% growth in earnings. We have doubled the profit before tax to RM104.2 million, compared to RM52.2 million in 2010. This was the first time the Group registered profit before tax surpassing RM100 million, ever since we were listed on the Main Market of Bursa Malaysia on 28 August 2007.

Similarly, the profit attributable to Owners of the Company also surged by more than 100% from 34.4 million in 2010 to RM81.6 million in 2011, an increase of RM47.2 million. This resulted in a significant growth in earnings per ordinary share of 29.2 sen, an increase of 16.9 sen (+137%), compared to 12.3 sen in 2010. This remarkable performance of the Group was largely attributable to higher selling prices, increase in sales volume and enhancement of the oil extraction rate (OER) during the year.

The revenue of the Group was recorded at RM479.4 million, an increase of RM138.6 million (+40.7%) compared to RM340.8 million during the preceding year. The main contributing factor is the substantially higher average selling prices of crude palm oil (CPO) and palm kernel (PK) as well as increase in sales volume of CPO and PK during the financial year under review. The realised average selling prices of CPO and PK had increased by 17.1% and 27.1% respectively primarily due to improvement in global edible oil prices. At the same time, the CPO sales volume increased by 17.4% and PK increased by 15.6%, respectively, which were in line with the increase in our fresh fruit bunches (FFB) production and purchase of external crops.

I, on behalf of the Board of Directors of Sarawak Plantation Berhad, take great pleasure in presenting the Annual Report of the Group for the year ended 31 December 2011, our fourth full year of operation since we were listed on the Main Market of Bursa Malaysia Securities Berhad.

Field visit to Matadeng New Development Area

Our own FFB production recorded at 314,758 metric tonnes. We also purchased 340,591 metric tonnes of FFB from nereby smallholders and estates. With this, the CPO produced increased from 104,754 metric tones in 2010 to 133,857 metric tonnes in 2011.

In addition, the average oil and kernel extraction rates of the mills were 21.03% and 4.52% respectively in 2011 as compared to 20.61% and 4.32% respectively in 2010.

Our achievements in 2011 were made possible by greater efficiency in the management and administration of the estates and the mills. The availability of access roads and improved infrastructure played important roles for harvesting and delivering the FFB to the mills in a faster and more efficient manner. We also placed emphasis on fertiliser application for the healthy growth of our palm trees.

Dividends

The total dividends of 16.3 sen per share for the year in review totalling RM45.6 million, were paid to shareholders on 5 October 2011 (1st interim dividend of 6.3 sen) and 29 March 2012 (2nd interim dividend of 10 sen), respectively. The dividends of 16.3 sen are higher than that in 2010, which was only 7.5 sen and this is the highest dividend we have ever declared since our listing in 2007. The dividend yield for 2011 is 7% based on the year end share price of RM2.30.

Corporate And Operational Highlights

Changes in Board Composition

At the Board level, our Deputy Chairman, Dato Sri Ahmad Tarmizi bin Haji Sulaiman resigned on 25 November 2011. We thank Dato Sri Ahmad Tarmizi for his contributions during his time of service with us. We are pleased to have on board with us, a new member, Hasmawati binti Sapawi who joined as our Non Independent and Non Executive Director on 25 November 2011.

Management Reorganisation and Leadership Succession

Our Senior Management Team have been reorganised due to the retirement of several key personnel. The newest member Zahari bin Mohd Nusi joined as our Chief Operating Officer in October 2011. As a key addition to our Senior Management Team, he brings with him over 32 years of management experience in the plantation industry to our Group. We also continuously identify and develop middle and junior managers with potential to provide for the Group's medium and long term future leadership.

Signing of Memorandum of Understanding with Citra Widya Education PT (CWE)

Oil Palm Training Centre

As a step forward in the Group's oil palm operations and in line with our focus to develop human capital, we are now setting up our own Oil Palm Training Centre sited at Lambir, near Miri. This centre will commence its training programmes within the second half of year 2012. To this effect, our wholly owned subsidiary Sarawak Plantation Agriculture Development (SPAD) Sdn Bhd signed a Memorandum of Understanding with an Indonesia-based college, Citra Widya Education PT (CWE) on 17 January 2012. We are proud of the association with CWE, which is the sole private-owned institution of technical education in Indonesia that specifically provides specialised training and development of human capital for the oil palm industry.

At this centre, we will train our staff to provide them with the core competencies required in their respective roles in the estates, mills or logistics. At the same time, we are also committed to develop the leadership competencies of all our supervisors and managers. It is my strong belief that competence development from the lowest to the highest grade of employees form the critical component of our human resource development.

We also envision our Training Centre to be the provider of skills training for school leavers throughout Sarawak in the fields of oil palm estate, mill and logistics management, and other skills, in the future. This is to develop local workforce in support of the growing manpower needs of the plantation industry.

Increasing Workers Productivity

Towards a result-driven performance at our estates, we provide incentives as rewards to our harvesters and workers to spur them to reach certain targets. This is to enhance productivity and efficiency at the estates. We have strengthened our in-house training by emphasising on upgrading the skill and knowledge of our employees so that we remain competitive and improve our competency level.

Nursery at Matadeng New Development Area

Challenges and Opportunities

Manpower Challenges

Stiff competition comes from Indonesia not only in terms of production volumes and sales of FFB and CPO, but also in recruiting and retaining manpower. At the moment, we have over 500 staff while our workers number around 3,000 people. Around 65 percent of the workers are from Indonesia. Labour shortage is always a main issue in the oil palm industry in Malaysia.

Efforts have been made to forge and enhance existing ties with the Indonesian counterparts and the Indonesian Consulate. Consequently, the wage rates have been reviewed, facilities have been improved and upgraded, welfare of workers have been looked at and courtesy visits have been made to meet up with Indonesian manpower suppliers. This also contributed towards elevating the image of the Group.

Currently, there are a few other plans in the pipeline which the Group will put in place soon for the better welfare of the workers. Once successfully implemented, these will make the Group the preferred choice and enhance its image as a caring employer.

Expansion Opportunities

The Group continues to explore opportunities for expansion and enhancement. We are monitoring the industry for potential acquisitions to increase our hectarage, particularly ongoing brownfield operations, which can provide immediate financial returns. However, we remain highly selective in our approach as we target strategically located acquisitions which are either close to our milling facilities or otherwise offer economies of scale.

Prospects For 2012 and Beyond

Risk Factors and Outlook

CPO Prices: As a pure plantation concern, our earnings are always highly sensitive to fluctuations in CPO price. CPO price currently trades at around RM3,400 to RM3,500 per tonne. The market for edible oils is expected to remain buoyant for year 2012.

Opening Up New Areas: We plan to develop 8,000 hectares of land in 2012 and 5,000 hectares annually in the subsequent years. We expect this will contribute to bigger production growth for the Group once the new palms reach their maturity.

Nursery at Matadeng New Development Area

Prospects For 2012 and Beyond
(continued)

Our target is to increase our hectarage to 100,000 hectares within the next five years. We are in a good position to source for funding from financial institutions to carry on with our expansion plans because we have managed to maintain a low gearing ratio thus far.

Anticipated Results

The global demand for palm oil remains strong and this will have a corresponding effect on profit should the trend continue. The performance of the Group is largely dependent on the production, operational efficiency and price of CPO and PK. The Board of Directors is of the opinion that the Group will continue to perform well for the next financial year subject to a stable market for crude oil and global oils and fats.

Acknowledgements

I would like to convey my sincerest appreciation to my fellow directors and all the employees of Sarawak Plantation Berhad and its subsidiaries for their diligence and commitment. On behalf of the Board of Directors, I would also like to thank all the State and Federal Government Ministries, Departments, Statutory Bodies and Regulatory Agencies who have offered us close cooperation and support during 2011. To our joint venture partners, sub-contractors, consultants, professional advisors, service providers and community neighbours, I wish to record my heartfelt appreciation for helping us to perform so well in the year under review. Most of all, we reserve the warmest thanks of all for our shareholders for their patience and confidence in us. We are indeed delighted for the strong faith you have given us to achieve our potentials in the face of challenging economic conditions.

Thank you,

Datuk Abdul Hamed Bin Sepawi
Chairman
SARAWAK PLANTATION BERHAD

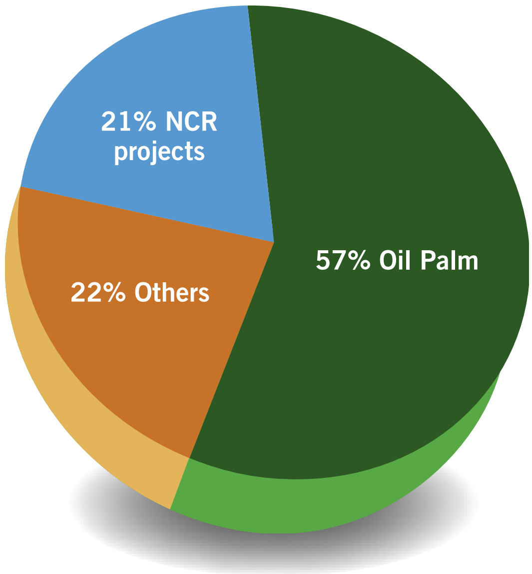
REVIEW OF **OPERATIONS**

Circle spraying

Oil Palm Plantation

Our total land bank as at 31 December 2011 is 51,965 hectares (inclusive of 12,914 hectares (gross) under the Native Customary Rights (NCR) joint ventures), of which 29,574 hectares (inclusive of 1,855 hectares under the NCR joint venture) are planted with oil palms.

Out of 29,574 hectares planted with oil palm, 12.4% is immature field, 25.0% aged 4 to 10 years, 36.7% aged between 11 to 15 years, 10.4% aged between 16 to 20 years and 15.5% aged more than 20 years old.



As at 31 December 2011	**Hectarage (Ha)**
Oil Palm	29,574
Others	11,605
Native Customary Rights (NCR) joint ventures projects (gross)*	10,786
Total	**51,965**

** Plantable areas are estimated at 6,472 hectares*

Mechanized in-field crop evacuation

Oil Palm Plantation (continued)

5 years hectarage and FFB record by age profile

	Unit	2007	2008	2009	2010	2011
FFB PRODUCTION VOLUME						
Old Mature	MT	29,501	24,754	13,026	3,465	2,149
Prime Mature	MT	276,151	270,226	269,014	239,087	292,459
Young Mature	MT	24,207	36,155	35,267	32,667	20,150
Underplanting	MT	8,231	3,503	0	0	0
Total	**MT**	**338,090**	**334,638**	**317,307**	**275,219**	**314,758**
YIELD						
Old Mature	MT/Wha	13.11	10.31	5.43	2.04	1.62
Prime Mature	MT/Wha	18.16	17.15	15.61	13.18	14.38
Young Mature	MT/Wha	7.49	7.40	7.19	7.18	7.88
Average	**MT/Wha**	**15.99**	**14.40**	**12.93**	**11.29**	**13.00**
PLANTED HECTARAGE (weighted average)						
Oil Palm						
- Mature	Wha	22,551	24,799	26,178	26,014	25,893
- Immature	Wha	4,687	2,533	1,623	1,548	3,383
Total planted hectarage	**Wha**	**27,238**	**27,332**	**27,801**	**27,562**	**29,276**
MATURE HECTARAGE (weighted average)						
- Old Mature	Wha	2,401	2,561	2,561	1,812	1,412
- Prime Mature	Wha	16,707	17,025	18,385	19,346	21,718
- Young Mature	Wha	3,443	5,213	5,232	4,856	2,763
Total	Wha	22,551	24,799	26,178	26,014	25,893
Less : Estates Roads	Wha	1,413	1,554	1,641	1,631	1,672
Mature Hectarage (Net)	**Wha**	**21,138**	**23,245**	**24,537**	**24,383**	**24,221**

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*

Mature Hectarage (weighted average)

In 2011, there was a decrease of 121 hectares in mature areas. The decrease was mainly due to replanting of old mature fields during the year, decreasing from 26,014 hectares in 2010 to 25,893 hectares in 2011.

FFB Production and Yield

For the year 2011, the Group produced a total of 314,758 MT of fresh fruit bunches (FFB), most of which were processed by our own palm oil mills at Niah and Mukah. This represented an increase of 14% compared to 2010. The increase was due mainly to improved harvester productivity, continuous field improvement such as main road upgrading and gravelling, field accessibility and increase in area for field mechanization.

The Group achieved yield of 13.00 MT/Ha. The inability to harvest from 1,855 hectares at SP Suai due to dispute with Penan participants and disturbance by locals at our Mukah estates affecting approximately 2,543 hectares resulted in this low yield.

In-field loading in progress

Oil Palm Plantation (continued)

Estate Mechanisation

Labour shortage is still a perennial issue in the industry as a whole and SPB is no exception. Majority of estate activities are carried out manually and the operation is laborious. In order to overcome the labour shortage, SPB estates have over the years made major improvements by upgrading its infrastructure to cater for mechanisation.

Our main focus is on the following activities:

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

Progress of new Development

- Matadeng

The land was acquired in Year 2009 at Matadeng, Mukah and Bawan Land District, with a total area of 7,620 hectares. As at 31 December 2011, 1,794 hectares have been developed and planted with oil palm. The first harvesting is expected to be by the end of Year 2013. In year 2012, another 5,300 hectares will be developed for planting with oil palm.

Our staff and executives at Matadeng New Development Area.

Beneficial plant - *tunera subulata*

Oil Palm Plantation (continued)

• Tulai and Melugu

The Group has also expanded the New Development Area to Tulai at Sarikei Division and Melugu at Sri Aman Division of around 1,500 hectares and 700 hectares respectively. Both developments have commenced towards the end of Year 2011. The whole area of 2,200 hectares is expected to be developed and planted with oil palm by the end of Year 2012.

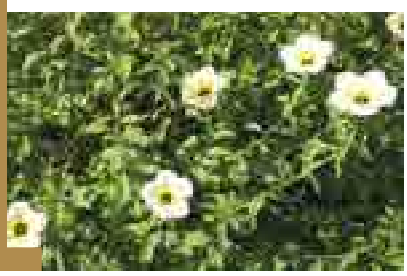
Nurseries have been established to cater for the above development and seeds are supplied by the Group's own Seed Production Unit.

Good Agronomic Practices

Good Agronomic Practices (GAP) are in place starting from nursery stage up to field planting as well as maintenance of oil palm cultivation. The principle focus of GAP is on good nursery techniques and management, Integrated Pest Management (IPM) for pest and disease control, pruning and harvesting for enhancing FFB production.

In ensuring that GAP are adhered to, the work force needs to be equipped with the right tools and knowledge or skills to make it happen. The Group strives to inculcate the learning environment by placing a big emphasis on human capital development.

As such, on the job trainings for workers are carried out by the field staff for activities such as harvesting, pruning, weeding, grading of fruit harvested and other practices. This ensures consistency and conformation to estate procedures and agronomic requirements.



Tunera subulata planted along the roadside

Bagging of female inflorescence

Sorting of Surea DxP seeds

Germinated seed quality inspection by plant breeder

Seed Production Unit

The Group's Seed Production Unit (SPU), is the only seed producer certified by Malaysian Palm Oil Board (MPOB) in Sarawak. The SPU is currently capable of producing 1.4 million germinated DxP seeds per annum and production of seeds is expected to reach 5.8 million by 2014. The Group is supplying elite germinated DxP seeds under the brand name Surea DxP seeds for customers in the state while ensuring sufficient supply to its own estates.

The quality of the Group's planting material conforms with SIRIM's Standard (MS 157:2005) which was awarded on 13th June 2008, and on 8 October 2008 the license for sale of seeds was given by MPOB.

Surea DxP seeds are produced from selected dura and pisifera parentage derived from a lineage of superior pedigree. The Deli duras are well known for their high bunch weight and high extraction rate while the AVROS pisifera are recognized for their high bunch yield characteristics.

The Group's meticulous oil palm breeding activities aim at producing improved and high standard oil palm planting material which would give higher oil yield per hectare. The activities include bagging male and female inflorescence, controlled pollination, seed processing and germination in a controlled environment, experimental designing and yield trending. Bunch analysis and vegetative measurements are also carried out to determine oil and kernel contents and to gauge palm growth and dry matter production.

Intensive progeny testing is essential before embarking upon any commercial DxP seed production. This is necessary to gauge the performance of our planting material and subsequently to produce the elite DxP seeds

Germinated seeds

and select outstanding ortets. Hence the setting up of a progeny testing area of 24 hectares, planted in 2007 in our estate, Ladang Tiga, Miri which has yielded its first year harvest of 17 metric tonnes per hectare in 2011.

MPOB initiated the Malaysian DxP Comparative Trial which is in its 4th Round to gauge and measure the performance of planting materials from the seed producers in Malaysia in different environments, of which the Group has participated by evaluating commercial progenies from various sources. It can provide indications of the yield potential of Malaysian DxP. Besides, it also serves as a check on the quality of planting material based on SIRIM Standard MS:157:2005.

The Group continues its promotion efforts to commercialise Surea DxP seeds to smallholders as well as corporate customers, particularly around Sarawak, by participating in exhibitions around the state. The Group's strategy will focus on and take into consideration of four Ps: product strategies, pricing strategies, promotional strategies and placement strategies in its effort to market the Surea DxP seeds. Apart from advertising in local newspapers, posters and phamphlets distribution to oil palm nurseries and strategic places, direct approach to major oil palm growers in Sarawak will also form part of the marketing strategy.

CPO Tanks at Mukah Palm Oil Mill

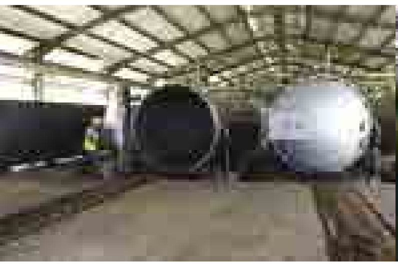
Milling Operation

The Group currently owns and operates two mills, namely, Mukah Mill located in the Mukah Division and Niah Mill located in the Miri Division. The combined capacity of both mills is currently 180 MT/hour.

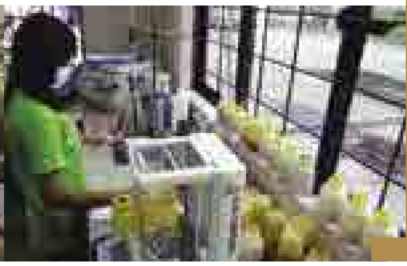
Logistic costs are kept low as our mills are close to major roads within easy reach of Miri, Mukah and Bintulu, key urban locations with strong customer bases, good transhipment facilities and most importantly, major buyers in Bintulu.

In 2011 both Mukah Mill and Niah Mill initiated improvement programmes aimed at improving the overall operational efficiency and productivity of the mills which has shown upturn results. This was evidenced by improvements in oil extraction rate and quality of the products.

Our two mills process both our own crops and third party crops. For year 2011, the FFB throughput for Niah Mill and Mukah Mill were 420,273 MT and 216,107 MT respectively. The third party crops represent about 39% of total crops processed at Niah Mill and 81% of total crops processed at Mukah Mill.



Sterilizer operation



CPO analysis at the mill

Milling Operation (continued)

Production records 2007 to 2011

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

	2007	2008	2009	2010	2011
Intake of FFB (MT)					
Niah Mill	313,787	356,210	379,204	349,706	420,273
Mukah Mill	89,943	126,068	169,379	158,668	216,107
Total	403,730	482,278	548,583	508,374	636,380
Output of CPO (MT)					
Niah Mill	63,577	72,079	79,768	74,284	89,809
Mukah Mill	17,450	24,494	33,295	30,470	44,048
Total	81,027	96,573	113,063	104,754	133,857
Output of PK (MT)					
Niah Mill	15,440	16,292	18,310	15,927	19,780
Mukah Mill	3,998	5,549	6,204	6,023	8,955
Total	19,438	21,841	24,514	21,950	28,735
Average oil extraction rate ("OER") (%)					
Niah Mill	20.26	20.24	21.04	21.24	21.37
Mukah Mill	19.40	19.43	19.66	19.21	20.38
Average	20.07	20.02	20.61	20.61	21.03
Average kernel extraction rate ("KER") (%)					
Niah Mill	4.92	4.57	4.83	4.55	4.71
Mukah Mill	4.44	4.40	3.66	3.80	4.14
Average	4.81	4.53	4.47	4.32	4.52

Quality Control

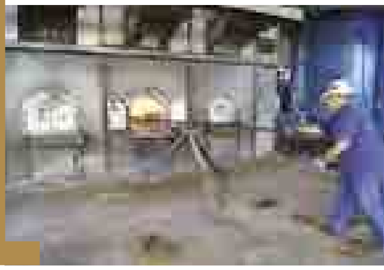
We place great emphasis on the quality of the oil palm products that we produce. The milling quality control begins with the grading of FFB to ensure that the FFB quality is in line with the Malaysian Palm Oil Board (MPOB)'s recommended guidelines and practices. Coordination and cooperation between our estates and our mills are 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.
(iv) 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. Our aim is to be the preferred CPO suppliers for the refineries by maintaning high CPO quality.

Our Niah Mill implemented a close loop oil recovery system to maximise the recovery of oil before letting go the oil sludge for waste treatment. The system is expected to improve the oil extraction rate for the mill as oil losses will be minimised.



Raking of boiler fuel in the boiler furnace

Safety signages at our mill

Health, Safety and Environment (HSE)

The Board and Management of SPB continue to place health, safety and environment responsibilities and compliances as one of the top priority in the Group's operational agenda.

During the year under review, the Group had complied with all legislative requirements and directives by the authorities in respect of the occupational safety and health and environmental matters. There were minimal lost-time-injuries in field operation, and no major industrial incidents that led to the suspension of operation by the authority or resulting in disruption in operations. The concept of "Observe-and-Intervene" was introduced during the year under review in order to further improve HSE awareness amongst the employees and also to control and manage unsafe acts and conditions at their points of origin.

The following key exercises were implemented during the year under review:-

- Positive chemical exposure monitoring exercises by competent Industrial Hygiene were carried out for the oil palm estates, mills and SP Lab. This assessment was undertaken by an independent party to assess the state of compliance to the legislative requirement of hazardous chemical usage.
- All employees handling hazardous chemicals including pesticides and laboratory chemicals were sent for medical examination before and during the employment. This examination is carried out yearly with the main objective to ensure that new employees are fit to work and no occurrences of occupational poisoning due to exposure to hazardous chemicals at the workplace.
- Random inspections were carried out on farm vehicles, mechanization vehicles, roads, bridges and other facilities to ensure that these facilities and equipment are safe to use.
- Quarterly environmental monitoring and other mandatory assessments relating to compliance to environmental quality laws and directives were implemented as planned.
- Briefings and meetings were carried out for the employees to create and enhance HSE awareness.

Training programmes to improve skill and competency level were also conducted. The trainings that being carried out included Defensive Driving for drivers, Schedule Waste Manage for executives and Emergency Response for the mills.

The Group will continue to prioritize HSE in its operations in order to create a safe and healthy work environment for its employees and to ensure sustainable productivity and growth.

Circle spraying by general workers with personal protective equipment

CPO tankers at Niah Palm Oil Mill

Marketing

Our Group's revenue is principally derived from the sale of CPO and PK. A large percentage of our CPO and PK are sold to local refineries and crushing plants located at Bintulu, Sarawak. The three main buyers of our CPO and PK are Bintulu Edible Oils Sdn. Bhd. (BEO), Kirana Palm Oil Refineries Sdn. Bhd. (KPOR) and Sime Darby Austral Sdn. Bhd. (SDA)

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

	Total Volume (MT)	
Year	**CPO**	**PK**
2007	80,998	19,670
2008	81,654	21,890
2009	118,557	23,135
2010	110,575	23,624
2011	129,783	27,300

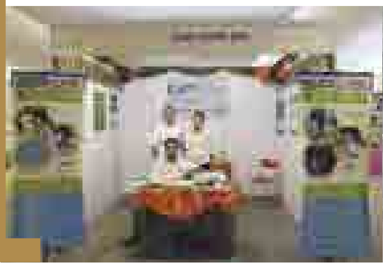
In 2011, the Group achieved growth rates of 17% and 16% respectively for CPO and PK sale volume as compared to 2010. This is contributed mainly by improved FFB production, purchase of crops from third parties and improved oil extraction rates.

The average selling prices realized for 2011 for CPO and PK have increased significantly in line with global market trend.

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

	Price (RM/MT)	
Year	**CPO**	**PK**
2007	2,455	1,327
2008	2,693	1,398
2009	2,200	986
2010	2,667	1,600
2011	3,123	2,034

The Group's revenue is closely related to the selling price and sales volume. The performance of the palm oil industry is fundamentally dependent on the demand and supply in the global oils and fat market.


Exhibition by SP LAB staff


General view inside SP LAB

SP LAB
Chemistry Laboratory

The Group, through one of its subsidiaries, Sarawak Plantation Services Sdn. Bhd. (SPSSB), operates a Chemistry Laboratory named as SP LAB, at Kuching, Sarawak. SP LAB provides analytical services to its customers which include government agencies, private oil palm plantations, fertiliser and agrichemical suppliers and fertiliser mixing factories. SP LAB is an accredited testing Laboratory (Skim Akreditasi Makmal Malaysia No. 214) under MS ISO/IEC : 17025 : 2005 standard.

The Scope of Accreditation includes analysis of leaf samples, fertiliser samples, soil samples and water samples for their chemical and physical analysis.

SP LAB is committed to provide efficient, reliable, competitive and professional analytical services to all customers in accordance with International Standard Requirements and Regulations under MS ISO/IEC/17025 : 2005. All our technical staff are competent to carry out analytical test in accordance with prescribed and approved test methods.


Chemist is doing the digestion of soil samples


Senior Lab Assistant is operating Atomic Absorption Spectrometer for Ca and Mg analysis

In year 2011, SP LAB had analysed a total of 10,845 samples comprising fertilisers, foliar, soil and other miscellaneous samples which included compost, organic fertilisers, herbicide and bunch ash. This showed a growth rate of 23% compared to 2010.

The Group continues to expand its scope of accreditation to promote its laboratory services and enhances its quality of services with the aim to exceed customers' satisfaction and expectation.

SP LAB main building

Exhibition by our Seed Production Unit

Human Resources

Increased integration between the human resource and business strategy is one of the most important demands and if managed effectively can contribute to the success and continuity of the whole organization. The Group's management believes that the way forward is to create a cohesive workforce geared towards achieving corporate goals in a sustainable way.

This is reflected in the Group Key Result Area (GKRA) cascaded down from the Board level to the operations in the context of weightage focusing on the development of its human resource. In achieving this, the Group's management readily invests in its development efforts and further reinforces the positive outcome by recognizing and rewarding their staff and workers when they achieve targets.

High performance and success are celebrated at departmental level when the workers, staff and departments meet individual Key Performance Indicators (KPI) targets set to support Group objectives. When this is duplicated at all levels, it amplifies the message that the Group strives to inculcate a work culture and mindset of continuous performance excellence.

The Group believes that to achieve a performance based culture, it needs to increase staff productivity by narrowing their competency gap. That is why training, development and continuous mentoring, especially where new staff are concerned, is considered critical and pivotal to the success of the Group.

Field briefing at Melugu Oil Palm Estate

Human Resources (continued)

Efforts have been put in place to build up the competency base within the workforce by providing an average of 6-training man-days per person. Relevant technical and functional skills training as well as development programs are carried out wherein consultants from specific fields of expertise are engaged to enhance their knowledge and competence.

A series of on the job training is also given to the Indonesian workers from the moment they step into the estates/mills to ensure consistency in their work quality. This, too, is a motivating factor to them when they know that they play a part in contributing towards the achievement of the organizational targets.

Continuous competency assessment is done to gauge the progress and effectiveness of the learning process. This is derived from the moment staff complete their training session in to their workplace by observing and testing the individuals.

The Group believes that the success and sustainability of the performance based culture is further enhanced by attracting and retaining talents through an attractive remuneration and benefits package. A few revisions in the benefit package were introduced during the year.

In addition to this, a succession plan has also been mapped out and candidates for key positions have been identified and are undergoing a series of development programs to prepare and equip them for leadership roles. During the year, a number of internal talents from the rank and file, after being groomed for more than a year, were promoted to assume bigger responsibilities and challenges in the middle management level.

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 Group has utilised Remote Sensing in six of the estates to enhance the effectiveness of estate management. The pilot project, which was introduced three years ago, covered individual tree counting, road and track network mapping, database management, disease mapping, drainage and flood-prone area mapping and fertilizer management. The project would be extended to other estates to enhance the Group's operational efficiency, reduce cost and increase productivity.

As a support to strengthening the operational control, efficiency and effectiveness, the Group acquired a new integrated system, namely the Estate Management Systems (EMS) in December 2011. EMS is an integrated information system that serves all departments within an enterprise comprising various modules to cater for the Group's business needs. The implementation of EMS is by stages and the Group targets to fully implement it to all the operating units by end of 2012.

Going forward, our Information Technology department continues to play an important role in providing reliable IT facilities in order for the Group to produce accurate and timely information and maintaining data security, as well as increasing operational efficiency and effectiveness of the Group.

Corporate Affairs

The Group recognises the importance of public relations, 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.

Corporate Affairs (continued)

One of the Group's Corporate Affairs' roles is to manage 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.

In 2011, the Group's Public Relation Section continued to highlight the Group's aspiration to incorporate these responsibilities in its business via its comprehensive corporate communication channels which include the annual report, corporate website, positive media engagements, regular brand-building activities, advertisements, corporate networking functions and philanthropic activities.

Further details on corporate social responsibilities and investor relation activities can be found on pages 59 to 63 of this Annual Report.

Corporate Finance, Development and Strategic Planning

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

Malaysian Accounting Standard Board (MASB) in furtherance with its objective of converging the accounting framework in Malaysia with International Financial Reporting Standards (IFRS), announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (MFRS). The application of MFRS framework shall be effective for annual reporting periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 *Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate.*

An entity subject to the application of MFRS 141 may continue to apply FRS as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities shall comply with the MFRS framework for financial year beginning on or after 1 January 2013.

In view of the foregoing, as a transitioning entity subject to the application of MFRS 141 *Agriculture*, SPB will migrate to the MFRS framework effective from the financial year commencing 1 January 2013. The Board recognises the importance and priority of getting the Group ready for full convergence. MFRS trainings are one of the keys to ensure the employees are fully aware of the changes and revisions in MFRS. This will enable the Group to evaluate the financial impact and effect on disclosures and measurement consequent on such convergence.

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 investment community at all times, through announcement of interim results on a quarterly basis.

Budgetary control is one of the key tools for effective operational controls. The Group closely monitors any significant variances, in particular unfavourable variances. These variances will be investigated, and appropriate follow up actions are implemented.

In line with our mission to maximise shareholders' returns and increase shareholders' value, we focuses on creating value by formulating strategic plan, goals and directions for the Group as well as providing proactive and valuable support to our other operating units.

BOARD OF **DIRECTORS**

CHAIRMAN

Datuk Abdul Hamed Bin Sepawi

Datuk Abdul Hamed, aged 63, a Malaysian, was appointed as our Director on 30 August 2005 and redesignated to the position of Chairman on 11 March 2011. He is also the Chairman of our Remuneration and Nomination Committee and a member of our Special Tender and Land Acquisition Committee. He holds a Bachelor of Science from the University of Malaya and a Bachelor of Forestry from the Australia National University.

He has been a substantial investor in a number of oil palm companies for the past 15 years. He is the Executive Chairman of Ta Ann Holdings Berhad, a resource based group since 1999. He is also the Chairman of two other public listed companies, namely Naim Holdings Berhad and Smartag Solutions Berhad. All these companies are listed on the Bursa Malaysia Securities Berhad. He is also the Chairman of a non listed company, Sarawak Energy Berhad. Datuk Abdul Hamed is the Chairman of the Sarawak Oil Palm Plantation Owners' Association (SOPPOA) and a member of the board of Kumpulan Wang Simpanan Pekerja (KWSP).

GROUP MANAGING DIRECTOR

Datuk Haji Hamden Bin Ahmad

Datuk Haji Hamden, aged 64, a Malaysian, was appointed as our Director on 1 May 2007. On 16 June 2010, he was redesignated from Independent Non Executive Director to Executive Director, and further, redesignated to the position of Group Managing Director on 29 March 2011. He is a member of our Special Tender and Land Acquisition Committee and our Risk Management Committee. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants (FCCA), United Kingdom. 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 was the former Assistant Minister of Youth Affairs of the Ministry of Social Development and Urbanisation and former Assistant Minister of the Ministry of Urban Development and Tourism. He is a Senior Independent Non Executive Director of Naim Holdings Berhad and a Director of BLD Plantation Berhad. He also holds directorships in several private limited companies. He is currently a member of the Sarawak Oil Palm Plantation Owners' Association (SOPPOA).

NON INDEPENDENT NON EXECUTIVE DIRECTOR

Datu Haji Chaiti Bin Haji Bolhassan

Datu Haji Chaiti, aged 58, a Malaysian, was appointed as our Director on 30 August 2005. He is a member of our Remuneration and Nomination Committee. He is currently the Permanent Secretary of the 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

Hasmawati Binti Sapawi

Hasmawati Binti Sapawi, aged 44, was appointed as our Director on 25 November 2011. She holds a Bachelor of Arts (Hons Economics), Canada, a Master of Business Administration, Australia and a Master of Environment Management (Development Planning), Malaysia. Puan Hasmawati is presently the director of Corporate Services and Investment Division handling corporate finance and investment activities in the State Financial Secretary's Office. Puan Hasmawati joined the State Financial Secretary's Office in 2006. Prior to that she has 13 years of experience working in various State Agencies and Goverment Linked Companies. She also sits on the board of directors in several State Government's linked companies.

INDEPENDENT NON EXECUTIVE DIRECTOR

Polit Bin Hamzah

Polit Hamzah, aged 62, 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 be 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.

INDEPENDENT NON EXECUTIVE DIRECTOR

Azizi Bin Morni

Azizi Morni, aged 39, a Malaysian, was appointed as our Director on 1 May 2007. He is a member of our Board Audit Committee, our Remuneration and Nomination Committee and our Risk Management 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 from 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 Residences Sdn Bhd.

INDEPENDENT NON EXECUTIVE DIRECTOR

Umang Nangku Jabu

Umang Jabu, aged 35, a Malaysian, was appointed as our Director on 1 May 2007. She is the Chairman of our Board Audit Committee. 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 and is a Trustee of the Iban Women Charitable Trust since 2009.

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 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 Plywood 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
Igan Oil Mill Sdn Bhd	Operations of palm oil mill	Palm oil products
Europalm Sdn Bhd	Oil palm plantation	Palm oil products
Zumida (Padi) Sdn Bhd	Oil palm plantation	Palm oil products
Medan Sepadu Sdn Bhd	Investment holding The company holds 30% equity interest in KUB Sepadu Sdn. Bhd. whereby its principal activity is the cultivation of oil palm	Palm oil products
Datu 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
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 is 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 page 45 of this Annual Report.
For our Directors' securities holdings in SPB, please refer to page 149 of this Annual Report.

KEY **MANAGEMENT PERSONNEL**

Trina Tan Yang Li
Corporate Legal and Secretarial Manager

Joined SPB in 2000
Over 19 years and 11 years of experience in the legal and company secretarial field respectively.

Zahari Bin Mohd Nusi
Chief Operating Officer

Appointed as SPB's Chief Operating Officer with effect from 1st October 2011. Over 33 years of management experience in the plantation industry.

Datuk Haji Hamden Bin Ahmad
Group Managing Director

Redesignated from Independent Non Executive Director to Executive Director on 16 June 2010 and from Executive Director to Group Managing Director on 29 March 2011. Over 36 years of experience in finance, accounting, plantation and shipping industries.

Arman Bin Mulok
Human Resource and Administration Manager

Joined SPB in 2005
Over 14 years of experience in human resource and administration.

AUDIT COMMITTEE'S 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 2011.

1. Members and Meetings

The Committee Members during the financial year are as follows:-

No.	Name	Status of Directorship	Independent	Appointment / Resignation
1	Puan Umang Nangku Jabu	Chairman Independent Non Executive Director	Yes	Appointed on 16 June 2010
2	Encik Polit Bin Hamzah	Independent Non Executive Director	Yes	Appointed on 1 May 2007
3	Encik Azizi Bin Morni	Independent Non Executive Director	Yes	Appointed on 1 May 2007
4	Datu Haji Mohammed Sepuan Bin Anu	Independent Non Executive Director	Yes	Appointed on 1 May 2007 Resigned on 1 February 2011

During the financial year, the Committee conducted eight (8) meetings the details of which are as follows:-

No.	Name	No. of Meetings Attended	Attendance (%)
1	Puan Umang Nangku Jabu	7/8	88
2	Encik Polit Bin Hamzah	8/8	100
3	Encik Azizi Bin Morni	7/8	88
4	Datu Haji Mohammed Sepuan Bin Anu*	1/8	N/A

** Datu Haji Mohammed Sepuan Bin Anu resigned as member of the Audit Committee on 1 February 2011.*

The Group's internal and external auditors and certain members of senior management attend 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 36 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;
- 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 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 controls so as to provide reasonable assurance that this system continues to operate satisfactorily and effectively within the Group. The internal audit function adopts a risk-based audit methodology which is aligned to 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 2011 amounted to RM886,970.

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 of the Management; and
- Acts upon the Board of Directors' request to investigate and reports on any issues or concern with regards to the management of the Group.

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.

i. Financial Statements

- Reviews significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understands their impact on the financial statements.
- Reviews with management and the external auditors the results of the audit, including any difficulties encountered.
- Reviews the annual financial statements and considers whether they are complete, consistent with information known to committee members and reflect appropriate accounting principles.
- Reviews other sections of the annual report and related regulatory filings before release and considers the accuracy and completeness of the information.
- Reviews with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.
- Understands how management develops interim financial information and the nature and extent of internal and external auditors' involvement.
- Reviews interim financial reports with management and the external auditors before filing with regulators and considers whether they are complete and consistent with the information known to committee members.

4. Terms of Reference (continued)

ii. Internal Control

- Considers the effectiveness of the Company's internal control system, including information technology security and control.
- Understands the scope of internal and external auditors' review of internal control over financial reporting and obtains reports on significant findings and recommendations, together with management's response.

iii. Internal Audit

- Reviews with management and the chief audit executive the charter, activities, staffing and organizational structure of the internal audit function.
- Has final authority to review and approve the annual audit plan and all major changes to the plan.
- Ensures there are no unjustified restrictions or limitations and reviews and concurs in the appointment, replacement or dismissal of the chief audit executive.
- At least once per year, reviews the performance of the chief audit executive and concurs with the annual compensation and salary adjustment.
- Reviews the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- On a regular basis, meets separately with the chief audit executive to discuss any matters that the Committee or internal audit believes should be discussed privately.

iv. External Audit

- Reviews the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Reviews the performance of the external auditors.
- Reviews and confirms the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meets separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

4. Terms of Reference (continued)

v. Compliance

- Reviews the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) on any instances of non compliance.
- Reviews the findings of any examinations by regulatory agencies and any auditors' observations.
- Reviews the process for communicating the code of conduct to company personnel and for monitoring compliance therewith.
- Obtains regular updates from management and company legal counsel regarding compliance matters.

vi. Reporting Responsibilities

- Regularly reports to the board of directors about the Committee's activities, issues and related recommendations.
- Provides an open avenue of communication between internal audit, the external auditors, and the board of directors.
- Reports annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged and any other information required by rule, including approval of non-audit services.
- Reviews any other reports the Company issues that relate to Committee responsibilities.

vii. Other Responsibilities

- Performs other activities related to this charter as requested by the board of directors.
- Institutes and oversees special investigations as needed.
- Reviews and assesses the adequacy of the Committee's charter annually, requesting board approval for proposed changes and ensures appropriate disclosure as may be required by law or regulation.
- Confirms annually that all responsibilities outlined in this charter have been carried out.
- Evaluates the Committee's and individual members' performance on a regular basis.

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 authority 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 all that compliance with the principles and best practices of the Malaysian Code of Corporate Governance is strictly adhered to constantly.

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 for 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 Risk Management Committee, the Remuneration and Nomination 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 Risk Management Committee and the Remuneration and Nomination Committee were both set up on 01.05.2007 whilst the Special Tender and Land Acquisition Committee was set up on 25.02.2009.

I. Board of Directors (continued)

Board Meetings

During the year, the Board of Directors met five times. Datuk Abdul Hamed bin Sepawi and Datu Haji Chaiti Haji Bolhassan were both appointed on 30.08.2005, Datuk Haji Hamden bin Ahmad, Encik Polit bin Hamzah, Encik Azizi bin Morni and Puan Umang Nangku Jabu were all appointed on 01.05.2007 and Puan Hasmawati binti Sapawi was appointed on 25.11.2011.

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

Name of Director Resignation and Designation	Date of Appointment / Meetings Attended	Number of (%)	Percentage
Datuk Abdul Hamed bin Sepawi *	Appointed on 30.08.2005 Non Independent Non Executive Chairman	5/5	100
Datuk Haji Hamden bin Ahmad	Appointed on 01.05.2007 Executive Director / Group Managing Director	5/5	100
Datu Haji Chaiti bin Haji Bolhassan	Appointed on 30.08.2005 Non Independent Non Executive Director	5/5	100
Puan Hasmawati binti Sapawi	Appointed on 25.11.2011 Non Independent Non Executive Director	n/a	n/a
Encik Polit bin Hamzah	Appointed on 01.05.2007 Independent Director	5/5	100
Encik Azizi bin Morni	Appointed on 01.05.2007 Independent Director	5/5	100
Puan Umang Nangku Jabu	Appointed on 01.05.2007 Independent Director	4/5	80
Dato Sri Ahmad Tarmizi bin Hj Sulaiman**	Appointed on 30.08.2005 Non Independent Non Executive Director	0/5	N/A

** Appointed as Non Independent Non Executive Chairman with effect from 11.03.2011* *** Resigned with effect from 25.11.2011*

Board Balance

The Board of Directors of the Company comprises seven directors of whom three 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 Director.

A brief profile of each director is provided on pages 30 to 36 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.

I. Board of Directors (continued)

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.

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 announcement 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, only one new director was appointed to the Board. For these appointments, the Company has in place an evaluation process which will be carried out by the Remuneration and Nomination 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.

II. Board Committees (continued)

Board Audit Committee (continued)

The Board Audit Committee comprises the following members:

Name of Committee Member	Designation
Puan Umang Nangku Jabu	Chairman - Independent Non Executive Director
Encik Polit bin Hamzah	Independent Non Executive Director
Encik Azizi bin Morni	Independent Non Executive Director

The terms of reference of the Board Audit Committee together with the Audit Committee's Report are set out on pages 39 to 43 of the Annual Report. The activities of the Board Audit Committee for the year ended 31 December 2011 are also set out in the Audit Committee's Report.

Remuneration and Nomination Committee

The Remuneration and Nomination 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 Chairman
Datu Haji Chaiti bin Haji Bolhassan	Non Independent Non Executive Director
Encik Azizi bin Morni	Independent Non Executive Director

The Remuneration and Nomination 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 Remuneration and Nomination 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 Remuneration and Nomination Committee includes the following:

(a) establishes and reviews terms and conditions of employment and remuneration of the Executive Directors and top Management Executives of the Company;

(b) 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;

II. Board Committees (continued)

Remuneration and Nomination Committee (continued)

(c) identifies and nominates for approval of the Board, candidates to fill board vacancies as and when they arise;
(d) reviews the required mix of skills, experience and other qualities, including core competencies, which Non Executive Directors should bring to the Board;
(e) establishes the minimum requirements for the Board and the Chief Executive Officer to perform their responsibilities effectively;
(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 recommends 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
Datuk Haji Hamden bin Ahmad	Executive Director / Group Managing Director
Encik Azizi Bin Morni *	Independent Non Executive Director
Encik Zahari bin Mohd Nusi *	Chief Operating Officer
Haji Bolhan bin Berawi **	Chief Financial Officer
Encik Liew Men Khian ***	Marketing Manager

** Appointed with effect from 26.10.2011   ** Retired with effect from 31.12.2011   *** Retired with effect from 30.04.2011*

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, 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;

II. Board Committees (continued)

Risk Management Committee (continued)

(b) identifies principal risks underlying the business and operation of the Company and sets up the risk profile of the Company;
(c) evaluates, monitors and develops strategies and actions to address these principal risks with a view to maintain 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.

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 Abdul Hamed bin Sepawi	Chairman - Non Independent Non Executive Chairman
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 fertilizers 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.

III. Directors' Training

All Directors have attended the Directors' Mandatory Accreditation Programme organised by Bursa Securities except Puan Hasmawati binti Sapawi who was just appointed on 25.11.2011. However she has attended the Directors' Mandatory Accreditation Programme on 22 - 23.02.2012. As part of our Directors' continuous training programme, our existing directors have attended the trainings as stated below:

Name of Director	Brief Description of Training
Datuk Abdul Hamed bin Sepawi	- 2011 IIA International Conference, KL - 7th Indonesia Palm Oil Conference (IPOC) & 2012 Price Outlook, Bali, Indonesia
Datuk Haji Hamden bin Ahmad	- MSWG Seminar: Lessons from the Investment Gurus: Learning from Benjamin Graham & Warren Buffet, KL - Palm Oil Economic Review and Outlook Seminar 2012, KL - PIPOC 2011 - MPOB International Palm Oil Congress at KLCC, KL - Sustainability Programme for Corporate Malaysia 1/2 day Directors' Session on Sustainability, KL - International Corporate Governance Network Conference, KL - ICE-PO 2011: International Conference & Exhibition on Palm Oil, Jakarta, Indonesia - MPOB Transfer of Technology Seminar 2011 at TOT Seminar 2011, Selangor - 2011 IIA International Conference, KL - Malaysia FRS Update and IFRS Covergence Seminar, KL - 7th Indonesia Palm Oil Conference (IPOC) & 2012 Price Outlook, Bali, Indonesia - MICG Seminar: "The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011 - What Directors and Co-Sec Should Know", KL
Datu Haji Chaiti bin Haji Bolhassan	- Sustainability Programme for Corporate Malaysia, KL - Malaysia FRS Update and IFRS Covergence Seminar, KL - MICG Seminar: "The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011 - What Directors and Co-Sec Should Know", KL
Encik Polit bin Hamzah	- Sarawak Domestic Investment Seminar, Kuching - PIPOC 2011 - MPOB International Palm Oil Congress at KLCC, KL

III. Directors' Training (continued)

Name of Director	Brief Description of Training
Encik Azizi bin Morni	- Sustainability Programme for Corporate Malaysia, KL - 2011 IIA International Conference, KL - IIAM - Black Hole Assurance - Is Your Board and Audit Committee Aware of the Red Flags?, KL - MICG Seminar: "The New Corporate Governance Blueprint and Regulatory Updates Seminar 2011 - What Directors and Co-Sec Should Know", KL
Puan Umang Nangku Jabu	- Sarawak Domestic Investment Seminar, Kuching - IIAM - Black Hole Assurance - Is Your Board and Audit Committee Aware of the Red Flags?, KL - KPMG's Tax Seminar - The 2012 Budget Proposals, Kuching - PIPOC 2011 - MPOB International Palm Oil Congress at KLCC, KL

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 Remuneration and Nomination 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	179,500	1,199,437	1,378,937
Salary	537,000	0	537,000
Other Emoluments	207,493	675,355	882,848
Bonus	42,000	0	42,000
Meeting Allowance	10,500	37,000	47,500
Total	976,493	1,911,792	2,888,285

IV. Directors' Remuneration (continued)

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	1	2	3
RM50,001 - RM100,000		2	2
RM100,001 - RM150,000		3	3
RM150,001 – RM200,000			
RM200,001 – RM250,000			
RM250,001 – RM300,000			
RM300,001 – RM350,000			
RM350,001 – RM400,000			
RM400,001 – RM450,000			
RM450,001 – RM500,000			
RM500,001 – RM550,000			
RM550,001 – RM600,000		1	1
RM600,001 – RM650,000			
RM650,001 – RM700,000			
RM700,001 – RM750,000			
RM750,001 – RM800,000		1	1
RM800,001 – RM850,000			
RM850,001 – RM900,000			
RM900,001 – RM950,000			
RM950,001 – RM1,000,000	1		1

V. Shareholder Communication and Investor Relations

Shareholder and Investor Communication

The Company recognizes 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 release and press statements
- Circular 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 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 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 recognizes 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 pages 57 to 58 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 2012 is shown below:

	RM'000
Gross proceeds received on 28 August 2007	90,000
Less utilisation for :	
Capital expenditure	30,000
Working capital purposes for the Group's core business	55,969
Share issue expenses	4,031
Unutilised balance as at 30 April 2012	Nil

The proceeds have been fully utilized by 31 December 2011.

Share Buy Back

The SPB shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act 1965. During the financial year ended 31 December 2011, the Company did not purchase any of its own shares. In addition, none of the treasury shares held were resold or cancelled. Total treasury shares held by the Company as at 31 December 2011 is 436,100.

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.

VII. Other Information (continued)

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 2011.

Non Audit Fees

The amount of non audit fees incurred for services rendered by the external auditors, KPMG Malaysia and its affiliates to the Company and its subsidiaries during the financial year ended 31 December 2011 amounted to RM190,570.

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

The was no deviation of 10% or more between the total comprehensive income attributable to Owners of the Company stated in the Quarter IV Announcement of unaudited results for the financial year ended 31 December 2011 and the audited financial statements of the Company for the financial year ended 31 December 2011.

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 2011, please refer to note 30 of the Financial Statements as set out on pages 136 to 137 of this Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 24 April 2012.

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 controls to safeguard shareholders' investment and the Group's assets as well as reviewing the adequacy and effectiveness of the system of internal controls. A sound system of internal controls 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 controls, the Group's system is designed to manage and mitigate risks that may impede the Group's achievements 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 strategies 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 include examining the business operational risks in critical areas, potential impacts and identifying measures and time frame 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;
- 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;
- Management meetings are held to review the Group's operations which include analysing the performance of the Group and addressing the key operational issues faced thereby; 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, assess the effectiveness and adequacy of the system of internal controls and where necessary, recommends areas for improvements.

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 improvements, as highlighted by the internal and external auditors have been or are being addressed.

The Board confirms that its system of internal controls 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 controls 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 controls.

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

This statement is made in accordance with the resolution of the Board of Directors dated 24 April 2012.

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 2011 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 and Legume cover crops 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 empty fruit bunches for field application as compliment to the inorganic fertiliser, hence maintaining the fertility of soil; and
- Utilisation of palm oil mill effluent for field application.

The Group's Cattle Integration project

15 Feb 2011
Donation of Hearse Vehicle to Lembaga Amanah Kebajikan Islam Selalang

1 May 2011
Labour Day Celebration

Environment (continued)

Cattle Integration

The Group's Cattle Integration project was initiated in 2000 under the "Pawah" scheme through the Department of Agriculture (DOA) Sarawak. As at 31 December 2011 the Group has a total of 1,178 heads of cattle. Cattle integration benefits the participating estates through its integrated weed management programme which contributes to reducing weeding cost and lesser use of herbicides. This enhances the Group's efforts towards achieving good agricultural and farm (GAF) practices and standards. The Cattle Integration project is economically viable in the long run and is also our efforts to reduce use of herbicides for safer environment.

Pest and disease management

- Practice Integrated Pest Management (IPM) to minimise the use of pesticides through the promotion of beneficial plants, natural enemies and biological-control; and
- Maintain soft weeds in inter rows and plant beneficial plants (e.g. Tunera subulata, Cassia cobanensis) for integrated pest management.

Mill Operation

Key initiatives and practices for mill operation include:

- Usage of lagoons and tertiary polishing system for treatment of palm oil mill effluent;
- Palm oil mill effluent is also used as compost;
- Installation of Continuous Emission Monitoring System for on line monitoring of stack emission.

Workplace

We firmly believe that the success of the Group hinges on the optimisation of their human capital. This can only be done effectively if their well being and welfare are given priority. The Group achieves this by ensuring that the employees are working and living in a safe, comfortable and conducive environment. Apart from the basic facilities, employees are provided with ample modern amenities at our estates and mills. Improved and well maintained infrastructure and facilities such as roads, schools, clinics, transportation, playgrounds, community halls and places of worship are considered important and at par with current business needs.
In ensuring that the communication connectivity is equally efficient with their counterparts in the city and town area, the estates and the mills are equipped with internet facilities in addition to the existing fixed telecommunication lines.


20 May 2011
Assistance to the fire victims
at Pujut Corner, Miri


24 Jul 2011
Sports Partner to Persatuan
Taekwondo Negeri Sarawak


30 Sep 2011
Wheelchairs for disabled
members of PBPM

A safe working environment is at the heart of the HSE efforts. Safety briefings, safety gears, personal protection equipment, placement of clear signage and awareness programs are carried out to facilitate this. The Group invests sufficient funds to ensure that staff is equipped with the right knowledge and mindset to create a productive and efficient workforce. Training mandays clocked in during the year for various functional and technical programs is 3,650 days which is an average of 6 days per staff. A continuous learning environment is constantly emphasised and encouraged.

To inculcate and reinforce a highly productive and performance based work culture, workers of estates that have achieved production targets are celebrated (quarterly) in an Appreciation Night at their respective estates. Another event, “Konsert Penghargaan Pekerja SPB 2011”, attended by 600 workers, was also held to recognise and reward workers who have excelled in their specialised areas. To balance the many hours spent at work, many recreational activities were organised for the staff during the year to keep the camaraderie spirit high, such as the quarterly held Managers’ Nite, the Labour Day Celebrations at estate level, KEREDAS’ Sports Carnival & Gala Dinner 2011, KEREDAS’ family trip to Kota Kinabalu, 1st SPB Invitational Ten Pin Bowling Competition 2011, “Majlis Berbuka Puasa” and “Majlis Ramah Mesra Aidilfitri”.

Gatherings and numerous religious activities such as “Sambutan Maulidur Rasul Peringkat Miri 2011”, the “Majlis Tilawah Al-Quran”, “Program Ibadah Qurban SPB 2011” and “Kursus Imam & Pengurusan Jenazah” in the Central Region were also carried out during the year.

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

Community

Sport partnership with Sarawak Taekwondo Association

This year, we were invited to be the sport partner for Sarawak Taekwondo Association. Both parties will be supporting each other in events and activities aimed to improve sports development in the state of Sarawak.

Gotong Royong at Rumah Kanak-Kanak Istimewa Miri

The CSR team organised gotong royong at Rumah Kanak-Kanak Istimewa Miri as part of our CSR continuous programme. The CSR team also organised get together events with the local community and students living in areas surrounding our estates.

14 Oct 2011
Donation of Electric Pressure Washer to Klinik Kesihatan Ladang Tiga, Miri

30 Oct 2011
Fire Extinguisher Demonstration & Emergency Procedures

23 Dec 2011
Gotong Royong Rumah Kanak-Kanak Istimewa Miri

Community (continued)

Donation of Hearse Vehicles

As part of our CSR initiatives and continuing contribution to the community, SPB donated hearse to three different organisations; namely Lembaga Amanah Khairat Islam Lawas, Lembaga Amanah Kebajikan Islam Limbang and Masjid At-Taqwa Miri.

Students' Welfare

We firmly believe that students are important assets of the country. To accord better safety measures for students at schools, SPB donated a total of 100 units of fire exrtinguishers to various schools in the District of Sri Aman, Miri, Sibu and Bintulu.

Fire extinguisher demonstration and emergency procedures were also held to create awareness in students in 5 schools in Miri areas.

The Company also provided sponsorships to Guru Agama for Lembaga Kebajikan Anak-Anak Yatim Kuching to conduct religious classes.

Sponsorship of Wheel chairs for disabled members of PBPM

We sincerely appreciate the sacrifices that our active duty military personnel, veterans, and military dependents make, as they serve our country. To honour their contribution and as part of our social responsibilities, we sponsored 10 units of wheelchairs for disabled members of the Ex-Police Association of Malaysia State of Sarawak.

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 position and operations and 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**

Visitors at our Seed Production Unit

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 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, assisted by the members of the management team.

For the year under review, the Group had meetings and briefings with various fund managers and research analysts. In addition, there were also visits by fund managers and research analysts to the Group's business operations in order to obtain a better understanding of the strengths as well as future prospects of the Group. These briefings and visits promote interaction between investors, analysts and key members of the management team.

The Group also consistently received coverage from research institutions.

Visitors at our Seed Production Unit

DIARY OF CORPORATE EVENTS

1

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1 14 Sept 2011

Hari Raya Open House Northern Region

A festive celebration get together for management, staff and workers from estates and mill located in the northern region.

2 19 Aug 2011

Donation of Fire Extinguishers

Rumah Lingu, a 79-door longhouse in Sibuti, Miri received 20 fire extinguishers from SPB as part of the Group's CSR initiatives.

3 9 Aug 2011

SPB break-of-fast fete for orphans

Some 18 children from the Laila Taib Orphanage (PERYATIM) were treated to food, drinks and 'duit raya' at SPB break-of-fast event.

4 23 Jul 2011

KEREDAS Sport Carnival & Gala Dinner

An annual affair to promote sports and recreational activities among the management and staff.

5 2 Jul 2011

1st SPB Invitational Ten Pin Bowling Competition

More than 20 teams participated in this bowling competition held at Miri and Kuching. The teams comprised Government Agencies, Statutory Bodies and private sector organizations.

6 16 Jun 2011

Sarawak Plantation Berhad 14th Annual General Meeting

The Company held its 14th Annual General Meeting on 16th June 2011 at Ground Floor, Wisma NAIM, 2 ½ Mile, Rock Road, Kuching.


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18 Feb 2011

Presentation of Incentives to Melugu Oil Palm Estate Harvesters

An initiative to boost productivity and recognize the contribution of local and Indonesian workers.

8

15 Feb 2011

Participation in the Maulidur Rasul Celebration

SPB's contingent was awarded 1st place in the Banner procession and 3rd place in the Float procession category.

9

28 Jan 2011

Corporate Briefing to Fund Managers

A regular feature in our corporate calendar to update fund managers and analysts on the performance and future growth of the Group.

10

22 Jan 2011

SPB Southern Region Family Day

A get together by the management and staff based in the Southern Region namely Corporate Office, SP Lab and Melugu Oil Palm Estate at Damai Puri Spa and Resort.

SPB IN THE **NEWS**


Better days for S'wak Plantation – TA Securities

8 Feb 2011 | Borneo Post


S'wak Plantation donates van to Lakis Selalang

22 Feb 2011 | Borneo Post


State targets three gold medals

26 July 2011 | The Star


SPB break-of-fast fete for orphans

11 August 2011 | New Sarawak Tribune

20 August 2011 | Borneo Post

RH Lingu receives fire extinguishers

26 November 2011 | Borneo Post

S'wak Plantation reports increased nine-month pre-tax profit

KUALA LUMPUR: Sarawak Plantation Bhd (Sarawak Plantation) posted an increased pre-tax profit of RM82.333 million for the first nine-months of 2011, compared with the RM41.934 million last year.

Revenue also rose to RM367.746 million from the RM225.323 million recorded in the corresponding period in 2010.

In a filing to Bursa Malaysia yesterday, Sarawak Plantation said for the third quarter ended Sept 30, 2011, it recorded a higher pre-tax profit of RM31.781 million versus RM13.159 million, previously. Revenue for the three-month period was also up to RM147.354 million from RM81.653 million last year.

"The performance of the group is largely dependent on the production, operational efficiency and price of crude palm oil (CPO).

"The group is expected to perform well for the current financial year subject to stable market for crude oil and global oils and fats," the company said. — Bernama

The performance of the group is largely dependent on the production, operational efficiency and price of crude palm oil (CPO).

LARGELY DEPENDENT: According to the group, its performance is largely dependent on the production, operational efficiency and price of CPO.

3 December 2011 | The Star

Sarawak Plantation looking to top group revenue this year

6 September 2011 | The Star

Sarawak Plantation optimistic

FFB production up 20% in first half this year, says group managing director

OUTLOOK FOR THE PALM OIL INDUSTRY

The following are independent opinions from authoritative sources on the outlook for the Palm Oil Industry for 2012 and beyond. These organisations have no connection with the SPB Group or its subsidiaries, except where indicated. All statements are copyright of their respective originators and are reproduced here under the rule of fair comment.

Malaysia Says 2012 Palm Oil Output To Grow On Higher Acreage, Replanting

Reuters (http://www.reuters.com) 7 October 2011

Malaysia's palm oil production may expand next year on improving yields and higher acreage, the government said in its annual economic report on Friday.

Crude palm oil output in the world's second largest producer could rise 2.2 percent to 18.7 million tonnes from a projected 18.3 million tonnes in 2011 due to aggressive replanting, the Finance Ministry said in the 2011/2012 economic report.

For the first eight months of this year, Malaysia produced 12 million tonnes of the tropical oil amid signs of weakening yields due to the after effects of El Nino-driven hotter weather in 2010.

By comparison, top palm oil producer Indonesia is expected to produce 23 million tonnes this year on faster expanding acreage.

"The oil palm industry is forecast to grow 7.1 percent over the next five years, driven by further gains in average productivity," said the report that was issued during Malaysia's budget presentation.

The report said Malaysia's oil palm acreage will rise 4.1 percent to 5.1 million hectares this year from 4.9 million hectares in 2010.

The acreage expansion for the commodity is due to the opening up of new areas in Sabah and Sarawak states on Borneo island.

Plantation Sector In Dire Need Of Workers, Managers

The Borneo Post (http://www.theborneopost.com) 13 February 2012

The Sarawak plantation industry needs more labourers and managers in order to achieve the targeted two million hectares of cash crops by 2020.

Land Development Minister Tan Sri Dr James Jemut Masing said the industry was currently plagued by two key problems.

"It requires a lot of workers, but we have a shortage of labourers. In certain companies, 90 per cent of their workers are from outside. This is a serious matter, and the industry cannot afford to rely on foreign labour," he said at the annual dinner of The Incorporated Society of Planters (ISP) South Sarawak Branch on Saturday.

He urged the public and private sectors to put their heads together to come up with the best solutions to solve the labour shortage problems and also proposed new harvesting methods.

Since its establishment in 1994, ISP South Sarawak Branch has grown tremendously, with the views of its members reflecting the voice of the plantation industry.

Masing also asked the south, central and north Sarawak Branches of ISP to establish more institutions to train people for plantation management positions.

"It's not good enough to increase the number of labourers. You got to have people to come in to manage the plantation properly so that we can maximise productivity," he said, adding that his ministry was willing to assist.

Palm-Oil Exports From Malaysia Seen Climbing 10% on Increased Asian Demand

Bloomberg (http://www.bloomberg.com) 15 February 2012

Palm-oil exports from Malaysia, the second-largest producer, may climb as much as 10 percent this year, expanding faster than local output and helping to drive down stockpiles and support prices, an industry group forecast.

Exports may climb to a record 19.8 million metric tons from last year's 18 million tons as demand in India and China gains, Lee Yeow Chor, chairman of the Malaysian Palm Oil Council, said in an interview. The price may advance 3.9 percent to 3,300 ringgit ($1,089) per ton in 2012, according to Lee.

Declining stockpiles in Malaysia, which have held above 2 million tons since September, may help futures extend a 15 percent rally since October, boosting profits at growers IOI Corp. (IOI) and Sime Darby Bhd. (SIME) Credit Suisse Group AG raised its forecast for 2012 prices 28 percent to 3,200 ringgit on Feb. 1, saying supplies will be capped, while demand remains strong.

"The market hasn't completely accounted for the amount of vegetable-oil demand that's going to be shifting to palm oil this year," said Erin FitzPatrick, an analyst at Rabobank International in London. Prices were holding above 3,000 ringgit on prospects for lower global soybean oil and rapeseed oil output, FitzPatrick said by phone yesterday.

The April-delivery contract fell as much as 1 percent to 3,166 ringgit on the Malaysia Derivatives Exchange today before trading at 3,177 ringgit at 11:55 a.m. in Kuala Lumpur. While the price is little changed this year, it's rallied from a 12- month low of 2,754 ringgit on Oct 6.

Palm Oil Surges to Eight-Month High as Demand Outlook Improves

Bloomberg (http://www.bloomberg.com) 23 February 2012

Palm oil climbed to the highest level in more than eight months on speculation that demand may grow as countries rebuild inventories and as expensive soybean oil prompts users to buy the cheaper tropical oil.

The May-delivery contract advanced 0.7 percent to 3,272 ringgit ($1,086) a metric ton on the Malaysia Derivatives Exchange, the highest price at close for a most-active contract since June 9.

Shipments from Malaysia, the second-biggest producer after Indonesia, fell 2 percent to 783,112 tons in the first 20 days of February from the same period last month, surveyor Intertek (ITSPALM) said Feb. 20. This compares with a 14 percent decline in the first 15 days of the month. Soybean oil's premium over palm oil was $117.85 a ton today. It has averaged $117.23 this year compared with an average of $33.09 in the same period last year.

"The market has good support, demand is picking up and soybean oil prices are also high," Vijay Mehta, a director at Commodity Links Pte., said by phone from Singapore. "We're receiving inquiries from India and Bangladesh also, good demand is coming in for February and March shipments."

The differential between soybean oil and competing oils such as palm oil and sunflower oil is "too big," Mehta said. "Demand for soybean oil is going down."

Palm Oil Consumption To Double This Year, Says RSPO

Bernama (National News Agency) 5 March 2012

The Roundtable on Sustainable Palm Oil (RSPO) foresees total global sustainable palm oil consumption to double this year from five per cent last year, given increasing demand and awareness.

Secretary-General Darrel Webber said Certified Sustainable Palm Oil (CSPO) global production would also increase in tandem with the expected consumption upscale.

With multinationals and world's largest palm oil buyers pledging to source for RSPO certified palm oil by 2015, the consumption trend has already begun, which is expected to mirror in the increased sustainable palm oil consumption foreseen this year, he said.

The production of CSPO, also known as green palm oil, has grown to 11 per cent from the five million tonnes of global crude palm oil output last year, he told Bernama in an interview.

Webber said Malaysia, among the global leaders in palm oil production, was leading the pack as top producers, contributing 48 per cent share, with Indonesia 40 per cent, followed by Papua New Guinea, South America and West Africa.

"2012 looks to be a better year for us. Certified products are gaining foothold, contributing to the increasing demand and we are positive to see this improving this year."

SOPPOA Sees 15pc Sarawak Output Growth

Business Times (http://www.btimes.com.my) 7 March 2012

Sarawak expects 15 per cent output growth to 3.1 million tonnes of crude palm oil this year, as more oil palms mature and bear more fruits.

In an interview, Sarawak Oil Palm Plantation Owners' Association (Soppoa) vice-president Paul Wong said the association members should be able to harvest and squeeze out between 10 to 20 per cent more than last year's 2.7 million tonnes.

"About 80,000ha of additional area will come to maturity this year. Many of our members' tree profile is pointing towards favourable output these few years. Malaysia's final expansion frontier is in Sarawak," he told Business Times on the sidelines of the Palm and Lauric Oils Outlook Conference (POC) 2012 held in Kuala Lumpur yesterday.

Indeed, with some three million hectares of agriculture land yet to be cultivated, the growth story lies squarely on Sarawak.

As at December 2011, the country's oil palm planted area totalled five million hectares.

Last year, the Malaysian Palm Oil Board's data show that both Peninsular Malaysia and Sabah's crude palm oil output only grew by 9 per cent and 10 per cent to 10.4 million tonnes and 5.8 million tonnes, respectively. Sarawak's production, however, jumped 24 per cent to 2.7 million tonnes.

Soppoa's 3.1 million tonnes of crude palm oil forecast is in line with that of the Malaysian Palm Oil Board (MPOB)'s national estimate of 19.3 million tonnes.

Industry Experts Forecast Better Prices For Crude Palm Oil This Year

The Star Business (http://biz.thestar.com.my) 8 March 2012

Industry experts have different price forecasts for crude palm oil (CPO) this year, but they all seem to agree that 2012 will be a better year for the commodity than the past two years. Their forecast average prices range from RM3,100 to RM3,610 per tonne. In comparison, CPO was traded at an average of RM3,210 in 2011 and RM2,701 in 2010.

ISTA Mielke GmBH (Oil World) executive director Thomas Mielke said CPO prices would average about RM3,450 per tonne, given that the outlook for palm oil output was going to be moderate this year.

"We expect Malaysia will increase its CPO output by only about 0.4 million tonnes to 19.3 million tonnes, while Indonesia is expected to slow its output by 1.6 million tonnes or less, to 25.5 million tonnes," he said yesterday during the palm oil price outlook session at the Palm & Lauric Oils Conference & Exhibition Price Outlook 2012 with the theme *Global Shocks Local Impact*.

Industry Experts Forecast Better Prices For Crude Palm Oil This Year (continued)

Another speaker at the conference, Malaysian Palm Oil Board (MPOB) senior research officer Ramli Abdullah, expects CPO prices to range from RM3,100 to RM3,610 per tonne.

He said the prices were usually influenced by economic factors such as soybean oil prices, production and crude palm oil.

"The production of palm oil for Malaysia is expected to increase to 19.36 million tonnes this year under normal weather situation and increase in new plantings, matured area and replanting," he added.

LMC International chairman Dr James Fry said he forecast Malaysia's CPO production to be unchanged from the 2011 total at 18.9 million tonnes and forecast CPO price to be at an average of RM3,250 per tonnes if Brent crude oil trades at US$125 (RM375) per barrel.

Rabobank International Asia Head of Food & Agribusiness Research & Advisory John Baker forecast Malaysia's CPO production this year to be 19.2 million tonnes, while price was expected to peak to near RM3,500 per tonne before starting to moderate after the second half of 2012.

Godrej International Ltd director Dorab Mistry believes that Malaysia's CPO production this year would be at the range of between 18.6 million tonnes and 19 million tonnes.

"I'm expecting a flat production for Malaysia this year as a result of a low cycle for palm trees," he said. Malaysia's CPO production in 2011 was 18.9 million tonnes.

He expects the price of CPO to hover at between RM3,450 and RM3,600 per tonne after June and that it would decline only after evidence of the low cycle end around November.

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 2011 as set out in pages 78 to 142 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 24 April 2012.

FINANCIAL STATEMENTS

For the year ended 31 December 2011

DIRECTORS' REPORT
for the year ended 31 December 2011

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 2011.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are stated in Note 5 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 for the year attributable to:		
Owners of the Company	81,598,544	59,242,389
Non-controlling interests	(4,370,593)	-
	77,227,951	59,242,389

DIVIDENDS

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

i) a second interim single-tier exempt dividend of 3.50 sen per ordinary share of RM1.00 each totalling RM9,784,737 in respect of the year ended 31 December 2010 on 8 April 2011; and

ii) a first interim single-tier exempt dividend of 6.30 sen per ordinary share of RM1.00 each totalling RM17,612,525 in respect of the year ended 31 December 2011 on 5 October 2011.

The Company declared a second interim single-tier exempt dividend of 10.0 sen per ordinary share of RM1.00 each totalling RM27,956,390 in respect of the year ended 31 December 2011 on 20 February 2012. The dividend was paid on 29 March 2012.

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 financial year under review.

DIRECTORS OF THE COMPANY

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

Datuk Abdul Hamed Bin Sepawi
Dato' Sri Ahmad Tarmizi Bin Haji Sulaiman (resigned on 25.11.2011)
Datuk Haji Hamden Bin Ahmad
Datu Haji Chiti @ Chaiti Bin Haji Bolhassan
Hasmawati Binti Sapawi (appointed on 25.11.2011)
Umang Nangku Jabu
Polit Bin Hamzah
Azizi Bin Morni

DIRECTORS' INTERESTS IN SHARES

The interests of the Directors holding office at year end, including the interests of the spouses or children of the Directors 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 1.1.2011	Bought	Sold	At 31.12.2011
Direct interests in the Company				
Datuk Abdul Hamed Bin Sepawi	200,000	-	-	200,000
Datuk Haji Hamden Bin Ahmad	100,000	-	-	100,000
Datu Haji Chiti @ Chaiti Bin Haji Bolhassan	100,000	-	-	100,000
Umang Nangku Jabu	50,000	-	-	50,000
Polit Bin Hamzah	50,000	-	-	50,000
Azizi Bin Morni	11,000	-	-	11,000
Deemed interests in the Company				
Datuk Abdul Hamed Bin Sepawi *	84,994,424	-	-	84,994,424

* Deemed interests via companies in which the Director has substantial financial interests.

Deemed interests in SPB Pelita Suai Sdn. Bhd.:				
Datuk Abdul Hamed Bin Sepawi	1,596,000	-	-	1,596,000
Deemed interests in Sarawak Plantation Services Sdn. Bhd.:				
Datuk Abdul Hamed Bin Sepawi	95,000	-	-	95,000
Deemed interests in Azaria Sdn. Bhd.:				
Datuk Abdul Hamed Bin Sepawi	3	-	-	3
Deemed interests in SPB Pelita Wak Pakan Sdn. Bhd.:				
Datuk Abdul Hamed Bin Sepawi	1	-	-	1
Deemed interests in SPB Pelita Mukah Sdn. Bhd.:				
Datuk Abdul Hamed Bin Sepawi	1	-	-	1
Deemed interests in SPS Trading Sdn. Bhd.:				
Datuk Abdul Hamed Bin Sepawi	2	-	-	2

The other Director, Hasmawati Binti Sapawi, had no interests in the shares of the Company and of its related corporations during and at the end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by 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 a Director who has significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business (see also Note 30 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 AND DEBENTURES

There were neither changes in the authorised, issued and paid-up capitals of the Company, nor issuances of debentures by the Company, during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 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 Abdul Hamed Bin Sepawi

Datuk Haji Hamden Bin Ahmad

Kuching,

Date: 24 April 2012

STATEMENTS OF
FINANCIAL POSITION
at 31 December 2011

Assets	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Property, plant and equipment	3	294,789,941	281,793,694	-	-
Plantation development expenditure	4	236,158,296	223,879,468	-	-
Investment in subsidiaries	5	-	-	298,706,187	298,604,457
Investment properties	7	5,656,243	5,828,695	-	-
Trade and other receivables	8	-	-	6,484,726	12,082,628
Total non-current assets		536,604,480	511,501,857	305,190,913	310,687,085
Other investments	9	1,685,092	1,814,854	-	-
Inventories	10	29,214,594	19,275,086	-	-
Trade and other receivables	8	30,020,687	33,973,913	243,793	204,417
Prepayments and other assets	11	6,482,568	4,606,478	135,015	126,828
Assets held for sale	12	949,060	-	-	-
Current tax recoverable		133,194	130,035	-	-
Cash and bank balances	13	158,776,914	120,416,790	89,584,147	52,001,844
Total current assets		227,262,109	180,217,156	89,962,955	52,333,089
Total assets		763,866,589	691,719,013	395,153,868	363,020,174
Equity					
Share capital		280,000,000	280,000,000	280,000,000	280,000,000
Share premium		60,968,951	60,968,951	60,968,951	60,968,951
Reserves		223,177,296	168,976,014	52,168,163	20,323,036
Total equity attributable to owners of the Company	14	564,146,247	509,944,965	393,137,114	361,291,987
Non-controlling interests	2(a)(vi)	(252,633)	4,117,960	-	-
Total equity		563,893,614	514,062,925	393,137,114	361,291,987
Liabilities					
Deferred tax liabilities	15	47,021,410	40,466,068	-	-
Borrowings	16	58,900,000	81,860,000	-	-
Total non-current liabilities		105,921,410	122,326,068	-	-
Trade and other payables	17	66,006,472	44,856,866	1,870,860	1,623,049
Borrowings	16	22,960,000	7,960,000	-	-
Current tax payable		5,085,093	2,513,154	145,894	105,138
Total current liabilities		94,051,565	55,330,020	2,016,754	1,728,187
Total liabilities		199,972,975	177,656,088	2,016,754	1,728,187
Total equity and liabilities		763,866,589	691,719,013	395,153,868	363,020,174

The notes on pages 85 to 141 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Revenue	18	479,364,105	340,830,915	62,000,000	27,000,000
Cost of sales		(322,887,921)	(234,246,985)	-	-
Gross profit		156,476,184	106,583,930	62,000,000	27,000,000
Other income		3,537,105	2,765,559	2,767	4,858
Distribution expenses		(24,646,722)	(17,568,576)	-	-
Other expenses		(1,243,332)	(517,951)	-	-
Administrative expenses		(25,210,672)	(21,174,150)	(4,776,432)	(3,577,371)
Impairment loss:					
- plantation development expenditure		-	(7,664,145)	-	-
- property, plant and equipment		-	(2,431,463)	-	-
Replanting expenditure		(4,846,415)	(6,938,427)	-	-
Results from operating activities	19	104,066,148	53,054,777	57,226,335	23,427,487
Finance income	21	4,262,241	2,944,555	2,501,835	1,306,186
Finance costs	22	(4,153,447)	(3,740,091)	-	-
Net finance income/(costs)		108,794	(795,536)	2,501,835	1,306,186
Profit before tax		104,174,942	52,259,241	59,728,170	24,733,673
Income tax expense	23	(26,946,991)	(17,902,961)	(485,781)	(337,570)
Profit/Total comprehensive income for the year		77,227,951	34,356,280	59,242,389	24,396,103
Total comprehensive income attributable to:					
Owners of the Company		81,598,544	34,354,677	59,242,389	24,396,103
Non-controlling interests		(4,370,593)	1,603	-	-
Profit/Total comprehensive income for the year		77,227,951	34,356,280	59,242,389	24,396,103
Basic/Diluted earnings per ordinary share (sen)	24	29.19	12.29		

The notes on pages 85 to 141 are an integral part of these financial statements.

STATEMENT OF
CHANGES IN EQUITY

for the year ended 31 December 2011

Group	Note	Share capital RM	Share premium RM	Equity reserve RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owner of the Company							
		Non-distributable				*Distributable*			
At 1 January 2010		280,000,000	60,968,951	493,560	(1,222,307)	162,175,419	502,415,623	4,116,642	506,532,265
- effect of adopting FRS 139	32	-	-	-	-	(266,765)	(266,765)	(285)	(267,050)
At 1 January 2010, *restated*		280,000,000	60,968,951	493,560	(1,222,307)	161,908,654	502,148,858	4,116,357	506,265,215
Total comprehensive income for the year		-	-	-	-	34,354,677	34,354,677	1,603	34,356,280
Dividends to owners of the Company	25	-	-	-	-	(26,558,570)	(26,558,570)	-	(26,558,570)
At 31 December 2010/ 1 January 2011		280,000,000	60,968,951	493,560	(1,222,307)	169,704,761	509,944,965	4,117,960	514,062,925
Total comprehensive income for the year		-	-	-	-	81,598,544	81,598,544	(4,370,593)	77,227,951
Dividends to owners of the Company	25	-	-	-	-	(27,397,262)	(27,397,262)	-	(27,397,262)
At 31 December 2011		280,000,000	60,968,951	493,560	(1,222,307)	223,906,043	564,146,247	(252,633)	563,893,614
		(Note 14)	(Note 14)	(Note 14)	(Note 14)				

The notes on pages 85 to 141 are an integral part of these financial statements.

Company	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM
		Attributable to owner of the Company				
		Non-distributable			*Distributable*	
At 1 January 2010		280,000,000	60,968,951	(1,222,307)	23,707,810	363,454,454
Total comprehensive income for the year		-	-	-	24,396,103	24,396,103
Dividends to owners of the Company	25	-	-	-	(26,558,570)	(26,558,570)
At 31 December 2010/ 1 January 2011		280,000,000	60,968,951	(1,222,307)	21,545,343	361,291,987
Total comprehensive income for the year		-	-	-	59,242,389	59,242,389
Dividends to owners of the Company	25	-	-	-	(27,397,262)	(27,397,262)
At 31 December 2011		280,000,000	60,968,951	(1,222,307)	53,390,470	393,137,114
		(Note 14)	(Note 14)	(Note 14)	(Note 14)	

	Note	**2011**	**2010**
Gross dividends per share (sen)	25	16.30	7.50

The notes on pages 85 to 141 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2011

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash flows from operating activities					
Profit before tax		104,174,942	52,259,241	59,728,170	24,733,673
Adjustments for:					
Amortisation of investment properties	7	172,452	170,737	-	-
Change in fair value of other investments		175,227	(21,125)	-	-
Depreciation of plantation development expenditure	4	220,980	-	-	-
Depreciation of property, plant and equipment	3	19,193,602	18,225,305	-	-
Dividend income from:					
- subsidiaries		-	-	(62,000,000)	(27,000,000)
- other investments		(18,784)	(11,662)	-	-
Gain on disposal of property, plant and equipment		(5)	-	-	-
Gain on disposal of other investments		(12,301)	(73,171)	-	-
Impairment loss on:					
- investment in subsidiaries	5	-	-	1,258,061	528,840
- plantation development expenditure	4	-	7,664,145	-	-
- property, plant and equipment	3	-	2,431,463	-	-
- amount due from subsidiaries		-	-	-	95,989
- prepayments and other assets		-	506,148	-	-
- trade and other receivables		191,867	65,492	-	-
Finance income	21	(4,262,241)	(2,944,555)	(2,501,835)	(1,306,186)
Finance costs	22	4,153,447	3,740,091	-	-
Inventories written off		227,594	459,477	-	-
Reversal of impairment loss on:					
- plantation development expenditure	4	(766,974)	-	-	-
- property, plant and equipment	3	(1,294,043)	-	-	-
- trade and other receivables		(25,396)	(348,580)	-	-
Property, plant and equipment written off	3.2	250,528	881,067	-	-
Plantation development expenditure written off	4	203,139	11,213	-	-
Operating profit/(loss) before changes in working capital		122,584,034	83,015,286	(3,515,604)	(2,947,684)
Change in inventories		(10,167,102)	10,623,477	-	-
Change in trade and other receivables, prepayments and other assets		1,969,303	(4,594,291)	(15,187)	19,562
Change in trade and other payables		6,587,758	(19,399,353)	247,812	17,504

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Cash generated from/(used in) operations		120,973,993	69,645,119	(3,282,979)	(2,910,618)
Income tax refunded		88,661	4,559,215	-	115,279
Income tax paid		(17,910,097)	(10,171,288)	(445,025)	(262,200)
Interest paid		(4,153,446)	(3,740,091)	-	-
Interest received		4,186,092	2,321,335	2,100,717	1,211,921
Net cash from/(used in) operating activities		103,185,203	62,614,290	(1,627,287)	(1,845,618)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(19,095,624)	(23,331,287)	-	-
Dividends received		-	-	62,000,000	27,000,000
Decrease in bank balances and fixed deposits pledged to banks		-	685,640	-	-
Net movement of fixed deposits with original maturities of more than three months		1,761,223	7,964,147	(15,378)	(10,617)
Plantation development expenditure (net of depreciation of property, plant and equipment capitalised)		(10,372,193)	(6,922,335)	-	-
Net cash (used in)/from investing activities		(27,706,594)	(21,603,835)	61,984,622	26,989,383
Cash flows from financing activities					
Amount due from subsidiaries		-	-	4,606,852	(2,962,767)
Proceeds from borrowings		-	25,000,000	-	-
Repayment of borrowings		(7,960,000)	(2,960,000)	-	-
Dividends paid to owners of the Company		(27,397,262)	(26,558,570)	(27,397,262)	(26,558,570)
Net cash used in financing activities		(35,357,262)	(4,518,570)	(22,790,410)	(29,521,337)
Net increase /(decrease) in cash and cash equivalents		40,121,347	36,491,885	37,566,925	(4,377,572)
Cash and cash equivalents at 1 January		112,977,704	76,485,819	51,456,340	55,833,912
Cash and cash equivalents at 31 December	(ii)	153,099,051	112,977,704	89,023,265	51,456,340

Notes

(i) Acquisition of property, plant and equipment

	Company 2011 RM	Company 2010 RM
Paid in cash	19,095,624	23,331,287
Payables	14,574,077	9,529,568
Total acquisitions (Note 3)	33,669,701	32,860,855

(ii) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following amounts in the statement of financial position:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash in hand	44,104	38,913	4,977	4,977
Cash at banks	6,287,570	642,295	88,934	10,316
Fixed deposits with original maturities not exceeding three months	146,767,377	112,296,496	88,929,354	51,441,047
	153,099,051	112,977,704	89,023,265	51,456,340

The notes on pages 85 to 141 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 principal place of business and registered office of the Company are as follows:

PRINCIPAL PLACE OF BUSINESS

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

REGISTERED OFFICE

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2011 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are stated in Note 5.

These financial statements were authorised for issue by the Board of Directors on 24 April 2012.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

Standard/Amendment/Interpretation	Effective date
Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*	1 July 2011
IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*	1 July 2011
FRS 124, *Related Party Disclosures* (revised)	1 January 2012
Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First time Adopters*	1 January 2012
Amendments to FRS 7, *Financial Instruments: Disclosures - Transfers of Financial Assets*	1 January 2012
Amendments to FRS 112, *Income Taxes - Deferred Tax: Recovery of Underlying Assets*	1 January 2012
Amendments to FRS 101, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income*	1 July 2012
FRS 10, *Consolidated Financial Statements*	1 January 2013
FRS 11, *Joint Arrangements*	1 January 2013
FRS 12, *Disclosure of Interests in Other Entities*	1 January 2013

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

Standard/Amendment/Interpretation	Effective date
FRS 13, *Fair Value Measurement*	1 January 2013
FRS 119, *Employee Benefits (2011)*	1 January 2013
FRS 127, *Separate Financial statements (2011)*	1 January 2013
FRS 128, *Investments in Associates and Joint* Ventures (2011)	1 January 2013
IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*	1 January 2013
Amendments to FRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*	1 January 2014
FRS 9, *Financial Instruments* (2009)	1 January 2015
FRS 9, *Financial Instruments* (2010)	1 January 2015
Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Date of FRS 9 and Transition Disclosures*	1 January 2015

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

IC Interpretation 19 provides guidance on accounting for debt for equity swaps. Equity instruments issued to a creditor to extinguish all or a part of a financial liability would be "consideration paid" in accordance with paragraph 41 of FRS 139. The equity instruments would be measured initially at the fair value of those equity instruments unless that fair value cannot be reliably measured, in which case the equity instruments should be measured to reflect the fair value of the financial liability extinguished. Any difference between the carrying amount of the financial liability and the initial measurement of the equity instruments would be recognised as a gain or loss in profit or loss.

The revised FRS 124 simplifies the definition of related party, clarifies its intended meaning and eliminate inconsistencies from the definition. The changes from current practice among others include a partial exemption from disclosures for government-related entities. It requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

Prior to the issuance of the revised FRS 124, no disclosure is required in the financial statements of state-controlled entities of transactions with other state-controlled entities. The partial exemption from disclosures for government-related activities as permitted in the revised FRS 124 is intended to put users on notice that such related party transactions have occurred and to give an indication of their extent.

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MASB, in furtherance with its objective of converging the accounting framework for entities other than private entities in Malaysia with International Financial Reporting Standards (IFRS), announced on 19 November 2011 the issuance of Malaysian Financial Reporting Standards (MFRSs). Entities other than private entities shall apply the MFRS framework for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141, *Agriculture* and/or IC Interpretation 15, *Agreements for the Construction of Real Estate*.

An entity subject to the application of MFRS 141 and/or IC Interpretation 15 (hereinafter referred to as transitioning entity), and the entity that consolidates or equity accounts or proportionately consolidates the transitioning entity, may continue to apply FRS as their financial reporting framework for annual reporting periods beginning on or after 1 January 2012. These entities shall however comply with the MFRS framework for annual periods beginning on or after 1 January 2013.

In view of the foregoing, entities of the Group which are not transitioning entities will migrate to the MFRS framework from the financial year beginning on 1 January 2012 while the rest of the Group, including the Company, will migrate to the MFRS framework from the financial year beginning on 1 January 2013.

Accordingly, the Company and the transitioning entities of the Group plan to apply for the year beginning on 1 January 2012 the FRS standards, amendments and interpretations that are effective for annual periods beginning on or before 1 January 2012, except those assessed as being presently not applicable to them. The latter includes Amendments to IC Interpretation 14, Amendments to FRS 1 and Amendments to FRS 112.

The financial statements of the Group will continue to be prepared in compliance with FRS for the year ending 31 December 2012. They will be prepared in compliance with MFRS from the financial year beginning on 1 January 2013.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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.

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than impairment assessment of property, plant and equipment and plantation development expenditure. In preparing the financial statements, the Group has evaluated whether these assets are stated in excess of their recoverable amounts, principally by determining their values in use that involves estimating the cash flows from their continuing use and discounting them to their net present values, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the estimated values in use of the assets are lower than their carrying amounts.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated 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.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale. The cost of investments include transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 January 2011 the Group has applied *FRS 3, Business Combinations* (revised) in accounting for business combinations. The Change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the indentifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expenses as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's award) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iii) Accounting for acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do no result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

(v) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The cost of the investment includes transaction cost. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income 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 associate, the carrying amount of that interest including any long-term investments is reduced to zero, 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.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investments are classified as held for sale or distribution. The cost of investment includes transaction cost.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

In the previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non controlling interests, were charged against the Group's interest except to the extent that the non controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

(vii) 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.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. 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) Financial instruments

(i) Initial recognition and measurement

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(i) Initial recognition and measurement *(continued)*

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

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

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

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

Financial assets *(continued)*

(d) Available-for-sale financial assets

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

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

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

Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

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

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

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

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

(v) Derecognition

A financial asset or a part thereof is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

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

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 its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, capitalised borrowing costs.

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

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

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

(ii) Subsequent costs

The cost of replacing a 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 or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

Leasehold land	60 years
Commercial buildings	50 years
Other buildings	20 years
Furniture, fittings and equipment	5 - 10 years
Infrastructure works	20 years
Plant and machinery	5 - 10 years
Motor vehicles	5 years

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

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 statements of financial position as tree planting expenditure and will only be charged to profit or loss 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 profit or loss. 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 profit or loss in the year in which the expenditure is incurred.

Rubber tree plantation

Expenditure on rubber tree plantation, comprising land clearing, planting and upkeep of trees, is amortised equally over its remaining economic useful life of seven years.

In previous years, expenditure on rubber tree plantation was accounted for in the same manner as teak tree plantation. The change in accounting policy does not have a significant impact on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Investment properties

(i) Measurement

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

Investment properties are 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(c).

Depreciation on investment property, comprising solely buildings, is charged to profit or loss on a straight line basis over its estimated useful life of 50 years.

(ii) Determination of fair value

The Group excercises its jugdgment by reference to market information available and/or in consultation with independent valuers where warranted, to estimate the fair value of its investment property.

(f) Inventories

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

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

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(h) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

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

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset, investment property that is measured at fair value and non-current assets classifies as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For 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 (known as cash-generating unit).

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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Non-current assets held for sale

Non-current assets, or disposal group comprising assets and liabilities 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, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is allocated to assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification of non-current assets as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Property, plant and equipment once classified as held for sale are not amortised or depreciated.

(j) Equity instruments

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

(i) Issue expenses

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 net of tax effect, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in 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 sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is 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.

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

(l) Employee benefits

(i) Short term employee benefits

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

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

(ii) State plans

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

(m) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill 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 loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

(ii) Provision of services

Management fees, agronomic fee and consultancy fee are recognised in profit or loss based on services rendered.

(iii) Rental income

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

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(v) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(p) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

(q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land RM	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 2010, *restated*	37,233,786	18,507,348	88,259,502	27,370,346	130,805,459	84,677,393	34,294,456	3,066,011	424,214,301
Additions	-	-	651,242	569,950	414,624	384,649	3,345,970	27,494,420	32,860,855
Disposals/Write-offs	-	-	(1,291,453)	(420,302)	(49,323)	(2,407,413)	(633,117)	-	(4,801,608)
Transfers	88,751	-	(1,380,699)	(1,745)	25,606,776	(657,133)	-	(23,655,950)	-
At 31 December 2010/ 1 January 2011, *restated*	37,322,537	18,507,348	86,238,592	27,518,249	156,777,536	81,997,496	37,007,309	6,904,481	452,273,548
Additions	100,302	169,429	253,230	751,392	567,749	1,717,110	5,199,310	24,911,179	33,669,701
Disposals/Write-offs	-	-	(251,613)	(526,831)	-	(327,186)	(1,075,400)	-	(2,181,030)
Transfers	60,652	-	3,005,242	-	19,176,589	3,339,263	-	(25,581,746)	-
Transfer to assets held for sale	-	-	(1,295,076)	(146,668)	-	-	-	-	(1,441,744)
At 31 December 2011	37,483,491	18,676,777	87,950,375	27,596,142	176,521,874	86,726,683	41,131,219	6,233,914	482,320,475
Depreciation and impairment loss									
At 1 January 2010, *restated*									
Accumulated depreciation	1,707,420	3,770,624	28,992,461	21,790,386	52,098,872	23,138,587	19,508,098	-	151,006,448
Accumulated impairment loss	36,104	-	1,451,098	-	1,950	-	-	-	1,489,152
	1,743,524	3,770,624	30,443,559	21,790,386	52,100,822	23,138,587	19,508,098	-	152,495,600
Depreciation for the year	665,113	367,506	3,954,238	1,259,997	5,657,605	4,635,922	2,924,127	-	19,464,508
Disposals/Write-offs	-	-	(1,149,709)	(399,501)	(29,453)	(1,767,565)	(565,489)	-	(3,911,717)
Transfers	-	-	(360,032)	-	482,272	(122,240)	-	-	-
Impairment loss (Note 19)	-	-	-	-	2,431,463	-	-	-	2,431,463

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Land RM	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
Depreciation and impairment loss									
At 31 December 2010/ 1 January 2011, *restated*									
Accumulated depreciation	2,372,533	4,138,130	31,436,958	22,650,882	58,209,296	25,884,704	21,866,736	-	166,559,239
Accumulated impairment loss	36,104	-	1,451,098	-	2,433,413	-	-	-	3,920,615
	2,408,637	4,138,130	32,888,056	22,650,882	60,642,709	25,884,704	21,866,736	-	170,479,854
Depreciation for the year	667,573	370,763	4,316,480	1,133,788	7,062,513	4,727,104	2,479,161	-	20,757,382
Disposals/Write-offs	-	-	(199,286)	(507,624)	-	(150,674)	(1,062,391)	-	(1,919,975)
Transfers	-	-	1,594	-	(1,594)	-	-	-	-
Transfers to assets held for sale	-	-	(436,775)	(55,909)	-	-	-	-	(492,684)
Reversal of impairment loss	-	-	(1,292,093)	-	(1,950)	-	-	-	(1,294,043)
At 31 December 2011:									
Accumulated depreciation	3,040,106	4,508,893	35,118,971	23,221,137	65,270,215	30,461,134	23,283,506	-	184,903,962
Accumulated impairment loss	36,104	-	159,005	-	2,431,463	-	-	-	2,626,572
	3,076,210	4,508,893	35,277,976	23,221,137	67,701,678	30,461,134	23,283,506	-	187,530,534
Carrying amounts									
At 1 January 2010, *restated*	35,490,262	14,736,724	57,815,943	5,579,960	78,704,637	61,538,806	14,786,358	3,066,011	271,718,701
At 31 December 2010/ 1 January 2011, *restated*	34,913,900	14,369,218	53,350,536	4,867,367	96,134,827	56,112,792	15,140,573	6,904,481	281,793,694
At 31 December 2011	34,407,281	14,167,884	52,672,399	4,375,005	108,820,196	56,265,549	17,847,713	6,233,914	294,789,941

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost			
At 1 January 2010, 31 December 2010/ 1 January 2011 and 31 December 2011	18,012	184,117	202,129
Depreciation			
At 1 January 2010, 31 December 2010/ 1 January 2011 and 31 December 2011	18,012	184,117	202,129
Carrying amounts			
At 1 January 2010, 31 December 2010/ 1 January 2011 and 31 December 2011	-	-	-

3.1 Depreciation - Group

Depreciation charge for the year is allocated as follows:

		Group	
	Note	2011 RM	2010 RM
Amount charged to profit or loss	19	19,193,602	18,225,305
Amount capitalised in plantation development expenditure	4	1,563,780	1,239,203
		20,757,382	19,464,508

3.2 Impairment loss and subsequent reversal - Group

During the year ended 31 December 2011, property, plant and equipment with a carrying amount of RM250,528 (2010: RM881,067) (see Note 19) are written off to profit or loss.

An impairment loss of RM36,104 was recognised during the year ended 31 December 2006, comprising the cost of the unalienated land in Meradong, Sarawak used by the Group. The Group is in the process of applying for the alienation of the said land from the relevant authorities.

The Group recognised in an earlier year an impairment loss of RM1,453,048 on staff quarters constructed on a parcel of unalienated residential land in Lambir, Sarawak. A sum of RM1,294,043 was reversed during the year ended 31 December 2011 from the impairment loss previously provided after the Group has accepted the alienation of the land and renovation has been carried out to develop the site into a training centre.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.2 Impairment loss and subsequent reversal - Group (continued)

During the year ended 31 December 2010, the Group recognised impairment losses on infrastructure of RM2,431,463, oil palm plantation development expenditure of RM3,514,145 and deposits of RM506,148 (see Notes 4 and 11). The allowance for impairment losses was made following the Penan participants in a trust arrangement entering into the oil palm plantation of a subsidiary and disrupting its plantation activities, resulting in no harvesting activities being carried out since April 2010. Currently, Pelita Holdings Sdn. Bhd. (the managing agent) is in negotiation with the Penan participants in the trust arrangement to resolve the dispute.

3.3 Land - Group

Included in the carrying amount of land are:

	2011 RM	2010 RM
Leasehold land with unexpired		
- lease period more than 50 years	29,151,631	29,509,617
- lease period less than 50 years	5,255,650	5,404,283
	34,407,281	34,913,900

3.4 Security - Group

Buildings, plant and machineries and long term leasehold land with a carrying amount of RM59,187,449 (2010: RM59,846,997) are charged to a bank for banking facilities granted to the Group.

4. 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 2010	204,475,794	18,137,605	1,546,863	224,160,262
Additions	7,406,997	754,541	-	8,161,538
Write-offs (Note 19)	(11,213)	-	-	(11,213)
At 31 December 2010/ 1 January 2011	211,871,578	18,892,146	1,546,863	232,310,587
Additions	11,199,228	736,745	-	11,935,973
Write-offs (Note 19)	(203,139)	-	-	(203,139)
At 31 December 2011	222,867,667	19,628,891	1,546,863	244,043,421

4. PLANTATION DEVELOPMENT EXPENDITURE - GROUP (continued)

Plantation development expenditure consists of the following:

	Oil palm plantation RM	Teak tree plantation RM	Rubber tree plantation RM	Total RM
Depreciation and impairment loss				
At 1 January 2010,				
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	-	-	766,974	766,974
	-	-	766,974	766,974
Impairment loss during the year (Note 19)	3,514,145	4,150,000	-	7,664,145
At 31 December 2010/ 1 January 2011,				
Accumulated depreciation	-	-	-	-
Accumulated impairment loss	3,514,145	4,150,000	766,974	8,431,119
	3,514,145	4,150,000	766,974	8,431,119
Reversal of impairment loss (Note 19)	-	-	(766,974)	(766,974)
Depreciation for the year (Note 19)	-	-	220,980	220,980
At 31 December 2011	3,514,145	4,150,000	220,980	7,885,125
Carrying amounts				
At 1 January 2010	204,475,794	18,137,605	779,889	223,393,288
At 31 December 2010/ 1 January 2011	208,357,433	14,742,146	779,889	223,879,468
At 31 December 2011	219,353,522	15,478,891	1,325,883	236,158,296

4.1 Plantation development expenditure incurred during the year includes:-

	Note	2011 RM	2010 RM
Depreciation of property, plant and equipment	3	1,563,780	1,239,203
Personnel expenses			
- Contributions to state plans		188,473	174,746
- Wages, salaries and others		1,729,813	1,682,660

4. PLANTATION DEVELOPMENT EXPENDITURE - GROUP (continued)

Included in plantation development expenditure is a carrying amount of RM9,147,358 (2010: RM9,315,502) located on a parcel of long-term leasehold land (see Note 16) charged to a bank for banking facilities granted to a subsidiary.

4.2 Impairment loss and subsequent reversal

(i) The Group recognised an impairment loss RM4,150,000 on its teak tree plantation in the year ended 31 December 2010.

In reassessing the recoverable amount of the teak tree plantation as at 31 December 2011, the Group has determined its value in use by estimating the projected cash flows from growing the trees to maturity and discounting them to their net present value. The value in use calculation is based on the following key assumptions:-

- Cash flows are projected based on assessment of current teak prices, the age and girth growth of teak stands based on available information.
- A pre-tax discount rate of RM 7.60% per annum, being 1% per annum above the base lending rate at 31 December 2011 is applied in determining the recoverable amount of the teak tree plantation.

Following the reassessment, the Group has concluded that there is no further impairment to the teak tree plantation than the impairment loss of RM4,150,000 that was provided in the year ended 31 December 2010.

(ii) The Group recognised an impairment loss of RM766,974 on its rubber tree plantation in the year ended 31 December 2009. The plantation was assessed to have been stated in excess of its recoverable amount, which was determined principally by calculating its value in use that involved estimating the cash flows from the subsequent extraction of the rubber trees.

In the year ended 31 December 2011, the rubber tree plantation was leased to a third party to extract latex for 5 years. Following the change in the estimated cash flows, the Group has reassessed the value in use of the plantation. The impairment loss of RM766,974 previously recognised has been reversed, as the reassessed recoverable amount of the plantation is higher than its carrying amount. The value in use of the rubber tree plantation has been revised based on the following key assumptions:-

- Revenue from the lease of the plantation is RM624,000 per annum for 5 years.
- A pre-tax discount rate of RM 7.60% per annum, being 1% per annum above the base lending rate at 31 December 2011 is applied in determining the recoverable amount of the rubber tree plantation.

5. INVESTMENT IN SUBSIDIARIES - COMPANY

	2011 RM	2010 RM
Unquoted shares, at cost	298,685,579	298,685,579
Deemed capital contribution	1,807,509	447,718
Impairment losses	(1,786,901)	(528,840)
	298,706,187	298,604,457

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

Subsidiary	Principal activities	Effective ownership interest 2011 %	2010 %
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 Sdn. Bhd. ~ (formerly known as SPB Pelita Mukah 5&6 Sdn. Bhd.)	Dormant	50.00	50.00

Subsidiary of SPSSB

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 Sdn. Bhd. will be increased to 60% pursuant to agreements with the minority equity holder.*

6. INVESTMENT IN ASSOCIATE - GROUP

	2011 RM	2010 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 2011 %	 2010 %
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.*

7. INVESTMENT PROPERTIES - GROUP

	Buildings RM
Cost	
At 1 January 2010, 31 December 2010/ 1 January 2011, 31 December 2011	8,623,575
Amortisation	
At 1 January 2010	2,624,143
Amortisation for the year (Note 19)	170,737
At 31 December 2010/ 1 January 2011	2,794,880
Amortisation for the year (Note 19)	172,452
At 31 December 2011	2,967,332
Carrying amounts	
At 1 January 2010	5,999,432
At 31 December 2010/1 January 2011	5,828,695
At 31 December 2011	5,656,243

7. INVESTMENT PROPERTIES - GROUP (continued)

	Buildings RM
Estimated fair value	
At 1 January 2010	10,500,000
At 31 December 2010/1 January 2011, 31 December 2011	13,694,000

The following are recognised in profit or loss in respect of investment properties.

	Group	
	2011 RM	2010 RM
Rental income	175,681	182,100
Direct operating expenses:		
- income generating investment properties	(82,945)	(78,374)
- non-income generating investment properties	(91,973)	(89,995)

8. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2011 RM	2010 RM	2011 RM	2010 RM
Non-current					
Non-trade					
Amount due from subsidiaries	8.1	-	-	8,019,482	12,626,335
Less: Impairment losses		-	-	(1,534,756)	(543,707)
		-	-	6,484,726	12,082,628
Current					
Trade					
Trade receivables		28,403,094	31,174,224	-	-
Less: Impairment losses		(42,217)	(34,205)	-	-
		28,360,877	31,140,019	-	-
Non-trade					
Other receivables	8.2	2,214,251	3,229,876	243,793	204,417
Less: Impairment losses		(554,441)	(395,982)	-	-
		1,659,810	2,833,894	243,793	204,417
Current total		30,020,687	33,973,913	243,793	204,417
Total		30,020,687	33,973,913	6,728,519	12,287,045

8. TRADE AND OTHER RECEIVABLES (continued)

8.1 The amount due from subsidiaries is unsecured and interest free.

8.2 Included in other receivables of the Group is a balance of RM181,610 (2010: RM242,601) which bears interest at 4.00% (2010: 4.00%) per annum.

Included in other receivables of the Group is an amount of RM NIL (2010: RM1,350,206) due from a corporate shareholder of the Company.

9. OTHER INVESTMENTS - GROUP

	Unit trusts RM	Portfolio investments RM	Total RM
2011			
Current			
Financial assets at fair value through profit or loss:	421,900	1,263,192	1,685,092
Representing item:			
At fair value	421,900	1,263,192	1,685,092
2010			
Current			
Financial assets at fair value through profit or loss:	442,005	1,372,849	1,814,854
Representing item:			
At fair value	442,005	1,372,849	1,814,854

The portfolio investments are managed by a fund management company.

10. INVENTORIES

	Group	
	2011 RM	2010 RM
Crude palm oil and palm kernel	17,885,584	6,363,007
Stores and consumables	7,517,428	7,731,874
Oil palm nursery inventories	2,696,745	4,420,280
Oil palm seeds	1,114,837	759,925
	29,214,594	19,275,086
Recognised in profit or loss:		
Inventories recognised as part of cost of sales	320,769,228	233,889,017

10. INVENTORIES (continued)

Oil palm nursery inventories and oil palm seeds inventories include the following expenses:-

	2011 RM	2010 RM
Personnel expenses		
- Contributions to the Employees Provident Fund	15,847	27,273
- Wages, salaries and others	483,247	582,455

11. PREPAYMENTS AND OTHER ASSETS

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Non-trade				
Deposits	35,341,584	34,189,058	-	-
Less: Impairment losses	(32,706,148)	(32,706,148)	-	-
	2,635,436	1,482,910	-	-
Prepayments	3,722,242	2,997,668	10,125	928
Club membership	124,890	125,900	124,890	125,900
	3,847,132	3,123,568	135,015	126,828
	6,482,568	4,606,478	135,015	126,828

Included in deposits of the Group are:

(a) an amount of RM387,692 (2010: RM579,118) paid by the Group as deposits for land survey work;

(b) part-payment of RM547,704 (2010: RM547,704) paid for the right to develop certain Native Customary Rights (NCR) land into an oil palm plantation;

(c) an amount of RM32,200,000 (2010: 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 impairment loss in an earlier year; and

(d) an impairment loss of RM506,148 was made following the Penan participants in a trust arrangement entering into an oil palm plantation of a subsidiary and disrupting its plantation activities, resulting in no harvesting activities being carried out since April 2010 (see Note 3.2).

(e) Included in prepayments of the Group is an amount of RM 2,077,614 (2010: nil) paid for the acquisition of land.

12. ASSETS HELD FOR SALE - GROUP

The following assets are held for disposal for a consideration of RM995,000. The disposal was approved by the Directors on 18 November 2011 and is expected to be completed within twelve months.

	2011 RM	2010 RM
Buildings	1,295,076	-
Furniture, fittings and equipment	146,668	-
	1,441,744	-
Less: Accumulated amortisation	(492,684)	-
	949,060	-

13. CASH AND BANK BALANCES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Cash in hand	44,104	38,913	4,977	4,977
Cash at banks	6,287,570	642,295	88,934	10,316
Fixed deposits with original maturities not exceeding three months	146,767,377	112,296,496	88,929,354	51,441,047
	153,099,051	112,977,704	89,023,265	51,456,340
Fixed deposits with original maturities exceeding three months	4,961,746	6,722,969	560,882	545,504
Fixed deposits pledged to banks	716,117	716,117	-	-
	5,677,863	7,439,086	560,822	545,504
	158,776,914	120,416,790	89,584,147	52,001,844

Included in cash and bank balances of the Group is a fixed deposit of RM716,117 (2010: RM716,117) pledged to licensed banks to secure banks guarantee facilities.

14. SHARE CAPITAL AND RESERVES

	2011		2010	
	Amount RM	Number of Share	Amount RM	Number of share
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

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.

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 in 2007. 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.

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. Such authority was last renewed at the Annual General Meeting held on 15 June 2011. 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 did not repurchase its own shares during the years ended 31 December 2011 and 31 December 2010. The number of treasury shares held is 436,100 ordinary shares of RM1.00 each as at 31 December 2011 and 31 December 2010.

Retained earnings

The retained earnings are distributable as single-tier exempt dividends.

15. DEFERRED TAX LIABILITIES - GROUP

15.1 Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2011 RM	2010 RM	2011 RM	2010 RM	2011 RM	2010 RM
Property, plant and equipment	-	-	(47,868,885)	(41,219,620)	(47,868,885)	(41,219,620)
Allowance for impairment losses on doubtful receivables	-	12,076	-	-	-	12,076
Others	847,475	741,476	-	-	847,475	741,476
Tax assets/(liabilities)	847,475	753,552	(47,868,885)	(41,219,620)	(47,021,410)	(40,466,068)
Set off of tax	(847,475)	(753,552)	847,475	753,552	-	-
Net tax assets/(liabilities)	-	-	(47,021,410)	(40,466,068)	(47,021,410)	(40,466,068)

Movements in temporary differences during the year are as follows:

	At 1.1.2010 RM	Recognised in profit or loss RM	At 31.12.2010/ 1.1.2011 RM	Recognised in profit or loss RM	At 31.12.2011 RM
Property, plant and equipment	(35,897,650)	(5,321,970)	(41,219,620)	(6,649,265)	(47,868,885)
Allowance for impairment losses on doubtful receivables	102,475	(90,399)	12,076	(12,076)	-
Tax loss carry-forwards	1,332,757	(1,332,757)	-	-	-
Agricultural allowance carry-forwards	1,385,399	(1,385,399)	-	-	-
Others	14,000	727,476	741,476	105,999	847,475
	(33,063,019)	(7,403,049)	(40,466,068)	(6,555,342)	(47,021,410)
		(Note 23)		(Note 23)	

15. DEFERRED TAX LIABILITIES - GROUP (continued)

15.2 Unrecognised deferred tax assets

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

	Group 2011 RM	2010 RM
Property, plant and equipment	(8,431,000)	(9,120,000)
Oil palm plantation development expenditure	(462,000)	-
Capital allowance carry-forwards	8,561,000	8,276,000
Tax loss carry-forwards	7,638,000	5,935,000
	7,306,000	5,091,000

Deferred tax assets of RM1,827,000 (2010: RM1,273,000) 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.

16. BORROWINGS

	Group 2011 RM	2010 RM
Non-current		
Secured - term loan	50,000,000	70,000,000
Unsecured - term loan	8,900,000	11,860,000
	58,900,000	81,860,000
Current		
Secured - term loan	20,000,000	5,000,000
Unsecured - term loan	2,960,000	2,960,000
	22,960,000	7,960,000
	81,860,000	89,820,000

16. BORROWINGS (continued)

16.1 Security

The Group has been granted banking facilities comprising two term loan facilities of RM75 million and RM20 million respectively. The term loans have only been fully drawn down on 13 January 2010.

There is an unutilised revolving credit facility of RM50 million that remains available to the Group.

The secured term loan is secured by way of a first legal charge over certain leasehold land, buildings, plant and machinery and equipment of a subsidiary (see Note 3) and a corporate guarantee from the Company.

16.2 Interest rate

The term loans bear interest at 1% (2010: 1%) per annum above the lender bank's cost of funds.

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current				
Trade				
Trade payables	23,264,232	16,047,622	-	-
Non-trade				
Amount due to subsidiaries	-	-	456,443	-
Accrued expenses	33,512,614	22,004,499	1,279,907	1,574,521
Other payables	9,229,626	6,804,745	134,510	48,528
	42,742,240	28,809,244	1,870,860	1,623,049
Total	66,006,472	44,856,866	1,870,860	1,623,049

Included in other payables of the Group is an amount of RM1,200,501 (2010: RM772,309) due to a corporate shareholder of the Company and an amount of RM2,813,471 (2010: RM2,291,498) being retention sums.

18. REVENUE

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Dividend income from subsidiaries	-	-	62,000,000	27,000,000
Sale of crude palm oil and palm kernel	478,499,828	340,110,324	-	-
Agronomic service income	534,448	402,067	-	-
Management service income	154,148	136,424	-	-
Rental from letting of investment property	175,681	182,100	-	-
	479,364,105	340,830,915	62,000,000	27,000,000

19. RESULTS FROM OPERATING ACTIVITIES

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Results from operating activities is arrived at after charging:					
Amortisation of investment properties	7	172,452	170,737	-	-
Amortisation of club membership		1,010	1,010	1,010	1,010
Auditors' remuneration:					
- Statutory audit					
- KPMG Malaysia		155,000	140,000	35,000	27,000
- Other auditors		10,610	10,110	-	-
- Other services					
- KPMG Malaysia		110,000	-	108,000	-
- Local affiliates of KPMG Malaysia		80,570	47,900	-	8,000
Bad debt written off		-	158,931	-	-
Depreciation on property, plant and equipment	3	19,193,602	18,225,305	-	-
Depreciation of plantation development expenditure	4	220,980	-	-	-
Impairment loss:					
- amount due from subsidiaries		-	-	-	95,989
- investment in subsidiaries	5	-	-	1,258,061	528,840
- plantation development expenditure	4	-	7,664,145	-	-

19. RESULTS FROM OPERATING ACTIVITIES (continued)

	Note	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Results from operating activities is arrived at after charging (continued)**:**					
- property, plant and equipment	3	-	2,431,463	-	-
- prepayments and other assets		-	506,148	-	-
- trade and other receivables	26.4	191,867	65,492	-	-
Inventories written off		227,594	459,477	-	-
Personnel expenses (including key management personnel):					
- Contributions to the Employees Provident Fund		3,224,381	3,451,773	-	-
- Wages, salaries and others		52,591,795	49,124,785	-	-
Property, plant and equipment written off	3.2	250,528	881,067	-	-
Plantation development expenditure written off	4	203,139	11,213	-	-
Rental of premises		19,825	76,460	-	-
Results from operating activities is arrived at after crediting:					
Dividend income from:					
- subsidiaries		-	-	62,000,000	27,000,000
- other investments		18,784	11,662	-	-
Gain on disposal of other investments		12,301	73,171	-	-
Gain on disposal of property, plant and equipment		5	-	-	-
Income from rental of premises		175,681	160,500	-	-
Reversal of impairment loss:					
- plantation development expenditure	4	766,974	-	-	-
- property, plant and equipment	3	1,294,043	-	-	-
- trade and other receivables	26.4	25,396	348,580	-	-

20. COMPENSATIONS TO KEY MANAGEMENT PERSONNEL

Compensations to key management personnel are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors:				
- Fees	1,514,838	1,627,950	1,174,938	1,370,950
- Other short term employee benefits (including estimated benefits-in-kind)	1,522,030	1,708,071	708,028	63,116
	3,036,868	3,336,021	1,882,966	1,434,066
Other key management personnel				
- Short term employee benefits (including estimated benefits-in-kind)	1,492,444	1,049,692	-	-
	4,529,312	4,385,713	1,882,966	1,434,066

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. FINANCE INCOME

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest income of financial assets that are not at fair value through profit or loss:				
- receivables	64,044	348,580	368,742	-
- deposits with banks	4,198,197	2,595,975	2,133,093	1,306,186
Recognised in profit or loss	4,262,241	2,944,555	2,501,835	1,306,186

22. FINANCE COSTS

Recognised in profit or loss

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans	4,153,447	3,740,091	-	-

23. INCOME TAX EXPENSE

Recognised in profit or loss

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Major components of tax expense include:				
Current tax expense				
- current year	20,631,449	10,988,828	520,000	342,000
- over-provision in prior years	(239,800)	(488,916)	(34,219)	(4,430)
Total current tax recognised in the profit or loss	20,391,649	10,499,912	485,781	337,570
Deferred tax expense				
- current year (Note 15)	6,555,342	7,403,049	-	-
Income tax expense	26,946,991	17,902,961	485,781	337,570

Reconciliation of effective tax expense

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Profit for the year	77,227,951	34,356,280	59,242,389	24,396,103
Total income tax expense	26,946,991	17,902,961	485,781	337,570
Profit excluding tax	104,174,942	52,259,241	59,728,170	24,733,673
Income tax calculated using Malaysian tax rate of 25% (2010: 25%)	26,044,000	13,065,000	14,932,000	6,183,000
Non-deductible expenses	1,113,791	4,217,782	1,088,000	909,000
Unrecognised deferred tax assets	554,000	49,500	-	-
Tax exempt income	(525,000)	(11,800)	(15,500,000)	(6,750,000)
De-recognition of prior year's deferred tax assets	-	1,071,395	-	-
	27,186,791	18,391,877	520,000	342,000
Over-provision in prior years	(239,800)	(488,916)	(34,219)	(4,430)
Total income tax expense	26,946,991	17,902,961	485,781	337,570

24. EARNINGS PER ORDINARY SHARE - GROUP

Basic/Diluted earnings per ordinary share

The calculation of basic/diluted earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders of RM81,598,544 (2010: RM 34,354,677) and the weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares

	2011 RM	2010 RM
Issued ordinary shares at 1 January	280,000,000	280,000,000
Effect of issued ordinary shares repurchased	(436,100)	(436,100)
Weighted average number of ordinary shares at 31 December	279,563,900	279,563,900

Basic/Diluted earnings per ordinary share

	Group	
	2011 Sen	2010 Sen
Basic/Diluted earnings per ordinary share	29.19	12.29

25. DIVIDENDS

Dividends recognised in the year by the Company are:

2011	Sen per share (tax exempt)	Total RM	Date of Payment
Second interim 2010 ordinary	3.50	9,784,737	8 April 2011
First interim 2011 ordinary	6.30	17,612,525	5 October 2011
Total amount		27,397,262	
2010			
Second interim 2009 ordinary	5.50	15,376,014	8 April 2010
First interim 2010 ordinary	4.00	11,182,556	5 October 2010
Total amount		26,558,570	

25. DIVIDENDS (continued)

After the reporting period, the Company paid the following dividend, which will be recognised in the financial statements for the year ending 31 December 2012.

	Sen per share (tax exempt)	Total RM	Date of Payment
Second interim 2011 ordinary	10.00	27,956,390	29 March 2012

The gross dividends per share as disclosed in the Statement of Changes in Equity comprises the total proposed and paid for the financial year.

26. FINANCIAL INSTRUMENTS

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables (L&R);

(b) Fair value through profit or loss (FVTPL); and

(c) Other financial liabilities measured at amortised cost (OL).

2011	Carrying amount RM	L&R/(OL) RM	FVTPL RM
Financial assets			
Group			
Other investments	1,685,092	-	1,685,092
Trade and other receivables	30,020,687	30,020,687	-
Cash and bank balances	158,776,914	158,776,914	-
	190,482,693	188,797,601	1,685,092
Company			
Trade and other receivables	6,728,519	6,728,519	-
Cash and bank balances	89,584,147	89,584,147	-
	96,312,666	96,312,666	-
Financial liabilities			
Group			
Borrowings	(81,860,000)	(81,860,000)	-
Trade and other payables	(66,006,472)	(66,006,472)	-
	(147,866,472)	(147,866,472)	-
Company			
Other payables	(1,870,860)	(1,870,860)	-

26. FINANCIAL INSTRUMENTS (continued)

26.1 Categories of financial instruments (continued)

2010	Carrying amount RM	L&R/(OL) RM	FVTPL RM
Financial assets			
Group			
Other investments	1,814,854	-	1,814,854
Trade and other receivables	33,973,913	33,973,913	-
Cash and bank balances	120,416,790	120,416,790	-
	156,205,557	154,390,703	1,814,854
Company			
Trade and other receivables	12,287,045	12,287,045	-
Cash and bank balances	52,001,844	52,001,844	-
	64,288,889	64,288,889	-
Financial liabilities			
Group			
Borrowings	(89,820,000)	(89,820,000)	-
Trade and other payables	(44,856,866)	(44,856,866)	-
	(134,676,866)	(134,676,866)	-
Company			
Other payables	(1,623,049)	(1,623,049)	-

26.2 Net (losses)/gains arising from financial instruments

	Group 2011 RM	Group 2010 RM	Company 2011 RM	Company 2010 RM
Fair value through profit or loss				
- held for trading	(122,833)	21,125	-	-
Loans and receivables	4,074,461	2,778,084	2,501,835	1,306,186
Financial liabilities measured at amortised cost	(4,153,447)	(3,740,091)	-	-
	(201,819)	(940,882)	2,501,835	1,306,186

26. FINANCIAL INSTRUMENTS (continued)

26.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Receivables from third parties

Risk management objectives, policies and processes for managing the risk

Management has a credit risk policy in place to manage credit risk. Credit risk exposure is controlled and monitored on an on-going basis by setting appropriate credit limits and terms after credit evaluations have been performed on customers on a case-by-case basis. Appropriate approval limits are set for different levels of credit limits and terms.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by their carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company over long periods. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due by more than 90 days, which are deemed to have higher credit risk, are monitored individually.

26. FINANCIAL INSTRUMENTS (continued)

26.4 Credit risk (continued)

Impairment losses

The ageing of external receivables as at the end of the reporting period was:

Group	Gross RM	Indvidual impairmant RM	Collective impairmant RM	Net RM
2011				
Not past due	29,017,157	-	(129,223)	28,887,934
Past due 0 - 275 days	945,030	-	(93,136)	851,894
Past due more than 275 days	655,158	-	(374,299)	280,859
	30,617,345	-	(596,658)	30,020,687
2010				
Not past due	31,997,616	-	-	31,997,616
Past due 0 - 275 days	1,946,698	-	(59,701)	1,886,997
Past due more than 275 days	459,786	-	(370,486)	89,300
	34,404,100	-	(430,187)	33,973,913
Company				
2011				
Not past due	189,581	-	-	189,581
Past due 0 - 275 days	7,131	-	-	7,131
Past due more than 275 days	47,081	-	-	47,081
	243,793	-	-	243,793
2010				
Not past due	162,836	-	-	162,836
Past due 0 - 275 days	23,150	-	-	23,150
Past due more than 275 days	18,431	-	-	18,431
	204,417	-	-	204,417

26. FINANCIAL INSTRUMENTS (continued)

26.4 Credit risk (continued)

Impairment losses (continued)

The movements in the allowance for impairment losses on external receivables during the financial year are:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
At 1 January	430,187	746,372	-	-
Impairment loss recognised	191,867	65,492	-	-
Impairment loss reversed	(25,396)	(348,580)	-	-
Impairment loss written off	-	(33,097)	-	-
At 31 December	596,658	430,187	-	-

An allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery is possible, the amount considered irrecoverable is written off against the receivables directly.

Other investment

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts of the securities in the statement of financial position.

Other investments of the Group (see Note 9) are categorised as fair value through profit or loss. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and monitors the results of the subsidiaries regularly.

26. FINANCIAL INSTRUMENTS (continued)

26.4 Credit risk (continued)

Inter-company balances (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to subsidiaries are not recoverable, other than those on which an allowance for impairment loss has been made (see Note 8). The Company does not specifically monitor the ageing of loans and advances to subsidiaries and unless the Company is satisfied that recovery is possible, impairment loss has been provided for irrecoverable amounts.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM81,860,000 (2010: RM89,820,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

26. FINANCIAL INSTRUMENTS (continued)

26.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate/ coupon %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2011							
Non-derivative financial liabilities							
Unsecured term loan	11,860,000	4.80	13,069,340	2,725,847	6,523,213	3,820,280	-
Secured term loan	70,000,000	4.80	75,692,500	22,875,000	52,817,500	-	-
Trade and other payables	66,006,472	-	66,006,472	66,006,472	-	-	-
	147,866,472	-	154,768,312	91,607,319	59,340,713	3,820,280	-
Company							
2011							
Non-derivative financial liabilities							
Trade and other payables	1,870,860	-	1,870,860	1,870,860	-	-	-
Group							
2010							
Non-derivative financial liabilities							
Unsecured term loan	14,820,000	4.30	17,258,409	3,548,971	6,723,207	6,223,558	762,673
Secured term loan	75,000,000	4.30	83,307,750	8,135,000	42,560,250	32,612,500	-
Trade and other payables	44,856,566	-	44,856,866	44,856,866	-	-	-
	134,676,566		145,423,025	56,540,837	49,283,457	38,836,058	762,673
Company							
2010							
Non-derivative financial liabilities							
Trade and other payables	1,623,049	-	1,623,049	1,623,049	-	-	-

26. FINANCIAL INSTRUMENTS (continued)

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

26.6.1 Currency risk

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

26.6.2 Interest rate risk

The primary interest rate risk to which the Group is exposed relates to the short term deposits which are fixed rate instruments placed with approved financial institutions. The exposure to a risk of change in their fair value due to changes in interest rates would not be significant as the deposits are usually placed for less than three months.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and process for managing the risk

The Group monitors its exposure to changes in interest rates on a regular basis.

Borrowing are negotiated with a view to securing the best possible terms, including rates of interest, to the Group.

Exposure to interest rate risk

The interest rate profile of the Group and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period is:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed rate instruments				
Financial assets				
- Deposits with banks	152,445,240	119,735,582	89,490,236	51,986,551
Floating rate instruments				
Financial liabilities				
- Term loan	(81,860,000)	(89,820,000)	-	-

26. FINANCIAL INSTRUMENTS (continued)

26.6 Market risk (continued)

26.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss and does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss. The exposure to interest rate risk is consequently not material and hence sensitivity analysis is not presented.

Cash flow sensitivity analysis for variable rate instruments

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

	2011 Profit or loss		2010 Profit or loss	
Group	**100bp increase RM**	**100bp decrease RM**	**100bp increase RM**	**100bp decrease RM**
Floating rate instruments	(818,600)	818,600	(898,200)	898,200

26.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

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

Equity price risk sensitivity analysis

The analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI (FBMKLCI).

26. FINANCIAL INSTRUMENTS (continued)

26.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair value of other investments is disclosed in Note 9, which is based on their quoted closing market prices at the reporting date.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2011		2010	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Secured term loan	(50,000,000)	(46,398,811)	(70,000,000)	(64,000,779)
Unsecured term loan	(8,900,000)	(8,015,052)	(11,860,000)	(10,575,197)
Company				
Amount due from subsidiaries	6,484,726	6,484,726	12,082,628	12,082,628

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Interest rates used to determine fair value

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

	2011	2010
Secured term loan	4.80%	4.30%
Unsecured term loan	4.80%	4.30%

26.7.1 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of the exemption provided in paragraph 44G of FRS 7.

26. FINANCIAL INSTRUMENTS (continued)

26.7 Fair value of financial instruments (continued)

26.7.1 Fair value hierarchy (continued)

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
2011				
Investment in quoted shares	1,685,092	-	-	1,685,092

27. CONTINGENCIES

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 2011 RM	2010 RM
Corporate guarantees for banking facilities granted to subsidiaries	137,000,000	137,000,000

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain the confidence of investors, creditors and other stakeholders in the Group and to sustain the future development of its businesses.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

There were no changes in the Group and the Company's approach to capital management during the financial year.

29. CAPITAL EXPENDITURE COMMITMENTS

	Group 2011 RM	Group 2010 RM
Property, plant and equipment		
Authorised but not contracted for	138,558,000	95,939,000
Contracted but not provided for	51,390,000	7,427,000
	189,948,000	103,366,000
Plantation development expenditure		
Authorised but not contracted for	47,879,000	53,322,000
Contracted but not provided for	18,300,000	3,978,000
	66,179,000	57,300,000
	256,127,000	160,666,000

30. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, a party is 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 party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control 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/organisations connected to certain Directors of the Company and/or of its subsidiaries; and
(v) its corporate shareholders.

30. RELATED PARTIES (continued)

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:

	Amount transacted RM	Gross balance outstanding RM	Allowance for impairment losses RM	Net balance outstanding RM	Impairment loss recognised RM
2011					
Group					
A corporate shareholder of the holding company					
Purchase of oil palm fresh fruit bunches	1,865,612	-	-	-	-
A company having a common director as the holding company					
Management service fee	(154,148)	-	-	-	-
Company					
Subsidiary					
Dividend income	(62,000,000)	1,820,931	(121,454)	1,699,477	121,454
2010					
Group					
A corporate shareholder of the holding company					
Purchase of oil palm fresh fruit bunches	770,048	-	-	-	-
Management service fee	(29,411)	-	-	-	-
A company having a common director as the holding company					
Management service fee	(112,363)	-	-	-	-
Company					
Subsidiary					
Dividend income	(27,000,000)	11,240,361	(368,742)	10,871,619	368,742

There is no allowance for impairment amount due from subsidiaries as disclosed in Note 8.

The amount due from subsidiaries is disclosed in the statement of financial position and Note 8 to the financial statements. Related party transactions are based on negotiated terms and the amounts outstanding at the statement of financial position date are unsecured and expected to be settled in cash.

31. SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. As the Group operates within one geographical segment, geographical segment analysis is not applicable.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believe that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within these industries.

Business segments

The Group's business segments mainly comprise the following three major business segments:-

i) **Investment holding**
Investment holding company.

ii) **Oil palm operations**
Cultivation of oil palm and processing of fresh fruit bunches.

iii) **Management services and rental**
Provision of management service and rental of investment properties.

	Investment holding RM'000	Oil palm operations RM'000	Management services/Rental RM'000	Consolidated RM'000
2011				
Revenue				
Segment revenue	62,000,000	478,499,828	3,349,793	543,849,621
Inter-segment revenue	(62,000,000)	-	(2,485,516)	(64,485,516)
External revenue	-	478,499,828	864,277	479,364,105
Cost of sales				
Segment cost of sales	-	(320,769,228)	(2,573,938)	(323,343,166)
Inter-segment cost of sales	-	382,245	73,000	455,245
External cost of sales	-	(320,386,983)	(2,500,938)	(322,887,921)
Gross profit	-	158,112,845	(1,636,661)	156,476,184
2010				
Revenue				
Segment revenue	27,000,000	341,196,135	3,422,597	371,618,732
Inter-segment revenue	(27,000,000)	(1,085,811)	(2,702,006)	(30,787,817)
External revenue	-	340,110,324	720,591	340,830,915

31. SEGMENT REPORTING (continued)

	Investment holding RM'000	Oil palm operations RM'000	Management services/Rental RM'000	Consolidated RM'000
2010				
Cost of sales				
Segment cost of sales	-	(233,889,017)	(2,185,727)	(236,074,744)
Inter-segment cost of sales	-	1,525,359	302,400	1,827,759
External cost of sales	-	(232,363,658)	(1,883,327)	(234,246,985)
Gross profit	-	107,746,666	(1,162,736)	106,583,930

Major customers

The following are the major customers individually accounting for 10% or more of group revenue:

	Revenue 2011 RM	Revenue 2010 RM	Segment
All companies under common control of:			
- Customer A	169,930,590	85,489,961	Cultivation of oil palm and palm oil milling
- Customer B	121,703,052	134,999,495	Cultivation of oil palm and palm oil milling
- Customer C	142,219,745	108,296,429	Cultivation of oil palm and palm oil milling

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the last financial year, the Group adopted a number of new/revised FRSs, amendments and interpretations, which were effective for the annual periods beginning on or before 1 January 2010.

Except for FRS 139, the adoption of the new/revised FRSs, amendments and interpretations, most of which were either applied prospectively or required extended disclosures, did not have a material effect on the Group's financial statements.

The effect of adopting FRS 139 from 1 January 2010 is summarized as follows:

	Group Retained earnings RM
At 1 January, as previously stated in the financial statements for the year ended 31 December 2009	162,175,419
Adjustments arising from adoption of FRS 139:	
- Impairment of equity securities	81,530
- Impairment of trade and other receivables, net of tax	(348,295)
	(266,765)
At 1 January, as restated	161,908,654

32. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (continued)

The changes in accounting policies following the adoption of FRS 139 had been made in accordance with the transitional provisions of the Standard, which requires for first-time adoption thereof, adjustments arising from remeasuring financial instruments at the beginning of the financial year to be recognised as adjustments of the opening balance of retained earnings or other appropriate reserves. Comparatives were not required to be adjusted.

33. MATERIAL LITIGATIONS

(a) A subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD") 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 Land District. The financial relief claimed by SPAD are special damages of RM2,836,000, general and unspecified damages and interest thereon at the rate of 8% per annum. SPAD had 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.

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. Trial begun on 4 November 2009. Subsequently the matter was withdrawn and filed fresh in November 2010.

The writ Summons was filed under a new suit number KCH 22-237-20120-III (SPAD vs. TR Ladon anak Edieh and 10 others) on 23 November 2010. A Reply to the Defence and Counterclaim was filed on 11 January 2011.

The Defendants filed a Summons in Chambers dated 13 July 2011 to rejoin SLDB, Superintendent of Lands and Surveys Mukah Division and the State Government of Sarawak as a party to the action. SPAD filed an Affidavit in Opposition dated 26 July 2011. The hearing of this Summons in Chambers is still ongoing.

On 19 March 2012, SPAD was informed that there was a trial in Sibu before the High Court under Suit No. 21-5-2010 which involved the same land as in suit number KCH 22-237-20120-III. The Company, through its Advocates sought clarification from the Defendants by obtaining an earlier Mention date, ie 22 March 2012. At the mention on 22 March 2012, the Honourable Judge ordered for a consolidation subject to the approval of the parties involved and fixed the matter for a further mention on 7 May 2012.

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

33. MATERIAL LITIGATIONS (continued)

(b) SPAD ("Plaintiff") instituted legal action against an insurance company ("Defendant") to seek recovery of SPAD's loss and damage arising from the incident herein. On 9 May 2008, a water tank burst at SPAD'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 a Defence was filed on 24 April 2009 and served on the Plaintiff on 27 April 2009. A reply to 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 suit is now fixed for mediation on 21 May 2012.

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

(c) In a new suit involving SPAD, the Writ of Summons for which was dated 24 February 2012 and served on SPAD's solicitors on 4 April 2012, the Plaintiffs sued 4 Defendants, the 2nd of whom is SPAD. The Plaintiffs are claiming for several reliefs and orders which include amongst other things, a declaration that the transfer of the land, namely Lot 3 Block 8 Gigis Land District, to the First Defendant and SPAD is illegal, null and void and is of no effect, a declaration that the said land is still held under the Native Customary Rights of the Plaintiffs, an order that SPAD deliver up vacant possession of the said land and their buildings thereon and to remove their machineries and equipments therefrom, and damages.

The first mention was on 9 April 2012 and was done via video conference to the Sibu High Court before the Honourable Judge. The Statement of Defence is to be filed on or before 3 May 2012. The next date for mention of the matter is 21 May 2012.

(d) In another suit, SPB Pelita Suai Sdn. Bhd. ("SPS") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SPS also seeks to claim damages.

The application for injunction was first heard on 8 March 2012 and has been adjourned by the Court to 7 May 2012.

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

34. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFIT OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Total retained earnings of the Company and its subsidiaries				
- realised	267,449,152	218,912,433	53,390,470	21,545,343
- unrealised	(46,846,184)	(40,406,346)	-	-
	220,602,968	178,506,087	53,390,470	21,545,343
Less: Consolidation adjustments	3,303,075	(8,801,326)	-	-
Total retained earnings	223,906,043	169,704,761	53,390,470	21,545,343

The determination of realised and unrealised profits is based on the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

STATEMENT BY **DIRECTORS**

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 78 to 141 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 as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 34 on page 142 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Datuk Abdul Hamed Bin Sepawi

Datuk Haji Hamden Bin Ahmad

Kuching,

Date: 24 April 2012

STATUTORY **DECLARATION**

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

I, **Datuk Haji Hamden Bin Ahmad**, 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 78 to 142 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 24 April 2012

Datuk Haji Hamden Bin Ahmad

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 statements of financial position as at 31 December 2011 of the Group and of the Company and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 78 to 141.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements 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 2011 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 audit reports of the subsidiaries of which we have not acted as auditors, which are indicated in note 5 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 reporting responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 34 on page 142 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not part of the financial statements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose.

We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Chin Chee Kong
Approval Number: 1481/01/13 (J)
Chartered Accountant

Kuching,

Date: 24 April 2012

ANALYSIS OF **SHAREHOLDINGS**

as at 30 April 2012

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

Size of Shareholdings	No. of Shareholders / Depositors	% of Shareholders / Depositors	No. of Shares Held	% of Issued Capital
1 - 99	12	0.60	369	0.00
100 - 1000	510	25.33	463,654	0.17
1,001 - 10,000	1,157	57.48	5,267,064	1.88
10,001 - 100,000	271	13.46	9,330,022	3.34
100,001 - 13,978,194*	59	2.93	72,792,981	26.04
13,978,195 and above**	4	0.20	191,709,810	68.57
Total	2,013	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	30.39
2.	State Financial Secretary Sarawak	71,218,101	25.47
3.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Mohamad Bolhair Bin Reduan	18,826,985	6.73
4.	Lembaga Tabung Haji	16,696,700	5.97
5.	Yayasan Sarawak	11,604,939	4.15
6.	CIMSEC Nominees (Tempatan) Sdn. Bhd. Eminent Platform Sdn. Bhd.	7,175,200	2.57
7.	CIMB Group Nominees (Tempatan) Sdn. Bhd. CIMB Islamic Trustee Berhad For The Yayasan Budaya Melayu Sarawak Charitable Trust (49991 TR01)	6,910,157	2.47
8.	Dayak Cultural Foundation	5,315,000	1.90
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.	Amanah Khairat Yayasan Budaya Melayu Sarawak	4,694,782	1.68

Top Thirty Shareholders (continued)

Names		Holdings Number	%
12.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Citibank NA, Singapore (Julius Baer)	4,367,500	1.56
13.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Hasmi Bin Hasnan	2,955,700	1.06
14.	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	2,267,300	0.81
15.	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Cheng Ah Teck @Cheng Yik Lai	1,850,000	0.66
16.	Lambaian Kukuh Sdn Bhd	1,481,600	0.53
17.	Amanahraya Trustees Bhd Public Smallcap Fund	1,219,500	0.44
18.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	874,200	0.31
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.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Bolhan Bin Berawi	732,000	0.26
21.	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Maakl Progress Fund (4082)	631,000	0.22
22.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad For Maakl Value Fund	591,100	0.21
23.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Hwang Investment Management Berhad for Multi-purpose Insurans Berhad	550,000	0.196
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Thian Siang	524,700	0.19
25.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB For Lim Poh Ean (PB)	500,000	0.18
26.	Liew Men Khian	448,408	0.16
27.	Cartaban Nominees (Tempatan) Sdn. Bhd. DBS Vickers (Hong Kong) Limited For Teh Hong Eng	430,200	0.15
28.	Ismail Bin Mustapha @ Ikong Bin Mustapha	380,733	0.14

Top Thirty Shareholders (continued)

Names		Holdings Number	%
29.	DB (Malaysia) Nominee (Tempatan) Sdn. Bhd. Exempt An For Kumpulan Sentiasa Cemerlang Sdn. Bhd. (TSTAC/CLNT)	370,800	0.13
30.	Amanahraya Trustees Bhd Dana Al-Aiman	300,000	0.11

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	30.39	-	-
State Financial Secretary Sarawak	ORD211948	Malaysian	Malaysia	71,218,101	25.47	-	-
OSK Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Bolhair bin Reduan	6023-A	Malaysian	Malaysia	18,826,985	6.73	-	-
Lembaga Tabung Haji	ACT5351995	Malaysian	Malaysia	16,696,700	5.97	-	-
Datuk Abdul Hamed bin Sepawi	490531-13-5129	Malaysian	Malaysian	200,000	0.07	84,994,424	30.39

Directors' Direct and Indirect Shareholding in the Company

Names of Directors		Designation	Nationality	Direct Holdings		Indirect Holdings	
				No.	%	No.	%
1.	Datuk Abdul Hamed bin Sepawi	Chairman	Malaysian	200,000	0.07	84,994,424	30.39
2.	Datuk Haji Hamden bin Ahmad	Group Managing Director	Malaysian	100,000	0.04	-	-
3.	Datu Haji Chaiti bin Haji Bolhassan	Non Executive Director	Malaysian	100,000	0.04	-	-
4.	Hasmawati binti Sapawi	Non Executive Director	Malaysian	-	-	-	-
5.	Polit bin Hamzah	Independent Director	Malaysian	50,000	0.02	-	-
6.	Azizi bin Morni	Independent Director	Malaysian	11,000	0.00	-	-
7.	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	Matadeng Mukah and Bawan LD	Lot 4, 5, 6 Bawan LD / Lot 19 Mukah LD	Land	Not Applicable
	Mukah 1 11 KM off KM 85 Sibu-Bintulu Road	Part of Lot 6 & 24, Blk 8, Sikat LD	Land and Building	1 - 29
		Part of Lot 24, Blk 8, Sikat LD	Land and Building	4 - 31
	Mukah 3 20 KM off KM 85 Sibu-Bintulu Road	Lot 33 and Part of Lot 32 Blk 12, Bawan LD	Land and Building	1 - 23
	Ladang Tiga KM 77, Miri-Bintulu Road	Part of Lot 2, Lot 14, Blk 11, Niah LD, Lot 3, Blk 8, Bukit Kisi LD	Land and Building	1 - 35
		Part of Lot 2, Blk 11, Niah LD	Land and Building	1 - 35
	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	1 - 29
	Sri Duan 27 KM off KM 85 Sibu-Bintulu Road	Part of Lot 32, Blk 12, Bawan LD	Land and Building	1 - 17
	Sawai, Niah 14 KM off KM 106, Miri-Bintulu Road	Lot 68, Sawai LD	Land and Building	4 - 14
	Bukit Peninjau 8 KM off KM 53 Miri-Bintulu Road	Lot 12 & 89, Blk 2, Bukit Kisi LD	Land and Building	1 - 38
	Melugu KM 16, Sri Aman- Serian 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 - 9
	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	1 - 32

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 2011		
				Land and building (RM)	PDE (RM)	Total (RM)
2009	60 years/ 06.03.2067/ 10.12.2066	Oil palm activities	7,620	24,871,611	14,556,180	39,427,791
1997	60 years/ 11.06.2049	Nursery/oil palm activities/residential/ office/store	3,877	3,010,730	27,368,548	30,379,278
	60 years/ 11.06.2049	Mill/residential/office/ store	22	6,891,093	0	6,891,093
1997	60 years/ 11.06.2049	Oil palm & nursery activities/residential/ office/store	2,695	2,395,766	24,394,593	26,790,359
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/ office/store	2,268	4,433,607	9,147,358	13,580,965
	60 years/ 06.05.2043	Mill/residential/office/ store	19	12,657,159	0	12,657,159
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/office/ store	2,580	1,512,736	23,375,215	24,887,951
1997	60 years/ 11.06.2049	Oil palm activities/ residential/office/store	3,023	2,754,704	17,204,494	19,959,198
1997	60 years/ 17.01.2056	Oil palm activities/ teak/residential/office/ store	2,726	3,952,711	15,928,586	19,881,297
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/office/ store	2,192	4,381,437	14,595,269	18,976,706
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	3,904,038	14,555,969	18,460,007
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm & nursery activities/residential/ office/store	2,763	2,075,246	16,424,387	18,499,633

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 15th Annual General Meeting of Sarawak Plantation Berhad will be held at Damai Beach Resort Teluk Bandung Santubong 93756 Kuching Sarawak on Friday, 15th June 2012 at 2.00pm to transact the following business:

AGENDA:

1. **ADOPTION OF AUDITED FINANCIAL STATEMENTS** — **Ordinary Resolution 1**

   To receive the Audited Financial Statements for the year ended 31 December 2011 together with the Directors' and Auditors' Reports thereon

2. **APPROVAL OF DIRECTORS' FEES** — **Ordinary Resolution 2**

   To approve the Directors' Fees in respect of the financial year ended 31 December 2011

3. **RE-ELECTION OF DIRECTORS**

   In accordance with Article 86 of the Company's Articles of Association, the following directors retire by rotation from the Board and being eligible offer themselves for re-election:
   - Datuk Abdul Hamed bin Sepawi — **Ordinary Resolution 3**
   - Datu Haji Chaiti bin Bolhassan — **Ordinary Resolution 4**

   In accordance with Article 93 of the Company's Articles of Association, the following director retires from the Board and being eligible offers herself for re-election:
   - Puan Hasmawati binti Sapawi — **Ordinary Resolution 5**

4. **RE-APPOINTMENT OF AUDITORS** — **Ordinary Resolution 6**

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

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** — **Ordinary Resolution 7**

   "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 22 May 2012 ("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 others, 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;
(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."

6. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES **Ordinary Resolution 8**

"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 bank balances of RM89,584,147 as at 31 December 2011 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."

7. AUTHORITY TO ALLOT AND ISSUE SHARES **Ordinary Resolution 9**

"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."

8. TO TRANSACT ANY OTHER ORDINARY BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 15th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 60 of the Company's Articles of Association and Section 34(1) of the securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 7 June 2012. Only a depositor whose name appears on the Record of Depositors as at 7 June 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

BONG SIU LIAN (MAICSA 7002221)
TRINA TAN YANG LI (0666-KT032)
Company Secretaries
Kuching Sarawak

Dated this 22nd day of May 2012

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 2½ 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 of the Company is an exempt authorized nominee who holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
5. 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.
6. 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.
7. 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 7 - 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 22 day of May 2012 for further details.
2. Ordinary Resolution 8 - Proposed Renewal of Authority to Purchase Own Shares
   Please refer to Part II of the Circular to Shareholders dated 22 day of May 2012 for further details.
3. Ordinary Resolution 9 - 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.

STATEMENT ACCOMPANYING NOTICE OF AGM:

1. Directors who are standing for re-election
   (a) The Directors who are standing for re-election at the 15th AGM are as follows:
   - Datuk Abdul Hamed bin Sepawi
   - Datu Haji Chaiti bin Bolhassan
   - Puan Hasmawati binti Sapawi

   (b) Further details of the above named Directors are set out on pages 30 to 36 of this Annual Report and their securities holdings are set on page 149 of this Annual Report.

CDS Account no. of Authorized Nominee:

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

FORM OF PROXY

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 15th Annual General Meeting of the Company to be held at Damai Beach Resort Teluk Bandung Santubong 93756 Kuching Sarawak on Friday, 15th June 2012 at 2.00pm 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 Director's Fees		
Ordinary Resolution 3	Re-Election of Director : Datuk Abdul Hamed bin Sepawi		
Ordinary Resolution 4	Re-Election of Director : Datu Haji Chaiti bin Bolhassan		
Ordinary Resolution 5	Re-Election of Director : Puan Hasmawati binti Sapawi		
Ordinary Resolution 6	Re-Appointment of Auditors		
Special Businesses:			
Ordinary Resolution 7	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature		
Ordinary Resolution 8	Proposed Renewal of Authority to Purchase Own Shares		
Ordinary Resolution 9	Authority to Allot and Issue Shares		

(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 indicated, the proxy / proxies will vote or abstain from voting as he / she / they think fit.)

Dated this ……… day of ……………………………. 2012

…………………………………………………………………
Signature of Shareholder(s) / Common Seal

Number of Shares

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5. 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.
6. 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.

Fold line

STAMP

The Company Secretary

SARAWAK PLANTATION BERHAD

8th Floor, Wisma NAIM, 2 1/2 Mile, Rock Road
93200 Kuching, Sarawak.
Tel: 082-233550 Email: info@spbgroup.com.my

Fold line

www.spbgroup.com.my

Registered Office

8th Floor, Wisma NAIM, $2\frac{1}{2}$ Mile,
Rock Road, 93200 Kuching, Sarawak.
Tel: 082-233 550 Email: info@spbgroup.com.my

Business Office

Lot 1174, Block 9, MCLD Miri Waterfront,
Jalan Permaisuri, 98000 Miri, Sarawak.
Tel: 085-413 814 Email: info@spbgroup.com.my