SARAWAK PLANTATION BERHAD

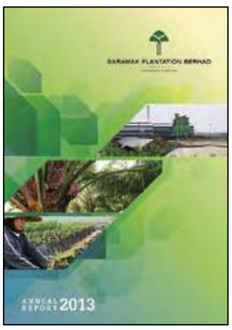
COMPANY NO. 451377-P
INCORPORATED IN MALAYSIA

ANNUAL REPORT 2013

Contents

COVER RATIONALE

The cover design reflects our status as a producer of Crude Palm Oil. The colour scheme, from back to front, begins with a rich sky blue, expressing the inviting future awaiting our industry. It gradually transforms into a vibrant green, to represent our sustainable practices, then finally takes on the golden tint of palm oil, symbolising our primary product and greatest source of wealth. The cover photographs feature core activities in the palm oil production cycle, while the 3-dimensional graphic of translucent, interlocking shapes symbolises the integration of all our business activities.



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 responsibility

CORPORATE VALUES

INTEGRITY…

Trustworthy and accountable

We stand by high moral values and principles, emphasising transparency in all our conduct, being faithful and honest, and being accountable and taking full responsibility for 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.

INNOVATIVE…

Growing through change and moving ahead of the times

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

EXCELLENCE & RESULT ORIENTED…

Always be driven to achieve results beyond stakeholders' expectations

We are result oriented, setting high performance standards for ourselves. We focus on outcomes and achievements, delivering superior performance to stakeholders through sustainable development, hence building a socially responsible organisation.

TEAM SPIRIT…

Respect and sharing

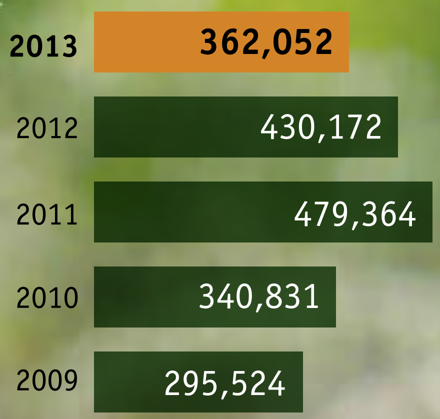
We respect each other and recognise contributions by each individual. We encourage effective working relationships via an environment which encourages mutual support, co-operation and sharing of knowledge and experience.

5 YEARS' FINANCIAL HIGHLIGHTS

Year	2013	2012	2011	2010	2009
Revenue (RM'000)	**362,052**	430,172	479,364	340,831	295,524
Profit Before Tax (RM'000)	**44,564**	66,342	104,175	52,259	51,984
Profit attributable to Owners of the Company (RM'000)	**39,685**	46,333	81,599	34,355	39,356
Total Assets (RM'000)	**754,830**	743,195	763,867	691,719	662,871
Net Assets (RM'000)	**582,954**	568,430	564,146	509,945	502,416
Total equity attributable to Owners of the Company (RM'000)	**582,954**	568,430	564,146	509,945	502,416
Total number of Shares ('000)	**280,000**	280,000	280,000	280,000	280,000
Net Assets per Share (RM)	**2.08**	2.03	2.01	1.82	1.80
Basic Earnings per Share (sen)	**14**	17	29	12	14
Dividend per Share (sen)	**8.00**	10.00	16.30	7.50	8.50
Gearing Ratio (times)	**0.12**	0.12	0.15	0.20	0.10

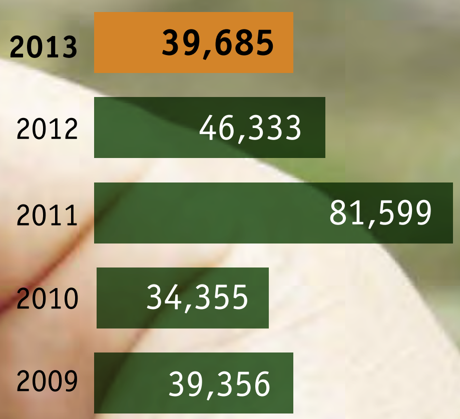
5 YEARS' FINANCIAL HIGHLIGHTS

Revenue (RM'000)



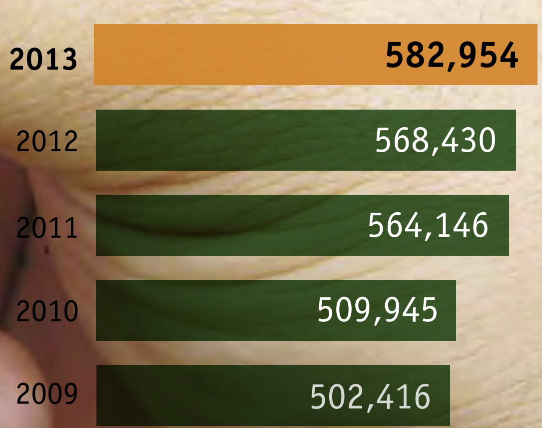
Profit before Tax (RM'000)

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

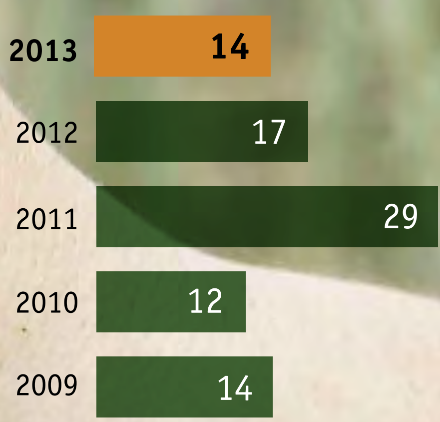


Total Assets (RM'000)

Total equity attributable to Owners of the Company (RM'000)



Basic earnings per share (sen)



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

- **SPS TRADING SDN BHD** 100%
  Marketing agent and dealer for water tanks and farm machineries
- **WONDERLAND TRANSPORT SERVICES SDN BHD** 35%
  Provision of transportation services (ceased operations)

SPB PELITA SUAI SDN BHD 60%
Cultivation of oil palm

SPB PELITA WAK PAKAN SDN BHD 50%
Dormant

SPB PELITA MUKAH SDN BHD 50%
Dormant

LIONSUN TIMBER SDN BHD 100%
Dormant

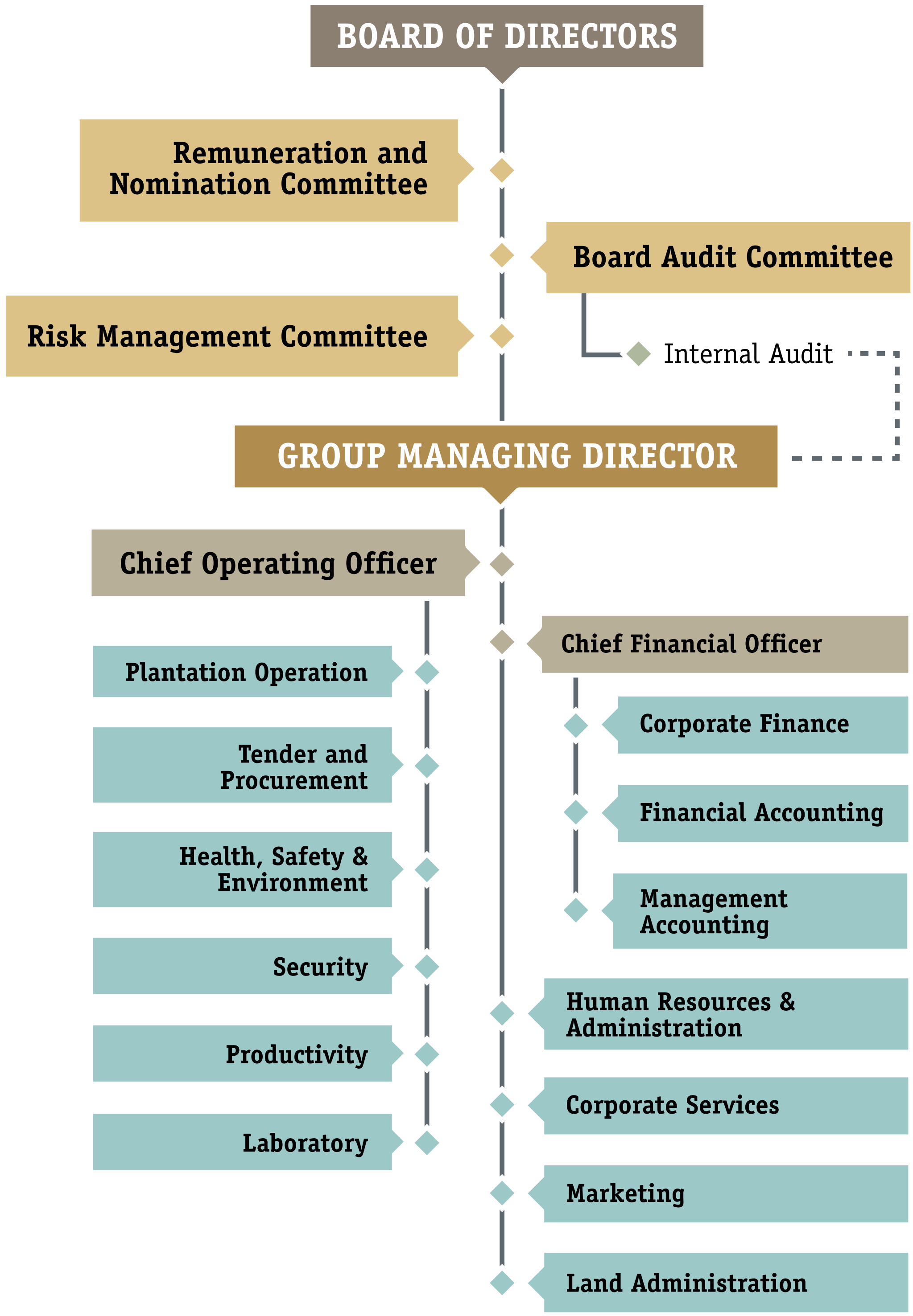
CAYAMAS SDN BHD 100%
Dormant

AZARIA SDN BHD 75%
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.

CORPORATE PROFILE



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 in 1997 through the transfer of SLDB's assets to SPB Group (comprising SPB and its subsidiaries). With this privatisation, all principal assets of SLDB are owned and managed by SPB and certain of its subsidiaries.

SPB is one of the pioneer players in the oil palm industry in Sarawak. The Group's land bank was reduced from 49,893 hectares ("ha") to a current total of 41,324 ha principally due to rescission of two NCR (Native Customary Rights) joint venture agreements covering an unplanted land size of 10,786 ha.

SPB, through its wholly owned subsidiary, Sarawak Plantation Agriculture Development Sdn Bhd (SPAD), owns sixteen (16) oil palm estates with a total planted area of 31,266 ha as at 31 December 2013. 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 in the year 1999/2000 developed and fully planted 1,855 ha of NCR land in Sarawak with oil palms.

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

The core business activities of 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 production unit supplying high yielding seeds and seedlings.
- Cattle integration
- Providing laboratory and technical services for the oil palm industry.

CORPORATE INFORMATION

Board of Directors

Chairman
Datuk Amar Abdul Hamed bin Sepawi

Group Managing Director
Polit bin Hamzah

Non-Independent Non-Executive Director
Hasmawati binti Sapawi

Independent Non-Executive Directors
Umang Nangku Jabu
Datu Haji Chaiti bin Haji Bolhassan
Azizi bin Morni
Ali bin Adai

COMPANY SECRETARY
Trina Tan Yang Li (0666-KT032)

REGISTERED OFFICE
8th Floor, Wisma NAIM, 2½ Mile,
Rock Road, 93200 Kuching,
Sarawak, Malaysia.
Tel: 6 082-233550/233560/233570
Fax: 6 082-256560
Email: info@spbgroup.com.my

BUSINESS OFFICE
Lot 1174, Block 9,
MCLD Miri Waterfront,
Jalan Permaisuri, 98000 Miri,
Sarawak, Malaysia.
Tel: 6 085-413814
Fax: 6 085-416192
E-mail: info@spbgroup.com.my
www.spbgroup.com.my

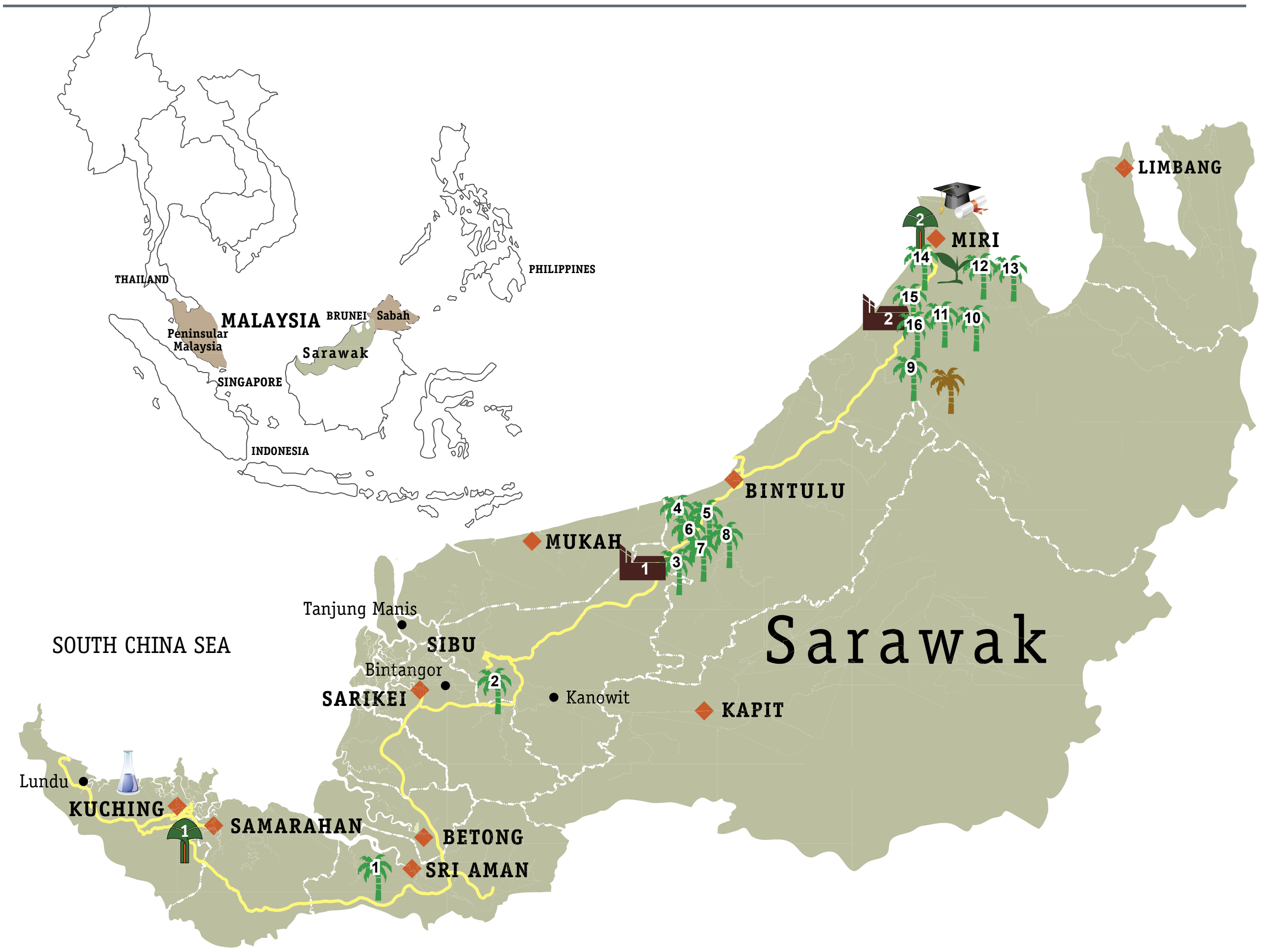
SHARE REGISTRAR
TRICOR INVESTOR SERVICES SDN BHD
Level 17, The Gardens North Tower
MidValley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel: 6 03-22643883
Fax: 6 03-22821886

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 2691-2,
Block 10 KLCD,
3rd Mile, Rock Road,
93200 Kuching,
Sarawak, Malaysia.
Tel: 6 082-419072

STOCK EXCHANGE LISTING
MAIN MARKET OF
BURSA MALAYSIA SECURITIES BERHAD
on 28 August 2007
Sector: Plantation
Stock Code: 5135
Stock Name: SWKPLNT

LOCATION OF OPERATION UNITS



Plantations

1 **MELUGU** (2,982 ha)
KM16 Sri Aman/Serian Road

2 **TULAI** (2,075 ha)
3KM off KM20 Sibu/Sarikei Road

3 **MUKAH 1** (3,877 ha)
11KM off KM85 Sibu/Bintulu Road

4 **MATADENG** (1,848 ha)
5KM off KM35 Selangau-Matadeng Road

5 **BAKAU** (4,000 ha)
6KM off KM24 Selangau-Matadeng Road

6 **BUKUT** (1,520 ha)
10KM off KM20 Selangau-Matadeng Road

7 **MUKAH 3** (2,708 ha)
20KM off KM85 Sibu/Bintulu Road

8 **SRI DUAN** (3,023 ha)
27KM off KM85 Sibu/Bintulu Road

9 **SAWAI** (917 ha)
14KM off KM106 Miri/Bintulu Road

10 **SUBIS 3** (2,559 ha)
6KM off KM87 Miri/Bintulu Road

11 **SUBIS 2** (2,736 ha)
1KM off KM87 Miri/Bintulu Road

12 **LADANG SUREA** (2,016 ha)
4KM off KM55 Miri/Bintulu Road

13 **BUKIT PENINJAU** (2,194 ha)
8KM off KM53 Miri/Bintulu Road

14 **SUNGAI TANGIT** (1,627 ha)
3KM off KM71 Miri/Bintulu Road

15 **LADANG 3** (2,251 ha)
KM77 Miri/Bintulu Road

16 **LADANG KOSA** (2,863 ha)
KM78 Miri/Bintulu Road

Plantations (NCR)

Native Customary Rights (NCR)
Joint Venture

SPB PELITA SUAI (2,128 ha*)
13KM off KM108 Miri/
Bintulu Road (planted 1,855 ha)
* Gross

Palm Oil Mills

1 **MUKAH PALM OIL MILL (MPOM)**
13KM off KM85 Sibu/Bintulu Road

2 **NIAH PALM OIL MILL (NPOM)**
2KM off KM75 Miri/Bintulu Road

SPB Offices

1 **REGISTERED OFFICE**
8th Floor, Wisma NAIM, 2½ Mile,
Rock Road, 93200 Kuching, Sarawak.

2 **BUSINESS OFFICE**
Lot 1174, Block 9, MCLD Miri Waterfront,
Jalan Permaisuri 98000 Miri, Sarawak.

Training Centre

SP TRAINING CENTRE (15 ha)
KM15 Miri/Bintulu Road

Seed Production

SEED PRODUCTION UNIT
4KM off KM55 Miri/Bintulu Road

Laboratory

SP LAB (1 ha)
Lot 2497, Blk 14, Salak LD,
Jalan Sultan Tengah, Petra Jaya, Kuching

MESSAGE TO OUR SHAREHOLDERS

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Group for the year ended 31 December 2013, our sixth full year of operation since our listing on the Main Market of Bursa Malaysia on 28 August 2007.

Financial Performance

The Group recorded revenue of RM362.1 million for the financial year ended 31 December 2013 compared with RM430.2 million in the preceding year, a decrease of RM68.1 million or 15.8%. Similarly, the Group's profit before tax was RM44.6 million compared to RM66.3 million for 2012, a decrease of RM21.7 million or 32.8%. Profit attributable to Owners of the Company dropped from RM46.3 million in 2012 to RM39.7 million in 2013, a decrease of RM6.6 million or 14.3%.

Discussion of Performance

In the year 2013, the Group recorded lower revenue and profit compared to 2012 principally due to lower global market prices for Crude Palm Oil (CPO) and Palm Kernel (PK). CPO and PK revenue contributed over 99% of the Group's revenue.

The realised average selling price for CPO decreased from RM2,756 per metric tonne ("mt") in 2012 to RM2,269 per mt in 2013, a reduction of RM487 per mt or 17.7%. The realised average selling price for PK also decreased, from RM1,407 per mt in 2012 to RM1,216 per mt in 2013, a reduction of RM191 per mt or 13.6%.

Production of fresh fruit bunches (FFB) from our estates increased by 1.7% to 309,218 mt, compared to 304,118 mt in 2012, while yield increased from 12.27 mt per ha in 2012 to 12.37 mt per ha in 2013. The Group purchased 357,959 mt of FFB from nearby estates and smallholders, a marginal increase of 1.4% compared to 353,033 mt in 2012.

MESSAGE TO OUR SHAREHOLDERS

Our mills processed 655,401 mt of FFB, an increase of 2.9% over 2012. Output of CPO was 136,814 mt and PK was 29,388 mt, increases of 2.2% and 1.5% respectively.

Our oil extraction rate (OER) was 20.87% against 21.02% in 2012 whereas kernel extraction rate was 4.48% compared to 4.55% in 2012. Nevertheless, our OER was higher than the Sarawak average of 20.12%.

Sale volumes of CPO and PK recorded a negligible increase of 1.8% and 3.0% respectively.

Our other business segments - Property investments and management services - offer valuable synergies but currently contribute negligibly to the Group's revenue.

There were impairment losses of RM7.6 million recognised during the year, mostly related to a plantation affected by disputes with NCR participants. Efforts are ongoing to resolve these disputes.

As the oil palm plantation business is cyclical in nature, the Board believes the Group's financial performance was, at the very least, satisfactory. Despite an unavoidable decline in revenue due to global market factors entirely beyond our control, we were nevertheless able to restrict the decline in profits, which speaks volumes for our management of costs and other mitigating strategies.

Dividends

On 28 November 2013, the Company declared a first interim, single tier dividend of 4 sen per share, totalling approximately RM11.2 million, in respect of the financial year ended 31 December 2013, which was paid to shareholders on 24 December 2013.

On 27 February 2014, a second interim, single tier dividend of 4 sen per share was declared, totalling approximately RM11.2 million, and was paid to shareholders on 27 March 2014.

This represents a total distribution to Shareholders of approximately RM22.4 million or 56% of the Group's net profits for the year. The dividend yield is 3% based on the year-end share price of RM2.57 and in the Board's opinion offers investors satisfactory short-term financial returns whilst maintaining cash reserves for future growth.

Highlights of the Year

Our Industry's Future - SP Taining Centre

SP Training Centre was set up as a major Corporate Social Responsibility (CSR) initiative to provide subsidised training to young people wishing to enter our industry. The Centre received its accreditation under the National Dual Training System in June 2013 and also enrolled its first intake of 30 apprentices during the second half of the year.

MESSAGE TO OUR SHAREHOLDERS

Corporate Organisational Enhancement ("COE")

This is an ongoing highlight, as our COE programme continues to positively impact our business in a variety of ways:

- The previous year's implementation of smart partnerships between plantations and mills began to produce concrete results, with an achievement of 45% of CPO delivered with FFA (Free Fatty Acid) of 3.5% or below in 2013 compared to 30% in 2012, showing an improvement in product quality.
- We have completed and implemented our Estate Management System ("EMS") at all of our estates during 2013. EMS is a tool for increasing the operational efficiency, and for benchmarking and monitoring estate management performance. The EMS Implementation Team, drawn from all relevant departments, deserves our highest praise for their efforts.

Expansion of Planted Hectarage

Over 3,000 ha were planted during the year. For details of progress of new development, refer to Review of Operations on pages 18 to 19.

Challenges and Opportunities

Manpower Challenges

The perennial challenge facing our industry is manpower. We continue to make strenuous efforts to position ourselves as an employer of choice for both local and foreign estate workers, through enhancing the living environment for them and their families, with high quality accommodation and good healthcare, education, recreation and communication facilities. We also continue to invest heavily in estate mechanisation, wherever practical, to reduce our dependence on imported labour.

Our human capital of over 560 permanent staff is equally important for the Group's success. Our vision is to create an "environment of continuous learning", as we develop a workforce of well-rounded individuals with strong personal leadership skills. Therefore over 80% of staff attended trainings during the year which were designed to enhance their core skills and competencies and to align their skills with the Group's short and long term objectives.

Performance Opportunities

In 2012, we have set ourselves the challenge of producing an average of 20 mt/ha of FFB in unencumbered matured planted areas within three years. We are now well on the way to achieving this target within the coming two years, except of course in newly planted areas.

We anticipate increasing harvester productivity from average 1.76 mt per day to above 2.5 mt per day through increased mechanisation and more efficient allocation of labour.

We will continue to improve productivity, in line with our goal to become a competitive CPO and PK supplier in Sarawak.

Expansion Opportunities

We continue to monitor our industry for potential acquisitions and mergers to increase our hectarage, particularly ongoing brownfield operations, which can provide immediate financial returns. Our approach however remains highly selective. We are targeting strategically located acquisitions which are either close to our milling facilities or otherwise offer economies of scale.

MESSAGE TO OUR SHAREHOLDERS

Prospects for 2014 And Beyond

Risk Factors

Economic: The Malaysian economy is expected to remain resilient despite facing a challenging external environment, with most reputable commentators producing growth forecasts of between 4.5% and 5.5%. Domestic demand is expected to continue its strong growth momentum. However we should be cautious, due to uncertainties existing in the global environment and inflationary pressure which may exacerbate our competitive disadvantage.

CPO Prices: As a pure plantation concern, our earnings are always highly sensitive to fluctuations in CPO prices. The market for edible oils and feedstock is expected to become significantly more buoyant in the short term and remain so for the foreseeable future.

Outlook

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

Young Oil Palm Age Profile: Around 40% of our oil palms are either immature or young mature (less than 10 years). As these palms attain maturity, our CPO yields are poised to improve compared to those of 2013.

Bullish CPO Prices: The CPO price has firmed up considerably from a low of RM2,100 per mt and is now around RM2,600 per mt. At the recent Palm Oil and Laurics Conference, the experts' views were bullish on CPO price with the expectations that CPO price should trade between RM2,500 and RM3,185 per mt for 2014. The CPO price is expected to be bullish should a number of factors occur during the year. The factors cited include:

- **Weather:** El Nino weather phenomenon is predicted to occur in the year 2014. Should the prediction happen, it may drive the CPO price up.
- **Indonesia's Biodiesel Policy:** The aggressive implementation of Indonesia's national biodiesel policy will increase its local consumption significantly and hence reduce Indonesian CPO exports.

MESSAGE TO OUR SHAREHOLDERS

Outlook (continued)

- **Global Soybean Harvest:** The predicted tightening supply of world soybean may likely to have a positive effect on the CPO price.
- **Crude Oil Prices:** Brent crude prices have recently moved up to around US$110 per barrel. Historically, higher crude oil prices tended to drive up CPO prices. CPO competes with crude oil as a feedstock for many industries, and palm oil based bio-diesel is an increasingly popular alternative energy source.

Given the above factors and considering our continuous improvement efforts and enhancement initiatives, our operation is efficient enough to deliver good returns to shareholders within the predicted price range.

New Areas Coming Into Maturity: We intend to develop 5,000 ha each year, which will partially mature and begin to yield FFB from 2016 onwards.

Anticipated Results

The Board of Directors is confident of achieving satisfactory results for 2014, subject to a stable market for CPO and PK.

Acknowledgements

We would like to convey our sincerest thanks to our shareholders for their continued support and belief in SPB. We would also like to thank all the State and Federal Government Ministries, Departments, Statutory Bodies and Regulatory Agencies who have offered us such close cooperation and support during 2013, along with other relevant authorities.

Heartfelt thanks are also due to our joint venture partners, vendors, consultants, professional advisors, service providers and community neighbours for their goodwill and unstinting efforts. Last but not least, I would like to reserve the warmest thanks to our directors and all the employees of SPB and its subsidiaries for their hard work and professionalism.

Thank you,

Datuk Amar Abdul Hamed Bin Sepawi
Chairman

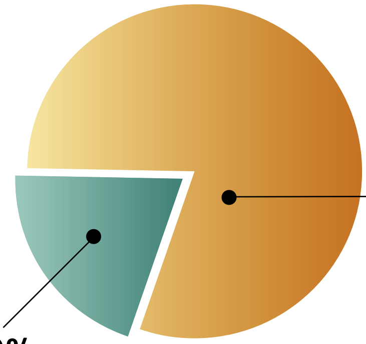
REVIEW OF OPERATIONS

Oil Palm Plantation

Size & Status of Land Bank

Our total land bank as at 31 December 2013 stood at 41,324 hectares ("ha") (inclusive of 2,128 ha (gross) under the Native Customary Rights (NCR) joint venture), 33,121 ha are planted with oil palm of which 1,855 ha are under the NCR joint venture.

Out of 33,121 ha planted with oil palm, 18.90% is immature field, 21.47% is 3 to 10 years old, 24.18% is 11 to 15 years old, 16.87% is 16 to 20 years old and 18.58% is over 20 years old.



5 years hectarage, FFB production and yield by age profile

	Unit	2009	2010	2011	2012	2013
FFB PRODUCTION VOLUME						
Old Mature	mt	23,994	24,092	50,403	71,093	65,241
Prime Mature	mt	176,664	176,607	180,463	138,728	156,271
Young Mature	mt	116,649	74,520	83,892	94,297	87,706
Total	**mt**	**317,307**	**275,219**	**314,758**	**304,118**	**309,218**
YIELD						
Old Mature	mt/Wha	8.19	7.94	11.76	12.29	11.35
Prime Mature	mt/Wha	17.16	14.17	13.82	11.70	12.25
Young Mature	mt/Wha	10.32	8.39	12.20	13.19	13.49
Average	**mt/Wha**	**12.93**	**11.29**	**13.00**	**12.27**	**12.37**
PLANTED HECTARAGE (weighted average)						
Oil Palm						
- Mature	Wha	26,178	26,014	25,893	26,501	26,728
- Immature	Wha	1,623	1,548	3,383	3,218	4,918
Total planted hectarage	**Wha**	**27,801**	**27,562**	**29,276**	**29,719**	**31,646**
MATURE HECTARAGE (weighted average)						
- Old Mature	Wha	3,128	3,237	4,573	6,189	6,154
- Prime Mature	Wha	10,990	13,297	13,954	12,654	13,598
- Young Mature	Wha	12,060	9,480	7,366	7,658	6,976
Total	Wha	26,178	26,014	25,893	26,501	26,728
Less : Estates Roads	Wha	1,641	1,631	1,672	1,711	1,725
Mature Hectarage (Net)	**Wha**	**24,537**	**24,383**	**24,221**	**24,790**	**25,003**

Wha - Weighted hectarage (average for the year by reference to maturity)

Old Mature - 21 years onwards
Prime Mature - 11 to 20 years
Young Mature - 3 to 10 years

REVIEW OF OPERATIONS

5 years FFB production and yield by region

	Unit	2009	2010	2011	2012	2013
FFB PRODUCTION VOLUME						
Northen Region	mt	264,233	231,234	265,000	260,593	271,702
Central Region	mt	53,074	43,985	49,758	43,525	37,516
Total	**mt**	**317,307**	**275,219**	**314,758**	**304,118**	**309,218**
YIELD						
Northen Region	mt/Wha	16.31	14.16	16.21	15.91	16.61
Central Region	mt/Wha	6.37	5.46	6.32	5.17	4.34
Average	**mt/Wha**	**12.93**	**11.29**	**13.00**	**12.27**	**12.37**

Increase in Mature Areas

During 2013, there was an increase of 227 ha in mature areas. This was mainly due to areas attaining maturity during the year, rising from 26,501 ha in 2012 to 26,728 ha in 2013.

FFB Production and Yield

For the year 2013, the Group produced a total of 309,218 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 1.68% compared to 2012.

The increase was contributed by improved performance of productive estates in the Northern Region. The Group achieved a yield of 12.37 mt/ha.

Two principal factors caused the low yield of the Group: the inability to harvest from 1,855 ha at SP Suai due to a dispute with local participants; and a dispute with locals at our Mukah estates in the Central Region affecting approximately 5,503 ha. Active steps are being taken with the ultimate objective of resolving the disputes.

Estate Mechanisation

The majority of estate activities are carried out manually and labour shortage is still a perennial issue in the industry. In order to mitigate the labour shortage, SPB estates have over the years made major improvements by upgrading their infrastructure to cater for mechanisation.

One of the major efforts of the Group to mitigate the labour shortage is to intensify mechanisation in the following activities:

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

Progress of new developments Matadeng/Bakau/ Bukut

Land was acquired in 2009 at Mukah and Bawan Land District, with a total area of 7,368 ha. As at 31 December 2013, 6,140 ha have been cleared of which 3,808 ha have been planted with oil palm. The first harvesting of 268 ha has just began in 2013. The balance of around 3,500 ha will also be planted with oil palm by the end of 2014.

REVIEW OF OPERATIONS

Tulai and Melugu

The Group has also expanded the new development area to Tulai in Sibu Division and Melugu in Sri Aman Division (around 1,480 and 700 ha respectively). As at 31 December 2013, clearing works have been completed for both areas. For Tulai, out of the 1,480 ha that have been cleared, 955 ha have been planted with oil palm. The remaining approximately 500 ha will be planted in 2014.

For Melugu, 623 ha have been planted with oil palm and the balance of around 100 ha will be fully planted in 2014.

The first harvesting for both areas is expected to take place by the end 2015.

Nurseries have been established to cater for the above developments, with seeds supplied by the Group's own Seed Production Unit.

Good Agronomic Practices (GAP)

Good Agronomic Practices (GAP) are in place from nursery stage through to field planting and maintenance of oil palm cultivation. The principle focus of GAP is on good nursery techniques and management whilst Integrated Pest Management (IPM) focuses on pest and disease control.

To ensure that GAP are adhered to, the workforce needs to be equipped with the right tools, knowledge and skills. Therefore on-the-job training for workers is continuosly 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.

Cattle Integration

The Group's Cattle Integration project, which involves the rearing of cattle in oil palm plantations, was initiated in 2000 under the "Pawah" scheme through the Department of Agriculture (DOA) Sarawak. The rationale for the project is to promote full utilisation of mature oil palm areas by letting cattle graze on vegetation that is otherwise considered weeds.

Cattle integration benefits the participating estates as part of their integrated weed management programme. It is environmentally friendly and contributes towards achieving good agricultural and farm (GAF) practices and standards. Not only is the amount of weedicide reduced, but workers are also relieved from spraying to carry out other functions. The Cattle Integration project can also acts as a breeding resource to develop a sizeable stock of high quality cattle in the country, and can reduce the need to open new land for gazing.

REVIEW OF OPERATIONS

Performance Benchmarking

The Group's main focus is continuous improvement towards achieving the best possible yields and productivity. Estate managers are thus required and empowered to set their targets within reasonable parameters of each respective estate's potentials and capabilities.

For 2013, Sungai Tangit performed well yielding 24.31 mt per ha which indicated the potential of neighbouring estates to perform equally well. Good agricultural practices and improving efficiency in all areas of management are continuously being emphasized.

Producer-Processor Smart Partnerships

A Smart Partnership initiative was established between our estates and palm oil mills, whereby each interactively notifies the other about harvesting, crop quality, safety, delivery, processing capacity, etc. Both parties also leverage these data to better manage their respective capacities and workflows in order to share both risks and profits.

Seed Production Unit

SPB is the only oil palm seed producer in Sarawak and it owns and operates a seed production unit. It is capable of producing around 2 million seeds per annum currently. 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.

Milling Operation

The Group owns two mills, one located in Mukah Division (60mt/hour) and the other in Miri Division (120mt/hour). Apart from processing our own estates' crops, our mills also purchase crops from smallholders, FFB traders and third party estates.

In 2013, the purchased crops contributed about 55% of the total crop processed by both mills.

REVIEW OF OPERATIONS

Mill Performance 2009 to 2013

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

	2009	2010	2011	2012	**2013**
FFB Processed (mt)					
Niah Mill	379,204	349,706	420,273	418,205	445,034
Mukah Mill	169,379	158,668	216,107	218,888	210,367
Total	**548,583**	**508,374**	**636,380**	**637,093**	**655,401**
Output of CPO (mt)					
Niah Mill	79,768	74,284	89,809	89,583	94,370
Mukah Mill	33,295	30,470	44,048	44,322	42,444
Total	**113,063**	**104,754**	**133,857**	**133,905**	**136,814**
Output of PK (mt)					
Niah Mill	18,310	15,927	19,780	18,979	19,961
Mukah Mill	6,204	6,023	8,955	9,985	9,427
Total	**24,514**	**21,950**	**28,735**	**28,964**	**29,388**
Average oil extraction rate ("OER") (%)					
Niah Mill	21.04	21.24	21.37	21.42	21.21
Mukah Mill	19.66	19.21	20.38	20.25	20.18
Average	**20.61**	**20.61**	**21.03**	**21.02**	**20.87**
Average kernel extraction rate ("KER") (%)					
Niah Mill	4.83	4.55	4.71	4.54	4.49
Mukah Mill	3.66	3.80	4.14	4.56	4.48
Average	**4.47**	**4.32**	**4.52**	**4.55**	**4.48**

Overall FFB processed increased by 2.9% compared to year 2012, and was mostly due to a 1.7% increase in own crops volume. Total purchased crops increased from 353,033 mt in 2012 to 357,959 mt in 2013, a 1.4% increase.

CPO and PK volumes increased by about 2.2% and 1.5% respectively.

Quality Assurance & Product Improvement

The Group places great emphasis on the quality of the oil palm products that it produces. Coordination and co-operation between the estates and the mills are vital for achieving good oil extraction rate (OER). Under the new Smart Partnership initiative (see Plantation section), both mills and estates share common free fatty acid (FFA), OER and KER targets which they achieve through enhanced cooperation, good teamwork and continuous feedback. For example, FFB grading results are immediately provided to the estates to enable them to control FFB quality in the field.

In the Group's effort to achieve high quality CPO and PK, it has also placed great emphasis on the quality of third party FFB that the mills can accept. The FFB graders are well trained in FFB quality checking and only allow good quality FFB to be purchased.

It has been two years since this programme was introduced and the performance in 2013 far surpassed that of 2012. The Group achieved 45% of CPO delivered with FFA of 3.5% or below in year 2013 compared to 30% in year 2012. The effort shall be continued to ensure that CPO produced by our mills continue to be preferred by our buyers.

Both our Mukah and Niah mills have embarked on preparation for ISO 9001:2008 (Quality Management System) and ISO 14001:2008 (Environmental Management System.) It shall be fully implemented in 2014. These management systems will enhance quality assurance of mill operations and products once they are fully in place.

Health, Safety and Environment

The Group continues to meet (and wherever possible exceed) its statutory obligations on HSE, and also prioritise the implementation of good HSE practices in all its business activities as well as those conducted by its business partners and associates.

This is not only to ensure sustainable business operation but also to make sure that all possible HSE risks are adequately managed for the benefit of employees and other stakeholders affected by the Group's operations. As a result, there were no substantial operational stoppages due to fatality or major injury in 2013.

In 2013 the Group undertook the following HSE activities and initiatives -

- Chemical hazards risk assessment for oil palm estates and mills,
- Positive chemical exposure monitoring for oil palm estates and mills,
- Audiometric examination for mill workers,
- Continual inspection and assessment of work facilities and work processes at all operations and project sites,
- Farm vehicle audits

The Group complied with all statutory requirements concerning the use of pressure vessels, electrical installations and lifting equipment, not only in its own facilities but also on project sites.

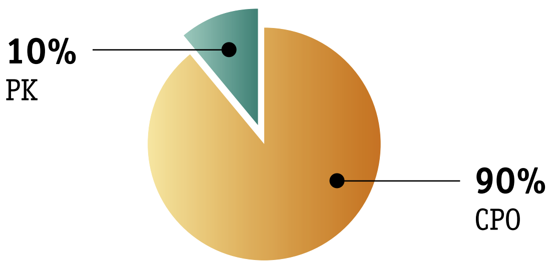
The Group also conducted internal training programmes to enhance competency level in HSE administration.

Rigorous and effective HSE risk management will continue and be further improved in order to fully support the Group's business targets of higher productivity and more sustainable operation.

REVIEW OF OPERATIONS

Marketing

Our Group's revenue is principally derived from the sale of two products; Crude Palm Oil (CPO) and Palm Kernel (PK). The percentage of the sales of CPO and PK for the year under review is as below:



The Group's CPO and PK are sold to palm oil refineries and palm kernel crushing plants at Bintulu, Sarawak.

Sales Volume

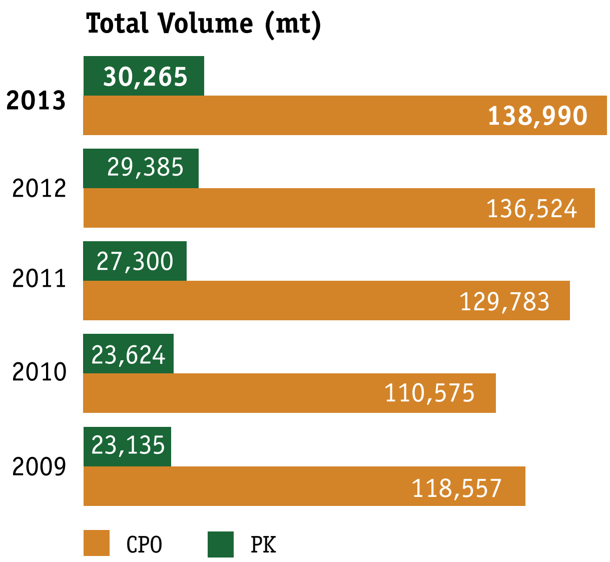
Sales volume is fundamentally dependent on three major factors:

i. the amount of FFB processed by the Group's mills,

ii. the efficiency of the mills (in terms of OER and KER achieved by both mills), and

iii. the effectiveness and efficiency of logistic management in delivering its products to the main buyers at Bintulu.

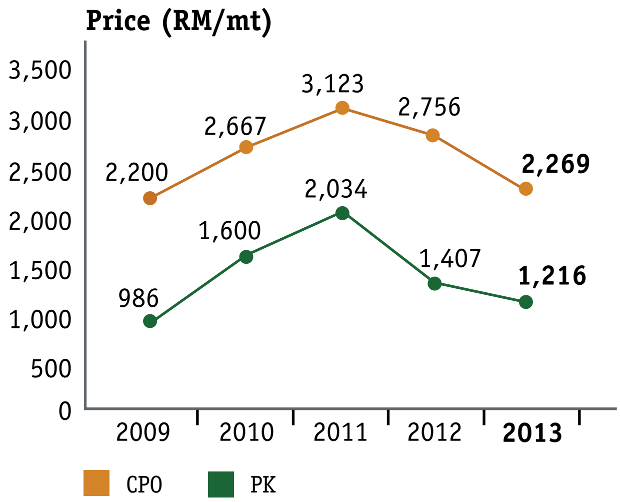
Our CPO and PK sales volume experienced an increase in the year 2013 (as compared to 2012) of 1.8% for CPO and 3.0% for PK. The sales volume for the year under review and the past four (4) years are set out below:



Realised Price

The movement of CPO and PK price is fundamentally dependent on the demand and supply in the global oils and fat market. In 2013, the Group faced a major challenge in dealing with a significant drop in price.

The average selling prices realised for the year under review and past four (4) years are as follows:



SP Laboratory

SP Lab is a "Profit Center" activity operating under Sarawak Plantation Services Sdn. Bhd. (one of the Group's subsidiaries). Formerly known as Chemistry Laboratory, Sarawak Plantation Services Sdn. Bhd., the lab underwent branding transformation in 2012 resulting in the change of its name to SP Lab.

Since its establishment, SP Lab has received respectable credentials in the industry such as:

1. Accreditation of MS ISO/IEC:17025:2005 (from Skim Akreditasi Makmal Malaysia)
2. 'IKM Laboratory Excellence Award' in 2012 from Malaysia Institute of Chemistry (IKM)

The lab analysis services primarily focus on the analysis of fertilizers, soil and leaves to support the Group's plantation activities. The same services have also been offered commercially to other plantation or plantation-related companies in Sarawak. In the year 2013, SP Lab analysed 11,101 samples from all over Sarawak, generating a revenue of RM902,000.

Moving forward, SP Lab is planning to offer additional commercial services such as analysis on water waste from the mills.

Estate Management System

The Estate Management System (EMS) is an integrated and web based application system that serves all operating units within the Group, with special emphasis on estate, financial and procurement management.

With all the modules fully integrated and automated, this will make the retrieval and consolidating of information easier and faster, thus strengthening the Group's operational control, efficiency and effectiveness.

The estate and procurement modules were fully implemented and operational at all the operating units in 2013. The financial module and the mill module are targeted to be fully implemented in 2014.

Human Resources

Continuous Competency Improvement

The Group continues in its commitment towards training and development of its workforce. In 2013, more than 80% of our staff attended training programs towards meeting the corporate objectives.

Organisation Structure and Succession Planning

In 2013, the Group embarked on the process of revamping the organisation structure to enhance the efficiency of the workflow. In promoting greater accountability and ownership, a clear demarcation of roles and responsibilities is needed to increase productivity and operational excellence.

The Group deems it critical that a succession plan is in place to ensure continuity of operations. Successors are groomed and undergo a series of development phases to prepare them for the future roles.

Compliance

In line with the new ruling of the Minimum Wage Order and the Minimum Retirement Age Act, the Group has fully implemented these requirements throughout its operations.

Building the Future

SP Training Centre (SPTC) was accredited in June 2013 by Jabatan Pembangunan Kemahiran (JPK) to run plantation programmes at Supervisory level under the National Dual Training System (NDTS).

It is a historic milestone in the Group's commitment to provide opportunities to secondary school leavers from the rural areas to build a career in the plantation industry.

SPTC plays a very important role in providing quality training in the field of oil palm plantation management and will go a long way towards developing the Group's human resource talent pool.

30 trainees have embarked on a 1 year programme in July 2013, in Oil Palm Plantation Operation & Supervision (Operasi & Penyeliaan Penanaman Kelapa Sawit.) They will be awarded a Sijil Kemahiran Malaysia (SKM) Level 3 upon successful completion of the programme.

BOARD OF DIRECTORS

Datuk Amar Abdul Hamed, aged 65, was appointed to our Board on 30 August 2005 and redesignated as Non Executive Chairman on 11 March 2011. Educated at Malay College, Kuala Kangsar, he holds a BSc from the University of Malaya, a BSc (Forestry) from the Australian National University, Canberra, and a Master's degree in Forest Products Utilisation from Oregon State University, United States. He is Chairman of the Remuneration and Nomination Committee.

He has more than 23 years of experience in forest and plantation management and the manufacturing of forest products. For the last 16 years, he has been actively involved in various industries such as construction, property development, oil and gas, oil palm plantations and Information and Communication Technology ("ICT"). He was the recipient of the Sarawak State Entrepreneur of the Year Award for 2004 and 2005 and was nominated for the Malaysia Entrepreneur of the Year Award 2005. He was awarded the Panglima Gemilang Bintang Kenyalang in September 1999 and the Datuk Amar Bintang Kenyalang in September 2012.

He is the Executive Chairman of Ta Ann Holdings Berhad, a forestry and plantation company based in Sarawak, Chairman of a property and construction company Naim Holdings Berhad, listed on the Main Market of Bursa Malaysia, Chairman of a logistics technology company Smartag Solution Berhad, listed on the ACE Market of Bursa Malaysia, Chairman of Sarawak Energy Berhad, a power utility company wholly owned by the Sarawak State Government and is one of the advisors to Sarawak Oil Palm Plantation Owners' Association (SOPPOA).

Datuk Amar Abdul Hamed Bin Sepawi | Chairman

BOARD OF DIRECTORS

Polit Hamzah, aged 64, was appointed as our Director on 1 May 2007. On 20 December 2012 he was redesignated from Independent Non Executive Director to Non Independent Executive Director and assumed the position of the Acting Group Managing Director. He was appointed the Group Managing Director on 1 May 2014. He is the Chairman of our Risk Management Committee.

He graduated with BSc (Hons) in Geology from the University of Malaya in 1975. He worked for twenty one years (1975-1996) for an oil and gas exploration and production company (Petronas Carigali Sdn Bhd) in various technical and management positions, his last position being General Manager in-charge of Sabah Operations. From 1997-2001, he headed the Land Custody and Development Authority (LCDA) Sarawak, 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. From 2002 to 2003 he was General Manager of the Sarawak Economic Development Corporation.

From 2003 to the present, he continues to be involved in the Boards of various government and privately-owned companies in Sarawak and at the federal level. Encik Polit was a member of the Board of Lembaga Pergalakan Pelancongan Malaysia (Tourism Malaysia), a body corporate under the Ministry of Tourism, Malaysia. He is also a director of Dayang Enterprise Holdings Berhad, a company listed on the Main Market of Bursa Malaysia. He also holds directorships in several private limited companies.

Polit Bin Hamzah | Group Managing Director

Hasmawati Sapawi, aged 46, 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. She is curently the director of the Corporate Services and Investment Division of the State Financial Secretary's Office (Sarawak), handling corporate finance and investment activities. She joined the State Financial Secretary's Office in 2006, prior to which she had worked in a state agency and a government-linked company. She also sits on the boards of several state government-linked companies.

Hasmawati Binti Sapawi | Non Independent Non Executive Director

BOARD OF DIRECTORS

Umang Jabu, aged 37, was appointed as our Director on 1 May 2007. She holds a Bachelor of Business (Business Information Systems) and a Masters of Finance, both from RMIT University in Melbourne, Australia. She also holds a Graduate Diploma in Industrial and Employee Relations and Master of Management in Human Resource Management, both from Monash University, Melbourne, Australia. She is Chairman of our Board Audit Committee.

Since graduating, she has been working in the private sector as a director of a number of companies. She has been the Director of Administration and Finance for Betong Premix Sdn. Bhd. since its incorporation in 2003. She is responsible for Betong Premix's strategic planning, day-to-day operation, business support systems, financial management, financial control and customer relationship management. Puan Umang has also been a member of the Board of Trustees of the Iban Women's Charitable Trust since 2009.

Umang Nangku Jabu | Independent Non Executive Director

Datu Haji Chaiti, aged 60, was appointed as our Director on 30 August 2005. On 20 December 2012 he was redesignated from Non Independent Non Executive Director to Independent Non Executive Director. He holds a Social Bachelor of Science with Honours from University Sains Malaysia and a Master's Degree in Public Administration from the University of Southern California, Los Angeles. He also attended the Senior Executive Fellow Program (SEF) at Harvard University, USA. He is a member of our Board Audit Committee and our Remuneration and Nomination Committee.

He is currently the Permanent Secretary of the Ministry of Rural Development, Sarawak. Prior to this he held various positions in the State Civil Service including Permanent Secretary of the Ministry of Rural and Land Development, Director of Human Resource Management (Chief Minister's Department), Principal Assistant Secretary in the Ministry of Resource Planning, Assistant Training Officer (Chief Minister's Department) and Administrative Officer in the Resident's & District Office, Sri Aman.

Datu Haji Chaiti is an active member of the Sarawak Development Institute. He is a Director of Saratok Palm Oil Mill Sdn Bhd and Bau Palm Oil Mill Sdn Bhd. He was conferred several honours including the Pingat Perkhidmatan Bakti (Perak), Sijil Penghargaan Perkhidmatan Cemerlang, Pingat Perkhidmatan Cemerlang (Emas) (PPC), Pingat Terpuji Delima (PTD), Darjah Johan Setia Mahkota (JSM) and Darjah Jasa Bakti Sarawak (DJBS).

Datu Haji Chaiti Bin Haji Bolhassan | Independent Non Executive Director

BOARD OF DIRECTORS

Azizi Morni, aged 41, was appointed as our Director on 1 May 2007. He holds a Bachelor of Laws Degree (Hons) from the University of Malaya and was admitted to the High Court of Sabah and Sarawak in October 2000. He is a member of our Board Audit Committee, our Remuneration and Nomination Committee and our Risk Management Committee.

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, he merged with Messrs. Chen Chieng Ning & Company to form Messrs Chen Ching Ning & Azizi Advocates. In July 2010, he became a founding partner of Messrs. Kubeta Partners Advocates. Encik Azizi's work over the years has covered civil litigation and conveyancing, servicing both private and corporate clients.

Azizi Bin Morni | Independent Non Executive Director

Ali Adai, aged 58, was appointed as our Director on 27 February 2013. He holds a Bachelor of Art from the University of Guelph Canada. He is a member of our Board Audit Committee. Until his retirement on 31 March 2013, he was employed with CIMB Bank as the Regional Director for East Malaysia (Sabah and Sarawak). He was responsible for managing 29 bank branches and for developing CIMB's retail, commercial and enterprise banking businesses in East Malaysia. He is a director of Dayang Enterprise Holdings Berhad, a company listed on the Main Market of Bursa Malaysia.

Ali Bin Adai | Independent Non Executive Director

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 Amar Abdul Hamed Bin Sepawi		
Ta Ann Holdings Berhad	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plantation Sdn. Bhd.	Investment holding (cultivation of oil palm and milling of palm oil via its subsidiaries)	Palm oil products
Ta Ann Plywoods Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Mega Bumimas Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Multi Maximum Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Durin Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Igan Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ta Ann Pelita Silas Plantation Sdn. Bhd.	Cultivation of oil palm	Palm oil products
Ladang Selezu Sdn. Bhd.	Oil palm plantation	Palm oil products
Sebubu Sdn. Bhd.	Oil palm plantation	Palm oil products
Palmhead Sdn. Bhd.	Oil palm plantation	Palm oil products
Butrasemari Sdn. Bhd.	Oil palm plantation	Palm oil products
Manis Oil Sdn. Bhd.	Operation of palm oil mill	Palm oil products
PSS Oil Mill Sdn. Bhd.	Operation of palm oil mill	Palm oil products
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
Polit bin Hamzah		
KUB Sepadu Sdn Bhd	Cultivation of oil palm	Palm oil products
Rajah Mutiara Sdn Bhd	Oil palm plantation	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
Azizi bin Morni		
Paras Indah Sdn Bhd	Cultivation of oil palm	Palm oil products
Umang Nangku Jabu		
DD Palm Oil Mill Sdn Bhd	Processing of oil palm products	Palm oil products
Pasir Jaya Development Sdn Bhd	Cultivation of oil palm	Palm oil products

Additional Information

- All directors are Malaysian citizens.
- None of our Directors have been convicted of any offences.
- There are no family relationship between the Directors and/or major shareholders of the Company.
- For our Directors' attendance at Board Meetings held during the year in review, please refer to page 37 of this Annual Report.
- For our Directors' securities holdings in SPB, please refer to page 148 of this Annual Report.

KEY MANAGEMENT TEAM

Radzi bin Saad | Mohamad Azaharani bin Seruji | Koay Bee Eng | Polit bin Hamzah | Trina Tan Yang Li | Haji Mohd Fadzil bin Hitam | Zahari bin Mohd Nusi

Polit bin Hamzah
Group Managing Director

Over 39 years of management experience in various government and private owned companies in Sarawak and at the Federal level.

Zahari bin Mohd Nusi
Chief Operating Officer

Appointed as Chief Operating Officer with effect from 1 October 2011. Over 35 years of management experience in the plantation industry.

Haji Mohd Fadzil bin Hitam
Head of Plantation Operation

Joined SPB on 11 July 2012. Over 36 years of experience in the plantation industry.

Radzi bin Saad
Head of Human Resource & Administration

Joined SPB on 10 September 2012. Over 31 years hands-on experience in managing oil palm plantation in various capacities and has full knowledge of Human Resource and Administration matters in plantation environments.

Trina Tan Yang Li
Corporate Legal & Secretarial Manager

Joined SPB in 2000. Over 21 years and 13 years of experience in the legal and company secretarial fields respectively.

Koay Bee Eng
Chief Financial Officer

Joined SPB in 2007. Over 17 years of experience in the accounting and financial field and 12 years experience in auditing respectively. She is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Mohamad Azaharani bin Seruji
Marketing Manager

Joined SPB in 2010. Over 14 years of experience in marketing, education, consultation, insurance and currently in palm oil industries.

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 2013.

1. Members And Meetings

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

No.	Name	Status of Directorship	Independent	Appointment/Resignation
1	Umang Nangku Jabu	Chairman-Independent Non Executive Director	Yes	Appointed on 16 June 2010
2	Datu Haji Chaiti bin Haji Bolhassan	Independent Non Executive Director	Yes	Appointed on 20 December 2012
3	Azizi bin Morni	Independent Non Executive Director	Yes	Appointed on 1 May 2007
4	Ali Bin Adai*	Independent Non Executive Director	Yes	Appointed on 24 April 2013

During the financial year, the Committee conducted 6 meetings the details of which are as follows:-

No.	Name	No. of Meetings Attended	Attendance (%
1	Umang Nangku Jabu	6/6	100
2	Datu Haji Chaiti bin Haji Bolhassan	5/6	83
3	Azizi bin Morni	6/6	100
4	Ali Bin Adai*	3/3	Not applicable

** Ali Bin Adai was appointed a member of the Committee on 24 April 2013.*

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 26 to 29 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;

2. Summary of Activities (continued)

- 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 asssess 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 2013 amounted to RM1,395,044.

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.

4. Terms of Reference (continued)

In addition, the Committee is authorised to carry out duties as mentioned below and also 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.

ii. Internal Control

- Considers the effectiveness of the Group'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 organisational 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.

AUDIT COMMITTEE'S REPORT

4. Terms of Reference (continued)

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.

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 the Committee's 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

The Board of Directors continues to remain focused on maintaining good corporate governance practices in the discharge of its duties and responsibilities towards the Company and its shareholders. The Board seeks to provide intellectual honesty and effective leadership which will challenge the Company into greater ethical and sustainable business performance.

In this statement, the Board conveys its assurance that it is mindful of the principles and recommendations of the Malaysian Code of Corporate Governance 2012 (MCCG 2012). The Board will constantly review its conduct, processes and procedures to strive to adhere to the said Code.

I. Board of Directors

Roles 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, business and investment strategies. The Board puts together its diverse expertise and experience to render advise and coaching to the Company. Its diverse expertise and experience also help to effectively monitor implementation of the visions and strategies which have been set.

The full details of the roles and responsibilities of the Board of Directors are captured in the Board Charter. The Board reviews its roles and responsibilities periodically to ensure that they remain relevant and effective.

Key areas reserved for the Board's approval include the annual budget, dividend declaration, expenditure beyond a certain limit, acquisitions/disposals of properties/materials of substantial value, appointment of consultants for specific assignments and changes to the Management and control structure within the Company.

In year 2013, the Board conducted quarterly reviews of its budget by comparing against the actual performance. The Board actively engaged with the Management to discuss strategic initiatives to achieve key targets set out in 2013 and the future years. Where necessary, alternative steps were taken to ensure achievement of targets.

The Company has in place a Code of Ethics which governs various aspects of the Company's business operations, eg. dealings in securities, dissemination of confidential information and the confidentiality of information, conflict of interest and standard of acceptable conduct.

Sustainable practices are inherent in the business operations of the Group, particularly at the estates and the mills. Please refer to the Review of Operations on pages 17 to 25 for further details of the Group's sustainability practices.

I. Board of Directors (continued)

Board Meetings

In year 2013, the Board of Directors met seven times.

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

Name of Director	Date of Appointment / Designation	Meetings Attended	
		Number	Percentage (%)
Datuk Amar Abdul Hamed bin Sepawi	Appointed on 30 August 2005 Non Independent Non Executive Chairman	6/7	86
Polit bin Hamzah*	Appointed on 1 May 2007 Group Managing Director	7/7	100
Hasmawati binti Sapawi	Appointed on 25 November 2011 Non Independent Non Executive Director	7/7	100
Umang Nangku Jabu	Appointed on 1 May 2007 Independent Non Executive Director	5/7	71
Datu Haji Chaiti bin Haji Bolhassan	Appointed on 30 August 2005 Independent Non Executive Director	6/7	86
Azizi bin Morni	Appointed on 1 May 2007 Independent Non Executive Director	7/7	100
Ali bin Adai	Appointed on 27 February 2013 Independent Non Executive Director	7/7	100
Datuk Haji Hamden bin Ahmad**	Appointed on 1 May 2007 Non Independant Executive Director / Group Managing Director	0/7	Not Applicable

* *Appointed the Group Managing Director with effect from 1 May 2014*

** *Resigned with effect from 27 February 2014*

I. Board of Directors (continued)

Board Balance

The Board of Directors of the Company comprises seven directors, four of whom are independent. Of the remainder, one is an Executive Director and the other two are Non Independent Non Executive Directors. The Chairman of the Company is one of the Non Independent Non Executive Director.

As the Chairman of the Board is not an independent director, the majority of the Board comprises independent directors. This puts the Company in line with the recommendation of MCCG 2012.

The Board practices non gender discrimination wherein directors are recruited based on their experience, skills, independence and diversity to meet the Company's needs. A brief profile of each director is provided on pages 26 to 29 of this Annual Report.

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

Supply of Information

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

At Board Meetings, the Directors actively engage with the Management to review and discuss financial and operational information and progress reports relating to the crucial aspects of the operation. These papers are circulated to the Directors at least one week before the date of the Board Meetings.

The Board has in place a Corporate Disclosure Policy which governs how confidentiality is to be maintained and how confidential information are handled. Both Directors and employees are constantly reminded of these procedures in order that leakage and improper use of such information can be prevented.

The Corporate Disclosure Policy also addresses circumstances where confidentiality undertaking must be executed between relevant parties to maintain confidentiality. Further, only some top management executives are accorded the "designated person" status. These are persons through whom material and price sensitive information can be disclosed or announced.

The Board also places emphasis on the dissemination of information through information technology to the investing public. To facilitate easy access to relevant information, the Company has set up its website. This web page is continuously updated to keep the public updated on the latest events taking place in the Company.

I. Board of Directors (continued)

Company Secretary

The Board of Directors, as a whole or as individuals, has direct access to advice and dedicated support services from the Company Secretary in ensuring effective discharge of its roles and responsibilities. The Company Secretary also provides the Board with guidance to matters relating to good corporate governance practices, eg. disclosures, accountability and transparency.

The Company Secretary attends all Board Meetings. She ensures that the meetings are properly convened and that proceedings and deliberations are accurately minuted. She subsequently communicates pertinent decisions to the Management for appropriate actions to be taken. The Board of Directors is updated on the follow up actions / status of implementation of its decisions through the board papers which are compiled by the Company Secretary.

The Board of Directors is also brought up to speed with the latest amendments to legislation and corporate announcements released by Bursa Malaysia Securities Berhad (Bursa Securities). The Directors will be advised on how these amendments impact the Company by the Company Secretary. The Company Secretary will also notify the Directors of any and the impending restriction in dealing with the securities of the Company at least one month prior to the announcement of the quarterly results.

The Board is satisfied with the performance and support rendered by the Company Secretary.

Appointments to the Board

Since the listing of the Company on 28 August 2007, only two new directors have been appointed to the Board. For these appointments, the Company has in place an evaluation process which was 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.

Commitment of Directors

The Board is satisfied with the level of commitment of all the Directors. One of the markers of commitment is reflected through their attendance at Board Meetings and the Board Committee Meetings. Please refer to page 37 for further details of the Directors' attendance at meetings. Directors also participate actively at meetings which shows that they have a firm grasp of the business.

The Directors are also required to submit a statement of the number of directorships held on a bi annual basis. The Directors are also aware that they must not hold more than five Public Listed Company directorships at any one time. In any event, the Directors are reminded that they must inform the Company Secretary immediately of any new appointments that they accept.

I. Board of Directors (continued)

In order to help Directors set aside their time for the Company's affairs, the annual corporate calendar is distributed to each Director before the year end. The dates of the scheduled Board Meetings, Board Committee Meetings, Annual General Meeting and the closed period dates are stated in the annual corporate calendar for the Directors to take note.

II. Board Committees

To assist the Board to discharge its responsibilities effectively, the Board Audit Committee, the Remuneration and Nomination Committee and the Risk Management Committee were set up. The Board Audit Committee has been set up since 11 November 2000, the Risk Management Committee and the Remuneration and Nomination Committee were both set up on 1 May 2007.

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 was established on 11 November 2000. It provides assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities by examining and monitoring the Company's accounting and financial reporting practices. It also serves as an independent and objective party in the review of financial information presented by Management for distribution to shareholders and the general public.

The Board Audit Committee comprises exclusively of independent directors. The details are as follows:

Name of Committee Member	Designation
Umang Nangku Jabu	Chairman - Independent Non Executive Director
Datu Haji Chaiti bin Haji Bolhassan	Independent Non Executive Director
Azizi bin Morni	Independent Non Executive Director
Ali bin Adai	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 32 to 35 of the Annual Report. The activities of the Board Audit Committee for the year ended 31 December 2013 are also set out in the Audit Committee's Report.

II. Board Committees (continued)

Remuneration and Nomination Committee

The Remuneration and Nomination Committee was established on 1 May 2007. It seeks to establish a remuneration policy which attracts, maintains and retains a set of Directors and top management executives of requisite caliber to propel the Company towards greater prospects and growth. The remuneration packages are also linked to seniority, position, experience, time commitment 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 Remuneration and Nomination Committee comprises exclusively of non executive directors, the majority of whom are independent. The details are as follows:

Name of Committee Member	Designation
Datuk Amar Abdul Hamed bin Sepawi	Chairman - Non Independent Non Executive
Datu Haji Chaiti bin Haji Bolhassan	Independent Non Executive Director
Azizi bin Morni	Independent Non Executive Director

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

(a) establishes and reviews terms and conditions of employment and remuneration of the Directors and top management executives of the Company;

(b) reviews for approval of the Board, annual salary increments and bonuses of the Directors and top management executives of the Company;

(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) conducts formal assessment of the Board's effectiveness as a whole, including the Chairman and Chief Executive Officer, the contribution of each director and the various Board Committees;

(f) assesses the independence of the Independent Non Executive Directors annually;

(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.

The Remuneration and Nomination Committee met thrice during the year.

II. Board Committees (continued)

Risk Management Committee

The Risk Management Committee was established on 1 May 2007. It 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 Risk Management Committee comprises the following members:

Name of Committee Member	Designation
Polit bin Hamzah*	Chairman - Group Managing Director
Azizi bin Morni	Independent Non Executive Director
Zahari bin Mohd Nusi	Chief Operating Officer
Datuk Haji Hamden bin Ahmad**	Executive Director / Group Managing Director

* *Appointed the Group Managing Director with effect from 1 May 2014*
** *Resigned with effect from 27 February 2014*

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

(a) establishes the risk management policy of the Company and reviews such policy regularly in view of the changing business environment;

(b) identifies principal risks underlying the business and operation of the Company and 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 Board Audit Committee.

III. Directors' Training

All Directors have attended the Directors' Mandatory Accreditation Programme organised by Bursatra Sdn. Bhd. As part of our Directors' continuous training programme, our directors have attended the trainings as stated below:

Name of Director	Brief Description of Training
Datuk Amar Abdul Hamed bin Sepawi	- Directors Liabilities and Impact to Business
Polit bin Hamzah	- MICG - Directors' Remuneration Seminar 2013 "The Best Practice"
Hasmawati binti Sapawi	- Asian World Summit's 5th Annual Corporate Governance Summit
Umang Nangku Jabu	- MeLearn Global - Corporate Governance Symposium 2013 (Corporate Governance in Vogue) - KPMG Tax Seminar 2014 Budget Proposals - Latest Corporate Governance Guide - 2nd Edition issued in October 2013
Datu Haji Chaiti bin Haji Bolhassan	- Asian World Summit's 5th Annual Corporate Governance Summit
Azizi bin Morni	- Asian World Summit's 5th Annual Corporate Governance Summit
Ali bin Adai	- Mandatory Accreditation Programme for Directors of Public Listed Companies - KPMG Tax Seminar 2014 Budget Proposals - Latest Corporate Governance Guide - 2nd Edition issued in October 2013
Datuk Haji Hamden bin Ahmad*	- Not applicable

** Resigned with effect from 27 February 2014*

IV. Directors' Remuneration

The fees of the Non Executive Directors are recommended by the Remuneration and Nomination Committee and approved by the Board of Directors. The same will be tabled to the shareholders for approval 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 Director is also rewarded with bonus which is dependent on the performance of the Company and the individual director. The bonus of the Executive Director is reviewed by the Remuneration and Nomination Committee and approved by the Board of Directors.

IV. Directors' Remuneration (continued)

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

	Executive Directors (RM)	Non Executive Directors (RM)	Total (RM)
Fees	336,750	1,145,875	1,482,625
Salary	681,692	0	681,692
Other Emoluments	304,562	224,195	528,757
Bonus	28,000	0	28,000
Meeting Allowance	9,000	43,500	52,500
Total	1,360,004	1,413,570	2,773,574

Note: The directors' fees for the Company of RM1,218,625 (included above) are subject to the shareholders' approval at the Annual General Meeting. (Refer Ordinary Resolution 2 of the Notice of Annual General Meeting on page 153).

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

	Executive Directors	Non Executive Directors	Total
RM50,001 - RM100,000		1	1
RM100,001 - RM150,000		2	2
RM150,001 - RM200,000		2	2
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		1	1
RM750,001 - RM800,000	1		1

V. Shareholder Communication and Investor Relations

Shareholder and Investor Communication

The Company recognises the importance of effective communication with its shareholders and investors.

The Board is committed to ensure that information with regards to major corporate developments and events are disseminated through the following channels:

- Annual Reports
- Various disclosures and announcements made to Bursa Malaysia Securities Berhad
- Press 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 is also 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. Shareholders are given more than 21 days of notice of the date of the AGMs, giving them sufficient time to prepare for attendance at the meeting. 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.

At all the AGMs held since listing, the Chairman will inform the shareholders present before proceeding with the first matter on the Agenda that any Member may demand a poll on any particular motion. However that poll must be demanded before or on the declaration of the result of the show of hands.

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 has 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 judgements and estimates.

VI. Accountability And Audit (continued)

Internal Control

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

The Board of Directors also recognises that due to the limitations inherent in any internal control, such system of internal control is 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 control can only provide reasonable but not absolute assurance against any material misstatements, loss or fraud.

The Directors' Statement on Risk Management and Internal Control as set out on pages 48 to 49 of this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholders' interests and the Company's assets.

Statement of Compliance with the best practices of MCCG 2012

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 MCCG 2012 during the year in review.

Board Audit Committee

The Company has an internal audit function which reports directly to the Board Audit Committee. A Report from the Board Audit Committee is tabled to the Board of Directors at their scheduled meetings for their information and further action where appropriate.

Relationship with the External Auditors

The Board of Directors, via its Board Audit Committee, maintains a formal and transparent relationship with its external auditors. The Board Audit Committee meets with external auditors at least twice a year to discuss their audit plan, audit findings and to ensure that financial statements of the Company comply with approved accounting standards and statutory requirements. These meetings are held independently of the Executive Director and the Management.

External auditors are also present at the annual general meeting of the Company and are available to answer shareholders' queries on the conduct of the statutory audit.

VII. Other Information

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 2013, 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 2013 was 436,100.

Options, Warrants or Convertible Securities

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

VII. Other Information (continued)

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

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

Imposition of Sanctions and / or Penalties

There were no sanctions and / or penalties imposed on the Company or its subsidiaries, directors or management arising from any significant breach of rules, guidelines and legislation by any relevant authority for the financial year ended 31 December 2013.

Non Audit Fees

The amount of non audit fees incurred for services, for example tax compliance services, review of the compilation of realised and unrealised profits and review of the Statement on Risk Management and Internal Control rendered by the external auditors, KPMG Malaysia and its affiliates to the Company and its subsidiaries during the financial year ended 31 December 2013 amounted to RM74,900.

Variation in profit estimate, forecast or projection

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

Variation in Results

There was no deviation of 10% or more between the 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 2013 and the audited financial statements of the Company for the financial year ended 31 December 2013.

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 if not then subsisting, entered into since the end of the previous financial year.

Recurrent Related Party Transactions of a Revenue or Trading Nature

Related party transactions are reviewed by the Board Audit Committee at its scheduled meetings or sooner if necessary.

For further details on the recurrent related party transactions of a revenue or trading nature of the Group conducted during the financial year ended 31 December 2013, please refer to Recurrent Related Party Transsactions (RRPT) set out on page 149 of this Annual Report.

This statement is made in accordance with the resolution of the Board of Directors dated 29 April 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement is made pursuant to the Listing Requirements of Bursa Malaysia and is guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers.

Board Responsibilities

The Board acknowledges its responsibility towards the Group to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board is responsible for reviewing the adequacy and effectiveness of risk management and the system of internal control. A sound risk management and internal control system 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 risk management and internal control system, 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 risk management and 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.

The Group has in place, an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies.

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 objectives.

Risk Management Committee

The Risk Management Committee, comprising representatives from the Board and the Management, assists the Board in strengthening and monitoring the risk management practices of the Group.

Risk Management Policy & Risk Profile

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.

The approved Risk Profile, consists of identified principal risks, 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. The updated Risk Profile is deliberated by the Risk Management Committee and thereafter presented to the Board.

Internal Controls

The Group's internal control system encompasses the following:-

Authority and Responsibilities

Defined organization structure and clearly established responsibilities and delegation of authority for the Management and Board Committees.

Policies and Procedures

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, tendering and internal audit. These are reviewed and updated to reflect changes in the business environment and legal requirements.

Planning, Monitoring and Reporting

Annual detailed budgeting whereby operating units prepare their budgets and business plans for consolidation and review by the Management.

Internal Controls (continued)

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.

Key Performance Indicators (KPIs), which are based on the Corporate Balanced Scorecard approach, are used to track and measure staff performance.

Internal and external audits are conducted twice in every three years on our SP Lab, in accordance with predetermined schedules and procedures, to verify that its operations comply with the requirements of the management system and MS ISO/IEC: 17025:2005 standard. The internal audits are conducted by certified auditors appointed by the Group whereas the external audits are conducted by Department of Standards Malaysia.

Internal Audit and Board Audit Committee

The Internal Audit Department reports directly to the Board Audit Committee on a quarterly basis, the results of works carried out in accordance with its Audit Plan as approved by the Board 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 control and where necessary, recommends areas for improvements.

The Board Audit Committee receives Board 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. Deliberations and recommendations by the Board Audit Committee are presented to the Board at the latter's scheduled meetings.

Conclusion

The Board confirms that its risk management and internal control system are operational adequate and effective throughout the year under review and up to the date of approval of the Annual Report. In addition, the Board remains committed towards operating an effective risk management framework and a sound system of internal control and recognises that these 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 risk management and internal control.

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

The Board has received assurance from the Group Managing Director, the Chief Operating Officer and the Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk framework adopted by the Group.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2013, and reported to the Board that nothing has come to their attention that cause them to believe that the statement to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers or

(b) is factually inaccurate.

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

This statement is made in accordance with the resolution of the Board of Directors dated 29 April 2014.

CORPORATE SOCIAL RESPONSIBILITY

Sarawak Plantation Berhad (SPB) aims to strike a balance between good economic performance and its responsibility as a corporate citizen committed to a sustainable approach in doing business that benefits its stakeholders, customers, employees and the community in general.

Environment

In its business practices, the Group has set preservation of the natural environment as having the same priority as its other main business activities in both oil palm plantation and palm oil milling. As well as operating within the frameworks of national and local legislation on environmental protection, the Group continues to enforce and implement the following environmentally friendly practices in its operations:

(a) zero burning policy and establishment of riparian buffer zones along main streams and rivers during the development of new plantation areas;

(b) construction of contour terraces and planting of legume cover crops to minimise soil erosion, promote soil conservation and enhance soil nutrient content;

(c) application of various biological controls in pest, disease and weed control management, including the Cattle Integration and the Integrated Pest and Disease Management System;

(d) installation of a Multicyclone centrifugal filter system to ensure minimal particular emission from boiler chimneys at the mills and installation of an automation system to monitor flue gas smoke density from boiler furnaces;

(e) use of mill by-products, including palm oil mill effluent (POME), for land application for oil palm estates located near the mill and use of empty fruit bunches as mulch; and

(f) effective scheduled waste administration established at all operating units.

In complying with the regulatory requirements, the Group ensures that environmental impacts monitoring and assessments are carried out by qualified third party consultants at all estates and mills.

The Group recognises the importance of preserving the natural environment for sustainable business growth and for the benefit of future generations and therefore continues to improve its current and future performance in safeguarding the environment in all aspects of its operational activities.

Health and Safety

In addition to environmental conservation, the Group is fully committed to fulfilling all of its Health and Safety obligations as a responsible corporate citizen. Please refer to the Health, Safety and Environment (HSE) section on page 22 of this Annual Report for further details.

CORPORATE SOCIAL RESPONSIBILITY

Workplace

The Group believes that employee welfare lies at the heart of good corporate citizenship. Therefore it strives to ensure that every employee is working and living in a safe, comfortable and conducive environment. Whilst this is relatively easy to achieve in the Group's Miri HQ and Kuching Corporate Office, it presents a greater challenge in the rural areas where the plantations and mills are located. Therefore it is a matter of great pride that all of the employees are provided with ample modern amenities at the Group's estates and mills. They enjoy well-maintained infrastructure and facilities such as roads, schools, clinics, transportation, utilities, playgrounds, sports facilities, utilities, community halls and places of worship as a very minimum. To ensure their connectivity is at par with counterparts in the city and town area, especially for keeping in touch with family members, estate and mill workers have access to internet facilities in addition to the existing fixed telecommunication lines.

Community

The Group continues to support local communities through donations of funds, equipment and materials and through outreach activities.

During the year 2013 some key activities included:

(a) Available subsidised trainings to youth in Sarawak at SPTC. For further details refer Review of Operations on page 25.

(b) Sponsorship of activities organised by the Indonesian Consulate, local government departments, hospital and sports associations.

(c) Donation of vehicle and ambulance to "Pusat Pemulihan Dalam Komuniti (PDK)" Kampung Sg. Ud, Dalat, and Mukah General Hospital.

(d) Donation to the Parent Teacher Association of various schools located in and around our estates and mills and other community based activities undertaken by non profit organisations.

Marketplace

SPB recognises its obligations to act ethically and responsibly in the marketplace. 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 enables communication with the Group.

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

Please refer to Statement On Corporate Governance on pages 36 to 47 and Investor Relations on page 52 of this Annual Report for further details.

INVESTOR RELATIONS

The Board and Management of the Group have always believed in building and maintaining a mutually beneficial long term relationship with its stakeholders. With this in mind, Investor Relations (IR) is a key priority.

The IR 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 growth, 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 IR activities.

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 members of the management team.

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

DIARY OF CORPORATE EVENTS

1 MARCH 2013

1 **SP Training Centre's Thanksgiving Gathering & Ceremony in Miri**

11 MAY 2013

2 **Labour Day Celebrations in Miri**

1

2

3

4

14 JUNE 2013

3 **SPB 16th Annual General Meeting**

22 - 23 JUNE 2013

4 **Hi-kay Invitation Badminton Tournament in Sibu**

AUGUST 2013

5 **Ramadhan Breaking of Fast Gatherings**

5

6

7

AUGUST 2013

6 **Majlis Ramah Tamah Aidilfitri**

25 SEPTEMBER 2013

7 **Visit Children of Indonesian Workers**

Financial Statements

for the year ended 31 December 2013

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 Group and the Company at the end of every financial year and of the results and cash flows of the Group and the Company for every financial year.

As required by the Act, the financial statements have been prepared in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors have considered that in preparing the financial statements for the financial year ended 31 December 2013 as set out in pages 59 to 141 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 Group and the Company are based on the Directors' best knowledge of current events and actions.

The Directors have the responsibility to ensure that the Group and the Company maintain proper accounting records which disclose with reasonable accuracy the financial position and performance of the Group and the Company 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 Group and the Company and to prevent and detect fraud and other irregularities.

The statement is made in accordance with a resolution of the Board of Directors dated 29 April 2014.

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

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 has been no significant change 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	39,684,880	23,480,072
Non-controlling interests	(3,935,135)	-
	35,749,745	23,480,072

Dividends

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

i) a second interim single-tier exempt dividend of 5 sen per ordinary share of RM1.00 each totalling RM13,978,195 in respect of the financial year ended 31 December 2012 on 28 March 2013; and

ii) a first interim single-tier exempt dividend of 4 sen per ordinary share of RM1.00 each totalling RM11,182,556 in respect of the financial year ended 31 December 2013 on 24 December 2013.

The Company declared a second interim single-tier exempt dividend of 4 sen per ordinary share of RM1.00 each totalling RM11,182,556 in respect of the financial year ended 31 December 2013 on 27 February 2014. The dividend was paid on 27 March 2014.

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

Reserves and provisions

There was no material transfer 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 Amar Abdul Hamed Bin Sepawi
Datu Haji Chiti @ Chaiti Bin Haji Bolhassan
Hasmawati Binti Sapawi
Umang Nangku Jabu
Polit Bin Hamzah
Azizi Bin Morni
Ali Bin Adai
Datuk Haji Hamden Bin Ahmad (resigned on 27 February 2014)

Directors' interests in shares

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

	Number of ordinary shares of RM1.00 each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Direct interests in the Company				
Datuk Amar 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
Deemed interests in the Company				
Datuk Amar Abdul Hamed Bin Sepawi	84,994,424	-	-	84,994,424

By virtue of the interests in the shares of the Company, Datuk Amar Abdul Hamed Bin Sepawi is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Sarawak Plantation Berhad has an interest.

	Number of ordinary shares of RM1.00 each			
	At 1.1.2013	Bought	Sold	At 31.12.2013
Deemed interests in SPB Pelita Suai Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	1,596,000	-	-	1,596,000
Deemed interests in Sarawak Plantation Services Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	95,000	-	-	95,000
Deemed interests in Azaria Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	3	-	-	3
Deemed interests in SPB Pelita Wak Pakan Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	1	-	-	1
Deemed interests in SPB Pelita Mukah Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	1	-	-	1
Deemed interests in SPS Trading Sdn. Bhd.:				
Datuk Amar Abdul Hamed Bin Sepawi	2	-	-	2

The other Directors, Hasmawati Binti Sapawi, Azizi Bin Morni and Ali Bin Adai 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 financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

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

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

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

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

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

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

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

Other statutory information (continued)

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

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

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

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

In the opinion of the Directors, other than impairment losses on property, plant and equipment of RM2,017,470, impairment losses on plantation development expenditure of RM4,977,369 and impairment losses on prepayment and other assets of RM614,523 as disclosed in Notes 3, 4 and 11 respectively to the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 has 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 Amar Abdul Hamed Bin Sepawi

....

Polit Bin Hamzah

Kuching,

Date: 29 April 2014

STATEMENTS OF FINANCIAL POSITION

at 31 December 2013

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Assets					
Property, plant and equipment	3	323,682,950	312,462,304	-	-
Plantation development expenditure	4	258,148,694	236,786,581	-	-
Investment in subsidiaries	5	-	-	297,284,421	297,284,421
Investment properties	7	5,120,289	5,483,791	-	-
Trade and other receivables	8	-	-	29,474,247	16,619,990
Total non-current assets		586,951,933	554,732,676	326,758,668	313,904,411
Inventories	9	16,160,199	26,488,212	-	-
Other investments	10	2,080,356	1,740,914	-	-
Trade and other receivables	8	21,248,813	16,959,165	267,031	208,586
Prepayments and other assets	11	4,579,993	6,266,103	122,958	124,679
Current tax recoverable		4,077,480	1,452,065	-	19,999
Cash and bank balances	12	117,390,378	133,215,245	59,587,739	72,047,183
		165,537,219	186,121,704	59,977,728	72,400,447
Assets classified as held for sale	13	2,340,946	2,340,946	-	-
Total current assets		167,878,165	188,462,650	59,977,728	72,400,447
Total assets		754,830,098	743,195,326	386,736,396	386,304,858
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		241,985,448	227,461,319	40,900,634	42,581,313
Total equity attributable to owners of the Company	14	582,954,399	568,430,270	381,869,585	383,550,264
Non-controlling interests	5	(5,670,893)	(1,735,758)	-	-
Total equity		577,283,506	566,694,512	381,869,585	383,550,264
Liabilities					
Deferred tax liabilities	15	54,356,410	52,505,410	-	-
Loans and borrowings	16	5,064,872	35,940,000	-	-
Total non-current liabilities		59,421,282	88,445,410	-	-
Trade and other payables	17	55,744,668	55,056,611	4,566,810	2,754,594
Loans and borrowings	16	62,080,641	32,960,000	-	-
Current tax payable		300,001	38,793	300,001	-
Total current liabilities		118,125,310	88,055,404	4,866,811	2,754,594
Total liabilities		177,546,592	176,500,814	4,866,811	2,754,594
Total equity and liabilities		754,830,098	743,195,326	386,736,396	386,304,858

The notes on pages 66 to 141 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Revenue	18	362,051,916	430,171,963	27,800,000	38,500,000
Cost of sales		(264,910,381)	(300,997,932)	-	-
Gross profit		97,141,535	129,174,031	27,800,000	38,500,000
Other income		2,294,221	6,975,162	-	-
Distribution expenses		(20,811,918)	(24,498,848)	-	-
Other operating expenses	19	(7,632,952)	(16,568,070)	-	-
Administrative expenses		(25,921,122)	(27,548,005)	(7,115,135)	(8,158,927)
Replanting expenditure		(2,345,477)	(2,660,845)	-	-
Results from operating activities	20	42,724,287	64,873,425	20,684,865	30,341,073
Finance income		3,119,119	4,776,290	3,654,189	2,975,739
Finance costs		(1,279,711)	(3,307,725)	(162,761)	(343,067)
Net finance income	22	1,839,408	1,468,565	3,491,428	2,632,672
Profit before tax		44,563,695	66,341,990	24,176,293	32,973,745
Income tax expense	23	(8,813,950)	(21,491,933)	(696,221)	(626,010)
Profit and total comprehensive income for the year		35,749,745	44,850,057	23,480,072	32,347,735
Total comprehensive income attributable to:					
Owners of the Company		39,684,880	46,333,182	23,480,072	32,347,735
Non-controlling interests	5	(3,935,135)	(1,483,125)	-	-
Profit and total comprehensive income for the year		35,749,745	44,850,057	23,480,072	32,347,735
Basic and diluted earnings per ordinary share (sen)	24	14.20	16.57		

The notes on pages 66 to 141 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

		Attributable to owners of the Company							
		Non-distributable				Distributable			
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
At 1 January 2012, *as previously stated*		280,000,000	60,968,951	493,560	(1,222,307)	223,906,043	564,146,247	(252,633)	563,893,614
Effect of adoption of the Amendments to FRS 116	32	-	-	-	-	(114,574)	(114,574)	-	(114,574)
At 1 January 2012, *restated*		280,000,000	60,968,951	493,560	(1,222,307)	223,791,469	564,031,673	(252,633)	563,779,040
Profit and total comprehensive income for the year, *restated*		-	-	-	-	46,333,182	46,333,182	(1,483,125)	44,850,057
Dividends to owners of the Company	25	-	-	-	-	(41,934,585)	(41,934,585)	-	(41,934,585)
At 31 December 2012/ 1 January 2013, *restated*		280,000,000	60,968,951	493,560	(1,222,307)	228,190,066	568,430,270	(1,735,758)	566,694,512
Profit and total comprehensive income for the year		-	-	-	-	39,684,880	39,684,880	(3,935,135)	35,749,745
Dividends to owners of the Company	25	-	-	-	-	(25,160,751)	(25,160,751)	-	(25,160,751)
At 31 December 2013		280,000,000	60,968,951	493,560	(1,222,307)	242,714,195	582,954,399	(5,670,893)	577,283,506
		(Note 14)	(Note 14)	(Note 14)	(Note 14)				

The notes on pages 66 to 141 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Company	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM
At 1 January 2012		280,000,000	60,968,951	(1,222,307)	53,390,470	393,137,114
Profit and total comprehensive income for the year		-	-	-	32,347,735	32,347,735
Dividends to owners of the Company	25	-	-	-	(41,934,585)	(41,934,585)
At 31 December 2012/1 January 2013		280,000,000	60,968,951	(1,222,307)	43,803,620	383,550,264
Profit and total comprehensive income for the year		-	-	-	23,480,072	23,480,072
Dividends to owners of the Company	25	-	-	-	(25,160,751)	(25,160,751)
At 31 December 2013		280,000,000	60,968,951	(1,222,307)	42,122,941	381,869,585
		(Note 14)	(Note 14)	(Note 14)	(Note 14)	

The notes on pages 66 to 141 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Cash flows from operating activities					
Profit before tax		44,563,695	66,341,990	24,176,293	32,973,745
Adjustments for:					
Change in fair value of other investments	20	(229,103)	(5,583)	-	-
Depreciation of property, plant and equipment	3	20,377,555	19,168,158	-	-
Depreciation of plantation development expenditure	4	220,980	220,980	-	-
Depreciation of investment properties	7	166,252	172,452	-	-
Dividend income from:					
- subsidiaries	20	-	-	(27,800,000)	(38,500,000)
- other investments	20	(79,626)	(46,152)	-	-
Gain on disposal of property, plant and equipment	20	-	(2,069,918)	-	-
Gain on disposal of other investments	20	(15,828)	(17,215)	-	-
Impairment losses on:					
- investment in subsidiaries	20	-	-	-	1,421,766
- plantation development expenditure	4	4,977,369	16,178,856	-	-
- property, plant and equipment	3	2,017,470	-	-	-
Finance income	22	(3,119,119)	(4,776,290)	(3,654,189)	(2,975,739)
Finance costs	22	1,279,711	3,307,725	162,761	343,067
Inventories written off	20	115,298	158,658	-	-
Reversal of impairment losses on property, plant and equipment	3	-	(159,005)	-	-
Property, plant and equipment written off	20	112,050	230,934	-	-
Operating profit/(loss) before changes in working capital		70,386,704	98,705,590	(7,115,135)	(6,737,161)
Change in inventories		10,212,715	2,358,358	-	-
Change in trade and other receivables, prepayments and other assets		(2,819,586)	13,587,441	1,879,495	67,682
Change in trade and other payables		(20,226,469)	(30,546,514)	1,812,216	883,734
Cash generated from/(used in) operations		57,553,364	84,104,875	(3,423,424)	(5,785,745)

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Income tax refunded		2,218,404	-	123,779	-
Income tax paid		(11,544,750)	(22,370,360)	(500,000)	(791,903)
Interest paid		(2,958,033)	(3,653,437)	-	-
Interest received		3,320,282	4,451,242	2,106,754	2,548,015
Finance lease profit paid		(58,055)	-	-	-
Net cash from/(used in) operating activities		48,531,212	62,532,320	(1,692,891)	(4,029,633)
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(12,044,685)	(21,091,506)	-	-
Dividends received		-	28,722	27,800,000	38,500,000
Proceeds from disposals of property, plant and equipment		-	2,478,540	-	-
Net movement of deposits with original maturities exceeding three months		1,859,998	(4,073,321)	(18,133)	(19,456)
Plantation development expenditure (net of depreciation of property, plant and equipment and interest capitalised)		(21,832,696)	(14,615,160)	-	-
Net cash (used in)/from investing activities		(32,017,383)	(37,272,725)	27,781,867	38,480,544
Cash flows from financing activities					
Amount due from subsidiaries		-	-	(13,405,802)	(10,072,746)
Proceeds from borrowings		18,000,000	10,000,000	-	-
Repayment of borrowings		(23,317,947)	(22,960,000)	-	-
Dividends paid to owners of the Company	25	(25,160,751)	(41,934,585)	(25,160,751)	(41,934,585)
Net cash used in financing activities		(30,478,698)	(54,894,585)	(38,566,553)	(52,007,331)
Net decrease in cash and cash equivalents		(13,964,869)	(29,634,990)	(12,477,577)	(17,556,420)
Cash and cash equivalents at beginning of year		123,464,061	153,099,051	71,466,845	89,023,265
Cash and cash equivalents at end of year	(ii)	109,499,192	123,464,061	58,989,268	71,466,845

Notes

(i) Acquisition of property, plant and equipment

	Group 2013 RM	Group 2012 RM
Paid in cash	12,044,685	21,091,506
Payables	20,913,715	19,593,909
Finance leases	3,563,460	-
Total acquisitions (Note 3)	36,521,860	40,685,415

(ii) Cash and cash equivalents

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

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash in hand and at banks	2,612,657	9,498,964	201,974	95,183
Deposits with original maturities not exceeding three months	106,886,535	113,965,097	58,787,294	71,371,662
	109,499,192	123,464,061	58,989,268	71,466,845

The notes on pages 66 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 2013 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 2013 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 29 April 2014.

1. Basis of preparation

(a) Statement of compliance

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

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

Standard/Amendment/Interpretation	Effective date
Amendments to FRS 10, *Consolidated Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 12, *Disclosure of Interests in Other Entities: Investment Entities*	1 January 2014
Amendments to FRS 127, *Separate Financial Statements (2011): Investment Entities*	1 January 2014
Amendments to FRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

Standard/Amendment/Interpretation	**Effective date**
Amendments to FRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
IC Interpretation 21, *Levies*	1 January 2014
Amendments to FRS 2, *Share-based Payment (Annual Improvements 2010 - 2012 Cycle)*	1 July 2014
Amendments to FRS 3, *Business Combinations (Annual Improvements 2010 - 2012 Cycle and 2011-2013 Cycle)*	1 July 2014
Amendments to FRS 8, *Operating Segments (Annual Improvements 2010 - 2012 Cycle)*	1 July 2014
Amendments to FRS 13, *Fair Value Measurement (Annual Improvements 2010 - 2012 Cycle and 2011 - 2013 Cycle)*	1 July 2014
Amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2010 - 2012 Cycle)*	1 July 2014
Amendments to FRS 119, *Employee Benefits - Defined Benefits Plans: Employee Contributions*	1 July 2014
Amendments to FRS 124, *Related Party Disclosures (Annual Improvements 2010 - 2012 Cycle)*	1 July 2014
Amendments to FRS 138, *Intangible Assets (Annual Improvements 2010 - 2012 Cycle)*	1 July 2014
Amendment to FRS 140, *Investment Properties (Annual Improvements 2011 - 2013 Cycle)*	1 July 2014
FRS 9, *Financial Instruments (2009)*	Yet to be confirmed
FRS 9, *Financial Instruments (2010)*	Yet to be confirmed
FRS 9, *Financial Instruments - Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139*	Yet to be confirmed
Amendments to FRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of FRS 9 and Transition Disclosures*	Yet to be confirmed

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2014 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014, except for Amendments to FRS 139 and IC Interpretation 21, which are assessed as presently being not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014, except for Amendments to FRS 2, Amendments to FRS 119 and Amendments to FRS 138, which are assessed as presently being not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior periods financial statements of the Group and the Company except as mentioned below:

(i) FRS 9, *Financial Instruments*

FRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of FRS 9.

(ii) FRS 132, *Financial Instruments: Presentation*

The amendments to FRS 132 clarify the criteria for offsetting financial assets and financial liabilities.

The Group falls within the scope of MFRS 141, *Agriculture*. Therefore, the Group and the Company is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity". Being a Transitioning Entity, the Group and the Company will adopt the MFRS and present its first set of MFRS financial statements when adoption of the MFRS is mandated by the MASB.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

1. Basis of preparation (continued)

(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.

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

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have 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 net recoverable amounts. The net recoverable amounts are determined either by calculating the value-in-use of the assets via estimating the cash flows from their continuing use and discounting them to their net present values or by estimating their fair value less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts 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, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted FRS 10, *Consolidated Financial Statements* in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, 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.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of FRS 10. The adoption of FRS 10 has no significant impact to the financial statements of the Group.

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

Acquisitions on or after 1 January 2011

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

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

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

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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 not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

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

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale or distribution). The cost of the investment includes transaction costs. 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 associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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 costs.

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 profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(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 associates are eliminated against the investment to the extent of the Group's interest in the associates. 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.

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.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or 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.

(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 risk 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(i)(i)].

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

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

Financial liabilities

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

Fair value through profit or loss category comprises financial liabilities that are 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 equity instruments that do not have a quoted price in an active market for identical 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.

(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.

Fair value arising from 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.

2. Significant accounting policies (continued)

(b) Financial instruments (continued)

(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.

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

2. Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component 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. Assets under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land	47 - 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) Leased assets

(i) Finance lease

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

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

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

2. Significant accounting policies (continued)

(d) Leased assets (continued)

(ii) Operating leases

Leases where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

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

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(e) Plantation development expenditure

(i) Teak tree plantation

Teak tree plantation is stated at cost less depletion and impairment loss, if any.

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 statement 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.

(ii) Oil palm plantation

Oil palm plantation is stated at cost less impairment loss, if any.

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 depreciated, which represents costs incurred in planting the original estates, as their values are maintained through replanting programmes. Replanting expenditure is charged to profit or loss in the financial year in which the expenditure is incurred.

(iii) Rubber tree plantation

Rubber tree plantation is stated at cost less depreciation and impairment loss, if any.

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

2. Significant accounting policies (continued)

(f) Investment properties

(i) Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. 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 accumulated depreciation and accumulated impairment losses, if any, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

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

(g) 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.

2. Significant accounting policies (continued)

(g) Inventories (continued)

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.

In the current financial year, the Group adopted the amendments to *FRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)* and classified spare parts as inventories unless the item of spare part is held for own use and expected to be used during more than one period in which it is classified as property, plant and equipment. In the previous financial years, all spare parts were classified as inventories. The change in accounting policy has been applied retrospectively. The effects from the adoption of the Amendments to FRS 116 are disclosed in Note 32.

(h) Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows consist of cash in hand, balances and deposits with banks (other than pledged deposits) and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less and are used by the Group or the Company in the management of its short-term commitments, net of bank overdrafts.

(i) Impairment

(i) Financial assets

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

An impairment loss in respect of loans and receivables 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.

2. Significant accounting policies (continued)

(i) Impairment (continued)

(i) Financial assets (continued)

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

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale 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.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset and non-current assets classified 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 or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units (groups of cash-generating units) are allocated to reduce the carrying amounts of the other assets in the cash-generating unit (or 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 financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(j) Non-current assets held for sale

Non-current assets, or a 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 of disposal.

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 depreciated.

(k) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs net of tax effects, 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) Equity instruments (continued)

(iv) Distributions of assets to owners of the Company

The Group measures a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(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 employees 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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(m) 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.

(ii) Provision of services

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

2. Significant accounting policies (continued)

(m) Revenue and other income (continued)

(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's 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.

(n) 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.

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.

2. Significant accounting policies (continued)

(o) 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 temporary differences arising from 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.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(p) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. Significant accounting policies (continued)

(q) Earnings per ordinary share

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

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

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

(r) 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.

(s) Fair value measurements

From 1 January 2013, the Group adopted FRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of FRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of FRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

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 Outright purchase RM	Motor vehicles Under finance lease RM	Assets under construction RM	Total RM
Cost										
At 1 January 2012, *restated*	37,483,491	18,676,777	87,950,375	27,596,142	176,521,874	86,936,049	41,131,219	-	6,233,914	482,529,841
Additions	1,477,589	9,458	717,642	2,204,709	50,000	649,400	7,568,340	-	28,008,277	40,685,415
Disposals	(428,961)	-	-	-	-	-	-	-	-	(428,961)
Write-offs	-	-	(384,532)	(2,380)	-	(184,192)	(1,453,333)	-	-	(2,024,437)
Transfers	117,646	917,536	3,883,268	-	21,618,622	3,503,440	-	-	(30,040,512)	-
Transfer to assets held for sale	(1,742,360)	-	-	-	-	-	-	-	-	(1,742,360)
As 31 December 2012/ 1 January 2013, *restated*	36,907,405	19,603,771	92,166,753	29,798,471	198,190,496	90,904,697	47,246,226	-	4,201,679	519,019,498
Additions	479,997	44,690	498,548	954,297	124,551	875,791	2,515,231	3,992,556	27,036,199	36,521,860
Write-offs	-	-	(308,342)	(3,290)	(161,982)	(1)	(895,752)	-	-	(1,369,367)
Transfers	-	-	-	-	(14,351)	14,351	-	-	-	-
Transfer from/(to) investment properties	-	430,923	(66,505)	-	-	-	-	-	(54,231)	310,187
At 31 December 2013	37,387,402	20,079,384	92,290,454	30,749,478	198,138,714	91,794,838	48,865,705	3,992,556	31,183,647	554,482,178

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 Outright purchase RM	Motor vehicles Under finance lease RM	Assets under construction RM	Total RM
Depreciation and impairment loss										
At 1 January 2012, *restated*										
Accumulated depreciation, *restated*	3,040,106	4,508,893	35,118,971	23,221,137	65,270,215	30,575,708	23,283,506	-	-	185,018,536
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	30,575,708	23,283,506	-	-	187,645,108
Depreciation for the year, *restated*	659,503	382,748	4,161,264	1,164,604	7,722,427	4,398,443	2,746,418	-	-	21,235,407
Disposals	(20,339)	-	-	-	-	-	-	-	-	(20,339)
Write-offs	-	-	(211,599)	(1,740)	-	(183,221)	(1,396,943)	-	-	(1,793,503)
Transfers to assets held for sale	(350,474)	-	-	-	-	-	-	-	-	(350,474)
Reversal of impairment loss	-	-	(159,005)	-	-	-	-	-	-	(159,005)
At 31 December 2012/ 1 January 2013, *restated*										
Accumulated depreciation	3,328,796	4,891,641	39,068,636	24,384,001	72,992,642	34,790,930	24,632,981	-	-	204,089,627
Accumulated impairment loss	36,104	-	-	-	2,431,463	-	-	-	-	2,467,567
	3,364,900	4,891,641	39,068,636	24,384,001	75,424,105	34,790,930	24,632,981	-	-	206,557,194

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 Outright purchase RM	Motor vehicles Under finance lease RM	Assets under construction RM	Total RM
Depreciation for the year	666,340	415,345	4,273,485	1,252,441	8,831,061	4,531,492	3,211,835	186,945	-	23,368,944
Write-offs	-	-	(196,305)	(3,288)	(161,979)	-	(895,745)	-	-	(1,257,317)
Transfer from/(to) investment properties	-	403,581	(290,644)	-	-	-	-	-	-	112,937
Impairment loss	-	-	-	-	2,017,470	-	-	-	-	2,017,470
At 31 December 2013										
Accumulated depreciation	3,995,136	5,710,567	42,855,172	25,633,154	81,661,724	39,322,422	26,949,071	186,945	-	226,314,191
Accumulated impairment loss	36,104	-	-	-	4,448,933	-	-	-	-	4,485,037
	4,031,240	5,710,567	42,855,172	25,633,154	86,110,657	39,322,422	26,949,071	186,945	-	230,799,228
Carrying amounts										
At 1 January 2012, *restated*	34,407,281	14,167,884	52,672,399	4,375,005	108,820,196	56,360,341	17,847,713	-	6,233,914	294,884,733
At 31 December 2012/ 1 January 2013, *restated*	33,542,505	14,712,130	53,098,117	5,414,470	122,766,391	56,113,767	22,613,245	-	4,201,679	312,462,304
At 31 December 2013	33,356,162	14,368,817	49,435,282	5,116,324	112,028,057	52,472,416	21,916,634	3,805,611	31,183,647	323,682,950

3. Property, plant and equipment (continued)

Company	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost			
At 1 January 2012, 31 December 2012/ 1 January 2013 and 31 December 2013	18,012	184,117	202,129
Depreciation			
At 1 January 2012, 31 December 2012/ 1 January 2013 and 31 December 2013	18,012	184,117	202,129
Carrying amounts			
At 1 January 2012, 31 December 2012/ 1 January 2013 and 31 December 2013	-	-	-

3.1 Depreciation

Depreciation charge for the year is allocated as follows:

	Note	Group 2013 RM	Group 2012 RM (restated)
Amount charged to profit or loss	20	20,377,555	19,168,158
Amount capitalised in plantation development expenditure	4	2,991,389	2,067,249
		23,368,944	21,235,407

3.2 Impairment loss and subsequent reversal - Group

Land

An impairment loss of RM36,104 was recognised in 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. As at the date of this report, the alienation has yet been completed.

Other buildings

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 after the Group has accepted the alienation of the land and renovation has been carried out to develop the site into a training centre. In the previous financial year under review, there was a further reversal of impairment loss of RM159,005.

3. Property, plant and equipment (continued)

3.2 Impairment loss and subsequent reversal - Group (continued)

Infrastructure

In earlier years, the Group recognised impairment losses on infrastructure of RM2,431,463. The allowance for impairment losses was made following the local participants in a trust arrangement entering into the oil palm plantation of a subsidiary and disrupting its plantation activities, resulting in no harvesting activity being carried out since April 2010.

In 2012, the Group through its subsidiary has sued six (6) individuals, seeking injunctive, declaratory relief and claiming damages over the trespassing [see Note 33(a)]. Following the court judgement on 18 September 2013, the Group reassessed on similar bases the recoverable amount of assets of the subsidiary. As a result, the Group recognised an additional impairment loss on infrastructure of RM2,017,470 and oil palm plantation development expenditure of RM4,271,981 [see Notes 1(d) and 4.2.2] during the year ended 31 December 2013.

3.3 Land

Included in the carrying amounts of land are:

	Group 2013 RM	Group 2012 RM
Leasehold land with unexpired		
- lease period more than 50 years	28,990,565	29,078,191
- lease period less than 50 years	4,365,597	4,464,314
	33,356,162	33,542,505

3.4 Security - Group

Buildings, plant and machinery and long term leasehold land with a carrying amount of RM53,683,472 (2012: RM56,791,319) are charged to a bank for banking facilities granted to the Group (see Note 16).

Assets under finance lease are charged to secure the finance lease liabilities of the Group (see Note 16).

4. Plantation development expenditure - Group

Plantation development expenditure consists of the following:

	Note	Oil palm plantation RM	Teak tree plantation RM	Rubber tree plantation RM	Total RM
Cost					
At 1 January 2012		222,867,667	19,628,891	1,546,863	244,043,421
Additions		16,260,870	767,251	-	17,028,121
At 31 December 2012/ 1 January 2013		239,128,537	20,396,142	1,546,863	261,071,542
Additions		26,560,462	-	-	26,560,462
At 31 December 2013		265,688,999	20,396,142	1,546,863	287,632,004
Depreciation and impairment loss					
At 1 January 2012					
Accumulated depreciation		-	-	220,980	220,980
Accumulated impairment loss		3,514,145	4,150,000	-	7,664,145
		3,514,145	4,150,000	220,980	7,885,125
Impairment loss	20	778,502	15,400,354	-	16,178,856
Depreciation for the year	20	-	-	220,980	220,980
		4,292,647	19,550,354	441,960	24,284,961

NOTES TO THE FINANCIAL STATEMENTS

4. Plantation development expenditure - Group (continued)

	Note	Oil palm plantation RM	Teak tree plantation RM	Rubber tree plantation RM	Total RM
Depreciation and impairment loss *(continued)*					
At 31 December 2012/ 1 January 2013					
Accumulated depreciation		-	-	441,960	441,960
Accumulated impairment loss		4,292,647	19,550,354	-	23,843,001
		4,292,647	19,550,354	441,960	24,284,961
Impairment loss	20	4,271,981	705,388	-	4,977,369
Depreciation for the year	20	-	-	220,980	220,980
At 31 December 2013					
Accumulated depreciation		-	-	662,940	662,940
Accumulated impairment loss		8,564,628	20,255,742	-	28,820,370
		8,564,628	20,255,742	662,940	29,483,310
Carrying amounts					
At 1 January 2012		219,353,522	15,478,891	1,325,883	236,158,296
At 31 December 2012/ 1 January 2013		234,835,890	845,788	1,104,903	236,786,581
At 31 December 2013		257,124,371	140,400	883,923	258,148,694

4. Plantation development expenditure - Group (continued)

4.1 Plantation development expenditure incurred during the year includes:-

	Note	2013 RM	2012 RM
Depreciation of property, plant and equipment	3	2,991,389	2,067,249
Term loan interest		1,736,377	345,712
Personnel expenses			
- Contributions to the Employee Provident Fund		236,717	227,083
- Wages, salaries and others		2,509,706	2,158,442
		==========	==========

Included in plantation development expenditure is a carrying amount of RM9,147,358 (2012: RM9,147,358) 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***

Plantation development expenditure is tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may no longer be recoverable.

In preparing the financial statements, the Group has evaluated whether the assets that have indications of impairment are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value-in-use of the assets via estimating the cash flows from their continuing use and discounting them to their net present values or by estimating their fair value less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.

4.2.1 Teak plantation

In previous years, the Group recognised an impairment loss of RM19,550,354 on its teak tree plantation. The recoverable amount was estimated based on the estimated fair value less costs of disposal of the teak trees. The fair value less costs of disposal calculation is based on the following key assumptions:-

- Selling price of RM120 per metric tonne; and
- 50% recovery of the existing estimated saleable logs volume.

In preparing the financial statements, the Group has re-evaluated the estimated net recoverable amount of this asset.

Following the reassessment on the same bases, an impairment loss of RM705,388 has been recognised in the year ended 31 December 2013 as other operating expenses in the profit or loss.

4. Plantation development expenditure - Group (continued)

4.2 Impairment loss (continued)

4.2.2 Oil palm plantation

In the financial year ended 31 December 2012, the Group foresaw a lack of progress in the development of two plantations in two of its subsidiaries in near future. In view thereof, the plantation development expenditure has been tested for impairment. Following the test, the entire carrying amount of the plantation development expenditure has been assessed to be no longer recoverable. As a result, an impairment loss of RM778,502 was recognised as other operating expenses in the profit or loss.

In earlier years, the Group had recognised an impairment loss of RM3,514,145 on its oil palm plantation of another subsidiary. The impairment loss was made following the local participants in a trust arrangement entering into the oil palm plantation of a subsidiary and disrupting its activities (see Note 3.2 and 33(a)).

In the current financial year, due to the inability to harvest fresh fruit bunches from the said estate and disturbances in some other estates of another subsidiary, the Group has performed impairment testing to assess the recoverable amount. The recoverable amount of the estates are estimated based on their values in use, on the assumption that the Group can reclaim the estates and resume its harvesting activities in near future. The value in use calculation was based on the following key assumptions:-

- Current selling price of fresh fruit bunches being used throughout the forecast and projection years;
- A pre-tax discount rate ranging from 12% - 15% per annum, 15% being the discount rate incorporating additional risk premium applied for the estate in dispute with the local participants;
- Projected future cash flows from the plantations are based on a single cycle of 25 years; and
- Average palm yields ranging from 11 to 13 metric tonnes per hectares.

The values assigned to the key assumptions represent management's assessment of current trends in the oil palm plantation in Sarawak and are based on both external and internal sources (historical data). Any subsequent changes in the market conditions or to decisions on the harvesting levels may have a material impact on the assets' values as the future cash flows may differ from these estimates.

Following the reassessment, the Group has estimated that the net recoverable amounts to be lower than the carrying amounts as at 31 December 2013 and thus, an impairment loss of RM4,271,981 recognised as other operating expenses in the profit or loss.

5. Investment in subsidiaries - Company

	Note	2013 RM	2012 RM
Unquoted shares, at cost		298,685,579	298,685,579
Deemed capital contribution	5.1	1,807,509	1,807,509
Less: Impairment losses	5.2	(3,208,667)	(3,208,667)
		297,284,421	297,284,421

5.1 Deemed capital contribution

Deemed capital contribution is the FRS 139 fair value effect of the interest free advances to its subsidiaries recognised in the year ended 31 December 2010.

5.2 Impairment losses

In the previous years, the Company recognised impairment losses of RM3,208,667 based on the estimated recoverable amount of the investment in subsidiaries. The recoverable amount is estimated based on the fair value less costs of disposal with reference to the net tangible assets of the subsidiaries. In the year under review, the Company reassessed on similar bases and concluded no further impairment to the investment in subsidiaries.

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 and voting interest 2013 %	2012 %
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.	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.*

5. Investment in subsidiaries - Company (continued)

Non-controlling interests in subsidiaries

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

2013	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	40%		
Carrying amount of NCI	(5,086,943)	(583,950)	(5,670,893)
Loss allocated to NCI	(3,870,884)	(64,251)	(3,935,135)

Summarised financial information before intra-group elimination

2013	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM
As at 31 December		
Non-current assets	7,575,378	435,715
Current assets	855,463	8,352,124
Non-current liabilities	(8,395,555)	-
Current liabilities	(12,470,152)	(11,531,758)
Net liabilities	(12,434,866)	(2,743,919)
Year ended 31 December		
Revenue	-	1,652,650
Loss for the year	(9,677,211)	(1,296,564)
Total comprehensive loss	(9,677,211)	(1,296,564)
Cash flows from operating activities	2,996,061	(148,027)
Cash flows from investing activities	-	7,272
Cash flows from financing activities	(2,960,000)	-
Net increase/(decrease) in cash and cash equivalents	36,061	(140,755)

5. Investment in subsidiaries - Company (continued)

Summarised financial information before intra-group elimination (continued)

2012	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	40%		
Carrying amount of NCI	(1,216,059)	(519,699)	(1,735,758)
Loss allocated to NCI	(962,895)	(520,230)	(1,483,125)

2012	SPB Pelita Suai Sdn. Bhd. RM	Other subsidiaries with immaterial NCI RM
As at 31 December		
Non-current assets	14,526,867	524,386
Current assets	1,483,555	6,759,832
Non-current liabilities	(10,978,975)	-
Current liabilities	(7,780,101)	(8,731,594)
Net liabilities	(2,748,654)	(1,447,376)
Year ended 31 December		
Revenue	-	2,256,976
Loss for the year	(2,407,236)	(1,271,959)
Total comprehensive loss	(2,407,236)	(1,271,959)
Cash flows from operating activities	2,986,640	2,270,123
Cash flows from investing activities	-	(56,807)
Cash flows from financing activities	(2,960,000)	(2,128,388)
Net increase in cash and cash equivalents	26,640	84,928

6. Investment in associate - Group

	2013 RM	2012 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:

Name of entity	Principal activity	Effective ownership interest and voting interest 2013 %	 2012 %
Wonderland Transport Services Sdn. Bhd.*	Dormant	35.00	35.00

* *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 2012, 31 December 2012/1 January 2013	8,623,575
Reclassification to property, plant and equipment	(310,187)
At 31 December 2013	8,313,388
Depreciation	
At 1 January 2012	2,967,332
Depreciation for the year (Note 20)	172,452
At 31 December 2012/1 January 2013	3,139,784
Depreciation for the year (Note 20)	166,252
Reclassification to property, plant and equipment	(112,937)
At 31 December 2013	3,193,099

7. Investment properties (continued)

	Group Buildings RM
Carrying amounts	
At 1 January 2012	5,656,243
At 31 December 2012/1 January 2013	5,483,791
At 31 December 2013	5,120,289
Estimated fair value	
At 1 January 2012	13,694,000
At 31 December 2012/1 January 2013	13,694,000
At 31 December 2013	13,694,000

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

	Group 2013 RM	Group 2012 RM
Rental income	208,007	188,937
Direct operating expenses:		
- income generating investment properties	(117,899)	(113,078)
- non-income generating investment properties	(59,340)	(75,276)

Determination of fair value

The fair value was based on the valuation performed on 3 March 2011 by an independent valuer. The Group opine that there is no significant change in the market condition that may affect the fair value of the investment properties and hence no revaluation has been performed.

The fair value of the investment properties of the Group is categorised as Level 2. Level 2 fair values of buildings have been generally derived using the sales comparison approach. The most significant input into this valuation approach is price per square foot of comparable properties.

8. Trade and other receivables

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Non-current					
Non-trade					
Amount due from subsidiaries	8.1	-	-	32,723,580	17,996,239
Less: Impairment losses		-	-	(3,249,333)	(1,376,249)
Non-current total		-	-	29,474,247	16,619,990
Current					
Trade					
Trade receivables		19,868,177	13,907,500	-	-
Less: Impairment losses		(41,400)	(41,400)	-	-
		19,826,777	13,866,100	-	-
Non-trade					
Other receivables	8.2	2,166,580	3,771,614	109,817	247,500
Amount due from subsidiaries	8.1	-	-	200,128	-
Less: Impairment losses		(744,544)	(678,549)	(42,914)	(38,914)
		1,422,036	3,093,065	267,031	208,586
Current total		21,248,813	16,959,165	267,031	208,586
Total		21,248,813	16,959,165	29,741,278	16,828,576

8.1 Amount due from subsidiaries is unsecured and bears interest at 4.60% - 7.60% (2012: Nil) per annum.

8.2 Included in other receivables of the Group is a balance of staff loans of RM120,996 (2012: RM153,668) which bears interest at 4.00% (2012: 4.00%) per annum.

9. Inventories

	Group 2013 RM	Group 2012 RM (restated)
At costs		
Crude palm oil and palm kernel	3,896,490	10,231,830
Stores and consumables	5,952,427	8,393,619
Oil palm nursery inventories	3,668,712	5,170,446
Oil palm seeds	2,166,643	1,597,649
Oil palm fresh fruit bunches	475,927	1,094,668
	16,160,199	26,488,212
Recognised in profit or loss:		
Inventories recognised as part of cost of sales	259,179,035	294,479,775

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

	2013 RM	2012 RM
Personnel expenses		
- Contributions to the Employees Provident Fund	63,281	23,259
- Wages, salaries and others	1,584,303	644,922

10. Other investments

Group	Unit trusts RM	Portfolio investments RM	Total RM
2013			
Current			
Financial assets at fair value through profit or loss	562,512	1,517,844	2,080,356
Representing item:			
At fair value	562,512	1,517,844	2,080,356
2012			
Current			
Financial assets at fair value through profit or loss	457,551	1,283,363	1,740,914
Representing item:			
At fair value	457,551	1,283,363	1,740,914

The portfolio investments are managed by a fund management company.

11. Prepayments and other assets

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Non-trade					
Deposits	11.1	35,303,836	35,201,072	-	-
Less: Impairment Losses	11.2	(33,320,670)	(32,706,147)	-	-
		1,983,166	2,494,925	-	-
Prepayments	11.1	2,473,957	3,647,298	88	799
Club membership		122,870	123,880	122,870	123,880
		2,596,827	3,771,178	122,958	124,679
		4,579,993	6,266,103	122,958	124,679

11. 1 Deposits and prepayments

(a) an amount of RM Nil (2012: RM233,392) paid by the Group as deposits for land survey works;

(b) a prepayment of RM2,077,614 (2012: RM2,077,614) paid for an acquisition of land.; and

(c) an amount of RM32,200,000 (2012: RM32,200,000) paid for the acquisition of a 30% equity interest in four plantation companies in prior years and for which full impairment loss have been provided in an earlier year.

11. 2 Impairment losses

(a) The amount of RM32,200,000 paid for the acquisition of a 30% equity in four plantation companies (Note 11.1(c)) has been fully impaired . The litigation is on-going (see 33(b), (c) and (d).; and

(b) an impairment loss of RM1,120,670 (2012: RM506,147) was made following the local 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). The Group has recognised an additional impairment losses of RM614,523 for the year ended 31 December 2013.

12. Cash and bank balances

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash in hand and at banks	2,612,657	9,498,964	201,974	95,183
Deposits with original maturities not exceeding three months	106,886,535	113,965,097	58,787,294	71,371,662
	109,499,192	123,464,061	58,989,268	71,466,845
Deposits with original maturities exceeding three months	7,891,186	9,035,067	598,471	580,338
Deposits pledged to banks	-	716,117	-	-
	7,891,186	9,751,184	598,471	580,338
	117,390,378	133,215,245	59,587,739	72,047,183

Included in cash and bank balances of the Group are deposits of RM Nil (2012: RM716,117) pledged to licensed banks to secure bank guarantee facilities.

13. Assets held for sale

The assets classified as held for sale comprise the following:

Group	2013 RM	2012 RM
Buildings	1,295,076	1,295,076
Furniture, fitting and equipment	146,668	146,668
Land	1,742,360	1,742,360
	3,184,104	3,184,104
Less: Accumulated depreciation	(843,158)	(843,158)
	2,340,946	2,340,946

The assets have been classified as assets held for sale as efforts to sell them have commenced. The land was approved for sale by the Directors at the Board of Director's meeting held on 20 February 2012, while the planned disposal of the buildings and other equipment in 2011 was approved by the Directors at the Board of Directors' Meeting held on 18 November 2011.

The sale of land of which the consideration is RM7,200,000 (2012: RM7,200,000) and the sale of building with consideration of RM995,000 (2012: RM995,000) are expected to be completed within twelve months. The completion of the sale of land is pending transfer of titles whereas the completion of sale of building is pending fulfilment of conditions precedent stipulated in the sales and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS

14. Capital and reserves

14.1 Share capital

	2013		2012	
	Amount RM	Number of shares	Amount RM	Number of shares
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

14.2 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.

14.3 Equity reserve

Equity reserve represents the capital contribution by certain shareholders of the Company, in respect of shares granted to employees of a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd., in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad 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.

14.4 Treasury shares

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. Such authority was last renewed at the Annual General Meeting held on 14 June 2013. 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 2013 and 31 December 2012. The number of treasury shares held is 436,100 ordinary shares of RM1.00 each as at 31 December 2013 and 31 December 2012.

14.5 Retained earnings

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

15. Deferred tax liabilities

Movements in temporary differences during the year are as follows:

Group	At 1.1.2012 RM	Recognised in profit or loss RM	At 31.12.2012/ 1.1.2013 RM	Recognised in profit or loss RM	At 31.12.2013 RM
Property, plant and equipment	(47,868,885)	(4,636,525)	(52,505,410)	(1,851,000)	(54,356,410)
Others	847,475	(847,475)	-	-	-
	(47,021,410)	(5,484,000)	(52,505,410)	(1,851,000)	(54,356,410)
		(Note 23)		(Note 23)	

Unrecognised deferred tax assets

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

	Group 2013 RM	Group 2012 RM
Capital and agriculture allowances carried forward	8,132,000	8,130,000
Unutilised tax losses carried forward	10,071,000	9,112,000
	18,203,000	17,242,000

Deferred tax assets of RM4,551,000 (2012: RM4,311,000) 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 allowances and unabsorbed agriculture allowances carried forward, and unutilised tax losses carried forward attributable to group entities incorporated in Malaysia 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. Loans and borrowings

	Group 2013 RM	Group 2012 RM
Non-current		
Term loan - secured	-	30,000,000
Term loan - unsecured	2,980,000	5,940,000
Finance lease liabilities (Islamic) - secured	2,084,872	-
	5,064,872	35,940,000
Current		
Term loan - secured	30,000,000	20,000,000
Term loan - unsecured	2,960,000	2,960,000
Revolving credits - secured	28,000,000	10,000,000
Finance lease liabilities (Islamic) - secured	1,120,641	-
	62,080,641	32,960,000
	67,145,513	68,900,000

The Group has been granted banking facilities comprising two term loan facilities of RM75 million and RM20 million respectively.

There is an unutilised revolving credit facility of RM22 million (2012: RM40 million) that remains available to the Group.

16.1 Security

The term loan and revolving credits are secured by way of a first legal charge over certain long term leasehold land, buildings, plant and machinery of a subsidiary (see Notes 3 and 4) and a corporate guarantee from the Company.

Assets under finance lease are charged to secure the finance lease liabilities of the Group (see Note 3).

16.2 Interest and profit rates

The term loans and revolving credits bear interest at 1% (2012: 1%) above the lender bank's cost of funds per annum respectively.

Finance lease liabilities carry profit rates fixed at 4.57% - 5.32% (2012: Nil) per annum.

16. Loans and borrowings (continued)

16.3 Finance lease liabilities (Islamic)

Finance lease liabilities (Islamic) are payable as follows:

2013	Future minimum lease payments RM	Profit RM	Present value of minimum lease payments RM
Less than one year	1,256,190	135,549	1,120,641
Between one and five years	2,178,705	93,833	2,084,872
	3,434,895	229,382	3,205,513

17. Trade and other payables

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Current					
Trade					
Trade payables		16,505,184	22,905,679	-	-
Non-trade					
Amount due to subsidiaries	17.1	-	-	3,185,504	1,253,211
Accrued expenses		24,738,563	20,147,739	1,346,243	1,495,526
Other payables	17.2	14,500,921	12,003,193	35,063	5,857
		39,239,484	32,150,932	4,566,810	2,754,594
Total		55,744,668	55,056,611	4,566,810	2,754,594

17.1 Amount due to subsidiaries

Amount due to subsidiaries is unsecured, bears interest rate at 7.60% (2012: Nil) per annum and has no fixed term of repayment.

17.2 Other payables

Included in other payables of the Group are:

(a) an amount of RM1,763,246 (2012: RM729,414) due to a corporate shareholder of the Company;

(b) an amount of RM792,555 (2012: Nil) due to companies in which certain Directors have direct and indirect interests as well as with common directorships; and

(c) an amount of RM4,394,098 (2012: RM3,637,324) being construction retention sums.

18. Revenue

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Dividend income from subsidiaries	-	-	27,800,000	38,500,000
Sale of oil palm products	361,013,647	428,688,288	-	-
Agronomic service income	830,262	924,655	-	-
Management service income	-	370,083	-	-
Rental from letting of investment properties	208,007	188,937	-	-
	362,051,916	430,171,963	27,800,000	38,500,000

19. Other operating expenses

Included in other operating expenses are impairment losses on plantation development expenditure of RM4,977,369 (2012: RM16,178,856), impairment losses on property, plant and equipment of RM2,017,470 (2012: RM Nil) and impairment losses on prepayments and other assets of RM614,523 (2012: RM Nil).

20. Results from operating activities

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Results from operating activities is arrived at after charging:					
Amortisation of club membership		1,010	1,010	1,010	1,010
Auditors' remuneration:					
- Statutory audit					
- KPMG Malaysia		205,000	202,000	72,000	71,000
- Other auditors		12,150	10,360	-	-
- Other services					
- KPMG Malaysia		12,000	13,000	12,000	13,000
- Local affiliates of KPMG Malaysia		62,900	61,150	10,500	10,250

20. Results from operating activities (continued)

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Results from operating activities is arrived at after charging: (continued)					
Depreciation on property, plant and equipment	3	20,377,555	19,168,158	-	-
Depreciation of investment properties	7	166,252	172,452	-	-
Depreciation of plantation development expenditure	4	220,980	220,980	-	-
Impairment losses on:					
- investment in subsidiaries	5	-	-	-	1,421,766
- plantation development expenditure	4	4,977,369	16,178,856	-	-
- property, plant and equipment	3.2	2,017,470	-	-	-
- trade and other receivables		65,995	33,600	1,877,084	38,914
- prepayments and other assets	11	614,523	88,772	-	-
Inventories written off		115,298	158,658	-	-
Personnel expenses (including key management personnel):					
- Contributions to the Employees Provident Fund		5,348,125	4,595,837	468,445	453,988
- Wages, salaries and others		53,118,715	55,719,097	2,800,663	2,973,003
Property, plant and equipment written off		112,050	230,934	-	-

20. Results from operating activities (continued)

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Results from operating activities is arrived at after crediting:					
Dividend income from:					
- subsidiaries (unquoted)		-	-	27,800,000	38,500,000
- other investments		79,626	46,152	-	-
Change in fair value of other investments		229,103	5,583	-	-
Gain on disposal of other investments		15,828	17,215	-	-
Gain on disposal of property, plant and equipment		-	2,069,918	-	-
Income from rental of premises		675,166	963,313	-	-
Reversal of impairment losses:					
- property, plant and equipment	3	-	159,005	-	-

Included in the personnel expenses of the Company disclosed above are salary costs (including compensations to key management personnel) recharged by a related company (see Note 30).

21. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Directors:				
- Fees	1,572,625	1,414,500	1,218,625	1,150,500
- Other short term employee benefits (including estimated benefits-in-kind)	1,190,709	1,238,146	549,525	401,353
- Post employee benefits	171,139	180,605	51,513	54,504
	2,934,473	2,833,251	1,819,663	1,606,357
Other key management personnel				
- Short term employee benefits (including estimated benefits-in-kind)	2,933,174	1,824,599	775,287	616,623
- Post employee benefits	436,119	282,667	112,973	91,418
	6,303,766	4,940,517	2,707,923	2,314,398

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.

22. Net finance income

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Finance income				
Interest income of financial assets that are not at fair value through profit or loss:				
- receivables	-	183,291	1,684,429	405,585
- deposits with banks	3,095,342	4,570,663	1,969,760	2,570,154
Interest income from other investments	23,777	22,336	-	-
	3,119,119	4,776,290	3,654,189	2,975,739

22. Net finance income (continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Finance costs				
Interest expense on financial liabilities				
- term loans	481,061	3,047,133	-	-
- revolving credits	740,595	260,592	-	-
- payables	-	-	162,761	343,067
Profit payments on Islamic financial liabilities				
- finance lease liabilities	58,055	-	-	-
Sub-total	1,279,711	3,307,725	162,761	343,067
Recognised in profit or loss	1,839,408	1,468,565	3,491,428	2,632,672

23. Income tax expense

Recognised in profit or loss

	Note	Group 2013 RM	Group 2012 RM (restated)	Company 2013 RM	Company 2012 RM
Current tax expense					
Malaysian - current year		7,704,836	15,443,668	800,000	630,000
- prior years		(741,886)	564,265	(103,779)	(3,990)
		6,962,950	16,007,933	696,221	626,010
Deferred tax expense					
Origination and reversal of temporary difference					
- current year		1,851,000	5,934,000	-	-
- prior years		-	(450,000)	-	-
	15	1,851,000	5,484,000	-	-
Total income tax expense		8,813,950	21,491,933	696,221	626,010

23. Income tax expense (continued)

Reconciliation of tax expense

	Group		Company	
	2013 RM	2012 RM (restated)	2013 RM	2012 RM
Profit for the year	35,749,745	44,850,057	23,480,072	32,347,735
Total income tax expense	8,813,950	21,491,933	696,221	626,010
Profit excluding tax	44,563,695	66,341,990	24,176,293	32,973,745
Income tax calculated using Malaysian tax rate of 25% (2012: 25%)	11,141,000	16,592,000	6,044,000	8,243,000
Effect of change in tax rate*	(1,700,000)	-	-	-
Non-deductible expenses	4,670,836	8,740,668	1,706,000	2,012,000
Movements in unrecognised deferred tax assets	240,000	248,000	-	-
Utilisation of agriculture allowances and capital allowances incentives	(4,063,000)	(3,118,000)	-	-
Tax exempt income	(733,000)	(1,085,000)	(6,950,000)	(9,625,000)
	9,555,836	21,377,668	800,000	630,000
(Over)/Under provision in prior years	(741,886)	114,265	(103,779)	(3,990)
Total income tax expense	8,813,950	21,491,933	696,221	626,010

* *In the Malaysian Budget 2014, it was announced that corporate income tax rate will be reduced to 24% for year of assessment 2016 ("YA 2016") onwards. Consequently, any temporary differences expected to be reversed in or subsequent to YA 2016 are measured using this rate.*

24. Earnings per ordinary share - Group

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 31 December 2013 was based on the profit attributable to ordinary shareholders of RM39,684,880 (2012: RM46,333,182) and the weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares

	2013 RM	2012 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 and diluted earnings per ordinary share

	2013 Sen	2012 Sen
Basic and diluted earnings per ordinary share	14.20	16.57

25. Dividends

Dividends recognised in the financial year by the Company are:

<u>2013</u>	Sen per share (tax exempt)	Total RM	Date of payment
Second interim 2012 ordinary	5.00	13,978,195	28 March 2013
First interim 2013 ordinary	4.00	11,182,556	24 December 2013
Total amount		25,160,751	

25. Dividends (continued)

2012	Sen per share (tax exempt)	Total RM	Date of payment
Second interim 2011 ordinary	10.00	27,956,390	29 March 2012
First interim 2012 ordinary	5.00	13,978,195	26 September 2012
Total amount		41,934,585	

After the reporting period, the Company paid the following dividend, which will be recognised in the financial statements for the year ending 31 December 2014.

2013	Sen per share (tax exempt)	Total RM	Date of payment
Second interim 2013 ordinary	4.00	11,182,556	27 March 2014

Dividends per ordinary share

	2013	2012
Gross dividends per share (sen)	8.00	10.00

The gross dividends per share as disclosed above comprises the total dividends declared and paid for the respective financial years.

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) Financial liabilities measured at amortised cost (“FL”).

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
2013			
Financial assets			
Group			
Other investments	2,080,356	-	2,080,356
Trade and other receivables	21,248,813	21,248,813	-
Cash and bank balances	117,390,378	117,390,378	-
	140,719,547	138,639,191	2,080,356
Company			
Trade and other receivables	29,741,278	29,741,278	-
Cash and bank balances	59,587,739	59,587,739	-
	89,329,017	89,329,017	-
Financial liabilities			
Group			
Loans and borrowings	(67,145,513)	(67,145,513)	-
Trade and other payables	(55,744,668)	(55,744,668)	-
	(122,890,181)	(122,890,181)	-
Company			
Trade and other payables	(4,566,810)	(4,566,810)	-

26. Financial instruments (continued)

26.1 Categories of financial instruments (continued)

	Carrying amount RM	L&R/ (FL) RM	FVTPL RM
2012			
Financial assets			
Group			
Other investments	1,740,914	-	1,740,914
Trade and other receivables	16,959,165	16,959,165	-
Cash and bank balances	133,215,245	133,215,245	-
	151,915,324	150,174,410	1,740,914
Company			
Trade and other receivables	16,828,576	16,828,576	-
Cash and bank balances	72,047,183	72,047,183	-
	88,875,759	88,875,759	-
Financial liabilities			
Group			
Loans and borrowings	(68,900,000)	(68,900,000)	-
Trade and other payables	(55,056,611)	(55,056,611)	-
	(123,956,611)	(123,956,611)	-
Company			
Trade and other payables	(2,754,594)	(2,754,594)	-

26.2 Net gains/(losses) arising from financial instruments

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Net gains on:				
Loans and receivables				
- impairment losses on trade and other receivables	(65,995)	(33,600)	(1,877,084)	(38,914)
- interest income from receivables	-	183,291	1,684,429	405,585
- interest income from term deposits	3,095,342	4,570,663	1,969,760	2,570,154
	3,029,347	4,720,354	1,777,105	2,936,825

26. Financial instruments (continued)

26.2 Net gains/(losses) arising from financial instruments (continued)

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Fair value through profit or loss				
- gain on disposal of other investments	15,828	17,215	-	-
- change in fair value of other investments	229,103	5,583	-	-
- dividend income	79,626	46,152	-	-
- interest income	23,777	22,336	-	-
	348,334	91,286	-	-
Financial liabilities measured at amortised cost				
- Interest expense on term loans	(481,061)	(3,047,133)	-	-
- Interest expense on revolving credits	(740,595)	(260,592)	-	-
- payables	-	-	(162,761)	(343,067)
	(1,221,656)	(3,307,725)	(162,761)	(343,067)
Profit payments on finance lease liabilities	(58,055)	-	-	-
	2,097,970	1,503,915	1,614,344	2,593,758

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. Financial instruments (continued)

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, its deposits with banks and investment in liquid securities. 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

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

The maximum exposure to credit risk is represented by the carrying amounts of the receivables in the statement of financial position. There is no concentration of credit risk other than the amounts owing by major customers involved in palm oil refinery as disclosed in Note 31, representing 93% (2012: 88%) of the total trade receivables. Deposits are only placed with licensed banks.

Impairment losses

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

Group	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
2013				
Not past due	19,456,432	-	-	19,456,432
Past due 91 - 365 days	294,757	-	-	294,757
Past due more than 365 days	116,988	(41,400)	-	75,588
	19,868,177	(41,400)	-	19,826,777

26. Financial instruments (continued)

26.4 Credit risk (continued)

Receivables from third parties (continued)

Impairment losses (continued)

Group (continued)	Gross RM	Individual impairment RM	Collective impairment RM	Net RM
2012				
Not past due	13,338,662	(5,400)	-	13,333,262
Past due 91 - 365 days	361,199	(16,200)	-	344,999
Past due more than 365 days	207,639	(19,800)	-	187,839
	13,907,500	(41,400)	-	13,866,100

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

	Group 2013 RM	Group 2012 RM
Opening balances	41,400	42,217
Impairment loss recognised	-	41,400
Impairment loss reversed	-	(42,217)
Closing balances	41,400	41,400

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 investments

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.

26. Financial instruments (continued)

26.4 Credit risk (continued)

Other investments (continued)

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 10) are categorised as fair value through profit or loss. The Group does not have overdue investments that have not been impaired.

The investments are unsecured.

Intercompany 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.

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. There are no significant concentrations of credit risk as at the end of the reporting period other than the amount due from two (2012: two) subsidiaries of RM29,474,247 (2012: RM16,619,990).

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 losses 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, the amount considered irrecoverable will be written off against the receivable directly.

26. Financial instruments (continued)

26.4 Credit risk (continued)

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 RM63,940,000 (2012: RM68,900,000) 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.

Risk management objectives, policies and processes for managing the risk

The Group maintains a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significant different amounts.

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/ profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2013							
Non-derivative financial liabilities							
Term loan - unsecured	5,940,000	5.04	6,239,376	6,239,376	-	-	-
Term loan - secured	30,000,000	4.78	31,434,000	31,434,000	-	-	-
Revolving credits - secured	28,000,000	4.58	29,282,400	29,282,400	-	-	-
Finance lease liabilities - secured	3,205,513	4.57-5.32	3,434,895	1,256,190	2,178,705	-	-
Trade and other payables	55,744,668	-	55,744,668	55,744,668	-	-	-
	122,890,181		126,135,339	123,956,634	2,178,705		
Company							
2013							
Non-derivative financial liabilities							
Other payables	1,381,306	-	1,381,306	1,381,306	-	-	-
Amount due to subsidiaries	3,185,504	7.60	3,427,602	3,427,602	-	-	-

26. Financial instruments (continued)

26.5 **Liquidity risk** (continued)

Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
Group							
2012							
Non-derivative financial liabilities							
Term loan - unsecured	8,900,000	4.91	9,611,459	3,342,489	6,268,970	-	-
Term loan - secured	50,000,000	4.91	52,802,792	22,004,917	30,797,875	-	-
Revolving credits - secured	10,000,000	4.58	10,458,000	10,458,000	-	-	-
Trade and other payables	55,056,611	-	55,056,611	55,056,611	-	-	-
	123,956,611		127,928,862	90,862,017	37,066,845	-	-
Company							
2012							
Non-derivative financial liabilities							
Other payables	2,754,594	-	2,754,594	2,754,594	-	-	-

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 that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

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

26.6.2 Interest and profit rate risk

The primary interest and profit rates risk to which the Group is exposed relates to the 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 and profit rates on a regular basis.

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

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest and profit rate risk (continued)

Exposure to interest and profit rates risk

The interest and profit rates 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed rate instruments				
Financial assets				
- Deposits with banks	114,777,721	123,716,281	59,385,765	71,952,000
Financial liabilities				
- Finance lease liabilities	(3,205,513)	-	-	-
	111,572,208	123,716,281	59,385,765	71,952,000
Floating rate instruments				
Financial assets				
- Amount due from subsidiaries	-	-	29,674,375	-
Financial liabilities				
- Term loans	(35,940,000)	(58,900,000)	-	-
- Revolving credits	(28,000,000)	(10,000,000)	-	-
- Amount due to subsidiaries	-	-	(3,185,504)	-
	(63,940,000)	(68,900,000)	26,488,871	-

Interest and profit rates 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.

26. Financial instruments (continued)

26.6 Market risk (continued)

26.6.2 Interest and profit rate risk (continued)

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 remain constant.

	2013 Profit or loss		2012 Profit or loss	
Group	**100bp increase RM**	**100bp decrease RM**	**100bp increase RM**	**100bp decrease RM**
Floating rate instruments	(480,000)	480,000	(517,000)	517,000
Company				
Floating rate instruments	(199,000)	199,000	-	-

26.6.3 Other price risk

Equity price risk arises from the Group's investments in portfolio investments and unit trusts securities.

Risk management objectives, policies and processes for managing the risk

Management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by management.

Equity price risk sensitivity analysis

There is no sensitivity analysis performed as any change will be insignificant to the Group.

26.7 Fair value information

The carrying amounts of cash and bank balances, 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 values of portfolio investments and unit trusts are based on the net asset values of the investments as at the date of the statements of assets and liabilities obtained from fund managers.

26. Financial instruments (continued)

26.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	RM	RM
2013										
Group										
Financial assets										
Other investments	-	2,080,356	-	2,080,356	-	-	-	-	2,080,356	2,080,356
Financial liabilities										
Term loan - unsecured (non-current)	-	-	-	-	-	-	(2,980,000)	(2,980,000)	(2,980,000)	(2,980,000)
Finance lease liabilities (non-current)	-	-	-	-	-	-	(2,084,872)	(2,084,872)	(2,084,872)	(2,084,872)
	-	-	-	-	-	-	(5,064,872)	(5,064,872)	(5,064,872)	(5,064,872)
Company										
Financial assets										
Amount due from subsidiaries (non-current)	-	-	-	-	-	-	29,474,247	29,474,247	29,474,247	29,474,247

26. Financial instruments (continued)

26.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value*	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total RM	RM
2012						
Group						
Financial assets						
Other investments	-	1,740,914	-	1,740,914	-	1,740,914
Financial liabilities						
Term loan - unsecured (non-current)	-	-	-	-	(5,940,000)	(5,940,000)
Term loan - secured (non-current)	-	-	-	-	(30,000,000)	(30,000,000)
	-	-	-	-	(35,940,000)	(35,940,000)
Company						
Financial assets						
Amount due from subsidiaries (non-current)	-	-	-	-	16,619,990	16,619,990

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of FRS 13.

26. Financial instruments (continued)

26.7 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

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

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2012: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of term loans approximate their carrying amounts as these are variable rate borrowings.

Amount due from subsidiaries bears interest at a rate that is in line with prevailing rates, also approximate fair value.

Financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable inputs (%)	Inter-relationship between significant unobservable inputs and fair value measurement
Finance lease liabilities	Discounted cash flows	4.57 to 5.32	The estimated fair value would increase (decrease) if the interest rate were higher (lower)

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	
	2013 RM	2012 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 approach to capital management during the financial year.

29. Capital expenditure commitments

	Group	
	2013 RM	2012 RM
Property, plant and equipment		
Authorised but not contracted for	42,484,000	112,587,000
Contracted but not provided for	16,272,000	32,763,000
	58,756,000	145,350,000
Plantation development expenditure		
Authorised but not contracted for	26,897,000	34,767,000
Contracted but not provided for	5,781,000	10,782,000
	32,678,000	45,549,000
	91,434,000	190,899,000

30. Related parties

Identity of related parties

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

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

The Group 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.

Significant related party transactions

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 21) and those disclosed elsewhere in the financial statements, are shown below.

Subsidiaries

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Dividend income	-	-	(27,800,000)	(38,500,000)
Interest income	-	-	(1,684,429)	-
Administrative cost sharing	-	-	2,394,230	3,200,595
Interest expense	-	-	162,761	-
Administrative fee	-	-	126,894	169,632
	==========	==========	===========	===========

30. Related parties (continued)

Significant related party transactions (continued)

A corporate shareholder of the Company

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Purchase of oil palm fresh fruit bunches	1,892,108	1,808,107	-	-
Management fee	-	78,430	-	-
	==========	==========	==========	==========

A company with common director and another Director has a direct and indirect interest

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Purchase of oil palm fresh fruit bunches	9,423,308	3,078,919	-	-
	==========	==========	==========	==========

A company in which a Director has a direct and indirect interest

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Rental and annual support for satellite and broadband services	432,560	47,040	-	-
	==========	==========	==========	==========

A company in which a person connected to a Director has interest

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Software support, customisation, maintenance and implementation costs	610,349	95,370	-	-
	==========	==========	==========	==========

30. Related parties (continued)

The balances related to the below transactions are shown in Notes 8 and 17. There is no allowance for impairment loss on doubtful receivables provided against the outstanding balances of related parties, other than that provided against the 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

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group Managing Director (being the Chief Operating Decision Maker), reviews internal management reports on a quarterly basis. The following describes the operations in each of the Group's reportable segments.

Investment holding	- Investment holding company.
Oil palm operations	- Cultivation of oil palm and processing of fresh fruit bunches.
Management services and rental	- Provision of management service and rental of investment properties.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Performance is measured based on segment gross profit as included in the internal management reports. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
2013				
Revenue				
Segment revenue	27,800,000	361,013,647	4,165,584	392,979,231
Inter-segment revenue	(27,800,000)	-	(3,127,315)	(30,927,315)
External revenue	-	361,013,647	1,038,269	362,051,916

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31. Segment reporting (continued)

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
2013 (continued)				
Cost of sales				
Segment cost of sales	-	(262,701,466)	(2,460,765)	(265,162,231)
Inter-segment cost of sales	-	71,850	180,000	251,850
External cost of sales	-	(262,629,616)	(2,280,765)	(264,910,381)
Gross profit/(loss)	-	98,384,031	(1,242,496)	97,141,535
2012				
Revenue				
Segment revenue	38,500,000	428,688,288	4,538,544	471,726,832
Inter-segment revenue	(38,500,000)	-	(3,054,869)	(41,554,869)
External revenue	-	428,688,288	1,483,675	430,171,963
Cost of sales, *restated*				
Segment cost of sales	-	(298,833,432)	(2,417,385)	(301,250,817)
Inter-segment cost of sales	-	72,885	180,000	252,885
External cost of sales	-	(298,760,547)	(2,237,385)	(300,997,932)
Gross profit/(loss)	-	129,927,741	(753,710)	129,174,031

Segment assets	2013 RM	2012 RM (restated)
Investment holding	386,736,396	386,304,858
Oil palm operations	663,955,459	636,707,640
Management services/Rental	44,033,420	41,731,003
Others	840,467	1,202,825
	1,095,565,742	1,065,946,326
Elimination	(340,735,644)	(322,751,000)
Total assets	754,830,098	743,195,326

31. Segment reporting (continued)

Segment liabilities	2013 RM	2012 RM
Investment holding	4,866,811	2,754,594
Oil palm operations	210,418,352	189,609,809
Management services/Rental	14,811,694	11,297,071
Others	1,371,597	1,702,039
	231,468,454	205,363,513
Elimination	(53,921,862)	(28,862,699)
Total liabilities	177,546,592	176,500,814

Reconciliation of reportable segment revenue, profit or loss, assets and other material items

	2013 RM	2012 RM (restated)
Profit or loss		
Total gross profit for reportable segments	97,141,535	129,174,031
Depreciation of tangible assets	(20,764,787)	(19,561,590)
Impairment losses:		
- tangible assets	(6,994,839)	(16,178,856)
- financial assets	(680,518)	(122,372)
Finance costs	(1,279,711)	(3,307,725)
Finance income	3,119,119	4,776,290
Unallocated expenses:		
- Corporate expenses	(8,491,383)	(6,737,161)
- Others	(17,485,721)	(21,700,627)
Consolidated profit before tax	44,563,695	66,341,990

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.

31. Segment reporting (continued)

Reconciliation of reportable segment revenue, profit or loss, assets and other material items (continued)

Major customers

The following are the major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue 2013 RM	Revenue 2012 RM	Segment
- Customer A	99,908,723	133,275,101	Cultivation of oil palm and palm oil milling
- Customer B	82,303,784	84,970,957	Cultivation of oil palm and palm oil milling
- Customer C	50,147,702	84,555,043	Cultivation of oil palm and palm oil milling
- Customer D	117,091,596	105,600,199	Cultivation of oil palm and palm oil milling
	===========	===========	

The major customers listed above collectively owe RM18,472,029 (2012: RM12,257,571) to the Group, equivalent to 93% (2012: 88%) of the total trade receivables (see Note 26.4).

32. Changes in accounting policies

32.1 Amendments to FRS 101, *Presentation of Financial Statements-Preparation of Items of Other Comprehensive Income*

Amendments to FRS 101 amends FRS 101 to change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income and the presentation format thereof. Save as disclosed, there is no impact on the financial statements occasioned by the amendments to FRS 101.

32. Changes in accounting policies (continued)

32.2 Amendments to FRS 116, Property, *Plant and Equipment (Annual Improvements 2009-2011 Cycle)*

In the current financial year, the Group adopted the amendments to FRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)* and classified spare parts as inventories unless the item of spare part is held for own use and expected to be used during more than one period in which it is classified as property, plant and equipment. In the previous financial years, all spare parts were classified as inventories. The change in accounting policy has been applied retrospecatively.

This change in accounting policy was applied retrospectively and had an insignificant impact on earnings per share.

The following table summarises the transitional adjustments made to the statement of financial position upon implementation of the new accounting policy:

Group	Property, plant and, equipment RM	Retained earnings RM
Balance as reported at 1 January 2012	294,789,941	223,906,043
Effect of adoption of Amendments to FRS116, Property, plant and equipment	94,792	(114,574)
Restated balance at 1 January 2012	294,884,733	223,791,469
Balance as reported at 1 January 2013	312,393,999	228,331,127
Effect of adoption of Amendments to FRS116, Property, plant and equipment	68,305	(141,061)
Restated balance at 1 January 2013	312,462,304	228,190,066

The effect on the statement of profit or loss and other comprehensive income was as follows:

	2012 RM
Profit for the year, as previously reported	44,876,544
Increase in depreciation	(26,487)
Profit for the year, restated	44,850,057

33. Material litigations

(a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SPBPS") 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. SPBPS also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

(i) There is no concluded contract between the Defendants and the SPBPS;

(ii) It has not been shown by parties that the Defendants were members of the Local community for which the land were gazetted for their exclusive.

(iii) That the gazette to allow the SPBPS to deal with the native land has no retrospective effect.

(iv) Generally, parties have not proven their case against each other.

SPBPS has filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SPBPS had filed and served the Record of Appeal on 2 December 2013.

The Directors, in consultation with SPBPS's advocates, are of the opinion that SPBPS has basis / grounds for the appeal to the Court of Appeal.

(b) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD") filed a Writ of Summons against a third party ("Defendant") for damages and other reliefs for breach of contract or alternatively refund of deposits of RM2,600,000 in respect of shares in company and RM7,200,000 in respect of shares in another company paid by SPAD under a Sales and Purchase Agreement ("SPA") signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter has been consolidated for trial with (c) and (d) below and will be jointly tried with (e) below. The parties have closed their case. The Honourable Judge will deliver her judgement on 16 May 2014.

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

(c) On 26 June 2012, SPAD filed a Writ of Summons against a third party ("Defendant") for damages for breach of contract or alternatively refund of deposits of RM15,400,000 in respect of shares in a company paid by SPAD under a Sales and Purchase Agreement ("SPA") signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter has been consolidated for trial with (b) above and (d) below and will be jointly tried with (e) below. The parties have closed their case. The Honourable Judge will deliver her judgement on 16 May 2014.

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

33. Material litigations (continued)

(d) On 26 June 2012, SPAD filed a Writ of Summons against a third party ("Defendant") for damages for breach of contract or alternatively refund of deposits of RM7,000,000 in respect of shares in a company paid by SPAD under a Sales and Purchase Agreement ("SPA") signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter has been consolidated for trial with (b) and (c) above and will be jointly tried with (e) below. The parties have closed their case. The Honourable Judge will deliver her judgement on 16 May 2014.

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

(e) On 29 June 2012, a Writ of Summons was filed against SPAD in the High Court in the respect of the same subject matter as stated above in paragraphs (b), (c) and (d). The Writ of Summons was served on 1 August 2012. SPAD filed its Memorandum of Appearance on 13 August 2012.

The Plaintiffs are claiming for damages for alleged breach/repudiation of agreements entered into by each of the Plaintiffs with SPAD in relation to sale of shares by each of the Plaintiffs for shares in third party companies. The Statement of Defence has been served by SPAD.

The matter will be jointly tried with (b), (c) and (d) above. The parties have closed their case. The Honourable Judge will deliver her judgement on 16 May 2014.

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

(f) In a new suit involving SPAD, a Writ of Summons dated 25 January 2013 was served on SPAD on 8 February 2013. The Plaintiffs sued 4 Defendants, the second of whom is SPAD. The Plaintiffs are claiming, amongst others, a declaration that the Plaintiffs and/or their ancestors have NCR in or over certain land. The Plaintiffs pleaded that there was no proper extinguishment of the Plaintiffs' right and neither was there any provision made for compensation and no compensation was ever made by the 3rd and 4th Defendants. The Plaintiffs further pleaded that the Provisional Lease issued to SPAD over Lot 6 Bawan Land District was unconstitutional and therefore null and void *ab initio*. The Plaintiffs claim for damages and a declaration that the 1st Defendant and SPAD or its agents(s) or servants(s) had trespassed and are wrongfully trespassing on the said land and the 1st Defendant and SPAD or its agents(s) or servants(s) are to dismantle all its structures and buildings on and to remove all its machineries or equipments from and to vacate the said land.

The Statement of Defence has been filed. The matter is now fixed for trial on 16 - 20 June 2014.

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

33. Material litigations (continued)

(g) On 19 November 2013 and 21 November 2013 respectively, the Company and SPAD were served with legal proceedings. The Company and SPAD are sued together with 3 others.

No specific Provisional Lease of State Land was specified in the Statement of Claim but the claimed area is notated to be totalling 774.12 hectares. The allegations are related to 414.67 hectares in a community map.

The Company and SPAD have entered appearance in these legal proceedings on 22 November 2013. The Company's and SPAD's Defence and Counterclaim were filed on 3 December 2013 and the Application for Further and Better Particulars was filed on 23 December 2013. The Application for Further and Better Particulars will be heard on 29 April 2014.

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	
	2013 RM	2012 RM (restated)	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiaries				
- realised	278,356,017	272,767,025	42,122,941	43,803,620
- unrealised	(54,585,512)	(52,510,995)	-	-
	223,770,505	220,256,030	42,122,941	43,803,620
Less: Consolidation adjustments	18,943,690	7,934,036	-	-
Total retained earnings	242,714,195	228,190,066	42,122,941	43,803,620

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 59 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 of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 34 on page 141 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 Amar Abdul Hamed Bin Sepawi

Polit Bin Hamzah

Kuching,

Date: 29 April 2014

STATUTORY DECLARATION

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

I, **Koay Bee Eng**, the officer primarily responsible for the financial management of Sarawak Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 141 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 29 April 2014

....

Koay Bee Eng

Before me:

1st Floor, Block B,
Lot 7898, Queen's Court,
Jalan Wan Alwi,
93350 Kuching, Sarawak.

PESURUHJAYA SUMPAH
Q 118
YONG NAM HUA
MALAYSIA

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 2013 of the Group and of the Company and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 141.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as they 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 give a true and fair view of financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all 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 141 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Lee Hean Kok
Approval Number: 2700/12/15 (J)
Chartered Accountant

Kuching,

Date: 29 April 2014

ANALYSIS OF SHAREHOLDINGS as at 30 April 2014

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	14	0.73	408	0.00
100 - 1000	475	24.81	429,959	0.15
1,001 - 10,000	1,105	57.70	5,074,712	1.81
10,001 - 100,000	259	13.52	8,908,563	3.19
100,001 - 13,978,194*	58	3.03	71,445,748	25.56
13,978,195 and above**	4	0.21	193,704,510	69.29
Total	**1,915**	**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.	Lembaga Tabung Haji	18,791,400	6.72
4.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Bolhair Bin Reduan	18,726,985	6.70
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 Amanah Khairat Yayasan Budaya Melayu Sarawak	5,838,353	2.09
8.	Amanah Khairat Yayasan Budaya Melayu Sarawak	5,766,586	2.06
9.	Dayak Cultural Foundation	5,315,000	1.90
10.	Lembaga Amanah Kebajikan Masjid Negeri Sarawak	5,000,000	1.79
11.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For UBS AG Singapore (Foreign)	4,700,100	1.68
12.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An For Citibank NA, Singapore (Julius Baer)	4,341,300	1.55

ANALYSIS OF SHAREHOLDINGS as at 30 April 2014

Top Thirty Shareholders (continued)

	Names	Holdings Number	%
13.	RHB Nominees (Tempatan) Sdn. Bhd. 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.	Cheng Ah Teck @ Cheng Yik Lai	1,800,000	0.64
16.	Lambaian Kukuh Sdn. Bhd	1,481,600	0.53
17.	Koperasi Permodalan Felda Malaysia Berhad.	1,003,000	0.36
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (PHEIM)	1,000,000	0.36
19.	Amanahraya Trustees Berhad. Public Islamic Select Treasures Fund	874,200	0.31
20.	AMSEC Nominees (Tempatan) Sdn. Bhd. Assar Asset Management Sdn. Bhd. for Tabung Baitulmal Sarawak (Majlis Islam Sarawak) (FM-ASSAR-TBS)	750,000	0.27
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged Securities for Bolhan Bin Berawi	636,500	0.23
22.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Lim Poh Ean (PB)	492,100	0.18
23.	Liew Men Khian	448,408	0.16
24.	Cartaban Nominees (Tempatan) Sdn. Bhd. DBS Vickers (Hong Kong) Limited. for Teh Hong Eng	430,200	0.15
25.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Morgan Stanley & Co. LLC (Client)	390,900	0.14
26.	Ismail Bin Mustapha @ Ikong Bin Mustapha	360,733	0.13
27.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Chen Yik (Penang. CL)	316,000	0.11
28.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Edwin Ha How Ming (MQ0406)	307,600	0.11
29.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	300,000	0.11
30.	TA Nominess (Tempatan) Sdn Bhd Pledged Securities Account for Koon Yew Yin	299,700	0.10

Substantial Shareholders

Names of Substantial Shareholders	NRIC / Registration No.	Malaysian / Foreign	Nationality / Country of Incorporation	Direct Holdings		Indirect Holdings (excluding bare trustees)	
				No.	%	No.	%
1. Cermat Ceria Sdn. Bhd	449914-K	Malaysian	Malaysia	84,968,024	30.39	-	-
2. State Financial Secretary Sarawak	ORD211948	Malaysian	Malaysia	71,218,101	25.47	-	-
3. Lembaga Tabung Haji	ACT5351995	Malaysian	Malaysia	18,791,400	6.72	-	-
4. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohamad Bolhair Bin Reduan	16778M	Malaysian	Malaysia	18,726,985	6.70	-	-
5. Datuk Abdul Hamed bin Sepawi	490531-13-5129	Malaysian	Malaysian	200,000	0.07	84,994,424	30.40

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	30.40
2. Polit bin Hamzah	Group Managing Director	Malaysian	50,000	0.02	-	-
3. Hasmawati binti Sapawi	Non Executive Director	Malaysian	-	-	-	-
4. Umang Nangku Jabu	Independent Director	Malaysian	50,000	0.02	-	-
5. Datu Haji Chaiti bin Haji Bolhassan	Independent Director	Malaysian	100,000	0.04	-	-
6. Azizi bin Morni	Independent Director	Malaysian	-	-	-	-
7. Ali Bin Adai	Independent Director	Malaysian	-	-	-	-

RECURRENT RELATED PARTY TRANSACTIONS (RRPT)

Breakdown of recurrent related party transactions ('RRPT') of a revenue or trading nature conducted with Sarawak Plantation Agriculture Development Sdn. Bhd. (SPAD), the Company's wholly owned subsidiary pursuant to shareholders' mandate during the financial year are as follows:

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Danawa Resources Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and also major shareholder of Danawa Resources Sdn Bhd	Rental and annual support fee for satellite broadband services	432,560
Intuitive Systems Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and his sister is a director and shareholder of Intuitive Systems Sdn Bhd	Annual software support fee for Estate Management System (EMS)	121,875
KUB Sepadu Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and a shareholder of Medan Sepadu Sdn Bhd, a company which holds 30% equity interest in KUB Sepadu Sdn Bhd Polit bin Hamzah is a director of SPB and also a director of KUB Sepadu Sdn Bhd	Purchase of fresh fruit bunches	9,423,308
Manis Oil Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and also a director of Manis Oil Sdn Bhd	Sale of fresh fruit bunches	Nil
Ta Ann Pelita Igan Plantation Sdn Bhd	Datuk Amar Abdul Hamed bin Sepawi is a director of SPB and also a director of Ta Ann Pelita Igan Plantation Sdn Bhd	Purchase of fresh fruit bunches	484,544

TOP 10 PROPERTIES

Registered Owner/Lessee	Estate/ Address	Title/Location	Description	Approximate Age of Building (years)
SPAD	**Mukah 1** 11 KM off KM 85 Sibu-Bintulu Road	Part of Lot 23, 25, 54 & 55 Blk 8, Sikat LD	Land and Building	1 - 31
		Part of Lot 55, Blk 8, Sikat LD	Land and Building	1 - 33
	Matadeng 5KM off KM35 Selangau-Matadeng Road	Lot 19, Mukah LD	Land	Not Applicable
	Bakau 6KM off KM24 Selangau-Matadeng Road	Lot 12, Blk 13, Bawan LD	Land and Building	1
	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	2 - 37
		Part of Lot 2, Blk 11, Niah LD	Land and Building	1 - 37
	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 - 31
	Tulai 3 KM off KM 20 Sibu/Sarikei Road	Lot 619, Blk 5, Tulai LD	Land and Building	2 - 8
	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 - 11
	Mukah 3 20 KM off KM 85 Sibu-Bintulu Road	Lot 29, 33 and Part of Lot 38, Blk 12, Bawan LD	Land and Building	2 - 25
	Subis 2 1 KM off KM 87 Miri-Bintulu Road	Lot 2, Blk 17, Part of Lot 1 Blk 18 Niah LD, Part of Lot 4, Blk 8, Bukit Kisi LD	Land and Building	2 - 34
	Bukit Peninjau 8 KM off KM 53 Miri-Bintulu Road	Lot 391, 393 & 396, Blk 2, Bukit Kisi LD	Land and Building	2 - 40

PDE - Plantation Development Expenditure *Blk - Block* *LD - Land District*

TOP 10 PROPERTIES

Year of Acquisition	Tenure/Expiry of Lease	Existing use	Land Area (Ha)	Net book value as at 31 December 2013 Land and building (RM)	PDE & Infrastructure (RM)	Total (RM)
1997	60 years/ 11.06.2049	Nursery/oil palm activities/residential/ office/store	3,855	4,015,875	36,195,573	40,211,448
	60 years/ 11.06.2049	Mill/residential/office/ store	22	6,099,525	169,810	6,269,335
2009	60 years/ 06.03.2067/ 10.12.2066	Oil palm activities	1,848	5,901,714	37,518,429	43,420,143
2009	60 years/ 06.03.2067/ 10.12.2066	Oil palm activities	4,000	12,952,317	25,401,298	38,353,615
1997	60 years/ 06.05.2043 29.11.2057	Oil palm activities/ residential/office/store	2,232	4,057,155	17,122,028	21,179,183
	60 years/ 06.05.2043	Mill/residential/office/ store	19	11,492,286	2,936,027	14,428,313
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/office/ store	2,559	1,662,193	33,375,472	35,037,665
1997	60 years/ 17.01.2056	Oil palm activities/ residential/office/store	2,075	2,786,991	32,182,646	34,969,637
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/ store	2,982	5,049,234	28,361,613	33,410,847
1997	60 years/ 11.06.2049	Oil palm & nursery activities/residential/ office/store	2,708	2,291,439	27,531,909	29,823,348
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm & nursery activities/residential/ office/store	2,736	2,224,595	26,755,322	28,979,917
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/office/ store	2,194	3,986,315	24,251,566	28,237,881

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 between the time of 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 36 to 47 of this Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17th Annual General Meeting of Sarawak Plantation Berhad will be held at Damai Beach Resort Teluk Bandung Santubong 93756 Kuching Sarawak on Friday, 13th June 2014 at 3.00pm 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 2013 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 2013

3. RE-ELECTION OF DIRECTORS

In accordance with Article 86 of the Company's Articles of Association, the following directors retire from the Board and being eligible offer themselves for re-election:

Polit bin Hamzah — **Ordinary Resolution 3**
Umang Nangku Jabu — **Ordinary Resolution 4**
Azizi bin Morni — **Ordinary Resolution 5**

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

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

SPECIAL BUSINESSES

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

5. AUTHORITY TO ALLOT AND ISSUE SHARES — **Ordinary Resolution 7**

"THAT pursuant to Section 132D of the Companies Act 1965 ("the Act") and subject always to the Company's Articles of Association and approval of the relevant authorities, the Directors of the Company be and are hereby empowered to issue and allot 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 approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF A REVENUE OR TRADING NATURE — **Ordinary Resolution 8**

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into RRPT of a Revenue or Trading Nature as set out in Section 2.5 of the Circular to Shareholders dated 21 May 2014 ("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

6. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (RRPT) OF A REVENUE OR TRADING NATURE (continued) — **Ordinary Resolution 8**

(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 this date 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 authorised 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."

7. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES — **Ordinary Resolution 9**

"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 authorised 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 RM20 million being the amount not exceeding the total Company's latest audited cash and bank balances of RM59,587,739 as at 31 December 2013 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."

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

BY ORDER OF THE BOARD

TRINA TAN YANG LI (0666-KT032)
Company Secretary
Kuching Sarawak

Dated this 21 May 2014

NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 ("the Act") shall not apply to the Company.
2. To be valid, this form fully completed must be deposited at the registered office of the Company at 8th Floor Wisma NAIM 2 1/2 Mile Rock Road 93200 Kuching Sarawak not less than 48 hours before the time set for holding the meeting or any adjournment thereof.
3. A member shall be entitled to appoint more than 1 proxy to attend at the same meeting provided that the provision of Section 149(1)(b) of the Act are complied with.
4. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.
6. Where a member of the Company is an exempt authorised nominee who holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
7. For the purpose of determining a member who shall be entitled to attend this 17th 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 6 June 2014. Only a depositor whose name appears on the Record of Depositors as at 6 June 2014 shall be eligible to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Ordinary Resolution 7 - Authority to Allot and Issue New Shares

   This proposed resolution, if passed, will empower the Directors of the Company to issue and allot Ordinary Shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the Issued Share Capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM. The general mandate will provide flexibility to the Company for any possible fund raising activities, including but limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions. As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 16th AGM held on 14 June 2013.

2. Ordinary Resolution 8 - Proposed Renewal of Shareholders Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature

   This ordinary resolution, if passed, will authorise the Company and its subsidiaries to transact with mandated related parties for the period from this AGM till the next AGM. Please refer to Part I of the Circular to Shareholders dated 21 May 2014 for further details.

3. Ordinary Resolution 9 - Proposed Renewal of Authority to Purchase Own Shares

   Please refer to Part II of the Circular to Shareholders dated 21 May 2014 for further details.

STATEMENT ACCOMPANYING NOTICE OF AGM:

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

CDS Account no. of Authorized Nominee:

FORM OF PROXY

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

I / We ....

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

of ....

being a member of SARAWAK PLANTATION BERHAD, hereby appoint ....

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

of ....

or failing which the Chairman of the Meeting as my / our proxy / proxies to vote for me on my / our behalf at the 17th Annual General Meeting of the Company to be held at Damai Beach Resort Teluk Bandung Santubong 93756 Kuching Sarawak on Friday, 13th June 2014 at 3.00pm 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 : Polit bin Hamzah		
Ordinary Resolution 4	Re-Election of Director : Umang Nangku Jabu		
Ordinary Resolution 5	Re-Election of Director : Azizi bin Morni		
Ordinary Resolution 6	Re-Appointment of Auditors		
Special Businesses:			
Ordinary Resolution 7	Authority to Allot and Issue Shares		
Ordinary Resolution 8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature		
Ordinary Resolution 9	Proposed Renewal of Authority to Purchase Own 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 2014

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

Number of Shares

Notes:

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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

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HINO 500

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Business Office
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