annual report

2011 Sustainability




SARAWAK OIL PALMS BERHAD (7949-M)

Contents
Kandungan

Group Highlights

5 Years Financial Record

	2007 RM '000	2008 RM '000	Group 2009 RM '000	2010 RM '000	2011 RM '000
RESULTS					
Turnover	439,482	683,520	533,304	728,158	1,166,949
Profit before taxation	151,370	208,560	134,659	222,135	361,984
Profit after taxation	117,172	153,886	106,537	164,282	266,202
Total Shareholders' Fund	455,029	736,121	828,777	974,156	1,217,615
Total assets	902,346	1,263,708	1,413,328	1,664,661	2,049,715
Total borrowing	215,089	235,822	275,659	305,447	418,783
Issued & paid -up capital	144,153	427,408	428,526	431,086	434,477
Dividend (Net of tax)	5,200	9,042	9,630	9,659	13,005

	2007	2008	2009	2010	2011
FINANCIAL STATISTICS					
Profit before taxation / turnover (%)	34.4	30.5	25.2	30.5	31.0
Gross Dividend (sen / share)	5.0	6.0	3.0	4.0	5.0
Net Earnings per share of RM 1 each (sen) – Basic	76.4	36.2	23.3	35.3	55.9
Net Earnings per share of RM 1 each (sen) – Diluted	67.9	35.9	22.9	34.6	54.7
Net tangible assets per share of RM 1 each (RM)	3.15	1.72	1.93	2.26	2.80

5 Years Crop Record

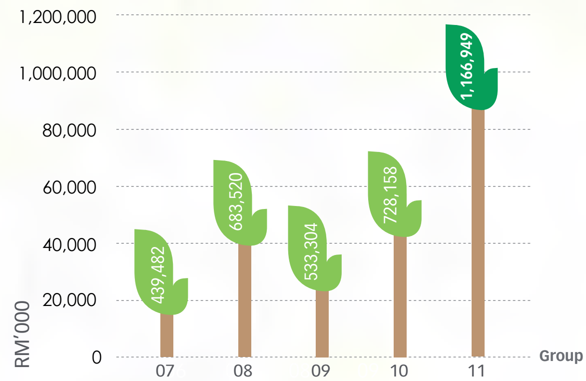
PLANTED HECTARAGE, PRODUCTION AND PRODUCE PRICES

	2007 Ha	2008 Ha	2009 Ha	2010 Ha	2011 Ha
OIL PALMS					
Mature	27,860	29,665	31,766	33,877	33.877
Immature	9,617	14,840	22,486	25,063	25,063
Total	37,477	44,505	54,252	58,940	58,940
Reserves, Unplanted, Building sites, etc	30,292	24,768	18,401	13,713	13,713
Total Area Under Lease	67,769	69,273	72,653	72,653	72,653
	Tonnes	**Tonnes**	**Tonnes**	**Tonnes**	**Tonnes**
FFB CROP					
Estate Crop	560,307	663,509	649,855	673,260	839,785
Outside Crop	197,668	421,771	395,963	462,949	665,514
	757,975	1,085,280	1,045,818	1,136,209	1,505,299
Crude Palm Oil (Produced)	161,991	226,919	225,056	238,204	310,760
Palm Kernels (Produced)	32,568	47,351	45,562	49,182	299,770
YIELD PER HECTARE					
Tonnes FFB / Mature palms	20.11	23.11	21.25	19.87	20.37
Crude Palm Oil / FFB	20.96%	20.91%	21.57%	21.23%	20.90%
Palm Kernels / FFB	4.21%	4.36%	4.37%	4.38%	4.29%
AVERAGE PRICES					
FOB Bintulu / Miri					
Crude Palm Oil	2,306	2,592	2,141	2,673	3,232
Palm Kernels	1,377	1,396	1,034	1,786	2,177

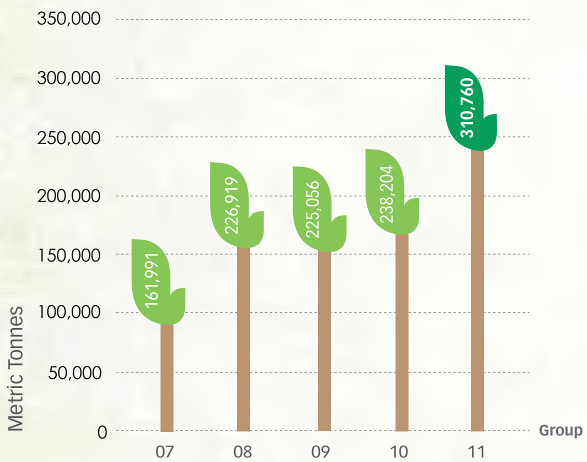
5 Years Statistical Highlights

AREA PLANTED

REVENUE



CRUDE PALM OIL PRODUCED INCLUDING OUTGROWERS



PROFIT BEFORE TAXATION

FRESH FRUIT BUNCHES HARVESTED

SHAREHOLDER FUND

Corporate Information

DIRECTORS

Tan Sri Datuk Ling Chiong Ho
(Group Executive Chairman)

Ling Chiong Sing

Ling Lu Kuang

Tang Tiong Ing

Hasbi Bin Suhaili

Gerald Rentap Jabu

Fong Tshu Kwong

Dr. Lai Yew Hock, Dominic

Wong Ngie Yong

Kamri Bin Ramlee

AUDIT/NOMINATION COMMITTEE

Fong Tshu Kwong
Chairman
Independent Non-Executive

Tang Tiong Ing
Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Wong Ngie Yong (appointed effective 25 February 2011)
Independent Non-Executive

REMUNERATION COMMITTEE

Fong Tshu Kwong
Chairman
Independent Non-Executive

Dr. Lai Yew Hock, Dominic
Independent Non-Executive

Hasbi Bin Suhaili
Non-Executive

GROUP CHIEF EXECUTIVE OFFICER

Wong Hee Kwong

COMPANY SECRETARY

Eric Kiu Kwong Seng

REGISTERED OFFICE

No. 124-126
Jalan Bendahara
98000 Miri, Sarawak
Malaysia
Tel : (6085) 436969
Fax : (6085) 432929

SHARE REGISTRARS

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor, Malaysia
Tel : (603) 7841 8000
Fax : (603) 7841 8181/52

AUDITORS

Ernst & Young
Room 300-3003, 3rd Floor
Wisma Bukit Mata Kuching
Jalan Tunku Abdul Rahman
93100 Kuching, Sarawak, Malaysia

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
AmBank (Malaysia) Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

The Main Board
Bursa Malaysia

STOCK NAME

SOP

STOCK CODE

5126

DOMICILE

Malaysia

Profile of Board of Directors

LING CHIONG SING

A Malaysian citizen, aged 56, was appointed as Director on 1 December 2006. He is a member of the Management Retirement Gratuity Fund Committee of the Board.

He graduated from Taiwan in Accounting and is currently the Chief Executive Director of a well-diversified Shin Yang Group of Companies in Sarawak. He has more than 27 years of managerial experience and is very hands on in the business of logging, plywood, shipping and shipbuilding, quarry operations, transportation, construction and project fields. He is the Group Managing Director of Shin Yang Shipping Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad.

He is the brother of Tan Sri Datuk Ling Chiong Ho who is the Group Executive Chairman of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

TAN SRI DATUK LING CHIONG HO

A Malaysian citizen, aged 60, was appointed as Director on 16 June 1995. In 1999, he was appointed as the Group Chairman and was subsequently redesignated as Group Executive Chairman in 2003. In addition to being the current Deputy Chairman of Sarawak Timber Association, he also serves as Chairman/Deputy Chairman of several school boards and charitable organizations in Sarawak. He is a member of the ESOS Option Committee and the Management Retirement Gratuity Fund Committee of the Board.

Tan Sri Datuk Ling is the founder and Chairman of the diversified Shin Yang Group of Companies involving in reforestation, downstream activities, wood-based related activities, domestic and international shipping, shipbuilding, property development, infrastructure projects, oil palm, public transports, hypermarket and hotel business. He is also the Non-Executive Chairman of Shin Yang Shipping Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad.

Tan Sri Datuk Ling is the brother of Ling Chiong Sing, a director of SOPB. Tan Sri Datuk Ling is deemed connected to Shin Yang Plantation Sdn Bhd, one of the substantial shareholders of Sarawak Oil Palms Berhad . He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorship and/or shareholdings in these companies.

LING LU KUANG

A Malaysian citizen, aged 35, was appointed as a Non-Executive Director on 27 June 2008. He graduated from the University of Auckland with Bachelor of Commerce degree double majoring in management and operation management. Currently he is the Executive Director of several companies of Shin Yang Group which has diversified interests including reforestation, downstream activities, wood-based related activities, domestic and international shipping, shipbuilding, property development, infrastructure projects, oil palm, public transports, hypermarket and hotel business.

He is the eldest son of Tan Sri Datuk Ling Chiong Ho who is the Group Executive Chairman of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

Profile of Board of Directors (Cont'd)

TANG TIONG ING

A Malaysian citizen, aged 54, has been a Non-Executive Director since 16 June 1995. Presently, he serves as a member of the Audit, Nomination and Risk Management Committees. He graduated from University of Malaya with Bachelor in Accounting with Honours. He is a Chartered Accountant (Malaysia) and is a member of several professional bodies including the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and Fellow Certified Practising Accountants of Australia.

His career started from Lau Hoi Chew & Co., a Certified Public Accounting firm in 1984 and was promoted to head the Miri Branch in 1985 till 1990. In 1991, he joined Shin Yang Group as a Group Accountant to oversee all the financial and accounting functions, corporate taxation, treasury, corporate planning and company secretarial function of the group. He is an appointed representative of Shin Yang Plantation Sdn. Bhd. (SYPSB), a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

GERALD RENTAP JABU

A Malaysian citizen, aged 42, was appointed as a Non-Executive Director on 24 May 2000. He graduated from the La Trobe University, Melbourne, Australia in 1993 with a Bachelor of Economics degree. He was a Licensed Dealer's Representative (Corporate Investment) in Sarawak Securities Sdn. Bhd. from 1993 to 1995 and was a Project Manager and Consultant for Sarawak Capital Sdn. Bhd. in 1995 to 1996. He is currently the Executive Director of Utahol Management Sdn. Bhd. He is an appointed representative of PHSB, a substantial shareholder of SOPB and does not have and conflict of interest with SOPB.

HASBI BIN SUHAILI

A Malaysian citizen, aged 49, was appointed as a Non-Executive Director on 26 August 2005. He holds a Bachelor of Accountancy and also an Executive Master in Business Administration from MARA University of Technology, Malaysia. He is also a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Accountants. He is currently the Deputy Chief Executive Officer of Pelita Holdings Sdn. Bhd. (PHSB). Prior to this, he has worked as a Manager (Finance/Human Resource) in a transportation company and as an executive in financial institution for the past 20 years. He is an appointed representative of Pelita Holdings Sdn. Bhd. (PHSB), a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

DR. LAI YEW HOCK, DOMINIC

A Malaysian citizen, aged 53, was appointed as an Independent and Non-Executive Director on 24 February 2000. Presently, he serves as a member of the Audit, Nomination, Remuneration and Risk Management Committees. He graduated from the University of Otago, Dunedin, New Zealand with a Bachelor of Laws degree in 1985. He was variously admitted as a Barrister and Solicitor of the High Court of New Zealand in October 1985, as an Advocate of the High Court in Sabah and Sarawak in February 1986, and as an Advocate and Solicitor of the High Court of Malaya in October 1986. He graduated from the University of South Australia, Adelaide, Australia with the degree of Doctor of Business Administration in December 2006. His doctorial thesis is on Corporate Governance. He is also a Commissioner for Oaths, a Notary Public and an Accredited Mediator. He started his own legal firm in Miri, Sarawak in May 1992. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

Profile of Board of Directors (Cont'd)

FONG TSHU KWONG @ FONG TSHUN KWONG

A Malaysian citizen, aged 54, was appointed as an Independent and Non-Executive Director on 22 March 1996. Presently, he serves as a member of the Audit, Nomination, Remuneration and Risk Management Committees. He is a Chartered Accountant (Malaysia) and is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Corporate Governance. He started his career in the international professional service firm of Ernst & Young and has over 18 years of professional experience in accounting, secretarial, assurance and advisory business services, taxation, management consultancy & corporate advisory services in London and Malaysia offices. From April 1996 to June 2009, he was the Managing Director of OMG Electronic Chemicals (M) Sdn. Bhd., a wholly owned subsidiary of OM Group, Inc., USA, a NYSE listed company. He is also a Non-Executive Independent Director in Kim Hin Industry Berhad. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

WONG NGIE YONG

A Malaysian citizen, aged 61, was appointed as an Independent and Non-Executive Director on 15 June 2001. Presently, he serves as a member of the Audit and Risk Management Committees. He holds a diploma in Mechanical Engineering from Technical College, Kuala Lumpur in 1972 and is a member of the Institute of Motor Industry, UK. He has over 31 years of experience in palm oil industry and engineering field, holding various positions as Mill Manager, Engineering Controller, Chief Engineer and Project Manager. He is currently a free-lance Consultant and Director of Utama Parts Trading (Sarawak) Sdn. Bhd. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

KAMRI BIN RAMLEE

A Malaysia citizen, aged 52, was appointed as a Non-Executive Director on 1 April 2011. He holds a degree in LLB (Hons) from University Malaya in 1984 and also a Master of Business Administration from University Kebangsaan Malaysia in 2010. He joined the Land Custody and Development Authority (LCDA) since 1989. He is currently the Senior Manager from Legal & Secretarial Division of Pelita Holdings Sdn Bhd (PHSB), a subsidiary of LCDA, since 2007. Prior to this, he worked as a legal officer with a government agency and a credit officer with Oriental Bank Berhad in Kuala Lumpur. He is an appointed representative of of PHSB, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

Profile of Group Chief Executive Officer

WONG HEE KWONG

A Malaysian citizen, aged 50, was appointed as the Chief Executive Officer of Sarawak Oil Palms Berhad Group in 1998 and was subsequently redesignated as Group Chief Executive Officer in 2010. He is a Chartered Accountant (Malaysia) and is a member of the Malaysian Institute of Accountants and Fellow member of Chartered Association of Certified Accountants (FCCA). He worked in KPMG, EON Finance Berhad and a Government linked company before joining SOPB Group as the Group Finance Manager and Company Secretary in April 1996. His professional experience covers accounting, secretarial, management consultancy, taxation and banking and finance. He is not related to any director or substantial shareholder of Sarawak Oil Palms Berhad ("SOPB") and does not have any conflict of interest with SOPB. His interests in the shares and options under the Employee Share Option Scheme ("ESOS") of SOPB at year end are 100,800 shares and 1,763,800 options respectively. He did not exercise any option during the year.

GROUP PHOTO WITH BOARD OF DIRECTORS DURING ANNUAL DINNER 2011/2012

Business Review

Chairman's Statement

"On behalf of the Board of Directors, it is my pleasure once again to present the Annual Report of Sarawak Oil Palms Berhad Group ("the Group") for the Financial Year ended 31 December 2011."

REVIEW OF RESULTS

Just as the world economy is showing sign of recovery in 2011, certain European Union nations are now faced with sovereign debt crises with debts at dangerously high levels in relation to GDP. There is a real danger that it may cause some damage to the economics and commodities worldwide.

Fortunately, commodity prices for palm are still reasonably buoyant in 2011, thus providing a strong support for the outstanding financial results for the Group.

For the financial year 2011, the Group registered a net profit of RM266.20 million, which was 62.04% higher than last year. The strong performance was due primarily to strong palm prices and higher FFB production throughout the Group in 2011. These results were, however, within market expectations given the strong palm prices. The average price achieved for crude palm oil was RM3,232/mt and RM2,177/mt for palm kernel.

Earnings per share of the Group improved from 35.30 sen to 55.90 sen in 2011.

DIVIDEND

Despite a much stronger financial performance in 2011, the Group will continue its present dividend practice by retaining substantial portion of the fund to meet the capital expenditure in order to ensure the growth. The group is always on the look up for opportunities to expand its business to sustain the continued growth over the longer term.

The Board proposes a first and final dividend of 5% less tax at 25% per ordinary share amounting to RM16,292,871 for the Financial Year ended 31 December 2011.

Chairman's Statement (Cont'd)

REVIEW OF OPERATIONS

The Group's fresh fruit bunches ("FFB") production continued to increase from 673,260 mt in 2010 to 839,785 mt, a growth of 24.70%. This increase was mainly due to the increase of mature areas coupled with more young palms coming into prime production age. FFB yield per hectare increased marginally by 2.52% to 20.37 mt as a result of dilution effect from the newly mature area.

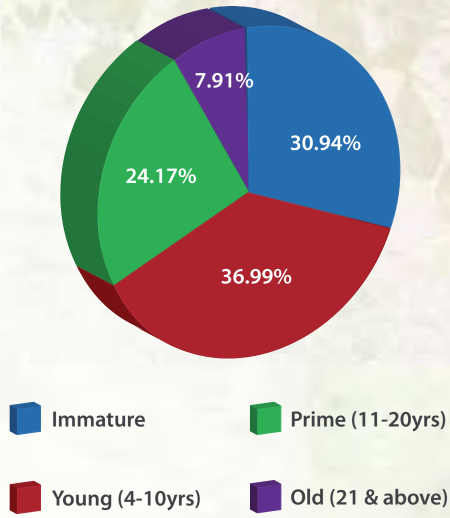
The oil extraction rate ("OER") decreased marginally from 21.23% to 20.90%, and this is the area which the management will continue to strive to improve in 2012. The Group reported oil per hectare of 4.26 mt.

In 2011, the Group planted additional 3,919 hectares of oil palms, thIs further increased the total area planted to 62,755 hectares out of a total land bank of 72,653 hectares. The oil palms age profile of the Group is as follows;

Oil palms age profile as at December 2011

Palms Age (Yrs)	Area (Ha)	Percentage
Immature	19,416	30.94%
Young (4-10 yrs)	23,212	36.99%
Prime (11-20 yrs)	15,165	24.17%
Old (21 & above)	4,962	7.91%
Total	62,755	100.00%

AGE PROFILE FOR OIL PALM AS AT 31 DECEMBER 2011



With 30.94% of the planted area remains immature, the FFB production of the Group is expected to increase over the next few years upon maturity of new planting areas as well as more palms coming to its prime production age.

The Group's fifth Palm Oil Mill with 60 mt/hour capacity at Kemena, Bintulu, Sarawak is expected to be commissioned and operational by July 2012. In addition, the sixth Palm Oil Mill of 90 mt/hour at Baram, Miri, Sarawak is expected to be operational by second half of 2013.

EXCELLENCE EDUCATION AWARD

Chairman's Statement (Cont'd)

HUMAN RESOURCES

To ensure continuous improvement in efficiency and productivity, the Group has put in place a well-established internal training program to build up its management team under SOPB Academy. The training is tailored to fulfill the present and future needs of the employees, and the manpower requirement of the Group. Key management personnel are also selected to attend external training courses.

The Group has started upgrading its housing and amenities to further improve the facilities at the estates and mills. This is part of the Group's effort in providing a better working and living environment in order to build a more stable work force across the Group.

PROSPECT

Going forward, like many other plantation companies, the Group will be facing with substantial increase in operating cost particularly on the increase in salary and wages and general increase in cost of operations. The challenge for the Group is to further improve its efficiency and productivity in order to maintain the profit margin. The Group will continue to work on achieving and realizing the full potential of its present resources.

The Group palm oil refinery and fractionation plants and kernel crushing plant are expected to be commissioned and operational by June 2012. The present high export duty in Indonesia has caused heavy discounts on the prices of Malaysian refined palm products and thus squeezes on refining margin.

Barring any unforeseen circumstances, assuming the palm prices was to maintain at current level, the Group is expected to achieve a reasonable profit in line with other plantation companies.

APPRECIATION

It is my pleasant duty once again, on behalf of the Board, to extend our sincere gratitude and appreciation to our employees, customers, business associates and shareholders for their continued support and confidence in the Group.

Tan Sri Datuk Ling Chiong Ho
Group Executive Chairman

Pernyataan Pengerusi

"Bagi pihak Lembaga Pengarah, dengan sukacitanya saya membentangkan Laporan Tahunan Kumpulan Sarawak Oil Palms Berhad ("Kumpulan") bagi tahun kewangan berakhir 31 Disember 2011."

ULASAN KEPUTUSAN

Ekonomi dunia menunjukkan tanda pemulihan pada tahun 2011, namun beberapa negara Kesatuan Eropah (EU) kini berhadapan dengan krisis hutang pada tahap yang kritikal berdasarkan paras KDNK yang tinggi. Ini memberi kesan kepada ekonomi dan pasaran komoditi di seluruh dunia.

Namun dengan harga komoditi sawit di tahap yang memberangsangkan pada tahun 2011, ia telah memberikan sokongan yang kukuh kepada keputusan positif dan memberangsangkan dalam kewangan Kumpulan.

Kumpulan telah mencatatkan keuntungan bersih sebanyak RM266.20 juta pada tahun kewangan 2011, iaitu 62.04% lebih tinggi berbanding tahun sebelum ini. Ini dipengaruhi oleh faktor harga sawit yang kukuh dan peningkatan pengeluaran buah tandan segar (BTS) pada tahun 2011. Peningkatan ini adalah sejajar dengan jangkaan pasaran memandangkan harga kelapa sawit yang memberangsangkan. Harga purata bagi minyak sawit mentah adalah RM3,232/mt dan RM 2,177/mt bagi isirong sawit.

Perolehan bagi setiap saham meningkat dari 35.30sen sesaham kepada 55.90sen sesaham pada tahun 2011.

DIVIDEN

Sungguh pun pencapaian prestasi kewangan yang kukuh pada tahun kewangan 2011, Kumpulan akan meneruskan amalan dividen yang sedia ada dengan mengekalkan sebahagian besar dana untuk memenuhi keperluan perbelanjaan modal bagi memastikan kesinambungan pertumbuhan dan perkembangan perniagaan Kumpulan. Kumpulan juga sentiasa meneliti peluang sedia ada bagi mengembangkan perniagaan dan mengekalkan kesinambungan pertumbuhan bagi tempoh jangkamasa panjang.

Lembaga Pengarah mencadangkan dividen pertama dan terakhir sebanyak 5% ditolak cukai pada 25% bagi setiap saham biasa berjumlah RM16,292,871 bagi tahun kewangan berakhir 31 Disember 2011.

ULASAN OPERASI

Pengeluaran buah tandan segar ("BTS") telah terus meningkat sebanyak 24.70% pada tahun 2011 iaitu daripada 673,260 mt pada tahun 2010 kepada 839,785 mt pada tahun 2011. Peningkatan pengeluaran ini disebabkan oleh pengeluaran hasil dari kawasan baru yang telah matang yang mempunyai lebih banyak kelapa sawit muda yang telah mencapai usia pengeluaran utama. Hasil BTS sehektar meningkat sebanyak 2.52% kepada 20.37mt akibat kesan kecairan dari kawasan yang baru matang.

Kadar perahan minyak ("OER") menurun sebanyak 21.23% kepada 20.90% pada tahun 2011. Sehubungan dengan itu, pihak pengurusan akan menumpukan perhatian dan usaha

Pernyataan Pengerusi (Sambungan)

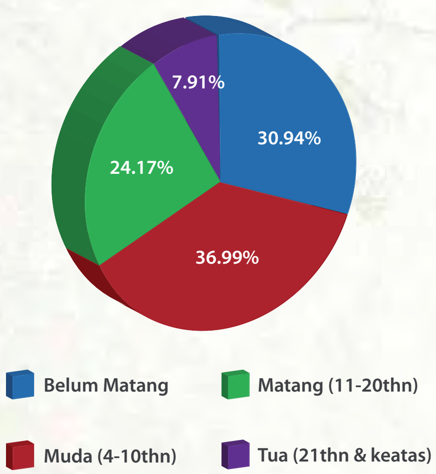
untuk meningkatkan kadar perahan minyak pada tahun 2012. Pengeluaran minyak sehektar ("Oil Per Hectare") Kumpulan adalah 4.26mt.

Pada tahun 2011, Kumpulan telah menambah kawasan penanaman kelapa sawit sebanyak 3,919 hektar dan ini terus meningkatkan jumlah kawasan penanaman kelapa sawit kepada 62,755 hektar daripada 72,653 hektar jumlah kawasan yang sedia ada. Profil usia pokok kelapa sawit Kumpulan adalah seperti berikut :

Profil usia kelapa sawit Kumpulan sehingga Disember 2011

Usia Sawit (Thn)	Kawasan (Ha)	Peratus
Belum Matang	19,416	30.94%
Muda (4-10thn)	23,212	36.99%
Matang (11-20thn)	15,165	24.17%
Tua (21thn ke atas)	4,962	7.91%
Jumlah	62,755	100.00%

PROFIL USIA KELAPA KUMPULAN SEHINGGA DISEMBER 2011



Sungguh pun 30.94% daripada kawasan yang ditanam masih belum matang, pengeluaran FFB dijangka meningkat dalam tempoh beberapa tahun akan datang apabila kematangan kawasan penanaman baru tercapai serta lebih banyak kelapa sawit mencapai usia pengeluaran yang matang.

Kilang minyak kelapa Sawit yang kelima di Kemena, Bintulu Sarawak dengan kapasiti 60mt/jam dijangka akan mula beroperasi pada Julai 2012. Disamping itu kilang minyak kelapa sawit keenam dengan kapasiti 90mt/jam di Baram, Miri, Sarawak pula dijangka akan beroperasi pada separuh tahun kedua 2013.

SUMBER MANUSIA

Kumpulan telah menyediakan satu program latihan dalaman yang mantap untuk membina pasukan pengurusan di bawah Akademi SOPB bagi memastikan kecekapan dan produktiviti berterusan dan meningkat. Latihan ini adalah untuk memenuhi keperluan semasa dan masa hadapan pekerja serta tenaga kerja yang diperlukan oleh Kumpulan. Kakitangan bahagian pengurusan kanan juga dipilih untuk menghadiri kursus latihan luaran.

Sebagai salah satu usaha Kumpulan untuk mewujudkan persekitaran kehidupan dan kerja yang lebih selesa dan baik kepada para pekerja, kemudahan perumahan pekerja dan kemudahan asas di ladang dan kilang telah dipertingkatkan dan dinaiktarafkan. Usaha ini diharap dapat mengekalkan kestabilan sumber manusia yang sedia ada di dalam Kumpulan.

PROSPEK

Kumpulan akan menghadapi peningkatan kos seperti syarikat-syarikat perladangan yang lain pada masa hadapan disebabkan kenaikan gaji dan upah pekerja selain dari kenaikan kos operasi secara umum. Ia menjadi satu cabaran kepada Kumpulan untuk terus berkembang dan meningkatkan produktiviti serta kecekapan bagi mengekalkan margin keuntungan. Kumpulan akan terus berusaha untuk mencapai dan merealisasikan sepenuhnya potensi sumber sedia ada bagi menghadapi cabaran masa hadapan.

Menjelang Jun 2012, loji-loji penapisan dan pemeringkatan serta pemecahan isirong sawit dijangka mula beroperasi. Duti eksport yang tinggi di Indonesia telah menyebabkan diskaun yang tinggi pada harga produk penapisan sawit di Malaysia dan ini memampatkan margin penapisan.

Tanpa mengambil kira faktor-faktor luar jangka dan andaian harga kelapa sawit yang akan kekal pada harga semasa, Kumpulan dijangka akan mencapai keuntungan yang lebih positif pada masa hadapan seperti syarikat-syarikat perladangan yang lain.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, adalah menjadi kewajiban saya untuk mengucapkan terima kasih dan penghargaan kepada semua pekerja, pelanggan, rakan perniagaan dan pemegang saham di atas segala sokongan yang berterusan dan keyakinan kepada Kumpulan.

Tan Sri Datuk Ling Chiong Ho
Pengerusi Eksekutif Kumpulan

Staff Activities

PRESENTATION OF SOUVENIR TO OUR RETIRED STAFF

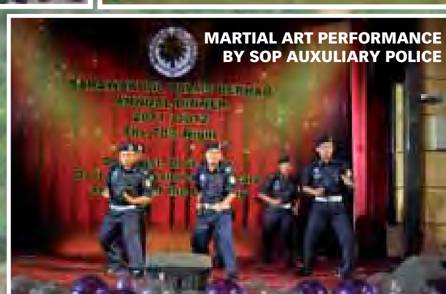
OSHA TRAINING AT BATU LINTANG ESTATE

STAFF GAWAI FESTIVAL

INHOUSE TRAINING GRADUATION AT SOP ACADEMY

SOP CLUB 2011 FOOTBALL TOURNAMENT

STAFF BADMINTON COMPETITION



MARTIAL ART PERFORMANCE BY SOP AUXULIARY POLICE

ANNUAL DINNER 2011/2012 ORGANISING COMMITTEE

CHINESE NEW YEAR OPEN HOUSE

Corporate Social Responsibility

YOUNG ACHIEVERS AWARD ("YAA") AND STUDENTS ADOPTION PROGRAM ("SAP") IN BATU NIAH

The Group has always been mindful of its Corporate Social Responsibility ("CR") toward the community, environment, its shareholders, and employees. The Group community projects are focused mainly on promoting education amongst the young generation and allevating the living standard of the local communities.

Towards this end, SOPB has undertaken several initiatives that will have long term impact on the local communities.

In promoting education, SOPB has launched two additional programmes, namely, the "Young Achievers Award" and the "Education Outreach Program", besides the existing "Students Adoption Program", and "Employees' Excellent Education Award Program."

Under the Young Achievers Award Program (YAA), cash incentives are granted to students of primary and secondary schools who hailed from rural schools nearby the vicinity of SOPB plantation estates, whom have achieved outstanding academic results in their public examinations.

The program aimed to take due recognisation of their early academic achievement and to motivate them and others peers to strive hard to realise their academic excellent. During the year, over 80 students were awarded with such cash incentives.

While, under the Group's Students Adoption Program (SAP) which was launched in the preceding year and this year, the program has received encouraging responds. During the year, over 80 students from rural schools who were from less privileged families background were awarded with financial and education aid.

Academic achievement by the children of the employees were too recognised. SOPB continues to grant Employees' Excellent Education Award to achievers of excellent academic results in primary and secondary schools public examinations as an incentive for them to excel further.

YAA AND SAP IN MARUDI

Corporate Social Responsibility (Cont'd)

The remoteness of some local communities hinders them from gaining ready access to educational materials.

SOPB has launched the "Education Outreach Program" and provided more than 2,000 sets of educational teaching materials to an indigenous local community situated in a remote region by a group of volunteers from non-governmental organisations to educate the young children of the community.

SOPB continues to provide service to the smallholders in the vicinity of the SOPB's Palm Oil Mills in the context of MOU be penned down in 2004 with the Malaysian Palm Oil Board (MPOB) and Pertubuhan Peladang Kawasan Subis (PPK Subis).

Besides, SOPB also works hand-in-hand with MPOB, PPK Subis and financial institution, AgroBank, to establish a one stop centre to better serve the smallholders in the areas of improving production yields and quality through effective application of fertilisers, proper agronomic practices and to provide financial assistance when is necessary. SOPB too continues to support "Kelompok Baja Terkumpul" concept promoted by MPOB.


HANDOVER OF WATER TANKS TO LOCAL COMMUNITY


YAA AND SAP IN MUKAH

The Group, together with the participation of native customary rights (NCR) landowners, has embarked on NCR lands development into oil palm plantation that will elevate the living standard of NCR landowners.

Included also in the Corporate Social Responsibility program of the Group is the establishment of a Disaster Unit which rushes relief aids to local communities nearby the Group's plantation estates which had suffered losses occasioningly by nature disasters such as flood and fire.

The Group is fully committed to sustainable oil palm cultivation through the implementation of Group Agriculture Policy (GAP) which focuses on good agricultural practises, environment protection, proper handling of wastes, products utilisation; and the prevention of degradation of soils, air and water.


YAA AND SAP IN SEBAUH


ELEVATED THE LIVING STANDARD OF NCR LANDOWNERS IN SG. ARANG, BAKONG, MIRI


EDUCATION OUTREACH PROGRAM IN ULU BELAGA

Statement on Corporate Governance

STATEMENT ON CORPORATE GOVERNANCE

The Board is pleased to present the following report on the measures implemented by the Company and the Group, as set out in the Malaysian Code on Corporate Governance ("the Code"), to apply the principles and best practices laid out in the Code. Save as specifically identified, the Company has substantially complied with the best practices in Corporate Governance as recommended in the Code.

BOARD OF DIRECTORS

The Group is led by an effective Board which sets the policies to enable them to lead and guide the Group to achieve its goals. The Board currently has ten members comprising one Executive Director and nine Non-Executive Directors, three of them are independent. This has met the Bursa Malaysia Securities Berhad Main Market Listing Requirements which requires nearest of one third of the Board to be Independent Directors.

Together, the Directors bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, law, business acumen, management and operations.

For the financial year ended 31 December 2011, the Board held five (5) meetings. Directors' profiles and attendance to these meetings can be found in the profiles of Directors on page 8 to 10.

At Board Meetings, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group operations, the role played by the independent Non-Executive Directors is vital to ensure that strategies formulated or transactions proposed by management are amply discussed in unbiased and independent manner, taking into account the interests not only of the Group but also the shareholders, employees, customers, suppliers, environment and community at large.

BOARD COMMITTEE

Group Audit Committee (SC) (Established in 1992)

The composition and terms of reference of this Committee together with its report are presented on page 27 to 29 of the Annual Report.

Nomination Committee (SC) (Established in 2001)

The Committee, among others, is responsible for recommending the right candidate with the necessary skills, knowledge, expertise and experience including his/her professionalism and integrity to fill in the Board. The Committee is also responsible to assess the effectiveness of the Board, its Committees and the performance of each individual Director annually. The members of the Nomination Committee are as follows:

Fong Tshu Kwong @ Fong Tshun Kwong	-	Chairman, Independent Non-Executive Director
Dr. Lai Yew Hock	-	Independent Non-Executive Director
Tang Tiong Ing	-	Non-Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2011, the Committee held one (1) meeting.

Statement on Corporate Governance (Cont'd)

Remuneration Committee (SC) (Established in 2003)

The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration package of Executive Director to the Board for approval. The members of the Remuneration Committee are as follows:

Fong Tshu Kwong @ Fong Tshun Kwong	-	Chairman, Independent Non-Executive Director
Dr. Lai Yew Hock	-	Independent Non-Executive Director
Hasbi Bin Suhaili	-	Non-Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2011, the Committee held one (1) meetings.

DIRECTORS' REMUNERATION

The Group pays its Non-Executive Directors annual fees, which are approved annually by the shareholders. In addition, its Directors and members to the Board Committee are paid a meeting allowance for each meeting they attended. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Group.

The policy practiced by the Group is to provide remuneration package necessary to attract, retain and motivate Directors. The structure of remuneration package of Executive Director is also linked to corporate and individual performance. Where applicable, the Board also takes into consideration information provided by independent consultants or survey data on comparable companies in determining the remuneration package.

The aggregate and range of the Directors' remuneration for the Company for the financial year ended 31 December 2011 are as follows: -

	Directors	
Aggregate of remuneration	**Executive**	**Non-Executive**
	RM000	**RM000**
Fees	40	353
Salaries	1,080	
Bonus	360	
EPF	158	
Total	1,638	353

Number Of Directors		
Range of remuneration	**Executive**	**Non- Executive**
0 to RM50,000		9
RM1,150,000 to RM1,200,000	1	

There are no contracts of service between any Directors and the Company other than the Group Executive Chairman, Tan Sri Datuk Ling Chiong Ho, whose term is concurrent with the tenure of his directorship.

TERM OF APPOINTMENT

The Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. These provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965.

Statement on Corporate Governance (Cont'd)

SUPPLY OF INFORMATION TO BOARD MEMBERS

Board Meetings are structured with a pre-set agenda. Board papers for the Agenda are circulated to Directors well before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. Quarterly reports on the financial performance of the Group are also circulated to the Directors for their views and comments. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting.

At other times, Directors have direct access to the Senior Management and the service of the Company Secretary. Directors especially newly appointed ones are encouraged to visit the Group's operating centers to familiarize themselves with the various operations of the Group.

All the Directors have attended and completed the Mandatory Accreditation Programme (MAP) prescribed by the Bursa Malaysia Training Sdn Bhd. The directors are also attending the Continuing Education Programme ("CEP") organized by accredited organizations as and when necessary to keep abreast with the latest development that are relevant to the Group.

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Group recognizes the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting (AGM) and analyst meetings. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete a picture of the Group's performance and position as possible. The primary contact with major shareholders is through the Group Chief Executive Officer and Group Financial Controller, who have regular dialogue with institutional investors and deliver presentation to analyst periodically.

The key elements of the Group's dialogue with its shareholders is the opportunity to gather view of and answer questions from both private and institutional shareholders on all issues relevant to the Group at the AGM. It has also been the Group's practice to send the Notice of the Annual General Meeting and related papers to shareholders at least fourteen (14) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for the subsequent financial year.

The Group's website, www.sop.com.my is also used as a form to communicate with the shareholders and investors and to provide information on the Group's business activities.

The Group has appointed Mr. Fong Tshu Kwong @ Fong Tshun Kwong as the Independent Non-Executive Director to whom where investors and shareholders may refer to express their concerns.

At all times, investors and shareholders may contact the Company Secretary for information on the Group.

FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

INTERNAL CONTROLS

The Statement on Internal Control is set out on page 25 to 26 of the Annual Report

RELATIONSHIP WITH THE AUDITORS

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's term of reference as detailed on page 27 to 29 of the Annual Report.

Statement on Internal Control

The Board is pleased to provide Statement on Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.

The External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Internal Control intended to be included in this Annual Report is inconsistent with their understanding of the process the Board of Directors has adopted in the review of the adequacy and integrity of internal control of the Group.

BOARD RESPONSIBILITY

The Board affirms its responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control consists of financial controls, operational and compliance controls and risk management to safeguard shareholders' investments and the Group's assets.

In view of the limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failure, fraud and loss.

KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Risk Management Framework

A formal and on–going process of identifying, evaluating, managing and monitoring principal risks that affect the achievement of the Group's business objectives in a structured manner since 2002. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted on quarterly basis with additional reviews to be carried out as and when required.

The Group Audit Committee has been delegated to oversee the risk management activities and approve appropriate risk management procedures and measurement methodologies across the Group.

The on-going process is monitored by the Group Risk Management Committee, which consists of Group Chief Executive Officer ("GCEO") and Heads of Department within the Group and report quarterly to the Group Audit Committee.

OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The other key components of the Group's internal control system are described below:

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Group Executive Chairman together with GCEO leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

Organizational Structure With Formally Defined Responsibility Lines And Delegation Of Authority

There is in place an organizational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operation performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subjected to appropriate approval processes.

Statement on Internal Control (Cont'd)

Performance Management Framework

Comprehensive management reports are generated on a regular and consistent basis to facilitate the Board to review the Group's financial and operating performance. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group has in place a detailed and well-controlled budgeting process that provides a responsibility accounting framework.

Operational Policies And Procedures

The documented policies and procedures form an integral control system to safeguard the Group assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.

Group Internal Control

The Internal Audit "IA", which reports quarterly to Group Audit Committee, handouts regular reviews on the internal control system and the effectiveness of risk management system of the Group.

STRENGTH IN INTERNAL CONTROL

Continuous management efforts are in place to improve the internal control systems. No material losses were incurred during the year due to the weaknesses in the internal control system.

Audit Committee Report

MEMBERS REPORT

Fong Tshu Kwong @ Fong Tshun Kwong CA(M) – Chairman
Independent Non-Executive Director

Dr Lai Yew Hock
Independent Non-Executive Director

Tang Tiong Ing CA(M)
Non-Executive Director

Wong Ngie Yong
Independent Non- Executive Director

TERMS OF REFERENCE

The Group Audit Committee ("Committee") was established in 1992 to serve as a Committee of the Board of Directors, with the terms of reference as set out below:

COMPOSITION OF THE COMMITTEE

- The Committee shall comprise not less than three members;
- All members of the Committee must be non-executive directors, with a majority of them being independent directors;
- All members of the Committee should be financially literate and at least one member of the Committee must be a member of Malaysian Institute of Accountants ("MIA");
- No alternate director shall be appointed as a member of the Committee;
- The Chairman who shall be elected by the members of the Committee must be an independent non-executive director.

DUTIES AND RESPONSIBILITIES

The Committee shall:

- Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices for the Company and Group.
- Maintain a direct line of communication between the Board and the external and internal auditors.
- Act upon the Board's request to direct and where appropriate supervise any special projects or investigation considered necessary and review investigation reports on any major issues or concerns with regard to the management of the Group.
- Review and monitor to ensure that an adequate system of risk management for the management to safeguard the Group's assets and operations.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarizing the work performed in fulfilling the Committee's primary responsibilities.
- Any other activities, as authorized by the Board.
- Report promptly to Bursa Malaysia on any matter reported to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirement.

AUTHORITY

- The Committee is authorized to seek any information it requires from employees, who are required to co-operate with any request made by Committee.
- The Committee shall have full and unlimited access to any information pertaining to the Group as well as direct communication to the internal and external auditors and with senior management of the Group.
- The committee shall have the resources that are required to perform its duties. The committee can obtain at the expense of the Group, outside legal or other independent professional advice it considers necessary.

FINANCIAL PROCEDURES AND FINANCIAL REPORTING

Review the quarterly results and the year end financial statements, prior to the approval by the Board, ensure compliance with appropriate accounting policies, accounting standards and disclosure requirements.

Audit Committee Report (Cont'd)

RELATED PARTY TRANSACTION

Monitor any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

EXTERNAL AUDIT

- Review with the external auditors, the audit scope and plan.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review the external audit reports and to evaluate their findings and recommendations for actions to be taken.
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendation to the Board.

INTERNAL AUDIT

- Review and approve the yearly internal audit plan.
- Review the adequacy of the internal audit scope, functions and resources of the internal audit and that it has the necessary authority to carry out its work.
- Review the results of the internal audit and ensure that appropriate action is taken by the management on the recommendations of the internal audits.
- Review the performance of the internal audit to ensure that they are able to exercise independence in discharging their duties.
- Approve any appointment or termination of the senior staff members of the internal audit function.
- Review movement of the internal audit staff members and provide opportunity for resigning staff member to submit reasons for resigning.

MEETINGS

During the financial year ended 31 December 2011, four (4) Committee meetings were held. A record of the attendance to these meetings is as follows:

	No. of Meetings Attended
Fong Tshu Kwong @ Fong Tshun Kwong, CA(M)	4/4
Dr Lai Yew Hock	3/4
Tang Tiong Ing, CA(M)	4/4
Wong Ngie Yong	4/4

The Committee also met with the external auditors once in the financial year without the presence of the Management.

INTERNAL AUDIT FUNCTION ACTIVITIES

The Group has Internal Audit ("IA") function to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IA reports directly to the Committee with independent and objective reports on the state of internal control of the various operating units within the Group. In addition, the IA also conducts investigations and special reviews at the request of management.

The IA attends the Committee meeting quarterly to present the internal audit findings and makes appropriate recommendations on areas of concern for the Committee's deliberation.

During the year, the IA carried out a total of eleven (11) audits and reviews covering the Group's operations.

Audit Committee Report (Cont'd)

ACTIVITIES

The Committee carried out its duties in accordance with its terms of reference during the year.

The summary of activities of the Committee during the year under review were as follows:

- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval, focusing particularly on;
  - the changes in or implementation of major accounting policy;
  - the significant or unusual events;
  - compliance with accounting standards;
  - disclosure and other legal requirements.
- Reviewed the related party transactions entered into by the Group.
- Reviewed the external auditors' scope of work and audit plans for the year prior to commencement of audit.
- Reviewed the annual report and the audited financial statements of the Group with external auditors prior to submission to the Board for their consideration and approval, including issues and findings noted in the course of the audit of the Group's financial statement.
- Considered the appointment of external auditors and their request for increase in audit fees.
- Reviewed the IA programmes and plan for the financial year under review and the annual assessment of the internal auditors' performance.
- Reviewed the IA reports, which highlighted the audit issues, recommendations and management's response. Appraised the adequacy of actions and remedial measures taken by the management in resolving the audit issues reported and recommended further improvement measures.

GALASAH PALM OIL MILL

Laporan Jawatankuasa Audit

LAPORAN AHLI

Fong Tshu Kwong @ Fong Tshun Kwong CA(M) – Pengerusi
Pengarah Bebas Bukan-Eksekutif

Dr Lai Yew Hock
Pengarah Bebas Bukan-Eksekutif

Tang Tiong Ing CA(M)
Pengarah Bukan-Eksekutif

Wong Ngie Yong
Pengarah Bebas Bukan-Eksekutif

TERMA-TERMA RUJUKAN

Jawatankuasa Audit Kumpulan ("Jawatankuasa") telah ditubuhkan pada 1992 berfungsi sebagai Jawatankuasa untuk Lembaga Pengarah, dengan terma-terma rujukan seperti disebutkan di bawah:

KEANGGOTAAN JAWATANKUASA

- Jawatankuasa ini hendaklah dianggotai oleh tidak kurang daripada tiga orang ahli.
- Semua ahli Jawatankuasa hendaklah terdiri daripada Pengarah Bukan-Eksekutif, dengan majoriti daripada mereka adalah Pengarah Bebas.
- Semua ahli Jawatankuasa hendaklah berilmu pengetahuan dalam urusan kewangan dengan sekurang-kurangnya seorang daripada mereka merupakan ahli Institut Akauntan Malaysia ("MIA")
- Pengarah gantian tidak boleh dilantik sebagai ahli Jawatankuasa;
- Pengerusi yang akan dipilih oleh ahli-ahli Jawatankuasa hendaklah terdiri daripada Pengarah Bebas Bukan-Eksekutif.

TUGAS DAN TANGGUNGJAWAB

Jawatankuasa hendaklah:

- Memberi bantuan kepada Lembaga Pengarah dalam memenuhi tanggungjawab fidusiari berkaitan amalan-amalan perakaunan korporat dan penyediaan laporan untuk Syarikat dan Kumpulan.
- Mengekalkan hubungan langsung antara Lembaga dengan audit dalaman dan luaran.
- Bertindak mengikut arahan Lembaga untuk mengarah dan apabila perlu, menyelia mana-mana projek khas atau siasatan yang difikirkan perlu serta menyemak laporan siasatan berhubung sebarang isu atau perkara penting yang ada kaitan dengan pengurusan Kumpulan.
- Menyemak dan memantau kewujudan sistem pengurusan risiko yang menyeluruh agar pihak pengurusan dapat mengawasi aset dan operasi Kumpulan.
- Menyediakan laporan jika diperlukan, atau sekurang- kurangnya sekali (1) setahun, kepada Lembaga dengan merumuskan tugas-tugas yang dijalankan bagi memenuhi tanggungjawab utama Jawatankuasa.
- Sebarang aktiviti lain, seperti yang dibenarkan oleh Lembaga.
- Melapor segera kepada Bursa Malaysia berhubung sebarang perkara yang telah dilaporkan kepada Lembaga yang masih belum diselesaikan dengan sewajarnya yang boleh mengakibatkan pelanggaran Syarat Penyenaraian Pasaran Utama Bursa Malaysia.

BIDANG KUASA

- Jawatankuasa ini diberi kuasa dan hak untuk mendapatkan sebarang maklumat daripada pekerja yang dimestikan bekerjasama bagi memenuhi permintaan Jawatankuasa.
- Jawatankuasa harus mempunyai akses tanpa had dan sepenuhnya ke atas sebarang maklumat mengenai Kumpulan dan juga komunikasi langsung dengan juruaudit dalaman dan luaran serta pihak pengurusan kanan Kumpulan.

Laporan Jawatankuasa Audit (Sambungan)

- Jawatankuasa harus mempunyai sumber yang diperlukan untuk menjalankan tugas. Jawatankuasa juga boleh meminta nasihat perundangan atau lain-lain nasihat bebas daripada luar yang difikirkan perlu dengan tanggungan Kumpulan.

PROSEDUR KEWANGAN DAN LAPORAN KEWANGAN

Menyemak laporan suku tahunan dan penyata kewangan akhir tahun, sebelum diluluskan oleh Lembaga, bagi memastikan ia mematuhi polisi perakaunan, standard perakaunan serta syarat dan keperluan penutupan akaun.

TRANSAKSI PIHAK BERKENAAN

Memantau sebarang transaksi dengan pihak berkaitan serta situasi percanggahan kepentingan yang mungkin wujud di dalam Kumpulan, termasuk sebarang transaksi, prosedur atau akibat perlakuan yang boleh menimbulkan persoalan terhadap integriti pengurusan.

AUDIT LUAR

- Menilai semula bersama juruaudit luar, skop dan pelan audit.
- Menilai kebebasan dan objektif juruaudit luar serta khidmat yang diberi, termasuk khidmat bukan-audit dan yuran profesional, bagi memastikan wujud keseimbangan yang munasabah antara objektif dan nilai untuk wang.
- Menilai laporan audit luaran serta menafsir penemuan dan cadangan untuk tindakan yang perlu diambil.
- Menilai perlantikan dan mutu kerja juruaudit luar, yuran audit dan sebarang perkara barkaitan perletakan jawatan atau pemecatan sebelum membuat syor kepada Lembaga.

AUDIT DALAMAN

- Menilai semula dan meluluskan pelan tahunan audit dalaman.
- Menilai kecukupan skop audit dalaman, fungsi dan sumber-sumber audit dalaman supaya ia mempunyai kuasa yang diperlukan untuk melaksanakan tugas.
- Menilai semula keputusan-keputusan audit dalaman dan memastikan tindakan yang sesuai telah diambil oleh pihak pengurusan berkaitan cadangan-cadangan yang dibuat oleh audit dalaman.
- Menilai semula mutu kerja audit bagi memastikan mereka mempunyai kebebasan dalam melaksanakan tugas.
- Meluluskan sebarang perlantikan atau menamatkan fungsi mana-mana kakitangan kanan audit dalaman.
- Menilai semula pergerakan kakitangan audit dalaman dan memberi peluang kepada kakitangan audit dalaman yang akan berhenti untuk mengemukakan sebab – sebab perberhentian.

MESYUARAT

Bagi tahun kewangan berakhir pada 31 Disember 2011, empat (4) mesyuarat Jawatankuasa telah diadakan. Rekod kehadiran ahli pada mesyuarat tersebut adalah seperti berikut:

	Bilangan kehadiran
Fong Tshu Kwong @ Fong Tshun Kwong, CA(M)	4/4
Dr Lai Yew Hock	3/4
Tang Tiong Ing, CA(M)	4/4
Wong Ngie Yong	4/4

Jawatankuasa juga telah bertemu dengan juruaudit luar sekali sepanjang tahun kewangan tanpa kehadiran pihak Pengurusan.

FUNGSI AUDIT DALAMAN

Kumpulan mempunyai fungsi Audit Dalaman ("IA") untuk melakukan penilaian semula secara kerap dan sistematik terhadap sistem kawalan dalaman bagi memberi jaminan munasabah bahawa sistem seperti itu boleh terus beroperasi secara memuaskan dan efisien. IA akan membuat laporan terus kepada Jawatankuasa berdasarkan laporan yang bebas dan objektif tentang keadaan kawalan dalaman pelbagai unit operasi di dalam Kumpulan. Sebagai tambahan, IA juga menjalankan siasatan dan penilaian khas atas arahan pihak Pengurusan.

IA juga menghadiri mesyuarat suku tahunan Jawatankuasa bagi membentangkan penemuan-penemuan audit dan membuat cadangan yang bersesuaian berkaitan perkara-perkara untuk tindakan Jawatankuasa.

Sepanjang tempoh tahun kewangan, IA telah menjalankan sebelas (11) audit dan penilaian yang merangkumi semua kegiatan operasi Kumpulan.

AKTIVITI-AKTIVITI

Jawatankuasa telah menjalankan tugas sejajar dengan terma-terma rujukan bagi tahun semasa.

Rumusan aktiviti-aktiviti Jawatankuasa sepanjang tempoh kajian adalah seperti berikut:

- Menilai semula pengumuman keputusan suku tahunan kewangan belum diaudit sebelum membuat syor untuk kelulusan Lembaga, dengan fokus utama ke atas:
  - Perubahan pada atau pelaksanaan polisi utama perakaunan;
  - Kejadian penting atau di luar kebiasaan;
  - Mematuhi standard perakaunan;
  - Pemberitahuan dan lain-lain peraturan perundangan.
- Menilai semula transaksi pihak berkaitan yang terlibat dengan Kumpulan.
- Menilai semula skop kerja juruaudit luar dan rancangan audit tahun semasa sebelum kerja audit dimulakan.
- Menilai semula laporan tahunan dan penyata kewangan Kumpulan yang telah diaudit bersama juruaudit luar sebelum diserahkan kepada Lembaga untuk pertimbangan dan kelulusan, termasuk isu dan penemuan yang dinyatakan oleh juruaudit semasa menjalankan tugas menyiapkan penyataan kewangan Kumpulan.
- Mempertimbang perlantikan juruaudit luar dan permintaan mereka untuk semakan semula yuran audit.
- Menilai semula program dan pelan IA bagi tahun kewangan di bawah kajian dan penilaian tahunan mutu kerja audit dalaman.
- Menilai semula laporan IA, yang memberi penekanan tentang isu-isu audit, syor dan maklum balas pengurusan. Memberi penilaian kerja ke atas tindakan dan langkah-langkah penambahbaikan yang perlu diambil oleh pihak Pengurusan dalam menyelesaikan isu-isu audit yang dilapor dan disyorkan untuk tujuan penambahbaikan seterusnya.

BIN SYSTEM

Statement on Directors' Responsibility

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements and the results and cash flow for that year which give true and fair value of the state of affairs of the Company and the Group.

In preparing the financial statements for the year ended 31 December 2011 set out in pages 37 to 103 the Directors have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, followed the applicable approved accounting standards in Malaysia, the provision of the Companies Act 1965 and the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

REFINERY UNDER CONSTRUCTION

Additional Compliance Information

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the following information is provided:

1. NON-AUDIT FEES

The amount of non-audit fees paid in the financial year ended 31 December 2011 to the Group's external auditors is mainly for the tax advisory and accounting services. The breakdown of the fees is as follows:

Name of Auditor	Fees (RM)
Ernst & Young	50,150
KPMG	53,700
	103,850

2. MATERIAL CONTRACTS

There were no material contracts involving the interest of Directors and major shareholders pursuant to paragraph 21, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia entered into by the Group since the end of the previous financial year up to 31 December 2011 except for the followings:

3. Recurrent Related Party Transactions of a Revenue or Trading nature ("RRPT")

The RRPTs entered into by the Group during the financial year ended 31 December 2011 were as follows:

Name of Transacting Party	Nature of Transaction	Related Party #		Year 2011 Actual (RM '000)
1. The Group	Group Purchases of diesel and petrol to oil palm estates of SOPB Group from Shin Yang Services Sdn Bhd ("SY Services")	Tan Sri Datuk Ling Chiong Ho Ling Chiong Sing Ling Lu Kuang Tang Tiong Ing	(1) (2) (3) (4)	8,936
2. The Group	Purchase of lubricant, spare parts and tyres for the tractors and machinery from Shin Yang Trading Sdn Bhd ("SY Trading")	Tan Sri Datuk Ling Chiong Ho Ling Chiong Sing Ling Lu Kuang Tang Tiong Ing	(1) (2) (3) (4)	1,054
3. The Group	Purchase of gravel from Hollystone Quarry Sdn Bhd ("HQ")	Tan Sri Datuk Ling Chiong Ho Ling Chiong Sing Ling Lu Kuang Tang Tiong Ing	(1) (2) (3) (4)	6,447
4. The Group	Provision of maintenance services and supply of lubricants, spare parts and tyres for the tractors and machinery by Dai Leng Trading Sdn Bhd ("DLT")	Tan Sri Datuk Ling Chiong Ho Ling Chiong Sing Ling Lu Kuang Tang Tiong Ing	(1) (2) (3) (4)	893
5. The Group	Land Transportation Services from Melinau Transport Sdn Bhd ("MTSB")	Tan Sri Datuk Ling Chiong Ho Ling Chiong Sing Ling Lu Kuang Tang Tiong Ing	(1) (2) (3) (4)	4,571
6. The Group	Purchase of tractors and machinery from Dai Lieng Trading Sdn Bhd and Dai Lieng Machinery Sdn Bhd ("DLM")	Tan Sri Datuk Ling Chiong Ho Ling Chiong Sing Ling Lu Kuang Tang Tiong Ing	(1) (2) (3) (4)	5,677

Additional Compliance Information (Cont'd)

Name of Transacting Party	Nature of Transaction	Related Party #		Year 2011 Actual (RM '000)
7. The Group	Purchase of sawn timber from Shin Yang Sawmill Sdn Bhd ("SYSM")	Tan Sri Datuk Ling Chiong Ho	(1)	634
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	
8. The Group	Purchase of oil filter for the tractors from Scott & English Trading (Sarawak) Sdn Bhd ("SETSB")	Tan Sri Datuk Ling Chiong Ho	(1)	32
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	
9. The Company	Purchase of fresh fruit bunches from Shin Yang Forestry Sdn Bhd("SYFSB")	Tan Sri Datuk Ling Chiong Ho	(1)	54,923
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	
10. The Group	Purchase of plastic bags from Kian Hang Plastic Sdn Bhd ("KHPSB")	Tan Sri Datuk Ling Chiong Ho	(1)	54
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	
11. The Group	Purchase of sawn timber from Menawan Wood Sdn Bhd ("MWSB")	Tan Sri Datuk Ling Chiong Ho	(1)	136
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	
12. The Group	Purchase of motor vehicles from Boulevard Jaya Sdn Bhd ("BJSB")	Tan Sri Datuk Ling Chiong Ho	(1)	1,162
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	
13. The Company	Purchase of fresh fruit bunches from Linau Mewah Sdn Bhd ("LMSB")	Tan Sri Datuk Ling Chiong Ho	(1)	7,782
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	
14. The Group	Provision of motor vehicles by Boulevard Jaya Sdn Bhd ("BJSB")	Tan Sri Datuk Ling Chiong Ho	(1)	1,164
		Ling Chiong Sing	(2)	
		Ling Lu Kuang	(3)	
		Tang Tiong Ing	(4)	

Note #

(1) Tan Sri Datuk Ling Chiong Ho is the Group Executive Chairman and major shareholder of SOPB and is also the Director of SY Trading, SYFSB, SYSM, SYHSB, LMSB, MWSB, Micaline and SYOPSSB. He has substantial direct/indirect interest in SY Services, SYHSB, SY Trading, HQ, SYSM, LMSB, SYFSB, KHPSB, MTSB, MBTCSB, BJSB, MWSB, PSB, Micaline and SYOPSSB.

(2) Ling Chiong Sing is the Non-Executive Director of SOPB and is also the Director of DLT, DLM, SY Services, MTSB, KHPSB, LMSB, HQ, SYFSB, SY Trading, SYSM, SYHSB, MBTCSB, BJSB, MWSB, Micaline and SYOPSSB. He has substantial direct/indirect interest in DLT, DLM, SY Services, MTSB, KHPSB, LMSB, HQ,SYFSB, SY Trading, SYSM, SYHSB, MBTCSB, PSB, BJSB, MWSB, Micaline and SYOPSSB.

(3) Ling Lu Kuang is the Non-Executive Director of SOPB, who is a deemed person connected to Tan Sri Datuk Ling Chiong Ho and also authorized representative of Shin Yang Group.

(4) Tang Tiong Ing is the Non-Executive Director of SOPB and is also the director of Micaline. He is authorized representative and also an employee of Shin Yang Group.

Financial Statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the cultivation of oil palms and the operations of palm oil mills. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax	266,202	183,962
Profit attributable to:		
Owners of the Company	242,183	183,962
Non-controlling interests	24,019	-
	266,202	183,962

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2010 was as follows:

	RM'000
In respect of the financial year ended 31 December 2010 as reported i the Directors' report of that year:	
First and final dividend of 4.0% less 25% tax on 433,483,359 ordinary shares, paid on 22 July 2011	13,005

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2011, of 5% less 25% taxation on 434,476,559 ordinary shares, amounting to a dividend payable of RM16,292,871 (3.75 sen per ordinary share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2012.

DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Datuk Ling Chiong Ho
Ling Chiong Sing
Gerald Rentap Jabu
Tang Tiong Ing
Fong Tshu Kwong
Dr. Lai Yew Hock
Wong Ngie Yong
Hasbi Bin Suhaili
Ling Lu Kuang
Kamri Bin Ramlee

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year (including where applicable the interests of their spouses or children who themselves are not Directors of the Company) in shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			
	At 1.1.2011	**Acquired**	**Sold**	**At 31.12.2011**
The Company				
Direct interest				
Tan Sri Datuk Ling Chiong Ho	30,993,608	76,200	-	31,069,808
Tang Tiong Ing	174,880	-	-	174,880
Fong Tshu Kwong	59,000	11,000	-	70,000
Dr. Lai Yew Hock	39,400	-	-	39,400
Wong Ngie Yong	20,000	-	-	20,000
Deemed interest				
Tan Sri Datuk Ling Chiong Ho	126,294,214	-	-	126,294,214
Ling Chiong Sing	126,294,214	-	-	126,294,214

Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM431,086,000 to RM434,477,000 by way of:

(i) the issuance of 2,050,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at an average exercise price of RM1.70 per ordinary share.

(ii) the issuance of 1,341,000 ordinary shares of RM1.00 each for cash pursuant to the exercise of warrants at an average exercise price of RM1.00 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

EMPLOYEE SHARE OPTIONS SCHEME

The Sarawak Oil Palms Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at an Extraordinary General Meeting held on 15 February 2007 and was implemented on 12 March 2007. It is to be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the Employee Share Option Plans are disclosed in Note 35 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options to subscribe for less than 203,000 ordinary shares of RM1.00 each.

During the financial year:

The Company granted 988,200 share options under the scheme. These options expire on 12 March 2017 and are exercisable if the employee remains in service.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the employee share option plans as at 31 December 2011 are as follows:

Expiry date	Weighted average exercise price RM	Number of options
12 March 2017	1.65	10,149,000

OTHER STATUTORY INFORMATION

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

   i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision for doubtful debts had been made; and

   ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION (Cont'd)

b) At the date of this report, the Directors are not aware of any circumstances which would render:

   i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

   ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

f) In the opinion of the Directors:

   i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

   ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2012

Fong Tshu Kwong **Tang Tiong Ing**

Statement By Directors

Pursuant To Section 169 (15) Of The Companies Act, 1965

We, **Fong Tshu Kwong** and **Tang Tiong Ing, being** two of the Directors of **Sarawak Oil Palms Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 45 to 103 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2012

Fong Tshu Kwong

Tang Tiong Ing

Statutory Declaration

Pursuant To Section 169 (16) Of The Companies Act, 1965

I, **Wong Hee Kwong**, being the officer primarily responsible for the financial management of **Sarawak Oil Palms Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 45 to 103 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named **Wong Hee Kwong** at
Miri in the State of Sarawak on 27 April 2012

Wong Hee Kwong

Before me,

Lim Swee Huat
Commissioner For Oaths (No. Q095)
Lot 1269, 2nd Floor, Jalan Kwangtung
98000 Miri, Sarawak

Independent Auditors' Report

To The Members Of Sarawak Oil Palms Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Sarawak Oil Palms Berhad, which comprise the statements of financial position as at 31 December 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 103.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

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

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

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 42 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

Ernst & Young
AF: 0039
Chartered Accountants

Yong Nyet Yun
2708/04/14 (J)
Chartered Accountant

Miri, Malaysia
27 April 2012

Statements of Comprehensive Income

For The Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Revenue	4	1,166,949	728,158	1,112,091	729,580
Cost of sales	5	(728,963)	(460,424)	(876,279)	(573,927)
Gross profit		437,986	267,734	235,812	155,653
Other items of income					
Interest income	6	10,892	6,867	12,527	9,675
Dividend income	7	-	-	55,080	6,060
Other income	8	4,141	3,910	6,025	2,077
Other items of expense					
Selling and marketing expenses		(73,411)	(47,395)	(73,073)	(47,395)
Administrative expenses		(9,008)	(4,316)	(3,266)	(1,465)
Finance costs	9	(6,556)	(4,464)	(1,149)	(945)
Other expense		(2,060)	(201)	(2,059)	(201)
Profit before tax	10	361,984	222,135	229,897	123,459
Income tax expense	13	(95,782)	(57,853)	(45,935)	(30,211)
Profit net of tax		266,202	164,282	183,962	93,248
Profit attributable to:					
Owners of the Company		242,183	151,514	183,962	93,248
Non-controlling interests		24,019	12,768	-	-
		266,202	164,282	183,962	93,248
Earnings per share attributable to owners of the Company (sen per share)					
Basic	14	55.9	35.3		
Diluted	14	54.7	34.6		

Statements of Comprehensive Income (Cont'd)

For The Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Profit net of tax		266,202	164,282	183,962	93,248
Other comprehensive income					
Fair value adjustment on cas flow hedge		1,244	1,121	-	-
Income tax relating to components components of other comprehensive income	13	(312)	(280)	-	-
Other comprehensive income for the year, net of tax		932	841	-	-
Total comprehensive income for the year		267,134	165,123	183,962	93,248
Total comprehensive income attributable to:					
Owners of the Company		242,789	152,061	183,962	93,248
Non-controlling interests		24,345	13,062	-	-
		267,134	165,123	183,962	93,248

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

For The Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	602,248	468,402	205,799	183,538
Plantation development expenditure	16	514,837	450,088	33,370	30,645
Land held for property development	17	8,352	-	-	-
Land use rights	18	250,600	258,990	31,059	28,185
Investment in subsidiaries	19	-	-	216,350	205,016
Other investments	20	-	-	40,600	31,000
Other receivables	23	32	32	-	-
Intangible asset	24	5,182	5,182	-	-
Deferred tax assets	28	4,485	1,481	-	-
		1,385,736	1,184,175	527,178	478,384
Current assets					
Inventories	22	91,249	63,452	74,093	46,535
Trade and other receivables	23	60,203	45,857	233,627	163,731
Prepaid operating expenses		1,701	2,436	454	613
Tax recoverable		52	47	-	-
Cash and bank balances	25	510,774	368,694	291,926	261,940
		663,979	480,486	600,100	472,819
Total assets		2,049,715	1,664,661	1,127,278	951,203
Equity and liabilities					
Current liabilities					
Loans and borrowings	26	63,620	52,935	15,091	17,419
Trade and other payables	27	150,934	128,193	72,994	66,145
Income tax payable		15,221	15,459	7,932	12,069
Derivatives	21	2,187	1,144	1,429	-
		231,962	197,731	97,446	95,633
Net current assets		432,017	282,755	502,654	377,186

Statements of Financial Position (Cont'd)

For The Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Non-current liabilities					
Loans and borrowings	26	355,163	252,512	6,298	9,896
Other payables	27	-	1,300	-	-
Derivatives	21	1,006	1,864	-	-
Deferred tax liabilities	28	121,027	114,786	28,907	28,545
		477,196	370,462	35,205	38,441
Total liabilities		709,158	568,193	132,651	134,074
Net assets		1,340,557	1,096,468	994,627	817,129
Equity attributable to owners of the Company					
Share capital	29	434,477	431,086	434,477	431,086
Share premium	29	5,813	2,790	5,813	2,790
Employee share option reserve	30	2,698	2,571	2,698	2,571
Hedge reserve	31	(860)	(1,466)	-	-
Retained earnings	32	775,487	539,175	551,639	380,682
		1,217,615	974,156	994,627	817,129
Non-controlling interests		122,942	122,312	-	-
Total equity		1,340,557	1,096,468	994,627	817,129
Total equity and liabilities		2,049,715	1,664,661	1,127,278	951,203

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For The Year Ended 31 December 2011

2011 Group	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Employee share option reserve RM'000	Hedge reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
		Attributable to Equity Holders of the Company							
				Non-distributable				Distributable	
Opening balance at 1 January 2011		1,096,468	974,156	431,086	2,790	2,571	(1,466)	539,175	122,312
Total comprehensive income		267,134	242,789	-	-	-	606	242,183	24,345
Transactions with owners									
Dividend paid to non-controlling interests		(13,455)	-	-	-	-	-	-	(13,455)
Dividends on ordinary shares	40	(13,005)	(13,005)	-	-	-	-	(13,005)	-
Acquisition of shares from non-controlling interests		(3,850)	7,134	-	-	-	-	7,134	(10,984)
Issuance of redeemable preference shares to non-controlling interests		724	-	-	-	-	-	-	724
Issuance of ordinary shares:									
Pursuant to exercise of ESOS		3,477	3,477	2,050	1,427	-	-	-	-
Pursuant to exercise of warrants		1,341	1,341	1,341	-	-	-	-	-
Share option granted under ESOS:									
Recognised in profit or loss		1,723	1,723	-	-	1,723	-	-	-
Exercise of ESOS		-	-	-	1,596	(1,596)	-	-	-
Closing balance at 31 December 2011		1,340,557	1,217,615	434,477	5,813	2,698	(860)	775,487	122,942

Statement of Changes in Equity (Cont'd)

For The Year Ended 31 December 2011

2010 Group	Note	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Employee share option reserve RM'000	Hedge reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
			Attributable to Equity Holders of the Company						
				Non-distributable				Distributable	
Opening balance at 1 January 2010		923,518	828,777	428,526	1,046	1,885	-	397,320	94,741
Effects of adopting FRS 139		(3,097)	(2,013)	-	-	-	(2,013)	-	(1,084)
		920,421	826,764	428,526	1,046	1,885	(2,013)	397,320	93,657
Total comprehensive income		165,123	152,061	-	-	-	547	151,514	13,062
Transactions with owners									
Dividend paid to non-controlling interests		(1,518)	-	-	-	-	-	-	(1,518)
Dividends on ordinary shares	40	(9,659)	(9,659)	-	-	-		(9,659)	-
Increase in shares by subsidiaries		5,036	-	-	-	-	-	-	5,036
Issuance of ordinary shares:									
Pursuant to exercise of ESOS		2,203	2,203	1,568	635	-	-	-	-
Pursuant to exercise of warrants		992	992	992	-	-	-	-	-
Share option granted under ESOS:									
Recognised in profit or loss		1,795	1,795	-	-	1,795	-	-	-
Exercise of ESOS		-	-	-	1,109	(1,109)	-	-	
Acquisition of subsidiaries		12,075	-	-	-	-	-	-	12,075
Closing balance at 31 December 2010		1,096,468	974,156	431,086	2,790	2,571	(1,466)	539,175	122,312

Statements of Changes in Equity (Cont'd)

For The Year Ended 31 December 2011

2011 Company	Note	Equity, total RM'000	Share capital RM'000 (Non distributable)	Share premium RM'000 (Non distributable)	Employee share option reserve RM'000 (Non distributable)	Retained earnings RM'000 (Distributable)
Opening balance at 1 January 2011		817,129	431,086	2,790	2,571	380,682
Total comprehensive income		183,962	-	-	-	183,962
Transactions with owners						
Dividends on ordinary shares	40	(13,005)	-	-	-	(13,005)
Issuance of ordinary shares:						
Pursuant to exercise of ESOS		3,477	2,050	1,427	-	-
Pursuant to exercise of warrants		1,341	1,341	-	-	-
Share option granted under ESOS:						
Recognised in profit or loss		1,115	-	-	1,115	-
Charged to subsidiaries		608	-	-	608	-
Exercise of ESOS		-	-	1,596	(1,596)	-
Closing balance at 31 December 2011		994,627	434,477	5,813	2,698	551,639
2010						
Opening balance at 1 January 2010		728,550	428,526	1,046	1,885	297,093
Total comprehensive income		93,248	-	-	-	93,248
Transactions with owners						
Dividends on ordinary shares	40	(9,659)	-	-	-	(9,659)
Issuance of ordinary shares:						
Pursuant to exercise of ESOS		2,203	1,568	635	-	-
Pursuant to exercise of warrants		992	992	-	-	-
Share option granted under ESOS:						
Recognised in profit or loss		1,178	-	-	1,178	-
Charged to subsidiaries		617	-	-	617	-
Exercise of ESOS		-	-	1,109	(1,109)	-
Closing balance at 31 December 2010		817,129	431,086	2,790	2,571	380,682

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For The Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating activities					
Profit before tax		361,984	222,135	229,897	123,459
Adjustments for:					
Amortisation of land use rights	10	1,813	1,835	317	317
Amortisation of plantation development expenditures	10	17,484	13,886	3,117	3,118
Depreciation of property, plant and equipment	10	40,191	35,920	26,996	26,503
Dividend income	7	-	-	(55,080)	(6,060)
Share options granted under ESOS	30	1,723	1,795	1,115	1,795
Unrealised loss on forward sales contracts	10	1,429	-	1,429	-
Gain on disposal of property, plant and equipment	8	-	(257)	(2,863)	(161)
Gain on disposal of investment securities	8	-	(23)	-	-
Interest income	6	(10,892)	(6,867)	(12,527)	(9,675)
Interest expense	9	6,556	4,464	1,149	945
Inventories written off	10	-	3	-	-
Loss on disposal of property, plant and equipment	10	19	173	-	-
Unrealised gain on foreign exchange	8	(735)	(330)	(735)	(330)
Impairment loss on other receivables	10	-	69	-	-
Property, plant and equipment written off	10	338	201	305	201
Total adjustments		57,926	50,869	(36,777)	16,653
Operating cash flows before changes in working capital		419,910	273,004	193,120	140,112
Changes in working capital					
Increase in inventories		(27,797)	(10,467)	(27,558)	(18,292)
Increase in trade and other receivables		(14,346)	(11,481)	(17,995)	(15,917)
(Decrease)/Increase in other current assets		735	(1,200)	159	(223)
Increase in trade and other payables		19,741	1,995	9,547	14,717
Net movement in subsidiaries balances		-	-	(53,991)	(32,981)
Total changes in working capital		(21,667)	(21,153)	(89,838)	(52,696)
Cash flows from operations		398,243	251,851	103,282	87,416
Interest received		207	30	-	-
Interest paid		(11,589)	(10,442)	-	-
Income tax paid		(93,461)	(37,602)	(50,048)	(22,500)
Income tax refunded		361	7,346	338	7,340
Net cash flows from operating activities		293,761	211,183	53,572	72,256

Statements of Cash Flows (Cont'd)

For The Year Ended 31 December 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'00
Investing activities					
Dividend received		-	-	55,080	6,060
Interest received		10,685	6,837	12,527	9,675
Purchase of property, plant and equipment		(168,886)	(76,250)	(49,553)	(16,695)
Increase in plantation development expenditures		(65,961)	(62,400)	(5,842)	(1,106)
Increase in land held for property development		(53)	-	-	-
Additions to land use rights		(3,555)	(30,963)	(3,191)	(7,887)
Proceeds from disposal of land use rights		750	-	-	-
Proceeds from disposal of property, plant and equipment		3,944	3,084	10,191	1,243
Proceeds from disposal of investment securities		-	68	-	-
Proceeds from redemption of convertible redeemable preference shares		-	-	4,250	-
Acquisition of shares from non-controlling interests		(3,850)	5,036	-	-
Acquisition of preference shares in a subsidiary		-	-	(9,600)	(11,000)
Acquisition of subsidiaries – net of cash		-	317	-	(9,320)
Acquisition of additional shares in investment in subsidiaries		-	-	(15,584)	(8,804)
Net cash flows used in investing activities		(226,926)	(154,271)	(1,722)	(37,834)
Financing activities					
Repayment of loans and borrowings		(56,121)	(39,605)	(42,788)	(22,355)
Repayment of obligations under finance leases		(11,998)	(10,940)	(7,475)	(7,532)
Proceeds from exercise of ESOS		3,477	2,203	3,477	2,203
Proceeds from issuance of preference share to non-controlling interests		724	-	-	-
Proceeds from exercise of warrants		1,341	992	1,341	992
Proceeds from loans and borrowings		166,770	52,800	37,000	8,000
Dividends paid		(13,005)	(9,659)	(13,005)	(9,659)
Dividend paid to non-controlling interests		(13,455)	(1,518)	-	-
Interests paid		(3,223)	(2,910)	(1,149)	(945)
Net cash flows from/(used in) financing activities		74,510	(8,637)	(22,599)	(29,296)
Net increase in cash and cash equivalents		141,345	48,275	29,251	5,126
Cash and cash equivalents at 1 January		368,694	320,419	261,940	256,814
Effect of exchange rate changes on cash and cash equivalents		735	-	735	-
Cash and cash equivalents at 31 December	25	510,774	368,694	291,926	261,940

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2011

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.

The principal activities of the Company are the cultivation of oil palms and the operations of palm oil mills. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

- Amendments to FRS 132: Classification of Rights Issues
- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 127: Consolidated and Separate Financial Statements
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 1: Additional Exemptions for First-time Adopters
- Amendments to FRS 2: Group Cash-settled Share-Based Payment Transactions
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 'Improvements to FRS (2010)'
- IC Interpretation 4: Determining Whether An Arrangement Contains a Lease
- IC Interpretation 18: Transfers of Assets from Customers
- TR i-4: Shariah Compliant Sale Contracts

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Changes in accounting policies (Cont'd)

Adoption of the above FRS and IC Interpretations did not have any effect on the financial performance or position of the Group and of the Company except for those discussed below.

Revised FRS 3 Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The adoption of the two revised standards affects the way in which the Group accounts for business combinations and the preparation of its consolidated financial statements. Under the revised FRS 3, all acquisition-related costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred. All considerations transferred, including contingent considerations, are measured at fair value as at the acquisition date. Any equity interests held prior to the date control is obtained is remeasured at fair value, with the resulting gains or losses recognised in the statement of comprehensive income. There is now an option on a case to case basis to measure non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the net identifiable assets of the assets acquired.

Goodwill arising from the business combination is measured as the difference between the aggregate fair value of consideration transferred, any non-controlling interests in the acquiree and the fair value at acquisition date of any previously-held equity interest in the acquiree, and the fair value of identifiable assets acquired and liabilities assumed (including contingent liablilites) at acquisition date.

The revised FRS 127 requires that changes in ownership interest which do not result in a loss of control be accounted for as equity transactions, instead of in the statement of comprehensive income. Where changes in ownership interest results in loss of control, any remaining interest in the entity is remeasured at fair value and any resulting gains or losses is recognised in the statement of comprehensive income. Total comprehensive income will be proportionately allocated to non-controlling interests, even if it results in the non-controlling interests being in a deficit position.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Transfers of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124: Related Party Disclosures
- Amendments to FRS 101: Presentation of Items of Other Comprehensive Income
- FRS 10: Consolidated Financial Statements
- FRS 11: Joint Arrangements
- FRS 12: Disclosure of interests in Other Entities
- FRS 13: Fair Value Measurement
- FRS 119: Employee Benefits
- FRS 127: Separate Financial Statements
- FRS 128: Investment in Associate and Joint Ventures
- IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
- FRS 9: Financial Instruments

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Standards issued but not yet effective (Cont'd)

The Directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

FRS 9 Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in FRS 127.

FRS 12 Disclosure of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Group is currently assessing the impact of adoption of FRS 13.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Standards issued but not yet effective (Cont'd)

Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2013. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 Basis of consolidation (Cont'd)

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether Non-controlling interests in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of Non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.9. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.5 Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the Non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Infrastructures	over the remaining leasehold period
Buildings	5 – 20 years
Furniture and office equipment	5 – 10 years
Motor vehicles	4 – 5 years
Plant, machinery and field equipment	4 – 10 years

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Plantation development expenditure

New planting expenditure incurred on land clearing, upkeep of immature oil palms and interest incurred during the pre-maturity period (pre-cropping costs) is capitalised under planting development expenditure. Upon maturity, all subsequent maintenance expenditure is charged to revenue and the capitalised pre-cropping cost is amortised on a straight line basis over 25 years, the expected useful life of oil palms.

All replanting expenditure is also capitalised in plantation development expenditure and amortised on the above-mentioned basis.

Certain plantation development expenditure have not been revalued since they were first revalued in 1991. The Diretors have not adopted policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS16 (Revised): Property, Plant and Equipment, these assets continued to be stated at valuation less accumulated depreciation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.10 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

Certain land use rights have not been revalued since they were first revalued in 1991. The Directors have not adopted policy of regular revaluations of such assets and no later valuation has been recorded. As permitted under the transitional provisions of IAS16 (Revised): Property, Plant and Equipment, these assets continued to be stated at valuation less accumulated depreciation.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.11 Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-currect assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

2.15 Inventories

Processed inventories comprising crude palm oil and palm kernel and nursery inventories comprising seedlings remaining in nursery for eventual field planting, are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Cost of processed inventories and nursery inventories includes cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

Store and spares are valued at the lower of cost of purchase, determined on the weighted average cost basis, and net realisable value.

Net realisable value represents the estimated selling price less all estimated costs to completion and estimated costs necessary to make the sale.

2.16 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.16 Financial assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit and loss and loans and receivables.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.17 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.17 Impairment of financial assets (Cont'd)

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.18 Financial liabilities (Cont'd)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.19 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.20 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.21 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the profit or loss as incurred or capitalised in plantation development expenditure, as appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.21 Employee benefits (Cont'd)

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

2.22 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer.

(b) Rendering of services

Revenue services rendered is recognised net of discounts as and when the services are performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.24 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.24 Income taxes (Cont'd)

(b) Deferred tax (Cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.25 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.27 Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments such as forward currency contracts, commodity futures and interest rate swaps to manage its exposure to its foreign market risks, price risks of its physical inventory of crude palm oil and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives during the year that did not qualify for hedge accounting and the ineffective portion of an effective hedge, are taken directly to the income statement.

The fair value of forward currency contracts is the difference between the forward exchange rate and the contract rate. The forward exchange rate is referenced to current forward exchange rates for contracts with similar maturity profiles. Crude palm oil futures are valued at the end of the reporting period against quoted market prices. The fair value of interest rate swap contracts is determined by reference to market value for similar instruments.

The Group uses derivatives to manage its exposure to interest rate risk by interest rate swaps. The Group applies hedge accounting for this hedging relationship which qualifies for hedge accounting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.27 Derivative financial instruments and hedge accounting (Cont'd)

For the purpose of hedge accounting, hedging relationship is classified as cash flow hedges when hedging exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in other comprehensive income previously are reclassified from equity to profit or loss when the hedged transaction affects profit or loss, such as when the hedged interest income or interest expense is recognised or when a forecast sale occurs.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

The Group uses an interest swap as a hedge for the exposure to its floating rate secured loan. See Note 21 for more details.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Cont'd)

(a) Useful lives of property, plant and equipment and plantation development expenditure

The cost of property, plant and equipment for the running of estate operations and plantation development expenditure are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these assets to be within 4 to 20 years for property, plant and equipment and 25 years for plantation development expenditure.

These are common life expectancies applied in the oil palm industry. Changes in the expected level of usage and technological developments and other factors could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment and plantation development expenditure at the reporting date is disclosed in Notes 15 and 16 respectively. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 0.80% (2010: 1.12%) variance in the Group's profit for the year.

(b) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 23.

4. REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Sale of goods	1,166,631	727,855	1,107,786	721,373
Rendering of services	318	303	4,305	8,207
	1,166,949	728,158	1,112,091	729,580

5. COST OF SALES

Cost of inventories sold	727,654	460,424	868,849	565,146
Cost of services rendered	1,309	-	7,430	8,781
	728,963	460,424	876,279	573,927

6. INTEREST INCOME

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Interest income from:				
- short term deposit	10,892	6,867	7,068	5,805
- subsidiaries	-	-	5,460	3,874
- loan and receivables	-	-	(1)	(4)
	10,892	6,867	12,527	9,675

7. DIVIDEND INCOME

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Dividend income from:				
- subsidiaries	-	-	55,080	6,060

8. OTHER INCOME

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Gain on disposal of property, plant and equipment	-	257	2,863	161
Hiring charges for motor vehicles	316	157	494	550
Rental income	39	100	63	70
Miscellaneous	2,488	3,043	1,307	966
Gain on foreign exchange				
- Unrealised	735	330	735	330
- Realised	563	-	563	-
Gain on disposal of investment securities	-	23	-	-
	4,141	3,910	6,025	2,077

9. FINANCE COSTS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Interest expenses on:				
- Bank loans	14,188	11,926	588	916
- Overdraft	-	2	-	2
- Obligations under finance leases	952	310	561	27
- Revolving credits	272	-	-	-
- Interest rate swap	846	1,025	-	-
- Others	254	90	-	-
	16,512	13,353	1,149	945
Less: Amount capitalised in:				
- plantation development expenditure (Note 16)	(8,992)	(8,819)	-	-
- property, plant and equipment (Note 15)	(964)	(70)	-	-
Total finance costs	6,556	4,464	1,149	945

10. PROFIT BEFORE TAX

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
The following items have been included in arriving at profit before tax:				
Employee benefits expense (Note 11)	89,591	68,759	43,305	34,291
Non-executive directors' remuneration (Note 12)	569	513	354	282
Auditors' remuneration				
- current year	158	140	60	45
- (over)/underprovision in previous year	(3)	1	-	-
Depreciation of property, plant and equipment (Note 15)	40,191	35,920	26,996	26,503
Amortisation of land use rights (Note 18)	1,813	1,835	317	317
Amortisation of plantation development expenditure (Note 16)	17,484	13,886	3,117	3,118
Rental of premises	234	219	132	120
Loss on disposal of property, plant and equipment	19	173	-	-
Unrealised loss on forward sales contracts	1,429	-	1,429	-
Inventories written off	-	3	-	-
Property, plant and equipment written off	339	201	305	201
Impairment loss on other receivables	-	69	-	-

11. EMPLOYEE BENEFITS EXPENSE

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Salaries and wages	101,030	79,510	39,250	30,764
Social security contributions	587	471	279	308
Share options granted under ESOS	1,723	1,809	1,115	1,178
Contributions to defined contribution plan	5,494	3,372	2,661	2,041
Other benefits	42	-	-	-
	108,876	85,162	43,305	34,291
Less: Amount capitalised in plantation development expenditure	(19,285)	(16,403)	-	-
	89,591	68,759	43,305	34,291

Included in employee benefits expense of the Group and of the Company are the Executive Director's remuneration amounting to RM1,638,000 (2010: RM1,224,000) and RM1,638,000 (2010: RM1,224,000) respectively as further disclosed in Note 12.

11. EMPLOYEE BENEFITS EXPENSE (Cont'd)

The remuneration of Directors and other members of key management during the year was as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Short-term employee benefits	6,505	4,225	2,671	1,652
Post-employment benefits:				
Defined contribution plan	765	488	315	192
Share-based payment	423	435	173	170
	7,693	5,148	3,159	2,014

Members of key management of the Group and the Company who are not Directors have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group and Company	
	2011 RM'000	2010 RM'000
At 1 January	3,835	4,506
Granted	-	61
Exercised	(125)	(437)
Forfeited	-	(295)
At 31 December	3,710	3,835

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 35).

12. DIRECTORS' REMUNERATION

Included in employee benefits expense of the Company is the executive and non-executive directors' remuneration as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Executive:				
Fees	36	33	36	33
Other emoluments	1,602	1,191	1,602	1,191
Total executive directors' remuneration	1,638	1,224	1,638	1,224
Non-executive:				
Fees (Note 10)	569	513	354	282
Total non-executive directors' remuneration	569	513	354	282
Total directors' remuneration	2,207	1,737	1,992	1,506

12. DIRECTORS' REMUNERATION (Cont'd)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2011	2010
Executive Director:		
RM1,200,001 - RM1,250,000	-	1
RM1,600,001 - RM1,650,000	1	-
Non-Executive Directors:		
Below RM50,000	4	9
RM50,001 – RM100,000	5	-

13. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	91,911	47,788	44,854	31,157
Under/(Over)provision in respect of previous years	946	(247)	719	(222)
	92,857	47,541	45,573	30,935
Deferred income tax (Note 28):				
Origination or reversal of temporary differences	14	9,744	(2,178)	(1,092)
Underprovision in respect of previous years	2,911	568	2,540	368
	2,925	10,312	362	(724)
Income tax expense recognised in profit and loss	95,782	57,853	45,935	30,211

13. INCOME TAX EXPENSE (Cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax	361,984	222,135	229,897	123,459
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	90,496	55,534	57,474	30,865
Adjustments:				
Non-deductible expenses	3,437	2,651	949	876
Income not subject to taxation	(1,090)	(492)	(15,212)	(1,551)
Under/(Over)provision of income tax in respect of previous years	946	(247)	719	(222)
Underprovision of deferred tax in respect of previous years	2,911	568	2,540	368
Others	(918)	(161)	(535)	(125)
Income tax expense recognised in profit or loss	95,782	57,853	45,935	30,211
Deferred tax relating to other comprehensive income:				
Fair value adjustment on cash flow hedge	312	280	-	-

Income tax is calculated at the statutoty tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

14. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company (after adjusting for interest expense on convertible redeemable preference shares) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2011 RM'000	2010 RM'000
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	242,183	151,514

14. EARNINGS PER SHARE (Cont'd)

	2011 '000	2010 '000
Weighted average number of ordinary shares of basic earnings per share computation	433,380	429,466
Effect of dilution		
- share options	8,591	7,362
- warrants	1,115	1,178
Weighted average number of ordinary shares for diluted earnings per share computation	443,086	438,006

15. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings and infra-structure * RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
Cost:					
At 1 January 2010	288,368	8,372	42,779	206,135	545,654
Acquisition of subsidiaries	3,311	111	146	1,097	4,665
Additions	25,357	2,359	9,985	9,491	47,192
Disposals	(248)	(42)	(2,815)	(1,834)	(4,939)
Written off	(493)	(13)	(353)	(1,148)	(2,007)
Transferred from capital work-in-progress	17,239	-	-	4,629	21,868
At 31 December 2010 and 1 January 2011	333,534	10,787	49,742	218,370	612,433
Additions	27,483	1,306	10,867	12,166	51,822
Disposals	(1,838)	(27)	(545)	(3,060)	(5,470)
Written off	(379)	(40)	-	(1,103)	(1,522)
Transferred from capital work-in-progress	10,155	-	-	3,652	13,807
At 31 December 2011	368,955	12,026	60,064	230,025	671,070

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Buildings and infra-structure * RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
Accumulated depreciation:					
At 1 January 2010	51,589	4,426	25,037	73,947	154,999
Acquisition of subsidiaries	33	7	27	95	162
Charge for the year	10,699	1,047	7,015	22,239	41,000
Disposals	(185)	(24)	(1,326)	(1,109)	(2,644)
Written off	(409)	(12)	(353)	(1,032)	(1,806)
Reclassification	-	-	1	(1)	-
At 31 December 2010 and 1 January 2011	61,727	5,444	30,401	94,139	191,711
Charge for the year	11,927	1,223	8,253	24,985	46,388
Disposals	(33)	(12)	(274)	(1,188)	(1,507)
Written off	(379)	(29)	-	(776)	(1,184)
At 31 December 2011	73,242	6,626	38,380	117,160	235,408
Net carrying amount:					
At 31 December 2010	271,807	5,343	19,341	124,231	420,722
Capital work-in-progress					
At 1 January 2010					28,721
Acquisition of subsidiaries					877
Additions					40,655
Disposals					(705)
Transferred to property, plant and equipment					(21,868)
At 31 December 2010					47,680
					468,402
At 31 December 2011	295,713	5,400	21,684	112,865	435,662
Capital work-in-progress					
At 1 January 2011					47,680
Additions					132,713
Transferred to property, plant and equipment					(13,807)
At 31 December 2011					166,586
					602,248

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

*Buildings and Infrastructures of the Group

	Buildings RM'000	Infrastructures RM'000	Total RM'000
Cost:			
At 1 January 2010	115,746	172,622	288,368
Acquisition of subsidiaries	-	3,311	3,311
Additions	310	25,047	25,357
Disposals	(248)	-	(248)
Written off	(493)	-	(493)
Transferred from capital work-in-progress	10,131	7,108	17,239
At 31 December 2010 and 1 January 2011	125,446	208,088	333,534
Additions	62	27,421	27,483
Disposals	-	(1,838)	(1,838)
Written off	(379)	-	(379)
Transferred from capital work-in-progress	9,006	1,149	10,155
At 31 December 2011	134,135	234,820	368,955
Accumulated depreciation:			
At 1 January 2010	39,628	11,961	51,589
Acquisition of subsidiaries	-	33	33
Charge for the year	7,779	2,920	10,699
Disposals	(185)	-	(185)
Written off	(409)	-	(409)
At 31 December 2010 and 1 January 2011	46,813	14,914	61,727
Charge for the year	8,556	3,371	11,927
Disposals	-	(33)	(33)
Written off	(379)	-	(379)
At 31 December 2011	54,990	18,252	73,242
Net carrying amount:			
At 31 December 2010	78,633	193,174	271,807
At 31 December 2011	79,145	216,568	295,713

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Buildings RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Machinery and field equipment RM'000	Total RM'000
Cost:					
At 1 January 2010	86,526	5,241	30,040	161,150	282,957
Transferred from capital work-in-progress	3,969	-	-	2,403	6,372
Additions	299	2,006	6,806	4,023	13,134
Disposals	-	(10)	(790)	(466)	(1,266)
Written off	(493)	(13)	(353)	(1,148)	(2,007)
At 31 December 2010 and 1 January 2011	90,301	7,224	35,703	165,962	299,190
Transferred from capital work-in-progress	1,542	-	-	3,135	4,677
Additions	39	917	6,785	3,277	11,018
Disposals	-	(13)	(4,162)	(9,060)	(13,235)
Written off	-	(23)	-	(648)	(671)
At 31 December 2011	91,882	8,105	38,326	162,666	300,979
Accumulated depreciation:					
At 1 January 2010	28,901	3,329	16,540	52,057	100,827
Charge for the year	4,354	701	4,913	16,557	26,525
Disposals	-	(3)	(513)	(373)	(889)
Written off	(409)	(12)	(353)	(1,032)	(1,806)
At 31 December 2010 and 1 January 2011	32,846	4,015	20,587	67,209	124,657
Charge for the year	4,406	844	5,298	16,448	26,996
Disposals	-	(6)	(2,231)	(3,670)	(5,907)
Written off	-	(16)	-	(350)	(366)
At 31 December 2011	37,252	4,837	23,654	79,637	145,380
Net carrying amount:					
At 31 December 2010	57,455	3,209	15,116	98,753	174,533
Capital work-in-progress					
At 1 January 2010					4,985
Additions					11,097
Disposals					(705)
Transferred to property, plant and equipment					(6,372)
At 31 December 2010					9,005
					183,538

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company	Buildings RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Machinery and field equipment RM'000	Total RM'000
Net carrying amount:					
At 31 December 2011	54,630	3,268	14,672	83,029	155,599
Capital work-in-progress					
At 1 January 2011					9,005
Additions					45,872
Transferred to property, plant and equipment					(4,677)
At 31 December 2011					50,200
					205,799

a) Assets held under finance leases

During the financial year, the Group and the Company acquired plant and machinery and motor vehicles with an aggregate cost of RM14,685,000 (2010: RM11,527,000) and RM7,337,000 (2010: RM7,536,000) respectively by means of finance leases. The cash outflows on acquisition of property, plant and equipment of the Group and of the Company amounted to RM169,850,000 (2010: RM76,320,000) and RM49,553,000 (2010: RM16,695,000) respectively.

The carrying amount of plant and machinery and motor vehicles held under finance leases are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Plant and machinery	15,317	18,201	4,797	11,165
Motor vehicles	12,280	10,402	9,559	8,923
Office equipment	817	-	817	-
	28,414	28,603	15,173	20,088

Leased assets are pledged as security for the related finance lease liabilities (Note 26).

b) Additions to property, plant and equipment include:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loan interests capitalised (Note 9)	964	70	-	-

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

c) Depreciation and amortisation charge for the year is allocated as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income statement (Note 10)	40,191	35,920	26,996	26,503
Plantation development expenditure (Note 16)	6,197	5,080	-	22
	46,388	41,000	26,996	26,525

16. PLANTATION DEVELOPMENT EXPENDITURE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cost:				
At 1 January	551,820	470,438	79,376	78,248
Acquisition of subsidiaries (Note 19)	-	3,915	-	-
Additions	82,233	77,467	5,842	1,128
At 31 December	634,053	551,820	85,218	79,376
Accumulated amortisation:				
At 1 January	101,732	87,846	48,731	45,613
Amortisation for the year (Note 10)	17,484	13,886	3,117	3,118
At 31 December	119,216	101,732	51,848	48,731
Net carrying amount	514,837	450,088	33,370	30,645

Additions to plantation development expenditure include:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amortisation of land use rights (Note 18)	1,083	1,168	-	-
Depreciation of property, plant and equipment (Note 15)	6,197	5,080	-	22
Loan interests capitalised (Note 9)	8,992	8,819	-	-

17. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2011 RM'000	Group 2010 RM'000
Cost:		
At 1 January	-	-
Additions:		
Transferred from land use rights (Note 18)	8,299	-
Development costs	53	-
	8,352	-
At 31 December	8,352	-

18. LAND USE RIGHTS

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cost:				
At 1 January	279,890	227,026	34,530	26,643
Acquisition of subsidiaries (Note 19)	-	21,970	-	-
Additions	3,555	30,963	3,191	7,887
Disposals	(750)	(69)	-	-
Transfer to property development	(8,590)	-	-	-
At 31 December	274,105	279,890	37,721	34,530
Accumulated amortisation:				
At 1 January	20,900	17,897	6,345	6,028
Amortisation for the year	2,896	3,003	317	317
Recognised in income statement (Note 10)	1,813	1,835	317	317
Capitalised in plantation development expenditure (Note 16)	1,083	1,168	-	-
Transfer to property development	(291)	-	-	-
At 31 December	23,505	20,900	6,662	6,345
Net carrying amount	250,600	258,990	31,059	28,185
Amount to be amortised:				
- Not later than one year	2,896	3,003	317	317
- Later than one year but not later than five years	11,584	12,013	1,268	1,268
- Later than five years	236,120	243,974	29,474	26,600
	250,600	258,990	31,059	28,185

18. LAND USE RIGHTS (Cont'd)

a) The net carrying amount of leasehold land pledged for loan and borrowings as referred to in Note 26 are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Leasehold land	52,415	45,140	16,985	9,220

b) The issuance of certain land titles to the subsidiaries by relevant government authorities is in progress.

19. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares at cost	216,350	205,016

Details of the subsidiaries, all of which are incorporated in Malaysia, and their principal activities are shown as follows:

Name of subsidiaries	Principal activities	Proportion of Ownership Interest 2011 %	2010 %
Held by the Company:			
SOP Karabungan Sdn. Bhd.	Cultivation of oil palms	70	70
SOP Pelita Batu Lintang Plantation Sdn. Bhd.	Cultivation of oil palms	60	60
SOP Plantations (Balingian) Sdn. Bhd.*	Cultivation of oil palms	80	80
SOP Plantations (Beluru) Sdn. Bhd.	Cultivation of oil palms	60	60
SOP Plantations (Borneo) Sdn. Bhd.	Cultivation of oil palms	85	85
SOP Plantations (Kemena) Sdn. Bhd.	Cultivation of oil palms	65	65
SOP Plantations (Niah) Sdn. Bhd.*	Cultivation of oil palms	80	80
SOP Plantations (Sarawak) Sdn. Bhd.	Investment holding	100	100
SOP Plantations (Suai) Sdn. Bhd.*	Cultivation of oil palms	85	85
SOP Plantations (Sabaju) Sdn. Bhd.	Cultivation of oil palms	60	60

19. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name of subsidiaries	Principal activities	Proportion of Ownership Interest 2011 %	2010 %
SOP Resources Sdn. Bhd.	Supplies of goods	100	100
SOP System Sdn. Bhd.	Rendering of IT services	100	100
SOP Industries Sdn. Bhd.	Investment holding	100	65
SOP Properties Sdn. Bhd.	Investment holding	100	100
Suria Megajaya Sdn. Bhd	Inactive	100	100
Held through a subsidiary - SOP Industries Sdn. Bhd.:			
SOP Green Energy Sdn. Bhd.	Inactive	100	100
SOP Edible Oils Sdn. Bhd.	Refining and trading of palms oil	100	100
Held through a subsidiary - SOP Plantation (Beluru) Sdn. Bhd.:			
Setia Wiramaju Sdn. Bhd.	Management and maintenance of road and barge	51.82	51.82

* Audited by a firm of auditors other than Ernst & Young.

Acquisition of subsidiaries

SOP Plantations (Sabaju) Sdn. Bhd.

On 2 August 2010, the Company acquired 60% equity interest or 4,127,428 ordinary shares in SOP Plantations (Sabaju) Sdn. Bhd. for a cash consideration of RM21,000,000.

Suria Megajaya Sdn. Bhd.

On 18 February 2010, the Company acquired 100% equity interest in Suria Megajaya Sdn. Bhd. for a cash consideration of RM2.

Setia Wiramaju Sdn. Bhd.

On 3 May 2010, SOP Plantations (Beluru) Sdn. Bhd., the subsidiary, acquired 51.82% equity interest in Setia Wiramaju Sdn. Bhd. for a cash consideration of RM51,820.

The acquisitions of SOP Plantations (Sabaju) Sdn Bhd., Suria Megajaya Sdn. Bhd. and Setia Wiramaju Sdn. Bhd. in 2010 had contributed the following results to the Group:

19. INVESTMENT IN SUBSIDIARIES (Cont'd)

Acquisition of subsidiaries (Cont'd)

The fair values of the identifiable assets and liabilities of subsidiaries as at the date of acquisition were:

	Fair value		Carrying Amount	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Land use rights	-	21,970	-	2,506
Property, plant and equipment	-	5,380	-	5,380
Plantation development expenditures	-	3,915	-	3,915
Inventories	-	2,370	-	2,370
Trade and ther receivables	-	11,694	-	11,694
Other current assets	-	17	-	17
Cash and bank balances	-	9,689	-	9,689
	-	55,035	-	35,571
Loans and borrowings	-	(281)	-	(281)
Trade and other payables	-	(19,721)	-	(19,721)
Deferred tax liabilities	-	(4,866)	-	-
	-	(24,868)	-	(20,002)
Net identifiable assets	-	30,167	-	15,569

Total cost of business combination

	2011 RM'000	2010 RM'000
The total cost of the business acquisition is as follows:		
Cash paid	-	9,372
Accrual of investment cost in subsidiaries	-	11,680
	-	21,052
The effect of the acquisition on cash flows is as follows:		
Total cost of the business combination	-	21,052
Less: Accrual of investment cost in subsidiaries	-	(11,680)
	-	9,372
Less: Cash and cash equivalents of subsidiary acquired	-	(9,689)
Net cash outflow on acquisition	-	(317)

19. INVESTMENT IN SUBSIDIARIES (Cont'd)

Acquisition of subsidiaries (Cont'd)

Goodwill arising on acquisition

	2011 RM'000	2010 RM'000
Fair value of net identifiable assets	-	30,167
Less: Non-controlling interests	-	(12,075)
Group's interest in fair value of net identifiable assets	-	18,092
Goodwill on acquisition (Note 24)	-	2,960
Cost of business combination	-	21,052

20. OTHER INVESTMENTS

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Investment in preference shares	-	-	40,600	31,000

21. DERIVATIVES

a) Derivatives not designated as hedging instruments

The Group uses forward currency contracts and commodity futures to manage some of its transaction exposures. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with the related transaction exposures.

	Group/Company			
	2011 RM'000		2010 RM'000	
	Contract/ Notional amount	Liabilities	Contract/ Notional amount	Liabilities
Forward currency contacts	19,982	1,429	-	-

b) Cash flow hedges

At 31 December 2011, the Group has two interest rate swap agreements in place with notional amounts of RM25,000,000 (2010: Nil) and RM41,000,000 (2010: RM41,000,000) respectively whereby the Group pays fixed rates of interest of 3.68% and 5.08% per annum respectively and receives variable rates equal to MYR-KLIBOR-BNM on the notional amounts. The interest rate swaps are being used to hedge the exposure to changes in the floating interest rate of its secured loans amounting to RM45,000,000 (2010: Nil) and RM80,000,000 (2010: RM80,000,000) respectively. The management considers the interest rate swaps as effective hedging instruments as the secured loans and the swaps have identical critical terms.

A net unrealised loss of RM1,764,000, a related deferred tax asset of RM441,000 was included in equity.

21. DERIVATIVES (Cont'd)

b) Cash flow hedges (Cont'd)

The amount retained in equity at 31 December 2011 is expected to mature and affect the income statement during the next 7 financial years as follows:

	2011 RM'000
Within one year	758
Later than 1 year but not later than 2 years	553
Later than 2 years but not later than 5 years	314
Later than 5 years	139
	1,764

The related financial liabilities are analysed as follows:

	Notional Amount RM'000	2011 Fair Value RM'000	2010 Fair Value RM'000
Cash flow hedges	66,000	1,764	3,008
Analysed as:			
Current		758	1,144
Non-current		1,006	1,864
		1,764	3,008

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total derivatives:				
Current	2,187	1,144	1,429	-
Non-current	1,006	1,864	-	-
	3,193	3,008	1,429	-

22. INVENTORIES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cost				
Processed inventories (crude palm oil and palm kernel)	63,237	37,269	63,237	37,269
Stores and spares	25,937	21,237	10,396	8,746
Nursery inventories	1,917	4,870	303	444
Crushed stone	158	76	157	76
	91,249	63,452	74,093	46,535

23. Trade and other receivables

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current:				
Trade receivables				
Third parties	47,749	25,040	38,645	24,302
Other receivables				
Other receivables	4,500	18,093	2,757	4,445
Amounts due from subsidiaries	-	-	184,351	132,450
Refundable deposits	7,954	2,724	7,874	2,534
	12,454	20,817	194,982	139,429
	60,203	45,857	233,627	163,731
Non-current:				
Other receivables				
Other receivables	32	32	-	-
Total trade and other receivables (current and non-current)	60,235	45,889	233,627	163,731
Add: Cash and bank balances (Note 25)	510,774	368,694	291,926	261,940
Total loans and receivables	571,009	414,583	525,553	425,671

a) Trade receivables

The Group and the Company trade receivables are non-interest bearing and are generally on 30 day (2010: 30 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Neither past due nor impaired	47,693	25,012	38,645	24,302
1 to 30 days past due not impaired	12	6	-	-
31 to 60 days past due not impaired	5	3	-	-
61 to 90 days past due not impaired	4	5	-	-
91 to 120 days past due not impaired	2	3	-	-
More than 121 days past due not impaired	33	11	-	-
	56	28	-	-
	47,749	25,040	38,645	24,302

23. Trade and other receivables (Cont'd)

a) Trade receivables (Cont'd)

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and Company.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM56,000 (2010: RM28,000) that are past due at the reporting date but not impaired.

b) Amounts due from subsidiaries

Included in the amounts due from subsidiaries are RM153,774,000 (2010: RM104,266,000), being advances which bear interest at COF + 1.1% (2010: COF + 1.1%) per annum.

The amounts due from subsidiaries are unsecured and are repayable on demand.

c) Other receivables

Included in other receivables of the Group is an amount of RM58,757 (2010: RM47,802) due to companies in which certain Directors have substantial financial interests.

24. INTANGIBLE ASSET

	Group	
	2011	2010
	RM'000	RM'000
Goodwill		
Cost:		
At 1 January	5,182	2,222
Acquisition of subsidiaries (Note 19)	-	2,960
At 31 December	5,182	5,182

25. CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	97,447	42,655	36,741	13,837
Short term deposits with licensed banks	413,327	326,039	255,185	248,103
Cash and bank balances	510,774	368,694	291,926	261,940

25. CASH AND BANK BALANCES (Cont'd)

The effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2011	2010	2011	2010
	%	%	%	%
Deposits with licensed banks	1.95 – 3.35	1.95 – 2.95	2.20 – 3.35	1.95 – 2.95

The maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2011	2010	2011	2010
	Days	Days	Days	Days
Deposits with licensed banks	4 – 92	3 – 92	4 – 92	5 – 92

26. LOANS AND BORROWINGS

		Group		Company	
		2011	2010	2011	2010
	Maturity	RM'000	RM'000	RM'000	RM'000
Current					
Secured:					
Obligations under finance leases (Note 33(b))	2012	9,974	8,647	5,112	5,631
Revolving credits	2012	26,000	17,000	-	-
Term loans	2012	17,667	15,500	-	-
		53,641	41,147	5,112	5,631
Unsecured:					
Revolving credits	2012	6,000	8,000	6,000	8,000
Term loans	2012	3,979	3,788	3,979	3,788
		9,979	11,788	9,979	11,788
		63,620	52,935	15,091	17,419
Non-current					
Secured:					
Obligations under finance leases (Note 33(b))	2013 - 2014	9,306	7,946	5,194	4,813
Term loans	2013 - 2022	344,753	239,483	-	-
		354,059	247,429	5,194	4,813
Unsecured:					
Term loans	2013	1,104	5,083	1,104	5,083
		355,163	252,512	6,298	9,896
Total loans and borrowings		418,783	305,447	21,389	27,315

26. LOANS AND BORROWINGS (Cont'd)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
On demand or within one year	63,620	52,935	15,091	17,419
Later than 1 year but not late than 2 years	43,195	27,434	4,941	7,216
Later than 2 years but not later than 5 years	189,721	135,390	1,357	2,680
Later than 5 years	122,247	89,688	-	-
	418,783	305,447	21,389	27,315

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 15). The discount rates implicit in the leases range from 4.78% - 6.17% (2010: 4.51% - 6.14%) per annum.

Revolving credits

Revolving credits bear interest at COF + 0.75% to COF + 1% p.a. (2010: COF + 0.75% to COF + 1% p.a.) and are secured by charges over certain leasehold land of the Group and of the Company.

Term loans

The term loans are secured by charges over certain leasehold land of the Group and of the Company.

The ranges of interest rates during the financial year for loans and borrowings are as follows:

	Group	
	2011 %	2010 %
Term loans		
- Fixed rates	5.50 – 5.52	5.50 – 5.52
- Floating rates	4.05 – 4.95	3.75 – 4.95
Revolving credits	4.11 – 4.35	3.75 – 4.39

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current				
Trade payables				
Third parties	72,254	49,038	22,943	20,345
Amounts due to subsidiaries	-	-	17,250	19,636
	72,254	49,038	40,193	39,981

27. TRADE AND OTHER PAYABLES (Cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other payables				
Retention sums payable to contractors	4,817	2,502	4,817	2,106
Staff remuneration payable	3,603	2,472	3,603	2,472
Deposits received	35	17	18	16
Dividend payable	300	-	-	-
Land premium payable	-	664	-	-
Other payable and accrued operating expenses	69,925	73,500	24,363	21,258
Amounts due to subsidiaries	-	-	-	312
	78,680	79,155	32,801	26,164
	150,934	128,193	72,994	66,145
Non-current				
Land premium payable	-	1,300	-	-
Total trade and other payables	150,934	129,493	72,994	66,145
Add: Loans and borrowings (Note 26)	418,783	305,447	21,389	27,315
Total financial liabilities carried at amortised cost	569,717	434,940	94,383	93,460

a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 day (2010: 30 to 60 day) terms.

Included in trade payables of the Group and of the Company are amounts of RM4,674,000 (2010: RM3,018,000) and RM683,383 (2010: RM356,000) respectively due to companies in which certain Directors have substantial financial interests.

b) Other payables

These amounts are non-interest bearing.

Included in other payables of the Group and of the Company are amounts of RM25,000 (2010: RM6,698,000) and RM20,582 (2010: RM16,000) respectively due to companies in which certain Directors have substantial financial interests.

c) Amounts due to subsidiaries

These amounts are unsecured, non-interest bearing and are repayable on demand.

28. DEFERRED TAX

Group	As at 1 January 2010	Effect arising from adoption of FRS 139 RM'000	Recognised in profit or loss RM'000	Recognised in other compre-hensive income RM'000	Acquisition of subsidiaries RM'000	As at 31 December 2010 RM'000	Recognised in profit or loss RM'000	Recognised in other compre-hensive income RM'000	As at 31 December 2011 RM'000
Deferred tax liabilities:									
Property, plant and equipment	167,183	-	28,691	-	4,866	200,740	21,964	-	222,704
Deferred tax assets:									
Unutilised tax losses	(17,090)	-	(83)	-	-	(17,173)	(4,870)	-	(22,043)
Unabsorbed capital allowance and agriculture allowance	(51,214)	-	(18,296)	-	-	(69,510)	(13,407)	-	(82,917)
Fair value adjustment on cash flow hedge	-	(1,032)	-	280	-	(752)	-	312	(440)
Others	-	-	-	-	-	-	(762)	-	(762)
	(68,304)	(1,032)	(18,379)	280	-	(87,435)	(19,039)	312	(106,162)
	98,879	(1,032)	10,312	280	4,866	113,305	2,925	312	116,542

28. DEFERRED TAX (Cont'd)

	As at 1 January 2010 RM'000	Recognised in profit or loss RM'000	As at 31 December 2010 RM'000	Recognised in profit or loss RM'000	As at 31 December 2011 RM'000
Company					
Deferred tax liabilities:					
Property, plant and equipment	29,269	(724)	28,545	362	28,907

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	(4,485)	(1,481)	-	-
Deferred tax liabilities	121,027	114,786	28,907	28,545
	116,542	113,305	28,907	28,545

During the year, the Group has:

	Group	
	2011 RM'000	2010 RM'000
Unutilised tax losses	50,065	68,614
Unabsorbed capital allowances	13,411	40,955
Unabsorbed agriculture allowance	163,960	237,165
	227,436	346,734

The unutilised tax losses, unabsorbed capital allowances and unabsorbed agriculture allowance of the Group are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act 1967 and guidelines issued by the tax authority.

29. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares of RM1 Each	← Amount		→
	Share Capital (Issued and Fully Paid) '000	Share Capital (Issued and Fully Paid) RM'000	Share Premium RM'000	Total Share Capital and Share Premium RM'00
At 1 January 2010	428,526	428,526	1,046	429,572
Ordinary shares issued during the year:				
Pursuant to exercise of ESOS	1,568	1,568	635	2,203
Pursuant to exercise of warrants	992	992	-	992
Transfer from employee share option reserve arising from exercise of ESOS	-	-	1,109	1,109
As at 31 December 2010 and 1 January 2011	431,086	431,086	2,790	433,876
Ordinary shares issued during the year:				
Pursuant to exercise of ESOS	2,050	2,050	1,427	3,477
Pursuant to exercise of warrants	1,341	1,341	-	1,341
Transfer from employee share option reserve arising from exercise of ESOS	-	-	1,596	1,596
At 31 December 2011	434,477	434,477	5,813	440,290

	Number of Ordinary Shares of RM1 Each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised share capital				
At 1 January and 31 December	5,000,000	5,000,000	5,000,000	5,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

30. EMPLOYEE SHARE OPTION RESERVE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	2,571	1,885	2,571	1,885
Share options granted under ESOS				
Recognised in profit or loss	1,723	1,795	1,115	1,178
Charged to subsidiaries	-	-	608	617
Transfer to Share Premium arising from exercise of ESOS	(1,596)	(1,109)	(1,596)	(1,109)
At 31 December	2,698	2,571	2,698	2,571

The employee share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

31. HEDGE RESERVE

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
At 1 January	(1,466)	-	-	-
Effect of adopting FRS139	-	(2,013)	-	-
	(1,466)	(2,013)	-	-
Fair value adjustment on cash flow hedge	606	547	-	-
At 31 December	(860)	(1,466)	-	-

The hedge reserve represents the cumulative fair value changes, net of tax, of the interest rate swap designated as cash flow hedges.

32. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2011 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2011, the Company has sufficient credit in the tax exempt account and in the 108 balance to pay franked dividends out of its entire retained earnings.

33. COMMITMENTS

a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved and contracted for:				
Plantation development expenditure	32,949	46,147	-	-
Property, plant and equipment	107,362	105,496	36,545	13,783
	140,311	151,643	36,545	13,783

33. COMMITMENTS (Cont'd)

a) Capital commitments (Cont'd)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Approved but not contracted for:				
Plantation development expenditure	264,391	188,324	1,122	4,672
Property, plant and equipment	116,321	224,923	73,877	138,662
	380,712	413,247	74,999	143,334
	521,023	564,890	111,544	157,117

b) Finance lease commitments

The Group has finance leases for certain items of plant and machinery and motor vehicles (Note 15). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Future minimum lease payments				
Not later than 1 year	10,723	9,313	5,540	6,045
Later than 1 year and not later than 2 years	6,986	6,020	4,008	3,411
Later than 2 years and not later than 5 years	2,712	2,241	1,386	1,611
Total future minimum lease payments	20,421	17,574	10,934	11,067
Less: Future finance charges	(1,141)	(981)	(628)	(623)
Present value of finance lease liabilities	19,280	16,593	10,306	10,444
Present value of payments:				
Not later than 1 year	9,974	8,647	5,112	5,631
Later than 1 year and not later than 2 years	6,648	5,750	3,837	3,237
Later than 2 years and not later than 5 years	2,658	2,196	1,357	1,576
	19,280	16,593	10,306	10,444
Less: Amount due within 12 months (Note 26)	(9,974)	(8,647)	(5,112)	(5,631)
Amount due after 12 months (Note 26)	9,306	7,946	5,194	4,813

34. RELATED PARTY TRANSACTIONS

Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Company	
	2011	2010
	RM'000	RM'000
Significant transactions with subsidiaries		
Purchase of fresh fruit bunches	354,113	227,023
Purchase of goods	23,643	20,373
Sale of seedlings and consumables	(465)	(296)
Construction services	(5,045)	(8,206)
Sale of property, plant and equipment	(10,394)	(763)
Purchase of property, plant and equipment	4,331	1,091
Interest expenses recharged	(5,460)	(3,539)
Management fees	(200)	(200)
Other income	(496)	-
Other services	(1,773)	(891)
Rental charges	132	108

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Transactions with companies owned substantially by Directors Tan Sri Datuk Ling Chiong Ho and Ling Chiong Sing				
Contract received	-	(2,491)	-	-
Contract paid	505	39	-	-
Purchase of spare parts and consumables	21,573	17,941	3,271	5,427
Purchase of property, plant and equipment	5,011	3,714	1,931	2,313
Purchase of fresh fruit bunches	62,706	44,223	62,706	44,223
Rental of premises	-	144	-	-
Sales of goods and services	(69)	(71)	-	-
Transportation charges	3,245	2,008	34	49
Transactions with a company owned substantially by a Director, Wong Ngie Yong				
Purchase of spare parts and consumables	905	474	-	-

35. EMPLOYEE BENEFITS

Employee Share Options Scheme ("ESOS")

The Sarawak Oil Palms Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at an Extraordinary General Meeting held on 15 February 2007 and was implemented on 12 March 2007. It is to be in force for a period of 10 years from the date of implementation.

The salient features of the ESOS are as follows:

(i) The Option Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.

(ii) Subject to the discretion of the Option Committee, any employee who has been employed for at least one year and whose employment has been confirmed is eligible to participate in the ESOS. Directors of the Group are not eligible to participate in the Proposed ESOS.

(iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 6.32% of the issued and paid up share capital of the Company during the tenure of the ESOS. The aggregate allocation of options to the senior management of the Group shall not exceed 50% of the total number of shares to be issued under the ESOS. In addition, not more than 10% of the shares available under the ESOS are to be allocated to any eligible employee who, either singly or collectively through persons connected to the eligible employee, holds 20% or more in the issued and paid up share capital of the Company.

(iv) The option price for each share shall be the higher of (a) at a discount of not more than 10% from the 5-day weighted average market price of the shares of the Company as shown in the daily official list issued by Bursa Securities immediately preceding the date on which the option is granted or (b) the par value of the shares of the Company.

(v) The options shall be exercisable only by the employee during his lifetime and in employment of the Group and within the option period, subject to a maximum percentage of options exercisable in each year over a period up to 10 years.

(vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the then existing ordinary shares of the Company except that the shares so issued shall not be entitled for any dividends, rights, allotments or other distributions to shareholders the entitlement date of which is prior to the date of allotment of the shares.

(vii) The options shall not carry any right to vote at a general meeting of the Company.

(viii) Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by an external valuer using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at granted date and the assumptions are as follows:

	2011	2010
Fair value of share options at the following grant dates (RM):		
12 March 2011	1.15	-
9 June 2010	-	0.92
Weighted average share price (RM)	4.10	3.07
Weighted average exercise price (RM)	1.70	1.56
Expected volatility (%)	27.82	27.36
Expected life (years)	6	7
Risk free rate (%)	3.1	3.1
Expected dividend yield (%)	0	0

35. EMPLOYEE BENEFITS (Cont'd)

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Employee Share Options Scheme ("ESOS") (Continued)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	Outstanding	Movements during the year				Outstanding	Exercisable
	1 January	Granted	Exercised	Forfeited	Expired	31 December	31 December
	'000	'000	'000	'000	'000	'000	'000
2011							
2011 options	-	988	(51)	(116)	-	821	96
2010 options	2,041	-	(293)	(129)	-	1,619	200
2009 options	806	-	(191)	(63)	-	552	89
2008 options	884	-	(334)	(47)	-	503	227
2007 options	7,908	-	(1,181)	(73)	-	6,654	2,298
WAEP	1.56	3.12	1.70	2.27	-	1.65	1.50
2010							
2010 options	-	2,193	(68)	(84)	-	2,041	215
2009 options	959	-	(99)	(54)	-	806	156
2008 options	1,074	-	(82)	(108)	-	884	384
2007 options	9,613	-	(1,319)	(386)	-	7,908	2,284
WAEP	1.41	2.22	1.40	1.65	-	1.56	1.51

(i) Details of share options outstanding at the end of the year:

Grant date	WAEP RM	Exercised Period
2011	1.65	12.3.2011 - 11.3.2017
2010	1.56	9.6.2010 - 11.3.2017
2009	1.41	12.3.2009 - 11.3.2017
2008	1.37	12.3.2008 - 11.3.2017
2007	2.91	12.3.2007 - 11.3.2017

(ii) Share options exercised during the year

Option exercised during the financial year resulted in the issuance of 2,050,000 (2010: 1,568,000) ordinary shares at an average price of RM1.70 (2010: RM1.40) each. The related weighted average share price at the date of exercise was RM4.10 (2010: RM3.07).

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions are used to estimate the fair value of each class of financial instruments other than derivative financial instruments, for which it is practicable to estimate that value:

(a) Cash and bank deposits, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short term nature.

(b) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

(c) Amounts due from/to subsidiaries

The carrying values of amounts due from/to subsidiaries approximate their fair values due to their short term nature.

(d) Loans and borrowings

The carrying values of loans and borrowings approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's overall financial risk management strategy seeks to minimise potential adverse effects of financial performance of the Group. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

Financial risk management policies are periodically reviewed and approved by the Board of Directors and executed by risk management committees. The Group Risk Committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers are subject to credit verification procedures. Receivables are monitored on an ongoing basis.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit risk (Cont'd)

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23.

Financial assets that are past due but not impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 23.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and cash equivalents, and has available funding through a diverse source of committed and uncommitted credit facilities from various banks.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

Group	On demand or within1 year RM'000	Between 1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2011				
Financial liabilities:				
Trade and other payables	150,934	-	-	150,934
Loans and borrowings	63,620	232,916	122,247	418,783
Total undiscounted financial liabilities	214,554	232,916	122,247	569,717
Company				
At 31 December 2011				
Financial liabilities:				
Trade and other payables	72,994	-	-	72,994
Loans and borrowings	15,091	6,298	-	21,389
Total undiscounted financial liabilities	88,085	6,298	-	94,383

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to market risk for changes in interest rates arise primarily from their long term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM51,000 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the functional currency of the Group (RM). The foreign currency in which these transactions are denominated is primarily United States Dollars (USD).

The Group manages its foreign currency risk by hedging transactions using forward currency contracts.

Sensitivity analysis for foreign currency risk

The sensitivity of the Group's profit net of tax to a reasonable possible change in the USD exchange rates against the functional currency of the Group, with all other variables held constant, is not material due to the low volume of such transactions.

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2011 and 31 December 2010.

39. SEGMENT INFORMATION

No segmental analysis is presented as the Group is principally engaged in the oil palm in Malaysia.

40. DIVIDENDS

	Group/Company 2011 RM'000	Group/Company 2010 RM'000
Recognised during the financial year:		
Dividends on ordinary shares:		
Final dividend for 2010: 4% (2009: 3%) less 25% (2009: 25%) tax on 433,483,359 (2009: 429,293,023) ordinary shares	13,005	9,659
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final dividend for 2011: 5% (2010: 4%) less 25% (2010: 25%) tax on 434,476,559 (2010: 431,086,091) ordinary shares	16,293	12,933

41. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Directors on 27 April 2012.

42. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED EARNINGS INTO REALISED AND UNREALISED

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

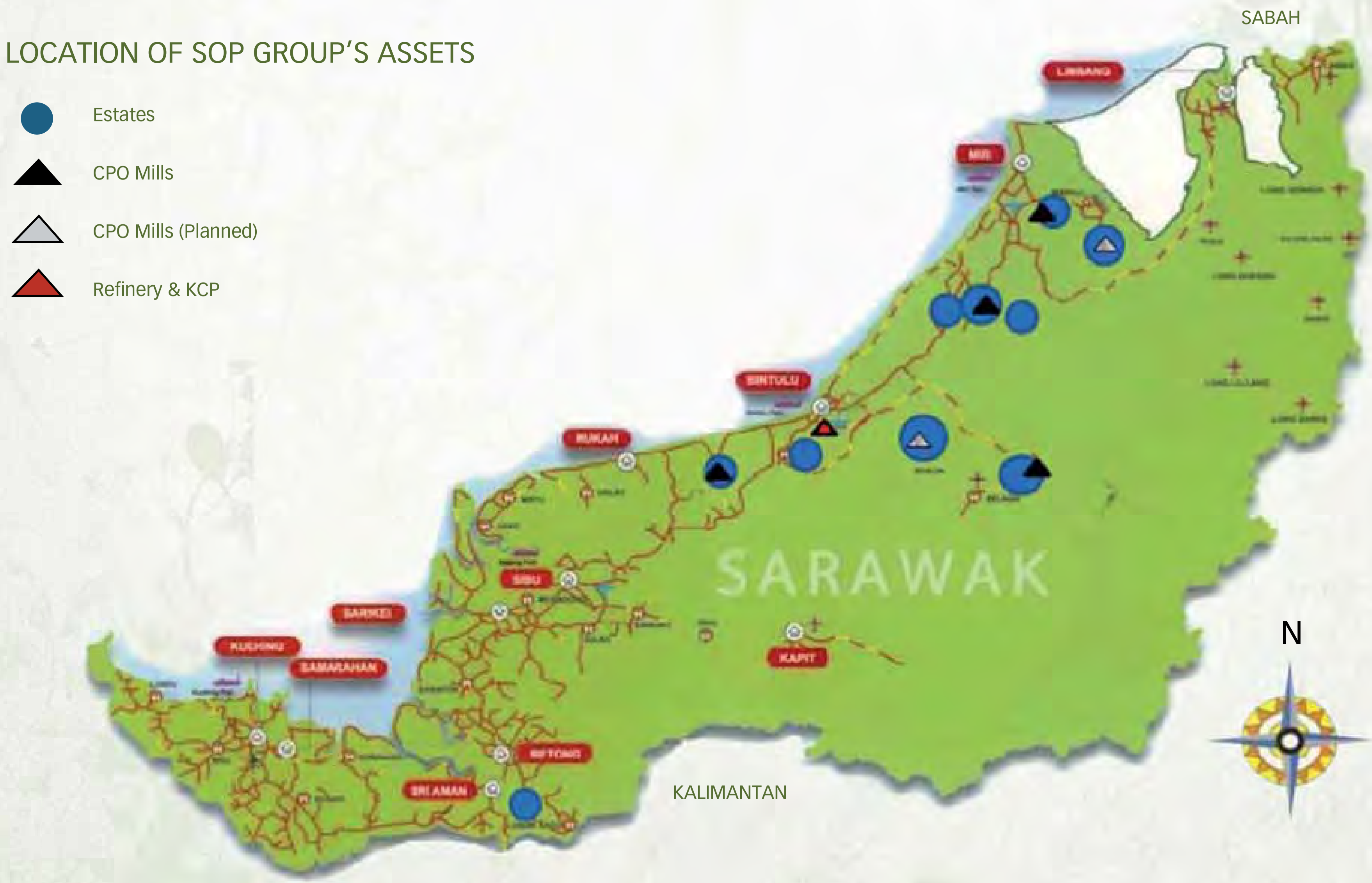
	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Recognised during the financial year:				
Total retained earnings of the Company and its subsidiaries:				
- Realised	861,796	621,137	581,818	409,227
- Unrealised	(86,309)	(81,962)	(30,179)	(28,545)
Retained earnings as per financial statements	775,487	539,175	551,639	380,682

Properties of the Group

As At 31 December 2011

Location of Property Sarawak		Year of Acquired/ Revaluation	Tenure	Year of Expiry	Size Hectares	Description Net	Book Value As at 31 Dec 2011 (RM'000)	Age of Building (Years)
1.	Kebuloh Estate, Miri	1971-1972	Leasehold 87 to 97 years	2067	1,841	Oil Palm Estate & Oil Palm Mill		
2.	Luak Estate, Miri	1977-1980	Leasehold 87 to 97 years	2067	2,785	Oil Palm Estate		
3.	Telabit Estate, Miri	1989	Leasehold 99 years	2085	2,762	Oil Palm Estate	270,228	1 to 41
4.	Pinang Estate, Miri	1991	Leasehold 99 years	2090	1,296	Oil Palm Estate		
5.	Galasah Estate, Miri	1989	Leasehold 99 years	2084	1,907	Oil Palm Estate + Oil Palm Mill		
6.	Balingian Estate 1, Balingian	1977	Leasehold 60 years	2057	1,679	Oil Palm Estate + Oil Palm Mill	46,685	1 to 13
	Balingian Estate 2, Balingian	1999	Leasehold 60 years	2059	2,301	Oil Palm Estate		
7.	Sengah/Tibus Estate, Miri*	2003-2004	Leasehold 60 years	2063 2064	1,499	Land under Oil Palm Development		
8.	Lamaus Estate, Miri*	2003-2004	Leasehold 60 years	2063-2064	3,818	Land under Oil Palm Development	58,710	1 to 14
9.	Suai Estate, Miri	2004	Leasehold 60 years	2064	3,337	Land under Oil Palm Development		
10.	Niah Estate, Miri	1999	Leasehold 60 years	2059	5,000	Oil Palm Estate	60,920	1 to 13
11.	Taniku Estate, Miri	2003	Leasehold 60 years	2058	4,858	Oil Palm Estate	126,156	1 to 14
12.	Sepakau Estate, Belaga	2003	Leasehold 60 years	2059	9,030	Land under Oil Palm Development		
13.	Karabungan Estate	2005	Leasehold 60 years	2058	2,023	Land under Oil Palm Development	30,680	1 to 7
14.	Tatau Estate	2008	Leasehold 99 years	2103	3,840	Land under Oil Palm Development		
15.	Sebungan Estate	2006	Leasehold 99 years	2103	1,667	Land under Oil Palm Development	199,820	1 to 6
16.	Lavang Estate	2006	Leasehold 99 years	2104	4,880	Land under Oil Palm Development		
17.	Tinbarap Estate	2007	Leasehold 99 years	2105	12,910	Land under Oil Palm Development	216,360	1 to 4
18.	Batu Lintang, Sri Aman	2008	NCR Native Land 60 years	NA	2,000	Land under Oil Palm Development	31,554	1 to 4
19.	Sabaju Estate	2010	Leasehold	-	3,380	Land under Oil Palm Development	38,177	1 to 2
20.	Refinery & KCP Plant, Bintulu	2010	-	-	28	Palm Oil Refinery & Palm Kernel Crushing Plant	113,258	In progress

SARAWAK OIL PALMS BERHAD GROUP



Analysis of Shareholdings

As At 9 May 2012

SHARE CAPITAL

Authorised	: 500,000,000 Ordinary Shares of RM1.00 each
Issued and Fully Paid	: 436,072,759
Voting Rights	: One Vote Per Share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	197	4.79	2,796	0
100 – 1000	866	21.05	543,358	0.12
1001 – 10,000	2,318	56.34	9,170,625	2.10
10,001 – 100,000	614	14.92	17,161,242	3.94
100,001 to less than 5% of issued shares	114	2.77	85,723,698	19.66
5% and above of issued shares	5	0.12	323,471,040	74.18
TOTAL	4,114	100.00	436,072,759	100.00

Substantial Shareholders

	No. of Shares Held	% of Issued Capital
1. Shin Yang Plantation Sdn Bhd	126,294,214	28.96
2. Pelita Holdings Sdn Bhd	124,591,852	28.57
3. Tan Sri Datuk Ling Chiong Ho	31,069,808	7.12

Directors' Interests In Shares

	Direct Interest		Deemed Interest	
Size of Holdings	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
In the company				
Tan Sri Datuk Ling Chiong Ho	31,069,808	7.12	126,294,214	28.96
Ling Chiong Sing	-	-	126,294,214	28.96
Tang Tiong Ing	42,880	negligible	-	-
Fong Tshu Kwong	80,000	negligible	-	-
DR. Lai Yew Hock, Dominic	-	-	39,400	negligible
Wong Ngie Yong	-	-	20,000	-
Gerald Rentap Jabu	7,000	negligible	-	-

Thirty Largest Shareholders

As At 9 May 2012

THIRTY LARGEST SHAREHOLDERS (As At 9th May 2012)

	Name	No. of Shares	Shares %
1	Pelita Holdings Sdn Bhd	124,591,852	28.57
2	AMMB Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad For Shin Yang Plantation Sdn Bhd (KCH 001)	103,064,478	23.63
3	UOBM Nominees (Asing) Sdn Bhd Exempt An For Societe Generale Bank & Trust, Singapore Branch (Cust Asset)	41,515,166	9.52
4	Ling Chiong Ho	31,069,808	7.12
5	Shin Yang Plantation Sdn Bhd	23,229,736	5.33
6	HSBC Nominees (Asing) Sdn Bhd Exempt An For HSBC Private Bank (Suisse) S. A. (SPORE TST AC CL)	15,728,500	3.61
7	HSBC Nominees (Asing) Sdn Bhd Exempt An For BNP Paribas Wealth Management Singapore Branch (A/C Clients-Fgn)	9,778,400	2.24
8	HSBC Nominees (Asing) Sdn Bhd HSBC Trustee SG Ltd For Millionasia Properties Limited	6,878,800	1.58
9	Pekan Megah Sdn Bhd	5,820,360	1.33
10	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin (M)	5,046,900	1.16
11	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin (002)	3,048,300	0.70
12	Wong Ing Yung	3,026,800	0.69
13	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Boards (PHEIM)	2,581,940	0.59
14	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Pheng	2,430,000	0.56
15	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Koon Yew Yin	1,704,100	0.39
16	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Koon Yew Yin	1,165,700	0.27
17	HLG Nominee (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Quek Leng Chye	1,074,240	0.25
18	Wong Yu @ Wong Wing Yu	1,034,200	0.24
19	Adinamaju Sdn Bhd	1,024,660	0.23
20	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	1,022,000	0.23
21	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Pheng (M)	750,000	0.17
22	Neoh Choo Ee & Company, Sdn. Berhad	677,000	0.16
23	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Yap Sung Pang	659,500	0.15
24	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For Kenanga Investors Bhd	601,000	0.14
25	Citigroup Nominees (Asing) Sdn Bhd CBNY For Dimensional Emerging Markets Value Fund	596,220	0.14
26	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kit Yew	590,000	0.14
27	Ling Chiong Pin	559,500	0.13
28	Yong Poh Kon, Tan Sri	517,000	0.12
29	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd For Tan How Nguang	496,980	0.11
30	Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Juliana Hutomo	447,600	0.10

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 44th Annual General Meeting of the Company will be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 25 June 2012 at 10.00 am for the following purposes:-

AGENDA

1. To receive and adopt the annual accounts for the year ended 31st December 2011 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**

2. To declare a Final Dividend in respect of the financial year ended 31st December 2011 as recommended by the Directors. **(Resolution 2)**

3. To approve payment of Directors' fees in respect of the financial year ended 31st December 2011. **(Resolution 3)**

4. To re-elect the following Directors who retire pursuant to Article 95 and 101 of the Company's Articles of Association and being eligible, offer themselves for re-election.

   a) Ling Chiong Sing **(Resolution 4a)**
   b) Dr. Dominic Lai Yew Hock **(Resolution 4b)**
   c) Wong Ngie Yong **(Resolution 4c)**

5. To appoint Messrs. Ernst & Young as the auditors of the Company and to authorise the Board of Directors to fix their remuneration. **(Resolution 5)**

6. As Special Business **(Resolution 6)**

   To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:-

   Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature

   "THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into Recurrent Related Party transactions of a revenue or trading nature with those Related Parties as stated in Section 2.2 of the Circular to Shareholders dated 4 June 2012, which are necessary for its day-to-day operations subject further to the following: -

   a) That the transactions are in the ordinary course of business and are made on an arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those available to the public and not to the detriment of the minority shareholders; and

   b) That disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on information such as the type of the Recurrent Transactions made and the names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the company.

   c) 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 after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("Acts") 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 a general meeting, whichever is the earlier;

7. To transact any other business for which due notice shall be given.

Notice of Annual General Meeting (Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT the First and Final Dividend of 5% less 25% tax for the financial year ended 31 December 2011 will be payable on 23 July 2012 to Depositors registered in the Records of Depositors at the close of business on 29 June 2012.

Depositor shall qualify for entitlement to the dividend only in respect of:

a) Shares deposited into Depositor's Securities Account before 12:30pm on 27 June 2012. (In respect of shares which are exempted from mandatory deposit)

b) Shares transferred into the Depositor's Securities Account before 4:00pm on 29 June 2012 in respect of transfers; and

c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Eric Kiu Kwong Seng
Secretary
Miri

4 June 2012

Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.

3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

4. The Form of Proxy must be deposited to either of the following offices not less than forty-eight (48) hours before the time appointed for holding the meeting:

   (i) The Office of the Share Registrars, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/45, 47301 Petaling Jaya, Selangor, Malaysia.
   (ii) The Registered office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.

5. Explanatory notes on Special Business:

   The Ordinary Resolution proposed under item 6, if passed, will authorize the Company and/or its subsidiary companies to enter into recurrent related party transactions of revenue or trading nature. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 4 June 2012 for more information.

6. Depositors who appear in the Record of Depositors as at 19 June 2012 shall be regarded as member of the Company entitled to attend the Forty-Fourth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

Statement Accompanying Notice

Of The Forty-Fourth Annual General Meeting of Sarawak Oil Palms Berhad

Directors who are standing for Re-election

Ling Chiong Sing
Dr. Dominic Lai Yew Hock
Wong Ngie Yong

Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 8 to 10 of this Annual Report.

Details of Attendance of Directors of Board Meetings

Name of Directors	Date of Appointment	Board Attendance
Tan Sri Datuk Ling Chiong Ho	16/06/1995	5/5
Ling Chiong Sing	01/12/2006	4/5
Ling Lu Kuang	27/06/2008	5/5
Tang Tiong Ing	16/06/1995	5/5
Hasbi Bin Suhaili	26/08/2005	5/5
Gerald Rentap Jabu	24/05/2000	4/5
Fong Tshu Kwong	22/03/1996	5/5
Dr Lai Yew Hock	24/02/2000	4/5
Wong Ngie Yong	15/06/2001	5/5
Kamri Bin Ramlee	01/04/2011	4/5
Kameri Bin Affandi	28/11/2008(resigned on 1/4/2011)	1/5

Number of meetings attended (first figure) number of meetings held while in office (second figure)

Details of the Board of Directors' Meeting held

Five Board Meetings were held during the year.

Board Meeting	Time	Place
25 February 2011	10.00 a.m	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
26 April 2011	2.15 p.m	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak
27 June 2011	10.30 a.m	Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri,Sarawak.
25 August 2011	10.00 a.m	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak
24 November 2011	9.30 a.m	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak

Details of persons who are standing for election as Directors

1. No individual is seeking election as Director at the Forty-Fourth Annual General Meeting of the Company.

Form of Proxy

No of ordinary shares held

SARAWAK OIL PALMS BERHAD
(Company No.7949-M)
(Incorporated in Malaysia)

I/We ____________________

of ____________________

being a member/members of the above Company, hereby appoint *Chairman of the meeting or ____________________

____

of ____________________

or failing him ____________________

of ____________________

as *my/our proxy to vote for* me/us and on* my/our behalf at the Forty-Fourth Annual General Meeting of the Company to be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 25 June 2012 at 10.00 am and, at any adjournment thereof. The proxy is to vote on the resolutions set out in the Notice of Annual General Meeting as indicated with an "X" in the appropriate spaces.

NO.	RESOLUTIONS	FOR	AGAINST
1	Adoption of Accounts and Reports of Directors and Auditors.		
2	Declaration of Final Dividend.		
3	Approval of Directors' fees.		
4	Re-election of retiring directors:- (a) Ling Chiong Sing		
	(b) Dr. Dominic Lai Yew Hock		
	(c) Wong Ngie Yong		
5	Appointment of Auditors		
6	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue of trading nature		

(Please indicate with an "X' in the space provided above on how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/her discretion)

Dated this ______________ day of ________________ 2012

____
Signature and/or Common Seal of Shareholders

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his instead. 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 shall not apply to the Company.
2. Where a member appoints more than one (1) proxy, the proportion of his shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Pursuant to paragraph 7.22 of the Listing Requirements of the Bursa Malaysia Berhad, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy or proxies shall be in writing (in the common and usual form) under the hand of the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an office or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at either of the following offices not less than forty-eight (48) hours before the time appointed for the holding o the meeting:
   a) The Office at the Share Registrars, Symphony Share Registrars Sdn. Bhd. At Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46 47301 Petaling Jaya, Selangor.
   b) The Registered Office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.
5. Depositors who appear in the Record of Depositors as at 19 June 2012 shall be regarded as member of the Company entitled to attend the Forty-Fourth Annual General Meeting or appoint a proxy to attend and vote on his behalf.

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Stamp

The Company Secretary
SARAWAK OIL PALMS BERHAD (7949-M)
No. 124-126, Jalan Bendahara
98000 Miri
Sarawak

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SARAWAK OIL PALMS BERHAD (7949-M)
No.124-126, Jalan Bendahara
98000 Miri, Sarawak