

ANNUAL REPORT
2009



ANNUAL REPORT 2009

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2009
(IN RINGGIT MALAYSIA)

SAWIT KINABALU SDN BHD
INCORPORATED IN MALAYSIA (403109-W)
AND ITS SUBSIDIARY COMPANIES

contents



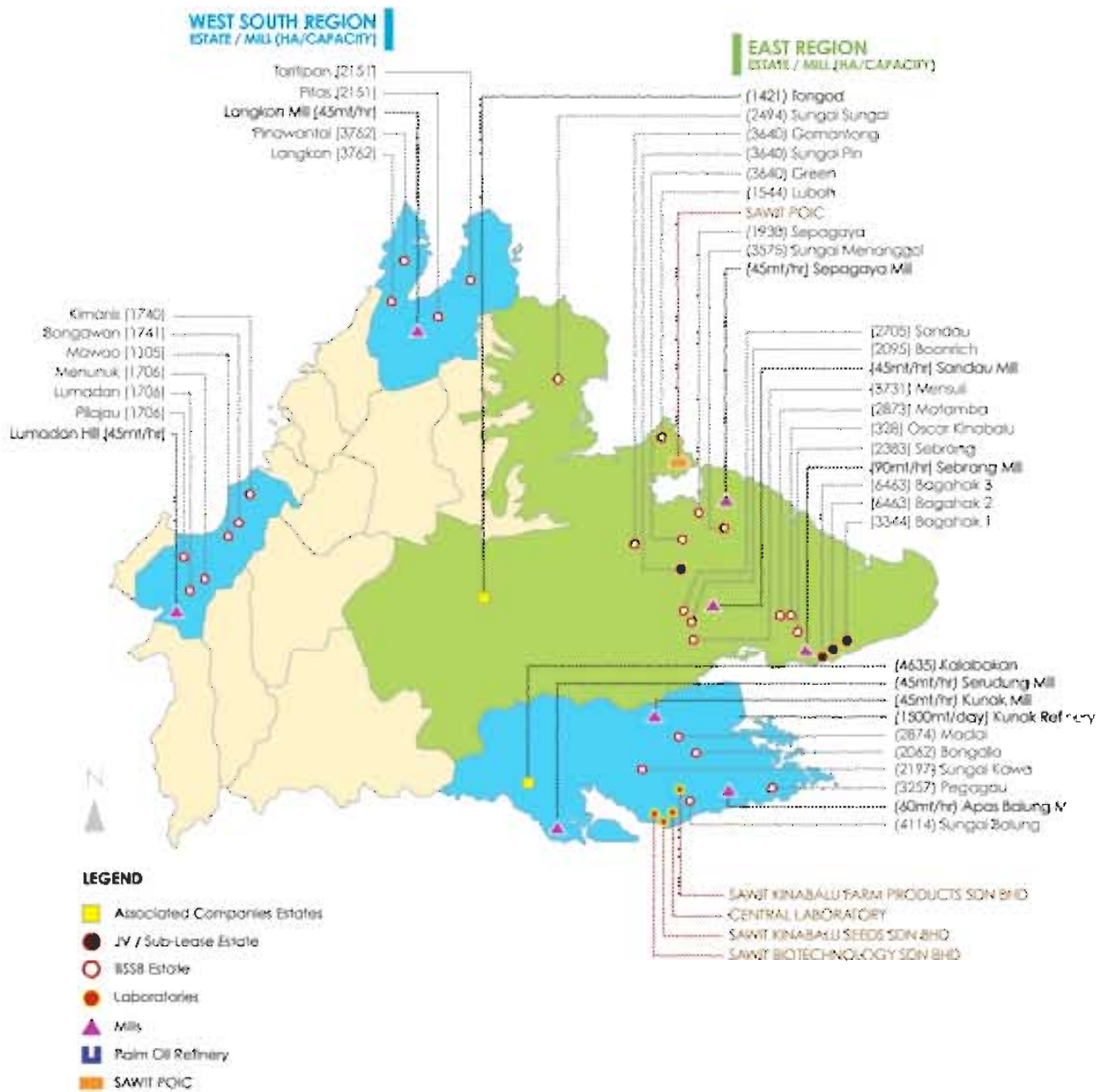


02	contents
04	map of sawit group plantation areas
05	vision & mission
06	notice of annual general meeting
07	statement accompanying notice of annual general meeting
08	board of directors
09	senior management
10	chairman's statement
12	group managing director's statement
17	director's report & audited financial statements:
18	statement on corporate governance
20	report on audit committee
22	directors' report
25	independent auditor's report
27	income statements
28	balance sheets
30	statements of changes in equity
31	cash flow statements
34	notes to the financial statements
62	statements by directors & declaration by the financial officer
63	proxy form

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

MAP OF SAWIT KINABALU GROUP BUSINESS OPERATION



COMMITMENTS

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

OUR VISION

To be Sabah's leading integrated agro and land-based development corporation

OUR MISSION

To earn a profitable return for its shareholders through efficient management of its core business and related business through diversification

To promote a work culture that provides a secure and conducive work environment that recognise merit and loyalty

To grow and create business employment opportunities for the well being of the people, state and nation



annual report 2009

SAWIT KINABALU SDN. BHD. 400107 W (Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of Sawit Kinabalu Sdn Bhd will be held at Le Meridien Hotel, Kota Kinabalu on 28 June 2010 at 11.45am for the following purposes:

1. To receive the Audited Financial Statements of the Company and Group for the year ended 31 December 2009 and the Directors' and Auditors' Reports thereon (Resolution 1)
2. To re-elect Directors retiring in accordance with the Company's Articles of Association:
 - a. YAB Datuk Seri Panglima Musa Haji Aman (Resolution 2)
 - b. Datuk K Y Mustafa (Resolution 3)
 - c. Dr Pang Teck Wai (Resolution 4)
 - d. Datuk Seri Panglima Stephen R Evans (Resolution 5)
 - e. Mr George Majid (Resolution 6)
3. To approve the payment of Directors' fees. (Resolution 7)
4. To appoint Auditors of the Company and Group and to authorise Directors to fix their remuneration. (Resolution 8)
5. To transact any other business for which due notice shall have been given.

By Order of the Board,

MARY KU MEI LI
Group Company Secretary

Kota Kinabalu
15 June 2010

Note:

A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy may, but need not be, a member of the Company.

The form of proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting or any adjournment thereof.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are standing for re-election at the Fourteenth Annual General Meeting of Sawit Kinabalu Sdn Bhd are:-

a. YAB Datuk Seri Panglima Musa Haji Aman	(Resolution 2)
b. Datuk K. Y. Mustafa	(Resolution 3)
c. Dr Pang Teck Wai	(Resolution 4)
d. Datuk Seri Panglima Stephen R Evans	(Resolution 5)
e. Mr George Majid	(Resolution 6)

2. Details of Attendance of Directors at Board Meetings

Two Board of Directors Meetings were held during the financial year ended 31 December 2009. Attendance of the Directors holding office at the end of the financial year is shown below:-

Names of Directors	No. of Meetings Attended
a. YAB Datuk Seri Panglima Musa Haji Aman	2/2
b. Datuk K. Y. Mustafa	2/2
c. Dr Pang Teck Wai	2/2
d. Datuk Seri Panglima Stephen R Evans	2/2
e. Mr George Majid	1/2
f. Tuan Haji Othman Walat	2/2

3. Place, date and time of General Meetings

One (1) General Meeting was held during the year ended 31 December 2009

Date	Time	Place
Annual General Meeting 16 June 2009	11.30 a.m	Le Meridien Hotel, Kota Kinabalu, Sabah

annual report 2009

SAWIT KINABALLI SDN. BHD. 403109-W (Incorporated in Malaysia)

BOARD OF DIRECTORS



**YAB DATUK SERI PANGLIMA
MUSA HAJI AMAN**
Chairman



DATUK K Y MUSTAFA
Director



**DATUK SERI PANGLIMA
STEPHEN R EVANS**
Director



TUAN HAJI OTHMAN WALAT
Group Managing Director



DR PANG TECK WAI
Director



MR GEORGE MAJID
Director

SENIOR MANAGEMENT

From left to right:

• **MARY KU**
Controller of Finance

• **MOHD ADZLIE TEO**
Controller of Estate

• **TUAN HAJI OTHMAN WALAT**
Group Managing Director

• **JAMES GATIDIS**
Controller of Human Resource
Development & Administration



annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W [Incorporated in Malaysia]

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the fourteenth Audited Financial Statements of Sawit Kinabalu Sdn Bhd and its subsidiaries (Sawit Kinabalu Group) for the year ended 31 December 2009.



Business environment

2009 was an uneventful year, whereby the global economy suffered the deepest slump since the 1930s as a result of the world financial crisis. To overcome this crisis, our Government introduced two stimulus packages and monetary expansion, and as a result the Malaysian economy contracted by -1.7% in 2009 instead of the earlier projection of between -4.0% and -5.0%.

The economic crisis also led to the fall of crude petroleum price to as low as USD 36.51 per barrel in January, as the world's demand for oil was expected to contract. Similarly, plantation industry also saw the decline in Crude Palm Oil (CPO) price.

In 2009, we also saw the decline in Fresh Fruit Bunch (FFB) production due to biological stress following bumper production in 2008 coupled with the effects of adverse weather in Sabah and Sarawak. The effects have reduced the national average production of FFB from 20.18 MT to 19.2 MT or 4.9% per hectare.

In 2009, the export earnings of palm oil declined by 24% to RM49.6 billion from RM65.2 billion in 2008 due to lower export prices. However, the export volume expanded by 2.9% to 22.4 million MT in 2009 against 21.8 million MT in 2008. China remains the biggest importer of palm oil followed by the European Union, Pakistan, India, USA, Egypt and Ukraine.

The Malaysian Palm Oil Board (MPOB) stated that the palm oil stock closed at 2.24 million MT, higher by 12.2% compared to 2.0 million MT in 2008. The average CPO price declined by 19.2% to RM2,244.50 per MT in 2009 compared with RM2,777.50 per MT in 2008. The highest monthly average CPO price recorded during the year was in May at RM2,743.50 whilst the lowest was in January at RM1,842.00.

Financial highlights

Sawit Kinabalu Group recorded a revenue of RM1.0 billion with a profit after tax (PAT) of RM62.9 million in 2009 from RM170.9 million in 2008. The contraction in profit was mainly due to the lower average prices of CPO and Palm Kernel (PK) realised in 2009 of RM2,165 per MT and RM1,016 per MT respectively (2008: averaged CPO price was RM2,845 and Palm Kernel (PK) price was RM1,551 per MT).

Sustainable growth initiatives

The Group is persistently exploring new growth opportunities whilst constantly improving its financial and operational performance. We target to expand our land bank from 76,000 hectares to 100,000 hectares. We have also replanted 26,243 hectares of aging palm since 2000, and by 2013, the replanting would be maintained at a rate of 3% - 4% of the total planted area per year.

Corporate Social Responsibility

The Group has set aside 1,150 hectares along the Kinabatangan River for the purpose of conservation. This is a showcase for the industry whereby oil palms and animals can co-exist. Our aim is to operate in an economically, socially and environmentally sustainable manner.

We are also looking into ways to promote green activities and to reduce our ecological footprint by integrating social investment, environmental concern and economic development into our management and business decisions.

Our communities

We are committed to the communities we operate in. Our operations provide job opportunities, steady livelihood and income generation to the local people. With the focus on eradication of poverty, the Group jointly with the State Government has developed 4,855 hectares of land into oil palm plantation whereby part of the profit earned is distributed to the State Government for the benefit of the hard core poor.

Prospects

The world economy is expected to rebound, but the recovery will be fragile. The Malaysian economy is expected to record a modest growth in 2010 driven by prudent fiscal and monetary policies supported by private investment and consumption.

The outlook for the oil palm industry is expected to be bullish as palm oil is the most versatile and productive oil. With the adverse publicity on trans fatty acids, we see the increase in demand for palm oil in the United States.

Acknowledgement

On behalf of the Board, I wish to record my most sincere gratitude to the management and staff of Sawit Kinabalu Group for their devotion, commitment and contribution in taking the Group to a sustainable level of achievement and success amidst the tumultuous environment.

I would also like to extend my gratitude to our shareholders, associates, government authorities and other stakeholders for their support and guidance that are so essential for the future growth of the Group.



YAB DATUK SERI PANGLIMA MUSA HAJI AMAN
Chairman

GROUP MANAGING DIRECTOR'S STATEMENT

Core Business Review

The year 2009 had indeed been a very challenging and uneventful year. Commodity prices remained depressed and further aggravated by the shortfall in the production of Fresh Fruit Bunch (FFB). At the same time, prices of inputs, especially fertilizer continued to climb up. Skilled plantation workers became scarce amid stiff competition from other plantations in Malaysia as well as Indonesia.



For the financial year under review, Sawit Kinabalu Group's total planted hectareage was 66,940 hectares in Sabah, of which 51,798 was fully matured and the balance of 15,142 hectares was immature. Due to adverse weather conditions and biological seasonal variation, the yield of 18.10 MT per hectare in 2009 was 1.79 tons or 9% down from 2008 of 19.48 MT per hectare.

The Group has processed a total of 1,251,333.58 MT of FFB and the mills annual average Oil Extraction Rate (OER) stood at 20.84%. The corresponding Kernel Extraction Rate (KER) was 4.26% for the Group.

Environmental Initiatives

The future direction of the Group includes 'turning waste into wealth' initiatives and we are currently constructing a biogas plant in one of our mills in Tawau. The objective of having this plant is to reduce the consumption of fossil fuel for electricity generation as well as to reduce the release of methane gas to the atmosphere.

We have also started our operation of Biomass Steam Generating Plant in Kunak Refinery and with the plant in operation, it is expected that the steam production cost and consumption of fossil fuel be reduced.

The Group has embarked on composting plant in Langkon Mill and this year already started its production.

Research & Development

Preliminary screening on the resistance of Sawit Kinabalu planting materials to Ganoderma disease and with Universiti Malaysia Sabah (UMS) was conducted. The findings indicated that AVROS was more resistant than Ulu Remis and EKONA, to this devastating disease.

The role of Chitosan to promote the accumulation of various acids in phenolic group in fighting Ganoderma was confirmed by UMS in the same study. In Ganoderma research, encouraging results were obtained from the application of the indigenous Trichoderma BSSB 1 to the newly Ganoderma infected palms in the area of Tawau, with around 69% of these palms recovered from the disease within five months after treatment.

The supplementary weevil release in areas with fruit set problems in Beaufort, Sandakan and Koto Morudu continued. An improvement in fruit set from 54% without weevil supplement to around 68% with weevil supplement was achieved this year. This was evident in terms of some improvement in bunch weight.

Experiments to tackle the fertilizer application problems faced by estates with high rainfall were laid down. The types of fertilizer and application methods are being examined. Study on other labour saving measures in pest and weed control is also on going.

Seed Production

In oil palm breeding, six new trials were laid down. These include the crossing of Deli Dura with Nigerian Dura to expand the genetic base of its mother palms and the selection of new generation of pisifero from Sabah Breeding Programme (SBP).

This year Sawit Kinabalu Seed Production Unit sold more than 5.8 million oil palm seeds, which is an increase of 93% over the last year sale's figure. About 86.2% were sold to plantations outside the Group and to Sarawak.



Clonal Material

This year, Sawit Kinabalu Biotechnology Laboratory planted its first batch of commercial clonal materials in the Group's estate, Sg. Bolung. These materials will be closely observed for its performance. Extensive selection programme for good ortet source is continuing in the high yielding blocks of the Group's estates. This is to supplement the existing ortet sources from Tawau Seed Garden to support the expanded laboratory capacity of 200,000 ramets per annum. This Laboratory has initiated the use of liquid suspension culture technique to expedite the multiplication of embryogenic callus and ramet production.



Central Laboratory

Once again, I am pleased to announce that Our Central Laboratory was awarded with IKM Laboratory Silver Award this year. This award by Institut Kimia Malaysia (IKM) is in recognition of our Central Laboratory significant achievement in maintaining the Laboratory Excellence Award for the ten consecutive years.

Some laboratory extension work for its soil laboratory is on-going. This is to cater for the increased demand of soil analysis service from the industry in response to the recent increase in fertilizer price.



Integrated Cattle Farming

Since its inception Sawit Kinabalu Farm Products Sdn Bhd continued its effort to improve the cattle-oil palm integration to achieve optimum population of cattle on available and suitable grazing area and cost efficiency. To date, the number has reached 7,801 heads spread over a grazing area of more than 20,000 hectares of oil palm plantation in 13 estates throughout Sabah.

Marketing of live cattle on a small scale has been on going coinciding with seasonal demand especially during festive seasons. Sawit Kinabalu Farm Products has also supplied stud bulls to the Department of Veterinary Services and Animal Industry (DOVSAI). Full commercialisation of the downstream cattle business is expected to commence upon setting up of an oil palm frond (OPF) based animal feed plant in tandem with development of a feedlot system. With these, the production capacity will be increased to 10,000 heads and in turn achieving a sustainable and viable population.



With the continued support from relevant stakeholders namely the government and State agricultural agencies, Sawit Kinabalu is optimistic in realising the potential and viability of the cattle business for domestic market and minimising over reliance on import by the State. As a whole Sawit Kinabalu Group is well poised to become a leading domestic beef producer through its cattle integration business model and to also contribute to the government's effort to further develop the agricultural industry especially in ruminant industry such as livestock for beef production.

Palm Oil Industrial Cluster (POIC) in Sandakan

As a successful government owned corporation in palm oil business, Sawit Kinabalu has been given the trust to spearhead another iconic project for the development of the industrial land known as palm oil industrial cluster or POIC in Sandakan, Sabah.

For the Group, the project is regarded as an opportunity to diversify its business in downstream activities. Commercially marketed as Sawit POIC, a total area of 2,800 acres of land is being developed in two phases. Sawit POIC will be a well planned and dedicated industrial park for oil or palm related activities.

This project is a strategic initiative of the State government to further boost the oil palm industry in Sabah by creating investment opportunities in downstream activities supported by modern and complete infrastructures whereby investors will enjoy the economic advantage of investing in Sawit POIC.

Already known as the gateway to East Malaysia, Sandakan is also undergoing unprecedented development with the implementation of other important project namely, the Education Hub, upgrading of its airport, road network for better access along with the upgrading of Sandakan harbour making Sandakan a major marine hub.

All these will not only make Sawit POIC an ideal investment location but also Sandakan as a city and region will become a desired destination for business and leisure.

For 2009, the completed site of 1010 acres for Phase 1 has given way for commencement of infrastructure works. Being a government supported project, Phase 1 is set to complete by year 2011. Funded both by the State and Federal government, other basic infrastructures are expected to be completed in tandem with the internal development of Phase 1.

Pre-marketing programme has resulted in luring potential investors to seriously consider Sawit POIC as an attractive option. The recent successful signing of a Sale & Purchase with a local corporation is a strong testimony of the attractiveness of Sawit POIC.

Sawit POIC is being developed and managed by our wholly owned subsidiary company, Sandakan Bulkers Sdn Bhd.



Meanwhile, our marketing and sales team has started promoting Sawit POIC both to local and international investors through various means such as participating in various conferences, seminars and exhibitions. Throughout this year, Sawit POIC has received numerous inquiries from local and international potential investors.

Human Resources

The Group continues to focus on its human capital strength, competitiveness, efficiency and productivity. Key areas such as information technology and mechanisation will help to address our operational efficiency and emphasize on yield maximisation and improvement an OER will enable the profit to be enhanced on a sustainable basis.

Human Resource and Corporate Communication Division with the collaboration of Towers Watson (formerly known as Watson Wyatt) embarked on a major initiative to review the Group's Vision, Mission, Corporate Plan and Structure as well as Balanced Scorecard for the period of 2010 to 2015.

The objective of this initiative is to better position the Group in meeting the increasing demands and challenges of the oil palm and other related business. This is also in response to both the Federal as well as the State Government's call to embrace the Key Result Areas (KRAs) and Key Performance Indicators (KPIs) concept in work system and processes to drive performance for the next five years and beyond.

One of the activities involved in supporting the Group's transformation initiatives is revisiting the Group's Performance Management System (PMS), which includes the followings :-

- Translating the Group's Vision and Mission into clear goals
- Alignment of New Business Direction and Organisational Goals
- Linking Employee Performance to Rewards and Career Development
- Inculcating a Performance Driven Culture

With the completion of the initiative towards the end of 2009, it marked a new chapter for the Group to become the premier Sabah-based oil palm producer and property developer by creating sustainable value from oil palm and property related business.

This will be well supported by the work culture that embodies values of integrity, professionalism, synergy and accountability as well as caring and responsible that will help to draw on its strength to overcome weaknesses and turning threats into opportunities.

Looking forward, the Group's Human Resource and Corporate Communication Division will strive to provide committed support towards further improvements of work process and quality as well as efficiency.

Among other initiatives in the pipeline will include establishing the competency standards, employee engagement and succession planning as well as continuous emphasis on performance-driven and self-development culture.



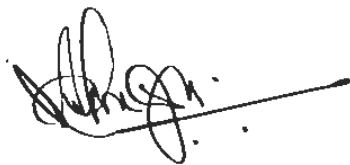
annual report 2009

SAWIT KNABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

Acknowledgement

I would like to pay tribute to all employees and management team for their hard work, dedication and commitment in facing the business challenges. I would also wish to thank the distinguished Board of Directors for their unwavering support, valuable insights and direction during the financial year.

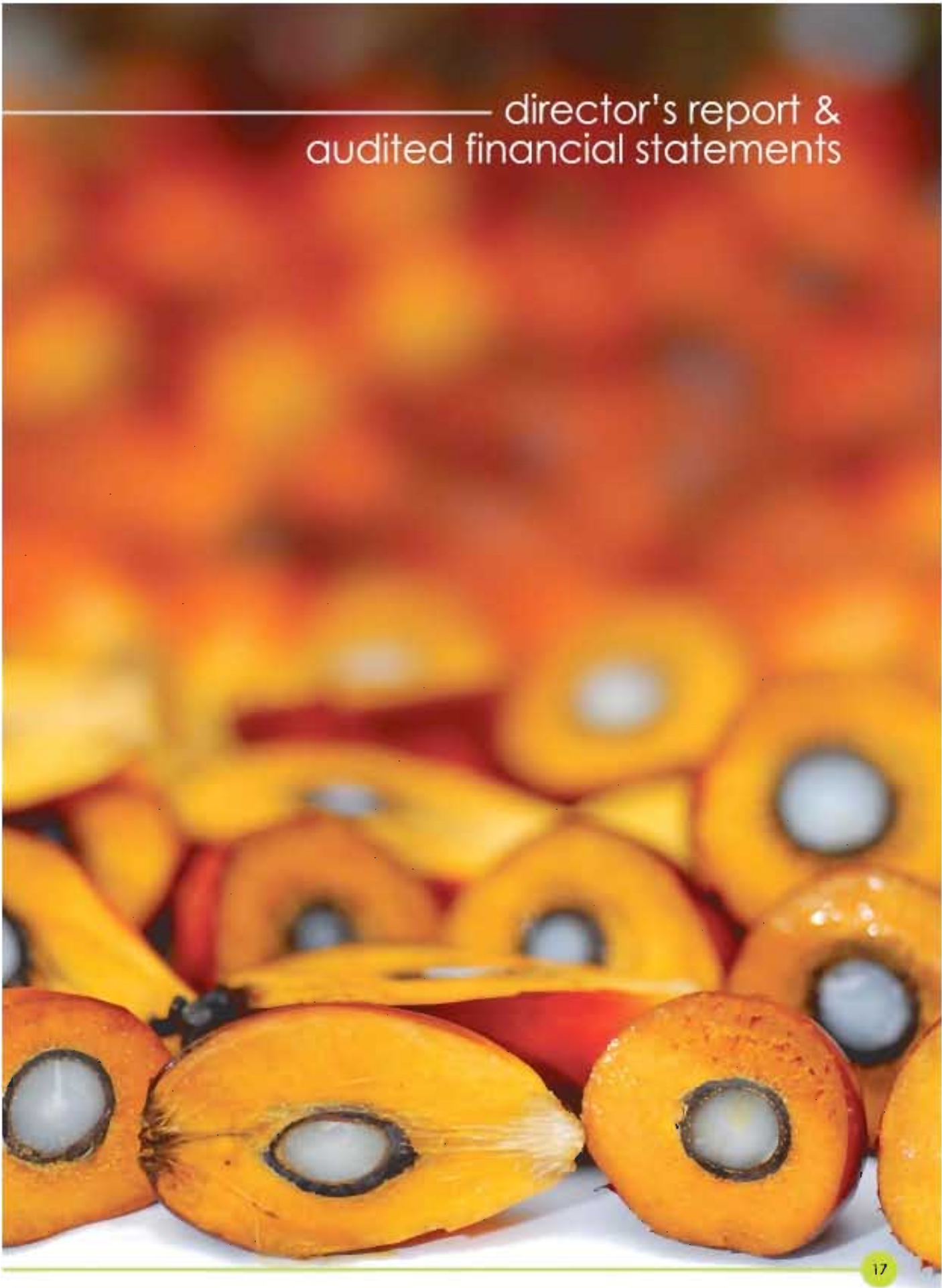
Last but not least, the Group would like to thank its valued shareholders, partners in business, customers, business associates and government authorities for their continued confidence in and support of the Group.



TUAN HAJI OTHMAN WALAT
Group Managing Director



— director's report &
audited financial statements



annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

STATEMENT ON CORPORATE GOVERNANCE

The Group's policy is to achieve **best practice of business integrity** in all its activities. This includes a commitment to follow good corporate governance in line with Malaysia's Code on Corporate Governance. The principles of code are divided into four sections:-

Section 1: Directors

Section 2: Directors' Remuneration

Section 3: Shareholders

Section 4: Accountability and Audit

The practices of the Corporate Governance applied are set out as follows:-

SECTION 1: DIRECTORS

The Board assumes responsibility for leading and controlling the Group towards realising long term shareholders' values.

Composition of the Board

The Board of Directors comprises of six (6) Directors of whom five (5) are non executive. The composition of the Board reflects the broad range of experience, skills and knowledge necessary for the effective stewardship of the Group. As and when the conflict of interest arises, it is a mandatory practice for the Directors concerned to declare their interests and abstain from the decision making process.

Supply of Information

The members of the Board in their individual capacity have access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Besides direct access to management staff, external professional advisers are also made available to render their independent views and advice to the Board.

Re-election

All directors except the managing director are required to submit for re-election on a yearly basis.

The Board Committee

The Board may form committees delegated with specific authority and which operate under approved terms of reference or guidelines, whenever required, to assist it in discharging its duties.

SECTION 2: DIRECTORS' REMUNERATION

Remuneration Policy and Procedure

Directors do not participate in decision regarding their own remuneration. Director's fees and emoluments are endorsed by the Board for approval by shareholders of the Company at Annual General Meetings.

SECTION 3: SHAREHOLDERS

The Annual General Meeting is the principal forum for dialogue with the shareholders in which the shareholders may ask questions in relation to the Group's business and affairs. The Chairman and the Board members are in attendance to provide explanations to all shareholders' queries.

SECTION 4: ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring that the accounting records of the Group are properly kept. The Board also discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the financial statements of the Group and of the Company.

Internal Controls

The Board has overall responsibility for maintaining a sound system of internal controls which encompasses financial, operational and compliance, controls and risk management necessary for the Group to achieve its objectives within an acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

Relationship with the Auditors

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors and their remuneration. The appointment of the external auditors is subject to the approval of the shareholders in general meeting whilst their remuneration is determined by the Board.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO FINANCIAL STATEMENT

The Directors are satisfied that for the financial year ended 31 December 2009, the financial statements give a true and fair view of the state of affairs of the Group and of the Company and the results and cash flow of the Group and of the Company. In the preparation of the financial statements, the Group has used and applied, on a consistent basis, the appropriate accounting policies and practices under the applicable approved accounting standards.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

REPORT ON AUDIT COMMITTEE - 2009

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

MEMBERS

Datuk K Y Mustafa

Chairman and Non - Executive Director

Dr Pang Teck Wai

Non - Executive Director

Datuk Seri Panglima Stephen R Evans

Non - Executive Director

Tuan Haji Othman Walat

Group Managing Director

Haliden Abdul Rahman

Secretary (Internal Audit Manager)

Authority

The Audit Committee is authorised by the Board to review and investigate any matter within its Terms of Reference. The Committee is authorised to seek any information it requires from any director or management staff in the discharge of its duties, including seeking external professional advice.

TERMS OF REFERENCE

- To consider the appointment of external auditors and the audit fee;
- To review the external auditors' management letter and management's response thereto;
- To establish the internal audit function;
 - review internal audit programmes
 - ensure co-ordination of external audit with internal audit
- Consider the major findings of internal audit investigations and management's response, and ensure that appropriate actions are taken on the recommendations;
- To review the effectiveness of internal control system;
- To review any related party transactions that may arise within the Group;
- To review the accounting policies adopted and any changes in accounting principle or practices;
- To review financial statements prior to them being submitted to the Board;
- Other functions as may be agreed by the Audit Committee and the Board of Directors

MEETING

The Audit Committee met twice during the financial year under review.

ACTIVITIES

During the financial year, the Audit committee met to review the financial statements of the Company and its subsidiaries. The Audit Committee has met with the external auditors and management of the various issues and internal control weaknesses highlighted by external auditor in the management report to the Board. The Audit committee concurrently reviewed and endorsed the internal audit programme of the Group and deliberated on the internal auditors' findings and recommendations.

The Audit committee discharged its duties and responsibilities in accordance with its Terms of Reference.

INTERNAL AUDIT FUNCTION

The internal audit team performed its duties in accordance with its annual audit plan covering management operations and system audit of various subsidiaries. The audit team also played a role in facilitating operating companies in assessing their principal business risks and plans of actions to address the risks.

STATEMENT OF INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness whilst the role of management is to implement the Board's policies on risk and control. Due to limitations that are inherent in any system of internal control, the system is designed to manage, rather than eliminates the risk of failure in achieving the Group's business objectives. Internal control can only provide reasonable and not absolute assurance against material error, misstatement, loss or breach of set regulation.

The Board confirms that there is a continuous process for identifying, evaluating and managing the significant risk faced by the Group, which has been in place for the financial year under review and up to date of approval of the annual report and financial statements.

1. The Group's risk management principles and procedures are clearly documented. The Group's management operates a risk management process that identifies the key risk by line of business and key function activities.
2. There is comprehensive budgeting and forecasting system that is governed by policies and guidelines of the Group. The financial results of the lines business are reported monthly in the management financial reports where variances are analysed against budget and acted on in a timely manner. Forecast are revised on a half yearly basis, taking into account significant business risks.
3. The Group's Internal Audit Department, reporting to the Audit Committee, performs regular reviews of business processes and assess the effectiveness of internal controls and highlight significant risks facing the Group. The Audit Committee conducts annual reviews and the adequacy of internal control department's scope of work and resources.
4. The Audit Committee, on behalf of the Board, regularly reviews and hold discussions with management on the action taken on internal control issues identified in reports prepared by the internal audit department, the external auditors and the management.
5. There is a clearly defined framework for investment, appraisal covering the acquisition or disposal of any business, acceptance of projects, application of capital expenditure and approval of borrowings. Post implementation reviews are conducted and reported to the Board.
6. Policies and standard operating procedures manuals are set to all employees setting out the Group's reporting hierarchy and procedures.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of Sawit Kinabalu Sdn Bhd have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2009.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding. The principal activities of the subsidiary companies are as disclosed in Note 11 to the Financial Statements.

During the financial year, two subsidiary companies involving in the production and sales of palm oil seeds and palm oil produces temporarily ceased operations.

Other than as stated above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	THE GROUP (RM)	THE COMPANY (RM)
Profit before tax	76,056,512	218,837
Income tax expense	(18,174,448)	(19,341)
Profit after tax	57,882,064	199,496
Minority interests	(5,926,480)	-
Net profit for the year	51,955,584	199,496

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

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- a. to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- b. to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

- a. which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- b. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- c. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- d. not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- a. any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b. any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

- YAB Datuk Seri Panglima Musa Haji Aman
- Datuk K Y Mustafa
- Datuk Seri Panglima Stephen R Evans
- Tuan Haji Othman Walat
- Dr Pang Teck Wai
- Mr George Majid

In accordance with Article 91A of the Company's Articles of Association, YAB Datuk Seri Panglima Musa Haji Aman, Datuk K Y Mustafa, Datuk Seri Panglima Stephen R Evans, Dr Pang Teck Wai and Mr George Majid shall retire from office at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 96 of the Company's Articles of Association, the Managing Director of the Company, Encik Othman Bin Walat is not subject to retirement by rotation.

DIRECTORS' INTERESTS

None of the directors in office at the end of the year held shares or had any beneficial interest in the shares of the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of remunerations received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

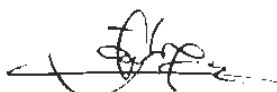
HOLDING ENTITY

The Company is wholly owned by the Chief Minister, State of Sabah, a body constituted under the Chief Minister (Incorporated) Ordinance, 1949.

AUDITORS

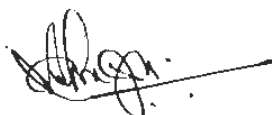
The auditors, Messrs. Deloitte Kassim Chan, have indicated their willingness to continue in office.

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



K Y MUSTAFA

Kota Kinabalu



OTHMAN BIN WALAT

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SAWIT KINABALU SDN BHD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Sawit Kinabalu Sdn Bhd, which comprise the balance sheets of the Group and of the Company as of December 31, 2009, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 41.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, 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 towards any other person for the contents of this report.

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

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

We believe that the audit evidence that 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 the Private Entity Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2009 and of their financial performance and cash flows for the year then ended.

annual report 2009

SAWIT KINABALLU SDN. BHD. 403109-W (Incorporated in Malaysia)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a. in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act;
- b. we are satisfied that the accounts of the subsidiary companies 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- c. the auditors' report on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountant



TEO CHEW HIONG
Partner - 2451/04/11(J/PH)
Chartered Accountant

June 28, 2010

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

INCOME STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

	Note	THE GROUP		THE COMPANY	
		2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Revenue	4	1,003,251,714	1,377,306,526	-	55,784
Other operating income	5	17,218,996	20,809,636	139,523	155,669
Changes in inventories of finished goods		(5,046,263)	(35,109,300)	-	-
Changes in livestocks		(169,390)	1,651,917	-	-
Livestocks written off		(610,359)	(507,848)	-	-
Inventories written down		(2,161,200)	(3,434,601)	-	-
Raw materials, harvesting & processing costs, purchase of cattle stocks, direct labour, consumables used & other overheads		(787,626,528)	(954,440,847)	-	-
Distribution costs		(66,459,234)	(104,738,956)	-	-
Staff costs	5	(24,261,219)	(22,053,353)	-	-
Depreciation of property, plant & equipment	8	(40,412,475)	(39,531,364)	-	-
Other operating expenses	5	(22,779,820)	(35,228,223)	56,852	(232,820)
Profit/(Loss) from operations		70,944,222	204,723,587	196,375	(21,367)
Other interest income	5	4,474,997	32,384,977	22,462	31,635
Finance costs	6	(446,932)	(434,188)	-	-
Share of profits of associated companies		1,084,225	4,091,932	-	-
Profit before tax		76,056,512	240,766,308	218,837	10,268
Income tax expense	7	(18,174,448)	(69,902,968)	(19,341)	(67,990)
Profit/(Loss) after tax		57,882,064	170,863,340	199,496	(57,722)
Minority interests		(5,926,480)	(12,555,753)	-	-
Net profit/(loss) for the year		51,955,584	158,307,587	199,496	(57,722)

The accompanying Notes form an integral part of the Financial Statements.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

BALANCE SHEETS AS OF DECEMBER 31, 2009

	Note	THE GROUP		THE COMPANY	
		2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
ASSETS					
Property, plant & equipment	8	919,739,844	911,887,728	3	3
Livestocks	9	10,324,807	10,634,809	-	-
Intangible asset	10	500,000	500,000	-	-
Investment in subsidiary companies	11	-	-	2	2
Investment in associated companies	12	5,419,241	4,255,020	-	-
Other investments	13	43,752,359	36,162,670	3,907,868	3,928,597
Investment in plantation development	14	6,694,102	6,694,102	-	-
Amount owing by subsidiary company	15	-	-	531,305,811	531,305,811
Deferred tax assets	16	809,658	247,039	-	-
Current Assets					
Livestocks	9	4,195,057	4,054,444	-	-
Inventories	17	132,100,779	139,179,954	-	-
Project development costs	18	94,110,050	57,515,433	-	-
Trade receivables	19	72,038,388	103,041,628	-	-
Amount owing by subsidiary companies	15	-	-	737,947,508	737,947,030
Amount owing by associated companies	15	62,891,245	68,651,326	-	-
Other receivables & prepaid expenses	19	60,147,448	52,657,384	4,632	16,610
Cash & bank balances	20	231,979,900	176,245,232	1,043,737	1,025,861
Total Current Assets		657,462,867	601,345,401	738,995,877	738,989,501

(forward)

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

	Note	THE GROUP		THE COMPANY	
		2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Current Liabilities					
Trade payables	21	27,659,992	14,906,786	-	-
Other payables & accrued expenses	21	90,938,412	87,420,134	71,517	286,180
Amount owing by subsidiary company	15	-	-	248,567	248,567
Borrowings (current)	22	701,244	674,273	-	-
Tax liabilities		1,157,943	838,185	2,259	1,445
Total Current Liabilities		120,457,591	103,839,378	322,343	536,192
Net Current Assets		537,005,276	497,506,023	738,673,534	738,453,309
Long-term & Deferred Liabilities					
Borrowings (non-current)	22	5,767,652	6,468,896	-	-
State Government loan	23	59,843,748	59,843,748	59,843,748	59,843,748
Deferred tax liabilities	16	10,431,199	11,254,123	-	-
Total Long-term & Deferred Liabilities		(76,042,599)	(77,566,767)	(59,843,748)	(59,843,748)
Minority Interests		(76,120,409)	(70,193,929)		
Net Assets		1,372,082,279	1,320,126,695	1,214,043,470	1,213,843,974
Represented by:					
Issued capital	24	549,000,000	549,000,000	549,000,000	549,000,000
Unappropriated profit	25	823,082,279	771,126,695	665,043,470	664,843,974
Shareholder's Equity		1,372,082,279	1,320,126,695	1,214,043,470	1,213,843,974

The accompanying Notes form an integral part of the Financial Statements.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2009

	Issued Capital (RM)	Distributable Reserve -Unappropriated Profit (RM)	Shareholder's Equity (RM)
THE GROUP:			
Balance as of January 1, 2008	549,000,000	626,137,967	1,175,137,967
Net profit for the year	-	158,307,587	158,307,587
Dilution arising from additional shares issued by subsidiary companies	-	(13,318,859)	(13,318,859)
Balance as of December 31, 2008	549,000,000	771,126,695	1,320,126,695
Net profit for the year	-	51,955,584	51,955,584
Balance as of December 31, 2009	549,000,000	823,082,279	1,372,082,279
THE COMPANY:			
Balance as of January 1, 2008	549,000,000	664,901,696	1,213,901,696
Net loss for the year	-	(57,722)	(57,722)
Balance as of December 31, 2008	549,000,000	664,843,974	1,213,843,974
Net profit for the year	-	199,496	199,496
Balance as of December 31, 2009	549,000,000	665,043,470	1,214,043,470

The accompanying Notes form an integral part of the Financial Statements.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

CASH FLOW STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit before tax	76,056,512	240,766,308	218,837	10,268
Adjustments for :				
Interest income	(4,474,997)	(32,384,977)	(22,462)	(31,635)
- Diminution in value of other investment	(2,686,352)	1,451,277	-	-
- Doubtful debts	(42,597)	62,427	-	-
Dividend income	(1,574,049)	(2,308,054)	-	(55,784)
Gain on disposal of:				
- Property, plant & equipment	(821,095)	(5,181,688)	-	-
- Other investments	(226,213)	(293,411)	-	-
Gain arising from reproduced breeder livestock	(735,473)	(507,675)	-	-
Income from other investment	(106,178)	(100,880)	(79,523)	(95,669)
Share of profits of associated companies	(1,084,225)	(4,091,932)	-	-
Depreciation of property, plant & equipment	40,412,475	39,531,364	-	-
Bad debts written off	2,375,805	7,096	-	-
Inventories written down	2,161,200	3,434,601	-	-
Finance costs	1,492,917	434,188	-	-
Inventories written off	737,600	46,554	-	-
Livestocks written off	610,359	507,848	-	-
Adjustment of property, plant & equipment	99,244	6,181	-	-
Property, plant & equipment written off	31,047	560	-	-
Unrealised loss on foreign exchange	-	2,141,081	-	-
Operating Profit/(Loss) Before Working Capital Changes	112,225,990	243,520,868	116,852	(172,820)
(Increase)/Decrease in:				
Livestocks	294,503	(564,784)	-	-
Inventories	4,180,375	22,829,642	-	-
Project development costs	(36,594,617)	(23,370,497)	-	-
Trade receivables	28,627,690	(47,573,021)	-	-
Amount owing by subsidiary companies	-	-	(47B)	(59,455)
Other receivables & prepaid expenses	(5,350,132)	252,401	11,978	4,187

(forward)

annual report 2009

SAWIT KINABALLU SDN. BHD. 403109-W (Incorporated in Malaysia)

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
(Increase)/Decrease in:				
Trade payables	12,753,206	(14,732,352)	(214,663)	-
Other payables & accrued expenses	3,560,393	5,373,552	-	25,732
Cash Generated From/(Used in) Operations	119,697,408	185,735,809	(86,311)	(202,356)
Income tax paid	(22,173,000)	(61,172,263)	(18,527)	(66,545)
Interest paid	(210,788)	(122,528)	-	-
Interest received	881,928	224	-	-
Income tax refunded	272,171	24,945	-	-
Net Cash From/(Used In) Operating Activities	98,467,719	124,466,187	(104,838)	(268,901)
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES				
Additions to:				
Property, plant & equipment	(48,813,791)	(65,842,363)	-	-
Livestocks	-	(1,073,622)	-	-
Investment in plantation development	-	(617,948)	-	-
Purchase of other investments	(38,980,504)	(31,900,107)	(79,523)	(195,669)
Increase in investment in associated companies	(79,996)	-	-	-
Proceeds from disposal of:				
Other investments	34,324,958	17,018,164	100,252	-
Property, plant & equipment	1,240,004	5,827,839	-	-
Associated company	-	15,000	-	-
Interest received	3,117,547	4,038,224	22,462	31,635
Decrease in amount owing by associated companies	5,760,083	27,432,075	-	-
Decrease/(Increase) in fixed deposits - restricted	(22,315)	611,031	-	-
Deemed disposal of subsidiary companies	-	(8,508,555)	-	-
Income from other investment received	84,600	100,880	79,523	95,669
Dividends received	1,574,048	55,784	-	55,784
Net Cash From/(Used In) Investing Activities	(41,795,366)	(52,843,598)	122,714	(12,581)

(forward)

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

	Note	THE GROUP		THE COMPANY	
		2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
CASH FLOWS (USED IN) FINANCING ACTIVITIES					
Repayment of State Government loan		(674,273)	-	-	-
Interest paid		(285,727)	(398,733)	-	-
Net Cash (Used In) Financing Activities		(960,000)	(398,733)	-	-
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		55,712,353	71,223,856	17,876	(281,482)
CASH & CASH EQUIVALENTS AT BEGINNING OF YEAR		175,641,305	104,417,449	1,025,861	1,307,343
CASH & CASH EQUIVALENTS AT END OF YEAR	26	231,353,658	175,641,305	1,043,737	1,025,861

The accompanying Notes form an integral part of the Financial Statements.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally involved in investment holding. The principal activities of the subsidiary companies are as disclosed in Note 11. During the financial year, two subsidiary companies involving in the production and sales of palm oil seeds and palm oil produces temporarily ceased operations.

Other than as mentioned above, there have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year. The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The total number of employees of the Group at year-end was 728 (2008: 784). The Company has no employees at year-end (2008: Nil). The registered office and principal place of business of the Company are located at Jalan Kelapa Sawit, Off Km 4 Jalan Tuaran, 88300 Kota Kinabalu, Sabah, Malaysia.

The financial statements of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on June 28, 2010.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the Private Entity Reporting Standards in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for reproduced breeder livestock of one of the subsidiary companies that are carried at market value.

Basis of Consolidation

i. Subsidiary Companies

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to December 31, 2009. A subsidiary company is a company where the Group has control through the power to govern the financial and operating policies of the company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the company.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant inter-company transactions and balances are eliminated on consolidation.

ii. Associated Companies

An associated company is a non-subsidiary company in which the Group holds not less than 20% of the voting rights as long-term investment and in which the Group is in a position to exercise significant influence on the management.

The Group's investment in associated companies is accounted for under the equity method of accounting based on the audited financial statements of the associated companies made up to December 31, 2009. Under this method of accounting, the Group's interest in the post-acquisition profit and reserves of the associated companies are included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet.

Revenue Recognition

Revenue, representing sale of fresh fruit bunches, oil palm seeds, oil palm produces, mechanical cutters and cattles, is recognised upon delivery of fresh fruit bunches, oil palm seeds, oil palm produces and mechanical cutters and cattles and when the risks and rewards of ownership have passed to the customers. Sales represent gross invoiced value of goods sold net of trade discounts.

Revenue from bulking operations relates to the rendering of services and is recognised when services are performed. Rental income is accrued on a time basis, by reference to the agreements entered into. Insurance commissions received and receivable are recognised on the effective commencement or renewal dates of the related policies.

Project development revenue, representing sale of vacant lots of land, is recognised upon signing of the individual sale and purchase agreements by reference to the stage of completion of the project development.

Fee received from management services is recognised upon performance of services. Dividend income represents gross dividends from investment in subsidiary companies and quoted and unquoted investments and is recognised when the shareholder's rights to receive payment is established.

Foreign Currency

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, the assets and liabilities are converted at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements in the year in which they arise.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

i. Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

ii. Deferred Tax

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Property, Plant and Equipment

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

Leasehold land is depreciated over the remaining lease period. However, no depreciation has been provided for certain leasehold land of a subsidiary company as the cost of leasehold land is minimal and accordingly, the effect of the non-depreciation on the financial statements of the Group is insignificant. Certain leasehold land pertaining to another subsidiary company is also not depreciated as the titles have not been issued and thus the tenure of the lease period is not determinable. The non-depreciation of land is not in compliance with MASB 15, *Property, Plant and Equipment*. However, in the opinion of the directors of the Company, this non-compliance does not have a material effect on the financial statements of the Group.

Certain leasehold land as mentioned above, capital work-in-progress and plantation development expenditure, are not depreciated, except for development expenditure on plantation pertaining to a subsidiary company which is under lease, is depreciated over the lease period of 25 years.

All other property, plant and equipment are depreciated on a straight-line method to their residual values at rates based on the estimated remaining useful lives of the various assets.

The annual depreciation rates are as follows:

Long leasehold land	Over the remaining lease period of 95-920 years
Short leasehold land	Over the remaining lease period of 29-50 years
Plantation under lease	Over the remaining lease period of 25 years
Factories, residential buildings, office buildings & other buildings	2% - 10%
Infrastructure costs & golf course	4% - 20%
Plant & machinery	10% - 50%
Furniture, fixtures & fittings	10% - 20%
Storage tanks	10% - 20%
Motor vehicles	20% - 25%
Office & other equipment	20% - 25%
Workshop equipment	20%

- Plantation Development Expenditure

Plantation development and planting expenditure incurred on new development of plantations is capitalised prior to maturity from the time of planting (36 months) or until such time when the yield exceeds a certain predetermined level, whichever is earlier. Replanting expenditure and all other expenditure incurred subsequent to maturity shall be recognised as expenses in the income statement.

Livestocks

Livestocks comprising purchased breeder cattles are stated at cost while livestock comprising reproduced breeder cattles are stated at market value at the time of classification as breeder livestock. The market value of livestock is determined based on the market price of livestock of similar age, breed and genetic merit.

The difference between costs of such breeder cattles and their market values is recognised in the income statement. Breeder livestock are amortised on a straight-line method to their residual values at rates based on the life span of cattles ranging from 2 to 7 years.

Livestock for commercial sale comprising heifer, weaner and calves are valued at the lower of cost and net realisable value. The cost of cattles comprises the cost of direct materials, direct labour, a proportion of overheads in rearing the heifer and calves and a proportion of the amortisation cost of breeder cattles.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion of sales.

Intangible Asset

Intangible asset comprises technology licensing fee. On initial recognition, intangible assets acquired separately are recognised at costs. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or infinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired.

Project Development Costs

Project development costs, which consist of land and development expenditure, is stated at cost less accumulated impairment losses, if any. Development expenditure comprises infrastructure costs and other related development costs.

The Group considers as current asset that proportion of project development costs on which the project is expected to be completed within the normal operating cycle of two to three years. Cost of development projects classified as current assets are stated at the lower of cost and net realisable value.

When the outcome of project development activities cannot be estimated reliably, project development revenue is recognised to the extent of project development costs incurred that is probable of recovery.

Any anticipated loss on a property development project (including costs to be incurred over the defects liability period), is recognised as an expense immediately.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

Operating Leases

Leases where substantially all the risks and rewards incident to the ownership of assets remain with the lessor are accounted for as operating leases. Rentals on operating leases are charged to the income statements in the year in which they are incurred.

Investments

Investments in subsidiary companies and associated companies are stated in the Company's financial statements at cost less accumulated impairment losses, if any.

Investment in quoted shares are stated at the lower of cost and market value.

Investments in unquoted shares are stated at cost less allowance for diminution in value of investment to recognise any decline, other than a temporary decline, in the value of the investments.

Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories, deferred tax assets and financial assets, which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount, which is the higher of net selling price and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal is recognised in the income statements.

Inventories

Inventories, comprising oil palm produces, consumable stores, mechanical cutters, nursery stocks and commercial properties, are valued at the lower of cost and net realisable value. Cost of mechanical cutters is determined on the first-in, first-out method. Cost of inventories of commercial properties is determined on specific identification basis. Cost of other inventories is determined on the weighted average method. The cost of oil palm produces comprises the cost of raw materials, direct labour and a proportion of production overheads.

The cost of consumable stores comprises the original purchase price plus cost incurred in bringing the inventories to their present location. The cost of mechanical cutters comprises the cost of direct materials, direct labour and a proportion of overheads in bringing the mechanical cutters to their present state. The cost of commercial properties comprises the original purchase price plus any other costs directly attributable to the acquisition of the commercial properties.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated cost to completion.

Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Borrowing Costs

Borrowing costs directly attributable to the development of plantations are capitalised and included as part of plantation development expenditure. Capitalisation of borrowing costs will cease when the plantations attain maturity. All other borrowing costs are recognised as an expense in the year in which they are incurred.

Employee Benefits - Defined Contribution Plans

The Group and the Company are required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries.

The Group's and the Company's contributions to EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. REVENUE

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Sale of fresh fruit bunches, oil palm seeds & palm oil produces	999,370,935	1,374,745,081	-	-
Sale of cattles	2,547,091	1,161,999	-	-
Rental of land & buildings	721,400	728,902	-	-
Sale of mechanical cutters	35,000	297,300	-	-
Bulking and weighbridge fees	457,926	182,921	-	-
Insurance commissions	119,362	134,539	-	-
Dividend income from other investments	-	55,784	-	55,784
	<u>1,003,251,714</u>	<u>1,377,306,526</u>	<u>-</u>	<u>55,784</u>

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

5. OTHER OPERATING INCOME/(EXPENSES) AND OTHER INTEREST INCOME

Included in other operating income/(expenses) are the following:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Gain on disposal of:				
Property, plant & equipment	821,095	5,181,688	-	-
Other investments	226,213	293,411	-	-
Dividend income from:				
Investments quoted in Malaysia	17,035	877,896	-	-
Unquoted investments	1,548,890	1,374,374	-	-
Other investment	8,124	-	-	-
Rental of land & buildings	505,587	540,627	-	-
Gain arising from reproduced breeder livestock	735,473	507,675	-	-
Income from other investment	106,178	100,880	79,523	95,669
Foreign exchange gain/(loss):				
Realised	(1,033,277)	2,991,510	-	-
Unrealised	-	(2,141,081)	-	-
Rental of premises	(550,014)	(527,102)	-	-
Write-back of/(Allowance for):				
Diminution in value of other investments	2,686,352	(1,451,277)	-	-
Doubtful debts	42,587	(62,427)	-	-
Directors' remunerations:				
Directors of the subsidiary companies:				
- Executive directors:				
Salaries	(449,004)	(502,449)	-	-
Other emoluments	(27,340)	(227,241)	-	-
- Non-executive directors:				
Fees	(206,200)	(166,300)	-	-
Other emoluments	84,981	(61,500)	-	-
Directors of the Company:				
- Executive director:				
Other emoluments	(3,500)	(13,050)	(3,500)	(13,050)
- Non-executive directors:				
Fees	(72,000)	(84,000)	(72,000)	(84,000)
Other emoluments:				
Current	(58,262)	(91,371)	(58,262)	(104,400)
Overprovision in prior year	230,190	-	230,190	-

(forward)

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Audit fee:				
Current	(158,915)	(154,600)	(28,000)	(26,000)
Underprovision in prior year	(10,200)	(16,650)	(2,500)	-
Inventories written off	(737,600)	(46,554)	-	-
Bad debts written off	(2,375,805)	(7,096)	-	-
Property, plant & equipment written off	(31,047)	(560)	-	-

Included in staff costs of the Group are the following charges:

	THE GROUP	
	2009 (RM)	2008 (RM)
Defined contribution plans:		
Employees' Provident Fund contributions	3,251,527	2,878,401
Staff pension & superannuation fund contributions	103,150	63,032

Included in other emoluments of the executive director of the Group are Employees' Provident Fund contributions of RM26,940 (2008: RM54,371) made by a subsidiary company.

Other interest income consists of the following:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Interest income on:				
Fixed deposits	3,344,631	4,625,128	22,462	31,635
Overdue account	605,261	-	-	-
Staff loans	434,291	327,550	-	-
Amount owing by related parties (former subsidiary companies)	90,814	27,432,299	-	-
	<u>4,474,997</u>	<u>32,384,977</u>	<u>22,462</u>	<u>31,635</u>

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

6. FINANCE COSTS

	THE GROUP	
	2009 (RM)	2008 (RM)
Interest on:		
Term loans	236,144	434,188
Trade finance	210,788	-
	<u>446,932</u>	<u>434,188</u>

7. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Current tax expense	20,457,774	63,123,370	19,341	35,949
Deferred tax expense (Note 16)	245,422	7,459,749	-	-
Under/(Over)provision in prior year:				
Current tax expense	(897,783)	(612,687)	-	32,041
Deferred tax expense (Note 16)	<u>(1,630,965)</u>	<u>(67,464)</u>	<u>-</u>	<u>-</u>
	<u>18,174,448</u>	<u>69,902,968</u>	<u>19,341</u>	<u>67,990</u>

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

A numerical reconciliation of income tax expense at the applicable income tax rates to income tax expense at the effective income tax rate is as follows:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Profit before tax	<u>76,056,512</u>	<u>240,766,398</u>	<u>218,837</u>	<u>10,268</u>
Tax at the applicable tax rates of 25% (2008: 20% and 26%)	19,014,128	62,569,240	54,709	2,670
Tax effects of:				
Expenses that are not deductible in determining taxable profit	2,031,659	2,206,706	31,745	58,153
Income not subject to tax	(1,226,835)	(2,395,690)	(67,113)	(24,874)
Share of profits of associated companies	(271,056)	(1,033,902)	-	-
Revenue expenditure capitalised	-	(656,586)	-	-
Deferred tax assets not recognised during the year	984,198	9,825,383	-	-
Utilisation of unabsorbed agricultural allowance	(10,685)	(51,964)	-	-
Under/(Over)provision in prior year:				
Current tax expense	(897,783)	(612,687)	-	32,041
Deferred tax expense	(1,630,965)	(67,464)	-	-
Others	<u>181,787</u>	<u>119,932</u>	<u>-</u>	<u>-</u>
Income tax expense for the year	<u>18,174,448</u>	<u>69,902,968</u>	<u>19,341</u>	<u>67,990</u>

As of December 31, 2009, the Company has tax-exempt income amounting to RM7,211,785 (2008: RM7,211,785) arising from tax-exempt dividends received from the subsidiary companies.

As of December 31, 2009, certain subsidiary companies have tax-exempt income amounting to about RM226,712,032 (2008: RM208,441,460) arising from reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and waiver of tax payable on chargeable income in 1999 in accordance with the Income Tax (Amendment) Act, 1999.

The above tax-exempt income accounts of the Company and its subsidiary companies, which are subject to agreement by the Inland Revenue Board, are available for the distribution of tax-exempt dividends to the shareholder of the Company and to the Company respectively.

8. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP							Total (RM)
	Leasehold Land (RM)	Buildings (RM)	Infrastructure Costs and Golf Course (RM)	Plant and Machinery (RM)	Other Assets (RM)	Plantation Development Expenditure (RM)	Capital Work-in- Progress (RM)	
Cost								
At beginning of year	89,898,256	172,575,416	111,074,758	246,930,036	42,798,319	470,027,337	106,352,897	1,239,657,019
Additions	1,459,800	1,650,354	2,556,514	6,215,195	2,781,354	2,596,548	31,554,026	48,813,791
Disposals	(91,410)	(186,072)	(570)	(3,124,662)	(1,756,668)	-	-	(5,159,382)
Written off	-	(74,598)	-	-	(6,111)	-	-	(80,709)
Reclassifications	-	4,908,201	5,658,108	16,819,192	181,750	5,967,908	(33,535,159)	-
Adjustments	-	(132,000)	-	(273,249)	(239,681)	-	32,332	(612,598)
At end of year	91,265,646	178,741,301	119,288,810	266,566,512	43,758,963	478,591,793	104,404,096	1,282,618,121

annual report 2009

SAWI KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

THE GROUP

	Leasehold Land (RM)	Buildings (RM)	Infrastructure Costs and Golf Course (RM)	Plant and Machinery (RM)	Other Assets (RM)	Plantation Development Expenditure (RM)	Capital Work-In-Progress (RM)	Total (RM)
Accumulated Depreciation								
At beginning of year	4,806,604	111,968,446	25,238,550	146,026,826	37,617,564	2,111,301	-	327,769,291
Charge for the year	1,047,443	11,622,314	4,613,255	19,296,920	3,457,181	377,362	-	40,412,475
Disposals	(7,734)	(181,535)	(307)	(2,989,669)	(1,561,228)	-	-	(4,740,473)
Written off	-	(43,711)	-	-	(5,951)	-	-	(49,662)
Reclassifications	-	(1,712)	-	(208)	1,920	-	-	-
Adjustments	-	776	21	(272,831)	(241,320)	-	-	(513,354)
At end of year	5,846,313	123,362,578	29,851,519	162,061,038	39,268,166	2,488,663	-	362,878,277
Carrying Amount								
As of December 31, 2009	85,420,333	55,378,722	89,437,291	104,505,474	4,490,797	476,103,130	104,404,096	919,739,844
As of December 31, 2008	85,091,652	60,606,970	85,836,208	100,903,210	5,180,755	467,916,036	106,352,897	911,887,728
Depreciation charge for 2008	913,707	11,539,970	4,325,808	18,941,067	3,433,450	377,362	-	39,531,364

annual report 2009

SAWIT KINABALU SDN. BHD. - 403109-W (Incorporated in Malaysia)

THE COMPANY

	Office Equipment (RM)
Cost	
At beginning & at end of year	9,175
Accumulated Depreciation	
At beginning & at end of year	9,172
Carrying Amount	
As of December 31, 2009	3
As of December 31, 2008	3
Depreciation charge for 2008	-

Other assets comprise furniture, fixture and fittings, storage tanks, motor vehicles and office, workshop and other equipment.

Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use, with a total cost of approximately RM171,174,453 and RM9,175 (2008: RM177,381,296 and RM9,175) respectively.

Plantation development expenditure consists of:

THE GROUP

	2009 (RM)	2008 (RM)
Estates with land titles	162,257,859	145,846,436
Estates without titles	313,845,271	322,069,600
	<u>476,103,130</u>	<u>467,916,036</u>

In accordance with the Corporatisation Agreement between the State Government of Sabah, Sabah Land Development Board, a statutory body incorporated under the Land Development Ordinance, 1956 and SLDB Enactment, 1981 (Amended), Borneo Samudero Sdn Bhd and the Company, the State Government of Sabah will issue the land titles to the subsidiary company, Borneo Samudero Sdn Bhd, in due course. Included in plantation development expenditure is an amount of RM3,479,637 (2008: RM3,349,109) representing expenditure incurred in the application for the land titles.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

9. LIVESTOCKS

Breeder livestock classified under non-current assets are as follows:

	THE GROUP (RM)
Cost	
At beginning of year	12,351,526
Additions	1,464,416
Gain arising from reproduced breeder livestock	735,473
Disposals	(429,162)
Write-off	(395,603)
At end of year	<u>13,726,650</u>
Accumulated Amortisation	
At beginning of year	1,716,717
Charge for the year	1,871,651
Disposals	(89,876)
Write-off	(96,649)
At end of year	<u>3,401,843</u>
Carrying Amount	
As of December 31, 2009	<u>10,324,807</u>
As of December 31, 2008	<u>10,634,809</u>

Livestocks for commercial sale classified under current assets are as follows:

	THE GROUP	
	2009 (RM)	2008 (RM)
At cost:		
Cattles	<u>4,195,057</u>	<u>4,054,444</u>

10. INTANGIBLE ASSET

The intangible asset pertaining to a subsidiary company represents technology licensing fee paid to the Malaysian Agricultural Research and Development Institute in obtaining a body of knowledge and skill for the purpose of converting oil palm frond as animal feed and is stated at cost.

Technology Licensing fee has not been amortised during the financial year as the related production plant has yet to be constructed as of the end of the financial year.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

11. INVESTMENT IN SUBSIDIARY COMPANIES

	THE GROUP	
	2009 (RM)	2008 (RM)
Unquoted shares, at cost	2	2

The subsidiary companies of the Company are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2009 (%)	Effective Equity Interest 2008 (%)	Principal Activities
Wholly-owned subsidiary company of the Company				
Rikaworth Sdn Bhd	Malaysia	100	100	Investment holding
Subsidiary companies of Rikaworth Sdn Bhd				
Fokosrama Sdn Bhd	Malaysia	100	100	Plantation ownership, property investment & rental of land
Sawit Kinabalu Farm Products Sdn Bhd	Malaysia	100	100	Cattle farming
Bornea Samudera Sdn Bhd	Malaysia	100	100	Oil palm cultivation & production & sale of palm oil produces
Sandau Mill Sdn Bhd	Malaysia	100	100	Operations of palm oil mills
Bongalia Development Sdn Bhd	Malaysia	100	100	Oil palm cultivation
Oscajaya Sdn Bhd	Malaysia	100	100	Insurance agent
Kunak Mill Sdn Bhd	Malaysia	100	100	Provision of management services
Sap'antca Sdn Bhd	Malaysia	100	100	Purchase & sale of mechanical cutters
Sandakan Bulkers Sdn Bhd	Malaysia	100	100	Property development
Kunak Refinery Sdn Bhd	Malaysia	100	100	Operations of palm oil refinery mill

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

Name of Company	Country of Incorporation	Effective 2009 (%)	Equity Interest 2008 (%)	Principal Activities
Sawit Kinabalu Seeds Sdn Bhd (formerly known as Ulu Dusun Seeds Sdn Bhd)	Malaysia	100	100	Production & sale of oil palm seeds - Temporarily ceased operations
Minyak Berjaya Sdn Bhd	Malaysia	100	100	Property investment & rental of commercial shoplots
Sawit Kinabalu Edible Oils Sdn Bhd	Malaysia	100	100	Production & sale of palm oil produces - Temporarily ceased operations
Oscar Kinabalu Sdn Bhd	Malaysia	72	72	Oil palm cultivation
Bagohak Plantation Sdn Bhd	Malaysia	71	71	Oil palm cultivation
Towau Bulking Installation Sdn Bhd	Malaysia	51	51	Operations of a bulking installation for palm oil related produces
Sawit Kinabalu Bio-Tech Sdn Bhd (formerly known as Bengkaka Plantation Sdn Bhd)	Malaysia	100	100	Dormant
Sandakan Mawtas Jetty Sdn Bhd	Malaysia	100	100	Dormant
Sawit Bio Diesel Sdn Bhd	Malaysia	100	100	Dormant
Estrawasa Sdn Bhd	Malaysia	100	100	Dormant
Bypower Sdn Bhd	Malaysia	100	100	Dormant
Synergy Peracem Sdn Bhd	Malaysia	100	100	Dormant
Subsidiary company of Borneo Samudera Sdn Bhd	Malaysia	100	100	Dormant
Cemasjaya Bhd (In Members' Voluntary Liquidation)	Malaysia	68	68	Investment holding

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

12. INVESTMENT IN ASSOCIATED COMPANIES

	THE GROUP	
	2009 (RM)	2008 (RM)
Unquoted shares, at cost	80,003	7
Share of post-acquisition results, net of dividends received	5,339,238	4,255,013
	<u>5,419,241</u>	<u>4,255,020</u>

The Group's interest in the associated companies is analysed as follows:

	THE GROUP	
	2009 (RM)	2008 (RM)
Share of net tangible assets	5,402,500	4,238,279
Premium on acquisition	16,741	16,741
	<u>5,419,241</u>	<u>4,255,020</u>

The associated companies of the Group are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2009 (%)	2008 (%)	
Tongod Plantation Sdn Bhd	Malaysia	40	40	Oil palm cultivation
Kalabakan Plantation Sdn Bhd	Malaysia	40	40	Oil palm cultivation
Jurusan Borneo Sdn Bhd	Malaysia	30	30	Dormant

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

13. OTHER INVESTMENTS

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
At cost:				
Shares quoted in Malaysia	-	253,544	-	-
Shares quoted outside Malaysia	1,517,322	1,517,322	-	-
Unit trusts	58,609,393	53,452,512	3,225,368	3,246,097
Unquoted shares	1,472,500	1,472,500	1,472,500	1,472,500
	<u>61,599,215</u>	<u>56,695,878</u>	<u>4,697,868</u>	<u>4,718,597</u>
Allowance for diminution in value of:				
Shares quoted outside Malaysia	1,454,358	1,503,602	-	-
Unit trusts	15,602,498	18,239,606	-	-
Unquoted shares	790,000	790,000	790,000	790,000
	<u>(17,846,856)</u>	<u>(20,533,208)</u>	<u>(790,000)</u>	<u>(790,000)</u>
	<u>43,752,359</u>	<u>36,162,670</u>	<u>3,907,868</u>	<u>3,928,597</u>
Market values:				
Shares quoted in Malaysia	-	300,711	-	-
Shares quoted outside Malaysia	62,965	13,721	-	-
Unit trusts	43,972,408	35,401,790	3,225,368	3,246,097

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

14. INVESTMENT IN PLANTATION DEVELOPMENT

	THE GROUP	
	2009 (RM)	2008 (RM)
Plantation development expenditure:		
At beginning of year	6,694,102	6,076,154
Addition	-	617,948
At end of year	<u>6,694,102</u>	<u>6,694,102</u>

This represents plantation development expenditure for the Tambisan Estate, Sandakan pertaining to a subsidiary company, Borneo Samudera Sdn Bhd which has attained maturity.

On November 1, 2002, Borneo Samudera Sdn Bhd entered into a conditional sales and purchase agreement with Felda Agriculture Services Sdn Bhd, a company incorporated in Malaysia, for the sale of Tambisan Estate for a total consideration of RM16,940,000. The sale will only be completed upon the delivery of the land title by Borneo Samudera Sdn Bhd which is to be done within 24 months from the date of the agreement.

Although the completion date of the said agreement had expired and the land titles have yet to be delivered on October 31, 2004, both parties have agreed that the time for fulfillment of conditions stipulated in the said agreement shall be further extended until such time as the land titles are delivered.

Felda Agriculture Services Sdn Bhd has, with effect from the date of the said agreement, occupied the Tambisan Estate as licensee and assumed all risks and benefits associated with the operations of the Tambisan Estate. The land title is currently in the final stage of issuance, upon which the sales of the above land will be completed.

15. HOLDING ENTITY AND RELATED COMPANY/PARTY TRANSACTIONS

The Company is wholly owned by the Chief Minister, State of Sabah, a body constituted under the Chief Minister (Incorporated) Ordinance, 1949.

The amount owing by subsidiary company of RM531,305,811 (2008: RM531,305,811) represents outstanding proceeds arising from the disposal of investment in subsidiary companies to a subsidiary company, Rikaworth Sdn Bhd, in 2005.

The amount is unsecured, interest-free and shall be payable by the subsidiary company by February 1, 2015, which is within ten years commencing from the Completion Date or three months after the date of which the subsidiary company ceases to be a wholly-owned subsidiary of the Company, whichever is earlier.

The amount owing by subsidiary companies of RM737,947,508 (2008: RM737,947,030) shown under current assets arose mainly from dividend receivable and advances and payments made on behalf. The amount is unsecured, interest-free and has no fixed terms of repayment.

Amount owing by associated companies of RM62,891,245 (2008: RM68,651,326) of the Group represents mainly payments on behalf in respect of plantation development costs. The amount is unsecured, interest-free and has no fixed terms of repayment.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

Amount owing to subsidiary company of RM248,567 (2008: RM248,567) represents mainly payments made on behalf of the Company. The amount is unsecured, interest-free and has no fixed terms of repayment.

During the financial year, significant related company transactions are as follows:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Subsidiary company				
Management fees receivable		-	60,000	60,000

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if the party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The above related company transactions are negotiated based on terms and conditions agreed between the related parties and the Company or the subsidiary company.

16. DEFERRED TAX ASSETS/LIABILITIES

	THE GROUP	
	2009 (RM)	2008 (RM)
Deferred tax assets:		
At beginning of year	247,039	10,874,460
Transfer from/(to) income statement (Note 7)	562,619	(4,068,630)
Dilution arising from additional shares issued by subsidiary companies	-	(6,558,791)
At end of year	<u>809,658</u>	<u>247,039</u>

The deferred tax assets of the Group are in respect of the following:

	THE GROUP	
	2009 (RM)	2008 (RM)
Tax effects of:		
Unutilised tax losses	228,407	168,077
Temporary differences arising from property, plant & equipment	<u>581,251</u>	<u>78,962</u>
	<u>809,658</u>	<u>247,039</u>

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

As mentioned in Note 3, the tax effects of temporary differences which would give rise to net deferred tax asset are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. As of December 31, 2009, the estimated net deferred tax assets of the Company and of certain subsidiary companies calculated at applicable tax rate, which has not been recognised in the financial statements, are as follows:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Tax effects of:	18,683,088	16,259,694	5,649	5,700
Unutilised tax losses & unabsorbed capital allowances	(8,284,240)	(6,747,558)	-	-
Temporary differences arising from property, plant & equipment	<u>10,398,848</u>	<u>9,512,136</u>	<u>5,649</u>	<u>5,700</u>

	THE GROUP	
	2009 (RM)	2008 (RM)
Deferred tax liabilities:		
At beginning of year	11,254,123	7,930,468
Transfer from/(to) income statement (Note 7)	<u>(822,924)</u>	<u>3,323,655</u>
At end of year	<u>10,431,199</u>	<u>11,254,123</u>

The deferred tax liabilities of the Group are in respect of the following:

	THE GROUP	
	2009 (RM)	2008 (RM)
Tax effects of temporary differences arising from property, plant & equipment	<u>10,431,199</u>	<u>11,254,123</u>

As at December 31, 2009, the Group and the Company have unutilised tax losses, unabsorbed agriculture allowances, capital allowances and investment tax allowances totalling about RM77,515,232 and RM22,596 (2008: RM62,759,100 and RM22,596) respectively which are available to offset against future taxable profit. The amounts are subject to agreement by the Inland Revenue Board.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

17. INVENTORIES

	THE GROUP	
	2009 (RM)	2008 (RM)
At cost:		
Palm oil produces	94,090,118	99,764,980
Consumable stores	23,053,842	22,299,278
Mechanical cutters	4,038,000	6,235,600
Nursery stocks	4,928,278	5,159,855
Commercial properties:		
Buildings	4,026,981	3,756,681
Long leasehold land	1,964,989	1,964,989
	<u>132,102,208</u>	<u>139,181,383</u>
Allowance for inventories obsolescence	<u>(1,429)</u>	<u>(1,429)</u>
	<u>132,100,779</u>	<u>139,179,954</u>

18. PROJECT DEVELOPMENT COSTS

	THE GROUP	
	2009 (RM)	2008 (RM)
Land	4,250	4,250
Development costs	<u>94,105,800</u>	<u>57,511,183</u>
	<u>94,110,050</u>	<u>57,515,433</u>

This represents project development costs for the development of parcels of land, covering about 1,000 acres for Phase 1 and 1,800 acres for Phase 2, for a palm oil industrial cluster for sale in Sandakan, Sabah, Malaysia pertaining to a subsidiary company, Sandakan Bulkera Sdn Bhd. Presently, development for Phase 1 is in progress.

Land cost comprises land premium paid for Phase 1. As of December 31, 2009, the title to the Phase 1 land has not yet been issued to Sandakan Bulkera Sdn Bhd by the relevant authorities. Development costs comprise mainly costs incurred for the infrastructure works on parcels of land for a palm oil industrial cluster for Phase 1A and 1B. Sandakan POIC Phase 1C is one of the projects under the Sabah Development Corridor (SDC) which is managed and funded by Sabah Economic Development & Investment Authority (SEDIA). Accordingly, the costs incurred for the infrastructure works for Phase 1C, which are funded by SEDIA and disbursed through the Company, have not been taken up in the financial statements.

In 2008, the subsidiary companies, Sandakan Mowtas Jetty Sdn Bhd, Bypower Sdn Bhd, Estrowasa Sdn Bhd and Synergy Percent Sdn Bhd have applied for the title to the Phase 1 land. As of the date of this report, the titles have not yet been issued to the subsidiary companies by the relevant authorities.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

19. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

Trade receivables comprise amounts receivable for the sale of fresh fruit bunches, crude palm oil, palm kernel and mechanical cutters, rental receivable from tenants of properties, insurance premium receivable, management fees receivable and weighbridge and bulking fees receivable. The credit period granted on trade receivables is 30 days (2008: 30 days) except for the amounts receivable for the sale of crude palm oil and palm kernel which ranges from 3 to 7 days (2008: 3 to 7 days).

Other receivables and prepaid expenses consist of:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Other receivables	40,494,760	36,848,709	4,632	16,610
Tax refundable	18,833,495	15,096,709	-	-
Refundable deposits	844,703	780,068	-	-
Prepaid expenses	76	71	-	-
	<u>60,173,034</u>	<u>52,725,557</u>	<u>4,632</u>	<u>16,610</u>
Allowance for doubtful debts	(25,586)	(68,173)	-	-
	<u>60,147,448</u>	<u>52,657,384</u>	<u>4,632</u>	<u>16,610</u>

Other receivables of the Group comprise mainly staff loans, advances to workers for workpass and levies, advances to smallholders and amount due from Yayasan Sugut.

20. CASH AND BANK BALANCES

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Fixed deposits with:				
Licensed banks	61,160,900	71,043,949	1,000,000	1,000,000
Licensed finance companies	6,022,123	14,322,657	-	-
Other financial institutions	73,529,389	68,682,404	-	-
Bankers' acceptances (REPO basis)	51,904,982	12,693,248	-	-
Cash on hand & at banks	39,362,506	9,512,974	43,737	25,861
	<u>231,979,900</u>	<u>176,245,232</u>	<u>1,043,737</u>	<u>1,025,861</u>

Included in fixed deposits placed with licensed banks of the Group is an amount of RM626,242 (2008: RM603,927), which has been charged to certain local banks as security for bank guarantee granted to a subsidiary company, Borneo Samudera Sdn Bhd.

annual report 2009

SAWIT KINABALU SDN. BHD. - 403109-W (Incorporated in Malaysia)

The average effective interest rates are as follows:

	THE GROUP		THE COMPANY	
	2009 (%)	2008 (%)	2009 (%)	2008 (%)
Fixed deposits	2.00 - 4.20	2.00 - 4.20	2.67	3.20
Bankers' acceptances	1.45 - 2.50	2.70 - 3.00	-	-

Deposits of the Group have maturity period ranging from 1 month to 1 year (2008: 1 month to 1 year). Deposits of the Company have maturity period ranging from 1 - 6 months (2008: 1 - 6 months).

21. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The credit period granted to the Group for trade purchases ranges from 15 to 60 days (2008: 15 to 60 days).

Other payables and accrued expenses consist of:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Other payables	43,679,160	46,456,721	-	-
Land premium payable	12,798,314	12,798,314	-	-
Retention monies payable	11,188,238	10,027,857	-	-
Refundable deposits	3,362,110	3,972,872	-	-
Amount due to directors	-	281,405	42,117	259,405
Accrued expenses	19,910,590	13,882,965	29,400	26,775
	<u>90,938,412</u>	<u>87,420,134</u>	<u>71,517</u>	<u>286,180</u>

The amounts owing mainly arise from trade and non-trade transactions. The amounts owing are interest-free and have no fixed terms of repayment.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

22. BORROWINGS

	THE GROUP	
	2009 (RM)	2008 (RM)
Federal Government loan	6,468,896	7,143,169
Less: Amount due within 12 months (shown under current liabilities)	(701,244)	(674,273)
Non-current portion	<u>5,767,652</u>	<u>6,468,896</u>

The non-current portion is repayable as follows:

	THE GROUP	
	2009 (RM)	2008 (RM)
Financial years ending December 31:		
2010	-	701,244
2011	729,294	729,294
2012	758,466	758,466
2013	788,804	788,804
2014 & subsequent years	<u>3,491,088</u>	<u>3,491,088</u>
	<u>5,767,652</u>	<u>6,468,896</u>

The Federal Government loan of RM15,000,000 (2008: RM15,000,000) which is arranged at fixed interest rate of 4% (2008: 4%) per annum, is unsecured and is repayable by 25 equal annual instalments of RM960,000 each, including interest, which commenced in December 1993.

23. STATE GOVERNMENT LOAN

In accordance with the Corporatisation Agreement dated November 26, 1996, the Sabah State Government loan will be capitalised as share capital pending the approval of the relevant Government authorities. The loan is unsecured and interest-free. Repayments are made upon request by the Sabah State Government.

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

24. SHARE CAPITAL

	THE GROUP	
	2009 (RM)	2008 (RM)
Authorised 1,000,000,000 ordinary shares of RM1 each	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued & fully paid 549,000,000 ordinary shares of RM1 each	<u>549,000,000</u>	<u>549,000,000</u>

25. UNAPPROPRIATED PROFIT

As of the balance sheet date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, taking into consideration of the tax-exempt account as mentioned in Note 7 and based on the prevailing tax rate applicable to dividends and estimated tax credits, the Company has sufficient Section 108 tax credit to frank distribution by way of cash dividends of about RM208,000,000 out of its unappropriated profit as of December 31, 2009.

However, the Malaysian Budget 2008 introduced a single tier company income tax system with effect from the year of assessment 2008. As such, any dividend paid out of the unappropriated profit of the Company will be exempted from tax and the Section 108 tax credit as of December 31, 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on December 31, 2013, whichever is earlier.

26. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Fixed deposits	140,712,412	154,049,010	1,000,000	1,000,000
Bankers' acceptances (REPO basis)	51,904,982	12,683,248	-	-
Cash on hand & at banks	<u>39,362,506</u>	<u>9,512,974</u>	<u>43,737</u>	<u>25,861</u>
	231,979,900	176,245,232	1,043,737	1,025,861
Less: Fixed deposits pledged to banks & amount held in trust (Note 20)	<u>(626,242)</u>	<u>(603,927)</u>	<u>-</u>	<u>-</u>
	<u>231,353,658</u>	<u>175,641,305</u>	<u>1,043,737</u>	<u>1,025,861</u>

annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

27. CAPITAL COMMITMENTS

As of December 31, 2009, the Group has the following capital commitments in respect of capital expenditure:

	THE GROUP	
	2009 (RM)	2008 (RM)
Approved & contracted for	215,658,774	125,650,150
Approved but not contracted for	425,500	11,627,190
	<u>216,084,274</u>	<u>137,277,340</u>

28. CONTINGENT LIABILITIES

As of December 31, 2009, the Group and the Company have the following unsecured contingent liabilities:

	THE GROUP		THE COMPANY	
	2009 (RM)	2008 (RM)	2009 (RM)	2008 (RM)
Legal claims in respect of alleged negligence arising from accident	-	73,600	-	-
Corporate guarantees given to a subsidiary company, Sawit Kinabalu Edible Oil Sdn Bhd, for trade finance & other credit facilities	-	-	211,000,000	211,000,000
Corporate guarantee given to a subsidiary company, Borneo Samudera Sdn Bhd, for trade finance & other credit facilities	-	-	60,000,000	60,000,000
Corporate guarantee given to a subsidiary company, Kunak Refinery Sdn Bhd, for trade finance & other credit facilities	-	-	40,000,000	60,000,000
	-	<u>73,600</u>	<u>311,000,000</u>	<u>331,000,000</u>

The corporate guarantees totalling RM311,000,000 given to Sawit Kinabalu Edible Oils Sdn Bhd, Kunak Refinery Sdn Bhd and Borneo Samudera Sdn Bhd are in respect of the following banking facilities from local licensed banks:

- Banking facilities to the extent of RM215,000,000, which are secured by Corporate Guarantees of RM175,000,000 from the Company. However, these facilities have not been utilised by Sawit Kinabalu Edible Oils Sdn Bhd and Kunak Refinery Sdn Bhd as of the end of the financial year.
- Banking facilities to the extent of RM80,000,000, which are secured by Corporate Guarantee of RM70,000,000 from the Company. However, these facilities have not been utilised by Sawit Kinabalu Edible Oils Sdn Bhd as of the end of the financial year.

- c. Banking facilities to the extent of RM6,000,000, which are secured by Corporate Guarantee of RM6,000,000 from the Company. However, these facilities have not been utilised by Sowit Kinabalu Edible Oils Sdn Bhd as of the end of the financial year.
- d. Banking facilities to the extent of RM60,465,250, which are secured by Corporate Guarantee of RM60,000,000 from the Company. However, these facilities have not been utilised by Borneo Samudera Sdn Bhd as of the end of the financial year.

In 2006, legal actions have been instituted by a third party on a subsidiary company, Borneo Samudera Sdn Bhd, for the delivery of vacant possession of certain parcels of land which have been sold by certain smallholders of a subsidiary company, Bagahak Plantation Sdn Bhd, together with all the profits and income generated from the proceeds of the agricultural products on the sold land less cost and expenses.

These smallholders and Borneo Samudera Sdn Bhd are operating on a joint venture basis to develop parcels of plantation land which were alienated to Bagahak Plantation Sdn Bhd for development by Bagahak Plantation Sdn Bhd and Borneo Samudera Sdn Bhd.

By an order of the Deputy Registrar of the High Court on October 20, 2006, Bagahak Plantation Sdn Bhd was made a party to these actions as 3rd Defendant. On the same day, Borneo Samudera Sdn Bhd appealed to the High Court against the order. The appeal had been stayed in favour of arbitration.

On November 30, 2006, Bagahak Plantation Sdn Bhd filed an application to set aside the order dated October 20, 2006 and various other relief. However, this application is still not disposed of yet. As of the date of this report, this case is under arbitration proceedings and its effects on the financial statements of Bagahak Plantation Sdn Bhd cannot be ascertained.

Also in 2006, further legal actions have been instituted by the third party as mentioned in the preceding paragraph on Borneo Samudera Sdn Bhd and Bagahak Plantation Sdn Bhd for the delivery of vacant possession of additional parcels of land which have been sold by certain smallholders of Bagahak Plantation Sdn Bhd together with all the profits and income generated from the proceeds of the agricultural products on the sold land less cost and expenses. As of the date of this report, the outcome of this case and its effects on the financial statements of Bagahak Plantation Sdn Bhd cannot be ascertained.

In 2007, Bagahak Plantation Sdn Bhd has obtained the land title of the sold land from the relevant authorities and accordingly, the directors of Bagahak Plantation Sdn Bhd are of the opinion that Bagahak Plantation Sdn Bhd has plausible defence to the above claims. However, the issuance of the title by the relevant authorities is being challenged by the third parties. The challenge by the third parties had been dismissed by the High Court on November 16, 2009.

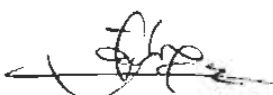
annual report 2009

SAWIT KINABALU SDN. BHD. 403109-W (Incorporated in Malaysia)

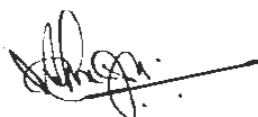
STATEMENT BY DIRECTORS

The directors of Sawit Kinabalu Sdn Bhd state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the Private Entity Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2009 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors.



K Y MUSTAFA

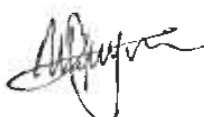


OTHMAN BIN WALAT

Kota Kinabalu
28 Jun 2010

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, MARY KU MEI LI, the officer primarily responsible for the financial management of Sawit Kinabalu Sdn Bhd, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity 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.



MARY KU MEI LI

Subscribed and solemnly declared by the abovenamed MARY KU MEI LI at KOTA KINABALU in the State of SABAH this 28 day of June, 2010.

Before me.



WILLIAM Y P CHIA
Justice of the Peace, Sabah

FORM OF PROXY

I / We of
being a member / members of Sawit Kinabalu Sdn Bhd hereby appoint

.....
or failing him, the Chairman of the Meeting as my / our proxy to vote for me / us on my / our behalf, at the Fourteenth Annual General Meeting to be held at Le Meridien Hotel, Kota Kinabalu on 28 June 2010 at 11.45 am and / or at any adjournment thereof

My / Our proxy is to vote as indicated below:

No.	Resolutions	For	Against
1	To receive the Audited Financial Statements of the Company and Group for the year ended 31 December 2009 and the Directors' and Auditors' Report thereon		
2	To re-elect Directors retiring in accordance with the Company's Articles of Association:- YAB Datuk Seri Musa Bin Haji Aman		
3	To re-elect Directors retiring in accordance with the Company's Articles of Association:- YB Datuk K Y Mustafa		
4	To re-elect Directors retiring in accordance with the Company's Articles of Association:- Dr Pang Teck Wai		
5	To re-elect Directors retiring in accordance with the Company's Articles of Association:- Datuk Stephen Robert Evans		
6	To re-elect Directors retiring in accordance with the Company's Articles of Association:- Encik George Majid		
7	To approve the payment of Directors' fees		
8	To appoint auditors for the Company and Group and to authorise Directors to fix their remuneration		
9	To transact any other business for which due notice shall have been given		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed this day of 2010

No. of shares held

.....
Signature of Shareholder(s)

Note:

- (a) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead. A proxy need not be a member of the Company.
- (b) The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or his / her attorney, and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (c) The instrument appointing a proxy must be deposited at Registered Office of the Company at Jalan Kelapa Sawit, Off Km 4, Jalan Tuaran, 88300 Kota Kinabalu not less than 48 hours before the time for holding the Meeting or any adjournment thereof.



SAWIT KINABALU SDN BHD
INCORPORATED IN MALAYSIA (403109-W)
AND ITS SUBSIDIARY COMPANIES

Jalan Kelapa Sawit, Off Km 4, Jalan Tuaran, 88300 Kota Kinabalu, Sabah, Malaysia.
Tel: 088 235811 Fax: 088 233779, 235830