ANNUAL REPORT

RSPO SECRETARIAT SDN BHD (787510-K)



CONTENTS

1	Corporate information
2 - 4	Directors' report
5	Directors' statement
5	Statutory declaration
6	Report of the auditors to the members
	FINANCIAL STATEMENTS
7	Balance sheet
8	Income statement
9	Statement of changes in equity
10	Cash flow statement
11 - 16	Notes to the financial statements

CORPORATE INFORMATION

Board of directors : Dato' Mamat Bin Salleh

Jan Cornelis Vis Simon Lord Derom Bangun

Dr. Vengeta Rao A/L K Appanan

Darrel Arthur Webber

Company secretary : Leong Shueu Yin (F) (MAICSA 7043442)

Registered office : 305 (Suite 1) Block E

Pusat Dagangan Phileo Damansara 1 9, Jalan 16/11, Off Jalan Damansara

46350 Petaling Jaya Selangor Darul Ehsan

Malaysia

Principal place of business : Suite A-06-04, Plaza Mont'Kiara

2, Jalan Kiara, Mont'Kiara 50480 Kuala Lumpur

Malaysia

Auditors : Parker Randall (AF: 1565)

(Chartered Accountants)

Malaysia

Principal banker : HSBC Bank Malaysia Berhad

DIRECTORS' REPORT

The directors hereby submit their first annual report together with the audited financial statements of the Company for the financial period from 6 September 2007 (Date of incorporation) to 30 June 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial period were to provide seminars, dialogues, forums in promoting growth and the use of sustainable palm oil through co-operation within the supply chain, management consultancy, administration and secretariat services.

There have been no significant changes in the nature of these activities during the financial period.

RESULTS

RM

Profit after tax for the financial period

39,751

DIVIDENDS

No dividends were paid or declared since the date of incorporation and the directors do not recommend the payment of dividends for the financial period.

RESERVES AND PROVISIONS

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

SHARE OPTIONS

During the financial period, the Company granted no share option.

ISSUE OF SHARES

During the financial period, the following shares were issued by the Company:

<u>Date</u>	Class of shares	Number of shares	<u>Term of issue</u>	<u>Purpose of issue</u>
06.09.2007	Ordinary RM 1.00	100	Cash at par	Subscribers' shares

BAD AND DOUBTFUL DEBTS

Before the income statement and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and, the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance for doubtful debts had been made.

At the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent.

DIRECTORS' REPORT (Continued)

CURRENT ASSETS

Before the income statement and the balance sheet of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances, which would render the values attributed to the current assets in the financial statements of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Company which has arisen since the end of the financial period which secures the liabilities of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial period.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF UNUSUAL NATURE

In the opinion of the directors:

- (a) the results of the operations of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial period in which this report is made.

DIRECTORS

The directors who served since the date of incorporation are:

DIRECTORS' REPORT (Continued)

Dato' Mamat Bin Salleh (First Director) Jan Cornelis Vis (First Director) Simon Lord (First Director) Derom Bangun (First Director) Dr. Vengeta Rao A/L K Appanan (Appointed on 19.12.2007) Darrel Arthur Webber (Appointed on 31.01.2008) Matthias Wilfried Dr. Diemer (First director, Resigned on 31.01.2008) Andrew Ng Soon Heng (First director, Resigned on 19.12.2007)

The retirement and re-election of the directors will be in accordance with the Company's Articles of Association.

The directors who held office at the end of the financial period had, according to the registers required to be kept under Section 134 of the Companies Act 1965, an interest in the shares of the Company as follows:

	Number of ordinary shares of RM 1.00 each		
	At	Acquired /	At
	06.09.2007	(Disposed)	30.06.2008
Dato' Mamat Bin Salleh	20	-	20
Jan Cornelis Vis	20	-	20
Simon Lord	20	-	20
Derom Bangun	20	-	20
Darrel Arthur Webber	-	20	20

Other than the directors disclosed above, the other director did not have any interest in the ordinary shares of the Company during the financial period.

DIRECTORS' BENEFITS

Since the date of incorporation, no director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any directors or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Parker Randall, Chartered Accountants (Malaysia) have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors

Dr. Vengeta Rao A/L K Appanan	Dato' Mamat Bin Salleh
Director	Director
Kuala Lumpur, Malaysia	
Dated:	

DIRECTORS' STATEMENT

We, *Dr. Vengeta Rao A/L K Appanan* and *Dato' Mamat Bin Salleh*, being two of the directors of **RSPO SECRETARIAT SDN BHD**, do hereby state that the accompanying financial statements are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 30 June 2008 and of the results of the operations, changes in equity and cash flows for the financial period then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Dr. Vengeta Rao A/L K Appanan Director	Dato' Mamat Bin Salleh Director
Kuala Lumpur, Malaysia Dated:	

STATUTORY DECLARATION

I, *Dr. Vengeta Rao A/L K Appanan*, being the director primarily responsible for the financial management of **RSPO SECRETARIAT SDN BHD**, do solemnly and sincerely declare that the accompanying financial statements for the financial period ended 30 June 2008 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)	
by the abovenamed at Kuala Lumpur)	
on this day of)	
)	
Before me:		Dr. Vengeta Rao A/L K Appanan
		Director



"The Business Mind"

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements of **RSPO SECRETARIAT SDN BHD** as at 30 June 2008. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the financial statements which have been prepared under the historical cost convention, are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Company; and
- (ii) the state of affairs of the Company as at 30 June 2008 and of the results of the operations, changes in equity and cash flows of the Company for the financial period ended on that date; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

PARKER RANDALL
AF: 1565
Chartered Accountants

Dato' Liew Lee Leong
2041/04/10 (J/PH)
Partner of the firm

Selangor Darul Ehsan, Malaysia

Dated:

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	RM
Non-current assets		
Property, plant and equipment	3	2,414_
		2,414
Current assets		
Sundry receivables, deposits and prepayments	4	47,579
Cash and bank balances		25,660
		73,239
Current liabilities		
Sundry payables and accruals		24,885
Current tax liabilities		10,778
		35,663
Net current assets		37,576
		39,990
FINANCED BY:		
Share capital	5	100
Retained profits	J	39,751
Shareholders' funds		39,851
Non-current liabilities		
Deferred tax	6	139
		39,990

INCOME STATEMENT

	Note	RM
Revenue	7	-
Cost of sales		
Gross profit		-
Other operating income		360,000
Administrative expenses		(309,332)
Profit from operations		50,668
Finance costs		
Profit before tax	8	50,668
Income tax expense	9	(10,917)
Profit after tax for the financial period		39,751

STATEMENT OF CHANGES IN EQUITY

	Share capital RM	Retained profits RM	Total RM
As at 6 September 2007 (Date of incorporation)	100	-	100
Profit after tax for the financial period	<u>-</u>	39,751	39,751
As at 30 June 2008	100_	39,751_	39,851

CASH FLOW STATEMENT

	RM
Cash flows from operating activities	
Profit before tax	50,668
Adjustment for: Depreciation	41_
Operating profit before working capital changes	50,709
Increase in receivables	(47,579)
Increase in payables	24,885
Net cash generated from operating activities	28,015
Cash flows from investing activities	
Purchase of property, plant and equipment	(2,455)
Net cash used in investing activities	
Cash flows from financing activities Proceeds from issuance of shares	100
Net cash generated from financing activities	100
Net increase in cash and cash equivalents	25,660
Cash and cash equivalents at beginning of financial period	
Cash and cash equivalents at end of financial period	25,660
CASH AND CASH EQUIVALENTS COMPRISE:	
Cash at bank	25,354
Cash in hand	306
Cash and bank balances	25,660

NOTES TO THE FINANCIAL STATEMENTS

AS AT 30 JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention

The financial statements of the Company are prepared under the historical cost convention and complied with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Property, plant and equipment and depreciation

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

Depreciation is provided on a straight-line basis to write off the cost of each asset over their estimated useful lives at the following annual rate:

Office equipment 10%

Where an indication of impairment exists, the carrying amount of an asset is assessed and written down immediately to its recoverable amount.

(c) Impairment of assets

The carrying amounts of property, plant and equipment and other non-current assets, including intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of asset or its cashgenerating unit exceeds it recoverable amount.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation reserve. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation reserve.

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. Reversals of impairment loss are recognised in the income statement.

(d) Preliminary and pre-operating expenses

During the financial period, the Company adopts its accounting policy to comply with applicable approved accounting standards in Malaysia to recognise preliminary and pre-operating expenses in the income statement as incurred. Preliminary and pre-operating expenses were expensed off to the income statement during the financial period.

(e) Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Liabilities

Payables are stated at cost, which is the fair value of the consideration to be paid in the future for goods and services received.

AS AT 30 June 2008

(g) Revenue - Income recognition

Revenue is recognised based on invoiced value of services rendered net of discounts.

(h) Income tax

Income tax on the profit or loss for the financial period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial period and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and other short term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The recognition methods adopted are disclosed in the respective accounting policy statements.

AS AT 30 June 2008

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its financial risks.

The main areas of financial risks faced by the Company and the policy in respect of the major areas of treasury activity are set out as follows:

(i) Interest rate risk

The Company do not face any significant interest rate risk as the Company had no substantial long term interest debts nor assets.

(ii) Foreign exchange risk

The Company does not have any transactions, assets or liabilities which are denominated in foreign currencies. Hence, the Company does not have any exposure to foreign exchange risk.

(iii) Liquidity and cash flow risks

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient level of cash and cash equivalents to meet its working capital requirements.

(iv) Market risk

The Company does not expose to any market risk.

(v) Credit risk

The Company does not grant any credits to its debtors and hence, is not exposed to credit risk.

3. PROPERTY, PLANT AND EQUIPMENT

	As at 06.09.2007 RM	Additions RM	Disposals RM	As at 30.06.2008 RM
Cost				
Office equipment		2,455		2,455
	_	2,455	-	2,455

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

	As at 06.09.2007 RM	Additions RM	Disposals RM	As at 30.06.2008 RM
Accumulated depreciation				
Office equipment	-	41	-	41

AS AT 30 June 2008

	-	41	-	41
				RM
Net book value				
Office equipment				2,414
				2,414

4. SUNDRY RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in sundry receivables, deposits and prepayments are advances of RM 35,474 due from an association, where certain directors have beneficial interest. These advances are unsecured, interest free and have no fixed terms of repayment.

5. SHARE CAPITAL

		RM
	Authorised:	
	100,000 ordinary shares of RM 1.00 each	
	As at beginning and end of financial period	100,000
	Issued and fully paid:	
	100 ordinary shares of RM 1.00 each	
	As at beginning and end of financial period	100
6.	DEFERRED TAX	
		RM
	Transfer from income statement (Note 9)	139
	At end of the financial period	139

The deferred tax liabilities are in respect of temporary differences on property, plant and equipment.

7. REVENUE

Revenue represents invoiced value of services rendered net of discounts.

8. PROFIT BEFORE TAX

	RM
This is determined after charging:	
Auditors' remuneration	3,750
Depreciation	41

AS AT 30 June 2008

Directors' remuneration		151,877
Formation expenses		4,400
Rental - Conference room		2,530
Rental - Office		12,600
Employee information:		
Staff costs		250,758
Number of employees as at	end of financial period	5
9. INCOME TAX EXPENS	SE	
		RM
Malaysian tax - Current pe	eriod's provision	10,778
Deferred tax (Note 6)	•	139_
		10,917
Reconciliation of tax expe	nse:	
Profit before tax		50,668
Income tax at Malaysian to	ax rate	10,134
Tax effects of:		
Non-deductible expenses	for tax purpose	783
Tax expense		10,917

The current Malaysian tax rate is 20% for the first RM 500,000 chargeable income and 26% thereafter. The disproportionate taxation charge is principally due to certain expenses being disallowed for tax purposes.

10. SIGNIFICANT RELATED PARTY TRANSACTIONS

RM

Related party transaction

Management fee from company in which certain directors have beneficial interest

360,000

The related party transaction is in the normal course of business at the terms mutually agreed between all parties.

AS AT 30 June 2008

11. FINANCIAL INSTRUMENTS

The carrying amounts of the financial instruments in respect of cash and cash equivalents, receivables and payables approximate their fair values due to the relatively short term nature of the said financial instruments.

12. COMPARATIVE FIGURES

Since this report is the first set of financial statements of the Company subsequent to its incorporation on 6 September 2007, no comparative figures are available.

13. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated

TRADING AND PROFIT AND LOSS ACCOUNT

	2008 RM
Revenue	
Less: Cost of sales	
Gross profit	-
Add: Other operating income	
Management fee income	360,000
	360,000
Less: Administrative expenses	
Auditors' remuneration	3,750
Bank charges	196
Computer expenses	630
Directors' remuneration	151,877
Depreciation	41
Entertainment	918
Formation expenses	4,400
Printing, postages and stationery	3,410
Rental - Conference room	2,530
Rental - Office	12,600
Secretarial charges	1,220
Service tax	188
Staff - EPF	35,250
Staff - Medical	516
Staff - Refreshments	147
Staff - Salaries and allowances	62,282
Staff - Socso	1,349
Taxation fee	3,300
Telephone and fax charges	10,258
Travelling expenses	11,768
Upkeep - Office	1,300
Water and electricity	1,402_
	309,332
Profit before tax	50,668