

SARAWAK ENERGY BERHAD (007199-D)
INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2009

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

	Individual Period		Cumulative Period	
	Current year quarter RM'000	Preceding year corresponding quarter RM'000	Current Year-to-date RM'000	Preceding year Corresponding period RM'000
Revenue	314,885	319,843	314,885	319,843
Operating expenses	(263,148)	(255,963)	(263,148)	(255,963)
Other income	29,089	27,346	29,089	27,346
Finance costs	(12,066)	(9,281)	(12,066)	(9,281)
Share of profits of associates	796	890	796	890
Profit before taxation	69,556	82,835	69,556	82,835
Taxation	(17,289)	(16,672)	(17,289)	(16,672)
Profit for the period	<u>52,267</u>	<u>66,163</u>	<u>52,267</u>	<u>66,163</u>
Attributable to:				
Equity holders of the parent	52,316	65,976	52,316	65,976
Minority interest	(49)	187	(49)	187
	<u>52,267</u>	<u>66,163</u>	<u>52,267</u>	<u>66,163</u>
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	<u>3.43</u>	<u>4.34</u>	<u>3.43</u>	<u>4.34</u>
Diluted (sen)	<u>3.43</u>	<u>4.34</u>	<u>3.43</u>	<u>4.34</u>

The unaudited condensed consolidated income statements should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2008.

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CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2009

	Unaudited	Audited
	As at 31.3.2009 RM'000	As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,167,780	4,875,994
Prepaid land lease payments	125,158	125,307
Investment in associates	46,110	45,314
Deferred tax assets	32,362	34,337
	5,371,410	5,080,952
Current assets		
Inventories	262,008	272,678
Development properties	100,679	100,679
Receivables	219,872	310,307
Short-term deposits	626,663	569,373
Cash and bank balances	118,154	197,019
	1,327,376	1,450,056
	6,698,786	6,531,008
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	1,527,462	1,527,426
Reserves	1,394,201	1,338,002
	2,921,663	2,865,428
Minority interest	17,208	17,257
Total equity	2,938,871	2,882,685
Current liabilities		
Payables	671,968	657,241
Short-term borrowings	241,200	155,749
Current tax liability	10,153	5,157
	923,321	818,147
Non-current liabilities	2,836,594	2,830,176
Total liabilities	3,759,915	3,648,323
	6,698,786	6,531,008
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.91	1.88

The unaudited condensed consolidated balance sheets should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2008.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2009

	Attributable to Equity Holders of the Parent							Minority interest	Total Equity	
	Share Capital RM'000	Share Premium RM'000	Capital reserves RM'000	Capital Redemption reserve RM'000	Share Option reserve RM'000	General reserves RM'000	Retained profits RM'000			Total RM'000
At 1 January 2009	1,527,426	14,159	85,355	73,128	22,369	94,147	1,048,844	2,865,428	17,257	2,882,685
Issue of ordinary shares pursuant to ESOS	36	41	-	-	-	-	-	77	-	77
Share options granted under ESOS	-	-	-	-	3,842	-	-	3,842	-	3,842
Profit for the period	-	-	-	-	-	-	52,316	52,316	(49)	52,267
At 31 March 2009	1,527,462	14,200	85,355	73,128	26,211	94,147	1,101,160	2,921,663	17,208	2,938,871
At 1 January 2008	1,518,949	-	85,355	73,128	904	94,147	823,511	2,595,994	16,147	2,612,141
Issue of ordinary shares pursuant to ESOS	346	397	-	-	-	-	-	743	-	743
Share options granted under ESOS	-	-	-	-	8,137	-	-	8,137	-	8,137
Profit for the period	-	-	-	-	-	-	65,976	65,976	187	66,163
At 31 March 2008	1,519,295	397	85,355	73,128	9,041	94,147	889,487	2,670,850	16,334	2,687,184

The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2008.

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2009

	For the current period ended 31.3.2009 RM'000	For the preceding corresponding period ended 31.3.2008 RM'000
Net cash from operating activities	216,578	149,887
Net cash used in investing activities	(318,287)	(121,526)
Net cash from/(used in) financing activities	<u>80,134</u>	<u>(2,754)</u>
Net change in cash and cash equivalents for the period	(21,575)	25,607
Cash and cash equivalents at the beginning of the financial period	<u>766,392</u>	<u>909,515</u>
Cash and cash equivalents at the end of the financial period	<u><u>744,817</u></u>	<u><u>935,122</u></u>

The condensed consolidated cash flow statements should be read in conjunction with the audited annual financial report for the financial year ended 31 December 2008.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2008.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008.

2 Seasonal or cyclical factors

The Group's performance in the current quarter was not affected by any seasonal or cyclical factors.

3 Unusual items

There were no unusual items affecting the Group's assets, liabilities, equity, net income or cash flows for the current quarter.

4 Changes in estimates

There were no significant changes in the estimates of amounts reported in previous quarters, which have a material impact on the interim financial statements.

5 Debt and equity securities

- (a) During the current quarter, the Company had issued 36,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise price of RM2.15 per ordinary share.
- (b) Other than the above, there were no material issuances, repurchases and repayments of debts and equity securities for the current quarter.

6 Dividend paid

There was no dividend paid by the Company in the current quarter.

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7 Segmental reporting

The Group principally involves in the generation, transmission, distribution and sale of electricity within the same geographical region. Accordingly, no segmental information is presented.

8 Subsequent events

On 15 April 2009, the Company announced that it has awarded the contract for the development and construction of the Proposed Headquarters Building for the Company at Isthmus, Kuching to CMS Land Sdn. Bhd. for a contract sum of RM232.0 million.

On 7 May 2009, the Company announced that it has signed a Memorandum of Understanding (“MOU”) with the Government of His Majesty The Sultan and Yang di-Pertuan of Brunei Darussalam to collaborate and jointly explore the feasibility of developing interconnected power systems between Brunei Darussalam and Sarawak, Malaysia for the purpose of energy exchange or energy transactions between the parties. The details of the MOU were as disclosed in the said announcement.

Other than the above, there were no material events subsequent to the end of the current quarter.

9 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

10 Contingent liabilities and assets

There are no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

11 Capital commitments

On 29 March 2006, the Group has awarded the contracts for its proposed construction of a 2x135MW Coal-Fired Power Station in Mukah to China National Machinery & Equipment Import & Export Corporation (“CMEC”) and PPES Works (Sarawak) Sdn. Bhd. at contract sums of approximately RM736 million and RM38 million respectively. As of 31 March 2009, a total sum of RM712.2 million had been paid and reflected for in the financial statements pursuant to the above-mentioned capital commitments.

On 10 September 2007, the Group has awarded a contract for its proposed construction of one unit of 110MW Combined-Cycle Power Generation in Bintulu, Sarawak to CMEC at a contract sum of approximately RM346 million only. As of 31 March 2009, a total sum of RM203.1 million had been paid and reflected for in the financial statements pursuant to the above-mentioned capital commitments.

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The Company had on 2 September 2008 announced that the Company has awarded the 944MW Murum Hydroelectric Project on a “Design and Build” basis to Yangtze Three Gorges Technology & Economy Development Co. Ltd. (“TGDC”) at a lump sum cost of equivalent to RM2.64 billion. As of 31 March 2009, a total sum of RM95.7 million had been paid and reflected for in the financial statements pursuant to the above-mentioned capital commitments.

Other than the above, there are no material capital commitments to be disclosed as at the date of this report.

12 Review of performance

The Group recorded lower revenue during the current quarter mainly due to the decrease in the demand of electricity from the industrial sector.

The Group recorded a lower profit before taxation during the current quarter as compared to the preceding year corresponding quarter mainly due to lower revenue as mentioned above and higher operating expenses incurred arising from the commencement of the operations of a new coal-fired power plant in Mukah.

13 Material changes in the quarterly results

The Group recorded a profit before taxation of RM69.6 million in the current quarter as compared to a profit before taxation of RM62.5 million for the preceding quarter. Although there was a decrease in revenue due to lower demand of electricity from the industrial sector, the Group has recorded a higher profit before taxation mainly due to lower operating expenses resulting from lower diesoline consumption and price.

14 Current year prospects

Barring unforeseen circumstances, the Group expects to turn in a satisfactory performance in 2009.

15 Profit forecast / profit guaranteed

Not applicable.

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16 Taxation

Taxation comprises of:

	Individual Period		Cumulative Period	
	Current year quarter RM'000	Preceding year corresponding quarter RM'000	Current Year-to- date RM'000	Preceding year corresponding period RM'000
Income tax				
- Current year	13,905	20,222	13,905	20,222
- Over provision in prior years	-	(1,523)	-	(1,523)
Deferred tax				
- relating to origination and reversal of temporary differences	3,384	(2,027)	3,384	(2,027)
	<u>17,289</u>	<u>16,672</u>	<u>17,289</u>	<u>16,672</u>

The effective tax rate of the Group for the financial period is 25% (The statutory tax rate in Malaysia is 25%).

17 Sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the current quarter.

18 Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities during the current quarter.

19 Status of corporate proposals

On 21 January 2009, Sarawak Energy Berhad (the "Company") announced that the Government has given approval in principle for the Company and Tenaga Nasional Berhad to take over the operation of Bakun Hydroelectric Project from Sarawak Hidro Sdn. Bhd. through a leasing agreement and to develop the associated transmission system from Sarawak to Peninsular Malaysia. The details of the proposal were as disclosed in the said announcement.

Other than the above, there are no other corporate proposals which have been announced that have not been completed as at the date of this announcement.

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20 Group borrowings and debt securities

Total group borrowings and debt securities as at 31 December 2008 were as follows:-

	Ringgit Borrowings RM'000
Short-term borrowings	
- unsecured	134,400
- secured	6,800
Current portion of long-term borrowings	
- unsecured	55,000
- secured	45,000
	<u>241,200</u>
Long-term borrowings	
- unsecured	165,000
- secured	865,000
	<u>1,030,000</u>

21 Off balance sheet financial instruments

The Group does not have any financial instrument with off balance sheet risk as at the date of this report.

22 Material litigation

There is no pending material litigation as at the date of this report.

23 Proposed dividend

The Directors recommend the payment of a final ordinary dividend of 5.5 sen gross dividend per share, less income tax at 25% for the financial year ended 31 December 2008 (financial year ended 31 December 2007: 5 sen gross per share, less income tax at 26%). The proposed dividend will be subject to the shareholders' approval at the forthcoming Annual General Meeting to be held at a date to be announced later.

The total proposed final dividend payment of the Company for the year will amount to approximately RM63,006,347 (financial year ended 31 December 2007: RM56,379,226).

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24 Earnings Per Share

	Individual Period		Cumulative Period	
	Current year quarter	Preceding year corresponding quarter	Current Year-to-date	Preceding year corresponding period
Profit attributable to ordinary equity holders of the parent (RM'000)	52,316	65,976	52,316	65,976

(a) Basic Earnings Per Share

Weighted average number of ordinary shares in issue (in thousands)	1,527,454	1,519,044	1,527,454	1,519,044
Basic earnings per share for Profit for the period (sen)	3.43	4.34	3.43	4.34

(b) Diluted Earnings Per Share

Weighted average number of ordinary shares in issue (in thousands)	1,527,454	1,519,044	1,527,454	1,519,044
Weighted average of shares under option (in thousands)	14,872	19,901	14,872	19,901
Number of shares that would have been issued at fair value (in thousands)	(14,872)	(19,901)	(14,872)	(19,901)
Adjusted weighted average number of ordinary shares	1,527,454	1,519,044	1,527,454	1,519,044
Diluted earnings per share for Profit for the period (sen)	3.43	4.34	3.43	4.34

25 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors passed on 18 May 2009.

BY ORDER OF THE BOARD

AISAH EDEN
 Company Secretary
 Date: 18 May 2009