

SARAWAK ENERGY BERHAD (007199-D)
INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2009

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 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	346,738	333,497	661,623	653,340
Operating expenses	(303,344)	(294,591)	(566,492)	(550,554)
Other income	36,173	30,263	65,262	57,609
Finance costs	(18,599)	(9,281)	(30,665)	(18,562)
Share of (loss)/profits of associates	(3,042)	1,496	(2,246)	2,386
Profit before taxation	57,926	61,384	127,482	144,219
Taxation	(12,808)	22,320	(30,097)	5,648
Profit for the period	45,118	83,704	97,385	149,867
Attributable to:				
Equity holders of the parent	44,618	83,422	96,934	149,398
Minority interest	500	282	451	469
	45,118	83,704	97,385	149,867
Earnings per share attributable to equity holders of the parent:				
Basic (sen)	2.92	5.49	6.35	9.83
Diluted (sen)	2.92	5.47	6.35	9.80

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 30 JUNE 2009

	Unaudited	Audited
	As at 30.6.2009 RM'000	As at 31.12.2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	5,485,621	4,875,994
Prepaid land lease payments	119,151	125,307
Investment in associates	43,068	45,314
Deferred tax assets	31,569	34,337
	<u>5,679,409</u>	<u>5,080,952</u>
Current assets		
Inventories	305,965	272,678
Development properties	100,679	100,679
Receivables	235,700	310,307
Short-term deposits	329,329	569,373
Cash and bank balances	104,399	197,019
	<u>1,076,072</u>	<u>1,450,056</u>
	<u>6,755,481</u>	<u>6,531,008</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	1,527,488	1,527,426
Reserves	1,379,685	1,338,002
	<u>2,907,173</u>	<u>2,865,428</u>
Minority interest	17,708	17,257
Total equity	<u>2,924,881</u>	<u>2,882,685</u>
Current liabilities		
Payables	745,866	657,241
Short-term borrowings	291,548	155,749
Current tax liability	7,912	5,157
	<u>1,045,326</u>	<u>818,147</u>
Non-current liabilities	2,785,274	2,830,176
Total liabilities	<u>3,830,600</u>	<u>3,648,323</u>
	<u>6,755,481</u>	<u>6,531,008</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	1.90	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 30 JUNE 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	62	70	-	-	-	-	-	132	-	132
Share options granted under ESOS	-	-	-	-	7,685	-	-	7,685	-	7,685
Dividend	-	-	-	-	-	-	(63,006)	(63,006)	-	(63,006)
Profit for the period	-	-	-	-	-	-	96,934	96,934	451	97,385
At 30 June 2009	1,527,488	14,229	85,355	73,128	30,054	94,147	1,082,772	2,907,173	17,708	2,924,881
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	4,814	5,535	-	-	-	-	-	10,349	-	10,349
Share options granted under ESOS	-	-	-	-	16,274	-	-	16,274	-	16,274
Dividend	-	-	-	-	-	-	(56,379)	(56,379)	-	(56,379)
Profit for the period	-	-	-	-	-	-	149,398	149,398	469	149,867
At 30 June 2008	1,523,763	5,535	85,355	73,128	17,178	94,147	916,530	2,715,636	16,616	2,732,252

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 30 JUNE 2009

	For the current period ended 30.6.2009 RM'000	For the preceding corresponding period ended 30.6.2008 RM'000
Net cash from operating activities	301,649	215,543
Net cash used in investing activities	(668,941)	(227,612)
Net cash from/(used in) financing activities	<u>34,628</u>	<u>(39,647)</u>
Net change in cash and cash equivalents for the period	(332,664)	(51,716)
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>433,728</u></u>	<u><u>857,799</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 financial period, the Company had issued 61,600 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise price of RM2.15 per ordinary share.
- (b) During the current quarter, the Group repaid a total amount of RM60 million of its debts securities.
- (c) Other than the above, there were no material issuances, repurchases and repayments of debts and equity securities for the current quarter and financial year-to-date.

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6 Dividend paid

There was no dividend paid by the Company in the current quarter and financial year-to-date.

On 31 July 2009, the Company paid the final ordinary dividend of 5.5sen gross per share, less income tax for the financial year ended 31 December 2008 pursuant to its shareholders' approval at the Forty-Second Annual General Meeting on 26 June 2009.

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 16 July 2009, the Company announced the execution of the financing agreements to raise RM1,450 million via Syndicated Murabahah Tawarruq Facility of RM1,150 million and Syndicated Term Loan Facility of RM300 million ("Syndicated Facilities"). The Syndicated Facilities represent a bridging facility to part-finance the development and construction costs and other associated costs and profit/interest during construction of its 944MW Murum Hydroelectric Project. The details of the financing 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 financial year-to-date.

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 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 China National Machinery & Equipment Import & Export Corporation at a contract sum of approximately RM346 million only. As of 30 June 2009, a total sum of RM265.1 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 30 June 2009, a total sum of RM176.1 million had been paid and reflected for in the financial statements pursuant to the above-mentioned capital commitments.

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. As of 30 June 2009, a total sum of RM23.2 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 higher revenue during the current quarter and financial year-to-date compared to the preceding year corresponding periods mainly due to the increase in the demand of electricity from domestic and commercial sectors. The Group also recorded a higher other income of which mainly contributed by the higher amortization of deferred income. However, both the increases were netted off by the higher operating expenses resulting mainly from the higher research and feasibility study expenses.

The Group recorded a lower profit before taxation during the current quarter and financial year-to-date as compared to the preceding year corresponding periods mainly due to:

- i) the higher finance costs arising from the charged out of profit payments of Sukuk Mudharabah subsequent to the commencement of the operations of a new coal-fired power plant in Mukah; and
- ii) share of losses from an associate.

13 Material changes in the quarterly results

The Group recorded a profit before taxation of RM57.9 million in the current quarter as compared to a profit before taxation of RM69.6 million for the preceding quarter. The lower profit before taxation was mainly due to the higher finance costs and share of losses from an associate as described in paragraph 12 above.

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

(a) 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	(9,223)	(13,319)	(23,128)	(33,541)
- Over provision in prior years	(11)	1	(11)	1,524
Deferred tax				
- relating to origination and reversal of temporary differences	(3,574)	(5,362)	(6,958)	(3,335)
- recognition of deferred tax assets	-	41,000	-	41,000
	<u>(12,808)</u>	<u>22,320</u>	<u>(30,097)</u>	<u>5,648</u>

(b) The effective tax rate of the Group for the financial periods is lower than the statutory tax rate in Malaysia of 25% mainly due to certain income which is not taxable.

17 Sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties during the current quarter and financial year-to-date.

18 Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date.

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 ("TNB") 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.

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In relation to the above, the Company had on 10 July 2009 announced that the Company and TNB have entered into a Share Sale Agreement with Sime Darby Energy Sdn Bhd to acquire the 100% of the issued and paid-up shares in Sime Darby Power Link Sdn Bhd (“SDPLSB”). SDPLSB is a special purpose vehicle established to undertake the development and operation of transmission facilities to supply electricity from Sarawak to East Malaysia and Peninsular Malaysia. On 21 July 2009, the Company further announced that the acquisition has been completed. SEB holds 50% of the issued and paid-up capital of SDPLSB. The details of the acquisition were as disclosed in the said announcements.

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.

20 Group borrowings and debt securities

Total group borrowings and debt securities as at 30 June 2009 were as follows:-

	Ringgit Borrowings RM'000
Short-term borrowings	
- unsecured	189,448
- secured	2,100
Current portion of long-term borrowings	
- unsecured	55,000
- secured	45,000
	<u>291,548</u>
Long-term borrowings	
- unsecured	110,000
- secured	860,000
	<u>970,000</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 Board does not recommend any interim dividend for the financial year-to-date ended 30 June 2009. No dividend was recommended for the preceding year corresponding period as well.

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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)	44,618	83,422	96,934	149,398
(a) Basic Earnings Per Share				
Weighted average number of ordinary shares in issue (in thousands)	1,527,471	1,519,838	1,527,462	1,519,441
Basic earnings per share for Profit for the period (sen)	2.92	5.49	6.35	9.83
(b) Diluted Earnings Per Share				
Weighted average number of ordinary shares in issue (in thousands)	1,527,471	1,519,838	1,527,462	1,519,441
Weighted average of shares under option (in thousands)	14,846	15,360	14,846	15,360
Number of shares that would have been issued at fair value (in thousands)	(14,846)	(11,082)	(14,846)	(11,082)
Adjusted weighted average number of ordinary shares (in thousands)	1,527,471	1,524,116	1,527,462	1,523,719
Diluted earnings per share for Profit for the period (sen)	2.92	5.47	6.35	9.80

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 20 August 2009.

BY ORDER OF THE BOARD

AISAH EDEN
Company Secretary
Date: 20 August 2009