

SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

(The figures have not been audited)

Condensed Consolidated Balance Sheet as at 31 March 2008

	Note	31 March 2008 RM'000	31 December 2007 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A1	556,536	537,130
Prepaid lease payments	A1	181,262	186,428
Other investments		45	45
Intangible assets		1,526	1,526
Deferred tax assets		-	-
		<u>739,369</u>	<u>725,129</u>
Current Assets			
Inventories		31,973	28,963
Trade and other receivables		29,018	56,337
Cash and bank balances		258,372	91,917
		<u>319,363</u>	<u>177,217</u>
TOTAL ASSETS		<u>1,058,732</u>	<u>902,346</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	A6	156,064	144,153
Share premium		28,328	20,291
Other reserve		826	642
Retained earnings		333,503	289,943
		<u>518,721</u>	<u>455,029</u>
Minority interest		<u>72,123</u>	<u>68,623</u>
Total equity		<u>590,844</u>	<u>523,652</u>
Non-current liabilities			
Borrowings		177,610	155,383
Deferred tax liabilities		66,935	61,457
Other deferred liabilities		69	69
		<u>244,614</u>	<u>216,909</u>
Current liabilities			
Borrowings		58,484	70,322
Trade and other payables		51,783	90,747
Current tax payable		716	716
Cash-in-trust		112,292	-
		<u>223,274</u>	<u>161,785</u>
Total liabilities		<u>467,888</u>	<u>378,694</u>
TOTAL EQUITY AND LIABILITIES		<u>1,058,732</u>	<u>902,346</u>
Net assets per share (RM)		3.32	3.16

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Condensed Consolidated Income Statements For the Three-Months Period Ended 31 March 2008

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		3 months ended	
		31 March		31 March	
	Note	2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue		165,965	60,875	165,965	60,875
Cost of sales		(92,242)	(40,770)	(92,242)	(40,770)
Gross profit		73,723	20,105	73,723	20,105
Other income		1,684	619	1,684	619
Administrative expenses		(738)	(863)	(738)	(863)
Distribution costs		(9,459)	(3,791)	(9,459)	(3,791)
Finance costs		(1,913)	(2,292)	(1,913)	(2,292)
Profit before tax and reserve on consolidation		63,297	13,778	63,297	13,778
Reserve on consolidation		-	-	-	-
Profit before tax		63,297	13,778	63,297	13,778
Taxation	B5	(16,237)	(2,716)	(16,237)	(2,716)
Profit for the period		47,060	11,062	47,060	11,062
Profit for the period attributable to:					
Equity holders of the parent		43,560	10,580	43,560	10,580
Minority interest		3,500	482	3,500	482
		47,060	11,062	47,060	11,062
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B13	28.36	7.43	28.36	7.43
Diluted	B13	26.66	6.81	26.66	6.81

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

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Condensed Consolidated Statement of Changes in Equity For the Three-Months Period Ended 31 March 2008

	← Attributable to Equity Holders of the Parent →				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Non-Distributable Reserve Share Premium RM'000	Other Reserve RM'000	Distributable Reserve Retained Profits RM'000			
At 1 January 2008	144,153	20,291	642	289,943	455,029	68,623	523,652
Net profit for the period	-	-	-	43,560	43,560	3,500	47,060
Issue of ordinary shares:							
Pursuant to ESOS	46	87	184	-	317	-	317
Warrant conversion	11,865	7,950	-	-	19,815	-	19,815
Dilution arising from transfer of shares by a subsidiary	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
At 31 March 2008	<u>156,064</u>	<u>28,328</u>	<u>826</u>	<u>333,503</u>	<u>518,721</u>	<u>72,123</u>	<u>590,844</u>
At 1 January 2007	142,452	18,994	-	185,913	347,359	31,619	378,978
Net profit for the year	-	-	-	109,285	109,285	7,887	117,172
Issue of ordinary shares:							
Pursuant to ESOS	53	101	-	-	154	-	154
Warrant Conversion	1,648	1,104	-	-	2,752	-	2,752
Dilution arising from issuance of share by a subsidiary	-	-	-	(55)	(55)	55	-
Issuance of shares to Minority	-	-	-	-	-	29,062	29,062
Acquisition of a subsidiary	-	-	-	-	-	-	-
Dividends	-	-	-	(5,200)	(5,200)	-	(5,200)
Capitalisation of employees expenses provision arising from ESOS	-	-	734	-	734	-	734
Exercise of ESOS	-	92	(92)	-	-	-	-
At 31 December 2007	<u>144,153</u>	<u>20,291</u>	<u>642</u>	<u>289,943</u>	<u>455,029</u>	<u>68,623</u>	<u>523,652</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunctions with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

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Condensed Consolidated Cash Flow Statement For the Three-Months Period Ended 31 March 2008

	31 March 2008 RM'000	31 March 2007 RM'000
Net cash inflow from operating activities	48,765	9,581
Net cash outflow from investing activities	(18,416)	(18,245)
Net cash (outflow)/inflow from financing activities	136,106	(9,205)
Net increase/(decrease) in cash and cash equivalents	166,455	(17,869)
Cash and cash equivalents at 1 January	91,917	54,101
Cash and cash equivalents at 31 December	258,372	36,232

Cash and cash equivalents at the end of the financial period comprised the following:

Wholesale money market deposits	158,600	2,700
Fixed deposits with licensed banks	66,761	31,750
Cash on hand and at bank	33,011	1,782
Cash and bank balances	258,372	36,232

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Explanatory Notes To The Interim Report – 31 March 2008

A. FRS (Financial Reporting Standards) 134 – Paragraph 16

A1. **Accounting policies**

The interim financial statements have been prepared under the historical cost convention except for the revaluation of leasehold land.

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of FRS 134 – Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2007.

A2. **Disclosure of audit report qualification and status of matters raised**

There were no qualifications in the audit report on the preceding annual financial statements.

A3. **Seasonality or cyclical nature of interim operations**

The Group's performance is subjected to the cropping pattern which normally reaches its peak at the second half of the year, and this is reflected accordingly in the CPO production of the Group.

A4. **Unusual Items affecting assets, liabilities, equity, net income, or cash flow**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size, or incidence during the interim period under review except cash inflow held in trust for the rights issue exercise mentioned in Note B8(C) that was subsequently completed on 7 April 2008.

A5. **Material changes in estimates**

There were no changes in estimates of amounts reported in prior interim periods or changes in estimates of amounts reported in prior financial years, which have a material effect in the current interim period.

A6. **Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities except for the following:-

(i) Employees' Share Options Scheme (“ESOS”)

As at 31 March 2008, a total of 5,334,800 ESOS options have been granted at an exercise price of RM2.91 per share. Total of ESOS options exercised as at 31 March 2008 were 98,400 shares and were granted listing and quotation.

(ii) Warrants (Year 2005)

As at 31 March 2008, a total of 13,512,550 warrants in relation to the 23,742,060 free detachable warrants attached to the Rights Issue for Ordinary Shares (Year 2005) were exercised and were granted listing and quotation.

A7. **Dividends paid**

There were no dividend paid during the interim period under review.

A8. **Segment Information**

No segment analysis is prepared as the Company is primarily engaged in the oil palm industry in Malaysia.



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Explanatory Notes To The Interim Report – 31 March 2008

A9. Valuation of property, plant and equipment

There were no amendments in the valuations of property, plant and equipment brought forward from previous annual financial statements.

A10. Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period.

A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets as at 31 March 2008.

A13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and for plantation development expenditure not provided for in the financial statements as at 31 March 2008 is as follows:-

	31 March 2008 RM'000
Property, plant and equipment	
Authorised but not contracted for	71,420
Contracted but not provided in the financial statements	59,981
	<u>131,401</u>
Plantation Development Expenditure	
Authorised but not contracted for	104,349
Contracted but not provided in the financial statements	22,839
	<u>127,188</u>



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B. BMSB Listing Requirements (Part A of Appendix 9B)

B1. **Review of performance**

The Group registered a total revenue of RM165.9 million for period ended 31 March 2008 compared with RM60.9 million reported in corresponding period for the preceding year. The increase of RM105.0 million or 172% was mainly attributed to the higher sales volume and average CPO and PK price realized during the period.

In tandem with the increase in total revenue, the Group achieved a profit before taxation and reserve on consolidation for the period ended 31 March 2008 of RM63.3 million, an increase of RM49.5 million over the RM13.8 million achieved in the corresponding period for last year.

B2. **Material changes in profit before taxation for the quarter as compared with the immediate preceding quarter**

For the quarter under review, the Group recorded a profit before tax and minority interest of RM63.3 million compared to RM60.1 million in the preceding quarter. Despite a decrease in CPO and PK volume produced in the current quarter as compared to the preceding quarter due to seasonal pattern, the higher average CPO and PK prices realized during the current quarter resulted in the marginal increase of RM3.2 million in profit before taxation and minority interest.

B3. **Prospects for the current financial year**

The performance of the Group is largely dependent on developments in the world edible oil market, bio-diesel market, fossil oil market and movement of Ringgit Malaysia and their corresponding effect on CPO prices.

B4. **Variance of actual profit from forecast profit**

The disclosure requirement for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B5. **Taxation**

	3 months ended 31 March		3 months ended 31 March	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expenses	9,884	2,716	9,884	2,716
Under/(Over) provision in prior years	874	-	874	-
Deferred tax	5479	-	5479	-
	<u>16,237</u>	<u>2,716</u>	<u>16,237</u>	<u>2,716</u>

The Group's effective tax rate is lower than the prima facie tax rate as the holding company has available reinvestment allowance due to the construction of palm oil mills and the availability of capital allowances and brought forward losses at subsidiary companies.

B6. **Unquoted Investments and Properties**

There was no sale of unquoted investments and/or properties for the current quarter.

B7. **Quoted investments**

There was no purchase or disposal of quoted securities. The total investments in quoted securities as at 31 March 2008 is as follows :

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	<u>67</u>	<u>45</u>	<u>51</u>



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Explanatory Notes To The Interim Report – 31 March 2008

B8. Status of corporate proposal announced

There are no corporate proposals announced but not completed as at the date of issue of this report except for the following:-

(A) Joint Venture with Pelita Holdings Sdn Bhd (“PHSB”)

SOP Pelita Bekenu & Niah Plantation Sdn Bhd (“SPBNPSB”)

On 15 December 2005, the Company entered into a joint venture agreement with PHSB to develop an area under NCR of approximately 1,250 hectares situated at Kuala Bakas, NCR Land Development Areas, Sibuti, Miri Division, Sarawak into an oil palm plantation. A joint venture company, known as SPBNPSB was incorporated on 23 November 2005 to undertake the project. SOPB and PHSB are in the process of negotiating with the land owners in creating land bank for oil palm development.

(B) Joint Venture with Shin Yang Holding Sdn Bhd (“SYHSB”)

Kini Sinar Sdn. Bhd. (“KSSB”)

On 25 May 2007, the Company entered into a conditional share subscription agreement (“CSSA”) with KSSB for the proposed subscription of a total of 650,000 new shares in KSSB (“**Subscription Shares**”) in two separate tranches for a total of RM14,826,500. Presently KSSB is a wholly-owned subsidiary of SYHSB.

The eventual shareholdings of SOPB and SYHSB upon the completion of the 2 tranches will be 650,000 Shares (65%) and 350,000 Shares (35%) respectively.

The proposed share subscription will enable SOPB to take advantage of the strategic location of the land. As the land is near to the Bintulu Port Palm Oil jetty, bulking installation and other refineries, it provides cost savings in piping and discharge lines for SOPB for its future expansion into palm oil downstream activities.

Approval has been obtained from the Foreign Investment Committee (FIC) vide its letter dated 15 August 2007 and 8 January 2008. It is now pending SYHSB to fulfill the conditions of the agreement including the establishment of basic infrastructure of the land.

(C) Rights Issue for Ordinary Shares (Year 2007)

Pursuant to the Securities Commission approval dated 23 July 2007 and shareholders approval at EGM convened on 28 November 2007 on the proposal of renounceable rights issue (“Rights Issue”) at an issue price of RM2.40 per Rights Share on the basis of three Rights Shares for every ten existing Ordinary Shares of RM1.00 each held, a total of 46,805,376 Rights Shares were issued and were listed as from 7 April 2008.

B9. Borrowing and debt securities

	31 March 2008 RM'000
Current	
Secured	53,813
Unsecured	4,671
Non-current	
Secured	169,638
Unsecured	7,972
Total	236,094

The above borrowings are denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

During the financial year, the Group did not enter into any contract involving off balance sheet financial instruments.



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Explanatory Notes To The Interim Report – 31 March 2008

B11. Changes in material litigation

There is no material litigation which need to be disclosed for the quarter under review.

B12. Dividends

On 29 February 2008, the Board of Directors proposed a first and final dividend of 6% less 26% taxation for the financial year ended 31 December 2007. This proposal will be tabled at forthcoming Annual General Meeting for shareholders' approval.

B13. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the quarter is based on the profit attributable to equity holders of the parent of RM43.6 million and on the weighted average number of ordinary shares of RM1 each in issue during the year of 153,607,294

	3 months ended		3 months ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	43,560	10,580	43,560	10,580
	3 months ended		3 months ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	'000	'000	'000	'000
Weighted average number of Ordinary shares in issue	153,607	142,452	153,607	142,452
	3 months ended		3 months ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	Sen	Sen	Sen	Sen
Basic earning per share	28.36	7.43	28.36	7.43

B13. Earnings per share (continued)

Diluted earnings per share

The diluted earning per share for the quarter is based on the profit attributable to equity holders of the parent of RM43.6 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 163,395,671.

	3 months ended		3 months ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	43,560	10,580	43,560	10,580
	3 months ended		3 months ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	163,396	155,420	163,396	155,420
	3 months ended		12 months ended	
	31.3.2008	31.3.2007	31.3.2008	31.3.2007
	Sen	Sen	Sen	Sen
Diluted earning per share	26.66	6.81	26.66	6.81



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Explanatory Notes To The Interim Report – 31 March 2008

B14. Authorised for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 28th May 2008.

By Order of the Board

Eric Kiu Kwong Seng

Company Secretary

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28th May 2008

