

SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008

(The figures have not been audited)

Condensed Consolidated Balance Sheet as at 31 December 2008

	Note	31 December 2008 RM'000	31 December 2007 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A1	681,863	537,130
Prepaid lease payments	A1	179,279	186,428
Other investments		45	45
Intangible assets		1,526	1,526
		<u>862,713</u>	<u>725,129</u>
Current Assets			
Inventories		64,769	28,963
Trade and other receivables		25,159	56,337
Cash and bank balances		279,133	91,917
		<u>369,061</u>	<u>177,217</u>
TOTAL ASSETS		<u>1,231,774</u>	<u>902,346</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	A6	427,408	144,153
Share premium		14	20,291
Other reserve		1,556	642
Retained earnings		304,964	289,943
		<u>733,942</u>	<u>455,029</u>
Minority interest		82,441	68,623
Total equity		<u>816,383</u>	<u>523,652</u>
Non-current liabilities			
Borrowings		174,182	155,383
Deferred tax liabilities		86,596	61,457
Other deferred liabilities		69	69
		<u>260,847</u>	<u>216,909</u>
Current liabilities			
Borrowings		77,636	70,322
Trade and other payables		76,189	90,747
Current tax payable		719	716
		<u>154,544</u>	<u>161,785</u>
Total liabilities		<u>415,391</u>	<u>378,694</u>
TOTAL EQUITY AND LIABILITIES		<u>1,231,774</u>	<u>902,346</u>
Net assets per share (RM)		1.72	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 Twelve-Months Period Ended 31 December 2008

QUARTER	Note	INDIVIDUAL QUARTER		CUMULATIVE	
		3 months ended		12 months ended	
		2008	2007	2008	2007
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue		121,857	167,775	683,853	439,482
Sarawak sales tax		(5,150)	(7,729)	(31,707)	(20,443)
Windfall profit levy/stabilization scheme cess		-	(4,480)	(14,289)	(9,242)
Cost of sales		(94,208)	(91,672)	(414,598)	(246,963)
Gross profit		22,499	63,894	223,259	162,834
Other income		2,683	1,187	9,421	3,260
Administrative expenses		(3,579)	(781)	(6,069)	(3,125)
Distribution costs		(2,642)	(1,796)	(8,963)	(5,670)
Finance costs		(1,773)	(2,453)	(7,646)	(9,520)
Profit before tax and reserve on consolidation		17,188	60,051	210,002	147,779
Reserve on consolidation		-	3,591	-	3,591
Profit before tax		17,188	63,642	210,002	151,370
Taxation	B5	(4,949)	(17,065)	(57,201)	(34,198)
Profit for the period		12,239	46,577	152,801	117,172
Profit for the period attributable to:					
Equity holders of the parent		11,186	43,699	138,983	109,285
Minority interest		1,053	2,878	13,818	7,887
		12,239	46,577	152,801	117,172
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B13	2.62	30.66	35.83	76.41
Diluted	B13	2.58	27.22	35.49	67.87

(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

(Incorporated in Malaysia – 7949-M)

Condensed Consolidated Statement of Changes in Equity For the Twelve-Months Period Ended 31 December 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	-	-	-	138,983	138,983	13,818	152,801
Issue of ordinary shares:							
Pursuant to ESOS	612	1,056	914	-	2,582	-	2,582
Warrant conversion	22,365	12,292	-	-	34,657	-	34,657
Rights issue	46,805	65,528	-	-	112,333	-	112,333
Capitalised for bonus issue	213,473	(99,153)	-	(114,320)	-	-	-
Dividends				(9,642)	(9,642)		(9,642)
At 31 December 2008	<u>427,408</u>	<u>14</u>	<u>1,556</u>	<u>304,964</u>	<u>733,942</u>	<u>82,441</u>	<u>816,383</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

(Incorporated in Malaysia – 7949-M)

Condensed Consolidated Cash Flow Statement For the Twelve-Months Period Ended 31 December 2008

	Note	31 December 2008 RM'000	31 December 2007 RM'000
Net cash inflow from operating activities		203,897	146,009
Net cash outflow from investing activities		(153,825)	(101,078)
Net cash inflow/(outflow) from financing activities	A4	137,144	(7,115)
Net increase/(decrease) in cash and cash equivalents		187,216	37,816
Cash and cash equivalents at 1 January		91,917	54,101
Cash and cash equivalents at 31 December		279,133	91,917

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

Wholesale money market deposits	27,755	9,600
Fixed deposits with licensed banks	212,897	39,560
Cash on hand and at bank	38,481	42,757
Cash and bank balances	279,133	91,917

(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 December 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 cyclicity 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.

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 December 2008, a total of 11,906,500 ESOS options have been granted. Total of ESOS options exercised as at 31 December 2008 were 664,850 shares and were granted listing and quotation.

(ii) Warrants (Year 2005)

As at 31 December 2008, a total of 24,012,761 warrants in relation to the 25,436,638 free warrants were exercised and were granted listing and quotation.



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Explanatory Notes To The Interim Report – 31 December 2008

A7. Dividends paid

The Company has declared a first and final dividend of 6% less 26% taxation for the financial year ended 31 December 2007. The dividend was paid on 22 July 2008.

A8. Segment Information

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

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 December 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 December 2008 is as follows:-

31 December 2008	RM'000
Property, plant and equipment	
Authorised but not contracted for	147,773
Contracted but not provided in the financial statements	38,442
	<u>186,215</u>
Plantation Development Expenditure	
Authorised but not contracted for	66,130
Contracted but not provided in the financial statements	123,265
	<u>189,395</u>



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Explanatory Notes To The Interim Report – 31 December 2008

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

B1. Review of performance

The Group registered a total revenue of RM683.9 million for year ended 31 December 2008 compared with RM439.5 million reported in the preceding year. The increase of RM244.4 million was mainly attributed to the higher sales volume and also higher average CPO and PK prices realized during the year.

In tandem with the increase in total revenue, the Group achieved a record profit before taxation for the year ended 31 December 2008 of RM210.0 million, an increase of RM58.6 million over the RM151.4 million achieved in year 2007. Correspondingly, the group reported a higher profit after tax and minority interests of RM139.0 million, representing an increase of RM29.7 million over the RM109.3 million achieved during 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 of RM17.2 million compared to RM63.0 million in the preceding quarter. The drop in profit was mainly due to the steep decline of the CPO and PK prices. The average CPO and PK prices realized fell by 40.6% and 50.2% respectively when compared to the immediate preceding quarter. The sales volume of CPO and PK were similar to last quarter. Besides this, there was a write-off of properties, plant and equipment of RM1.96 million as a result of discontinuation of an oil palm mill.

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, movement of Ringgit Malaysia, world economic situation 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		12 months ended	
	31 December		31 December	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Current tax expenses	3,522	7,207	30,306	13,563
Under/(Over) provision in prior years	956	1,551	1,175	2,539
Deferred tax	471	8,307	25,720	18,096
	<u>4,949</u>	<u>17,065</u>	<u>57,201</u>	<u>34,198</u>

The Group's effective tax rate was higher than the prevailing corporate tax rate due to certain non-deductible expenses.

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 December 2008 is as follows :

	Cost	Book Value	Market Value
	RM'000	RM'000	RM'000
Total quoted investments	<u>67</u>	<u>45</u>	<u>48</u>



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Explanatory Notes To The Interim Report – 31 December 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 followings:-

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

- (i) SOP Pelita Batu Lintang Plantation Sdn Bhd (“SPBLPSB”), formerly known as *SOP Pelita Bekenu & Niah Plantation Sdn Bhd (“SPBNPSB”)*

On 16th September 2008, the Company entered into a joint venture agreement with PHSB to develop an area under NCR of approximately 8,000 plantable hectares, situated at Ulu Undop, NCR Land Development Area, Sri Aman Division, Sarawak into an oil palm plantation to be undertaken by SPBLPSB.

The shareholding composition of the joint venture is 60% SOPB, 10% PHSB and 30% NCR land owners held in trust by PHSB.

The Company has applied to Foreign Investment Committee (FIC), and now is awaiting for its approval of the joint venture.

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

- (i) 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 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.

It is now still pending SYHSB to fulfil the conditions of the agreement.

(C) Status of Utilisation of Proceeds from rights Issue for ordinary shares

The gross proceeds raised from the Rights Issue amounted to RM112.33 million and as at 25 February 2009, the status of the utilisation of the proceeds as compared to its expected utilisation is as follows:-

<i>Purposes</i>	<i>Approved Amount (RM'000)</i>	<i>Applied Amount (RM'000)</i>
(a) Construction of palm oil mills	20,000	16,354
(b) New area under development	50,000	50,000
(c) Downstream activities	25,000	-
(d) Working capital	16,783	16,584
(e) Expenses for the exercise	550	138
TOTAL	112,333	83,076



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Explanatory Notes To The Interim Report – 31 December 2008

B9. Borrowing and debt securities

	31 December 2008
	RM'000
Current	
Secured	59,530
Unsecured	18,106
Non-current	
Secured	162,288
Unsecured	11,894
Total	251,818

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.

B11. Changes in material litigation

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

B12. Dividends

No interim dividend has been declared for the financial period ended 31 December 2008 (31 December 2007: Nil).

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 RM11.2 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 427,367,662.

	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	11,186	43,699	138,983	109,285
	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	'000	'000	'000	'000
Weighted average number of Ordinary shares in issue	427,368	142,535	387,918	143,029
	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	Sen	Sen	Sen	Sen
Basic earning per share	2.62	30.66	35.83	76.41



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Explanatory Notes To The Interim Report – 31 December 2008

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 RM11.2 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 432,852,781.

	3 months ended		12 months ended	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	11,186	43,699	138,983	109,285
	3 months ended	12 months ended		
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	432,853	160,534	391,612	161,028
	3 months ended	12 months ended		
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	Sen	Sen	Sen	Sen
Diluted earning per share	2.58	27.22	35.49	67.87

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 27th February 2009.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary
Miri
27th February 2009

