



**SARAWAK PLANTATION BERHAD**  
(Incorporated in Malaysia - 451377- P)

**INTERIM REPORT  
FOR 2ND QUARTER ENDED  
30 JUNE 2007**



**SARAWAK PLANTATION BERHAD**  
(Incorporated in Malaysia - 451377- P)

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**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007**  
(The figures have not been audited)

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**Condensed Consolidated Balance Sheet**  
(The figures have not been audited)

	<b>As At End Of</b>	<b>As At End Of</b>
	<b>Current</b>	<b>Preceding</b>
	<b>Quarter</b>	<b>Financial Year</b>
	<b>30/06/2007</b>	<b>31/12/2006</b>
<b>Notes</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	166,845	149,704
Prepaid lease rental	7,764	8,098
Investment in associates	25	25
Other investments	1,903	1,289
Plantation development expenditure	210,679	208,895
	<u>387,216</u>	<u>368,011</u>
<b>Current assets</b>		
Inventories	9,155	11,035
Trade and other receivables	22,014	14,627
Amount due from a corporate shareholder	11,166	11,166
Tax recoverable	445	454
Non current asset classified as asset held for sale	40	40
Short term deposits	29,421	103,567
Cash and bank balances	22,644	2,075
	<u>94,885</u>	<u>142,964</u>
<b>Current liabilities</b>		
Trade and other payables	36,940	30,431
Amount due to a corporate shareholder	24,873	24,341
Borrowings	50,000	53,564
Tax payable	5,633	840
Dividend payable	0	45,000
	<u>117,446</u>	<u>154,176</u>
<b>Net current liabilities</b>	<u>(22,561)</u>	<u>(11,212)</u>
	<u>364,655</u>	<u>356,799</u>
<b>Capital and reserves</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	A6 135,000	135,000
Share premium	73,405	73,405
Retained earnings	138,092	132,430
Other reserve	493	0
	<u>346,990</u>	<u>340,835</u>
<b>Minority interests</b>	<u>1,199</u>	<u>537</u>
<b>Total equity</b>	<u>348,189</u>	<u>341,372</u>
<b>Non-current liabilities</b>		
Deferred tax	16,466	15,427
	<u>364,655</u>	<u>356,799</u>
<b>Net assets per share</b>		
<b>attributable to equity holders of the Company (RM)</b>	<u>2.57</u>	<u>2.52</u>

(The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Income Statements**

(The figures have not been audited)

	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	30/06/2007	30/06/2006	30/06/2007	30/06/2006
	Notes (Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM'000	RM'000	RM'000	RM'000
Revenue	59,119	-	92,056	-
Cost of sales	(28,208)	-	(47,520)	-
Gross profit	30,911	-	44,536	-
Other operating income	757	-	1,799	-
Distribution costs	(3,058)	-	(4,805)	-
Administrative expenses	(6,123)	-	(10,282)	-
Replanting expenditure	(1,550)	-	(3,015)	-
Finance costs	(313)	-	(627)	-
<b>Profit before tax</b>	20,624	-	27,606	-
Tax expense	B5 (5,021)	-	(6,282)	-
<b>Profit for the period</b>	15,603	-	21,324	-
<b>Profit for the period attributable to:</b>				
<b>Equity holders of the     Company</b>	15,125	-	20,662	-
<b>Minority interest</b>	478	-	662	-
	15,603	-	21,324	-
<b>Earnings per share attributable to equity holders of the Company (sen):</b>				
<b>Basic</b>	11.20	-	15.30	-
<b>Diluted</b>	N/A	-	N/A	-

This is the first interim financial statements on the consolidated results for the financial period ended 30 June 2007 announced by the Company in compliance with the Listing Requirements of Bursa Securities in conjunction with the admission of the Company to the Official List and the listing and quotation of its entire enlarged issued and paid-up share capital on the Main Board of Bursa Securities. As this is the first quarterly report being drawn up, the comparative figures for the preceding year's corresponding quarter and year to date are not presented.

(The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)



**Condensed Consolidated Statement Of Changes In Equity**

(The figures have not been audited)

Attributable to equity holders of the Company									
Notes	Issued and paid up ordinary shares of RM 1.00 each		Share premium RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000	
	Number of shares '000	Nominal value RM'000							
<b>At 1 January 2007</b>		135,000	135,000	73,405	-	132,430	340,835	537	341,372
Net profit for the financial period		-	-	-	-	20,662	20,662	662	21,324
Recognition of ESS	A1(a)	-	-	-	493	-	493	-	493
Less: Dividend paid in respect of the financial year 31 December 2006	A8	-	-	-	-	(15,000)	(15,000)	-	(15,000)
<b>At 30 June 2007</b>		135,000	135,000	73,405	493	138,092	346,990	1,199	348,189

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)



## Condensed Consolidated Cash Flow Statements

(The figures have not been audited)

	Cumulative Quarter (6 Months)	
	Current Year To Date 30/06/2007 (Unaudited) RM'000	Preceding Year To Date 30/06/2006 (Unaudited) RM'000
Net cash inflow from operating activities	21,670	-
Net cash outflow from investing activities	(12,177)	-
Net cash outflow from financing activities	(63,070)	-
Net decrease in cash and cash equivalents	(53,577)	-
Cash and cash equivalents at beginning of financial period	104,357	-
Cash and cash equivalents at end of financial period	50,780	-
<b>Represented by:</b>		
Short term deposits	29,421	-
Cash and bank balances	22,644	-
	52,065	-
Less:		
Bank balance restricted*	(490)	-
Deposits pledged	(795)	-
Cash and cash equivalents	50,780	-

\* The bank balance is restricted as security for bank guarantees.

This is the first interim financial statements on the consolidated results for the financial period ended 30 June 2007 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in conjunction with the admission of the Company to the Official List and the listing and quotation of its entire enlarged issued and paid-up share capital on the Main Board of Bursa Securities. As this is the first quarterly report being drawn up, the comparative figures for the preceding year to date are not presented.

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)

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## Part A – Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134 – Paragraph 16

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### A1. Basis of preparation

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

The interim financial statements should be read in conjunction with the audited annual financial statements for the year ended 31 December 2006, the accompanying explanatory notes attached to this report and the audited interim financial statements for the period ended 31 March 2007 as set out in the Prospectus dated 7 August 2007.

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 annual financial statements for the financial year ended 31 December 2006, except for the adoption of the following new and revised FRS applied by the Group effective from financial periods beginning on and after 1 January 2007:

(a) FRS 2: Share Based Payment

This standard requires an entity to recognise share based payment transaction in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Group has adopted this new policy and recognised a reserve upon sale of shares in the Company by its shareholders to certain employees in respect of Employee Share Scheme (ESS). The reserve and expense recognised in the income statement is the difference in the fair value of the shares granted to employees and the fair value received by the offerors, in exchange for the shares.

(b) FRS 117: Leases

This standard requires the classification of leasehold land as prepaid lease payments. These assets are now required to be presented as a separate line item under non current assets and are amortised on a straight line basis over the lease terms. The change in accounting policy was accounted for retrospectively and the impact on the Group’s financial statements for the prior financial year is set out in Note A7.

(c) FRS 124: Related Party Disclosures

This standard will affect the identification of related parties and some other related party disclosures resulting in additional disclosures in the Group’s financial statements for the current period and prior financial years.

### A2. Disclosure of Audit Report Qualification

There was no qualification in the audit report on the preceding audited annual financial statements.

### A3. Seasonality or Cyclicity of Interim Operations

The Group’s performance is affected by the cropping pattern of fresh fruit bunches (“FFB”) which normally reaches its peak in the second half of the year, that will be reflected accordingly in the crude palm oil (“CPO”) and palm kernel (“PK”) production of the Group and also by the prices of the CPO and PK which are determined by global supply and demand situation for edible oils and fats.

### 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 current financial period under review.

### A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years and in the preceding interim period ended 31 March 2007, as disclosed in the Prospectus of the Group dated 7 August 2007, which has material effect in the current interim period.

### A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayment of debt during the interim period under review except as disclosed in Note B9.



**Part A – Explanatory Notes Pursuant to FRS 134**

**A7. Comparatives**

Arising from the adoption of the new and revised FRS applied by the Group effective from financial periods beginning on and after 1 January 2007, the following comparative figures have been restated to the current period presentation:

<u>As at 31 December 2006</u>	As previously stated RM'000	FRS 117 Change in accounting policies RM'000	As restated RM'000
Property, plant and equipment	8,098	(8,098)	-
Prepaid lease rental	-	8,098	8,098
	-	8,098	8,098

**A8. Dividends Paid**

A net dividend of RM60 million had been paid to the Company's existing shareholders prior to the Initial Public Offering ("IPO") during the interim period under review are as follows:

	Current Year To Date 30/06/2007 RM'000	Cumulative Quarter (6 Months) Preceding Year To Date 30/06/2006 RM'000
Balance of final gross dividend in respect of financial year ended 31 December 2005 paid on 21 May 2007:		
- 94 sen per ordinary shares of RM 1.00 each less income tax of 28%, of which RM 58,688,000 had been paid on 8 August 2006	33,012	-
- 25 sen per ordinary share of RM 1.00 each, tax exempt, of which RM 21,312,000 had been paid on 8 August 2006	11,988	-
	45,000	-
Final gross dividend in respect of financial year ended 31 December 2006 paid on 21 May 2007:		
- 15 sen per ordinary share of RM 1.00 each less income tax of 28%	15,000	-
	60,000	-

**A9. Segment Information**

No segment analysis was prepared as the Group is primarily engaged in the cultivation of oil palm and milling operations carried out in Malaysia which are within a single business segment.

**A10. Valuation of Property, Plant and Equipment**

There were no revalued property, plant and equipment at the end of this reporting quarter.

**A11. Impairment of Assets**

There was neither impairment loss nor reversal of such impairment loss recognised during the interim period under review.

**A12. 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 under review except as disclosed in Note B9.



## Part A – Explanatory Notes Pursuant to FRS 134

### A13. 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.

### A14. Changes in Contingent Liabilities and Contingent Assets

As at 30 June 2007, there were no material contingent liabilities or contingent assets, which upon being enforceable might have material impact on the financial position or business of the Group.

### A15. Capital Commitments

As at 30 June 2007, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group except as disclosed below:

	<b>At 30/06/2007</b>
	<b>RM'000</b>
<b>Capital Expenditure</b>	
Authorised and contracted for	50,787
Authorised and not contracted for	40,391
	<u>91,178</u>
<b>Analysed as follows:</b>	
Property, plant and equipment	80,601
Plantation development expenditure	10,577
	<u>91,178</u>

### A16. Significant Related Party Transactions

The significant related party transactions during the financial period as set out below arise mainly by virtue of common directorship (i.e. certain directors also hold directorship in these companies).

	<b>Cumulative Quarter (6 Months)</b>	
	<b>30/06/2007</b>	<b>30/06/2006</b>
	<b>RM'000</b>	<b>RM'000</b>
a. SGOS Assets Holdings Sdn Bhd ("SGOS")		
- Proceeds from sales of FFB in relation to the management of the plantation of SGOS	579	-
- Payment of expenses on behalf of SGOS	(543)	-
b. ASSAR Assets Management Sdn Bhd		
- Fund management services income	31	-
c. Sarawak Land Development Board ("SLDB")		
- Proceeds from sales of FFB in relation to the management of the plantation of SLDB	445	-
- Payment of expenses on behalf of SLDB	(136)	-
	<u>(136)</u>	<u>-</u>

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on the terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B1. Review of Performance**

The Group recorded revenue of RM92.1 million and profit before tax of RM 27.6 for the six months ended 30 June 2007 mainly due higher average prices of crude palm oil (“CPO”) and palm kernel (“PK”) realised. The average prices for CPO and PK for the 6 months period ended 30 June 2007 were RM 2,157/MT and RM 1,142/MT respectively. The increase was primarily in tandem with substantial improved performance of the prevailing oil palm market during the period under review.

**B2. Material Changes in Profit Before Taxation for the Quarter as Compared with the Immediate Preceding Quarter**

Profit before tax increased significantly by RM20.6 million (294%) for the current period under review as compared to RM7.0 million recorded in the immediate preceding quarter ended 31 March 2007.

The higher profit was attributable to the substantial increase in revenue (RM59.1 million) for the current quarter, following the increase in production volume and higher average prices of CPO and PK realised. The financial results of the Group for the interim period ended 31 March 2007 was included in the Prospectus dated 7 August 2007.

**B3. Prospects for the Current Financial Year**

The performance of the Group is largely dependent on the demand for oil palm products in world edible oil market and their corresponding prices, the development of bio-diesel market and movements of Ringgit Malaysia and the corresponding effects on CPO prices.

The performance of the Group is expected to remain stable for the rest of the financial year in line with the firmness of oil palm products’ prices. Barring any unforeseen circumstances, the Board of Directors is optimistic about the Group’s ability in achieving satisfactory performance for the remaining period of the financial year ending 31 December 2007, and the Board of Directors is of the opinion that the profit forecast for the financial year ending 31 December 2007 is achievable.

**B4. Profit Forecast or Profit Guarantee**

The Company’s consolidated profit forecast for the financial year ending 31 December 2007 is as set out in its Prospectus dated 7 August 2007.

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 is not applicable at this juncture.

No profit guarantee has been given.

**B5. Taxation**

	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
	Current Year Quarter 30/06/2007 RM’000	Preceding Year Corresponding Quarter 30/06/2006 RM’000	Current Year To Date 30/06/2007 RM’000	Preceding Year To Date 30/06/2006 RM’000
Malaysian income tax	4,309	-	5,242	-
Deferred tax	712	-	1,040	-
	<u>5,021</u>	<u>-</u>	<u>6,282</u>	<u>-</u>

The Group’s effective tax rate is lower than the statutory tax rate due principally to the utilisation of tax allowances available for offset against the taxable profit for the period.



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**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B6. Unquoted Investments**

There was no material purchase or disposal of unquoted investments for the current financial period ended 30 June 2007.

**B7. Quoted Investments**

There was no material purchase or disposal of quoted securities for the current financial period ended 30 June 2007.

The investments in quoted securities as at 30 June 2007 are as follows:

Quoted in Malaysia

	<b>At 30/06/2007</b>
	<b>RM'000</b>
At cost	2,224
Allowance for diminution in value	(451)
At carrying value	<u>1,773</u>
At market value	<u><u>1,773</u></u>

**B8. Borrowing**

	<b>At 30/06/2007</b>
	<b>RM'000</b>
<u>Current</u>	
Unsecured revolving credit	<u>50,000</u>

The above borrowing is denominated in Ringgit Malaysia.

As at 30 June 2007, the revolving credit facility of a subsidiary is supported by a corporate guarantee by Sarawak Plantation Berhad. On 16 July 2007, upon the execution of the bank facilities agreement, certain land and buildings were also charged to the bank as security.



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**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B9. Corporate Proposals**

**(A) Status of Corporate Proposals Announced**

Save as set out below, there are no other corporate proposals announced but not completed as at 17 August 2007:

In conjunction with, and as an integral part of the listing of and quotation of the Company's entire issued and paid up share capital on the Main Board of Bursa Securities, the listing exercise, which is expected to be completed on 28 August 2007.

**Completed Transactions**

**(i) Employee Share Scheme**

Ceramat Ceria Sdn Bhd ("CCSB"), State Financial Secretary ("SFS") and Sarawak Land Development Board ("SLDB"), collectively known as the Offerors, together with the Company implemented a share scheme for the employees of the Company and its subsidiaries.

The ESS was completed on 18 June 2007.

**(ii) State Financial Secretary Divestment (SFS Divestment)**

The Company's substantial shareholder, SFS, had on 19 June 2007 disposed of its 18,800,001 ordinary shares of RM1.00 each to the following persons at the price of RM2.00 per share:

	<b><u>No. of ordinary shares of RM1.00 each</u></b>
Dayak Cultural Foundation	6,266,667
Yayasan Budaya Melayu Sarawak	6,266,667
Yayasan Sarawak	6,266,667
	<u>18,800,001</u>

**(iii) Bonus Issue**

Subsequent to the ESS and SFS Divestment, the Company had implemented a Bonus Issue of 115,000,000 new ordinary shares of RM1.00 each to be issued to all the shareholders of the Company then on the basis of about 0.85 bonus share for every one (1) ordinary share held.

The Bonus Issue was completed on 5 July 2007.

**Proposals**

**(i) Initial Public Offering ("IPO")**

**(a) Offer for Sale**

The shareholders are undertaking an offer for sale of a total of 39,750,000 ordinary shares of RM1.00 each in the Company at an offer price of RM3.00 per ordinary share.

**(b) Public Issue**

The Public Issue comprises the issuance of 30,000,000 new ordinary shares of RM1.00 each in the Company at an issue price of RM3.00 per ordinary share.

The Offer for Sale and the Public Issue are being carried out concurrently.

**(ii) Listing**

Upon completion of the ESS, SFS Divestment, Bonus Issue and Initial Public Offering, the entire issued and paid-up share capital of the Company of RM280,000,000 comprising 280,000,000 ordinary shares of RM1.00 each are to be listed and quoted on the Main Board of Bursa Securities.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

**B9. Corporate Proposals (Continued)**

- (B) Status of Utilisation of Proceeds**  
Not applicable at this juncture.

**B10. Off Balance Sheet Financial Instruments**

As at 17 August 2007, the Group did not enter into any contract involving off balance sheet financial instruments.

**B11. Changes in Material Litigation**

As at 17 August 2007, other than as disclosed in the prospectus dated 7 August 2007, there were no changes to the status of material litigation or arbitration of which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant that has material effect on the financial position of the Company or any of its subsidiaries.

**B12. Dividend Declared**

The Board of Directors does not recommend any interim dividend for the current financial period under review.

**B13. Earnings per Share**

	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
	Current Year Quarter 30/06/2007 '000	Preceding Year Corresponding Quarter 30/06/2006 '000	Current Year To Date 30/06/2007 '000	Preceding Year To Date 30/06/2006 '000
Profit attributable to equity holders of the Company (RM)	15,125	-	20,662	-
Weighted average number of ordinary shares in issue (unit)	135,000	-	135,000	-
Basic earnings per share (sen)	11.20	-	15.30	-
Diluted earnings per share (sen)	N/A	-	N/A	-

**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 Company and on the weighted average number of ordinary shares of RM1.00 each in issue.

**Diluted earnings per share**

The diluted earnings per share for the quarter were not computed as the Group did not have any convertible financial instruments as at 30 June 2007.



**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad**

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**B14. Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 21 August 2007.

*By Order of the Board*

Company Secretary  
Kuching

21 August 2007