



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

**INTERIM REPORT  
FOR 2ND QUARTER ENDED  
30 JUNE 2008**



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

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**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008**  
(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 Current Year - Period To Date 30/06/2008 (Unaudited) RM'000</b>	<b>As At End Of Preceding Financial Year 31/12/2007 (Audited) RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	231,150	205,569
Prepaid lease rental	7,608	7,707
Investment properties	6,243	6,324
Plantation development expenditure	219,267	213,215
Investment in associates	0	0
Other investments	1,665	1,740
Deferred tax assets	2,090	3,015
	468,023	437,570
<b>Current assets</b>		
Inventories	29,095	14,657
Trade and other receivables	22,778	26,524
Tax recoverable	184	1,043
Non current asset classified as asset held for sale	533	533
Short term deposits	114,619	130,626
Cash and bank balances	2,128	3,327
	169,337	176,710
<b>Current liabilities</b>		
Trade and other payables	53,898	50,005
Amount due to a corporate shareholder	467	1,876
Borrowings	50,000	50,000
Tax payable	9,810	5,343
Dividend payable	14,918	0
	129,093	107,224
<b>Net current assets</b>	40,244	69,486
	508,267	507,056
<b>Capital and reserves</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	A6 280,000	280,000
Share premium	60,969	60,969
Retained earnings	138,935	139,070
Other reserve	493	493
	480,397	480,532
<b>Minority interests</b>	3,300	2,836
<b>Total equity</b>	483,697	483,368
<b>Non-current liabilities</b>		
Deferred tax liabilities	24,570	23,688
	508,267	507,056
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	1.72	1.72

(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)



**Condensed Consolidated Income Statements**

(The figures have not been audited)

	Notes	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
		Current Year Quarter 30/06/2008 (Unaudited) RM'000	Preceding Year Corresponding Quarter 30/06/2007 (Unaudited) RM'000	Current Year - Period To Date 30/06/2008 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2007 (Unaudited) RM'000
<b>Revenue</b>		84,782	59,119	136,701	92,056
Cost of sales		(46,727)	(28,208)	(73,598)	(47,520)
<b>Gross profit</b>		38,055	30,911	63,103	44,536
Other operating income		1,605	757	2,978	1,799
Distribution costs		(4,500)	(3,058)	(6,867)	(4,805)
Administrative expenses		(9,904)	(6,123)	(18,538)	(10,282)
Replanting expenditure		(1,434)	(1,550)	(2,183)	(3,015)
Finance costs		(598)	(313)	(1,002)	(627)
<b>Profit before tax</b>		23,224	20,624	37,491	27,606
Taxation	B5	(6,289)	(5,021)	(7,591)	(6,282)
<b>Profit for the period</b>		16,935	15,603	29,900	21,324
<b>Profit for the period attributable to:</b>					
<b>Equity holders of the     Company</b>		16,361	15,125	28,770	20,662
<b>Minority interest</b>		574	478	1,130	662
		16,935	15,603	29,900	21,324
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
<b>Basic</b>	B13	5.84	6.05	10.28	8.26
<b>Diluted</b>	B13	N/A	N/A	N/A	N/A

(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)

**Condensed Consolidated Statement Of Changes In Equity**

(The figures have not been audited)

Notes	Attributable to equity holders of the Company								
	Number of shares '000	Issued and paid up ordinary shares of RM1.00 each		Share premium RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
		Nominal value RM'000							
<b>At 1 January 2008</b>	280,000	280,000	60,969	493	139,070	480,532	2,836	483,368	
Net profit for the financial period	-	-	-	-	28,770	28,770	1,130	29,900	
Less: Interim and final dividend declared in respect of the financial year ended 31 December 2007	-	-	-	-	(28,905)	(28,905)	-	(28,905)	
Less: Dividend paid to Minority Shareholder of a subsidiary in respect of the financial year ended 31 December 2007	-	-	-	-	-	-	(666)	(666)	
<b>At 30 June 2008</b>	280,000	280,000	60,969	493	138,935	480,397	3,300	483,697	

(The Condensed Consolidated Statement of Changes in Equity 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)

**Condensed Consolidated Statement Of Changes In Equity**

(The figures have not been audited)

Notes	Attributable to equity holders of the Company									
	Issued and paid up ordinary shares of RM1.00 each		Share premium	Other reserve	Retained earnings	Total	Minority interest	Total equity		
	Number of shares '000	Nominal value RM'000							RM'000	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 Employee Share Scheme ("ESS")	-	-	-	493	-	493	-	493		
Less: Dividend paid in respect of the financial year ended 31 December 2006	A7	-	-	-	(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 2007 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 - Period To Date 30/06/2008 (Unaudited) RM'000	Preceding Year - Period To Date 30/06/2007 (Unaudited) RM'000
<b>Net cash outflow from operating activities</b>	19,840	21,670
<b>Net cash outflow from investing activities</b>	(22,892)	(12,177)
<b>Net cash outflow from financing activities</b>	(14,653)	(63,070)
<b>Net decrease in cash and cash equivalents</b>	(17,705)	(53,577)
<b>Cash and cash equivalents at beginning of financial period</b>	132,668	104,357
<b>Cash and cash equivalents at end of financial period</b>	<u>114,963</u>	<u>50,780</u>
<b>Represented by:</b>		
Short term deposits	114,619	29,421
Cash and bank balances	<u>2,128</u>	<u>22,644</u>
	116,747	52,065
Less:		
Bank balance restricted*	(831)	(490)
Deposits pledged	<u>(953)</u>	<u>(795)</u>
Cash and cash equivalents	<u>114,963</u>	<u>50,780</u>

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

(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)



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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 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 2007, except for the adoption of the following new and revised FRS:

#### **Standards that are applicable to the Group and that are effective**

The new standards and amendments to published standards that are effective for the Group’s current interim financial period and applicable to the Group are as follows:

- FRS 107: Cash Flow Statements  
The amendment to this standard provides for the option of voluntary disclosure for reconciliation of cash flows from operations with net profit or loss for the period for entity using direct method
- FRS 118: Revenue  
The amendments to this standard provide for additional guidance on the definition of “probable”
- FRS 134: Interim Financial Reporting  
The amendments to this standard provide additional disclosure on:
  - i. audit qualification and current status of matters giving rise to the qualification and the current status of preceding financial statements that were qualified; and
  - ii. the fact that valuation of property, plant and equipment have been brought forward without any amendment from the previous annual financial statements.
- FRS 137: Provisions, Contingent Liabilities and Contingent Assets  
The amendments to this standard remove editorial differences with IAS 37
- IC Interpretation 8: Scope of FRS 2, Share-based Payment  
This interpretation clarifies that FRS 2, Share-based Payment, applies even in the absence of specifically identifiable goods and services.

The adoption of the above standards and amendments to published standards does not have an impact on the Group’s financial statements.

#### **Standards and amendments to published standards that are applicable to the Group but not yet effective**

The Group has yet to adopt FRS 139: Financial Instruments: Recognition and Measurement (effective date yet to be determined by the Malaysian Accounting Standards Board).

This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group will apply this standard when effective.

The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group.



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

**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 which were unusual in nature, size or incidence during the current interim financial period, except for the reversal of impairment loss of RM6.8 million (see Note A10) and the stock loss of RM6.9 million (see Note B2) recognised in the quarter under review.

The stock loss is covered by insurance and is expected to be substantially reduced when the insurance claim is finalised and approved by insurer.

**A5. Material Changes in Estimates**

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

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

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity.

**A7. Dividends Paid**

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2008 RM'000	Preceding Year - Period To Date 30/06/2007 RM'000
Interim dividend in respect of the financial year ended 31 December 2007 - 6.75 sen per ordinary share of RM 1.00 each less 26% income tax	13,986	-
Balance of Final dividend in respect of financial year ended 31 December 2005 - 94 sen per ordinary share of RM 1.00 each less 28% income tax - 25 sen per ordinary share of RM 1.00 each, tax exempt	-	33,012 11,988
Final dividend in respect of financial year ended 31 December 2006 - 15 sen per ordinary share of RM 1.00 each less 28% income tax	-	15,000
	13,986	60,000

**A8. 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.

## Part A – Explanatory Notes Pursuant to FRS 134

### A9. Valuation of Property, Plant and Equipment

There were no revalued property, plant and equipment at the end of the current interim financial period.

### A10. Impairment of Assets

During the interim quarter under review, the Group has recognised a reversal of impairment loss of Plantation development expenditure totaling RM4.6 million and Property, plant and equipment totaling RM2.2 million relating to the impairment loss recognised in prior years. The reversal is credited to administrative expenses.

### A11. Material Events Subsequent to the End of the Interim Period

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

### A12. 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.

### A13. Changes in Contingent Liabilities and Contingent Assets

As at 30 June 2008, 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.

**At 30/06/2008**

**RM'000**

As at that date, the Company has contingent liability as follows:

Corporate guarantees to a bank for revolving credit granted to a subsidiary	50,000
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### A14. Capital Commitments

As at 30 June 2008, 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:

**At 30/06/2008**

**RM'000**

#### Capital Expenditure

Authorised and contracted for	33,248
Authorised and not contracted for	50,201
	83,449

#### Analysed as follows:

Property, plant and equipment	24,839
Prepaid lease rental	20,190
Plantation development expenditure	29,100
Investments	9,320
	83,449



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

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**A15. Significant Related Party Transactions**

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

	Cumulative Quarter (6 Months)	
	Current Year - Period To Date 30/06/2008 RM'000	Preceding Year - Period To Date 30/06/2007 RM'000
a. SGOS Assets Holdings Sdn Bhd ("SGOS")		
- Receipts of proceeds from sales of FFB on behalf of SGOS*	1,152	579
- Payment of expenses on behalf of SGOS*	(566)	(543)
- Management fee in relation to the management of the plantation of SGOS	(399)	0
- Interest income charged to SGOS	(261)	0
b. ASSAR Assets Management Sdn Bhd		
- Net fund management services income	65	31
c. Sarawak Land Development Board ("SLDB")		
- Receipts of proceeds from sales of FFB on behalf of SLDB*	390	445
- Payment of expenses on behalf of SLDB*	(1,150)	(136)

\* In the course of the management of the plantations of these companies by a subsidiary.

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and they 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 RM136.7 million for the six months ended 30 June 2008 compared with RM92.1 million reported in the corresponding period of the preceding year. The increase of RM44.6 million or 48.4% was mainly due to higher average price of crude palm oil (“CPO”) realised during the current interim financial period. The Group's profit before tax for the six months ended 30 June 2008 was higher by RM9.89 million (35.8%) as compared to the corresponding period of the preceding year principally due to higher revenue following higher average price of CPO, being offsetted by higher cost of production following the increase in fuel and fertilizer costs and imposition of cooking stabilisation cess since June 2007.

The increase was primarily in tandem with the substantially improved performance of the prevailing oil palm market during the current interim financial period

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

For the quarter under review, the Group recorded profit before tax of RM23.2 million as compared to RM14.3 million in the preceding quarter.

This is mainly due to better average CPO price higher by some 16.6% during the interim quarter under review.

During the interim quarter under review, the Group has provided for stock loss of RM6.9 million as a result of damaged tank causing spillage of CPO, without taking into account the potential recovery through insurance claim. The Board of Directors believed that there will be no material eventual effect on the financial performance of the Group as the stock loss is substantially covered by insurance. Currently, the insurance company has yet to finalise and approve the quantum of the insurance claim which accordingly has yet to be taken up in the income statement.

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

The performance of the Group is largely dependent on production, operational efficiency and CPO prices.

With the better performance for the six months ended 30 June 2008, the Board of Directors is confident of achieving better results for the current financial year as compared to 2007.

**B4. Profit Forecast or Profit Guarantee**

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 as the Group did not issue any profit forecast or profit guarantee for the financial year.

**B5. Taxation**

	Individual Quarter (Q2)		Cumulative Quarter (6 Months)	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	- Period To	- Period To
	30/06/2008	Quarter	Date	Date
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax	4,218	4,309	6,602	5,242
Deferred tax:				
Deferred tax expenses	2,071	712	989	1,040
	<u>6,289</u>	<u>5,021</u>	<u>7,591</u>	<u>6,282</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 in the financial period ended 30 June 2008.

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B6. Unquoted Investments**

There was no material purchase or disposal of unquoted investments for the current interim financial period.

**B7. Quoted Investments**

There was no material purchase or disposal of quoted securities for the current interim financial period.

The investments in quoted securities as at 30 June 2008 are as follows:

Quoted in Malaysia

	<b>At 30/06/2008</b>
	<b>RM'000</b>
At cost	2,423
Allowance for diminution in value	(887)
At carrying value	<u>1,536</u>
At market value	<u>1,536</u>

**B8. Borrowing**

	<b>At 30/06/2008</b>
	<b>RM'000</b>
<u>Current</u>	
Secured revolving credit	<u>50,000</u>

The above borrowing is denominated in Ringgit Malaysia.

The revolving credit of RM50 million (utilised) and term loan facility of RM75 million (unutilised) of a subsidiary are secured by way of the Company's corporate guarantee and a charge over certain of the subsidiary's properties. The Bank Facility Agreement and the Memorandum of Charge were executed on 16 July 2007.

The effective interest rate of the revolving credit facility is 4.8% per annum.

The term loan has not been drawn as at 30 June 2008.

**B9. Corporate Proposals****(A) Status of Corporate Proposals Announced**

The corporate proposals announced but not completed as at 31 July 2008, (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), are set out as below:

- (i) On 28 November 2007, a subsidiary of the Group, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD"), entered into three conditional Sale and Purchase Agreements ("SPA") with Lembaga Amanah Kebajikan Masjid Negeri Sarawak ("LAKMNS") to purchase four parcels of plantation land of a approximately 7,620 hectares, for a total purchase price of RM19,050,000. The completion of the SPA are conditional upon LAKMNS obtaining the consent of the Director of Lands and Survey for the transfer of the four parcels of plantation land within 6 months from the date of the SPA or such extended period as SPAD and LAKMNS may mutually agree upon in writing.

The consent of the Director of the Land and Survey was obtained on 22 April 2008 and the SPA has since become unconditional.

As at 31 July 2008, RM13,335,000 has been paid as deposit and part payment for the purchase.

The transaction is expected to be completed in the fourth quarter of the financial year.

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

**B9. Corporate Proposals**

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

- (ii) As disclosed in the Prospectus dated 7 August 2007, in the course of the privatisation exercise of Sarawak Land Development Board (“SLDB”), an agreement was entered into between SLDB and Sarawak Plantation Berhad (“SPB”) to transfer all its assets to SPB and/or its subsidiaries. One of the properties to be transferred was at that relevant time sub-leased to Bintulu Edible Oils Sdn. Bhd. (“BEO”) (Lot 9, Block 20, Kemena Land District) by way of a Memorandum of Sub-lease which was registered on the title of the said property and the said sub-lease contained a term providing an option for BEO to purchase the said property in the event SLDB intends to sell the same.

As at the date of the Prospectus, the legal title of this land has yet to be transferred from SLDB to Sarawak Plantation Property Holding Sdn. Bhd. (“SPPH”), a subsidiary of SPB, because BEO has not given its unconditional consent to the transfer. BEO had built a refinery on this land to facilitate its operations which includes the refining of CPO into bleached and deodorised palm oil and other related products. BEO is a major customer of SPB Group. Based on the legal opinion of the Group’s solicitors, SPPH is the beneficial owner of this land and may in its discretion apply to court for specific performance to compel SLDB to transfer the legal title of this land to SPPH at a price to be determined by both parties. SPPH executed a conditional SPA on 25 April 2008 to dispose the said land to BEO for a cash consideration of RM 8 million.

As at 31 July 2008, the SPA remains conditional.

- (iii) On 15 July 2008, a subsidiary of the Group, Sarawak Plantation Property Holding Sdn. Bhd. (“SPPH”) entered into a Sale and Purchase Agreement (“SPA”) with Sealink Sdn. Bhd. to dispose a parcel of land, described as Lot 482, Block 4, Miri Concession Land District measuring approximately 1.9441 hectares for a total cash consideration of RM9,031,460.

As at 31 July 2008, RM903,146 has been received as deposit for this land disposal. This disposal is expected to be completed within a period of 90 days from the date of the SPA.

**(B) Status of Utilisation of Proceeds**

- (a) Public Issue

As at the end of the current interim period, the status of utilisation of the proceeds as compared to the actual utilisation is as follows:

	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Intended Time Frame for Utilisation</b>	<b>Deviation (RM'000)</b>	<b>%</b>	<b>Remark</b>
Capital expenditure	30,000	-	24 months from date of Prospectus dated 7 August 2007	-		Balance of (RM'000) 30,000 is available for use
Working capital purposes for the Group’s core business	55,500	55,969	24 months from date of Prospectus dated 7 August 2007	469*	0.85	Balance of (RM'000) nil is available for use
Share issue expenses	4,500	4,031	-	(469)*	10.4	Balance of (RM'000) nil is available for use
<b>Total</b>	<b>90,000</b>	<b>60,000</b>		<b>-</b>		<b>Balance: (RM'000) 30,000</b>

\* For any decrease in the share issue expenses, utilisation for working capital purposes of the Group’s core business will increase correspondingly.



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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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**B10. Off Balance Sheet Financial Instruments**

As at 31 July 2008 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), the Group did not enter into any contract involving off balance sheet financial instruments.

**B11. Changes in Material Litigation**

As at 31 July 2008 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), there were no changes to the status of material litigation or arbitration in which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant which has a material effect on the Group's financial position except as disclosed below:

- (i) In the Bintulu High Court Suit No. 22-19-2006 (BTU), Mali bin Seman and 60 others ("Plaintiffs") vs Sarawak Land Development Board ("SLDB") and Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD"), the Plaintiffs are claiming for an area of 20 acres each to be allocated out of SPAD's Ladang Dua and Ladang Tiga Oil Palm Plantations, in Miri, and also for damages for breach of contract, mesne profits, interest and costs, and such further and or other relief as the Court may think fit. From the Statement of Claim, the Plaintiffs alleged that they were employed by SLDB in the 1970s and that they were promised land as part of their employment contract. SPAD is sued as the successor-in-title of SLDB.

Our advocates have filed the Statement of Defence on our behalf. SLDB has applied to strike out the claim against it. As at to date, the court has not heard SLDB's application.

The Directors, in consultation with the Company's advocate, are of the opinion that SPAD has strong merits in the case.

- (ii) In Sri Aman Sessions Court Criminal Summons No. SC(SG)63-2-2005-II, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD") faced a charge under Section 29A of the Environmental Quality Act, 1974, for allowing open burning on Lot 2, Block 11 Kluah Land District (where our Melugu Oil Palm Plantation is situated). The Court acquitted SPAD of the charge on 25 April 2007 but the Prosecution has filed a Notice of Appeal to the High Court against the acquittal. The appeal, scheduled to be heard on 12 March 2008, was adjourned and the Court directed that parties submit their written submission within certain time frame and the Court will deliver its ruling on 8 September 2008.

The Directors, in consultation with the Company's advocate, are of the opinion that SPAD has strong merits in the case.

- (iii) In Kuching High Court Suit No. 22-164-06-II, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD") ("Plaintiff" or "Purchaser") instituted legal action against Datuk Haji Zainal Abidin bin Ahmad ("Datuk Zainal" or "Defendant" or "Vendor"). The claim is for the refund of the sum of RM7,200,000 paid under a Sale and Purchase Agreement ("SPA") dated 27 November 1999 for the purchase of 4,148,000 ordinary shares of RM1.00 each in Bahtera Bahagia Sdn Bhd ("Bahtera"). Based on the opinion of SPAD's advocates, the Defendant/Vendor failed to obtain a Waiver of Pre-emption Rights by 31 December 2000 and thereby breached one of the conditions precedent of the SPA. Accordingly, SPAD as the Plaintiff/Purchaser became entitled to the refund of the deposit and part payment made under the SPA.

A writ and statement of claim was filed on 27 December 2006 and a Defence and Counterclaim was filed and served on 28 May 2007.

The pre-trial Case Management date for this suit is now fixed on 25 September 2008.

The Directors in consultation with the Company's advocates are of the opinion that SPAD is likely to recover the deposit and part-payment of RM7.2 million and that SPAD has a good defence against the Defendant's counterclaim.

- (iv) In Sibul High Court Suit No. 22-10-06, Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD") sued TR Ladon anak Edieh and 14 others, and sought injunctive and declaratory relief against the Defendants for various acts of trespass over its land described as Lot 7 Block 12 Bawan Land District. The financial relief claimed by SPAD are special damages of RM2,836,000, general and unspecified damages and interest thereon at the rate of 8% per annum. SPAD has obtained an injunction restraining the Defendants from entering or trespassing on its land, threatening or harassing its employees, or disrupting, obstructing or hindering the work of its Group. No defence or counterclaim against SPAD has been filed.

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

**B11. Changes in Material Litigation (continued)**

- (iv) The suit has been consolidated with another suit, Kuching High Court Suit No. 22-23-2006-II (TR Ladon anak Edieh and 10 others vs. Sarawak Land Development Board (“SLDB”) and 2 others). At the last mention date on 27 March 2008, the Honourable Judge directed the Plaintiffs in Suit No. 22-23-2006-II to extract the Order for Consolidation within fourteen (14) days from 27 March 2008 and thereafter to file Form 63 for Pre-Trial Case Management.

The next mention date of this matter is fixed on 9 October 2008.

The Directors in consultation with the Company’s advocates are of the opinion that based on the current pleadings and situation of the matter, SPAD’s chances for success in the action are good.

**B12. Dividend Declared**

- (a) On 28 February 2008, the Board of Directors declared an interim dividend of 6.75 sen per share, less 26% income tax, totaling approximately RM14 million, in respect of the financial year ended 31 December 2007 which was paid to shareholders on 18 April 2008.
- (b) At the 11th Annual General meeting of the Company on 18 June 2008, the Shareholders approved a final dividend of 7.20 sen per share, less 26% income tax, totaling approximately RM14.92 million, in respect of the financial year ended 31 December 2007 which was paid to shareholders on 28 July 2008.
- (c) 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 30/06/2008 '000	Preceding Year Corresponding Quarter 30/06/2007 '000	Current Year - Period To Date 30/06/2008 '000	Preceding Year - Period To Date 30/06/2007 '000
Profit attributable to equity holders of the Company (RM)	16,361	15,125	28,770	20,662
Weighted average number of ordinary shares in issue (unit)	280,000	250,000*	280,000	250,000*
Basic earnings per share (sen)	5.84	6.05*	10.28	8.26*
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

**Basic earnings per share**

The calculation of basic earnings per share for the interim quarter and financial period 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.

- \* Computed as if the bonus issue of 115,000,000 ordinary shares of RM1.00 each was effected throughout the financial period.

**Diluted earnings per share**

The diluted earnings per share for the interim quarter and financial period were not computed as the Company does not have any dilutive potential ordinary shares as at 30 June 2008.





**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 6 August 2008.

*By Order of the Board*

Company Secretary  
Kuching

6 August 2008