



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

**INTERIM REPORT  
FOR 4TH QUARTER ENDED  
31 DECEMBER 2008**



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

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**INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2008**  
(The figures have not been audited)

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

	Notes	As At End Of Current Financial Year 31/12/2008 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2007 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		223,352	205,569
Prepaid lease rental		7,525	7,707
Investment property		6,162	6,324
Plantation development expenditure		219,980	213,215
Other investments		687	1,740
Deferred tax assets		1,487	3,015
		459,193	437,570
<b>Current assets</b>			
Inventories		37,099	14,657
Trade and other receivables		38,029	26,524
Tax recoverable		460	1,043
Non current asset classified as asset held for sale		434	533
Short term deposits		66,152	130,626
Cash and bank balances		2,329	3,327
		144,503	176,710
<b>TOTAL ASSETS</b>		603,696	614,280
<b>EQUITY AND LIABILITIES</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		141,454	139,070
Other reserve		493	493
Treasury shares		(1,223)	0
		481,693	480,532
<b>Minority interests</b>		3,971	2,836
<b>Total equity</b>		485,664	483,368
<b>Non-current liabilities</b>			
Deferred tax liabilities		29,605	23,688
<b>Current liabilities</b>			
Trade and other payables		37,847	50,005
Amount due to a corporate shareholder		580	1,876
Borrowings		50,000	50,000
Tax payable		0	5,343
		88,427	107,224
<b>Total liabilities</b>		118,032	130,912
<b>TOTAL EQUITY AND LIABILITIES</b>		603,696	614,280
<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 (Q4)		Cumulative Quarter (12 Months)	
		Current Year Quarter 31/12/2008 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/12/2007 (Unaudited) RM'000	Current Year - Period To Date 31/12/2008 (Unaudited) RM'000	Preceding Year - Period To Date 31/12/2007 (Audited) RM'000
<b>Revenue</b>		47,826	79,293	261,527	244,009
Cost of sales		(37,409)	(40,762)	(156,210)	(123,359)
<b>Gross profit</b>		10,417	38,531	105,317	120,650
Other operating income		10,690	2,178	15,033	5,246
Distribution costs		(2,917)	(3,694)	(13,561)	(12,000)
Administrative expenses		(7,439)	(6,396)	(32,479)	(23,969)
Replanting expenditure		(1,130)	(1,208)	(4,447)	(5,262)
Finance costs		(618)	(638)	(2,219)	(1,872)
Share of results of associates		0	(25)	0	(25)
<b>Profit before tax</b>		9,003	28,748	67,644	82,768
Taxation	B5	(734)	1,821	(14,961)	(11,324)
<b>Profit for the period</b>		8,269	30,569	52,683	71,444
<b>Profit for the period attributable to:</b>					
<b>Equity holders of the Company</b>		8,119	28,685	50,882	68,235
<b>Minority interest</b>		150	1,884	1,801	3,209
		8,269	30,569	52,683	71,444
<b>Earnings per share attributable to equity holders of the Company (sen):</b>					
<b>Basic</b>	B13	2.90	10.24	18.18	26.22
<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	Nominal value RM'000	Share premium RM'000	Other reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000	Issued and paid up ordinary shares of RM1.00 each
<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 year	-	-	-	-	-	50,882	50,882	1,801	52,683	
Less: Interim and final dividends declared in respect of the financial years ended 31 December 2007 and 2008	-	-	-	-	-	(48,498)	(48,498)	-	(48,498)	B12 (a) to (c)
Less: Buy back of shares	-	-	-	-	(1,223)	-	(1,223)	-	(1,223)	
Less: Dividend paid to Minority Shareholder of a subsidiary in respect of the financial year ended 31 December 2007	-	-	-	-	-	-	-	(666)	(666)	
<b>At 31 December 2008</b>	280,000	280,000	60,969	493	(1,223)	141,454	481,693	3,971	485,664	

(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 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		
Recognition of Employee Share Scheme ("ESS")	-	-	-	493	-	493	-	493		
Bonus Issue of shares	115,000	115,000	(68,405)	-	(46,595)	-	-	-		
Public Issue of shares	30,000	30,000	60,000	-	-	90,000	-	90,000		
Share issue expenses	-	-	(4,031)	-	-	(4,031)	-	(4,031)		
Net profit for the financial year	-	-	-	-	68,235	68,235	3,209	71,444		
Less: Dividend paid in respect of the financial year ended 31 December 2006	-	-	-	-	(15,000)	(15,000)	-	(15,000)		
Less: Dividend paid to Minority Shareholder of a subsidiary in respect of the financial year 31 December 2007	-	-	-	-	-	-	(910)	(910)		
<b>At 31 December 2007</b>	280,000	280,000	60,969	493	139,070	480,532	2,836	483,368		

(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 (12 Months)	
	Current Year - Period To Date 31/12/2008 (Unaudited) RM'000	Preceding Year - Period To Date 31/12/2007 (Audited) RM'000
<b>Net cash inflow from operating activities</b>	17,881	78,202
<b>Net cash outflow from investing activities</b>	(33,415)	(59,463)
<b>Net cash in/(outflow) from financing activities</b>	(50,387)	9,572
<b>Net increase/(decrease) in cash and cash equivalents</b>	(65,921)	28,311
<b>Cash and cash equivalents at beginning of financial year</b>	132,668	104,357
<b>Cash and cash equivalents at end of financial year</b>	<u>66,747</u>	<u>132,668</u>
<b>Represented by:</b>		
Short term deposits	66,152	130,626
Cash and bank balances	<u>2,329</u>	<u>3,327</u>
	68,481	133,953
Less:		
Bank balance restricted*	(1,134)	(490)
Deposits pledged	<u>(600)</u>	<u>(795)</u>
Cash and cash equivalents	<u>66,747</u>	<u>132,668</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 an entity using the 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 following standards and interpretations have been issued and are mandatory for the Group’s financial periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:-

- FRS 7: Financial Instruments: Disclosures (effective for financial periods beginning on or after 1 January 2010)  
  
FRS 7 requires expanded disclosures about significant of the financial instruments and the nature and extent of risks arising from those financial instruments. The Group plans to adopt FRS 7 for in the financial year beginning 1 January 2010. The impact of adopting FRS 7 on the financial statements upon its initial application is not disclosed by virtue of the exemption given in the standard.
- FRS 8: Operating Segments (effective for financial periods beginning on or after 1 July 2009)  
  
FRS 8 replace FRS 114(2004): *Segment Reporting and* requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The Group plans to adopt FRS 8 in the financial year beginning 1 January 2010.



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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 (continued)

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

- FRS 139: Financial Instruments: Recognition and Measurement (effective for financial periods beginning on or after 1 January 2010)  
  
FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and certain contracts to buy and sell non-financial items. Hedge accounting is permitted only under strict circumstances. The Group plans to adopt FRS 139 in the financial year beginning 1 January 2010. The impact of adopting FRS 139 on the financial statements upon its initial application is not disclosed by virtue of the exemption given in the standard.
- IC Interpretation 10: Interim Financial Reporting and Impairment (effective for financial periods beginning on or after 1 January 2010)  
  
IC Interpretation 10 prohibits impairment losses recognised in an interim period on goodwill and investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group plans to adopt IC Interpretation 10 in the financial year beginning 1 January 2010.

### 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 financial year, except for the reversal of impairment loss of RM6.8 million recognised in quarter ended 30 June 2008 and impairment loss of RM0.7 million (see Note A10) recognised in the current interim quarter.

As reported in the quarter ended 30 June 2008, the Group had provided for stock loss of RM6.9 million in that quarter as a result of damaged tank causing spillage of CPO, without taking into account the potential recovery through insurance claim. The insurer has recently repudiated the claim and the Group is now seeking legal advice with a view to pursuing the claim against the 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 except as follows:

During the current financial year, the Company bought back 436,100 own shares (“SPB Shares”) from the open market, at an average price of RM2.80 per share. The total consideration paid for the SPB Shares bought back by the Company during financial year ended 31 December 2008, including transaction costs, was RM1,231,181 and was financed by internally generated funds.

The SPB Shares bought back are held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 31 December 2008, the total shares bought back, all of which are held as treasury shares, amounted to 436,100 SPB Shares. None of the treasury shares held were resold or cancelled during the 4th quarter and the financial year ended 31 December 2008.



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

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**A7. Dividends Paid**

	Cumulative Quarter (12 Months)	
	Current Year - Period To Date 31/12/2008 RM'000	Preceding Year - Period To Date 31/12/2007 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	-
Final dividend in respect of the financial year ended 31 December 2007 - 7.2 sen per ordinary share of RM 1.00 each less 26% income tax	14,918	-
First Interim dividend in respect of financial year ended 31 December 2008 - 7 sen per ordinary share of RM 1.00 each , tax exempt	19,594	-
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
	<u>48,498</u>	<u>60,000</u>

**A8. Segment Information**

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

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

There was 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 an impairment loss of inventories totalling RM0.7 million in respect of the write down of inventories to their estimated net realisable value.

**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.



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

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**A12. Changes in the Composition of the Group**

As at 31 December 2008, 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, except for the incorporation of three new subsidiaries as follows:

	<b>Effective Equity Interest (%)</b>
Sarawak Plantation Property Development Sdn. Bhd.	100
SPB Pelita Wak Pakan Sdn. Bhd.*	50
SPB Pelita Mukah 5 & 6 Sdn. Bhd.*	50

\* The Company is a Joint Venture Company (“JVC”) owned by Sarawak Plantation Berhad (“SPB”) and Pelita Holdings Sdn. Bhd. (“PELITA”). The initial paid up capital of two (2) ordinary shares of RM1 each subscribed by SPB and PELITA. Under the terms of the Joint Venture Agreement (“JVA”), the paid up capital of the JVC will be raised in stages and the eventual agreed percentage of shareholdings will be held in the proportion of 60:40 by SPB and PELITA respectively.

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

As at 31 December 2008, there were no material contingent liabilities or contingent assets, which upon being enforced might have material impact on the financial position or business of the Group.

	<b>At 31/12/2008</b>
	<b>RM'000</b>
As at that date, the Company has contingent liability as follows:	
Corporate guarantees to banks for revolving credit and term loan granted subsidiaries	62,000

**A14. Capital Commitments**

As at 31 December 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:

	<b>At 31/12/2008</b>
	<b>RM'000</b>
<b>Capital Expenditure</b>	
Authorised and contracted for	30,610
Authorised and not contracted for	30,723
	<u>61,333</u>
<b>Analysed as follows:</b>	
Property, plant and equipment	10,028
Prepaid lease rental	13,003
Plantation development expenditure	28,982
Investments	9,320
	<u>61,333</u>



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

**A15. Significant Related Party Transactions**

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

	<b>Cumulative Quarter (12 Months)</b>	
	<b>Current Year - Period To Date 31/12/2008 RM'000</b>	<b>Preceding Year - Period To Date 31/12/2007 RM'000</b>
a. SGOS Assets Holdings Sdn Bhd ("SGOS")		
- Receipts of proceeds from sales of FFB on behalf of SGOS*	1,884	1,755
- Payment of expenses on behalf of SGOS*	(1,340)	(1,661)
- Management fee in relation to the management of the plantation of SGOS	(472)	0
- Interest income charged to SGOS	(304)	0
b. ASSAR Assets Management Sdn Bhd		
- Net fund management services income/(loss)	(49)	81
c. Sarawak Land Development Board ("SLDB")		
- Receipts of proceeds from sales of FFB on behalf of SLDB*	789	866
- Payment of expenses on behalf of SLDB*	(1,381)	(489)
- Management fee in relation to the management of the plantation of SLDB	(39)	0
d. Danawa Resources Sdn. Bhd.		
- Acquisition of wide area network (satellite)	203	257

\* 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 RM261.5 million for the twelve months ended 31 December 2008 compared with RM244.0 million reported in the preceding year. The increase of RM17.5 million or 7.2% was mainly due to higher average price of crude palm oil (“CPO”) realised during the current financial year as compared to the preceding year.

Despite higher revenue, the Group's profit before tax for the twelve months ended 31 December 2008 was lower by RM15.1 million (18.3%) as compared to the preceding year principally due to higher cost of production following the increase in fertilizer, agrichemical and fuel costs and imposition of cooking oil stabilisation cess since June 2007 and windfall tax since July 2008.

**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 RM9.0 million as compared to RM21.2 million in the preceding quarter.

This is mainly due to lower average CPO price realised by some 42.8% during the interim quarter under review following a general decline in CPO market prices for the current quarter as compared to the quarter ended 30 September 2008.

**B3. Prospects for Next Financial Year**

The performance of the Group is largely dependent on production, operational efficiency and CPO prices. Nevertheless, the Group anticipates a challenging year ahead in the light of the current global financial crisis and economic slowdown and uncertainty in the global oils and fats prices.

Barring any unforeseen circumstances, the Directors are of the opinion that the performance of the Group for the next financial year is expected to remain stable subject to the outlook of the crude oil and global oils and fats market.

**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 (Q4)		Cumulative Quarter (12 Months)	
	Current Year Quarter 31/12/2008 RM'000	Preceding Year Corresponding Quarter 31/12/2007 RM'000	Current Year - Period To Date 31/12/2008 RM'000	Preceding Year - Period To Date 31/12/2007 RM'000
Malaysian income tax	(1,470)	(4,653)	8,950	6,078
Deferred tax	2,204	2,832	6,011	5,246
	<u>734</u>	<u>(1,821)</u>	<u>14,961</u>	<u>11,324</u>

The Group's effective tax rate for the twelve months ended 31 December 2008 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 year ended 31 December 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 financial year.

**B7. Quoted Investments**

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

The investments in quoted securities as at 31 December 2008 are as follows:

Quoted in Malaysia

	<b>At 31/12/2008</b>
	<b>RM'000</b>
At cost	1,810
Allowance for diminution in value	(1,251)
At carrying value	559
At market value	559

**B8. Borrowing**

	<b>At 31/12/2008</b>
	<b>RM'000</b>
<u>Current</u>	
Secured revolving credit	50,000

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

The term loan has not been drawn down as at 31 December 2008.

**B9. Corporate Proposals**

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

The corporate proposals announced but not completed as at 19 February 2009, (*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 approximately 7,620 hectares, for a total purchase price of RM19,050,000. The completion of the SPA is 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 19 February 2009, RM16,335,000 has been paid as deposit and part payment for the purchase.

The transaction is expected to be completed in the next 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 19 February 2009, 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.

On 8 October 2008, the balance purchase price of RM8,128,314 has been received for this land disposal. The gain on the disposal of RM8.9 million has been recognised in the current interim quarter under review.

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

Proceeds from 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 19 February 2009 (*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 19 February 2009 (*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. The Court has rescheduled the matter to 3 March 2009 for clarification, reply and decision.

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. On 8 September 2008, the Court deferred its decision to deliver its ruling to 10 September 2008. On 10 September 2008, despite our counsel's objection, the Court allowed the Appellant's application for an adjournment. The ruling is adjourned to 4 March 2009.

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 trial has been set down for hearing from 17 August 2009 to 19 August 2009.

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.



**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) In Sibu 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.

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). The Order for Consolidation is pending the Court’s approval.

The Pre-trial Case Management for this suit is now fixed on 16 April 2009.

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, totalling approximately RM13.99 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, totalling approximately RM14.92 million, in respect of the financial year ended 31 December 2007 which was paid to shareholders on 28 July 2008.
- (c) On 15 August 2008, the Board of Directors declared first tax exempt interim dividend of 7 sen per share, totalling approximately RM19.59 million, in respect of the financial year ended 31 December 2008 which was paid to shareholders on 19 September 2008.
- (d) The Board of Directors had declared second interim, single tier dividend of 4 sen per share, totalling approximately RM11.2 million, in respect of the financial year ended 31 December 2008, payable to shareholders on 15 April 2009. The dividend entitlement date shall be 25 March 2009.

**B13. Earnings per Share**

	Individual Quarter (Q4)		Cumulative Quarter (12 Months)	
	Current Year Quarter 31/12/2008 '000	Preceding Year Corresponding Quarter 31/12/2007 '000	Current Year - Period To Date 31/12/2008 '000	Preceding Year - Period To Date 31/12/2007 '000
Profit attributable to equity holders of the Company (RM)	8,119	28,685	50,882	68,235
Weighted average number of ordinary shares in issue (unit)	279,564	280,000	279,860	260,274*
Basic earnings per share (sen)	2.90	10.24	18.18	26.22
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A



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

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**B13. Earnings per Share (continued)**

***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 excluding the weighted average treasury shares held by Company.

\* 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 31 December 2008.

**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 25 February 2009.

*By Order of the Board*

Company Secretary  
Kuching

25 February 2009