

*Focus
Passion
Dedication*



*Laporan Tahunan
Annual Report
2008*



SARAWAK OIL PALMS BERHAD
(7949-M)





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GROUP HIGHLIGHTS

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5 YEARS FINANCIAL RECORD

SARAWAK OIL PALMS BERHAD

	2004 RM '000	2005 RM '000	Group 2006 RM '000	2007 RM '000	2008 RM '000
RESULTS					
Turnover	167,954	184,963	221,482	439,482	683,520
Profit before taxation	47,403	31,875	39,558	151,370	208,560
Profit after taxation	33,862	23,087	33,822	117,172	153,886
Total Shareholders' Fund	227,258	248,652	347,359	455,029	736,121
Total assets	515,994	581,862	683,999	902,346	1,263,708
Total borrowing	188,116	205,208	210,001	215,089	235,822
Issued & paid -up capital	94,968	94,968	142,452	144,153	427,408
Dividend (Net of tax)	3,419	3,419	2,564	5,200	9,042

FINANCIAL STATISTICS

Profit before taxation / turnover (%)	28.2	17.2	17.9	34.4	30.5
Gross Dividend (sen / share)	5.0	5.0	2.5	5.0	6.0
Net Earnings per share of RM 1 each (sen) - Basic	35.7	24.3	24.5	76.4	36.4
Net Earnings per share of RM 1 each (sen) - Diluted	35.7	24.3	22.8	67.9	36.0
Net tangible assets per share of RM 1 each (RM)	2.38	2.6	2.45	3.15	1.72

5 YEARS CROP RECORD



SARAWAK OIL PALMS BERHAD

PLANTED HECTARAGE, PRODUCTION AND PRODUCE PRICES

	2004 Ha	2005 Ha	2006 Ha	2007 Ha	2008 Ha
OIL PALMS					
Mature	20,020	23,503	26,099	27,860	29,665
Immature	8,297	6,479	5,922	9,617	14,840
Total	28,317	29,982	32,021	37,477	44,505
Reserves, Unplanted, Building sites, etc	12,021	15,716	24,064	30,292	24,768
Total Area Under Lease	40,338	45,698	56,085	67,769	69,273
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
FFB CROP					
Estate Crop	327,623	407,640	482,051	560,307	663,509
Outside Crop	120,404	133,268	160,141	197,668	421,771
Total	448,027	540,908	642,192	757,975	1,085,280
Crude Palm Oil (Produced)	92,487	108,587	124,873	161,991	226,919
Palm Kernels (Produced)	18,740	23,863	26,238	32,568	47,351
YIELD PER HECTARE					
Tonnes FFB / Mature palms	17.33	17.34	18.47	20.11	23.11
Crude Palm Oil / FFB	21.59%	21.72%	21.50%	20.96%	20.91%
Palm Kernels / FFB	4.38	4.86%	4.52%	4.21%	4.36%
AVERAGE PRICES					
FOB Bintulu / Miri					
Crude Palm Oil	1,593	1,354	1,458	2,306	2,592
Palm Kernels	1,018	956	839	1,377	1,396

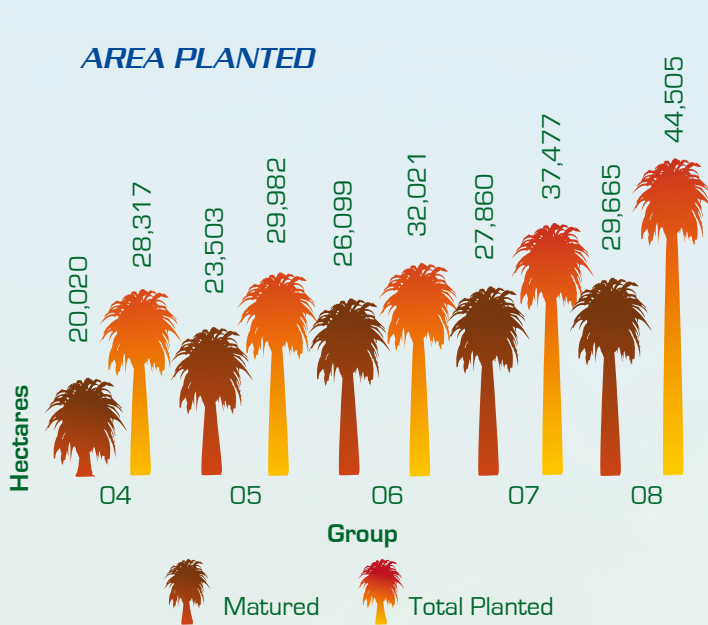




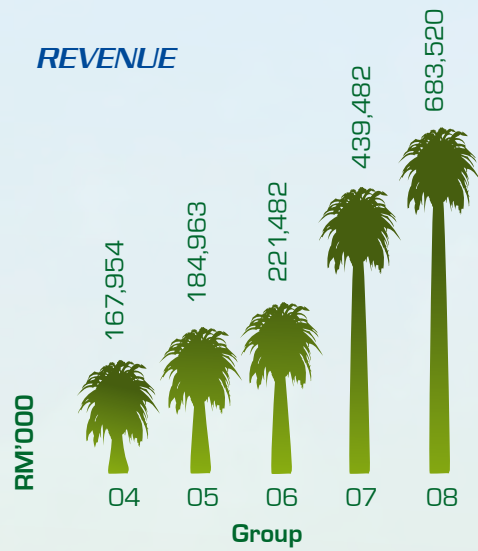
5 YEARS STATISTICAL HIGHLIGHTS

SARAWAK OIL PALMS BERHAD

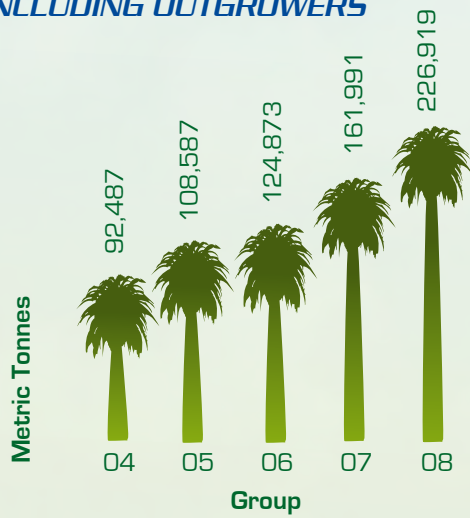
AREA PLANTED



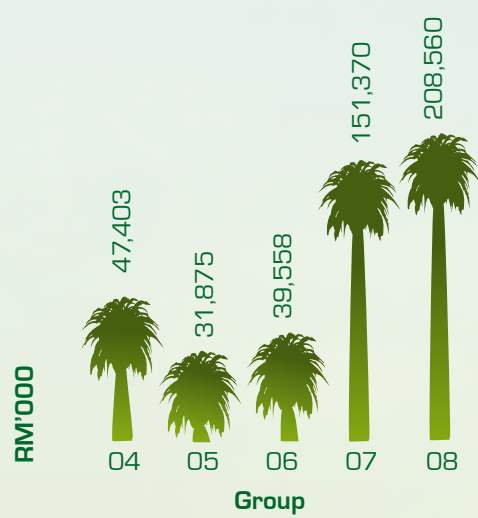
REVENUE



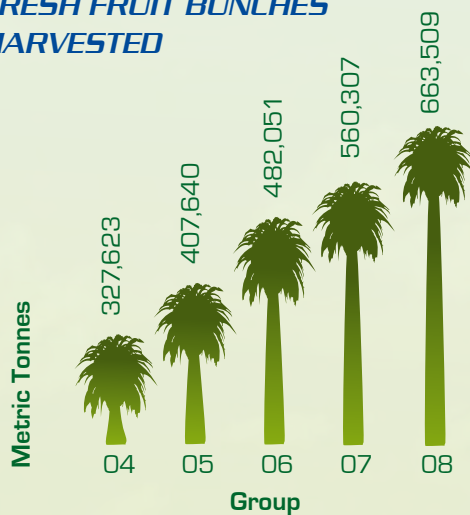
CRUDE PALM OIL PRODUCED INCLUDING OUTGROWERS



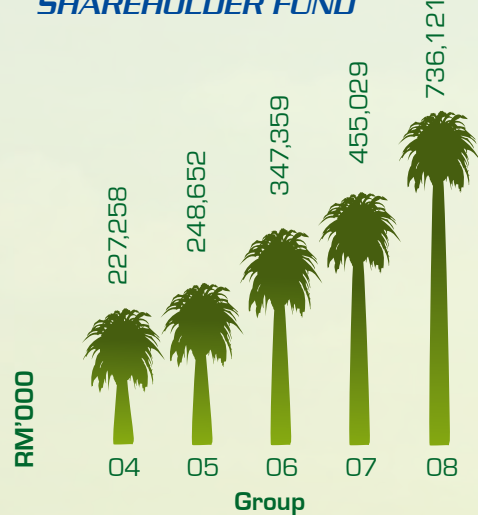
PROFIT BEFORE TAXATION



FRESH FRUIT BUNCHES HARVESTED



SHAREHOLDER FUND





DIRECTORS

Datuk Ling Chiong Ho
Group Executive Chairman

Ling Chiong Sing
Ling Lu Kuang
Tang Tiong Ing
Hasbi Bin Suhaili
Kameri Bin Affandi
Gerald Rentap Jabu
Fong Tshu Kwong
DR. Lai Yew Hock
Wong Ngie Yong

AUDIT / NOMINATION COMMITTEE

Fong Tshu Kwong
Chairman
Independent Non-Executive

Tang Tiong Ing
Non-Executive

DR. Lai Yew Hock
Independent Non-Executive

REMUNERATION COMMITTEE

Fong Tshu Kwong
Chairman
Independent Non-Executive

DR. Lai Yew Hock
Independent Non-Executive

Hasbi Bin Suhaili
Non-Executive

CHIEF EXECUTIVE

Wong Hee Kwong

COMPANY SECRETARY

Eric Kiu Kwong Seng

REGISTERED OFFICE

No. 124-126,
Jalan Bendahara,
98000 Miri.
Tel : (085) 436969
Fax : (085) 432929

SHARE REGISTRAR

Symphony Share Registrars
Sdn Bhd
Level 26 Menara Multi Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia.
Tel : (03) 2721 2222
Fax : (03) 2721 2530

AUDITORS

Ernst & Young
Room 300-303, 3rd Floor
Wisma Bukit Mata Kuching
Jalan Tunku Abdul Rahman
93100 Kuching
Malaysia

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

The Main Board
Bursa Malaysia

STOCK NAME

SOP

STOCK CODE

5126

DOMICILE

Malaysia



PROFILE OF BOARD OF DIRECTORS

SARAWAK OIL PALMS BERHAD

DATUK LING CHIONG HO

A Malaysian citizen, aged 57, was appointed as Director on 16 June 1995. In 1999, he was appointed as the Group's Chairman and was subsequently appointed as Group Executive Chairman in 2003. In addition to being the current Deputy Chairman of Sarawak Timber Association, he also serves as Chairman/Dupty Chairman of several school Boards and charitable organizations in Sarawak. He is a member of the ESOS Option Committee and the Management Retirement Gratuity Fund Committee of the Board.

Datuk Ling is the founder and Chairman of the diversified Shin Yang Group of Companies involving in reforestation, downstream wood-based processing, domestic & international shipping, ship building, residential & commercial land development, road & bridge construction with asphalt premix, paving block & concrete products manufacturing, oil palm, public transports, hypermarket & hotel business.

Datuk is the brother of Ling Chiong Sing, a Director of SOPB. Datuk is deemed connected to Shin Yang Plantation Sdn Bhd, one of the substantial shareholders of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

LING CHIONG SING

A Malaysian citizen, aged 53, was appointed as Director on 1 December 2006. He is a Member of the Management Retirement Gratuity Fund Committee of the Board.

He graduated from Taiwan in Accounting and is currently the Chief Executive Director of a well-diversified Shin Yang Group of Companies in Sarawak and he is the Managing Director for three business sectors of the Group namely, shipping and shipbuilding, transport and Support services and quarry operations. He has more than 25 years of managerial experience and is very hands on in the activities of logging, plywood, shipping, transportation, construction and project fields.

He is the brother of Datuk Ling Chiong Ho who is the Group Executive Chairman of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.

LING LU KUANG

A Malaysian citizen, aged 32, was appointed as a Non-Executive Director on 27 June 2008. He graduated from the University of Auckland with Bachelor of Commerce degree double majoring in management and operation management. Currently he is the Executive Director of several companies of Shin Yang Group which has diversified interests including forest management, logging, downstream wood-based processing, oil palm plantation, shipping, shipbuilding, hotel and construction and property development.

He is the eldest son of Datuk Ling Chiong Ho who is the Group Executive Chairman of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies

TANG TIONG ING

A Malaysian citizen, aged 51, has been a Non-Executive Director since 16 June 1995. Presently, he serves as a member of the Audit, Nomination and Risk Management Committees. He graduated from University of Malaya with Bachelor in Accounting with Honours. He is a Chartered Accountant and is a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and Malaysian Association of Company Secretaries. He joined Lau Hoi Chew & Co., a Certified Public Accounting firm in 1984 and was promoted to head the Miri Branch in 1985 till 1990. In 1991, he joined Shin Yang Group as a Group Accountant to oversee all the financial and accounting functions, corporate taxation, treasury, corporate planning and company secretarial function of the group. He is an appointed representative of Shin Yang Plantation Sdn. Bhd. (SYPSB), a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.



HASBI BIN SUHAILI

A Malaysian citizen, aged 46, was appointed as a Non-Executive Director on 26 August 2005. He holds a Bachelor of Accountancy and also an Executive Master in Business Administration from MARA University of Technology, Malaysia. He is also a Chartered Accountant [Malaysia] and a member of the Malaysian Institute of Accountants. He is currently the Senior Manager of Internal Audit and Investment Monitoring and Evaluation Division of Pelita Holdings Sdn. Bhd. Prior to this, he has worked as a Manager Finance / HR in a transportation company and as an executive in financial institution for the past 18 years. He is an appointed representative of Pelita Holdings Sdn Bhd (PHSB), a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

GERALD RENTAP JABU

A Malaysian citizen, aged 39, was appointed as a Non-Executive Director on 24 May 2000. He graduated from the La Trobe University, Melbourne, Australia in 1993 with a Bachelor of Economics degree. He was a Licensed Dealer's Representative (Corporate Investment) in Sarawak Securities Sdn. Bhd. from 1993 to 1995 and was a Project Manager and Consultant for Sarawak Capital Sdn. Bhd. in 1995 to 1996. He is currently the Executive Director of Utahol Management Sdn. Bhd. He is an appointed representative of PHSB, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

DR. LAI YEW HOCK

A Malaysian citizen, aged 50, was appointed as an Independent and Non-Executive Director on 24 February 2000. Presently, he serves as a member of the Audit, Nomination, Remuneration and Risk Management Committees. He graduated from the University of Otago, Dunedin, New Zealand with a Bachelor of Laws degree in 1985. He was variously admitted as a Barrister and Solicitor of the High Court of New Zealand in October 1985, as an Advocate of the High Court in Sabah and Sarawak in February 1986, and as an Advocates and Solicitor of the High Court of Malaya in October 1986. He graduated from the University of South Australia, Adelaide, Australia with the degree of Doctor of Business Administration in December 2006. His doctoral thesis is on Corporate Governance. He is also a Commissioner for Oaths, a Notary Public and an Accredited Mediator. He started his own legal firm in Miri, Sarawak in May 1992. He is also Non-Executive Non-Independent Director in Technodex Bhd. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

FONG TSHU KWONG @ FONG TSHUN KWONG

A Malaysian citizen, aged 51, was appointed as an Independent and Non-Executive Director on 22 March 1996. Presently, he serves as a member of the Audit, Nomination, Remuneration and Risk Management Committees. He is a Chartered Accountant [Malaysian] and is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Corporate Governance. He started his career in Ernst & Young and has over 18 years of professional experience in accounting, secretarial, assurance and advisory business services, taxation, management consultancy & corporate advisory services in London and Malaysia offices. Since April 1996, he has been the Managing Director of OMG Fidelity [Malaysia] Sdn. Bhd., a wholly owned subsidiary of OM Group, Inc., USA, a NYSE listed company. He is also a Non-Executive Independent Director in Kim Hin Industry Berhad. He is not related to any director/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

WONG NGIE YONG

A Malaysian citizen, aged 58, was appointed as an Independent and Non-Executive Director on 15 June 2001. He holds a diploma in Mechanical Engineering from Technical College, Kuala Lumpur in 1972 and is a member of the Institute of Motor Industry, UK. He has over 30 years of experience in palm oil industry and engineering field, holding various positions as Mill Manager, Engineering Controller, Chief Engineer and Project Manager. He is currently a freelance Consultant and Director of Utama Parts Trading (Sarawak) Sdn. Bhd. He is not related to any director/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

KAMERI BIN AFFANDI

A Malaysian citizen, aged 49, was appointed as a Non-Executive Director on 28 November 2008. He holds a Bachelor of Science from the National University of Malaysia and also a Master of Business Administration from Ohio University of the USA. He is currently the Senior Manager from Agro Business Division of Pelita Holdings Sdn. Bhd. Prior to this, he was with the government service and attached to various State Agencies since 1987. He is an appointed representative of Pelita Holdings Sdn Bhd (PHSB), a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.





BUSINESS REVIEW

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CHAIRMAN'S STATEMENT

SARAWAK OIL PALMS BERHAD

On behalf of the Board of Directors, I am pleased to present the Annual Report of Sarawak Oil Palms Berhad Group ("the Group") for the Financial Year ended 31 December 2008.

REVIEW OF RESULTS

2008 was a year full of unexpected events. The earlier part of the year saw commodity prices being driven to unprecedented heights by optimism. At the last quarter of the financial year under review, the commodity prices fell drastically. The sharp fall in edible oil prices together with that of crude petroleum has caught many industry players off guard.

The world is now going through one of the worst financial crisis it has ever seen and experienced. The subprime issues and its fallout on commodity and foreign exchange markets have led to worldwide recession.

Nevertheless, 2008 has been an excellent year for the Group. The Group reported a record turnover of RM683.52 million compared with RM439.50 million achieved last year, an increase of 55.52%.

In tandem with the increase in turnover, the Group's operating profit ("EBIT") rose by 41.13% from RM147.78 million to RM208.56 million.

The Group's net earning increased by 29.12% from RM109.29 million to RM141.12 million during the same period. Earnings per share of the Group were 36.4 sen.

DIVIDEND

In line with the Group's long term objective to sustain growth by substantially reinvesting its profits, the Board proposes a first and final dividend of 3% less tax at 25% per ordinary share amounting to RM9,616,692 for the Financial Year ended 31 December 2008.

OPERATIONS REVIEW

For the year under review, fresh fruit bunches ("FFB") production from the Group increased by 18.42% to 663,509 metric tons boosted mainly by the additional 1,805 hectares of oil palms being brought into harvesting and the rise in FFB yield from the young mature areas. The Group's FFB yield increased by 14.92% to 23.11 metric tons per hectare. The oil per hectare was 4.83 metric tons. The Group's palm oil mills produced a total of 226,919 metric tons of CPO, an increase of 40.08% over the preceding year.

In 2008, total area planted with oil palms increased from 37,477 hectares to 44,505 hectares comprising 29,665 hectares (66.66%) of mature oil palms and 14,840 hectares (33.34%) of immature oil palms. The FFB production of the Group is expected to increase further over the next few years from both the immature palms coming into productive age and the young palms coming into prime production age. With such a sizeable area of young and quality palms, the future augurs well for the Group.

Age profile for oil palms as at December 2008

Palms Age (Yrs)	Area (Ha)	Percentage
Immature	14,840	33.34%
Young (4-10 yrs)	20,671	46.45%
Prime (11-20 yrs)	6,290	14.13%
Old (21 & above)	2,704	6.08%
Total	44,505	100.00%

In line with the expected increase in FFB production for the Group, the Company is expected to commission its 60 metric tons/hour new Sepakau Palm Oil Mill at Belaga in May 2009. In addition, the Company is planning to commence construction of its fifth Palm Oil Mill of 60 metric tons/hour at Kemena, Bintulu in late 2009, and it is expected to be operational by 2011.



OPERATIONS REVIEW (Continued)

The acquisition of NCR project through SOP Pelita Batu Lintang Plantation Sdn Bhd has added another 8,000 hectares to the Group's land bank. However the project is expected to be challenging given the status of the land.

HUMAN RESOURCES

In line with the Group's plan to further expand its business operations, the Group continues to build up its management team through training and retention programme. The Group emphasizes on upgrading the skill and knowledge of its employees through an organized and structured internal training programme under SOPB Academy, tailored to fulfill the present and future needs of the Group and the employees. Key Managers and Executives are also selected to go through external training programme.

UPDATES ON CORPORATE DEVELOPMENT

During the year under review, the followings are the corporate developments undertaken by the Group:

- In April 2008, the rights issue exercise of 46,805,376 new ordinary shares of RM1.00 each at an issue price of RM2.40 per rights issue on the basis of three rights shares for every ten existing shares of the Company was completed and listed on Bursa Malaysia.
- In August 2008, the authorized share capital of the Company was increased to 5,000,000,000 shares of RM1.00 each by creation of an additional 4,500,000,000 new shares each ranking pari passu in all respects with the existing shares.
- In August 2008, a total of 213,473,187 bonus shares were issued and listed on Bursa Malaysia on the basis of one new ordinary share for every one existing ordinary share held. The bonus shares were credited as fully paid up by means of capitalization of the Company's share premium reserves and retained earnings accounts. Together with the bonus share issue, a total of 1,694,578 additional warrants were also issued and listed on Bursa Malaysia.
- In September 2008, the Company entered into a joint venture agreement with Pelita Holdings Sdn Bhd to develop a NCR area of approximately 8,000 hectares, situated at Sri Aman Division, Sarawak, into oil palms plantation.
- In December 2008, Galasah Palm Oil Mill was accredited with Food Safety Management System Standard: ISO 22000:2005.
- In January 2009, Lambir Palm Oil Mill was accredited with Food Safety Management System Standard: ISO 22000:2005.

PROSPECT

Our Group will continue to focus on the investment in the expansion of oil palms area, construction of palm oil mills and oil palm-related businesses. At the same time, the Group is looking for opportunity to venture into other businesses in Sarawak.

Going forward, like many other plantation companies, the Group will be facing very tough operating conditions due mainly to global recession. The challenge for the Group is to further improve its efficiency and productivity through maximizing the use of its existing resources. This is especially so with the present high input costs, among others, fertilizers and chemicals.

APPRECIATION

It is my pleasant duty once again, on behalf of the Board, to extend our sincere gratitude and appreciation to our employees, customers, business associates and shareholders for their continued support and confidence in the Group.

Datuk Ling Chiong Ho
Group Executive Chairman



PERNYATAAN Pengerusi

SARAWAK OIL PALMS BERHAD

Bagi pihak Lembaga Pengarah, saya dengan sukacitanya ingin membentangkan Laporan Tahunan Kumpulan Sarawak Oil Palms Berhad ("Kumpulan") bagi tahun kewangan berakhir 31 Disember 2008.

SOROTAN HASIL

Tahun 2008 merupakan tahun yang penuh dengan peristiwa yang tidak dijangka. Pada awal tahun, harga-harga komoditi mencapai ke paras yang tidak pernah disaksikan sebelum ini. Pada suku akhir tahun 2008 pula, harga-harga komoditi jatuh mendadak. Kejatuhan harga minyak makanan yang setimpai dengan kejatuhan harga petroleum mentah menyebabkan banyak pengusaha-pengusaha industri kelapa sawit terperangkap.

Seluruh dunia kini sedang mengalami salah satu krisis kewangan yang paling teruk. Isu-isu 'sub-prime' dan kesan sampingannya terhadap komoditi dan pasaran tukaran wang asing telah mengakibatkan inflasi global.

Walau bagaimanapun, 2008 merupakan tahun yang sangat baik bagi Kumpulan. Kumpulan mencatatkan rekod pendapatan sebanyak RM683.52 juta berbanding RM439.50 juta tahun sebelumnya dengan peningkatan sebanyak 55.52%.

Seiring dengan peningkatan dalam pendapatan, keuntungan operasi Kumpulan meningkat sebanyak 41.13% daripada RM147.78 juta kepada RM208.56 juta.

Perolehan bersih Kumpulan meningkat sebanyak 29.12% daripada RM109.29 juta kepada RM141.12 juta pada masa yang sama. Perolehan sesaham Kumpulan adalah sebanyak 36.4 sen.

DIVIDEN

Selaras dengan objektif Kumpulan untuk meneruskan pertumbuhan melalui pelaburan semula keuntungannya, Lembaga Pengarah mencadangkan dividen pertama dan terakhir sebanyak 3% ditolak cukai pada 25% sesaham biasa berjumlah RM9,616,692 untuk Tahun Kewangan berakhir 31 Disember 2008.

SOROTAN OPERASI

Bagi tahun kewangan 2008, hasil keluaran "Fresh Fruit Bunches" (FFB) Kumpulan meningkat sebanyak 18.42% kepada 663,509 tan metrik terutamanya disebabkan oleh penambahan 1,805 hektar kelapa sawit yang mulai berbuah serta peningkatan hasil FFB dari kawasan matang muda. Hasil FFB Kumpulan meningkat sebanyak 14.92% kepada 23.11 tan metrik sehektar. Hasil minyak sehektar adalah 4.83 tan metrik. Kilang-kilang Kumpulan telah mengeluarkan sejumlah 226,919 tan metrik CPO yang merupakan peningkatan sebanyak 40.08% berbanding tahun lepas.

Pada tahun 2008, jumlah kawasan yang ditanam dengan kelapa sawit meningkat daripada 37,477 hektar kepada 44,505 hektar merangkumi 29,665 hektar (66.66%) tanaman matang dan 14,840 hektar (33.34%) tanaman belum matang. Keluaran FFB Kumpulan dijangka meningkat pada tahun-tahun akan datang memandangkan tanaman belum matang yang akan mulai berbuah dan tanaman muda mencecah usia matang akan meningkatkan pengeluaran FFB. Kawasan yang luas dipenuhi tanaman kelapa sawit muda dan berkualiti mencerminkan masa depan yang cerah bagi Kumpulan.

Profil usia bagi kelapa sawit setakat Disember 2008

Usia (Tahun)	Kawasan (Ha)	Peratus
Belum matang	14,840	33.34%
Muda (4-10 tahun)	20,671	46.45%
Matang (11-20 tahun)	6,290	14.13%
Tua (21 & ke atas)	2,704	6.08%
Jumlah	44,505	100.00%

Seiring dengan pengeluaran FFB Kumpulan yang dijangka meningkat, Syarikat dijangka memulakan operasi Kilang Minyak Sawit Sepakau baru di Belaga pada bulan Mei 2009 dengan keupayaan pengeluaran sebanyak 60 tan metrik sejam. Selain itu, Syarikat bercadang memulakan pembinaan Kilang Minyak Sawit kelima di Kemena, Bintulu pada akhir tahun 2009, dengan keupayaan pengeluaran sebanyak 60 tan metrik sejam dan dijangka memulakan operasi menjelang tahun 2011.



SOROTAN OPERASI (Sambungan)

Pemerolehan projek NCR ("Native Customary Rights") melalui SOP Pelita Batu Lintang Plantation Sdn Bhd telah menambah 8,000 hektar kepada simpanan tanah Kumpulan. Walau bagaimanapun, projek ini dijangka mencabar memandangkan status tanah tersebut.

TENAGA KERJA

Sejajar dengan rancangan Kumpulan untuk terus memperluas operasi perniagaan, Kumpulan terus mengadakan latihan dan program-program bagi pihak pengurusannya. Kumpulan memberi penekanan dalam meningkatkan taraf kemahiran dan pengetahuan para pekerja melalui program-program latihan dalaman yang teratur di bawah Akademi SOPB yang dibentuk bagi memenuhi keperluan kini dan masa hadapan Kumpulan serta para pekerja. Para pengurus serta eksekutif juga dipilih untuk mengikuti program-program latihan luar.

PEMBANGUNAN KORPORAT TERKINI

Berikut adalah pembangunan korporat yang dijalankan oleh Kumpulan dalam tahun 2008:

- Pada bulan April 2008, usaha terbitan hak sebanyak 46,805,376 saham biasa baru bernilai RM1.00 sesaham pada nilai terbitan RM2.40 setiap terbitan hak berdasarkan tiga saham terbitan hak bagi setiap sepuluh saham Syarikat telah dilaksanakan dan disenaraikan di Bursa Malaysia.
- Pada bulan Ogos 2008, modal saham dibenarkan Syarikat ditambah kepada 5,000,000,000 saham yang bernilai RM1.00 sesaham dengan pewujudan 4,500,000,000 saham baru tambahan, setiap satu teratur pari passu dengan saham Syarikat yang sedia ada.
- Pada bulan Ogos 2008, sejumlah 213,473,187 saham bonus diterbitkan dan disenaraikan di Bursa Malaysia berdasarkan satu saham biasa baru bagi setiap satu saham biasa yang dipegang dalam Syarikat. Saham bonus tersebut dikreditkan sebagai berbayar penuh melalui permodalan rizab premium saham dan akaun keuntungan terkumpul Syarikat. Di samping terbitan saham bonus, sejumlah 1,694,578 waran tambahan juga diterbitkan dan disenaraikan di Bursa Malaysia.
- Pada bulan September 2008, Syarikat menandatangani satu perjanjian kerjasama dengan Pelita Holdings Sdn Bhd bagi membangunkan sebuah kawasan NCR ("Native Customary Rights") kepada ladang kelapa sawit. Kawasan seluas kira-kira 8,000 hektar ini terletak di Sri Aman, Sarawak.
- Pada bulan Disember 2008, Kilang Minyak Sawit Galasah diiktiraf Standard ISO 22000:2005 bagi Sistem Pengurusan Keselamatan Makanan.
- Pada bulan Januari 2009, Kilang Minyak Sawit Lambir diiktiraf Standard ISO 22000:2005 bagi Sistem Pengurusan Keselamatan Makanan.

PROSPEK

Kumpulan kami akan terus memberi tumpuan kepada pelaburan dalam memperkembangkan kawasan kelapa sawit, pembinaan kilang minyak sawit dan kegiatan berkaitan dengan kelapa sawit. Pada masa yang sama, Kumpulan mencari peluang menceburi diri dalam kegiatan perniagaan lain di Sarawak.

Dalam menuju ke hadapan, seperti juga syarikat-syarikat peladangan yang lain, Kumpulan akan menghadapi keadaan operasi yang amat sukar disebabkan terutamanya oleh inflasi global. Cabaran bagi Kumpulan adalah untuk terus memperbaiki kecekapan dan produktiviti melalui penggunaan sumber-sumber yang sedia ada ke tahap yang paling maksimum. Langkah ini amat penting terutamanya dengan kos input kini yang tinggi seperti baja and bahan kimia.

PENGHARGAAN

Sekali lagi bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih dan seikhlas-ikhlas penghargaan kepada para pekerja, para pelanggan, rakan-rakan niaga serta pemilik-pemilik saham atas sokongan dan keyakinan mereka terhadap Kumpulan.

Datuk Ling Chiong Ho

Pengerusi Eksekutif Kumpulan



CORPORATE SOCIAL RESPONSIBILITY

SARAWAK OIL PALMS BERHAD

The Group has always been mindful of its Corporate Responsibility (“CR”) towards the community, environment, its stakeholders and its employees. Its community projects focus mainly on education, and helping the local community to improve the standard of living. In pursuit of these objectives, the Group has undertaken some initiatives to achieve these goals, which will have a long -term impact on the community.

In 2004, the Group signed a Memorandum Of Undertaking with Malaysian Palm Oil Board (“MPOB”) and Pertubuhan Peladang Kawasan Subis (“PPK Subis”) to serve the smallholders surrounding the Group Palm Oil Mills. Working closely with MPOB and PPK Subis, the Group has become one of the main service providers for the smallholders.

The Group has worked hand in hand with MPOB, PPK Subis and AgroBank to establish one stop centre to better serve the smallholders particularly in the areas of improving production yields and quality through effective use of fertilizers and proper agronomic practices and to provide financial assistance where necessary. The Group takes pride in contributing the infrastructure and other facilities of the one stop centre and continue to support concept Kelompok Baja Terkumpul (“KBT”) promoted by MPOB.

In the area of education, the Group through its Scholarship program launched in 2008 made available scholarship for 6 new students per year to enable young deserving Malaysians to further their tertiary education in local universities. The Group is committed to sponsor 30 students within the ensuing 5 years. Besides this, the Group also supports school within the estate including provision of basic facilities and amenities.

The Group is fully committed to sound and good agricultural practices through the implementation of its Group Agricultural Policy. Generally the Group has a sound track record with regards to environment protection. These include proper handling of waste management, by-product utilisation and measures to prevent degradation of soil, air and water.

The other CR is also reported on page 13 of the Annual Report.





The Malaysian Code on Corporate Governance ("the Code") sets out the principles and best practices for adoption in an effort to raise standards of corporate governance in the country. SOPB Board recognizes that the exercise of good corporate governance in all aspects of its business dealings is vital for the Group's continued progress and success. The Board is fully committed to maintain a high standard of corporate governance throughout the Group.

BOARD OF DIRECTORS

The Group is led by an effective Board which sets the policies to enable them to lead and guide the Group to achieve its goals. The Board currently has ten members comprising one Executive Director and nine Non-Executive Directors, three of whom are independent. This has met the Bursa Securities Listing Requirements which requires nearest one third of the Board to be Independent Directors.

Together, the Directors bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, law, business acumen, management and operations.

For the financial year ended 31 December 2008, the Board held four(4) meetings. Directors' profiles and attendance to these meetings can be found in the profiles of Directors on page 8 to 9.

At Board Meetings, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group operations, the role played by the independent Non-Executive Directors is vital to ensure that strategies formulated or transactions proposed by management are amply discussed in unbiased and independent manner, taking into account the interests not only of the Group but also the shareholders, employees, customers, suppliers, environment and community at large.

BOARD COMMITTEE

Audit Committee (SC) (Established in 1992)

The composition and terms of reference of this Committee together with its report are presented on page 22 to 24 of the Annual Report.

Nomination Committee (SC) (Established in 2001)

The Committee, among others, is responsible for recommending the right candidate with the necessary skills, knowledge, expertise and experience including his/her professionalism and integrity to fill in the Board. The Committee is also responsible to systematically assess the effectiveness of the Board, its Committees and the performance of each individual Director annually. The members of the Nomination Committee are as follows:

Fong Tshu Kwong @ Fong Tshun Kwong	- Chairman, Independent Non-Executive Director
DR. Lai Yew Hock	- Independent Non-Executive Director
Tang Tiong Ing	- Non-Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2008, the Committee held one meeting.

Remuneration Committee (SC) (Established in 2003)

The Committee is responsible for recommending the remuneration framework for Directors as well as the remuneration package of Executive Director to the Board for approval. The members of the Remuneration Committee are as follows:

Fong Tshu Kwong @ Fong Tshun Kwong	- Chairman, Independent Non-Executive Director
DR. Lai Yew Hock	- Independent Non-Executive Director
Hasbi Bin Suhaili	- Non-Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2008, the Committee held one meeting.



STATEMENT ON CORPORATE GOVERNANCE (Continued)

SARAWAK OIL PALMS BERHAD

DIRECTORS' REMUNERATION

The Group pays its Non-Executive Directors annual fees, which are approved annually by the shareholders. In addition, its Directors and members to the Board Committee are paid a meeting allowance for each meeting they attended. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Group.

The policy practiced by the Group is to provide remuneration package necessary to attract, retain and motivate Directors. The structure of remuneration package of Executive Director is also linked to corporate and individual performance. Where applicable, the Board also takes into consideration information provided by independent consultants or survey data on comparable companies in determining the remuneration package.

The aggregate and range of the Directors' remuneration for the Group for the financial year ended 31 December 2008 are as follows:

Aggregate of remuneration	Directors	
	Executive RM000	Non-Executive RM000
Fees	43	308
Salaries	720	
Bonus	360	
EPF	130	
Total	1,253	308

Number Of Directors Range of remuneration	Executive	Non- Executive
0 to RM50,000		8
RM50,001 to RM100,000		1
RM1,200,000 - RM1,260,000	1	

There are no contracts of service between any Directors and the Group other than the Group Executive Chairman, Datuk Ling Chiong Ho, whose term is concurrent with the tenure of his directorship.

TERM OF APPOINTMENT

The Articles of Association provide that at least one-third of the Board are subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their appointment or reappointment. A retiring Director is eligible for re-appointment. These provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately. Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965.

SUPPLY OF INFORMATION TO BOARD MEMBERS

Board Meetings are structured with a pre-set agenda. Board papers for the Agenda are circulated to Directors well before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. Quarterly reports on the financial performance of the Group are also circulated to the Directors for their views and comments. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting.

At other times, Directors have direct access to the Senior Management and the service of the Company Secretary. Directors especially newly appointed ones are encouraged to visit the Group's operating centers to familiarize themselves with the various operations of the Group.



SUPPLY OF INFORMATION TO BOARD MEMBERS (Continued)

All the Directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by the Bursa Malaysia Training Sdn Bhd. The directors are also attending the Continuing Education Programme ("CEP") organized by accredited organizations as and when necessary to keep abreast with the latest development that are relevant to the Group.

RELATIONS WITH SHAREOLDERS AND INVESTORS

The Group recognizes the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting (AGM) and analyst meetings. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete a picture of the Group's performance and position as possible.

The key elements of the Group's dialogue with its shareholders is the opportunity to gather view of and answer questions from both private and institutional shareholders on all issues relevant to the Group at the AGM. It has also been the Group's practice to send the Notice of the Annual General Meeting and related papers to shareholders at least fourteen(14) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed and about the Group's operations in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholders with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for the subsequent financial year.

The Group's website, www.sop.com.my is also used as a form to communicate with the shareholders and investors and to provide information on the Group's business activities.

The Group has appointed Mr. Fong Tshu Kwong @ Fong Tshun Kwong as the Independent Non-Executive Director to whom where investors and shareholders may prefer to express their concerns.

At all times, investors and shareholders may contact the Company Secretary for information on the Group.

FINANCIAL REPORTING

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's statement and review of operations in the annual report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

INTERNAL CONTROLS

The Statement on Internal Control is set out on page 20 to 21 of the Annual Report.

RELATIONSHIP WITH THE AUDITORS

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's term of reference as detailed on page 22 to 24 of the Annual Report.

COMPLIANCE WITH THE CODE

The Group has substantially complied with the Principles and Best Practices of the Code.



STATEMENT ON INTERNAL CONTROL

SARAWAK OIL PALMS BERHAD

The Board is pleased to provide statement on pursuant to Paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements.

The External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Internal Control intended to be included in the Annual Report is inconsistent with their understanding of the process the Board of Directors has adopted in the review of the adequacy and integrity of internal control of the Group.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control consists of financial controls, operational and compliance controls and risk management to safeguard shareholders' investments and the Group's assets.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failure, fraud and loss.

KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Risk management Framework

There is in place a formal and on-going process of identifying, evaluating and managing significant risks affecting the achievement of the Group's business objectives in a structured manner. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted on yearly basis with additional reviews to be carried out as and when required.

The Audit Committee has been delegated to oversee the risk management activities and approve appropriate risk management procedures and measurement methodologies across the Group.

The on-going process is monitored by the Risk Management Committee, which consists of Chief Executive Officer (“CEO”) and Heads of Department within the Group and report quarterly to the Audit Committee.

OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The other key components of the Group's internal control system are described below:

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Group Executive Chairman together with CEO leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

Organizational structure with formally defined responsibility lines and delegation of authority

There is in place an organizational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operation performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subjected to appropriate approval processes.



OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM (Continued)

Performance Management framework

Comprehensive management reports are generated on a regular and consistent basis to facilitate the Board to review the Group's financial and operating performance. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group has in place a detailed and well-controlled budgeting process that provides a responsibility accounting framework.

Operational policies and procedures

The documented policies and procedures form an integral control system to safeguard the Group assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.

Group Internal Control

The Internal Audit "IA", which reports quarterly to Audit Committee, handouts regular reviews on the internal control system and the effectiveness of risk management system of the Group.

STRENGTH IN INTERNAL CONTROL

Continuous management efforts are in place to improve the internal control systems. No material losses were incurred during the year due to the weaknesses in the internal control system.





AUDIT COMMITTEE REPORT

SARAWAK OIL PALMS BERHAD

MEMBERS

Fong Tshu Kwong @ Fong Tshun Kwong CA(M) – Chairman
Independent Non - Executive Director

DR. Lai Yew Hock
Independent Non - Executive Director

Tang Tiong Ing CA(M)
Non-Executive Director

SECRETARY

Eric Kiu Kwong Seng

TERM OF REFERENCE

The Audit Committee (“Committee”) was established in 1992 to serve as a Committee of the Board of Directors, with the terms of reference as set out below:

OBJECTIVES

The Committee shall assist the Board of Directors in fulfilling the following objectives on the activities of Sarawak Oil Palms Berhad (the “Company”) and its Subsidiaries (the “Group”)

- Assess the Group’s processes relating to its risks and control environment;
- Oversee financial reporting; and
- Evaluate the internal and external audit processes.

DUTIES AND RESPONSIBILITIES

The Committee shall:

- Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices for the Group.
- Maintain a direct line of communication between the Board and the external and internal auditors.
- Act upon the Board’s request to direct and where appropriate supervise any special projects or investigation considered necessary and review investigation reports on any major issues or concerns with regard to the management of the Group.
- Review and monitor to ensure that an adequate system of risk management for the management to safeguard the Group’s assets and operations.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarizing the work performed in fulfilling the Committee’s primary responsibilities.
- Any other activities, as authorized by the Board.

AUTHORITY

- The Committee is authorized to seek any information it requires from employees, who are required to co-operate with any request made by Committee.
- The Committee shall have full and unlimited access to any information pertaining to the Group as well as direct communication to the internal and external auditors and with senior management of the Group.
- The committee shall have the resources that are required to perform its duties. The committee can obtain at the expense of the Group, outside legal or other independent professional advice it considers necessary.



FINANCIAL PROCEDURES AND FINANCIAL REPORTING

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to the Bursa Securities.

Review the quarterly results and the year end financial statements, prior to the approval by the Board, ensure compliance with appropriate accounting policies, accounting standards and disclosure requirements.

RELATED PARTY TRANSACTION

Monitor any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

EXTERNAL AUDIT

- Review with the external auditors, the audit scope and plan.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review the external audit reports and to evaluate their findings and recommendations for actions to be taken.
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendation to the Board.

INTERNAL AUDIT

- Review and approve the yearly internal audit plan.
- Review the adequacy of the internal audit scope, functions and resources of the internal audit and that it has the necessary authority to carry out its work.
- Review the results of the internal audit and ensure that appropriate action is taken by the management on the recommendations of the internal audits.
- Review the performance of the internal audit to ensure that they are able to exercise independence in discharging their duties.
- Approve any appointment or termination of the senior staff members of the internal audit function.
- Review movement of the internal audit staff members and provide opportunity for resigning staff member to submit reasons for resigning.

MEETINGS

During the financial year ended 31 December 2008, four (4) Committee meetings were held. A record of the attendance to these meetings is as follows:

	No. of Meetings Attended
Fong Tshu Kwong @	
Fong Tshun Kwong, CA(M)	4/4
DR. Lai Yew Hock	4/4
Tang Tiong Ing, CA(M)	4/4

INTERNAL AUDIT FUNCTION

The Group has Internal Audit ("IA") function to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. The IA reports directly to the Committee with independent and objective reports on the state of internal control of the various operating units within the Group. In addition, the IA also conducts investigations and special reviews at the request of management.



AUDIT COMMITTEE REPORT (Continued)

SARAWAK OIL PALMS BERHAD

ACTIVITIES

The IA attends the Committee meeting quarterly to present the internal audit findings and makes appropriate recommendations on areas of concern for the Committee's deliberation.

During the year, the IA carried out a total of twelve (12) audits and reviews covering the Group's operations.

The Committee carried out its duties in accordance with its terms of reference during the year.

The summary of activities of the Committee during the year under review were as follows:

- Reviewed the external auditors' scope of work and audit plans for the year prior to commencement of audit.
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval, focusing particularly on the significant or unusual events and compliance with accounting standards, disclosure and other legal requirements.
- Reviewed the annual report and the audited financial statements of the Group with external auditors prior to submission to the Board for their consideration and approval, including issues and findings noted in the course of the audit of the Group's financial statement.
- Met with the external auditors once during the year without the presence of the Management.
- Considered and recommended to the Board for approval of the audit fees payable to the external auditors as disclosed in Note 7 to the financial statements.
- Reviewed the related party transactions entered into by the Group.
- Reviewed the IA programmes and plan for the financial year under review and the annual assessment of the internal auditors' performance.
- Reviewed the IA reports, which highlighted the audit issues, recommendations and management's response. Appraised the adequacy of actions and remedial measures taken by the management in resolving the audit issues reported and recommended further improvement measures.



KEAHLIAN

Fong Tshu Kwong @ Fong Tshun Kwong CA(M) – Pengerusi
Pengarah Bebas Bukan Eksekutif

DR. Lai Yew Hock
Pengarah Bebas Bukan Eksekutif

Tang Tiong Ing CA(M)
Pengarah Bukan Eksekutif

SETIAUSAHA

Eric Kiu Kwong Seng

TERMA RUJUKAN

Jawatankuasa Audit (“Jawatankuasa”) telah ditubuhkan pada tahun 1992 sebagai sebuah Jawatankuasa Lembaga Pengarah dengan terma rujukan berikut:

OBJEKTIF

Jawatankuasa akan membantu pihak Lembaga Pengarah untuk menepati objektif-objektif berikut yang berkaitan dengan aktiviti-aktiviti Sarawak Oil Palms Berhad (“Syarikat”) dan anak-anak syarikat (“Kumpulan”):

- Menilai proses-proses Kumpulan berkaitan dengan risiko dan situasi kawalan;
- Memerhati laporan kewangan; dan
- Menilai proses-proses auditan dalam dan luar.

TUGAS & TANGGUNGJAWAB

Jawatankuasa haruslah:

- Membantu Lembaga Pengarah untuk mematuhi piawaian perakaunan korporat dan tatacara laporan Kumpulan.
- Menjadi saluran komunikasi di antara Lembaga Pengarah dengan juruaudit luar dan juruaudit dalam.
- Melaksanakan permintaan Lembaga Pengarah untuk menjalankan dan di mana munasabah, menyelia sebarang projek khas atau penyiasatan yang perlu, dan mengkaji semula laporan penyiasatan mengenai sebarang isu atau urusan berkenaan pengurusan Kumpulan.
- Mengkaji semula dan mengawasi bagi memastikan adanya sistem pengurusan risiko yang mencukupi bagi membolehkan pihak pengurusan melindungi aset dan operasi Kumpulan.
- Menyediakan laporan-laporan, sekiranya perlu, atau sekurang-kurangnya sekali (1) setahun, membentangkan kepada Lembaga Pengarah ringkasan tugas-tugas yang telah dijalankan untuk menepati tanggungjawab utama Jawatankuasa.
- Sebarang aktiviti yang lain seperti yang dipertanggungjawabkan oleh Lembaga Pengarah.

HAK-HAK & KEWIBAWAAN

- Jawatankuasa berhak dan berwibawa untuk mendapatkan sebarang maklumat yang diperlukan daripada para pekerja, yang diharuskan pula untuk bekerjasama mematuhi sebarang permintaan yang dibuat oleh jawatankuasa tersebut.
- Jawatankuasa haruslah memiliki hak akses mutlak kepada sebarang maklumat yang berkaitan dengan Kumpulan dan juga saluran-saluran komunikasi yang terus dengan juruaudit dalam dan juruaudit luar serta pihak pengurusan kanan Kumpulan.



LAPORAN JAWATANKUASA AUDIT (Sambungan)

SARAWAK OIL PALMS BERHAD

PROSEDUR KEWANGAN & LAPORAN KEWANGAN

- Jawatankuasa haruslah mempunyai sumber-sumber yang mencukupi untuk menjalankan tugasnya. Di mana perlu, Jawatankuasa boleh mendapatkan khidmat nasihat perundangan atau pihak professional yang bebas, di mana perbelanjaannya dibiayai oleh pihak Kumpulan.

Di mana Jawatankuasa berpendapat bahawa suatu hal berbangkit yang dirujuk untuk perhatian Lembaga Pengarah belum diselesaikan dengan sewajarnya sehingga melanggar syarat-syarat keperluan penyenaian di Bursa Securities, Jawatankuasa haruslah melaporkan perkara berkenaan dengan serta-merta kepada pihak Bursa Securities.

TRANSAKSI DI ANTARA PIHAK YANG BERKAITAN

Mengkaji semula keputusan-keputusan suku tahunan dan penyata perakaunan akhir tahun, sebelum diluluskan oleh Lembaga Pengarah, memastikan pematuhan kepada polisi perakaunan, piawaian perakaunan dan syarat-syarat laporan yang berkenaan.

Mengawasi sebarang transaksi di antara pihak yang berkaitan dan situasi yang bertelingkahan kepentingan yang mungkin timbul dalam Kumpulan, termasuk sebarang transaksi, prosedur atau kegiatan yang menimbulkan kecurigaan terhadap ketelusan pihak pengurusan.

AUDITAN LUAR

- Bersama-sama dengan juruaudit luar, mengkaji semula skop dan pelan audit.
- Mengkaji semula sejauh mana wujudnya kebebasan dan objektiviti juruaudit luar dan perkhidmatan mereka, termasuk perkhidmatan bukan audit dan bayaran profesional mereka untuk mengimbangi objektiviti berbanding nilai bayaran profesional.
- Mengkaji semula laporan audit luar dan menilai laporan serta cadangan-cadangan bagi tindakan yang perlu diambil.
- Mengkaji semula perlantikan dan prestasi juruaudit luar, bayaran audit dan sebarang hal perletakan dan pengguguran jawatan sebelum membuat syor-syor kepada Lembaga Pengarah.

AUDITAN DALAM

- Mengkaji semula dan meluluskan pelan audit dalam tahunan.
- Mengkaji semula sama ada skop, fungsi serta sumber auditan dalam memadai dan ianya mempunyai bidang kuasa yang mencukupi untuk menjalankan tugasnya.
- Menkaji semula hasil audit dalam dan memastikan pihak pengurusan mengambil tindakan yang sesuai ke atas sebarang cadangan juruaudit dalam.
- Mengkaji semula prestasi audit dalam bagi memastikan adanya kebebasan dalam pelaksanaan tugas.
- Meluluskan sebarang perlantikan atau penamatan kakitangan kanan ahli fungsi audit dalaman.
- Mengkaji semula perubahan kakitangan ahli audit dalaman dan memberi peluang kepada kakitangan ahli yang meletakkan jawatan bagi memberi sebab-sebab perletakan jawatan.

MESYUARAT

Pada tahun kewangan yang berakhir 31 Disember 2008, empat mesyuarat Jawatankuasatelah diadakan. Rekod kehadiran di mesyuarat-mesyuarat adalah seperti berikut:

	Bilangan Kehadiran
Fong Tshu Kwong @	
Fong Tshun Kwong, CA(M)	4/4
DR. Lai Yew Hock	4/4
Tang Tiong Ing, CA(M)	4/4



FUNGSI AUDIT DALAMAN

Kumpulan mempunyai fungsi audit dalaman ("AD") untuk meneliti sistem kawalan secara bebas, kerap dan sistematik bagi memastikan bahawa sistem tersebut beroperasi dengan memuaskan dan efektif. AD melaporkan terus kepada Jawatankuasa secara bebas dan objektif mengenai taraf kawalan dalaman yang terdapat pada unit-unit operasi dalam Kumpulan. Selain itu, AD turut menjalankan penyiasatan dan kajian semula khas atas permintaan pihak pengurusan.

AD juga menghadiri mesyuarat Jawatankuasa Audit setiap suku tahunan untuk menyampaikan hasil auditan dan mencadangkan langkah-langkah pemulihan bagi operasi yang memerlukan tindakan lanjutan untuk pertimbangan Jawatankuasa.

Pada tahun ini, AD telah menjalankan dua belas (12) audit dan pengajian semula, merangkumi operasi Kumpulan.

AKTIVITI

Pada tahun 2008, Jawatankuasa telah menjalankan tugas mereka menurut terma-terma rujukan yang dikenalpasti.

Ringkasan aktiviti jawatankuasa bagi tahun 2008 adalah seperti berikut:

- Mengkaji semula skop kerja dan pelan juruaudit luar sebelum proses auditan bermula.
- Mengkaji semula pengumuman keputusan kewangan setiap suku yang belum diaudit sebelum mengesyorkan supaya disahkan oleh Lembaga Pengarah, dengan memberi perhatian khasnya kepada peristiwa penting dan luarbiasa serta pematuhan kepada piawaian perakaunan, syarat-syarat laporan dan peraturan-peraturan yang lain.
- Mengkaji semula Laporan Tahunan dan Penyata Kewangan Kumpulan dengan juruaudit luar sebelum dipertimbangkan dan disahkan oleh Lembaga Pengarah, termasuk isu-isu dan laporan yang dibangkitkan semasa pengauditan penyata kewangan Kumpulan.
- Berjumpa dengan juruaudit luar sekali pada tahun kewangan tersebut tanpa kehadiran pihak pengurusan.
- Mempertimbangkan dan mengesyorkan bayaran audit kepada Lembaga untuk dibayar kepada juruaudit luar seperti yang dinyatakan pada Nota 7 pada Penyata Kewangan.
- Mengkaji semula sebarang transaksi di antara pihak berkaitan di dalam Kumpulan.
- Mengkaji semula program-program dan pelan AD bagi tahun kewangan serta penilaian prestasi tahunan juruaudit dalam.
- Mengkaji semula laporan audit dalaman yang mengemukakan isu-isu audit, cadangan-cadangan dan maklumbalas pihak pengurusan. Menilai sama ada tindakan dan langkah pemulihan yang diambil oleh pihak pengurusan mencukupi untuk menyelesaikan isu-isu audit yang dilaporkan dan mencadangkan langkah-langkah pembetulan selanjutnya.



STATEMENT ON DIRECTORS' RESPONSIBILITY

SARAWAK OIL PALMS BERHAD

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements and the results and cash flow for that year which give true and fair value of the state of affairs of the Company and the Group.

In preparing the financial statements for the year ended 31 December 2008 set out in pages 40 to 89, the Directors have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, followed the applicable approved accounting standards in Malaysia, the provision of the Companies Act 1965 and the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION



SARAWAK OIL PALMS BERHAD

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the following information is provided:

1. NON-AUDIT FEES

The amount of non-audit fees paid in the financial year ended 31 December 2008 to the Group's external auditors is mainly for the tax advisory and accounting services. The breakdown of the fees is as follows:

Name of Auditor	Fees (RM)
Ernst & Young	28,072
KPMG	14,611
	<u>42,683</u>

2. MATERIAL CONTRACTS

There were no material contracts involving the interest of Directors and major shareholders pursuant to paragraph 21, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia entered into by the Group since the end of the previous financial year up to 31 December 2008 except for the followings:

3. Recurrent Related Party Transactions of a Revenue or Trading nature ("RRPT")

The RRPTs entered into by the Group during the financial year ended 31 December 2008 were as follows:

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2008 Actual (RM '000)
1. The Group	Group Purchases of diesel and petrol to oil palm estates of SOPB Group from Shin Yang Services Sdn Bhd ("SY Services")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	13,562
2. The Group	Purchase of lubricant, spare parts and tyres for the tractors and machinery from Shin Yang Trading Sdn Bhd ("SY Trading")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	904
3. The Group	Purchase of gravel from Hollystone Quarry Sdn Bhd ("HQ")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	11,887
4. The Group	Provision of maintenance services and supply of lubricants, spare parts and tyres for the tractors and machinery by Dai Leng Trading Sdn Bhd ("DLT")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	1,099
5. The Company	Purchase of fresh fruit bunches from Greenwood Estate Sdn Bhd ("GWE")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	5,293
6. The Company	Purchase of fresh fruit bunches from Jati Vista Sdn Bhd ("JVS")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	29,701
7. The Group	Land Transportation Services from Melinau Transport Sdn Bhd ("MTSB")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	2,597
8. The Group	Provision of maintenance services and supply of spare parts for the tractors and machinery by Dai Lieng Machinery Sdn Bhd ("DLM")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	1,971
9. The Group	Purchase of tractors and machinery from Dai Lieng Trading Sdn Bhd and Dai Lieng Machinery Sdn Bhd ("DLT")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	9,998
10. The Group	Purchase of sawn timber from Shin Yang Sawmill Sdn Bhd ("SYSM")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	881
11. The Group	Purchase of oil filter for the tractors from Scott & English Trading (Sarawak) Sdn Bhd ("SETSB")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	21
12. The Company	Purchase of fresh fruit bunches from Primaluck (M) Sdn Bhd ("PSB")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	9,864
13. The Company	Purchase of fresh fruit bunches from Shin Yang Forestry Sdn Bhd	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Ling Lu Kuang (3) Tang Tiong Ing (4)	21,739

Note # (1) Datuk Ling Chiong Ho is the Group Executive Chairman of SOPB and is also the shareholder and director of SY Trading, SYFSB, SYSM, SYHSB and HQ. He has substantial direct/indirect interest in GWE, SY Services, JVS, MTSB, LMSB, HQ, SYFSB, SY Trading, SYSM, SYHSB and MBTCSB.

(2) Ling Chiong Sing is the Non-Executive Directors of SOPB and is also the director of SY Services, SY Trading, KHPSB, SYSM, SYHSB. He has substantial direct/indirect in DLT, DLM, GWE, SY Services, JVS, MTSB, KHPSB, LMSB, HQ, SYFSB, SY Trading, SYSM, SYHSB and MBTCSB.

(3) Ling Lu Kuang is the Non-Executive Director of SOPB, who is a deemed person connected to Datuk Ling Chiong Ho and also authorized representative of Shin Yang Group.

(4) Tang Tiong Ing is the Non-Executive Director of SOPB and is authorized representative and also an employee of Shin Yang Group.



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DIRECTORS' REPORT

SARAWAK OIL PALMS BERHAD

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the cultivation of oil palms and the operations of palm oil mills. There have been no significant changes in the nature of the principal activities during the financial year.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	153,886	83,616
Attributable to:		
Equity holders of the Company	140,563	83,616
Minority interests	13,323	-
	<u>153,886</u>	<u>83,616</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividend paid by the Company since 31 December 2007 was as follows:

	RM'000
In respect of the financial year ended 31 December 2007 as reported in the Directors' report of that year	
First and final dividend of 6.0% less 26% tax on 203,659,263 ordinary shares, paid on 22 July 2008	<u>9,042</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 3% less 25% taxation on 427,408,534 ordinary shares, amounting to a dividend payable of RM9,616,692 (2.3 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.



DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Datuk Ling Chiong Ho	
Ling Chiong Sing	
Gerald Rentap Jabu	
Tang Tiong Ing	
Fong Tshu Kwong	
DR. Lai Yew Hock	
Wong Ngie Yong	
Hasbi Bin Suhaili	
Ling Lu Kuang	[Appointed on 27.6.2008]
Kameri bin Affandi	[Appointed on 28.11.2008]

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and warrants over shares in the Company and its related corporations during the financial year were as follows:

	Number of Ordinary Shares of RM1 Each			At 31.12.2008
	At 1.1.2008	Acquired	Sold	
The Company				
Direct interest				
Datuk Ling Chiong Ho	11,111,000	19,882,608	-	30,993,608
Tang Tiong Ing	55,500	119,380	-	174,880
Fong Tshu Kwong	15,000	24,000	-	39,000
DR. Lai Yew Hock	15,000	24,400	-	39,400
Wong Ngie Yong	-	20,000	-	20,000
Deemed interest				
Datuk Ling Chiong Ho	42,442,994	83,851,220	-	126,294,214
Ling Chiong Sing	42,442,994	83,851,220	-	126,294,214



DIRECTORS' REPORT (Continued)

SARAWAK OIL PALMS BERHAD

DIRECTORS' INTERESTS (Continued)

	At 1.1.2008	Number of Warrants Over Ordinary Shares of RM1 Each		At 31.12.2008
		Granted	Exercised/Sold	
Datuk Ling Chiong Ho	1,655,604	-	1,655,604	-
Tang Tiong Ing	2,250	5,190	7,440	-
Fong Tshu Kwong	2,500	-	2,500	-
Deemed interest				
Datuk Ling Chiong Ho	8,495,706	-	8,495,706	-
Ling Chiong Sing	8,495,706	-	8,495,706	-

Each warrant entitles the warrant holder to subscribe for 1 ordinary share in the Company at an exercise price of RM1.00 per share during the exercise period which is due to expire on 19 January 2011. This exercise price has been arrived at after the adjustment made arising from rights issue and bonus issue during the year.

Datuk Ling Chiong Ho and Ling Chiong Sing by virtue of their interest in shares in the Company are also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

EMPLOYEE SHARE OPTIONS SCHEME

The Sarawak Oil Palms Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws approved by the shareholders at an Extraordinary General Meeting held on 15 February 2007. The ESOS was implemented on 12 March 2007 and is to be in force for a period of 10 years from the date of implementation.

The salient features and other terms of the ESOS are disclosed in Note 30 to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of option holders who have been granted options to subscribe for less than 200,000 ordinary shares of RM1.00 each. The names of option holders granted options to subscribe for 200,000 or more ordinary shares of RM1.00 each during the financial year are as follows:

Name	Grant Date	Expiry Date	Exercise	Number of Share Options	
			Price RM	Granted	31.12.2008
Wong Hee Kwong	12.3.2008	11.3.2017	1.25	983,600	983,600
Eric Kiu Kwong Seng	12.3.2008	11.3.2017	1.25	614,800	614,800
Chua Kian Hong	12.3.2008	11.3.2017	1.25	294,800	294,800
Lu Toh Yew	12.3.2008	11.3.2017	1.25	294,800	294,800
Lau Sie Hing	12.3.2008	11.3.2017	1.25	281,400	281,400

The options were granted after adjustment made arising from rights issue and bonus issue during the year, at an exercise price of RM1.25.



OTHER STATUTORY INFORMATION

- a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that no provision for doubtful debts was necessary; and
 - ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- b) At the date of this report, the Directors are not aware of any circumstances which would render:
- i) the amount written off for bad debts inadequate to any substantial extent or it necessary to make any provision for doubtful debts in respect of these financial statements; and
 - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- e) At the date of this report, there does not exist:
- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- f) In the opinion of the Directors:
- i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
 - ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.



DIRECTORS' REPORT (Continued)

SARAWAK OIL PALMS BERHAD

ISSUE OF SHARES

During the financial year, the Company increased its:

- (a) authorised share capital from RM500,000,000 to RM5,000,000,000 through the creation of 4,500,000,000 ordinary shares of RM1 each; and
- (b) issued and paid up ordinary share capital from RM144,153,000 to RM427,408,000 by way of:
 - (i) the issuance of 46,805,000 new ordinary shares of RM1.00 each through a renounceable rights issue at an issue price of RM2.40 each ("Rights Share") on the basis of three Rights Shares for every ten existing ordinary shares of RM1.00 each held, ("Rights Issue").

A total number of 1,559,000 additional warrants have been issued pursuant to the adjustment arising from the above Rights Issue.

The proceeds are to be utilised to part finance the construction of palm oil mills and palm oil development and for additional working capital of the Group.

- (ii) the issuance of 213,473,000 new ordinary shares of RM1.00 each through a bonus issue on the basis of one new share for every one existing share held in the Company, by way of capitalising the retained earnings and share premium of RM114,320,000 and RM99,153,000 respectively, ("Bonus Issue").

A total number of 1,695,000 additional warrants have been issued pursuant to the adjustment arising from the above Bonus Issue.

- (iii) the issuance of 612,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at an average exercise price of RM2.41 per ordinary share.
- (iv) the issuance of 22,365,000 ordinary shares of RM1.00 each for cash pursuant to the exercise of warrants at an average exercise price of RM1.55 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 15 and Note 33 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated .

FONG TSHU KWONG

TANG TIONG ING

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169 (15) OF THE COMPANIES ACT, 1965



SARAWAK OIL PALMS BERHAD

We, **FONG TSHU KWONG** and **TANG TIONG ING**, being two of the Directors of **SARAWAK OIL PALMS BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 11 to 71 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2009.

FONG TSHU KWONG

TANG TIONG ING

STATUTORY DECLARATION
PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965



I, **WONG HEE KWONG**, being the officer primarily responsible for the financial management of **SARAWAK OIL PALMS BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 11 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
above named **WONG HEE KWONG** at
Miri in the State of Sarawak on 28 April 2009

WONG HEE KWONG

Before me,

DR. DOMINIC LAI YEW HOCK
Commissioner For Oath (No. Q047)
Lot 2451, 1st & 2nd Floors,
Boulevard Commercial Centre,
Jalan Miri-Pujut,
98000 Miri, Sarawak



Independent auditors' report to the members of Sarawak Oil Palms Berhad – 7949-M (Incorporated in Malaysia)

SARAWAK OIL PALMS BERHAD

We have audited the financial statements of Sarawak Oil Palms Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 11 to 71.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.



Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Yong Nyet Yun
2708/04/10 (J)
Chartered Accountant

Miri, Malaysia
Date: 28 April 2009



INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

SARAWAK OIL PALMS BERHAD

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	3	683,520	439,482	687,688	434,088
Cost of sales	4	<u>(427,859)</u>	<u>(256,205)</u>	<u>(538,206)</u>	<u>(320,275)</u>
Gross profit		255,661	183,277	149,482	113,813
Other income	5	8,684	3,260	12,937	2,635
Other operating expense		(2,252)	-	(2,197)	-
Excess of the Group's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities over the cost of acquisition of a subsidiary		-	3,591	-	-
Administrative expenses		(3,394)	(3,125)	(1,882)	(1,023)
Selling and marketing expenses		<u>(41,621)</u>	<u>(26,113)</u>	<u>(41,621)</u>	<u>(26,113)</u>
Operating profit		217,078	160,890	116,719	89,312
Finance costs	6	<u>(8,518)</u>	<u>(9,520)</u>	<u>(2,917)</u>	<u>(2,972)</u>
Profit before tax	7	208,560	151,370	113,802	86,340
Income tax expense	10	<u>(54,674)</u>	<u>(34,198)</u>	<u>(30,186)</u>	<u>(16,651)</u>
Profit for the year		<u>153,886</u>	<u>117,172</u>	<u>83,616</u>	<u>69,689</u>
Attributable to:					
Equity holders of the Company		140,563	109,285	83,616	69,689
Minority interests		<u>13,323</u>	<u>7,887</u>	-	-
		<u>153,886</u>	<u>117,172</u>	<u>83,616</u>	<u>69,689</u>
Earnings per share attributable to Equity holders of the Company (sen):					
Basic, for profit for the year	11	<u>36.2</u>	<u>76.4</u>		
Diluted, for profit for the year	11	<u>35.9</u>	<u>67.9</u>		

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2008



SARAWAK OIL PALMS BERHAD

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	681,471	537,130	210,194	181,450
Prepaid land lease payments	14	183,782	186,428	20,932	21,251
Investment in subsidiaries	15	-	-	141,677	127,170
Other investment	16	45	45	-	-
Other receivable	18	-	-	29,000	53,200
Intangible asset	19	1,526	1,526	-	-
		866,824	725,129	401,803	383,071
Current assets					
Inventories	17	66,432	28,963	25,494	16,101
Trade and other receivables	18	47,391	47,228	108,237	85,596
Tax recoverable		3,929	9,109	3,347	9,109
Cash and bank balances	20	279,132	91,917	240,068	62,356
		396,884	177,217	377,146	173,162
TOTAL ASSETS		1,263,708	902,346	778,949	556,233
EQUITY AND LIABILITIES:					
Equity attributable to equity holders of the Company					
Share capital	25	427,408	144,153	427,408	144,153
Share premium	25	382	20,291	382	20,291
Other reserve	26	1,187	642	1,187	642
Retained earnings	27	307,144	289,943	229,906	269,652
		736,121	455,029	658,883	434,738
Minority interests		81,346	68,623	-	-
Total equity		817,467	523,652	658,883	434,738



BALANCE SHEETS

AS AT 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
EQUITY AND LIABILITIES (Continued):					
Non-current liabilities					
Borrowings	21	179,894	155,383	23,102	24,553
Other payables	23	69	69	-	-
Deferred tax liabilities	24	84,409	61,457	25,595	27,116
		<u>264,372</u>	<u>216,909</u>	<u>48,697</u>	<u>51,669</u>
Current liabilities					
Borrowings	21	72,001	70,322	40,463	37,724
Trade and other payables	23	109,159	90,747	30,200	31,396
Current tax payable		709	716	706	706
		<u>181,869</u>	<u>161,785</u>	<u>71,369</u>	<u>69,826</u>
TOTAL LIABILITIES		<u>446,241</u>	<u>378,694</u>	<u>120,066</u>	<u>121,495</u>
TOTAL EQUITY AND LIABILITIES		<u>1,263,708</u>	<u>902,346</u>	<u>778,949</u>	<u>556,233</u>

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008



SARAWAK OIL PALMS BERHAD

	← Attributable to Equity Holders of the Company →						Minority Interests	Total Equity
	Share Capital (Note 25) RM'000	Share Premium (Note 25) RM'000	Other Reserve (Note 26) RM'000	Distributable Retained Earnings RM'000	Total RM'000	RM'000		
At 1 January 2007								
Profit for the year	142,452	18,994	-	185,913	347,359	31,619	378,978	
Dividends	-	-	-	109,285	109,285	7,887	117,172	
Issuance of ordinary shares:				(5,200)	(5,200)	-	(5,200)	
Pursuant to exercise of ESOS	53	101	-	-	154	-	154	
Pursuant to exercise of warrants	1,648	1,104	-	-	2,752	-	2,752	
Share option granted under ESOS:								
Recognised in profit or loss	-	-	734	-	734	-	734	
Exercise of ESOS	-	92	(92)	-	-	-	-	
Dilution arising from issuance of shares by a subsidiary	-	-	-	(55)	(55)	55	-	
Acquisition of a subsidiary	-	-	-	-	-	29,062	29,062	
At 31 December 2007	144,153	20,291	642	289,943	455,029	68,623	523,652	
Profit for the year	-	-	-	140,563	140,563	13,323	153,886	
Dividends	-	-	-	(9,042)	(9,042)	(600)	(9,642)	
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	612	1,056	-	-	1,668	-	1,668	
Pursuant to exercise of warrants	22,365	12,292	-	-	34,657	-	34,657	
Right issue	46,805	65,528	-	-	112,333	-	112,333	
Share option granted under ESOS:								
Recognised in profit or loss	-	-	913	-	913	-	913	
Exercise of ESOS	-	368	(368)	-	-	-	-	
Capitalised for bonus issue	213,473	(99,153)	-	(114,320)	-	-	-	
At 31 December 2008	427,408	382	1,187	307,144	736,121	81,346	817,467	

The accompanying notes form an integral part of the financial statements.



COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

SARAWAK OIL PALMS BERHAD

	Note	Share Capital (Note 25) RM'000	Share Premium (Note 25) RM'000	Distributable Retained Earnings RM'000	Other Reserve (Note 26) RM'000	Total Equity RM'000
At 1 January 2007		142,452	18,994	205,163	-	366,609
Profit for the year		-	-	69,689	-	69,689
Issue of ordinary shares:						
Pursuant to exercise of ESOS		53	101	-	-	154
Pursuant to exercise of warrants		1,648	1,104	-	-	2,752
Dividends	12	-	-	(5,200)	-	(5,200)
Share options granted under ESOS:						
Recognised in profit or loss	8	-	-	-	549	549
Charged to subsidiaries		-	-	-	185	185
Exercise of ESOS		-	92	-	(92)	-
At 31 December 2007		144,153	20,291	269,652	642	434,738
Profit for the year		-	-	83,616	-	83,616
Issue of ordinary shares:						
Pursuant to exercise of ESOS		612	1,056	-	-	1,668
Pursuant to exercise of warrants		22,365	12,292	-	-	34,657
Right issue		46,805	65,528	-	-	112,333
Dividends	12	-	-	(9,042)	-	(9,042)
Capitalised for bonus issue		213,473	(99,153)	(114,320)	-	-
Share options granted under ESOS:						
Recognised in profit or loss	8	-	-	-	642	642
Charged to subsidiaries		-	-	-	271	271
Exercise of ESOS		-	368	-	(368)	-
At 31 December 2008		427,408	382	229,906	1,187	658,883

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008



SARAWAK OIL PALMS BERHAD

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	208,560	151,370	113,802	86,340
Adjustments for:				
Excess of the Group's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities over the cost of acquisition of a subsidiary	-	(3,591)	-	-
Amortisation of prepaid lease land payments	1,579	1,448	319	317
Depreciation and amortisation of property, plant and equipment	37,450	30,564	23,418	18,153
Dividend income	(3)	(1)	(2,396)	-
Share options granted under ESOS	913	734	642	549
Gain on disposal of property, plant and equipment	(126)	(187)	(120)	(152)
Interest income	(7,282)	(1,317)	(8,574)	(1,380)
Interest expense	8,518	9,520	2,917	2,972
Inventories written off	282	-	263	-
Loss on disposal of property, plant and equipment	167	-	-	-
Bad debts written off	141	-	174	-
Provision for doubtful debts	-	21	-	21
Property, plant and equipment written off	2,044	-	2,023	-
Reversal of impairment of investment	-	(16)	-	-
Operating profit before working capital changes	252,243	188,545	132,468	106,820
Increase in inventories	(37,751)	(12,676)	(9,656)	(8,793)
(Increase)/Decrease in receivables	(304)	(32,750)	1,122	(6,330)
Increase/(Decrease) in payables	18,412	26,775	(1,196)	6,671
Net movement in subsidiaries balances	-	-	534	27,437
Cash generated from operations	232,600	169,894	123,272	125,805
Interest paid	(6,447)	(6,097)	-	-
Tax paid	(31,156)	(17,934)	(30,553)	(17,934)
Tax refunded	4,608	167	4,608	167
Net cash from operating activities	199,605	146,030	97,327	108,038



CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend received	2	1	2,396	-
Interest received	7,282	1,317	8,574	1,380
Acquisition of property, plant and equipment	(164,749)	(101,822)	(43,522)	(42,894)
Proceeds from disposal of property, plant and equipment	328	1,464	1,477	1,013
Proceeds from disposal of prepaid land lease	-	-	-	-
Payment	-	908	-	-
Proceeds from disposal of investment	-	20	-	-
Acquisition of a subsidiary (Note 15)	-	(2,966)	-	-
Acquisition of additional shares in investment in subsidiaries	-	-	(14,507)	(25,333)
Net cash used in investing activities	(157,137)	(101,078)	(45,582)	(65,834)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net change in bankers acceptances	-	(2,485)	-	(2,485)
Net change in revolving credits	(7,000)	4,500	(4,000)	(500)
Repayment of term loans	(38,267)	(36,927)	(15,701)	(17,927)
Repayment of hire purchase	(8,739)	(3,736)	(6,031)	(2,404)
Payment from exercise of ESOS	1,668	154	1,668	154
Proceeds from exercise of warrants	34,657	2,752	34,657	2,752
Proceeds from right issue	112,333	-	112,333	-
Proceeds from issuance of shares to minority interest	-	-	-	-
Proceeds from term loans	66,000	40,000	15,000	-
Dividends paid	(9,042)	(5,200)	(9,042)	(5,200)
Dividend paid to minority interest	(600)	-	-	-
Interests paid	(6,263)	(6,194)	(2,917)	(2,976)
Net cash from/(used in) financing activities	144,747	(7,136)	125,967	(28,586)
NET INCREASE IN CASH AND CASH EQUIVALENTS	187,215	37,816	177,712	13,618
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	91,917	54,101	62,356	48,738
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 20)	279,132	91,917	240,068	62,356

The accompanying notes form an integral part of the financial statements.



1. CORPORATE INFORMATION

The principal activities of the Company are the cultivation of oil palms and the operations of palm oil mills. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory as described fully in Note 2.3.

The financial statements of the Group and of the Company have been prepared on historical cost basis.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(a) Subsidiaries and Basis of Consolidation (Continued)

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

(b) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(c) Property, Plant and Equipment and Depreciation (Continued)

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Certain plantation development expenditure and buildings are stated at valuation less accumulated depreciation. As permitted under the transitional provisions of IAS16 (Revised): Property, Plant and Equipment, these assets continued to be stated at valuation less accumulated depreciation.

New planting expenditure incurred on land clearing, upkeep of immature oil palms and interest incurred during the pre-maturity period (pre-cropping costs) is capitalised under planting development expenditure. Upon maturity, all subsequent maintenance expenditure is charged to revenue and the capitalised pre-cropping cost is amortised on a straight line basis over 25 years, the expected useful life of oil palms.

All replanting expenditure is also capitalised in plantation development expenditure and amortised on the above-mentioned basis.

Infrastructure on long term leasehold land is depreciated over the leasehold period. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset over the estimated useful life at the following annual rates:

Buildings	5% - 20%
Furniture and office equipment	10% - 20%
Motor vehicles	20% - 25%
Plant, machinery and field equipment	10% - 25%

Capital Work In Progress

Expenditure incurred on the construction and extension of buildings, and the installation of plant and machinery is capitalised as capital work-in-progress until the buildings and plant are fully completed and operational.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(d) Impairment of Non-financial Assets

The carrying amounts of assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless that asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same assets.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.



2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(e) Inventories

Processed inventories comprising crude palm oil and palm kernel and nursery inventories comprising seedlings remaining in nursery for eventual field planting, are valued at the lower of cost, determined on the weighted average basis, and net realisable value. Cost of processed inventories and nursery inventories includes cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

Store and spares are valued at the lower of cost of purchase, determined on the weighted average cost basis, and net realisable value.

Net realisable value represents the estimated selling price less all estimated costs to completion and estimated costs necessary to make the sale.

(f) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments

Non-current investments other than investment in subsidiaries are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in profit or loss.

(iii) Trade Receivables

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debt based on a review of all outstanding amounts as at the balance sheet date.

(iv) Trade Payables

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

(v) Interest-Bearing Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(g) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases are classified as operating leases, with the following exception:

Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance Leases

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(c).



2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(g) Leases (Continued)

(iii) Operating Leases

Operating lease payments are recognised as an expense on a straightline basis over the term of the relevant lease. Prepaid lease payments include unamortised amount of leasehold land which was revalued in 1991. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents a prepaid lease payment and are amortised on a straight-line basis over the lease term.

(h) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(j) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees, except where they are directly attributable to immature plantation areas, in which case these expenses are capitalised in plantation development expenditure.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

(iii) Share-based Compensation

The Sarawak Oil Palms Berhad Employee Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the employees of the Company and its subsidiaries ("the Group") to acquire ordinary shares of the Company. The total fair value of share options granted to employees of the Company is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on the vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings. The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

(k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Sale of goods

Revenue is recognised upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

At the beginning of the financial year, the Group and the Company adopted the following new and revised FRSs and interpretations mandatory for the current financial year:

FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121:		The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129 ₂₀₀₄ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

The adoption of the abovementioned FRSs and Interpretations did not give rise to any significant effects on the financial statements of the Group and the Company.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Standards Issued but Not Yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS and Interpretations		Effective for financial periods beginning on or after
FRS 4	: Insurance Contracts	1 January 2010
FRS 7	: Financial Instruments: Disclosures	1 January 2010
FRS 8	: Operating Segments	1 July 2009
FRS 139	: Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	: Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The other new FRSs and Interpretations above are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application.

2.5 Changes in Estimates

During the year, there were no material changes in accounting estimates of the Group and the Company.

3. REVENUE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue consists of the following:				
Sale of goods	683,212	439,395	683,211	434,088
Rendering of services	308	87	-	-
Contract revenue	-	-	4,477	-
	<u>683,520</u>	<u>439,482</u>	<u>687,688</u>	<u>434,088</u>

4. COST OF SALES

Cost of inventories sold	427,582	256,170	534,003	320,275
Cost of services rendered	277	35	4,203	-
	<u>427,859</u>	<u>256,205</u>	<u>538,206</u>	<u>320,275</u>

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

5. OTHER INCOME

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Dividend income	3	1	2,396	-
Reversal of impairment of investment	-	16	-	-
Gain on disposal of property, plant and equipment	126	187	120	152
Hiring charges for motor vehicles	410	-	-	-
Interest income	7,282	1,317	8,574	1,380
Rental income	80	52	1,126	48
Miscellaneous	783	1,687	721	1,055
	<u>8,684</u>	<u>3,260</u>	<u>12,937</u>	<u>2,635</u>

6. FINANCE COSTS

Interest expenses on:				
- Bank borrowings	11,535	11,550	2,245	2,632
- Other borrowing	-	167	-	-
- Hire purchase	913	530	672	344
- Interest rate swap	262	-	-	-
	<u>12,710</u>	<u>12,247</u>	<u>2,917</u>	<u>2,976</u>
Less: Amount capitalised in plantation development expenditure (Note 13)	<u>(4,192)</u>	<u>(2,727)</u>	<u>-</u>	<u>(4)</u>
	<u>8,518</u>	<u>9,520</u>	<u>2,917</u>	<u>2,972</u>

7. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

Employee benefits expenses (Note 8)	56,666	45,760	29,352	23,506
Non-executive directors' remuneration (Note 9)	383	333	241	195
Auditors' remuneration				
- Current year	104	94	40	40
- Underprovision	-	5	-	-
Depreciation (Note 13)	37,450	30,564	23,418	18,153
Amortisation of prepaid land lease payments (Note 14)	1,579	1,448	319	317
Loss on disposal of property, plant and equipment	167	-	-	-
Inventories written off	282	-	263	-
Property, plant and equipment written off	2,044	-	2,023	-
Bad debts written off	141	-	174	-
Provision for doubtful debts	-	21	-	21



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

8. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Salaries and wages	64,308	49,373	26,844	21,372
Social security contributions	420	264	237	176
Share options granted under ESOS	913	734	642	549
Contributions to defined contribution plan	3,278	2,262	1,629	1,409
	<u>68,919</u>	<u>52,633</u>	<u>29,352</u>	<u>23,506</u>
Less: Amount capitalised in plantation development expenditure	<u>(12,253)</u>	<u>(6,873)</u>	-	-
	<u>56,666</u>	<u>45,760</u>	<u>29,352</u>	<u>23,506</u>

Included in employee benefits expense of the Group and of the Company are the Executive Director's remuneration amounting to RM1,253,000 (2007: RM815,000) and RM1,241,000 (2007: RM803,000) respectively as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive director's remuneration (Note 8):				
Fees	41	36	29	24
Other emoluments	1,212	779	1,212	779
	<u>1,253</u>	<u>815</u>	<u>1,241</u>	<u>803</u>
Non-executive directors' remuneration (Note 7):				
Fees	365	315	223	177
Other emoluments	18	18	18	18
	<u>383</u>	<u>333</u>	<u>241</u>	<u>195</u>
Total directors' remuneration	<u>1,636</u>	<u>1,148</u>	<u>1,482</u>	<u>998</u>

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

9. DIRECTORS' REMUNERATION (Continued)

The details of remuneration receivable by Directors of the Company during the year are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Executive:				
Salaries	720	462	720	462
Bonus	360	231	360	231
EPF	130	83	130	83
Fees	43	39	31	27
	<u>1,253</u>	<u>815</u>	<u>1,241</u>	<u>803</u>
Non-executive:				
Fees	308	268	241	195
	<u>1,561</u>	<u>1,083</u>	<u>1,482</u>	<u>998</u>

The number of Directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2008	2007
Executive Director:		
RM1,200,001 – RM1,250,000	1	-
RM800,001 – RM850,000	-	1
Non-Executive Directors:		
Below RM50,000	9	8

10. INCOME TAX EXPENSE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Tax expense for the year:				
Current income tax	30,011	13,563	29,986	13,555
Underprovision in prior year	1,711	2,539	1,721	2,539
	<u>31,722</u>	<u>16,102</u>	<u>31,707</u>	<u>16,094</u>
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	26,228	20,962	486	3,484
Relating to change in tax rates	(2,326)	(983)	(1,024)	(1,043)
Overprovision of deferred tax in previous year	(950)	(1,883)	(983)	(1,884)
	<u>22,952</u>	<u>18,096</u>	<u>(1,521)</u>	<u>557</u>
	<u>54,674</u>	<u>34,198</u>	<u>30,186</u>	<u>16,651</u>



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

10. INCOME TAX EXPENSE (Continued)

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%

In excess of RM500,000 of chargeable income : Malaysian corporate statutory tax rate

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2008 RM'000	2007 RM'000
Group		
Profit before taxation	208,560	151,370
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	54,226	40,870
Effect of expenses not deductible for tax purposes	3,198	1,938
Effect of income subject to a lower tax rate	(37)	-
Effect of income not subject to tax	(1,386)	(1,216)
Effect of tax incentives	(86)	(7,174)
Under/(Over) provision of taxation in prior year	1,711	2,539
Overprovision of deferred tax in previous year	(950)	(1,883)
Deferred tax recognised at different tax rates	(1,558)	(1,239)
Effect of changes in tax rates on opening balance of deferred tax	(768)	256
Deferred tax assets not recognised during the year	68	25
Reversal of deferred tax liabilities not recognised in prior year	-	7
Others	256	75
Tax expense for the year	54,674	34,198
Company		
Profit before taxation	113,802	86,340
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	29,589	23,312
Deferred tax recognised at different tax rates	(1,005)	(984)
Effect of changes in tax rates on opening balance of deferred tax	(19)	(59)
Effect of expenses not deductible for tax purposes	1,282	859
Effect of income not subject to tax	(623)	(36)
Effect of tax incentives	(86)	(7,174)
Underprovision of taxation in prior year	1,721	2,539
Overprovision of deferred tax in previous year	(983)	(1,884)
Others	310	78
Tax expense for the year	30,186	16,651

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2008	2007
	RM'000	RM'000
Profit attributable to ordinary equity holders of the company	140,563	109,285
	2008	2007
	'000	'000
Weighted average number of ordinary shares in issue	387,918	143,029
	2008	2007
	Sen	Sen
Basic earnings per share for:		
Profit for the year	36.2	76.4

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of potential ordinary shares, i.e. warrants and share options granted to employees.

	2008	2007
	RM'000	RM'000
Profit attributable to ordinary equity holders of the Company	140,563	109,285
	2008	2007
	'000	'000
Weighted average number of ordinary shares in issue	387,918	143,029
Effects of dilution:		
Warrants	969	16,045
Share options	2,725	1,957
Adjusted weighted average number of ordinary shares in issue and issuable	391,612	161,031
	2008	2007
	Sen	Sen
Diluted earnings per share for:		
Profit for the year	35.9	67.9



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

12. DIVIDENDS

	Dividends In respect of Year			Dividends Recognised in Year	
	2008 RM'000	2007 RM'000	2006 RM'000	2008 RM'000	2007 RM'000
Recognised during the year:					
Final dividend for 2007: 6.0% (2006: 5.0%) less 26% (2006: 27%) tax on 203,659,263 (2006: 142,452,000) ordinary shares	-	-	-	9,042	5,200
Proposed for approval at AGM (not recognised as at 31 December):					
Final dividend for 2008: 3.0% (2007: 6.0%, 2006: 5.0%) less 25% (2007: 26%, 2006: 27%) tax on 427,408,534 (2007: 144,152,810, 2006: 142,452,000) ordinary shares	9,617	6,400	5,200	-	-

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 3% less 25% taxation on 427,408,534 ordinary shares, amounting to a dividend payable of RM9,616,692 [2.3 sen net per share] will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

13. PROPERTY, PLANT AND EQUIPMENT

GROUP	Plantation development expenditure RM'000	Buildings and infra- structure* RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
Cost or valuation						
At 1 January 2008						
At cost	279,414	175,092	5,981	24,628	159,024	644,139
At valuation	45,909	6,878	-	-	-	52,787
	325,323	181,970	5,981	24,628	159,024	696,926
Additions	68,555	37,433	1,280	12,393	25,942	145,603
Disposals	(246)	(37)	(13)	(336)	(532)	(1,164)
Written off	-	(3,490)	(29)	(25)	(18,757)	(22,301)
Reclassification	(2,332)	1,187	-	-	-	(1,145)
Transferred from capital work-in-progress	1,002	13,139	-	-	3,794	17,935
At 31 December 2008	392,302	230,202	7,219	36,660	169,471	835,854
Representing:						
At cost	346,393	223,324	7,219	36,660	169,471	783,067
At valuation - 1991	45,909	6,878	-	-	-	52,787
At 31 December 2008	392,302	230,202	7,219	36,660	169,471	835,854
Accumulated depreciation and impairment						
At 1 January 2008	65,656	38,025	3,263	14,106	58,565	179,615
Depreciation charge for the year	11,265	7,334	545	5,124	16,233	40,501
Disposals	(31)	(37)	(6)	(248)	(473)	(795)
Written off	-	(2,452)	(18)	(20)	(17,767)	(20,257)
Reclassification	-	-	-	(7)	7	-
At 31 December 2008	76,890	42,870	3,784	18,955	56,565	199,064
Net carrying amount						
At 31 December 2008	315,412	187,332	3,435	17,705	112,906	636,790
Capital work-in-progress						
At 1 January 2008						19,819
Add: Additions						41,652
Less: Transferred to property, plant and equipment						(17,935)
Less: Reclassification						1,145
At 31 December 2008						44,681
						<u>681,471</u>



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

GROUP (Continued) Cost or valuation	Plantation development expenditure RM'000	Buildings and infra- structure* RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
At 1 January 2007						
At cost	325,934	51,291	5,258	23,059	117,093	522,635
At valuation	45,909	6,878	-	-	-	52,787
	371,843	58,169	5,258	23,059	117,093	575,422
Acquisition of subsidiary	1,099	119	12	161	536	1,927
Additions	37,770	40,865	874	2,910	42,580	124,999
Disposals	-	(422)	(163)	(1,502)	(1,185)	(3,272)
Reclassification	(85,389)	83,239	-	-	-	(2,150)
At 31 December 2007	325,323	181,970	5,981	24,628	159,024	696,926
Representing:						
At cost	279,414	175,092	5,981	24,628	159,024	644,139
At valuation - 1991	45,909	6,878	-	-	-	52,787
At 31 December 2007	325,323	181,970	5,981	24,628	159,024	696,926
Accumulated depreciation and impairment						
At 1 January 2007	60,866	27,435	2,982	11,365	47,036	149,684
Acquisition of subsidiary	-	7	1	21	18	47
Depreciation charge for the year	10,359	5,369	433	3,900	12,297	32,358
Disposals	-	(355)	(153)	(1,180)	(786)	(2,474)
Reclassification	(5,569)	5,569	-	-	-	-
At 31 December 2007	65,656	38,025	3,263	14,106	58,565	179,615
Net carrying amount						
At 31 December 2007	259,667	143,945	2,718	10,522	100,459	517,311
Capital work-in-progress						
At 1 January 2007						27,318
Acquisition of subsidiary						274
Add: Additions						51,447
Less: Transferred to property, plant and equipment						(60,891)
Less: Disposals						(479)
Less: Reclassification						2,150
At 31 December 2007						19,819
						537,130

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

*Buildings and Infrastructures of the Group

	Buildings RM'000	Infrastructures RM'000	Total RM'000
At 31 December 2008			
Cost			
At 1 January 2008	84,540	97,430	181,970
Additions	850	36,583	37,433
Disposals	(37)	-	(37)
Written off	(3,490)	-	(3,490)
Reclassification	-	1,187	1,187
Transferred from capital work-in-progress	10,789	2,350	13,139
	<u>92,652</u>	<u>137,550</u>	<u>230,202</u>
Accumulated depreciation			
At 1 January 2008	30,874	7,151	38,025
Charge for the year	5,099	2,235	7,334
Disposals	(37)	-	(37)
Written off	(2,452)	-	(2,452)
Reclassification	(1)	1	-
	<u>33,483</u>	<u>9,387</u>	<u>42,870</u>
Net carrying amount			
At 31 December 2008	<u>59,169</u>	<u>128,163</u>	<u>187,332</u>
At 31 December 2007			
Cost			
At 1 January 2007	58,169	-	58,169
Acquisition of subsidiary	55	64	119
Additions	26,738	14,127	40,865
Disposals	(422)	-	(422)
Reclassification	-	83,239	83,239
	<u>84,540</u>	<u>97,430</u>	<u>181,970</u>
Accumulated depreciation			
At 1 January 2007	27,435	-	27,435
Acquisition of subsidiary	6	1	7
Charge for the year	3,788	1,581	5,369
Disposals	(355)	-	(355)
Reclassification	-	5,569	5,569
	<u>30,874</u>	<u>7,151</u>	<u>38,025</u>
Net carrying amount			
At 31 December 2007	<u>53,666</u>	<u>90,279</u>	<u>143,945</u>



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY Cost or valuation	Plantation development expenditure RM'000	Buildings and infra- structure* RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
At 1 January 2008						
At cost	32,752	60,380	4,283	21,634	129,371	248,420
At valuation	45,909	6,878	-	-	-	52,787
	78,661	67,258	4,283	21,634	129,371	301,207
Transfer from CWIP	-	3,098	-	-	3,405	6,503
Additions	44	773	387	10,922	18,558	30,684
Disposals	-	-	(2)	(334)	(1,653)	(1,989)
Written off	-	(3,490)	(29)	(25)	(18,714)	(22,258)
At 31 December 2008	78,705	67,639	4,639	32,197	130,967	314,147
Representing:						
At cost	32,796	60,761	4,639	32,197	130,967	261,360
At valuation - 1991	45,909	6,878	-	-	-	52,787
At 31 December 2008	78,705	67,639	4,639	32,197	130,967	314,147
Accumulated depreciation and impairment						
At 1 January 2008	39,582	24,774	2,699	12,029	46,303	125,387
Charge for the year	3,166	3,123	317	4,647	12,174	23,427
Disposals	-	-	(1)	(118)	(818)	(937)
Written off	-	(2,452)	(18)	(20)	(17,745)	(20,235)
At 31 December 2008	42,748	25,445	2,997	16,538	39,914	127,642
Net carrying amount						
At 31 December 2008	35,957	42,194	1,642	15,659	91,053	186,505
Capital work-in-progress						
At 1 January 2008						5,630
Add: Additions						24,867
Less: Transferred to property, plant and equipment						(6,503)
Less: Disposals						(305)
At 31 December 2008						23,689
						<u>210,194</u>

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

COMPANY (Continued) Cost or valuation	Plantation development expenditure RM'000	Buildings and infra- structure* RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
At 1 January 2007						
At cost	32,705	39,667	3,957	20,324	93,449	190,102
At valuation	45,909	6,878	-	-	-	52,787
Transfer from CWIP	78,614	46,545	3,957	20,324	93,449	242,889
Additions	-	20,904	-	-	32,577	53,481
Disposals	47	14	479	2,422	3,693	6,655
	-	(205)	(153)	(1,112)	(348)	(1,818)
At 31 December 2007	78,661	67,258	4,283	21,634	129,371	301,207
Representing:						
At cost	32,752	60,380	4,283	21,634	129,371	248,420
At valuation - 1991	45,909	6,878	-	-	-	52,787
At 31 December 2007	78,661	67,258	4,283	21,634	129,371	301,207
Accumulated depreciation and impairment						
At 1 January 2007	36,514	22,521	2,572	9,404	37,650	108,661
Charge for the year	3,068	2,393	275	3,573	8,853	18,162
Disposals	-	(140)	(148)	(948)	(200)	(1,436)
At 31 December 2007	39,582	24,774	2,699	12,029	46,303	125,387
Net carrying amount						
At 31 December 2007	39,079	42,484	1,584	9,605	83,068	175,820
Capital work-in-progress						
At 1 January 2007						19,256
Add: Additions						40,334
Less: Transferred to property, plant and equipment						(53,481)
Less: Disposals						(479)
At 31 December 2007						5,630
						<u>181,450</u>



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

i) Current year changes to plantation development expenditure include:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amortisation of prepaid land lease payment	1,067	924	-	-
Depreciation	3,051	1,794	9	9
Loan interest (Note 6)	4,192	2,727	-	4

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Average rate of interest capitalised per annum	5.95	5.42	-	5.36

Depreciation and amortisation charge for the year is allocated as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Income statement (Note 7)	37,450	30,564	23,418	18,153
Plantation development expenditure	3,051	1,794	9	9
	40,501	32,358	23,427	18,162
Amortisation of prepaid and lease payment (Note 14)	2,646	2,372	319	317
	43,147	34,730	23,746	18,479

ii) Certain of the plantation development expenditure and buildings of the Group and the Company were revalued by a firm of professional valuers using the investment method of valuation for planted fields. The valuation, as adjusted and approved by the Capital Issues Committee on 29 April 1991, was incorporated in the financial statements in 1991. Subsequent additions to property, plant and equipment are included at cost.

Had the revalued assets of the Group and the Company been carried at historical cost less accumulated depreciation or amortisation, the carrying amount of the assets concerned that would have been included in the financial statements at the end of the year would be as follows:

	Group/Company	
	2008 RM'000	2007 RM'000
Plantation development expenditure	6,126	7,017

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

iii) As at the year end, the authority has yet to issue the titles to a parcel of land to a subsidiary.

The other subsidiaries are in the process of obtaining the land title for their long term leasehold land.

iv) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM187,255,000 (2007: RM115,555,000) and RM55,551,000 (2007: RM46,989,000) respectively of which RM14,196,000 (2007: RM8,288,000) and RM12,020,000 (2007: RM4,082,000) respectively was acquired by means of hire purchase and finance lease arrangements. Net carrying amounts of property, plant and equipment held under hire purchase are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Plant and machinery	15,709	8,579	10,247	4,259
Motor vehicles	8,260	4,752	7,200	3,528
	23,969	13,331	17,447	7,787

14. PREPAID LAND LEASE PAYMENTS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	186,428	135,488	21,251	21,568
Acquisition of subsidiary	-	54,220	-	-
Disposals	-	(908)	-	-
Amortisation of the year	(2,646)	(2,372)	(319)	(317)
Recognised in income statement	1,579	1,448	319	317
Capitalised in plantation development development expenditure	1,067	924	-	-
At 31 December	183,782	186,428	20,932	21,251

The net carrying amount of leasehold land pledged for borrowings as referred to in Note 21 are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Leasehold land	97,552	38,596	9,466	9,589



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

14. PREPAID LAND LEASE PAYMENTS (Continued)

Certain of leasehold land of the Group and the Company were revalued by a firm of professional valuers using the investment method of valuation for planted fields. The valuation, as adjusted and approved by the Capital Issues Committee on 29 April 1991, was incorporated in the financial statements in 1991. Subsequent additions to property, plant and equipment are included at cost.

Had the revalued assets of the Group and the Company been carried at historical cost less accumulated depreciation or amortisation, the carrying amount of the assets concerned that would have been included in the financial statements at the end of the year would be as follows:

	Group/Company	
	2008 RM'000	2007 RM'000
Leasehold land	6,267	6,349

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares at cost	141,677	127,170

Details of the subsidiaries, all of which are incorporated in Malaysia, and their principal activities are shown as follows:

Name of subsidiaries	Principal activities	Proportion of Ownership Interest	
		2008 %	2007 %
Held by the Company:			
Ebal Plantation Sdn. Bhd.	Inactive	100	100
SOP Karabungan Sdn. Bhd.	Cultivation of oil palms	70	70
SOP Pelita Batu Lintang Plantation Sdn. Bhd. (Formerly known as SOP Pelita Bekenu & Niah Plantation Sdn. Bhd.)	Cultivation of oil palms	50	50
SOP Plantation (Balingian) Sdn. Bhd.*	Cultivation of oil palms	80	80
SOP Plantations (Beluru) Sdn. Bhd.	Cultivation of oil palms	60	60
SOP Plantations (Borneo) Sdn. Bhd.	Cultivation of oil palms	85	85
SOP Plantations (Kemena) Sdn. Bhd.	Cultivation of oil palms	65	65
SOP Plantations (Niah) Sdn. Bhd.*	Cultivation of oil palms	80	80
SOP Plantations (Sarawak) Sdn. Bhd.	Investment holding	100	100
SOP Plantations (Suai) Sdn. Bhd.*	Cultivation of oil palms	85	85
SOP Resources Sdn. Bhd.	Supplies of goods	100	100
SOP System Sdn. Bhd.	Rendering of IT services	100	100

* Audited by a firm of auditors other than Ernst & Young.

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

15. INVESTMENT IN SUBSIDIARIES (Continued)

a) Acquisition of subsidiaries:

On 28 November 2007, the Company acquired 60% equity interest in SOP Plantations (Beluru) Sdn. Bhd.. The Company will subscribe in three stages for a total of 24,000,000 new shares in SOP Plantations (Beluru) Sdn. Bhd. for cash consideration of RM40,000,000 of which RM13,333,333 was paid in 2007.

	2007 RM'000
The cost of acquisition comprised of the following:	
Purchase consideration satisfied by cash	13,333
Purchase consideration payable	26,667
Total cost of acquisition	40,000

The acquisition subsidiaries have contributed the following results to the Group:

	2008 RM'000	2007 RM'000
Revenue	-	-
Loss for the year	-	-

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been RM439,482,000 and RM109,285,000 respectively.

The assets and liabilities arising from the acquisition are as follows:

	← 2007 →		2007		2007
	Fair value recognised on acquisition RM'000		Acquiree's carrying amount RM'000		RM'000
Property, plant and equipment (Note 13)	2,154		2,154		
Prepaid land lease payments (Note 14)	54,220		9,505		
Inventories	2,181		2,181		
Trade and other receivables	26,687		21		
Cash and bank balances	10,367		10,367		
	95,609		24,228		
Hire purchase payables	(207)		(207)		
Trade and other payables	(10,662)		(10,662)		
Deferred tax liabilities (Note 24)	(12,087)		(14)		
Redeemable preference share	-		-		
	(22,956)		(10,883)		
Fair value of net assets	72,653		13,345		
Less: Minority interest	(29,062)				
Group's share of net assets	43,591				
Negative goodwill on acquisition	(3,591)				
Total cost of acquisition	40,000				



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

15. INVESTMENT IN SUBSIDIARIES (Continued)

- a) Acquisition of subsidiaries:

	2008 RM'000	2007 RM'000
The cash outflow on acquisition is as follows:		
Purchase consideration satisfied by cash	-	13,333
Cash and cash equivalents of subsidiary acquired	-	(10,367)
	<hr/>	<hr/>
Net cash outflow of the Group	-	2,966

- b) In 2007, a new subsidiary, SOP System Sdn. Bhd. ("SSSB") was incorporated on 27 June 2007. The issued and paid up capital of SSSB was RM2.
- c) On 30 May 2006, the Company acquired 65% equity interest in SOP Plantations (Kemena) Sdn. Bhd.. The Company will subscribe in three stages for a total of 19,500,000 new shares in SOP Plantations (Kemena) Sdn. Bhd. for cash consideration of RM30,000,000 of which RM10,000,000 each was paid in 2006, 2007 and 2008 respectively.
- d) On 16 September 2008, the Company entered into a joint venture agreement with Pelita Holdings Sdn Bhd ("PHSB") to develop a land area under Native Customary Rights ("NCR") of approximately 8,000 plantable hectares situated at Ulu Undop, NCR Land Development Area, Sri Aman Division, Sarawak into an oil palm plantation. The development of the land will be undertaken by SOP Pelita Batu Lintang Plantation Sdn Bhd ("SPBLPSB") [formerly known as SOP Pelita Bekenu & Niah Plantation Sdn Bhd].

The shareholding composition of SPBLPSB will be 60% by the Company, 10% by PHSB and 30% by NCR land owners held in trust by PHSB.

16. OTHER INVESTMENT

	Group	
	2008 RM'000	2007 RM'000
Shares quoted in Malaysia, at cost	66	66
Less: Accumulated impairment losses	(37)	(37)
Add: Reversal of impairment of investment	16	16
	<hr/>	<hr/>
	45	45
	<hr/>	<hr/>
Market value of quoted shares	34	54

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

17. INVENTORIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost:				
Processed inventories (crude palm oil and palm kernel)	10,584	10,148	10,584	10,149
Stores and spares	46,398	11,313	14,791	5,831
Nursery inventories	9,450	7,481	119	100
Compost plant	-	21	-	21
	66,432	28,963	25,494	16,101

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current:				
Trade receivables				
Trade receivables	11,735	14,416	11,621	14,359
Other receivables				
Sundry receivables	33,971	31,681	3,892	2,331
Amount due from subsidiaries	-	-	91,927	68,261
Deposits	570	310	242	239
Prepayments	1,115	821	555	406
	35,656	32,812	96,616	71,237
	47,391	47,228	108,237	85,596
Non-current:				
Other receivables				
Amount due from subsidiaries	-	-	29,000	53,200
	47,391	47,228	137,237	138,796

Trade receivables

The Group's normal trade credit term is 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

Amounts due from subsidiaries

Included in the amounts due from subsidiaries are RM43,592,000 (2007: RM16,500,000), being advances which bears interest of 4.80% (2007: 4.68% - 4.76%) per annum.

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

18. TRADE AND OTHER RECEIVABLES (Continued)

Sundry receivables

Included in sundry receivables of the Group and the Company are amounts of RM216,000 (2007: Nil) and RM212,000 (2007: Nil) respectively due to companies in which certain Directors have substantial financial interests.

Included in sundry receivables are unsecured amounts of RM43,000 (2007: RM36,000) and RM20,000 (2007: RM23,000) due from staff of the Group and the Company respectively. These amounts bear interest at 7.2% (2007: 7.2%) per annum and are repayable in accordance with agreed repayment schedules.

19. INTANGIBLE ASSET

	Group	
	2008	2007
	RM'000	RM'000
Goodwill		
Cost		
At 1 January and 31 December	1,526	1,526

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	244,752	49,160	221,652	39,560
Cash on hand and at bank	34,380	42,757	18,416	22,796
Cash and bank balances	279,132	91,917	240,068	62,356

The effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2008	2007	2008	2007
	%	%	%	%
Deposits with licensed banks	2.10 - 3.50	2.30 - 3.50	2.40 - 3.50	2.90 - 3.50

The maturities of deposits as at end of the financial year were as follows:

	Group		Company	
	2008	2007	2008	2007
	Days	Days	Days	Days
Deposits with licensed banks	2 - 92	2 - 90	2 - 92	2 - 90

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

21. BORROWINGS

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short Term Borrowings				
Secured:				
Revolving credit	5,000	13,000	-	5,000
Term loans	40,639	37,618	16,514	14,868
Hire purchase and finance lease liabilities (Note 22)	8,770	4,871	6,358	3,023
	<u>54,409</u>	<u>55,489</u>	<u>22,872</u>	<u>22,891</u>
Unsecured:				
Revolving credits	15,000	14,000	15,000	14,000
Term loans	2,592	833	2,591	833
	<u>17,592</u>	<u>14,833</u>	<u>17,591</u>	<u>14,833</u>
	<u>72,001</u>	<u>70,322</u>	<u>40,463</u>	<u>37,724</u>
Long Term Borrowings				
Secured:				
Term loans	160,182	149,638	4,750	21,264
Hire purchase and finance lease liabilities (Note 22)	7,303	5,745	5,943	3,289
	<u>167,485</u>	<u>155,383</u>	<u>10,693</u>	<u>24,553</u>
Unsecured:				
Term loans	12,409	-	12,409	-
	<u>179,894</u>	<u>155,383</u>	<u>23,102</u>	<u>24,553</u>
Total Borrowings				
Revolving credits	20,000	27,000	15,000	19,000
Term loans	215,822	188,089	36,264	36,965
Hire purchase and finance lease liabilities (Note 22)	16,073	10,616	12,301	6,312
	<u>251,895</u>	<u>225,705</u>	<u>63,565</u>	<u>62,277</u>



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

21. BORROWINGS (Continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Maturity of borrowings (excluding hire purchase and finance lease liabilities):				
Within one year	63,231	65,451	34,105	34,701
More than 1 year and less than 2 years	28,608	40,639	8,358	16,514
More than 2 years and less than 5 years	81,483	65,500	8,801	4,750
5 years or more	62,500	43,499	-	-
	<u>235,822</u>	<u>215,089</u>	<u>51,264</u>	<u>55,965</u>

The effective interest rates at the balance sheet date for borrowings were as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Revolving credits	4.95 - 4.76	4.55 - 4.86	4.49 - 4.76	4.68 - 4.76
Term loans:				
- fixed rates	4.95 - 6.75	5.55 - 6.75	4.95 - 5.85	5.80 - 5.85
- floating rates	4.50 - 5.80	4.55 - 4.97	5.01	4.97

The bank borrowings are secured by registered charges over the Company's landed properties as disclosed in Note 14.

22. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Future minimum lease payments				
Not later than 1 year	9,339	5,341	6,847	3,299
Later than 1 year and not later than 2 years	6,027	4,683	4,820	2,785
Later than 2 years and not later than 5 years	1,548	1,273	1,332	618
Total future minimum lease payments	16,914	11,297	12,999	6,702
Less: Future finance charges	(841)	(681)	(698)	(390)
Present value of finance lease liabilities	<u>16,073</u>	<u>10,616</u>	<u>12,301</u>	<u>6,312</u>

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

22. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (Continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Analysis of present value of finance lease liabilities:				
Not later than 1 year	8,770	4,871	6,358	3,023
Later than 1 year and not later than 2 years	5,800	4,493	4,627	2,681
Later than 2 years and not later than 5 years	1,503	1,252	1,316	608
	<u>16,073</u>	<u>10,616</u>	<u>12,301</u>	<u>6,312</u>
Less: Amount due within 12 months (Note 21)	(8,770)	(4,871)	(6,358)	(3,023)
Amount due after 12 months (Note 21)	<u>7,303</u>	<u>5,745</u>	<u>5,943</u>	<u>3,289</u>

The hire purchase bore interest at the balance sheet date of between 4.51% - 6.68% (2007: 5.50% - 6.68%) per annum.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current:				
Trade payables				
Third parties	50,599	21,352	14,384	12,255
Other payables				
Retention sums payable to contractors	1,940	5,346	1,940	5,346
Staff remuneration payable	2,817	1,943	2,817	1,943
Deposits	39	7	8	7
Sundry payable and accruals	53,764	62,078	11,051	11,824
Application account	-	21	-	21
	<u>58,560</u>	<u>69,395</u>	<u>15,816</u>	<u>19,141</u>
	<u>109,159</u>	<u>90,747</u>	<u>30,200</u>	<u>31,396</u>
Non-current:				
Land premium payable	69	69	-	-
	<u>109,228</u>	<u>90,816</u>	<u>30,200</u>	<u>31,396</u>



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

23. TRADE AND OTHER PAYABLES (Continued)

Trade payables

The normal trade credit term granted to the Group ranges from 30 to 60 days.

Included in trade payables of the Group and the Company are amounts of RM14,391,000 (2007: RM4,850,000) and RM4,938,000 (2007: RM836,000) respectively due to companies in which certain Directors have substantial financial interests.

Sundry payables

Included in sundry payables of the Group and the Company are amounts of RM12,000 (2007: RM10,051,000) and RM10,000 (2007: Nil) respectively due to companies in which certain Directors have substantial financial interests.

24. DEFERRED TAX

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At 1 January	61,457	31,274	27,116	26,559
Acquisition of subsidiary (Note 15)	-	12,087	-	-
Recognised in the income statement (Note 10)	22,952	18,096	(1,521)	557
At 31 December	84,409	61,457	25,595	27,116
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	84,409	61,457	25,595	27,116
	84,409	61,457	25,595	27,116

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred Tax Liabilities of the Group:

	Revaluation of Leasehold Land RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 January 2008	26,578	95,400	121,978
Recognised in the income statement	190	15,001	15,191
At 31 December 2008	26,768	110,401	137,169
At 1 January 2007	15,443	85,033	100,476
Acquisition of subsidiary	12,074	327	12,401
Recognised in the income statement	(939)	10,040	9,101
At 31 December 2007	26,578	95,400	121,978

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

24. DEFERRED TAX (Continued)

Deferred Tax Assets of the Group:

	Unabsorbed Losses RM'000	Unabsorbed Capital Allowances and Agriculture Allowances RM'000	Total RM'000
At 1 January 2008	(16,895)	(43,626)	(60,521)
Recognised in the income statement	(276)	8,037	7,761
At 31 December 2008	(17,171)	(35,589)	(52,760)
At 1 January 2007	(16,047)	(53,155)	(69,202)
Acquisition of subsidiary	(242)	(72)	(314)
Recognised in the income statement	(606)	9,601	8,995
At 31 December 2007	(16,895)	(43,626)	(60,521)

Deferred Tax Liabilities of the Company:

	Revaluation of Leasehold Land RM'000	Accelerated Capital Allowances RM'000	Total RM'000
At 1 January 2008	2,481	24,635	27,116
Recognised in the income statement	402	(1,923)	(1,521)
At 31 December 2008	2,883	22,712	25,595
At 1 January 2007	3,208	23,351	26,559
Recognised in the income statement	(727)	1,284	557
At 31 December 2007	2,481	24,635	27,116

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2008 RM'000	2007 RM'000
Unabsorbed tax losses	263	-
Unabsorbed capital allowances	394	-
Unabsorbed agriculture allowance	1,863	-
	2,520	-

The unutilised tax losses, unabsorbed capital allowances and unabsorbed agriculture allowance of the Group are available for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act 1967 and guidelines issued by the tax authority.

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

25. SHARE CAPITAL AND SHARE PREMIUM (Continued)

During the financial year, the Company increased its:

- (a) authorised share capital from RM500,000,000 to RM5,000,000,000 through the creation of 4,500,000,000 ordinary shares of RM1 each; and
- (b) issued and paid up ordinary share capital from RM144,153,000 to RM427,408,000 by way of:
 - (i) the issuance of 46,805,000 new ordinary shares of RM1.00 each through a renounceable rights issue at an issue price of RM2.40 each ("Rights Share") on the basis of three Rights Shares for every ten existing ordinary shares of RM1.00 each held, ("Rights Issue").

A total number of 1,559,000 additional warrants have been issued pursuant to the adjustment arising from the above Rights Issue.

The proceeds are to be utilised to part finance the construction of palm oil mills and palm oil development and for additional working capital of the Group.

- (ii) the issuance of 213,473,000 new ordinary shares of RM1.00 each through a bonus issue on the basis of one new share for every one existing share held in the Company, by way of capitalising the retained earnings and share premium of RM114,320,000 and RM99,153,000 respectively, ("Bonus Issue").

A total number of 1,695,000 additional warrants have been issued pursuant to the adjustment arising from the above Bonus Issue.

- (iii) the issuance of 612,000 ordinary shares of RM1.00 each for cash pursuant to the Company's Employee Share Options Scheme at an average exercise price of RM2.73 per ordinary share.
- (iv) the issuance of 22,365,000 ordinary shares of RM1.00 each for cash pursuant to the exercise of warrants at an average exercise price of RM1.55 per ordinary share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

26. OTHER RESERVE

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Share Option Reserve				
At 1 January	642	-	642	-
Share options granted under ESOS				
Recognised in profit or loss (Note 8)	913	734	642	549
Charged to subsidiaries	-	-	271	185
Transfer to Share Premium arising from exercise of ESOS	(368)	(92)	(368)	(92)
At 31 December	1,187	642	1,187	642

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

27. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the tax exempt account and in the 108 balance to pay franked dividends out of its entire retained earnings.

28. CAPITAL COMMITMENTS

	Group		Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Capital expenditure:				
Approved and contracted for:				
Plantation development expenditure	20,140	29,330	-	29
Property, plant and equipment	41,264	28,090	35,325	23,478
	<u>61,404</u>	<u>57,420</u>	<u>35,325</u>	<u>23,507</u>
Approved but not contracted for:				
Plantation development expenditure	191,478	151,397	19	-
Property, plant and equipment	154,765	81,532	68,825	39,493
	<u>346,243</u>	<u>232,929</u>	<u>68,844</u>	<u>39,493</u>
	<u>407,647</u>	<u>290,349</u>	<u>104,169</u>	<u>63,000</u>

29. RELATED PARTY DISCLOSURES

	Company	
	2008	2007
	RM'000	RM'000
Significant transactions with subsidiaries		
Purchase of fresh fruit bunches from subsidiaries	214,789	144,250
Purchase of timber from a subsidiary	14	-
Purchase of goods from a subsidiary	17,983	-
Sale of seedlings to subsidiaries	(152)	(280)
Sale of compost fertilizer to subsidiaries	(54)	(455)
Sale of bunch ash to subsidiaries	(93)	(10)
Construction revenue from a subsidiary	(4,477)	-
Sale of property, plant and equipment to subsidiaries	(1,222)	(94)
Purchase of property, plant and equipment from subsidiaries	432	36

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

29. RELATED PARTY DISCLOSURES (Continued)

	Company	
	2008 RM'000	2007 RM'000
Significant transactions with subsidiaries (Continued)		
Non-trade transaction:		
Interest recharged to subsidiaries*	(2,156)	(1,262)
Management fees charged to subsidiaries	(200)	(200)
Hiring charges for motor vehicles charged to subsidiaries	(654)	-
IT services charged by a subsidiary	38	-
Admin charges charged by a subsidiary	452	-
Bad debts written off	34	-
Lease rental charged by subsidiary	30	30

* In 2007, interest on the revolving credits of RM16,500,000 obtained by the Company and lent onwards to the subsidiaries was recharged to the latter.

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
a) Transactions with companies owned substantially by Directors, Datuk Ling Chiong Ho and Ling Chiong Sing				
Purchase of spare parts and consumables from:				
Boulevard Hypermarket & Departmental Store Sdn. Bhd.	67	-	-	-
Dai Lieng Machinery Sdn. Bhd.	1,971	563	1,211	300
Dai Lieng Trading Sdn. Bhd.	1,099	51	158	48
Hollystone Quarry Sdn. Bhd.	11,887	6,187	3,060	2,087
Kian Hang Hardware Sdn. Bhd.	97	-	-	-
Kian Hang Plastic Sdn. Bhd.	574	-	-	-
Menawan Wood Sdn. Bhd.	195	-	-	-
Pekerjaan Piasau Konkerit Sdn. Bhd.	7	-	7	-
Piasau Gas Sdn. Bhd.	103	-	-	-
Piasau Hydraulic Hose Sdn. Bhd.	53	30	13	28
Piasau Industries Sdn. Bhd.	411	-	-	-
Scott and English Trading (Sarawak) Sdn. Bhd.	21	22	-	14
Shin Yang Sawmill Sdn. Bhd.	881	661	41	19
Shin Yang Sdn. Bhd.	2	-	2	-
Shin Yang Services Sdn. Bhd.	13,562	6,328	4,514	2,992
Shin Yang Trading Sdn. Bhd.	904	664	14	402



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

29. RELATED PARTY DISCLOSURES (Continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Property, plant and equipment bought from:				
Bay Villa Sdn. Bhd.	509	-	509	-
Boulevard Jaya Sdn. Bhd.	372	-	151	-
Dai Lieng Machinery Sdn. Bhd.	9,858	1,845	9,858	1,870
Dai Lieng Trading Sdn. Bhd.	140	-	140	-
Pekerjaan Piasau Konkerit Sdn. Bhd.	-	5,718	-	5,718
Shin Yang Trading Sdn. Bhd.	47	249	47	72
Interest charged by Shin Yang Holding Sendirian Berhad	-	228	-	-
Purchase of fresh fruit bunches from:				
Green Wood Estate Sdn. Bhd.	5,293	4,091	5,293	4,091
Jati Vista Sdn. Bhd.	29,701	15,744	29,701	15,744
Primaluck (M) Sdn. Bhd.	9,864	2,825	9,864	2,825
Shin Yang Forestry Sdn. Bhd.	21,739	10,142	21,739	10,142
Transportation charges from:				
Melinau Transport Sdn. Bhd.	2,597	760	6	35
Miri Belait Transport Company Sdn. Bhd.	24	20	24	20
Shin Yang Shipping Sdn. Bhd.	18	-	-	-
Rental fee charged from:				
Shin Yang Services Sdn. Bhd.	132	-	-	-
b) Transactions with a company owned substantially by a Director, Wong Ngie Yong				
Purchase of spare parts and consumables from:				
Utama Parts Trading (Sarawak) Sdn. Bhd.	307	236	1	236

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

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

29. RELATED PARTY DISCLOSURES (Continued)

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term employee benefits	3,049	2,943	1,302	1,676
Post-employment benefits:				
Defined contribution plan	365	308	156	174
Share-based payment	349	221	149	89
	<u>3,763</u>	<u>3,472</u>	<u>1,607</u>	<u>1,939</u>

Included in the total key management personnel are:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors' remuneration	<u>1,636</u>	<u>1,148</u>	<u>1,482</u>	<u>998</u>

Members of key management of the Group and the Company who are not directors have been granted the following number of options under the Employee Share Options Scheme ("ESOS"):

	Group and Company	
	2008 RM'000	2007 RM'000
At 1 January	1,843	-
Granted	2,716	1,843
Exercised	(43)	-
Forfeited	-	-
Expired	-	-
At 31 December	<u>4,516</u>	<u>1,843</u>

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 30).

30. EMPLOYEE BENEFITS

Employee Share Options Scheme ("ESOS")

The Sarawak Oil Palms Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at an Extraordinary General Meeting held on 15 February 2007 and was implemented on 12 March 2007. It is to be in force for a period of 10 years from the date of implementation.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

30. EMPLOYEE BENEFITS (Continued)

The salient features of the ESOS are as follows:

- (i) The Option Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1 each in the Company.
- (ii) Subject to the discretion of the Option Committee, any employee who has been employed for at least one year and whose employment has been confirmed is eligible to participate in the ESOS. Directors of the Group are not eligible to participate in the Proposed ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 6.32% of the issued and paid up share capital of the Company during the tenure of the ESOS. The aggregate allocation of options to the senior management of the Group shall not exceed 50% of the total number of shares to be issued under the ESOS. In addition, not more than 10% of the shares available under the ESOS are to be allocated to any eligible employee who, either singly or collectively through persons connected to the eligible employee, holds 20% or more in the issued and paid up share capital of the Company.
- (iv) The option price for each share shall be the higher of (a) at a discount of not more than 10% from the 5-day weighted average market price of the shares of the Company as shown in the daily official list issued by Bursa Securities immediately preceding the date on which the option is granted or (b) the par value of the shares of the Company.
- (v) The options shall be exercisable only by the employee during his lifetime and in employment of the Group and within the option period, subject to a maximum percentage of options exercisable in each year over a period up to 10 years.
- (vi) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the then existing ordinary shares of the Company except that the shares so issued shall not be entitled for any dividends, rights, allotments or other distributions to shareholders the entitlement date of which is prior to the date of allotment of the shares.
- (vii) The options shall not carry any right to vote at a general meeting of the Company.
- (viii) Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by an external valuer using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at granted date and the assumptions are as follows:

	2008	2007
Fair value of share options at the following grant dates (RM):		
12 March 2008	1.76	-
12 March 2007	-	1.23
Weighted average share price (RM)	5.08	3.23
Weighted average exercise price (RM)	1.37	2.91
Expected volatility (%)	126.58	24.98
Expected life (years)	9	10
Risk free rate (%)	3.4	3.7
Expected dividend yield (%)	0	0.8

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

30. EMPLOYEE BENEFITS (Continued)

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	Outstanding	Movements during the year				Outstanding	Exercisable
	1 January	Granted	Exercised	Forfeited	Expired	31 December	31 December
	'000	'000	'000	'000	'000	'000	'000
2008							
2008 options	-	1,276	3	151	-	1,122	151
2007 options	5,182	6,304	609	214	-	10,663	1,653
WAEP	2.91	1.37	2.41	3.48	-	1.38	1.37
2007							
2007 options	-	5,335	(53)	(100)	-	5,182	546
WAEP	-	2.91	2.91	2.91	-	2.91	2.91

(i) Details of share options outstanding at the end of the year:

	WAEP	Exercised Period
	RM	
2008	1.37	12.3.2008 - 11.3.2017
2007	2.91	12.3.2007 - 11.3.2017

(ii) Share options exercised during the year

As disclosed in Note 25, options exercised during the financial year resulted in the issuance of 612,000 ordinary shares at an average price of RM2.41 (2007: RM2.91) each. The related weighted average share price at the date of exercise was RM5.41 (2007: RM5.13).

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.



NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)

SARAWAK OIL PALMS BERHAD

31. FINANCIAL INSTRUMENTS (Continued)

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2008. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits which yield better returns than cash at bank.

(c) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

(d) Credit Risk

Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis through Group management reporting procedures. The Group has exposure to certain individual customers. However, this does not pose significant credit risk to the Group. The Group does not have any other major concentration of credit risk related to any financial instruments.

(e) Fair Values

The carrying amounts of financial assets and financial liabilities of the Company at the balance sheet date approximated their fair values except for the following:

	Note	Carrying Amount RM'000	Fair Value RM'000
At 31 December 2008			
Amounts due from subsidiaries	18	120,927	*
At 31 December 2007			
Amounts due from subsidiaries	18	121,461	*

* It is not practical to estimate the fair value of amounts due from subsidiaries due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs.

NOTES TO FINANCIAL STATEMENT

- 31 DECEMBER 2008 (Continued)



SARAWAK OIL PALMS BERHAD

31. FINANCIAL INSTRUMENTS (Continued)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and Cash Equivalents, Trade and Other Receivables/Payables and Short Term Borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

(ii) Borrowings

The fair value of borrowings is estimated by discounting the expected future cash flow using the current interest rates for liabilities with similar risk profiles. The current interest rates approximate the contractual interest rates.

32. SEGMENT INFORMATION

No segmental analysis is presented as the Group is principally engaged in the oil palm industry in Malaysia.

33. OTHER SIGNIFICANT EVENTS

On 25 May 2007, the Company entered into a conditional share subscription agreement with Kini Sinar Sdn. Bhd. ("KSSB") for the proposed share subscription of 650,000 ordinary shares of RM1 each, representing 65% equity interest in Kini Sinar Sdn. Bhd., for a total cash consideration of RM14,826,500. Presently, KSSB is a wholly-owned subsidiary of Shin Yang Holding Sdn. Bhd. ("SYHSB").

The proposed share subscription is part of the Company's plan in its future expansion into palm oil downstream activities.

The agreement is pending SYHSB fulfilling conditions of the agreement.



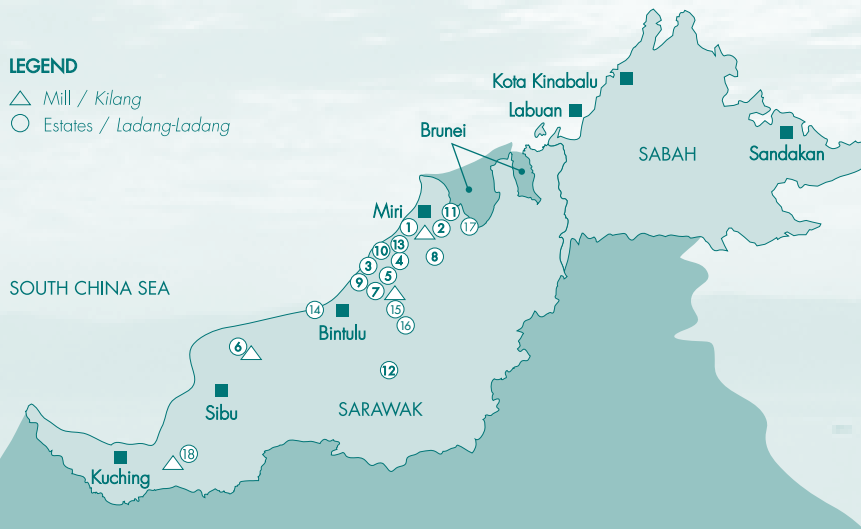
PROPERTIES OF THE GROUP AS AT 31 DECEMBER 2008

SARAWAK OIL PALMS BERHAD

Location of Property Sarawak	Year of Acquired/ Revaluation	Tenure	Year of Expiry	Size Hectares	Description	Net Book Value As At 31 Dec 2008 (RM'000)	Age of Building (Years)
1. Kebuloh Estate, Miri	1971-1972	Leasehold 87 to 97 years	2067	1,841	Oil Palm Estate & Oil Palm Mill	210,048	1 to 38
2. Luak Estate, Miri	1977-1980	Leasehold 87 to 97 years	2067	2,785	Oil Palm Estate		
3. Telabit Estate, Miri	1989	Leasehold 99 years	2085	2,762	Oil Palm Estate		
4. Pinang Estate, Miri	1991	Leasehold 99 years	2090	1,296	Oil Palm Estate		
5. Galasah Estate, Miri	1989	Leasehold 99 years	2084	1,907	Oil Palm Estate + Oil Palm Mill		
6. Balingian Estate 1, Balingian	1977	Leasehold 60 years	2057	1,679	Oil Palm Estate + Oil Palm Mill	50,460	1 to 10
Balingian Estate 2, Balingian	1999	Leasehold 60 years	2059	2,310	Oil Palm Estate		
7. Sengah/Tibus Estate, Miri*	2003-2004	Leasehold 60 years	2063-2064	1,499	Land for Oil Palm Development	45,774	1 to 11
8. Lamaus Estate, Miri*	2003-2004	Leasehold 60 years	2063-2064	3,818	Land under Oil Palm Development		
9. Suai Estate, Miri	2004	Leasehold 60 years	2064	3,337	Land under Oil Palm Development		
10. Niah Estate, Miri	1999	Leasehold 60 years	2059	5,000	Oil Palm Estate	68,027	1 to 10
11. Taniku Estate, Miri	2003	Leasehold 60 years	2058	4,858	Oil Palm Estate	132,397	1 to 11
12. Sepakau Estate, Belaga	2003	Leasehold 60 years	2059	9,030	Land under Oil Palm Development		
13. Karabungan Estate	2005	Leasehold 60 years	2058	2,023	Land under Oil Palm Development	28,048	1 to 4
14. Tatau Estate	2006	Leasehold 99 years	2103	3,840	Land under Oil Palm Development	108,410	1 to 3
15. Sebungan Estate	2006	Leasehold 99 years	2103	1,667	Land under Oil Palm Development		
16. Lavang Estate	2006	Leasehold 99 years	2104	4,880	Land under Oil Palm Development		
17. Tinbarap Estate	2007	Leasehold 99 years	2105	12,910	Land under Oil Palm Development	45,008	1 to 2
18. Batu Lintang, Sri Aman	2008	NCR Native Land 60 years	NA	2,000	Land under Oil Palm Development	3,725	\

LEGEND

- △ Mill / Kilang
- Estates / Ladang-ladang



ANALYSIS OF SHAREHOLDINGS AS AT 12 MAY 2009



SARAWAK OIL PALMS BERHAD

SHARE CAPITAL

Authorised : 500,000,000 Ordinary Shares of RM1.00 each
 Issued and Fully Paid : 427,554,750
 Voting Rights : One Vote Per Share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	No. of Shareholders	No. of Shares	% of Issued Capital
Less than 1,000	767	17.06	222,222	0.05
1,000 – 10,000	2,939	65.38	11,340,296	2.65
10,001 – 100,000	707	15.73	19,882,914	4.65
100,001 to less than 5% of issued shares	78	1.74	117,908,174	27.58
5% and above of issued shares	4	0.09	278,201,144	65.07
Total	4,495	100.00	427,554,750	100.00

Substantial Shareholders

	No. of Shares Held	% of Issued Capital
1. Shin Yang Plantation Sdn Bhd	126,294,214	29.54
2. Pelita Holdings Sdn Bhd	124,591,852	29.14
3. Datuk Ling Chiong Ho	30,993,608	7.25

Directors' Interests In Shares

Size of Holdings	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
In the company				
Datuk Ling Chiong Ho	30,993,608	7.25	126,294,214	29.54
Ling Chiong Sing	-	-	126,294,214	29.54
Tang Tiong Ing	428,800	Negligible	-	-
Fong Tshu Kwong	39,000	Negligible	-	-
DR. Lai Yew Hock	39,000	Negligible	-	-
Wong Ngie Yong	20,000	Negligible	-	-



THIRTY LARGEST SHAREHOLDERS

SARAWAK OIL PALMS BERHAD

No.	Name	No. of Shares	Shares %
1.	Pelita Holdings Sdn. Bhd	124,591,852	29.14
2.	AMMB Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad For Shin Yang Plantation Sdn Bhd	103,064,478	24.11
3.	AMMB Nominees (Tempatan) Sdn Bhd Ambank (M) Berhad For Ling Chiong Ho	27,315,078	6.39
4.	Shin Yang Plantation Sdn Bhd	23,229,736	5.43
5.	Juno Shiping Limited	20,098,450	4.70
6.	Vision Classic Holdings Limited	20,080,016	4.70
7.	HSBC Nominees (Asing) Sdn Bhd Exempt An For HSBC Private Bank (Suisse) S.A. (Spore Tst AC CL)	14,044,400	3.28
8.	Sumisho & Mitsuibussan Kenzai Ltd	9,686,200	2.27
9.	Lembaga Tabung Haji	8,764,200	2.05
10.	HSBC Nominees (Asing) Sdn Bhd HSBC Trustee Sg Ltd For Millionasia Properties Limited	6,878,800	1.61
11.	Pekan Megah Sdn Bhd	5,820,360	1.36
12.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd For Employee Provident Fund	5,508,240	1.29
13.	Ling Chiong Ho	3,678,530	0.86
14.	Wong Ing Yung	3,147,600	0.74
15.	HSBC Nominees (Asing) Sdn Bhd Exempt An For Jpmorgan Bank, National Association	1,966,000	0.46
16.	Universal Trustee (Malaysia) Berhad CIMB - Principal Small Cap Fund 2	1,129,500	0.26
17.	Adinamaju Sdn Bhd	1,024,660	0.24
18.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Yu @ Wong Wing Yu	940,000	0.22
19.	HLG Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Quek Leng Chye	936,000	0.22
20.	Universal Trustee (Malaysia) Sdn Bhd CIMB Islamic Small Cap Fund	677,560	0.16
21.	Tay Ah Kou @ Tay Hwa Lang	600,000	0.14
22.	Ling Chiong Pin	559,500	0.13
23.	Law Kiong Holdings Sdn Bhd	544,000	0.13
24.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd For Tan How Nguang	450,900	0.11
25.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad For Apex Dana Al- Sofi	449,960	0.11
26.	CitiGroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	391,820	0.09
27.	Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Juliana Hutomo	390,000	0.09
28.	Bee San Lim Sdn Bhd	377,400	0.09
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account Fo Ho Ah Siang @ Ho Kim Siang	359,000	0.08
30.	Kho Boon Lian	356,700	0.08

ANALYSIS OF WARRANT HOLDINGS AS AT 12 MAY 2009



SARAWAK OIL PALMS BERHAD

Number of Warrants issued : 2,970,580
 Exercise Price of Warrants : 1.00

DISTRIBUTION OF WARRANT HOLDERS

Size of Warrant Holding	No. of Warrant Holders	No. of Warrant Holders	No. of Warrants	% of Issue Warrants
Less than 1,000	398	48.83	192,396	6.48
1,000 – 10,000	361	44.29	1,064,932	35.85
10,001 – 100,000	53	6.50	1,290,760	43.45
100,001 to less than 5% of issued shares	3	0.37	422,492	14.22
5% and above of issued shares	0	0.00	0	0.00
Total	815	100.00	2,970,580	100.00

Substantial Warrant Holders

	No. of Shares Held	% of Issued Warrants
-	-	-

Directors' Interests In Warrants

Size of Holdings	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares Held	% of Issued Capital
In the company	-	-	-	-



TOP THIRTY WARRANT HOLDERS

SARAWAK OIL PALMS BERHAD

No.	Name	No. of Shares	Shares %
1	Lim Khuan Eng	147,100	4.95
2	HLG Nominee (Asing) Sdn Bhd UOB Kay Hian PTE LTD For Quek Leng Chye	138,240	4.65
3	Kho Boon Lian	137,152	4.62
4	Lembaga Tabung Haji	75,800	2.55
5	CitiGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Poh Chai	69,120	2.33
6	Ong Eng Bin	69,000	2.32
7	Daniel Koh Seng Yong	68,198	2.30
8	Affin Nominees (Asing) Sdn Bhd UOB Kay Hian Pte Ltd for Juliana Hutomo	57,600	1.94
9	CityGroup Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	53,568	1.80
10	Inter - Pacific Equity Nominees (Asing) Sdn Bhd Kim Eng Securities Pte Ltd For Tan How Nguang	46,080	1.55
11	Lee Chin Min	43,776	1.47
12	Ameer Ali Bin Mohamed Yusoff	40,000	1.35
13	Wong Chong Hai	35,140	1.18
14	Liew Kon Mun	32,716	1.10
15	Hing Leong Yian Sdn Berhad	30,758	1.04
16	Ng Sin Teik @ Ng Sin Hean	30,000	1.01
17	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chow Soong Ming	29,964	1.01
18	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Keh Chin Ziung	25,824	0.87
19	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tang Lung Teck	25,344	0.85
20	Tee Sew Peng	25,200	0.85
21	Sia Khiok Hui	23,952	0.81
22	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Poh Thye	23,040	0.78
23	Associated Abrasives Sdn Bhd	22,000	0.74
24	HDM Nominess (Asing) Sdn Bhd UOB Kay Hian Pte Ltd For Lee Kit Fui Jenny	20,736	0.70
25	Yeo Kim Lay	20,160	0.68
26	CIMB Group Nominees (Tempatan) Sdn Bhd Chiat Hin Envelop Manufacturer Sdn Bhd For Lim Chooi Ing	20,000	0.67
27	Mayban Nominees (Tempatan) Sdn Bhd Kuan Kai Heen	19,520	0.66
28	Lim Yoke Chen	19,238	0.65
29	Teo Hong Kok	18,432	0.62
30	Goh Che Wan	18,128	0.61





NOTICE OF ANNUAL GENERAL MEETING

SARAWAK OIL PALMS BERHAD

NOTICE IS HEREBY GIVEN THAT the 41st Annual General Meeting of the Company will be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 25 June 2009 at 10.00 am for the following purposes:

AGENDA

- To receive and adopt the annual accounts for the year ended 31st December 2008 and the Reports of the Directors and Auditors thereon.
- To declare a Final Dividend in respect of the financial year ended 31st December 2008 as recommended by the Directors.
- To approve payment of Directors' fees in respect of the financial year ended 31st December 2008.
- To re-elect the following Directors who retire pursuant to Article 95 and 101 of the Company's Articles of Association and being eligible, offer themselves for re-election.

Datuk Ling Chiong Ho
Ling Lu Kuang
Tang Tiong Ing
Hasbi Bin Suhaili
Kameri Bin Affandi

- To appoint Messrs. Ernst & Young as the auditors of the Company and to authorise the Board of Directors to fix their remuneration.
- As Special Business

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:

Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature

"THAT, subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into Recurrent Related Party transactions of a revenue or trading nature with those Related Parties as stated in Section 2.2 of the Circular to Shareholders dated 3 June 2009, which are necessary for its day-to-day operations subject further to the following:

- a) That the transactions are in the ordinary course of business and are made on an arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those available to the public and not to the detriment of the minority shareholders; and
- b) That disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on information such as the type of the Recurrent Transactions made and the names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the company.
- c) That such approval shall continue to be in force until:
 - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company ;
 - (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 143(1) of the Companies Act, 1965 ("Acts") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
 - (iii) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier;

NOTIS MESYUARAT AGUNG TAHUNAN



SARAWAK OIL PALMS BERHAD

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan yang keempat puluh satu Syarikat akan diadakan di Bilik Mesyuarat, Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak pada 25 Jun 2009, jam 10.00 pagi untuk menjalankan urusan-urusan berikut:

AGENDA

- Menerima dan meluluskan akaun-akaun bagi tahun kewangan berakhir 31 Disember 2008 dan Laporan-laporan Pengarah dan Juruaudit mengenainya.
- Mengisytiharkan pembayaran dividen akhir seperti yang disyorkan oleh Lembaga Pengarah bagi tahun kewangan berakhir 31 Disember 2008.
- Meluluskan fee Pengarah-pengarah bagi tahun kewangan berakhir 31 Disember 2008.
- Melantik semula Pengarah-pengarah berikut yang bersara menurut Artikel 95 dan 101 Tataurusuan Persatuan Syarikat dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:

Datuk Ling Chiong Ho
Ling Lu Kuang
Tang Tiong Ing
Hasbi Bin Suhaili
Kameri Bin Affandi

- Melantik Tetuan Ernst & Young sebagai juruaudit Syarikat dan memberi kuasa kepada Lembaga Pengarah untuk menetapkan ganjaran mereka.
- Sebagai Urusan Khas

Menimbang, dan jika difikirkan wajar, meluluskan resolusi berikut sebagai Resolusi Biasa:

Cadangan Mandat Pemegang Saham untuk Transaksi di Antara Pihak yang Berkaitan yang Kerap Berlaku, sama ada bersifat pendapatan atau perniagaan.

“Bahawa berdasarkan sentiasa kepada Kehendak Penyenaraian Bursa Malaysia Securities Berhad, kelulusan diberikan kepada Syarikat dan/atau anak syarikatnya untuk menjalankan transaksi di antara pihak yang berkaitan bagi sebarang urusiaga yang menghasilkan pendapatan dengan Pihak Berkaitan seperti yang disebutkan pada Surat Pekeliling kepada Pemegang Saham bertarikh 3 Jun 2009, di mana transaksi tersebut adalah perlu bagi operasi hariannya, tertakluk kepada syarat-syarat berikut:

- a) Bahawa transaksi tersebut dijalankan sebagai urusiaga biasa dan dilakukan tanpa bertelingkahan dengan kepentingan sendiri dan pilih kasih sehinggakan memberi lebih faedah kepada Pihak Berkaitan serta tidak memudaratkan kepentingan pemegang saham minoriti;
- b) Bahawa pendedahan dibuat di dalam laporan tahunan Syarikat mengenai penguraian agregat nilai transaksi yang tertakluk kepada Cadangan Mandat Pemegang Saham pada tahun kewangan, yang pula akan berdasarkan kepada maklumat seperti jenis transaksi yang terbabit, nama pihak-pihak berkaitan yang terlibat serta perhubungan pihak yang terbabit dengan Syarikat.
- c) Bahawa kelulusan sedemikian terus berkuatkuasa sehingga:
 - (i) berlangsungnya Mesyuarat Agung Tahunan (“MAT”) Syarikat yang berikutnya;
 - (ii) genapnya satu tempoh selepas satu tarikh di mana MAT Syarikat harus diadakan tidak lewat dari tarikh tersebut menurut Seksyen 143(1) Akta Syarikat, 1965 (“Akta”) tetapi tidak boleh ditunda ke satu tarikh yang melebihi tempoh penundaan yang dibenarkan menurut Seksyen 143(2) Akta tersebut; atau



NOTICE OF ANNUAL GENERAL MEETING (Continued)

SARAWAK OIL PALMS BERHAD

- To transact any other business for which due notice shall be given.

By Order of the Board

Eric Kiu Kwong Seng

Secretary

Miri

3 June 2009

Notes:

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The Form of Proxy must be deposited to either of the following offices not less than forty-eight (48) hours before the time appointed for holding the meeting:
 - (i) The Office of the Share Registrars, Symphony Share Registrars Sdn. Bhd. at Level 26 Menara Multi-Purpose, Capital Square, No.8 Jalan Munshi Abdullah, 50100 Kuala Lumpur.
 - (ii) The Registered office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.
- Explanatory notes on Special Business:

The Ordinary Resolution proposed under item 6, if passed, will authorize the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to the Circular to Shareholders dated 3 June 2009 for more information.



(iii) dibatal atau diubahsuai oleh resolusi yang diluluskan oleh pemegang saham di dalam mesyuarat agung, yang mana lebih awal;

- Menjalankan sebarang urusan biasa lain yang mana notis mencukupi mengenainya telah diberikan.

Dengan Perintah Lembaga Pengarah,

Eric Kiu Kwong Seng

Setiausaha
Miri

3 Jun 2009

Nota-nota:

- Seorang Ahli Syarikat yang berhak untuk menghadiri dan mengundi di mesyuarat berhak juga untuk melantik seorang wakil untuk menghadiri dan mengundi bagi pihak dirinya. Seorang wakil tidak semestinya seorang Ahli Syarikat.
- Untuk ahli korporat pula, dokumen formal yang digunakan oleh wakil hendaklah dimeterai Mohor ahli tersebut atau dilakukan oleh pihak peguam.
- Di mana seorang ahli melantik lebih daripada seorang wakil, perlantikan tersebut dianggap tidak sah kecuali dimaklumkan mengenai pecahan hakmiliknya setiap wakil.
- Borang Perwakilan hendaklah dihantar dan sampai pada mana-mana pejabat yang berikut tidak lewat daripada empat puluh lapan (48) jam sebelum waktu mesyuarat yang telah ditentukan;

(i) Pejabat Pendaftar Saham, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi Purpose, Capital Square, No.8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, Malaysia.

(ii) Pejabat Berdaftar Syarikat di No.124-126, Jalan Bendahara, 98000 Miri, Sarawak.

- Nota Mengenai Perihal Khas:

Resolusi Biasa yang dicadangkan di bawah Perkara 6, jika diluluskan, akan memberi kuasa kepada Syarikat dan/ atau anak-anak syarikatnya untuk menjalankan transaksi yang berulang-ulang di antara pihak yang berkaitan, sama ada bersifat pendapatan ataupun perniagaan. Kuasa ini, jika tidak dimansuhkan atau dipinda oleh Syarikat dalam suatu 6.Mesyuarat Agung, akan tamat tempohnya pada penghujung Mesyuarat Agung Tahunan Syarikat yang berikutnya. Sila rujuk Surat Pekeliling kepada Para Pemegang Saham bertarikh 3 Jun 2009 untuk maklumat selanjutnya.



STATEMENT ACCOMPANYING NOTICE Of The Forty-First Annual General Meeting of Sarawak Oil Palms Berhad

SARAWAK OIL PALMS BERHAD

Directors who are standing for Re-election

Datuk Ling Chiong Ho
Ling Lu Kuang
Tang Tiong Ing
Hasbi Bin Suhaili
Kameri Bin Affandi

Details of Attendance of Directors of Board Meetings

Name of Directors	Date of Appointment	Board Attendance
Datuk Ling Chiong Ho	16/06/1995	3/4
Ling Chiong Sing	1/12/2006	3/4
Ling Lu Kuang	27/06/2008	1/2
Tang Tiong Ing	16/06/1995	4/4
Hasbi Bin Suhaili	26/08/2005	3/4
Kameri Bin Affandi	28/11/2008	1/1
Gerald Rentap Jabu	24/05/2000	2/4
Fong Tshu Kwong	22/03/1996	3/4
DR. Lai Yew Hock	24/02/2000	3/4
Wong Ngie Yong	15/06/2001	4/4

Number of meetings attended (first figure) number of meetings held while in office (second figure)

Details of the Board of Directors' Meeting held

Four Board Meetings were held during the year.

Board Meeting	Time	Place
29 February 2008	10:00 am	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak
28 May 2008	10:00 am	Conference Room of SOPB, No.124-126, Jalan endahara, Miri, Sarawak
12 August 2008	10:00 am	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak
28 November 2008	10:00 am	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak

Details of Directors standing for re-election

DATUK LING CHIONG HO

(57 years of age - Malaysian)

- Group Executive Chairman.
- The founder and Chairman of the diversified Shin Yang Group of Companies involving in reforestation, downstream wood-based processing, domestic & international shipping, ship building, residential & commercial land development, road & bridge construction with asphalt premix, paving block & concrete products manufacturing, oil palm, public transports, hypermarket & hotel business.
- He is deemed substantial shareholder of SOPB and does not have any conflict of interest with SOPB.
- In the past 10 years, he has not been convicted of any offence.

STATEMENT ACCOMPANYING NOTICE

Of The Forty-First Annual General Meeting

of Sarawak Oil Palms Berhad



SARAWAK OIL PALMS BERHAD

LING LU KUANG

(32 years of age – Malaysian)

- Holds a Bachelor of Commerce degree (majored in Management and Operation Management) from University of Auckland.
- Non-Executive Director
- Has approximately 10 years of experience in logging, plywood, shipping, transportation, construction and project fields.
- Currently he is the Executive Director of several companies of Shin Yang Group which has diversified interests including forest management, logging, downstream wood-based processing, oil palm plantation, shipping, shipbuilding, hotel and construction and property development.
- Son of Datuk Ling Chiong Ho who is the Group Executive Chairman of Sarawak Oil Palms Berhad.
- Is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/or shareholdings in these companies.
- In the past 10 years, he has not been convicted of any offence.

TANG TIONG ING

(51 years of age - Malaysian)

- Holds a Bachelor in Accounting with honours and also a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Accountants and Malaysian Institute of Taxation.
- Non-Executive Director
- Joined Shin Yang Group as a Group Accountant to oversee all the financial and accounting functions, corporate taxation, treasury, corporate planning and company secretarial function of the group.
- Has worked in Lau Hoi Chew & Co., a Certified Public Accounting firm and was promoted to head the Miri branch in 1985 till 1990.
- Is an appointed representative of Shin Yang Plantation Sdn. Bhd., a substantial shareholder of Sarawak Oil Palms Berhad.
- To-date, there has not been any conflict of interest with Sarawak Oil Palms Berhad.
- In the past 10 years, he has not been convicted of any offence.

HASBI BIN SUHAILI

(46 years of age - Malaysian)

- Holds a Bachelor of Accountancy and also an Executive Master in Business Administration from MARA University of Technology, Malaysia.
- A Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Accountants.
- Non-Executive Director
- Currently he is the Manager of Investment monitoring and Evaluation Unit at Pelita Holdings Sdn Bhd.
- Has worked as a Manager Finance/HR in a transportation company and as an executive in financial institution for the past 20 years.
- Is an appointed representative of Pelita Holdings Sdn. Bhd., a substantial shareholder of Sarawak Oil Palms Berhad.
- To-date, there has not been any conflict of interest with Sarawak Oil Palms Berhad.
- In the past 10 years, he has not been convicted of any offence.

KAMERI BIN AFFANDI

(49 years of age – Malaysian)

- Holds a Bachelor of Science from the National University of Malaysia and also a Master of Business Administration from Ohio University of the USA.
- Non-Executive Director
- Currently he is the Senior Manager from Agro Business Division of Pelita Holdings Sdn. Bhd.
- He was with the government service and attached to various State Agencies for the past 20 years.
- Is an appointed representative of Pelita Holdings Sdn. Bhd., a substantial shareholder of Sarawak Oil Palms Berhad.
- To-date, there has not been any conflict of interest with Sarawak Oil Palms Berhad.
- In the past 10 years, he has not been convicted of any offence.

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SARAWAK OIL PALMS BERHAD
 (Company No.7949-M)
 (Incorporated in Malaysia)

No. of ordinary shares held

I/We,.....
 of.....
 being a member/members of the above Company, hereby appoint * Chairman of the meeting or

 of.....
 or failing him.....
 of.....
 as *my/our proxy to vote for* me/us and on* my/our behalf at the Forty-First Annual General Meeting of the Company to be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 25 June 2009 at 10.00 am and, at any adjournment thereof. The proxy is to vote on the resolutions set out in the Notice of Annual General Meeting as indicated with an "X" in the appropriate spaces.

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Accounts and Reports of Directors and Auditors.		
2.	Declaration of Final Dividend.		
3.	Approval of Directors' fees.		
4.	Re-election of retiring directors: Datuk Ling Chiong Ho Ling Lu Kuang Tang Tiong Ing Hasbi Bin Suhaili Kameri Bin Affandi		
5.	Appointment of Auditors		
6.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue of trading nature		

(Please indicate with an "X" in the space provided above on how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/her discretion)

Dated this day of 2009

.....
 Signature and/or Common Seal of Shareholders

Notes:

- A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his instead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member appoints more than one (1) proxy, the proportion of his shareholdings to be represented by each proxy must be specified in order for the appointments to be valid. Pursuant to paragraph 7.22 of the Listing Requirements of the Bursa Malaysia Berhad, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy or proxies shall be in writing (in the common and usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an office or attorney duly authorised.
- The instrument appointing a proxy must be deposited at either of the following offices not less than forty-eight (48) hours before the time appointed for the holding of the meeting:
 - The Office at the Share Registrars, Symphony Share Registrars Sdn. Bhd. at Level 26 Menara Multi-Purpose, Capital Square, No.8 Jalan Munshi Abdullah, 50100 Kuala Lumpur.
 - The Registered Office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.

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Stamp

The Company Secretary
SARAWAK OIL PALMS BERHAD
[Company No. 7949-M]

No. 124-126, Jalan Bendahara,
98000 Miri,
Sarawak

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SARAWAK OIL PALMS BERHAD
(7949-M)

No. 124-126, Jalan Bendahara,
98000 Miri, Sarawak