



SARAWAK OIL PALMS BERHAD

(7949-M)



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C hairman's Statement

KENYATAAN PENGERUSI

On behalf of the Board of Directors, I am pleased to present the Annual Report of Sarawak Oil Palms Berhad (SOP) for the Financial Year ended 31 December 1999.

FINANCIAL REVIEWS

The Group recorded a turnover of RM66.6 million for the year under review, an increase of 6.2% over the preceding year's turnover of RM62.7 million. Consolidated profit before taxation showed an increase of 4.9% to RM28.1 million, from RM26.8 million in 1998 resulting mainly from increased production and greater efficiency achieved through higher oil extraction rates. This commendable result was achieved despite the softening of palm oil prices.

Profit after tax attributable to shareholders amounted to RM25.1 million for the period under review as compared to RM15.7 million achieved in 1998. Net earnings per share for the year stood at 26.4 sen.

Saya bagi pihak Lembaga Pengarah dengan sukacitanya membentangkan Laporan Tahunan Sarawak Oil Palms Berhad (SOP) bagi Tahun Kewangan berakhir 31 Disember 1999.

TINJAUAN KEWANGAN

Kumpulan mencatatkan perolehan sebanyak RM66.6 juta bagi tahun yang ditinjau, peningkatan sebanyak 6.2% berbanding dengan perolehan tahun sebelumnya sebanyak RM62.7 juta. Keuntungan sebelum cukai yang disatukan meningkat sebanyak 4.9% kepada RM28.1 juta berbanding RM26.8 juta pada tahun 1998. Ini terutamanya adalah berikutan daripada pertambahan pengeluaran dan kecekapan yang lebih tinggi dicapai melalui kadar perahan minyak yang lebih tinggi. Keputusan yang memberangsangkan ini mampu dicapai walaupun harga minyak sawit lemah.

Keuntungan selepas cukai milik para pemegang saham berjumlah RM25.1 juta pada tempoh yang ditinjau berbanding RM15.7 juta pada tahun 1998. Pendapatan bersih sesaham bagi tahun ini pula berjumlah 26.4 sen.

DIVIDEND

The Board is pleased to recommend a first and final dividend of 5% less tax at 28% per ordinary share in respect of the Financial Year ended 31 December 1999, in line with the Group's objective to sustain growth by substantially reinvesting profits.



FELLING OF OIL PALM TREE FOR REPLANTING

OPERATIONAL REVIEWS

Production of fresh fruit bunches (FFB) from the estates for the year improved by 36.0% to 176,871 metric tonnes compared to 130,040 metric tonnes recorded in 1998. The substantial improvement was due largely to favourable weather condition experienced in 1999 vis-a-vis the adverse climatic conditions in 1998. Total matured area decreased by 2.6% to 8,743 hectares because

DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan pembayaran dividen pertama dan akhir sebanyak 5% ditolak cukai sebanyak 28% sesaham berhubung dengan Tahun Kewangan berakhir 31 Disember 1999. Ini adalah sejajar dengan objektif Kumpulan untuk mengekalkan pertumbuhan dengan melaburkan semula sebahagian besar keuntungan.

TINJAUAN OPERASI

Pengeluaran buah tandan basah (BTB) daripada ladang bagi tahun ini menunjukkan peningkatan sebanyak 36.0% kepada 176,871 tan metrik berbanding 130,040 tan metrik yang dicatatkan pada tahun 1998. Peningkatan ketara ini sebahagian besarnya disebabkan oleh keadaan cuaca menggalakkan yang dialami



PEAT DEVELOPMENT AT BALINGIAN ESTATE, PERIMETER DRAIN

chairman's Statement

KENYATAAN PENERUSI

of the on-going replanting programme of the Group. Average yield per hectare improved by 39.3% to 20.2 tonnes per mature hectare in 1999.

During the same period, the Group's crude palm oil (CPO) mill produced a total of 40,275 tonnes of CPO, an increase of 36.2% over the preceding year. The extraction rates of CPO and Palm Kernel further improved from 22.1% in 1998 to 22.4% in 1999 and from 5.1% to 5.2% respectively due to greater efficiency. The improvement in FFB production and the CPO extraction rate has helped to offset the effect of the softening of palm product prices in 1999.

As reported in last year's Annual Report, land preparation and nursery establishment has commenced in our subsidiary companies, SOP Plantations (Suai) Sdn Bhd, SOP Plantations (Niah) Sdn Bhd and SOP Plantations (Balingian) Sdn Bhd. To date, a total of 1,011 hectares have been planted.

It is the intention of the Board to continue to expand the oil palm plantation size of the Group as part of its expansion programmes.

pada tahun 1999 berbanding keadaan cuaca buruk yang dialami pada tahun 1998. Jumlah kawasan matang susut sebanyak 2.6% kepada 8,743 hektar disebabkan oleh aktiviti penanaman semula yang sedang dijalankan oleh Kumpulan. Hasil purata setiap hektar bertambah sebanyak 39.3% kepada 20.2 tan setiap hektar matang pada tahun 1999.

Sepanjang tempoh yang sama, minyak sawit mentah (CPO) Kumpulan mengeluarkan sejumlah 40,275 tan CPO dan ini merupakan pertambahan sebanyak 36.2% berbanding pada tahun sebelumnya. Kadar perahan CPO meningkat lagi daripada 22.1% pada tahun 1998 kepada 22.4% pada tahun 1999 dan Isirung Sawit pula meningkat daripada 5.1% kepada 5.2% hasil kecekapan yang lebih tinggi. Pengeluaran BTB dan kadar perahan CPO yang bertambah baik ini telah membantu membendung kesan kelemahan harga barangan sawit pada tahun 1999.

Seperti yang dilaporkan dalam Laporan Tahunan pada tahun lepas, penyediaan tanah dan pembinaan tapak semaian kedua-dua syarikat subsidiari kami, SOP Plantations (Suai)

CORPORATE DEVELOPMENT

As reported in the last Annual Report, the Company had entered into conditional agreements with Cagaran Tiara Sdn Bhd (“CT”) to acquire Zedtee Sdn Bhd and its



REPLANTED AREA (SECOND GENERATION) AT LAMBIR ESTATE

subsidiary company Hikmal Chemical Products Sdn Bhd, Zedtee Plywood Sdn Bhd, Forescom Plywood Bhd and its subsidiary company Mazama Sdn Bhd, Shin Yang Laminated Board Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Shipping Sdn Bhd and its subsidiary company Forward Wood Products Sdn Bhd, Piasau Slipways Sdn Bhd, Shinline Sdn Bhd, Tung Yuen Tugboat Sdn Bhd, Piasau Shipping Sdn Bhd, Hollystone Quarry Sdn Bhd and Esteem Pioneer Sdn Bhd and its subsidiary companies,

Sdn Bhd, SOP Plantations (Niah) Sdn Bhd dan SOP Plantations (Balingian) Sdn Bhd telah pun dimulakan. Sehingga kini, sejumlah 1,011 hektar telah pun ditanam.

Lembaga Pengarah berhasrat untuk terus meluaskan saiz ladang kelapa sawit Kumpulan sebagai sebahagian daripada program pengluasannya.

PERKEMBANGAN KORPORAT

Seperti yang dilaporkan dalam Laporan Tahunan yang lepas, Syarikat telah memeterai perjanjian bersyarat dengan Cagaran Tiara Sdn Bhd (“CT”) untuk mengambilalih Zedtee Sdn Bhd dan syarikat subsidiarinya Hikmal Chemical Products Sdn Bhd, Zedtee Plywood Sdn Bhd, Forescom Plywood Bhd dan syarikat subsidiarinya Mazama Sdn Bhd, Shin Yang Laminated Board Sdn Bhd, Shin Yang Plywood Sdn Bhd, Shin Yang Shipping Sdn Bhd dan syarikat subsidiarinya Forward Wood Products Sdn Bhd, Piasau Slipways Sdn Bhd, Shinline Sdn Bhd, Tung Yuen Tugboat Sdn Bhd, Piasau Shipping Sdn Bhd, Hollystone Quarry Sdn Bhd dan Esteem Pioneer Sdn Bhd serta syarikat-syarikat subsidiarinya, Shin Yang

Chairman's Statement

KENYATAAN PENERUSI

Shin Yang Plywood (Btu) Sdn Bhd, Shin Yang Oil Palm Sdn Bhd, Shipyard Services Sdn Bhd and Selangau Plantation Sdn Bhd in seeking an opportunity to expand its core plantation business and diversify into other industry sectors, namely timber, shipping and quarry. The Company had also proposed a scheme of merger under Section 176 of the Companies Act, 1965 to facilitate the proposed acquisitions and rationalisation exercise.

The proposed acquisitions and proposed scheme were not approved at the Court Convened Meeting and Extraordinary General Meeting of the shareholders of SOP held on 24 February 2000. As the approval of the shareholders of SOP was one of the conditions precedent to the proposed acquisitions and proposed scheme and had not been obtained, all the agreements pertaining to the proposed acquisitions and proposed scheme had been mutually rescinded by the parties involved.

Plywood (Btu) Sdn Bhd, Shin Yang Oil Palm Sdn Bhd, Shipyard Services Sdn Bhd dan Selangau Plantations Sdn Bhd bagi merebut peluang untuk meluaskan perniagaan teras perladangannya serta mempelbagai ke dalam beberapa sektor industri lain, seperti pembalakan, perkapalan dan kuari. Syarikat juga telah mencadangkan satu skim pergabungan di bawah Seksyen 176 Akta Syarikat, 1965 untuk memudahkan langkah cadangan pengambilalihan dan rasionalisasi tersebut.

Pengambilalihan dan skim yang dicadangkan itu tidak diluluskan oleh Mesyuarat dan Mesyuarat Agung Luarbiasa para pemegang saham SOP yang diadakan pada 24 Februari 2000. Oleh kerana kelulusan para pemegang saham SOP merupakan salah satu syarat awal cadangan pengambilalihan dan skim berkenaan telah gagal diperolehi, semua perjanjian berhubung dengan cadangan pengambilalihan dan skim cadangan tersebut telah pun dibatalkan mengikut kepentingan bersama oleh pihak-pihak yang terlibat.

HUMAN RESOURCES DEVELOPMENT

SOP Group recognises the importance of continuous upgrade of skill and knowledge of its employees. Throughout the year, training programmes were organised to further improve the efficiency and job knowledge through seminars, courses and various in-house training programmes.



UNLOADING OF FFB INTO RAMP

PROSPECTS

The economic situation in the Asian region has recovered considerably over the past one year and the projected gross domestic product (GDP) growth for the non-Japan Asian region is expected to reach 6.3% in year 2000 and Malaysia is projecting a GDP growth of 5.8% for the same period.

PEMBANGUNAN SUMBER MANUSIA

Kumpulan SOP mengakui tentang kepentingan berterusan untuk mempertingkatkan kemahiran dan pengetahuan kakitangannya secara berterusan. Sepanjang tahun ini, berbagai program latihan telah disusun untuk mempertingkatkan lagi kecekapan dan pengetahuan kerja melalui seminar, kursus dan berbagai program latihan dalaman.

PROSPEK

Keadaan ekonomi di rantau Asia telah pulih dengan ketara sepanjang tempoh tahun lepas dan pertumbuhan keluaran dalam negara kasar (KDNK) bagi rantau Asia bukan Jepun diramal akan mencapai 6.3% pada tahun 2000 dan Malaysia diramal akan mencapai pertumbuhan KDNK sebanyak 5.8% sepanjang tempoh yang sama.



PEAT DEVELOPMENT AT NIAH ESTATE

Chairman's Statement

KENYATAAN PENERUSI

Despite the recovery of economy in the region, oil palm industry is expected to maintain at the present level due to the expected slow down in demand and higher production of CPO resulting from the maturing of new plantation areas in the year 2000.

Having considered the above and barring any unforeseen circumstances, the results of the financial year 2000 are expected to remain satisfactory.

APPRECIATION

On behalf of the Board, I wish to thank my predecessor, YB Tan Sri Datuk Amar Haji Hamid Bugo for his invaluable contribution and leadership to the Group during his tenure of office. The Board has retained YB Tan Sri Datuk Amar Haji Hamid Bugo as the Advisor to the Group. In addition, I would also like to thank Datuk Wan Ali Tuanku Yubi, who did not seek re-election at the last Annual General Meeting and Datuk Ambrose Foo

Walaupun ekonomi rantau ini telah pulih, industri minyak sawit dijangka akan mengekalkan parasnya yang sedia ada berikutan jangkaan kelembapan permintaan dan pengeluaran CPO yang lebih tinggi daripada kawasan perladangan baru matang pada tahun 2000.

Berdasarkan faktor di atas dan jika tiada sebarang keadaan di luar jangkaan, keputusan tahun kewangan 2000 dijangka akan kekal memuaskan.

PENGHARGAAN

Saya bagi pihak Lembaga Pengarah, ingin mengucapkan terima kasih kepada YB Tan Sri Datuk Amar Haji Hamid Bugo di atas sumbangan dan kepimpinan beliau yang tidak ternilai kepada Kumpulan sepanjang tempoh perkhidmatan beliau. Lembaga Pengarah telah mengekalkan YB Tan Sri Datuk Amar Haji Hamid Bugo sebagai Penasihat kepada Kumpulan. Di samping itu, saya juga ingin mengucapkan terima kasih kepada Datuk Wan

Nyuk Kian who does not wish to seek re-election at the forthcoming Annual General Meeting, for their past contributions as Directors of the Company. It is with pleasure that I also welcome Mr Lai Yew Hock to the Board of SOP.

On behalf of the Board, I extend our sincere gratitude to the Management and staff for their support, dedication and commitment towards the continued success of the Group. I would also like to convey our thanks and appreciation to our customers, business associates, shareholders and the relevant authorities for their continued support and confidence in the Group.

Ali Tuanku Yubi yang tidak menawarkan diri untuk dipilih semula pada Mesyuarat Agung Tahunan yang lepas dan Datuk Ambrose Foo Nyuk Kian yang tidak menawarkan diri untuk dipilih semula pada Mesyuarat Agung Tahunan ini, di atas sumbangan mereka sebagai Pengarah Syarikat. Saya juga dengan sukacitanya ingin mengalu-alukan Encik Lai Yew Hock ke dalam Lembaga Pengarah SOP.

Saya bagi pihak Lembaga Pengarah ingin mengucapkan setinggi penghargaan kepada Pengurusan dan kakitangan yang telah memberi sokongan, dedikasi dan komitmen terhadap kejayaan berterusan Kumpulan. Saya juga ingin menyampaikan ucapan terima kasih dan setinggi-tinggi penghargaan kepada para pelanggan, rakan-rakan dalam perniagaan, pemegang saham dan pihak-pihak berkuasa berkaitan yang telah memberi sokongan dan keyakinan berterusan kepada Kumpulan.

LING CHIONG HO

Chairman / *Pengerusi*

Kuching, Sarawak

10 April 2000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Second Annual General Meeting of the Company will be held at the Ballroom 3 (Lobby Floor), Kuching Hilton International, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on 24th May 2000 at 10.30 am for the following purposes:-

AGENDA

1. To receive and adopt the annual accounts for the year ended 31st December 1999 and the Reports of the Directors and Auditors thereon.
2. To declare a Final Dividend in respect of the financial year ended 31st December 1999 as recommended by the Directors.
3. To approve payment of Directors' fees in respect of the financial year ended 31st December 1999.
4. To re-elect Directors, Tuan Haji Bujang Mohidin Bin Haji Jol and Lai Yew Hock who retire pursuant to Article 80 and 86 respectively of the Company's Articles of Association and being eligible, offer themselves for re-election.
5. To re-appoint Messrs. KPMG as auditors of the Company and to authorise the Board of Directors to fix their remuneration.
6. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board

Eric Kiu Kwong Seng
Secretary

Kuching
9 May 2000

Notes:-

1. 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.
2. 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.
3. 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.
4. The Form of Proxy must be deposited at either of the following offices not less than forty eight (48) hours before the time appointed for holding the meeting:
 - (a) The Office of the Share Registrars, Signet & Co Sdn. Bhd at 11 th Floor - Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.
 - (b) The Registered office of the Company at 6th Floor, Bangunan Yayasan Sarawak, Jalan Barrack, 93000 Kuching, Sarawak.

NOTIS MESYUARAT AGUNG TAHUNAN

DENGAN INI DIMAKLUMKAN BAHAWA Mesyuarat Agung Tahunan Syarikat ke Tiga Puluh Dua akan diadakan di Ballroom 3 (Tingkat Lobi) Kuching Hilton International, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak pada 24hb Mei, 2000 pada pukul 10.30 pagi untuk menguruskan perkara-perkara berikut:-

AGENDA

1. Menerima dan mengesahkan akaun tabunan untuk tahun berakhir 31hb Disember 1999 dan seterusnya Laporan Pengarah dan Juruaudit.
2. Mengumumkan Dividen Akhir untuk tahun kewangan berakhir 31hb Disember 1999 seperti yang dicadangkan oleh para Pengarah.
3. Meluluskan bayaran yuran Pengarah untuk tahun kewangan berakhir 31hb Disember 1999.
4. Untuk melantik semula para Pengarah: Tuan Haji Bujang Mohidin Bin Haji Jol yang bersara selaras dengan Artikel 80 dan Lai Yew Hock yang bersara selaras dengan Artikel 86, Artikel Pertubuhan Syarikat, dan kerana layak mereka telah menawarkan diri untuk dipilih semula.
5. Untuk melantik semula Tetuan KPMG sebagai juruaudit Syarikat dan memberi kuasa kepada Lembaga Pengarah untuk menetapkan bayaran mereka.
6. Untuk mengendalikan sebarang urusan biasa pada Mesyuarat Agung Tahunan, yang mana notis mengenainya telah diberi selaras dengan Akta Syarikat, 1965 dan Artikel Pertubuhan Syarikat.

Dengan Perintah Lembaga Pengarah

Eric Kiu Kwong Seng

Setiausaha

Kuching

9 Mei 2000

Nota-nota:-

1. Seseorang ahli yang berhak hadir dan mengundi di mesyuarat ini juga berhak melantik satu wakil proksi untuk hadir dan mengundi bagi pihaknya. Wakil proksi tidak semestinya ahli Syarikat.
2. Jika pelantik adalah sebuah perbadanan, suratcara perlantikan hendaklah dibuat di bawah Meterai Biasanya atau ditandatangani oleh peguamnya.
3. Jika ahli melantik dua atau lebih wakil proksi, perlantikan adalah tidak sah kecuali beliau menyatakan pembahagian pegangannya yang diwakili oleh setiap proksi.
4. Borang Proksi hendaklah diserahkan di pejabat-pejabat berikut tidak lewat daripada 48 jam sebelum Mesyuarat dijadualkan bermula:-
 - (a) Pejabat Pendaftar Saham, Signet & Co. Sdn. Bhd. di Tingkat 11 - Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.
 - (b) Pejabat berdaftar Syarikat di Tingkat 6, Bangunan Yayasan Sarawak, Jalan Barrack, 93000 Kuching, Sarawak.

**BOARD OF DIRECTORS /
LEMBAGA PENGARAH****Chairman / Pengerusi**

- Mr. Ling Chiong Ho
(Appointed as Chairman on 1 October 1999 /
Dilantik sebagai Pengerusi pada 1 Oktober 1999)
- Tan Sri Datuk Amar Haji Hamid Bugo
(Resigned as Chairman and Director on 30 September 1999 /
*Meletak jawatan sebagai Pengerusi dan Pengarah pada
30 September 1999*)

Directors / Pengarah-Pengarah

- Datuk Ambrose Foo Nyuk Kian
- Dr. Abdillah Bin Aton
- Tuan Haji Bujang Mohidin Bin Haji Jol
- Mr. Ling Chiong Sing
- Mr. Tang Tiong Ing
- Mr. Fong Tshu Kwong @ Fong Tshun Kwong
- Mr. Lai Yew Hock
(Appointed on 24 February 2000 /
Dilantik pada 24 Februari 2000)
- Datuk Wan Ali Tuanku Yubi
(Retired on 19 May 1999 /
Bersara pada 19 Mei 1999)

ADVISOR / PENASIHAT

- Tan Sri Datuk Amar Haji Hamid Bugo
(Appointed on 1 October 1999 /
Dilantik pada 1 Oktober 1999)

**AUDIT COMMITTEE /
JAWATANKUASA AUDIT**

- Datuk Ambrose Foo Nyuk Kian
(Chairman, Independent Non-Executive Director /
Pengerusi, Pengarah Bukan Eksekutif Bebas)
- Mr. Fong Tshu Kwong @ Fong Tshun Kwong
(Independent Non-Executive Director /
Pengarah Bukan Eksekutif Bebas)
- Mr. Tang Tiong Ing

**CHIEF EXECUTIVE /
KETUA EKSEKUTIF**

- Mr. Wong Hee Kwong

SECRETARY / SETIAUSAHA

- Mr. Eric Kiu Kwong Seng

**REGISTERED OFFICE /
PEJABAT BERDAFTAR**

6th Floor, Bangunan Yayasan Sarawak
Jalan Barrack, 93000 Kuching
Sarawak
Tel : (082) 232 363

**SHARE REGISTRARS /
PENDAFTAR SAHAM**

Signet & Co. Sdn. Bhd.
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (03) 242 1341

**PRINCIPAL BANKERS /
BANK-BANK UTAMA**

Arab-Malaysian Merchant Bank Berhad
Lot 29 & 30, 1st Floor
Jalan Chan Chin Ann
93762 Kuching
Sarawak

HSBC Bank Malaysia Berhad
Bangunan Binamas
Jalan Padungan
93100 Kuching
Sarawak

Bumiputra-Commerce Bank Berhad
6 Jalan Tun Perak
50050 Kuala Lumpur

AUDITORS / JURUAUDIT

KPMG
Level 6, Westmoore House
Twin Tower Centre
Rock Road
93200 Kuching

LISTING / SENARAI

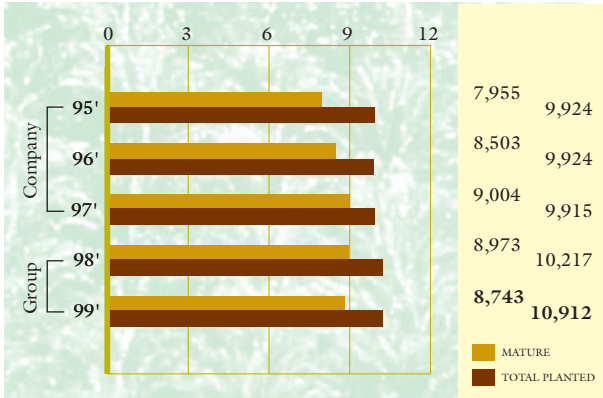
The Kuala Lumpur Stock Exchange /
Bursa Saham Kuala Lumpur



Five Year Company Statistical Highlights

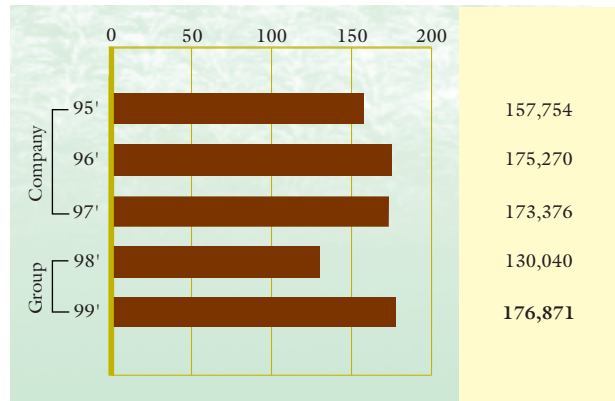
AREA PLANTED

(Hectares)



FRESH FRUIT BUNCHES HARVESTED

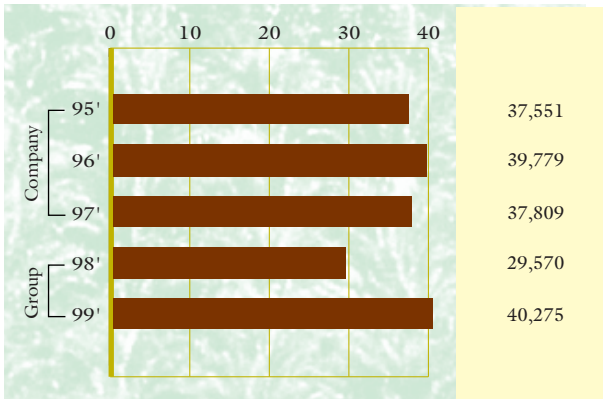
(Metric Tonnes)



CRUDE PALM OIL PRODUCED

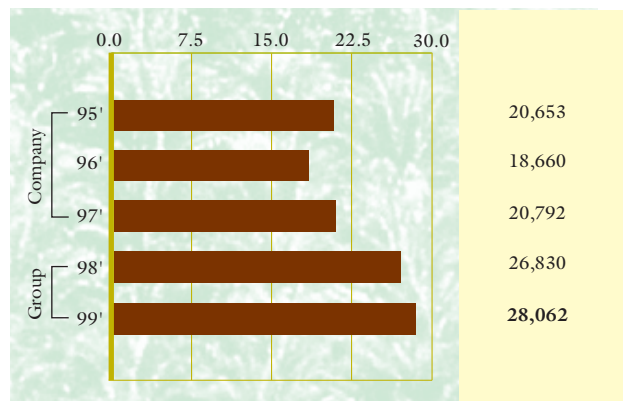
(Including Outgrowers)

(Metric Tonnes)



PROFIT BEFORE TAXATION

(RM'000)



TERMS OF REFERENCE

Policy

It is the policy of Sarawak Oil Palms Berhad to establish an Audit Committee to ensure that internal and external audit functions are properly conducted, and that audit recommendations are being carried out effectively.

Objectives

The objectives of this policy are:-

- (a) to comply with Section 15A and 344A of the Kuala Lumpur Stock Exchange Listing Manual
- (b) to assist the Board in the effective discharge of its responsibilities for corporate governance and control.

Members of Audit Committee

The Audit Committee shall be appointed by the Directors and shall comprise of not less than 3 members. The members of the Audit Committee shall elect a Chairman from among themselves who is not an executive director or employee of the Company or any related corporation.

Functions of the Audit Committee

The functions of the Audit Committee shall be:

- (a) to review -
 - (i) with the auditors, the audit plan;
 - (ii) with the auditors, their evaluation of the system of internal accounting controls;
 - (iii) with the auditors, their audit report;
 - (iv) the assistance given by the Company's officers to the auditors;

- (v) the scope and results of the internal audit procedures; and
 - (vi) the balance sheet and profit and loss account of the Company submitted to it by the Company, and thereafter to submit them to the directors of the Company;
 - (vii) any related party transactions that may arise within the Company;
- (b) to nominate a person or persons as auditors; and
 - (c) such other functions as may be agreed to by the Audit Committee and the Board of Directors.

Quorum

Two members shall constitute a quorum.

Meetings

The Audit Committee shall meet not less than twice a year to be determined by its Chairman.

Authority

The Committee is authorised by the Board to:

- (a) investigate any activity within the scope of the Committee's duties;
- (b) obtain any information it requires from any employee(s);
- (c) obtain outside legal or independent professional advice; and
- (d) make recommendations for the improvements of operating performance and management control arising from internal and external audit recommendations.

BIDANG TUGAS

Dasar

Adalah menjadi dasar Sarawak Oil Palms Berhad untuk menubuhkan Jawatankuasa Audit bagi memastikan fungsi audit dalaman dan luaran dijalankan sewajarnya, dan segala saranan audit dilaksanakan dengan berkesan.

Matlamat

Matlamat dasar ini ialah:

- (a) untuk mematuhi Seksyen 15A dan 344A Panduan Penyenaraian Bursa Saham Kuala Lumpur.
- (b) untuk membantu Lembaga dalam menjalankan tanggungjawabnya dengan berkesan terhadap pentadbiran dan pengawasan korporat.

Abli Jawatankuasa Audit

Jawatankuasa Audit akan dilantik oleh para Pengarah dan akan mengandungi tidak kurang daripada 3 orang abli. Abli-abli Jawatankuasa Audit akan melantik seorang Pengerusi di kalangan mereka yang bukan pengarah eksekutif atau kakitangan Syarikat atau syarikat berkait.

Fungsi-fungsi Jawatankuasa Audit

Fungsi Jawatankuasa Audit merangkumi yang berikut:

- (a) meneliti:
 - (i) bersama juruaudit, rancangan audit;
 - (ii) bersama juruaudit, penilaian mereka terhadap sistem kawalan perakaunan dalaman;
 - (iii) bersama juruaudit, laporan audit mereka;
 - (iv) kerjasama yang diberi oleh pegawai Syarikat kepada juruaudit;

- (v) lingkungan dan keputusan tatacara audit dalaman; dan
 - (vi) kunci kira-kira dan akaun untungrugi Syarikat yang diserahkan kepada Jawatankuasa oleh Syarikat, dan seterusnya diserahkan kepada Lembaga Pengarah Syarikat;
 - (vii) sebarang urusanniaga berkaitan yang mungkin wujud dalam Syarikat;
- (b) untuk melantik seorang atau lebih sebagai juruaudit; dan
 - (c) sebarang tugas lain yang dipersetujui oleh Jawatankuasa Audit dan Lembaga Pengarah.

Korum

Dua orang abli akan mencukupi korum.

Mesyuarat

Jawatankuasa Audit akan bermesyuarat tidak kurang daripada dua kali setahun, seperti yang akan ditetapkan oleh Pengerusinya.

Bidang Kuasa

Jawatankuasa diberi kebenaran oleh Lembaga untuk:

- (a) memeriksa sebarang aktiviti dalam lingkungan tugas Jawatankuasa;
- (b) mendapatkan sebarang maklumat yang diperlukannya daripada mana-mana kakitangan;
- (c) mendapatkan nasihat guaman atau iktisas bebas di luar Syarikat; dan
- (d) membuat saranan untuk memperbaiki prestasi operasi dan kawalan pengurusan yang wujud daripada saranan audit luaran dan dalaman.

FINANCIAL
STATEMENTS

PENYATA KEWANGAN

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1999

The Directors have the pleasure in submitting their report and the audited accounts of the Group and of the Company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year are the cultivation of oil palms and the operation of a palm oil mill. There has been no significant change in the nature of the Company's activities during the financial year.

The principal activities of its subsidiaries and associated company are as disclosed in the notes to the accounts.

RESULTS

	Group and Company RM'000
Profit for the year after taxation	25,062
Unappropriated profits brought forward	34,428
Profits available for appropriation	59,490
Dividend	(3,419)
Unappropriated profits carried forward	<u>56,071</u>

DIVIDENDS

As proposed in the last financial year, a final dividend of 5% less tax amounting to RM3,418,857 in respect of the year ended 31 December 1998 was paid on 12 July 1999.

The directors propose a final dividend of 5% less tax amounting to RM3,418,857 for the year ended 31 December 1999.

RESERVES AND PROVISIONS

All material movements to and from reserves and provision for the year under review have been disclosed in the accounts.

DIRECTORS' REPORT (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 1999

BOARD OF DIRECTORS

The Directors who served since the date of the last report are as follows:-

Ling Chiong Ho
Datuk Ambrose Foo Nyuk Kian
Dr. Abdillah Bin Aton
Tuan Haji Bujang Mohidin Bin Haji Jol
Ling Chiong Sing
Tang Tiong Ing
Fong Tshu Kwong @ Fong Tshun Kwong
Lai Yew Hock
(Appointed on 24 February 2000)
Tan Sri Datuk Amar Haji Hamid Bugo
(Resigned on 30 September 1999)
Datuk Wan Ali Tuanku Yubi
(Retired on 19 May 1999)

In accordance with the Articles of Association, Datuk Ambrose Foo Nyuk Kian and Tuan Haji Bujang Mohidin Bin Haji Jol retire by rotation from the Board at the forthcoming Annual General Meeting. Being eligible, Tuan Haji Bujang Mohidin Bin Haji Jol, offers himself for re-election, whereas Datuk Ambrose Foo Nyuk Kian does not seek re-election.

In accordance with the Articles of Association, Lai Yew Hock who was appointed to the board since the last Annual General Meeting retires, and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS IN SHARES

The interests in the shares of the Company and its related corporations of the directors in office at the end of the year are as follows:-

Sarawak Oil Palms Berhad	Number of ordinary shares of RM1 each			Balance at 31.12.1999
	Balance at 1.1.1999	Bought	Sold	
<u>Indirect Interest</u>				
Ling Chiong Ho)				
Ling Chiong Sing)	23,749,982	-	-	23,749,982

Indirect interest represents shares held by a company in which the directors are deemed to have a substantial interest.

By virtue of their interest in the shares of Sarawak Oil Palms Berhad, Ling Chiong Ho and Ling Chiong Sing are deemed interested in the shares of the subsidiaries of Sarawak Oil Palms Berhad to the extent that Sarawak Oil Palms Berhad has an interest.

None of the other directors in office at the end of the year held any shares or are deemed to have any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the accounts) by reason of a contract made by the Company or a related company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for the related party transactions disclosed in Note 22 to the accounts.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the Profit and Loss Accounts and Balance Sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:-

- i) all debts are collectable and they do not foresee any need to provide for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the directors of the Company are not aware of any circumstances:-

- i) that would render the collection of any of the debts doubtful, or
- ii) that would render the values attributed to the current assets in the accounts of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the accounts, that would render any amount stated in the accounts of the Group and of the Company misleading.

At the date of this report, there does not exist:-

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

DIRECTORS' REPORT (CONT'D.)

FOR THE YEAR ENDED 31 DECEMBER 1999

No contingent liability or other liability of the Group and the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors:-

- a. the results of the operations of the Group and of the Company for the financial year ended 31 December 1999 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report; and
- b. the accounts of the Group and of the Company set out on pages 24 to 38 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 1999 and of the results of the Group and of the Company and of the cash flows of the Group for the year ended on that date.

AUDITORS

The retiring auditors, Messrs KPMG (formerly known as KPMG Peat Marwick), have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors:

DATUK AMBROSE FOO NYUK KIAN

Director

FONG TSHU KWONG @ FONG TSHUN KWONG

Director

KUCHING

24 February 2000

STATEMENT BY DIRECTORS

We, **DATUK AMBROSE FOO NYUK KIAN** and, **FONG TSHU KWONG @ FONG TSHUN KWONG** being two of the directors of SARAWAK OIL PALMS BERHAD, do hereby state that in the opinion of the directors, the accounts set out on pages 24 to 38 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 1999 and of the results of the Group and of the Company and of the cash flows of the Group for the year ended on that date.

On behalf of the Board,

DATUK AMBROSE FOO NYUK KIAN

Director

-

FONG TSHU KWONG @ FONG TSHUN KWONG

Director

Kuching

24 February 2000

STATUTORY DECLARATION

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 Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Cash Flow Statement, the Balance Sheet and Profit and Loss Account together with the Notes set out on pages 24 to 38 are, to the best of my knowledge and belief, 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 abovenamed
WONG HEE KWONG at KUCHING in the State of
SARAWAK this 24 day of Feb 2000.

BEFORE ME:

LO FONG MENG

Commissioner for Oaths

Kuching, Sarawak

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts set out on pages 24 to 38. The preparation of the accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We have conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we consider necessary to provide us with evidence to give reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the accounts. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i. the state of affairs of the Group and of the Company at 31 December 1999 and of the results of the Group and of the Company and of the cash flows of the Group for the year ended on that date; and
 - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Group and of the Company.

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the accounts of the subsidiary companies were not made subject to any qualification and did not include any comments made under Section 174(3) of the Act.

KPMG
Firm Number: AF 0758
Public Accountants

CHIN CHEE KONG
Partner
Approval No: 1481/1/01 (J)

KUCHING
24 Feb 2000

BALANCE SHEET

31 DECEMBER 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	3	128,642	117,722	98,392	103,305
INTEREST IN ASSOCIATED COMPANY	4	13,323	12,467	13,323	12,467
INTEREST IN SUBSIDIARY COMPANIES	5	–	–	13,912	7,234
CURRENT ASSETS					
Stocks	6	6,737	5,167	4,004	3,930
Trade debtors		3,822	2,197	3,528	2,197
Other debtors, deposits and prepayments		1,526	1,502	1,270	1,475
Short term deposits with licensed banks	7	40,311	21,630	40,311	20,950
Cash and bank balances		1,077	1,967	776	1,822
		53,473	32,463	49,889	30,374
LESS: CURRENT LIABILITIES					
Trade creditors		2,939	1,338	2,694	1,338
Other creditors and accruals		15,014	5,682	4,428	2,825
Proposed dividend		3,419	3,419	3,419	3,419
Provision for taxation		4,482	9,948	4,482	9,948
		25,854	20,387	15,023	17,530
Net Current Assets		27,619	12,076	34,866	12,844
EXPENDITURE CARRIED FORWARD – At cost	8	120	101	–	–
		169,704	142,366	160,493	135,850
Financed by:					
SHARE CAPITAL	9	94,968	94,968	94,968	94,968
RESERVES	10	4,926	4,475	4,454	4,454
UNAPPROPRIATED PROFITS		56,071	34,428	56,071	34,428
		155,965	133,871	155,493	133,850
MINORITY INTEREST		1,972	860	–	–
NON-CURRENT LIABILITIES					
Land premium payable	11	6,767	5,635	–	–
Deferred taxation	12	5,000	2,000	5,000	2,000
		169,704	142,366	160,493	135,850

The notes set out on pages 27 to 38 form an integral part of, and should be read in conjunction with, these accounts.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1999

	Note	Group and Company	
		1999	1998
		RM'000	RM'000
TURNOVER	13	66,587	62,690
COST OF SALES		28,282	20,282
PROFIT BEFORE TAXATION	14	28,062	26,830
TAXATION	15	(3,000)	(11,162)
PROFIT AFTER TAXATION		25,062	15,668
UNAPPROPRIATED PROFITS BROUGHT FORWARD		34,428	22,179
		59,490	37,847
DIVIDEND			
Proposed first and final dividend of 5 sen (1998: 5 sen) per share less tax at 28%		(3,419)	(3,419)
UNAPPROPRIATED PROFITS CARRIED FORWARD		56,071	34,428
EARNINGS PER SHARE	16	26.39 sen	16.50 sen

All the group profits are retained in the Company.

The notes set out on pages 27 to 38 form an integral part of, and should be read in conjunction with, these accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	28,062	26,830
Adjustment for:		
Depreciation and amortisation of fixed assets	7,264	7,441
Loss on disposal of fixed assets	1	-
Fixed assets written off	-	24
Interest income	(1,542)	(1,128)
Interest expense	7	32
Operating profit before working capital changes	<u>33,792</u>	<u>33,199</u>
Changes in working capital:		
Increase in stocks	(1,570)	(873)
(Increase)/Decrease in debtors and other receivables	(1,605)	753
Increase in creditors and other payables	<u>13,627</u>	<u>4,522</u>
Cash generated from operations	44,244	37,601
Interest paid	(7)	(32)
Interest received	1,542	1,128
Preliminary expenses incurred	(19)	(4)
Tax paid	<u>(5,465)</u>	<u>(8,007)</u>
Net cash from operating activities	<u>40,295</u>	<u>30,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (excluding depreciation charge capitalised)	(18,248)	(12,620)
Proceeds from disposal of fixed assets	63	6
Purchase of additional shares in associated company	(900)	(3,600)
Net cash used in investing activities	<u>(19,085)</u>	<u>(16,214)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	(3,419)	(3,419)
Net cash used in financing activities	<u>(3,419)</u>	<u>(3,419)</u>
Net increase in cash and cash equivalents	17,791	11,053
Cash and cash equivalents at beginning of year	23,597	12,544
Cash and cash equivalents at end of year	<u>41,388</u>	<u>23,597</u>
NOTE		
Cash and cash equivalents		
Cash and cash equivalents consist of:-		
Short term deposits with licensed banks	40,311	21,630
Cash and bank balances	1,077	1,967
Cash and cash equivalents at end of year	<u>41,388</u>	<u>23,597</u>

The notes set out on pages 27 to 38 form an integral part of, and should be read in conjunction with, these accounts.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year are the cultivation of oil palms and the operation of a palm oil mill.

The principal activities of its subsidiaries and associated company are disclosed in Notes 4 and 5.

2. ACCOUNTING POLICIES**2.1 Basis of Preparation**

The accounts are prepared in accordance with applicable approved accounting standards in Malaysia under the historical cost convention except for the revaluation of the Group and the Company's long-term leasehold land, buildings and plantation development expenditure to their open market values as disclosed in Note 3.

2.2 Basis of Consolidation

The consolidated balance sheet, consolidated profit and loss account and consolidated cash flow statement include the accounts of the Company and its subsidiary companies made up to the end of the same financial year. All the inter-company balances and transactions have been eliminated on consolidation. All the subsidiary companies are consolidated on the acquisition method of accounting. Details of the subsidiary companies are set out in Note 5.

2.3 Fixed Assets and Depreciation

- (a) Leasehold land of the Group is amortised over the remaining lives of the leases ranging from 58 to 91 years. However, leasehold land with immature plantings, except for those on replanted areas, are not amortised.

Other fixed assets are depreciated on a straight line basis so as to write off the cost or valuation of the assets over their estimated useful lives at the following annual rates:-

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

- (b) New planting expenditure incurred on land clearing, upkeep of immature palms, administrative expenses and interest incurred during the pre-maturity period (pre-cropping costs) are capitalised under leasehold estates. Upon maturity, all subsequent maintenance expenditure are 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. Oil palm is considered mature 36 months after the month of planting.

All replanting expenditure are also capitalised under leasehold estates and amortised on the above-mentioned basis.

2.4 Investment

Investment in the subsidiaries and associate company is stated at cost. A provision is made when in the opinion of the directors a permanent diminution has arisen on the value of the investment.

2. ACCOUNTING POLICIES (CONT'D.)**2.5 Stocks**

Stock of crude palm oil and palm kernel is valued at the lower of cost of production and estimated net realisable value. Cost includes a proportion of production overheads and is calculated on the average cost basis.

Stores and spares are valued at the cost of purchase on the weighted average cost basis and after due allowance has been made for deteriorated/damaged stocks.

Nursery stocks are the cost of seedlings remaining in the nursery for eventual field planting and are valued at cost.

2.6 Foreign Currency Translation

Foreign currency assets and liabilities are translated into Malaysian Ringgit at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies during the year have been translated at rates approximating those prevailing on the transaction dates. Exchange differences arising therefrom are included in the operating results of the year.

2.7 Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax benefits are only recognised when there is reasonable expectation of realisation in the near future.

2.8 Associated Companies

The Group treats associated companies as those companies in which a long term equity interest of between 20 and 50 percent is held and over which it exercises significant influence through management participation. For the Group balance sheet, the investment in associated company is shown at cost as the cultivation of rattan and oil palm by the associated company is in the development stage.

2.9 Expenditure Carried Forward

Expenditure carried forward consists of preliminary and pre-operating expenses which will be written off against future profit.

2.10 Capital Reserves

The directors consider that net sums received from extraction and sale of timber from plantation land as sums received in the course of development of the land into an estate. Such receipts net of extraction costs, royalties, commissions and other overheads are considered as capital in nature and are accordingly credited to capital reserves account.

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

2. ACCOUNTING POLICIES (CONT'D.)

2.11 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid investments with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

2.12 Borrowing Cost

Loan interest incurred on borrowings relating to the development of plantations is capitalised until the plantations are considered mature.

2.13 Capital work-in-progress

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

3. FIXED ASSETS

GROUP	Long-term leasehold land, building and estates RM'000	Plant, machinery and field equipment RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost/Valuation						
At 1 January 1999	151,695	30,045	3,371	2,331	–	187,442
Additions	15,937	795	498	96	1,074	18,400
Disposals	–	(8)	(66)	(19)	–	(93)
Write-offs	–	–	–	(17)	–	(17)
At 31 December 1999	167,632	30,832	3,803	2,391	1,074	205,732
Representing items at:						
Cost	100,167	30,832	3,803	2,391	1,074	138,267
Valuation – 1989	67,465	–	–	–	–	67,465
	167,632	30,832	3,803	2,391	1,074	205,732
Accumulated Depreciation						
At 1 January 1999	48,270	17,607	2,210	1,633	–	69,720
Charge for the year	4,613	2,178	455	170	–	7,416
Disposals	–	(2)	(12)	(15)	–	(29)
Write-offs	–	–	–	(17)	–	(17)
At 31 December 1999	52,883	19,783	2,653	1,771	–	77,090

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

3. FIXED ASSETS (CONT'D.)

GROUP	Long-term leasehold land, building and estates RM'000	Plant, machinery and field equipment RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Net book value at 31 December 1999	114,749	11,049	1,150	620	1,074	128,642
Net book value at 31 December 1998	103,425	12,438	1,161	698	–	117,722
Depreciation charge for the year ended 31 December 1998	4,677	2,160	455	185	–	7,477
COMPANY	Long-term leasehold land, building and estates RM'000	Plant, machinery and field equipment RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Cost/Valuation						
At 1 January 1999	137,594	29,769	3,305	2,321	–	172,989
Additions	1,508	121	147	44	595	2,415
Disposals	–	(8)	(66)	(19)	–	(93)
Write-offs	–	–	–	(17)	–	(17)
At 31 December 1999	139,102	29,882	3,386	2,329	595	175,294
Representing items at:						
Cost	71,637	29,882	3,386	2,329	595	107,829
Valuation – 1989	67,465	–	–	–	–	67,465
	139,102	29,882	3,386	2,329	595	175,294

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

3. FIXED ASSETS (CONT'D.)

COMPANY	Long-term leasehold land, building and estates RM'000	Plant, machinery and field equipment RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation						
At 1 January 1999	48,270	17,579	2,203	1,632	–	69,684
Charge for the year	4,590	2,108	400	166	–	7,264
Disposals	–	(2)	(12)	(15)	–	(29)
Write-offs	–	–	–	(17)	–	(17)
At 31 December 1999	52,860	19,685	2,591	1,766	–	76,902
Net book value at 31 December 1999	86,242	10,197	795	563	595	98,392
Net book value at 31 December 1998	89,324	12,190	1,102	689	–	103,305
Depreciation charge for the year ended 31 December 1998	4,677	2,132	448	184	–	7,441

The leasehold estates and buildings were revalued by a firm of professional valuers in November 1989 using the investment method of valuation for planted fields and the cost method of valuation for the other areas of the plantations. The valuation, as adjusted and approved by the Capital Issues Committee on 29 April 1991, was incorporated in the accounts in 1991. Subsequent additions to fixed assets are included at cost.

Certain leasehold land of the subsidiary companies are charged to a bank to secure banking facilities granted to the subsidiary companies (see Note 17).

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

3. FIXED ASSETS (CONT'D.)

Depreciation and amortisation charge of fixed assets during the year is allocated in the accounts as follows:-

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Charged to profit and loss account	7,264	7,441	7,264	7,441
Capitalised under leasehold estates	152	36	-	-
	<u>7,416</u>	<u>7,477</u>	<u>7,264</u>	<u>7,441</u>

Buildings and estates of the Group include the following expenses incurred during the year:-

	Group	
	1999 RM'000	1998 RM'000
Depreciation	152	36
Interest on land premium	260	1,366
Hiring of heavy equipment	76	-
	<u>76</u>	<u>-</u>

The lease terms of the Group's long-term leasehold land expire between the years 2057 and 2090.

The lease terms of the Company's long-term leasehold land expire between the years 2067 and 2090.

The documents of title to certain leasehold land belonging to the subsidiary companies stated at a cost of RM4,917,276 (1998: RM9,254,496) are in the process of being issued by the Sarawak State Government.

4. INTEREST IN ASSOCIATED COMPANY

	Group and Company	
	1999 RM'000	1998 RM'000
Unquoted shares – at cost	13,320	12,420
Amount due from the associated company	3	47
	<u>13,323</u>	<u>12,467</u>

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

4. INTEREST IN ASSOCIATED COMPANY (CONT'D.)

The particulars of the associated company are:-

Name	% of equity held		Principal activities	Country of incorporation	Accounting year end
	1999	1998			
Keresa Plantations Sdn Bhd	45	45	Cultivation of rattan and oil palm	Malaysia	31 December

The amount due from the associated company is unsecured, interest free and has no fixed terms of repayment.

As the associated company has not commenced trading, no results are reported.

5. INTEREST IN SUBSIDIARY COMPANIES – COMPANY

	1999 RM'000	1998 RM'000
Unquoted shares – at cost	9,800	4,800
Amount due from subsidiary companies	4,112	2,434
	13,912	7,234

The particulars of the subsidiary companies are:-

Name	% of equity held		Principal activities	Country of incorporation	Accounting year end
	1999	1998			
SOP Plantations (Balingian) Sdn Bhd	80	80	Early stage of oil palms cultivation	Malaysia	31 December
SOP Plantations (Niah) Sdn Bhd	80	80	Early stage of oil palms cultivation	Malaysia	31 December
SOP Plantations (Suai) Sdn Bhd	85	85	Early stage of oil palms cultivation	Malaysia	31 December

The amount due from the subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

6. STOCKS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Stock of crude palm oil and palm kernel	573	839	573	839
Stores and spares	3,354	2,902	3,224	2,902
Nursery stocks	2,810	1,426	207	189
	<u>6,737</u>	<u>5,167</u>	<u>4,004</u>	<u>3,930</u>

7. SHORT-TERM DEPOSITS WITH LICENSED BANKS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Fixed deposits	38,181	21,040	38,181	20,360
Deposit under reposition	2,130	590	2,130	590
	<u>40,311</u>	<u>21,630</u>	<u>40,311</u>	<u>20,950</u>

8. EXPENDITURE CARRIED FORWARD – GROUP

Included in expenditure carried forward is audit fee of RM4,200 (1998: RM3,200).

9. SHARE CAPITAL

	Group and Company	
	1999 RM'000	1998 RM'000
Ordinary shares of RM1 each		
Authorised:	<u>110,100</u>	<u>110,100</u>
Issued and fully paid:-	<u>94,968</u>	<u>94,968</u>

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

10. STOCKS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Revaluation reserves				
– non distributable	4,454	4,454	4,454	4,454
Capital reserves	472	21	–	–
	<u>4,926</u>	<u>4,475</u>	<u>4,454</u>	<u>4,454</u>

The revaluation reserves represent the surplus on the revaluation of the long-term leasehold estates in 1991 and are not distributable by way of dividends.

The capital reserves represent net sums received from the extraction and sale of timber in the course of developing estate plantation land.

11. LAND PREMIUM PAYABLE – GROUP

At the balance sheet date, there were 4 (1998: 4) outstanding annual instalments of RM2,255,749 (1998: RM1,878,348) owing by the subsidiary companies to the Land and Survey Department, Sarawak for the purchase of land.

The amount payable within the next twelve months is included in the current liabilities as other creditors and accruals.

12. DEFERRED TAXATION

	Group and Company	
	1999 RM'000	1998 RM'000
Balance at beginning of year	2,000	–
Current year's provision	3,000	2,000
Balance at end of year	<u>5,000</u>	<u>2,000</u>

The tax effects of the following items, the quantum of which is subject to agreement by the Inland Revenue Board have not been taken up in the Group accounts:-

	Group	
	1999 RM'000	1998 RM'000
Unabsorbed capital allowances	3,307	1,309
Unutilised allowable deduction carried forward	1,327	328
Timing difference between net book value and tax written down value of qualifying fixed assets	<u>(2,655)</u>	<u>(1,218)</u>

The potential deferred tax benefit not taken up in the Group accounts amounts to RM554,000 (1998: RM117,000).

NOTES TO THE ACCOUNTS (CONT'D.)

31 DECEMBER 1999

13. TURNOVER – GROUP AND COMPANY

Turnover represents the invoiced value of crude palm oil and palm kernel sold.

14. PROFIT BEFORE TAXATION – GROUP AND COMPANY

Profit before taxation is arrived at:-

	1999 RM'000	1998 RM'000
After charging:-		
Audit fee	25	25
Directors' remuneration		
– fee	104	114
– other emoluments	1	1
Rent of land and buildings	117	130
Depreciation and amortisation of fixed assets	7,264	7,441
Interest on short term borrowings	7	32
Fixed assets written off	–	24
Provision for doubtful debts	–	21
Loss on disposal of fixed asset	1	–
	<hr/>	<hr/>
And crediting:-		
Interest from short term deposits with licensed banks	1,500	1,080
Other interest income	42	48
Rental income from land and buildings	26	30
	<hr/>	<hr/>

15. TAXATION – GROUP AND COMPANY

	1999 RM'000	1998 RM'000
Current Taxation		
Current year's provision	–	8,700
Underprovision in previous year	–	462
	<hr/>	<hr/>
	–	9,162
Deferred Taxation		
Current year's provision	3,000	2,000
	<hr/>	<hr/>
	3,000	11,162
	<hr/>	<hr/>

The current year's income is exempted from income tax in accordance with the Income Tax (Amendment) Act, 1999 and can be distributed as exempt dividends. The current year's provision for deferred taxation has been made on expectation of partial reversal of timing differences in the foreseeable future.

The effective rate of taxation of the Company for the previous year was higher than the statutory rate due to the provision of deferred taxation (made for the same reason as stated above) and certain expenses being not deductible for taxation purposes.

16. EARNINGS PER SHARE – GROUP

Earnings per share is calculated based on the consolidated profit after taxation of RM25,062,384 (1998: RM15,668,320) and 94,968,240 (1998: 94,968,240) ordinary shares of RM1 each in issue.

17. TERM LOANS – SECURED – GROUP

Two of the subsidiary companies have obtained loan facilities totalling RM68,000,000 (1998: RM Nil) which have not been utilised at the year end. These facilities are secured by way of fixed charge over the subsidiary companies' leasehold land and a corporate guarantee of the same amount from the Company.

18. SECTION 108 TAX CREDIT – COMPANY

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax exempt income and Section 108 tax credit to distribute all its distributable reserves at 31 December 1999 if paid out as dividends. The tax exempt income arising from the tax waived income of 1999 in accordance with the Income Tax (Amendment) Act, 1999 is approximately RM33,600,000.

19. CAPITAL COMMITMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Approved and contracted for	691	13,363	595	11,529
Approved but not contracted for	80,843	31,444	42,502	7,138

20. CONTINGENT LIABILITIES – UNSECURED – COMPANY

	1999 RM'000	1998 RM'000
Corporate guarantees favouring banks for facilities granted to subsidiary companies (see Note 17)	68,000	–

21. SEGMENT ANALYSIS

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

22. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following significant transactions with its related parties:

- (a) Significant transaction between the Company and its associated company:-

	Group and Company	
	1999 RM'000	1998 RM'000
Management fee received from an associated company	-	141

- (b) Significant transactions between the Company and companies in which certain directors have substantial interest:-

Nature of transactions	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Purchase of consumables	550	-	550	-
Purchase of fixed assets	241	-	241	-
Sales of oil palm seedlings	(286)	-	-	-
Account balances at year end				
Amount owing to these companies	(100)	-	(100)	-
Amount owing by these companies	286	-	-	-

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business on commercial terms.

23. POST BALANCE SHEET EVENTS

The Company, in seeking an opportunity to expand its core plantation business and diversify into other industry sectors, namely timber, shipping and quarry, was under going a merger and restructuring exercise to acquire a group of companies through Cagaran Tiara Sdn Bhd (CTSB) for a total consideration of RM532,454,978 to be satisfied by the issuance of 266,227,489 new CTSB ordinary shares of RM1.00 each at a proposed issue price of RM2.00 per share. The scheme entailed the admission of CTSB to the Official List of the Kuala Lumpur Stock Exchange and the delisting of the Company therefrom upon completion of the exercise. Approvals had been obtained from the relevant authorities for the proposed scheme.

However, the shareholders rejected the proposed scheme at the Court Convened Meeting and the Extraordinary General Meeting held on 24 February 2000 and as a consequence, all the agreements pertaining to the proposed scheme will be mutually rescinded by the parties involved.

LAPORAN PARA PENGARAH

BAGI TAHUN BERAKHIR 31 DISEMBER 1999

Para Pengarah dengan sukacita membentangkan laporan mereka dan akaun-akaun Kumpulan dan Syarikat yang telah diaudit bagi tahun berakhir 31 Disember 1999.

AKTIVITI UTAMA

Aktiviti utama Syarikat sepanjang tahun kewangan ini adalah penanaman pokok kelapa sawit dan operasi kilang minyak sawit. Tidak berlaku sebarang perubahan yang ketara dalam aktiviti Syarikat pada tahun kewangan ini.

Aktiviti utama syarikat-syarikat subsidiari dan syarikat bersekutunya adalah seperti yang dinyatakan dalam nota-nota kepada akaun.

KEPUTUSAN

	Group and Company RM'000
Keuntungan bagi tahun selepas cukai	25,062
Keuntungan tidak diagihkan dibawa ke hadapan	34,428
Keuntungan tersedia untuk diagihkan	59,490
Dividen	(3,419)
Keuntungan tidak diagihkan dihantar ke hadapan	56,071

DIVIDEN

Seperti yang dicadangkan pada tahun kewangan lepas, dividen akhir sebanyak 5% tolak cukai berjumlah RM3,418,857 berhubung tahun kewangan 31 Disember 1998 telah dibayar pada 12 Julai 1999.

Para pengarah mencadangkan dividen akhir sebanyak 5% tolak cukai berjumlah RM3,418,857 bagi tahun berakhir 31 Disember 1999.

RIZAB DAN PERUNTUKAN

Semua pergerakan penting kepada dan daripada rizab dan peruntukan bagi tahun yang ditinjau telah dinyatakan di dalam akaun.

LAPORAN PARA PENGARAH (SAMB.)

BAGI TAHUN BERAKHIR 31 DISEMBER 1999

PARA PENGARAH

Para Pengarah yang berkhidmat sejak tarikh laporan yang lepas terdiri daripada:-

Ling Chiong Ho

Datuk Ambrose Foo Nyuk Kian

Dr. Abdillah Bin Aton

Tuan Haji Bujang Mohidin Bin Haji Jol

Ling Chiong Sing

Tang Tiong Ing

Fong Tshu Kwong @ Fong Tshun Kwong

Lai Yew Hock

(Dilantik pada 24 Februari 2000)

Tan Sri Datuk Amar Haji Hamid Bugo

(Meletak jawatan pada 30 September 1999)

Datuk Wan Ali Tuanku Yubi

(Bersara pada 19 Mei 1999)

Menurut Tataurusian Pertubuhan, Datuk Ambrose Foo Nyuk Kian dan Tuan Haji Bujang Mohidin Bin Haji Jol bersara mengikut giliran daripada Lembaga Pengarah pada Mesyuarat Agung Tahunan yang akan datang. Oleh kerana layak, Tuan Haji Bujang Mohidin Bin Haji Jol, menawarkan diri untuk dipilih semula, sementara Datuk Ambrose Foo Nyuk Kian tidak menawarkan diri untuk dipilih semula.

Menurut Tataurusian Pertubuhan, Lai Yew Hock yang dilantik ke Lembaga Pengarah sejak Mesyuarat Agung Tahunan lepas telah bersara, dan oleh kerana layak, menawarkan diri untuk dipilih semula.

KEPENTINGAN PARA PENGARAH DALAM SAHAM

Kepentingan dalam saham Syarikat dan syarikat-syarikat berkaitannya bagi para pengarah yang berkhidmat pada akhir tahun kewangan ini adalah seperti berikut:-

	Bilangan saham			
	biasa berharga RM1 sesaham			
	Baki pada	Dibeli	Dijual	Baki pada
Sarawak Oil Palms Berhad	1.1.1999			31.12.1999
<u>Kepentingan Tidak Langsung</u>				
Ling Chiong Ho)				
Ling Chiong Sing)	23,749,982	-	-	23,749,982

Kepentingan tidak langsung mewakili saham yang dipegang oleh syarikat di mana para pengarah dianggap mempunyai kepentingan ketara.

Menurut kepentingan mereka dalam saham-saham Sarawak Oil Palms Berhad, Ling Chiong Ho dan Ling Chiong Sing dianggap mempunyai kepentingan di dalam saham syarikat-syarikat subsidiari Sarawak Oil Palms Berhad setakat Sarawak Oil Palms Berhad mempunyai kepentingan.

Tiada pengarah lain yang berkhidmat pada akhir tahun ini yang memegang sebarang saham atau dianggap mempunyai sebarang kepentingan dalam saham Syarikat atau syarikat-syarikat berkaitannya pada tahun kewangan ini.

MANFAAT PARA PENGARAH

Sejak akhir tahun kewangan sebelumnya, tidak ada pengarah Syarikat yang telah menerima atau berhak untuk menerima sebarang manfaat (selain daripada manfaat yang termasuk di dalam jumlah agregat emolumen yang diterima atau yang akan diterima oleh para pengarah seperti yang ditunjukkan di dalam akaun) atas sebab kontrak yang dibuat oleh Syarikat atau syarikat yang berkaitan dengan pengarah atau dengan firma di mana pengarah tersebut merupakan ahli, atau dengan syarikat di mana pengarah tersebut mempunyai kepentingan kewangan ketara kecuali urusanniaga pihak berkaitan seperti yang dinyatakan dalam nota 22 kepada akaun.

Tidak ada perancangan pada sepanjang atau akhir tahun kewangan ini yang bertujuan untuk membolehkan para pengarah memperoleh manfaat menerusi pembelian saham Syarikat atau badan-badan korporat lain.

TERBITAN SAHAM

Tidak ada sebarang perubahan dalam modal terbitan dan berbayar Syarikat pada tahun ini.

OPSYEN YANG DIBELI BAGI SAHAM YANG TIDAK DITERBITKAN

Tidak ada opsiyen diberi kepada sebarang individu untuk membeli saham-saham Syarikat yang tidak diterbitkan pada tahun ini.

MAKLUMAT BERKANUN LAIN

Sebelum Akaun Untung Rugi dan Kunci Kira-Kira Kumpulan dan Syarikat disediakan, para pengarah telah mengambil langkah-langkah wajar untuk memastikan bahawa:-

- i) semua hutang boleh dipungut dan mereka tidak menjangka sebarang keperluan untuk membuat peruntukan hutang ragu, dan
- ii) semua aset semasa telah dinyatakan pada kos dan nilai bersih yang mana lebih rendah.

Pada tarikh laporan ini, para pengarah Syarikat tidak menyedari sebarang keadaan:-

- i) yang mungkin menyebabkan pungutan sebarang hutang meragukan, dan
- ii) yang mungkin menyebabkan nilai aset semasa di dalam akaun Kumpulan dan Syarikat mengelirukan, atau
- iii) yang telah timbul yang menyebabkan pematuhan kepada kaedah penilaian aset atau tanggungan di dalam akaun Kumpulan dan Syarikat yang sedia ada mengelirukan atau tidak sesuai, atau
- iv) yang tidak diliputi di dalam laporan atau akaun ini, yang mungkin menyebabkan sebarang jumlah yang dinyatakan di dalam akaun Kumpulan dan Syarikat mengelirukan.

Pada tarikh laporan ini, tidak wujud:-

- i) sebarang tuntutan ke atas aset Kumpulan dan Syarikat yang timbul sejak akhir tahun kewangan dan yang menjadi sandaran tanggungan pihak lain, atau
- ii) rang tanggungan luarjangka berhubung dengan Kumpulan dan Syarikat yang telah timbul sejak akhir tahun kewangan.

LAPORAN PARA PENGARAH (SAMB.)

BAGI TAHUN BERAKHIR 31 DISEMBER 1999

Tidak ada tanggungan luarjangka atau tanggungan lain yang telah berkuatkuasa atau berkemungkinan menjadi berkuatkuasa dalam tempoh dua belas bulan selepas akhir tahun kewangan, yang pada pendapat para pengarah, akan atau boleh menjelaskan dengan ketara keupayaan Kumpulan dan Syarikat mematuhi kewajipan mereka apabila tiba masanya kelak.

Pada pendapat para pengarah:-

- a. keputusan operasi Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 1999 tidak terjejas dengan ketara oleh sebarang perkara, urusanniaga atau peristiwa penting dan luarbiasa atau sebarang perkara, urusanniaga atau peristiwa telah berlaku dalam tempoh di antara akhir tahun kewangan tersebut dan tarikh laporan ini; dan
- b. akaun Kumpulan dan Syarikat yang dibentangkan di muka surat 24 hingga 38 disediakan menurut standard-standard perakaunan yang diluluskan di Malaysia untuk memberi gambaran yang benar dan saksama tentang kedudukan Kumpulan dan Syarikat pada 31 Disember 1999 dan keputusan Kumpulan dan Syarikat serta aliran tunai Kumpulan yang disatukan bagi tahun yang berakhir pada tarikh tersebut.

JURUAUDIT

Juruaudit yang akan bersara, Tetuan KPMG (dahulu dikenali sebagai KPMG Peat Marwick), telah menyatakan kesediaan mereka untuk menerima perlantikan semula.

Ditandatangani menurut resolusi para pengarah:

DATUK AMBROSE FOO NYUK KIAN

Pengarah

FONG TSHU KWONG @ FONG TSHUN KWONG

Pengarah

KUCHING

24 Februari 2000

PENYATA PARA PENGARAH

Kami, **DATUK AMBROSE FOO NYUK KIAN** dan, **FONG TSHU KWONG @ FONG TSHUN KWONG** sebagai dua daripada para pengarah SARAWAK OIL PALMS BERHAD, dengan ini mengaku bahawa pendapat para pengarah, akaun-akaun yang dibentangkan di mukasurat 24 hingga 38 telah disediakan untuk memberi gambaran yang benar dan saksama mengenai kedudukan Kumpulan dan Syarikat pada 31 Disember 1999 dan keputusan Kumpulan dan Syarikat dan aliran tunai Kumpulan bagi tahun kewangan yang berakhir pada tarikh tersebut.

Bagi pihak Lembaga Pengarah

DATUK AMBROSE FOO NYUK KIAN

Pengarah

FONG TSHU KWONG @ FONG TSHUN KWONG

Pengarah

Kuching

24 Februari 2000

AKUAN BERKANUN

Saya, **WONG HEE KWONG**, sebagai pegawai utama yang bertanggungjawab terhadap pengurusan kewangan SARAWAK OIL PALMS BERHAD, dengan tulus ikhlas mengaku bahawa Kunci Kira-Kira Yang Disatukan, Akaun Untung Rugi Yang Disatukan, Penyata Aliran Tunai Yang Disatukan, Kunci Kira-Kira dan Akaun Untung Rugi bersama dengan Nota-nota yang dibentangkan di mukasurat 24 hingga 38, pada pendapat dan kepercayaan saya adalah betul dan saya membuat akuan ini dengan penuh kepercayaan bahawa ia adalah benar dan menurut peruntukan Akta Akuan Berkanun, 1960.

Ditandatangani dan diperakui oleh penama di atas
WONG HEE KWONG di KUCHING dalam Negeri
SARAWAK pada 24 Februari 2000

DI HADAPAN SAYA:

LO FONG MENG

Pesuruhjaya Sumpah
Kuching, Sarawak

Kami telah mengaudit akaun-akaun yang dibentangkan di mukasurat 24 hingga 38 Penyediaan akaun ini adalah dibawah tanggungjawab para pengarah Syarikat. Kami bertanggungjawab untuk memberikan pendapat ke atas akaun berkenaan berasaskan kepada audit kami.

Kami telah menjalankan audit kami menurut standard-standard pengauditan yang diluluskan di Malaysia. Standard-standard tersebut memerlukan kami merancang dan menjalankan audit untuk memperolehi semua maklumat dan penjelasan yang kami rasakan perlu untuk menyediakan bukti yang memberikan keyakinan munasabah kepada kami bahawa akaun-akaun berkenaan adalah bebas daripada sebarang kesilapan. Audit kami meliputi pemeriksaan, berasaskan ujian, bukti berkaitan dengan jumlah dan ketelusan di dalam akaun. Audit kami juga meliputi penilaian prinsip-prinsip perakaunan yang digunakan dan anggaran penting yang dibuat oleh para pengarah serta menilai kecukupan keseluruhan pembentangan maklumat di dalam akaun-akaun tersebut. Kami percaya audit kami menyediakan asas yang munasabah untuk pendapat kami.

Pada pendapat kami:

- (a) akaun-akaun tersebut yang disediakan menurut peruntukan Akta Syarikat, 1965 dan standard perakaunan yang diluluskan di Malaysia untuk memberikan gambaran yang benar dan saksama tentang:
 - (i) kedudukan Kumpulan dan Syarikat pada 31 Disember 1999 dan keputusan Kumpulan dan Syarikat dan aliran tunai Kumpulan bagi tahun yang berakhir pada tarikh tersebut; dan
 - (ii) perkara-perkara yang perlu diuruskan di dalam akaun Kumpulan dan Syarikat menurut Seksyen 169 Akta Syarikat, 1965.

dan

- (b) rekod perakaunan dan rekod-rekod lain serta buku-buku daftar yang perlu disimpan menurut Akta Syarikat, 1965 telah disimpan oleh Syarikat dan syarikat-syarikat subsidiarinya yang kami menjadi juruaudit mereka telah disimpan dengan sempurna menurut peruntukan Akta tersebut.

Kami berpuashati bahawa akaun syarikat-syarikat subsidiari yang telah disatukan dengan akaun Syarikat adalah dalam bentuk dan kandungan yang sesuai serta wajar bagi tujuan penyediaan akaun yang disatukan dan kami telah menerima maklumat dan penjelasan memuaskan yang kami perlukan untuk tujuan tersebut.

Laporan audit ke atas akaun syarikat-syarikat subsidiari tidak tertakluk kepada sebarang kelayakan dan tidak meliputi sebarang ulasan yang dibuat di bawah Seksyen 174(3) Akta tersebut.

KPMG

Nombor Firma: AF 0758

Akauntan Awam

CHIN CHEE KONG

Rakan Firma

No. Kelulusan: 1481/1/01 (J)

KUCHING

24 Feb 2000

SARAWAK OIL PALMS BERHAD

(7949-M) (Incorporated in Malaysia)

FORM OF PROXY

I/We _____

of _____

being a member/members of the above Company, hereby appoint _____

of _____

or failing him/her, _____

of _____

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Second Annual General Meeting of the Company to be held at the Ballroom 3 (Lobby Floor) Kuching Hilton International, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak on 24th May, 2000 at 10.30 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.

Resolution No.		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:- Tuan Haji Bujang Mohidin Bin Haji Jol Lai Yew Hock		
5	Re-appointment of Auditors.		

(Please indicate with an "X" in the appropriate box against each Resolution 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 _____ 2000

NUMBER OF SHARES HELD

Signature and/or Common Seal of Shareholder

Notes:-

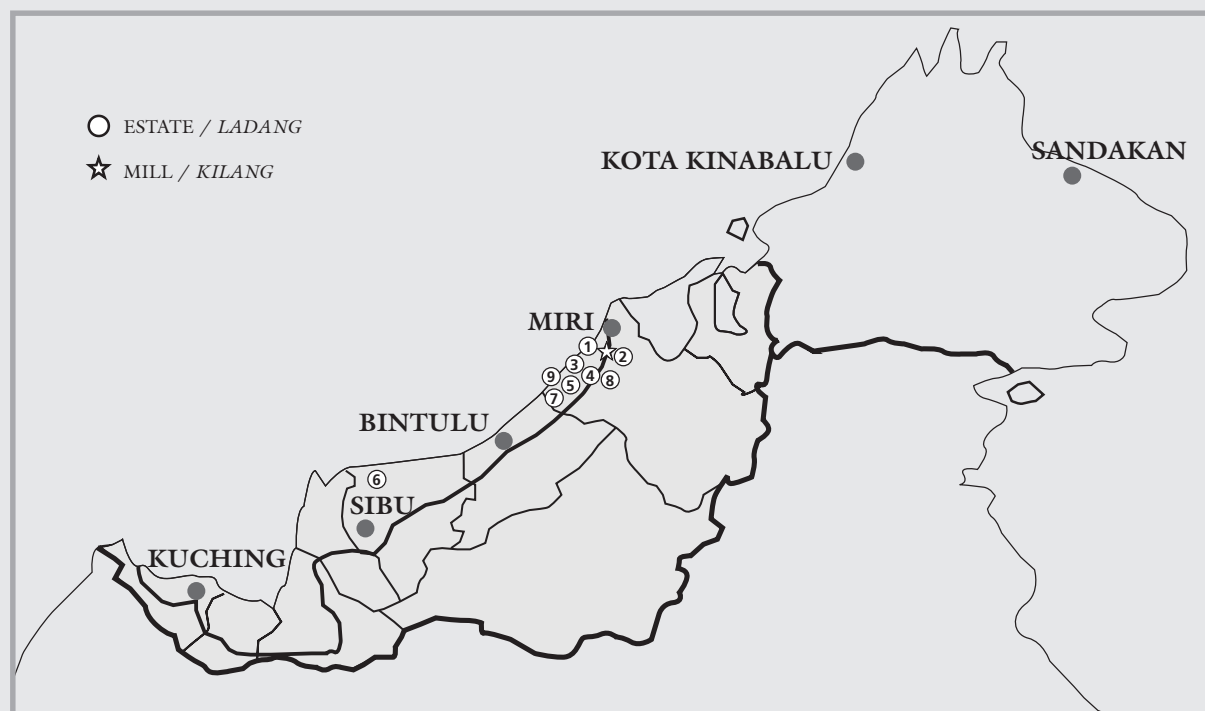
1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of its attorney.
3. 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.
4. The Form of Proxy must be deposited at either of the following offices not less than forty-eight (48) hours before the time appointed for holding the meeting:-
 - (a) The Office of the Share Registrars, Signet & Co. Sdn. Bhd. at 11th Floor - Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur.
 - (b) The Registered Office of the Company at 6th Floor, Bangunan Yayasan Sarawak, Jalan Barrack, 93000 Kuching, Sarawak.

PROPERITES OF THE GROUP

AS AT 31 DECEMBER 1999

Location of Property Sarawak	Tenure	Year of Expiry	Size Hectares	Description	Net Book Value As At 31 Dec 1999 (RM Million)	Age of Building (Years)
1. Kebuloh Estate, Miri	Leasehold 87 to 97 years	2067	1,841	Oil Palm Estate & Oil Mill) 86,359	1 to 29
2. Luak Estate, Miri	Leasehold 87 to 97 years	2067	2,785	Oil Palm Estate)	
3. Telabit Estate, Miri	Leasehold 99 years	2085	2,762	Oil Palm Estate)	
4. Pinang Estate, Miri	Leasehold 99 years	2090	1,482	Oil Palm Estate)	
5. Galasah Estate, Miri	Leasehold 99 years	2084	1,907	Oil Palm Estate)	
6. Balingian Estate 1, Balingian	Leasehold 60 years	2057	1,669	Land under Oil Palm Development	1,917	1
Balingian Estate 2, Balingian	Leasehold 60 years	2059	2,368	Land for Oil Palm Development	2,020	
7. Sengah Estate, Miri*	-	-	2,725	Land for Oil Palm Development) 8,514	1 to 2
8. Lamaus Estate, Miri*	-	-	3,911	Land under Oil Palm Development)	
9. Niah Estate, Miri	Leasehold 60 years	2059	5,000	Land under Oil Palm Development	7,173	1

*Pending for the issue of provisional lease.



FIVE YEAR FINANCIAL RECORD

	Company			Group	
	1995 (Restated) RM'000	1996 (Restated) RM'000	1997 RM'000	1998 RM'000	1999 RM'000
RESULTS					
Turnover	57,758	57,522	54,680	62,690	66,587
Profit before taxation	20,653	18,660	20,792	26,830	28,062
Taxation	3,500	5,968	6,500	11,162	3,000
Profit after taxation	17,153	12,692	14,292	15,668	25,062
Dividends	3,324	3,324	3,419	3,419	3,419

CAPITAL EMPLOYED

Share Capital	94,968	94,968	94,968	94,968	94,968
Reserves	4,454	4,454	4,454	4,475	4,926
Unappropriated Profits	1,937	11,306	22,179	34,428	56,071
Total Shareholders' Fund	101,359	110,728	121,601	133,871	155,965

ASSETS EMPLOYED

Fixed Assets	106,179	108,003	112,573	117,722	128,642
Interest in an Associated Company	4,492	4,686	8,820	12,467	13,323
Net Current Assets / (Liabilities)	(9,312)	(1,961)	768	12,177	27,739
Non-Current Assets / (Liabilities)	-	-	-	(7,635)	(11,767)
Minority Interest	-	-	(560)	(860)	(1,972)
	101,359	110,728	121,601	133,871	155,965

FINANCIAL STATISTICS

Profit before taxation / turnover (%)	35.8	32.4	38.0	42.8	42.1
Gross Dividend (sen / share)	5.0	5.0	5.0	5.0	5.0
Net earnings per share of RM1 each (sen)	18.1	13.4	15.1	16.5	26.4
Net tangible assets of RM1 each (RM)	1.07	1.17	1.28	1.41	1.64

FIVE YEAR CROP RECORD

PLANTED HECTARAGE, PRODUCTION AND PRODUCE PRICES

	Company			Group	
	1995 Ha.	1996 Ha.	1997 Ha.	1998 Ha.	1999 Ha.
OIL PALMS					
Mature	7,955	8,503	9,004	8,973	8,743
Immature	1,969	1,421	911	1,244	2,169
Total	9,924	9,924	9,915	10,217	10,912
Reserves, Unplanted, Building sites, etc.	853	853	9,167	13,865	15,538
Total Area Under Lease	10,777	10,777	19,082	24,082	26,450

	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
FFB CROP					
Estate Crop	157,754	175,270	173,376	130,040	176,871
Outside Crop	32,281	25,553	4,647	3,542	3,096
	190,035	200,823	178,023	133,582	179,967
Crude Palm Oil	37,551	39,779	37,809	29,570	40,275
Palm Kernels	10,346	10,133	9,362	6,837	9,436

YIELD PER HECTARE -

Tonnes FFB / Mature Palms	19.83	20.61	19.26	14.49	20.23
Crude Palm Oil / FFB	19.76%	19.81%	21.24%	22.14%	22.38%
Palm Kernels / FFB	5.44%	5.05%	5.26%	5.12%	5.24%

AVERAGE PRICES

FOB Bintulu / Miri					
Crude Palm Oil	1,374	1,200	1,246	1,831	1,320
Palm Kernels	692	751	728	1,045	922

SHAREHOLDING STATISTICS

AS AT 10 APRIL 2000

SHARE CAPITAL

Authorised : 110,100,000 Ordinary Shares of RM1.00 each
Issued and Fully Paid : 94,968,240 Ordinary Shares of RM1.00 each
Voting Rights : One Vote Per Share

BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Share Held	% of Issued Capital
1 - 499	825	11.31	187,490	0.20
500 - 5,000	5,363	73.55	10,342,688	10.89
5,001 - 10,000	607	8.32	4,772,800	5.02
10,001 - 100,000	456	6.25	12,155,200	12.80
100,001 - 1,000,000	37	0.51	12,540,822	13.21
1,000,001 and above	4	0.05	54,969,240	57.88
Total	7,292	100.00	94,968,240	100.00

CLASSIFICATION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
Individuals	5,859	80.35	20,371,278	21.45
Nominee Companies	1,324	18.16	48,335,482	50.90
Body Corporate	106	1.45	25,835,858	27.20
Federal and State Government Agencies	3	0.04	425,622	0.45
Total	7,292	100.00	94,968,240	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held	% of Issued Capital
1. Pelita Holdings Sdn Bhd	24,334,458	25.62
2. Shin Yang Plantation Sdn Bhd	23,749,982	25.01
3. Perra Group Ltd	5,346,000	5.63
Total	53,430,440	56.26

SHAREHOLDING STATISTICS (CONT'D.)

AS AT 10 APRIL 2000

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. Pelita Holdings Sdn Bhd	24,334,458	25.62
2. Arab-Malaysian Nominees (Tempatan) Sdn Bhd AMMB International (L) Ltd for Shin Yang Plantation Sdn Bhd	23,749,982	25.01
3. HSBC Nominees (Asing) Sdn Bhd HIB SG for Perra Group Ltd	5,346,000	5.63
4. HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	1,538,800	1.62
5. HSBC Nominees (Asing) Sdn Bhd HSBC Trustee SG Ltd for Millionasia Properties Limited	996,000	1.05
6. Citicorp Nominees (Asing) Sdn Bhd MLPFS for Shea Kin Kwok	923,400	0.97
7. DB (Malaysia) Nominees (Asing) Sdn Bhd BNP Nominees Singapore Pte Ltd for Contend Investments Limited	701,000	0.74
8. Amanah Raya Nominees (Tempatan) Sdn Bhd Dana Johor	700,000	0.74
9. DB (Malaysia) Nominees (Asing) Sdn Bhd Societe Generale, Singapore Branch for Tedler Investments Limited	654,600	0.69
10. Citicorp Nominees (Asing) Sdn Bhd TNTC for Government of Singapore Investment Corporation Pte Ltd	634,000	0.67
11. UB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for UT Securities Sdn Bhd	557,000	0.59
12. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Johor	500,000	0.53
13. Cimsec Nominees (Tempatan) Sdn Bhd Libra Asia Securities Limited for Euphorex Corporation Sdn Bhd	449,000	0.47
14. Citicorp Nominees (Asing) Sdn Bhd American International Assurance Company Limited (P Trading)	448,000	0.47
15. Minister of Finance	408,022	0.43
16. HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Kedah (716065)	357,000	0.38
17. Mayban Nominees (Asing) Sdn Bhd Nomura Singapore Limited for Goldfame International Limited (N14011981511)	344,000	0.36
18. Ki Chiong Miew	331,000	0.35
19. Universal Trustee (Malaysia) Berhad Multi-Purpose First Fund	330,000	0.35
20. Yü Kie Ung	316,000	0.33
	63,618,262	66.99