

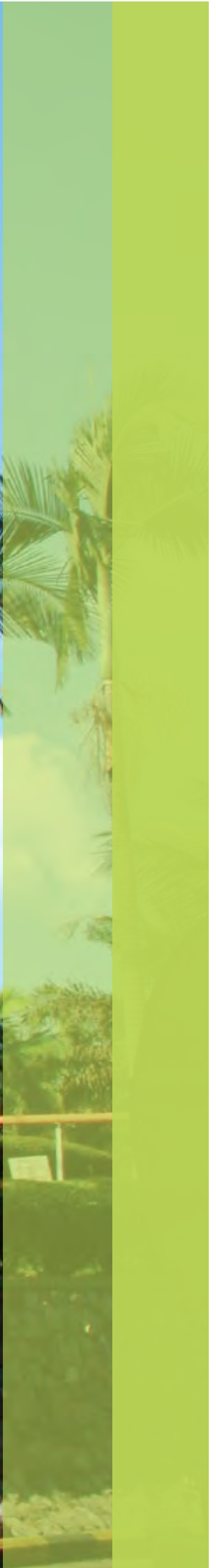
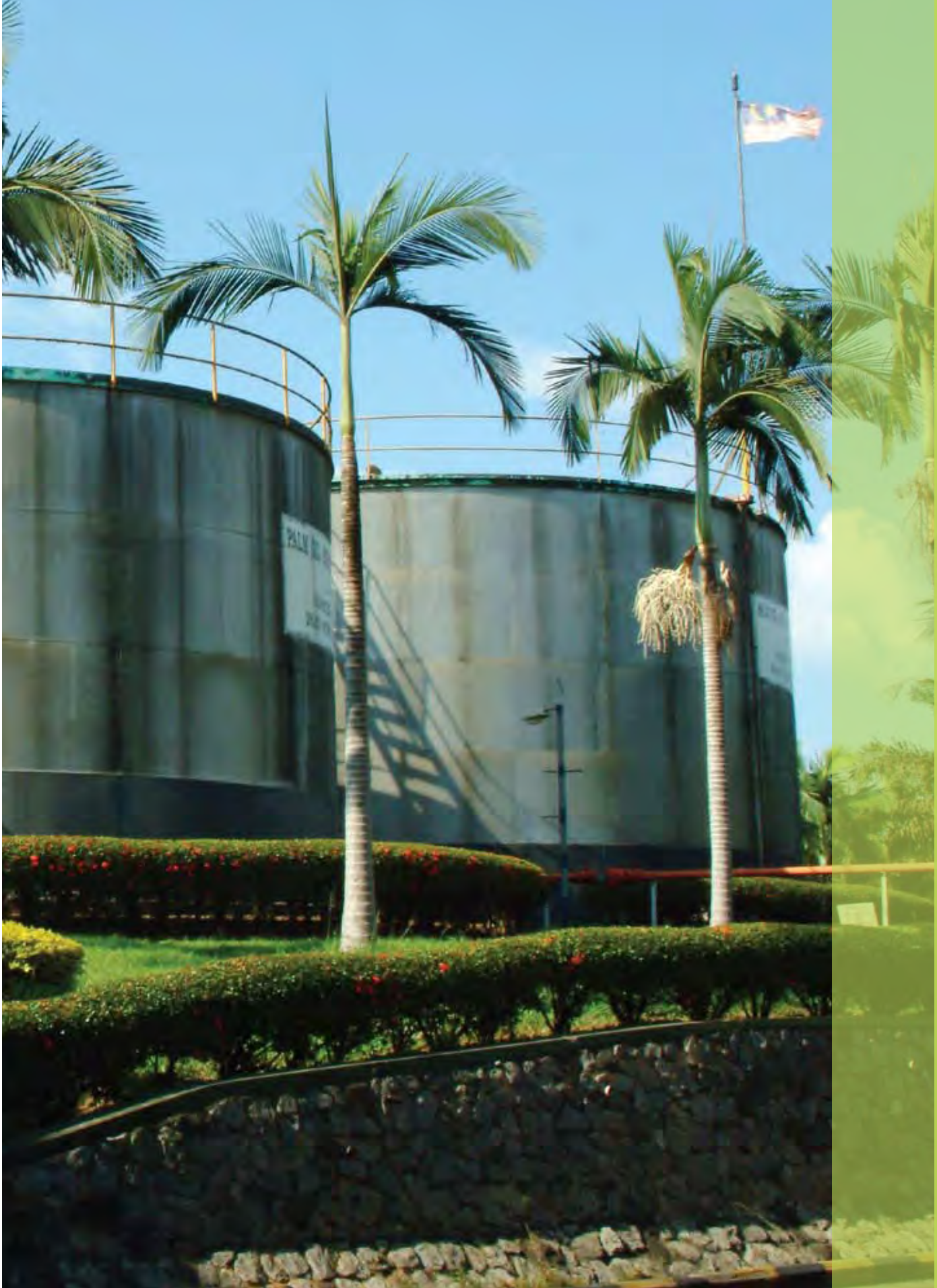
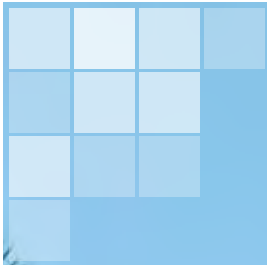
LAPORAN TAHUNAN  
ANNUAL REPORT  
**07**





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# GROUP HIGHLIGHTS

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# Five Years Financial Record

SARAWAK OIL PALMS BERHAD

	<i>Group</i>				
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>RESULTS</b>					
Turnover	104,931	167,954	184,963	221,482	439,482
Profit before taxation	53,192	47,403	31,875	39,558	151,370
Profit after taxation	43,045	33,862	23,087	33,822	117,172
Total Shareholders' Fund	157,189	227,258	248,652	347,359	455,029
Total assets	462,646	515,994	581,862	683,999	902,346
Total borrowing	143,953	188,116	205,208	210,001	215,089
Issued & paid-up capital	94,968	94,968	94,968	142,452	144,153
Dividend ( Net of tax )	2,051	3,419	3,419	2,564	5,200

## FINANCIAL STATISTICS

Profit before taxation / turnover (%)	50.7	28.2	17.2	17.9	34.44
Gross Dividend (sen / share)	5.0	5.0	5.0	2.5	5.0
Net Earnings per share of RM 1 each (sen) - Basic	45.3	35.7	24.3	24.5	76.4
Net Earnings per share of RM 1 each (sen) - Diluted	45.3	35.7	24.3	22.8	67.9
Net tangible assets per share of RM 1 each (RM)	2.07	2.38	2.60	2.45	3.15

# Five Years Crop Record

SARAWAK OIL PALMS BERHAD

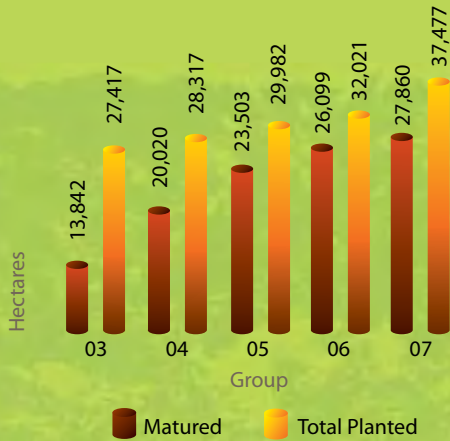
## PLANTED HECTARAGE, PRODUCTION AND PRODUCE PRICES

	2003	2004	2005	2006	2007
	Ha.	Ha.	Ha.	Ha.	Ha.
<b>OIL PALMS</b>					
Mature	13,842	20,020	23,503	26,099	27,860
Immature	13,575	8,297	6,479	5,922	9,617
<b>Total</b>	<b>27,417</b>	<b>28,317</b>	<b>29,982</b>	<b>32,021</b>	<b>37,477</b>
Reserves, Unplanted, Building sites, etc	12,921	12,021	15,716	24,064	30,292
<b>Total Area Under Lease</b>	<b>40,338</b>	<b>40,338</b>	<b>45,698</b>	<b>56,085</b>	<b>67,769</b>
	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>
<b>FFB CROP</b>					
Estate Crop	236,591	327,623	407,640	482,051	560,307
Outside Crop	63,543	120,404	133,268	160,141	197,668
<b>Total</b>	<b>300,134</b>	<b>448,027</b>	<b>540,908</b>	<b>642,192</b>	<b>772,894</b>
Crude Palm Oil	64,507	92,487	108,587	124,873	161,991
Palm Kernels	14,361	18,740	23,863	26,238	32,568
<b>YIELD PER HECTARE</b>					
Tonnes FFB / Mature palms	20.28	17.33	17.34	18.47	20.11
Crude Palm Oil / FFB	21.94%	21.59%	21.72%	21.50%	20.96%
Palm Kernels / FFB	4.88%	4.38%	4.86%	4.52%	4.21%
<b>AVERAGE PRICES</b>					
FOB Bintulu / Miri					
Crude Palm Oil	1,494	1,593	1,354	1,458	2,306
Palm Kernels	707	1,018	956	839	1,377

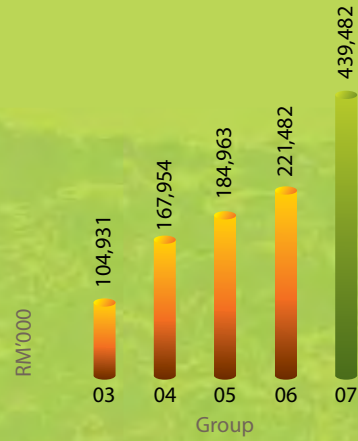
# 5 Years Statistical Highlights

SARAWAK OIL PALMS BERHAD

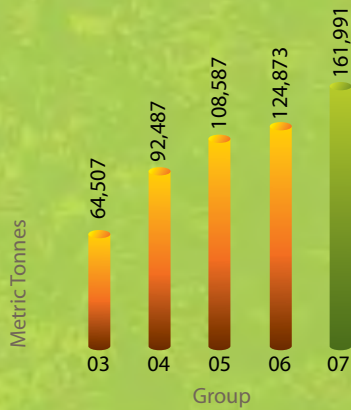
AREA PLANTED



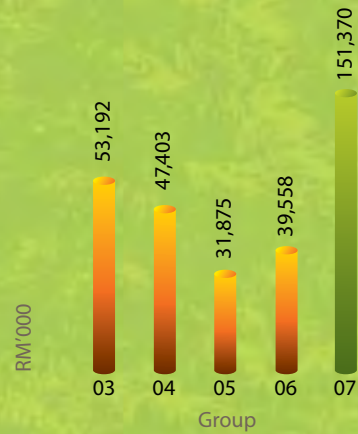
REVENUE



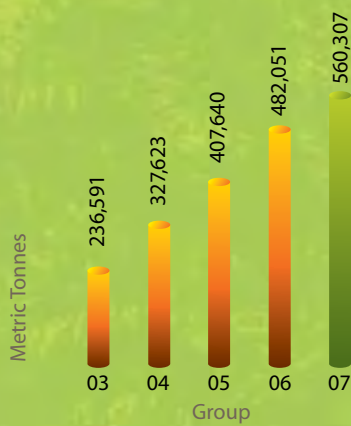
CRUDE PALM OIL PRODUCED INCLUDING OUTGROWERS



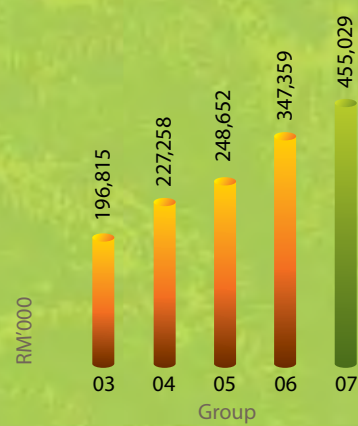
PROFIT BEFORE TAXATION



FRESH FRUIT BUNCHES HARVESTED



SHAREHOLDER FUND





# Corporate Information

SARAWAK OIL PALMS BERHAD

## **DIRECTORS**

Datuk Ling Chiong Ho  
**Group Executive Chairman**

Ling Chiong Sing

Tang Tiong Ing

Hasbi Bin Suhaili

Gerald Rentap Jabu

Fong Tshu Kwong

DR. Dominic Lai Yew Hock

Wong Ngie Yong

## **AUDIT / NOMINATION COMMITTEE**

Fong Tshu Kwong  
**Chairman**  
**Independent Non-Executive**

Tang Tiong Ing  
**Non-Executive**

DR. Dominic Lai Yew Hock  
**Independent Non-Executive**

## **REMUNERATION COMMITTEE**

Fong Tshu Kwong  
**Chairman**  
**Independent Non-Executive**

DR. Dominic 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, 3<sup>rd</sup> Floor  
Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching  
Malaysia

## **PRINCIPAL BANKERS**

HSBC Bank Malaysia Berhad  
AmInvestment Bank 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 56, was appointed as the Non-Executive Director on 15 October 1995 and subsequently as Non-executive Chairman on 1 October 1999. He was appointed as Group Executive Chairman on 6 June 2003. He is the committee member for the ESOS Option Committee and Management Retirement Gratuity Fund Committee.

He was conferred the Penglima Gemilang Bintang Kenyalang (P.G.B.K.) which carries the honourable title "Datuk" by the Yang Terutama Dipertua Negeri Sarawak on 14th September 2002.

He is also 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, public transports, hypermarket & hotel business. He has been instrumental to the growth and expansion of Shin Yang Group of Companies and Sarawak Oil Palms Berhad ("the Company"). With his strong industry knowledge, market networking and hands on technical experiences, he has built up a strong and efficient system within Sarawak Oil Palms Berhad and its subsidiaries ("the Group") with good business relationship with buyers, business associates and other parties.

He is deemed substantial shareholder of the Company. He is deemed interested in the transactions with the related parties which are carried out in the ordinary course of business as detailed in note to the account. Except as disclosed therein, he has no personal interest in other business arrangement involving the Company.

## **LING CHIONG SING**

A Malaysian citizen, aged 52, was appointed as Non-Executive Director on 1 December 2006. He is the Committee Member for the Management Retirement Gratuity Fund Committee. He graduated from Taiwan in Accounting and is currently the Chief Executive Director of a well-diversified Shin Yang Group of Companies in Sarawak. He is actively responsible for the general management of Shin Yang Group including office, financial, operation matters, human resource administration and negotiation of contract. He is also the managing director of the shipping and shipbuilding sector, quarry operation and public servicing sections. 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 deemed substantial shareholder of the Company. He is deemed interested in the transactions with the related parties which are carried out in the ordinary course of business as detailed in note to the account. Except as disclosed therein, he has no personal interest in other business arrangement involving the Company.

## **TANG TIONG ING**

A Malaysian citizen, aged 49, has been a Non-Executive Director since 15 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 the Company and does not have any conflict of interest with the Company.

## **HASBI BIN SUHAILI**

A Malaysian citizen, aged 45, 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 the Company and does not have any conflict of interest with the Company.

## **GERALD RENTAP JABU**

A Malaysian citizen, aged 38, 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 the Company and does not have any conflict of interest with the Company.

## Profile of Board of Directors (con't)

SARAWAK OIL PALMS BERHAD

### **EDWIN LAU CHUNG LOONG** (Resigned on 15 May 2007)

A Malaysian citizen, aged 55, was appointed as a Non-Executive Director on 24 November 2005. He holds a Bachelor of Science in Business Management from Oklahoma City University, Oklahoma, USA under SALCRA ("Sarawak Land Consolidation and Rehabilitation Authority") scholarship. He is currently the Group Plantation Development Advisor of Pelita Holdings Sdn Bhd. Prior to this, he has over 30 years of working experience in plantation management and has been with the government service since 1970. He is an appointed representative of Pelita Holdings Sdn Bhd (PHSB), a substantial shareholder of the Company and does not have any conflict of interest with the Company.

### **DR. DOMINIC LAI YEW HOCK**

A Malaysian citizen, aged 49, 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 Advocate 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 the Company and does not have any conflict of interest with the Company.

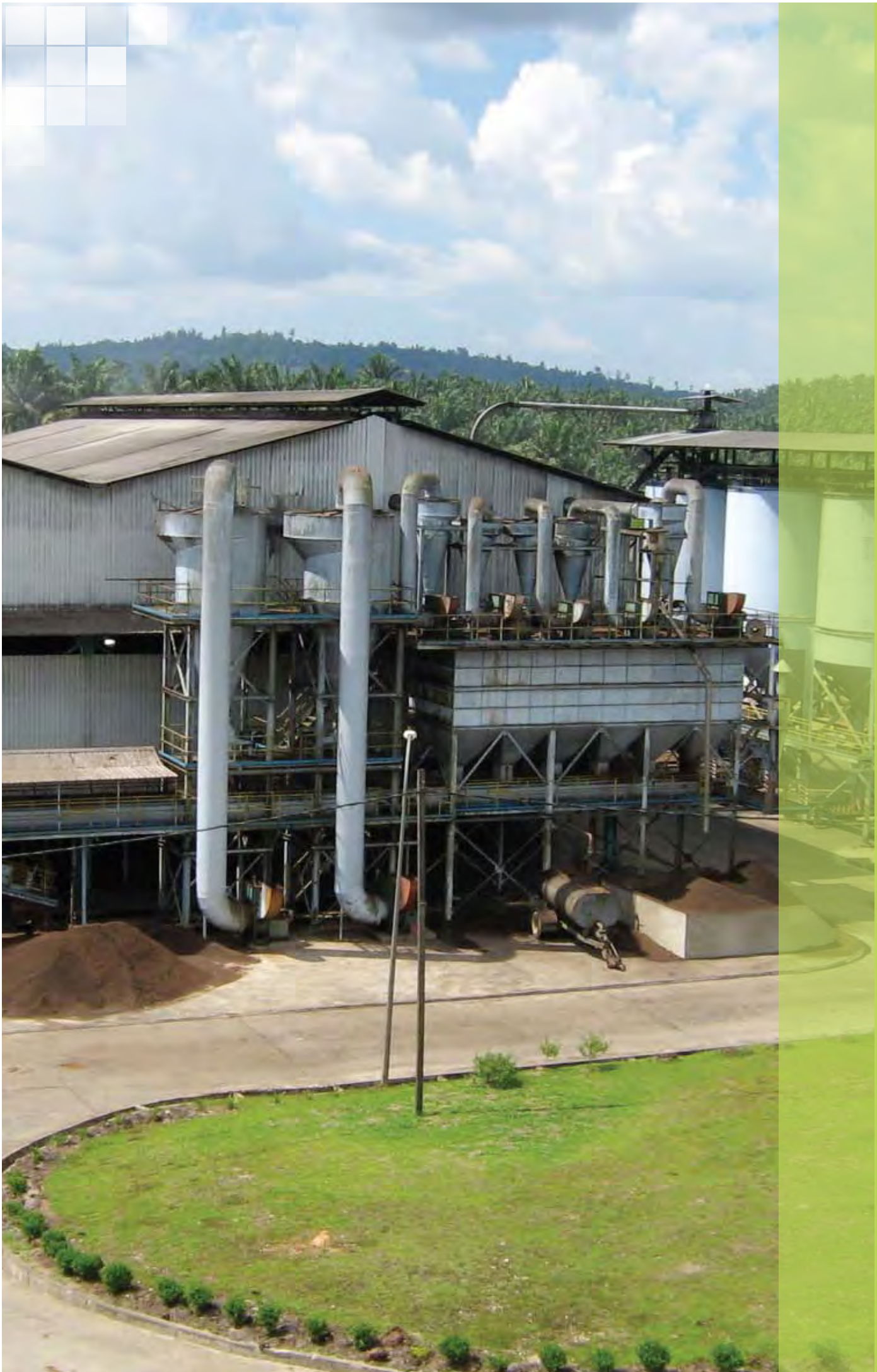
### **FONG TSHU KWONG**

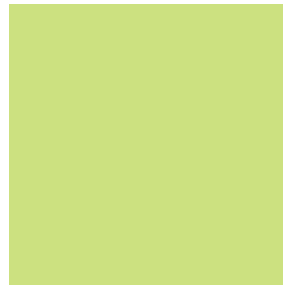
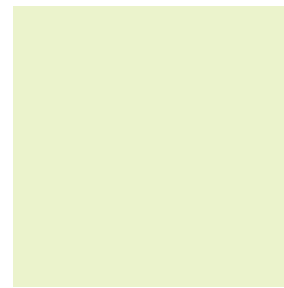
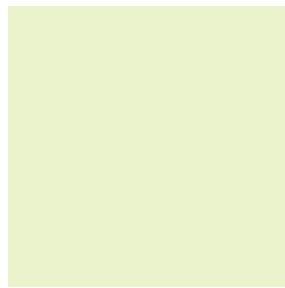
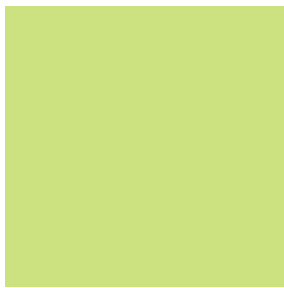
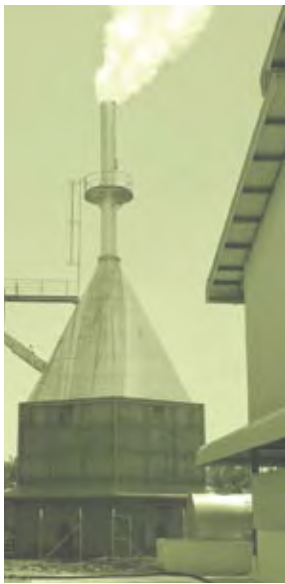
A Malaysian citizen, aged 49, was appointed as an Independent and Non-Executive Director on 22 March 1996. Presently, he serves as a member of the Audit, Nomination, Remuneration and Risk Management Committees. He is a Chartered Accountant (Malaysia) and is a member of the Malaysian Institute of Certified 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 the Company and does not have any conflict of interest with the Company.

### **WONG NGIE YONG**

A Malaysian citizen, aged 57, 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 free-lance Consultant and Director of Utama Parts Trading (Sarawak) Sdn. Bhd. He is not related to any director/or substantial shareholder of the Company and does not have any conflict of interest with the Company.







# 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 2007.*

## **REVIEW OF RESULTS**

The oil palm industry has been enjoying high prices for its products for the whole year of 2007. It appears that the high prices are very much supported by the huge demand created by biofuel. This has created competition of land use for corn, wheat and oilseeds.

Given such a blessing, like other plantation companies, the Group reported a record turnover of RM439.50 million compared to RM221.50 million achieved last year, an increase of 98.41%.

In tandem with the increase in turnover, the Group's operating profit ("EBIT") increased from RM35.92 million to RM147.78 million or 311.41%. With the recognition of reserve on consolidation of RM3.6 million resulting from the acquisition of a new investment, the Group's profit before taxation increased from RM39.56 million in year 2006 to RM151.37 million in year 2007.

The Group's net earning increased from RM34.79 million to RM109.29 million or 214.14% during the same period. Earnings per share of the Group was 67.87 sen (diluted).

## **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 6% less tax at 26% per ordinary share amounting to RM6,400,385 for the Financial Year ended 31 December 2007.

## **OPERATIONS REVIEW**

For the year under review, fresh fruit bunches (FFB) production from the Group increased by 16.23% to 560,307 tonnes, boosted mainly by the additional 1,761 hectares of oil palms being brought into harvesting and the rise in FFB yield from the young mature areas. FFB yield per hectare increased by 8.9% to 20.11 tonnes per hectare. The oil per hectare was 4.22 tonnes per hectare. The Group's palm oil mills produced a total of 161,991 tonnes of CPO, an increase of 29.72% over the preceding year.

Total area planted with oil palms increased from 32,021 hectares in 2006 to 37,477 hectares in 2007, comprising 27,860 hectares (74.34 %) of mature oil palms and 9,617 hectares (25.66 %) 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 increasing their yield.

# Chairman's Statement (con't)

SARAWAK OIL PALMS BERHAD

Age profile for oil palms as at December 2007

Palms Age (Yrs)	Area (Ha)	Percentage
Immature	9,617	25.66%
Young (4-10 yrs)	20,681	55.18%
Prime (11-20 yrs)	6,167	16.46%
Old (21 & above)	1,012	2.70%
<b>Total</b>	<b>37,477</b>	<b>100.00%</b>

In line with the expected increase in FFB production for the Group, the Company has commissioned its 90 tonnes per hour new Lambir Palm Oil Mill ("POM") in October 2007. In addition, the company has also commenced its construction of another 60 tonnes per hour Sepakau Palm Oil Mill in Belaga and it is expected to be commissioned by March 2009. Upon the completion of Sepakau POM, the total installed capacity of POM for the Group will be 285 tonnes per hour.

## HUMAN RESOURCES

In line with the Group's strategic plan to expand its business operations, the Group continues to build up its management team through training and retention programmes. The Group emphasizes on upgrading the skill and knowledge of its employees through an organized and structured internal training programmes 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 programmes.

## UPDATES ON CORPORATE DEVELOPMENT

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

- In March 2007, the Group implemented an Employees' Share Options Scheme ("ESOS") for the Group and the maximum number of new shares which may be issued and allotted pursuant to the exercise of the Options shall not at any point in time in aggregate exceed six point three-two percent (6.32%) of the issued and paid up capital of the Company during the duration of the ESOS of ten years.
- In May 2007, the Company entered into a conditional shares subscription agreement with Kini Sinar Sdn Bhd ("KSSB") and Shin Yang Holding Sdn Bhd ("SYHB") to subscribe a total of 650,000 new shares in KSSB for a total consideration of RM14.83 million. Upon completion of the proposed subscription, the company will control 65% shareholdings in KSSB with the balance of 35% held by SYHB. The completion of the agreement is pending the fulfillment of conditions precedent by SYHB.
- In July 2007, the Company through a conditional share subscription agreement entered into joint venture with SYHB to develop approximately 12,910 hectares into oil palms plantation with the Company taking 60% of the equity stake in SOP Plantations (Beluru) Sdn Bhd. The joint venture agreement was completed in December 2007.
- The company undertook a rights issue of 46,805,376 new ordinary shares of RM1.00 each at an issue price of RM2.40 per rights share on the basis of three rights shares for every ten existing shares held in the Company. The rights issue was completed and listed from 7th April 2008.
- As part of the corporate social responsibilities, the Group has launched its SOPB Scholarship programme beginning 2008 to eligible students or employees or employees' children to pursue selected courses of studies.

## PROSPECT

Our Group will continue to invest substantially in the expansion of oil palms plantation, construction of palm oil mills and related business. The challenge for the Group is to further improve its efficiency and productivity through maximizing the use of its existing resources. Barring any unforeseen circumstances, the prospect of the Group for 2008 is expected to be better than that of 2007. However, given that the Group is primarily involved in oil palms industry, it will continue to be subject to the volatility of CPO prices.

## 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 2007.*

## **SOROTAN HASIL**

Industri kelapa sawit menikmati harga-harga produk yang tinggi sepanjang tahun 2007. Harga-harga produk yang tinggi tersebut disokong oleh permintaan biofuel yang tinggi. Keadaan ini mewujudkan persaingan penggunaan tanah bagi jagung, gandum serta benih minyak.

Seperti juga syarikat-syarikat lain yang dianugerahi rahmat sedemikian, Kumpulan mencatatkan pendapatan sebanyak RM439.50 juta berbanding RM221.50 juta tahun sebelumnya dengan peningkatan sebanyak 98.41%.

Seiring dengan peningkatan dalam pendapatan, keuntungan operasi Kumpulan sebelum faedah dan cukai meningkat daripada RM35.92 juta kepada RM147.78 juta atau 311.41%. Dengan mengambilkira rizab yang tertimbul sebanyak RM3.6 juta, akibat daripada penyatuan akaun bagi satu pemerolehan pelaburan baru, keuntungan sebelum cukai Kumpulan meningkat daripada RM39.56 juta pada tahun 2006 kepada RM151.37 juta pada tahun 2007.

Pada masa yang sama, perolehan bersih Kumpulan meningkat daripada RM34.79 juta kepada RM109.29 juta atau 214.14%. Perolehan sesaham Kumpulan adalah sebanyak 67.87 sen ("diluted").

## **DIVIDEN**

Selaras dengan objektif Kumpulan untuk meneruskan pertumbuhan melalui pelaburan semula keuntungannya, Lembaga Pengarah mencadangkan dividen pertama dan terakhir sebanyak 6% ditolak cukai pada 26% sesaham biasa berjumlah RM6,400,385 untuk Tahun Kewangan berakhir 31 Disember 2007.

## **SOROTAN OPERASI**

Bagi tahun kewangan 2007, hasil keluaran "Fresh Fruit Bunches" (FFB) Kumpulan meningkat sebanyak 16.23% kepada 560,307 tan terutamanya disebabkan oleh penambahan 1,761 hektar kelapa sawit yang mulai berbuah serta peningkatan hasil FFB dari kawasan matang muda. Hasil sehektar FFB meningkat sedikit sebanyak 8.9% kepada 20.11 tan sehektar. Hasil minyak adalah 4.22 tan sehektar. Kilang-kilang Kumpulan telah mengeluarkan sebanyak 161,991 tan CPO yang merupakan peningkatan sebanyak 29.72% berbanding tahun lepas.

Jumlah kawasan yang ditanam dengan kelapa sawit meningkat daripada 32,021 hektar pada tahun 2006 kepada 37,477 hektar pada tahun 2007, merangkumi 27,860 hektar (74.34 %) tanaman matang dan 9,617 hektar (25.66%) tanaman belum matang. Keluaran FFB dijangka meningkat pada tahun-tahun akan datang hasil daripada tanaman belum matang yang akan membuah hasil dan tanaman muda yang semakin meningkat hasilnya.



# Pernyataan Pengerusi (sambungan)

SARAWAK OIL PALMS BERHAD

Profil usia bagi kelapa sawit setakat Disember 2007

Usia (Tahun)	Kawasan (Ha)	Peratus
Belum matang	9,617	25.66%
Muda (4-10 tahun)	20,681	55.18%
Matang (11-20 tahun)	6,167	16.46%
Tua (21 & ke atas)	1,012	2.70%
Jumlah	37,477	100.00%

Seiring dengan pengeluaran FFB yang dijangka meningkat, syarikat telah menyiapkan Kilang Minyak Sawit ("POM") baru di Lambir dengan keupayaan pengeluaran sebanyak 90 tan sejam. Selain itu, syarikat juga telah memulakan pembinaan sebuah lagi Kilang Minyak Sawit Sepakau di Belaga dengan keupayaan pengeluaran sebanyak 60 tan sejam yang dijangka siap menjelang Mac 2009. Dengan persiapan Kilang Minyak Sawit Sepakau, jumlah kapasiti Kilang Minyak Sawit Kumpulan akan menjadi 285 tan sejam.

## TENAGA KERJA

Sejajar dengan rancangan Kumpulan untuk 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 2007:

- Pada bulan Mac 2007, Syarikat melaksanakan Skim Saham Pilihan Pekerja ("ESOS") bagi Kumpulan dan jumlah maksimum saham baru yang boleh diterbitkan serta diperuntukkan dalam melaksanakan usaha tersebut tidak melebihi enam persepuluh tiga dua peratus (6.32%) daripada jumlah saham yang diterbitkan dan berbayar Syarikat sepanjang tempoh sepuluh tahun ESOS.
- Pada bulan Mei 2007, Syarikat menandatangani satu perjanjian langganan saham bersyarat dengan Kini Sinar Sdn Bhd ("KSSB") dan Shin Yang Holding Sdn Bhd ("SYHB") bagi melanggan sejumlah 650,000 saham baru KSSB untuk RM14.83 juta. Dengan siapnya langganan cadangan tersebut, Syarikat akan mengawal 65% daripada saham di KSSB, dengan selebihnya 35% dipegang oleh SYHB. Persiapan perjanjian tersebut tertakluk kepada syarat-syarat dipenuhi terlebih dahulu oleh SYHB.
- Pada bulan Julai 2007, Syarikat melalui Perjanjian Langganan Saham Bersyarat berusaha sama dengan SYHB bagi membangunkan kawasan seluas kira-kira 12,910 hektar kepada ladang kelapa sawit, dengan Syarikat memegang kepentingan ekuiti sebanyak 60% dalam SOP Plantations (Beluru) Sdn Bhd. Perjanjian usaha sama tersebut siap pada bulan Disember 2007.
- Syarikat menawarkan terbitan hak sebanyak 46,805,376 saham biasa baru berharga RM1.00 sesaham pada nilai terbitan RM2.40 setiap saham terbitan hak berdasarkan tiga saham terbitan hak bagi setiap sepuluh saham yang dipegang dalam Syarikat. Usaha ini siap dan disenaraikan bermula 7 April 2008.
- Sebagai sebahagian daripada tanggungjawab sosial korporat, Kumpulan telah melancarkan program Biasiswa SOPB bermula tahun 2008 untuk pelajar-pelajar atau para pekerja atau anak-anak mereka yang layak dan meneruskan pelajaran dalam kursus-kursus terpilih.

## PROSPEK

Kumpulan akan terus melabur dalam memperkembangkan ladang kelapa sawit, pembinaan kilang minyak sawit dan kegiatan berkaitan dengan kelapa sawit. Cabaran yang perlu dihadapi oleh Kumpulan ialah untuk terus memperbaiki keberkesanan dan produktiviti Kumpulan dengan memaksimumkan penggunaan sumber sedia ada. Tanpa mengambil kira sebarang perkara atau keadaan yang tidak diduga, prospek Kumpulan bagi tahun 2008 dijangka akan menjadi lebih baik berbanding tahun sebelumnya. Walau bagaimanapun, memandangkan Kumpulan terlibat terutamanya dalam kegiatan kelapa sawit, ia akan terus tertakluk kepada harga pasaran CPO yang tidak menentu.

## 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.

# 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. The Group 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 Understanding 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 center to better serve the smallholders particularly in the areas of improving production yields and quality by 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 center.

The Group through its Scholarship program launched in 2008 will support 6 new students every year to enable young deserving Malaysians to further their tertiary education in local universities. The Group is committed to sponsor 30 students within the next 5 years.

In addition to the above, 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 Agriculture Policy. Generally the Group has a sound track record with regards to environmental protection. This including proper handling of waste management, by-product utilisation and measures to prevent degradation of soil, air and water.

The other CR is also report on page 13 of the annual report.

# Statement on Corporate Governance

SARAWAK OIL PALMS BERHAD

## STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Revised Code on Corporate Governance (“the Code”) sets out to improve the principles and best practices for adoption in an effort to raise higher standards of corporate governance in the country. The Company’s Board of Directors (“the 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 therefore, 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 eight members with only one Executive Director. The other seven members are Non-Executive Directors. The independent Non-Executive Directors are Fong Tshu Kwong, DR. Dominic Lai Yew Hock and Wong Ngie Yong. Therefore, the Group has met the Bursa Securities Listing Requirements which requires 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 2007, the Board held five(5) 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.

In discharging its duty, the Board is assisted by Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee and the Option Committee. The terms of reference of each committee have been approved by the Board.

## AUDIT COMMITTEE

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

The Committee, formed in May 2001, is responsible for recommending the right candidate with the necessary skills, experience and competencies 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:

<b>Fong Tshu Kwong</b>	- Chairman, Independent Non-Executive Director
<b>DR. Dominic Lai Yew Hock</b>	- Independent Non-Executive Director
<b>Tang Tiong Ing</b>	- Non-Executive Director

The Committee met one(1) time during the financial year.

## REMUNERATION COMMITTEE

The Committee was established in June 2003. It 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:

<b>Fong Tshu Kwong</b>	- Chairman, Independent Non-Executive Director
<b>DR. Dominic Lai Yew Hock</b>	- Independent Non-Executive Director
<b>Hasbi Bin Suhaili</b>	- Non-Executive Director

The Committee met one(1) time during the financial year.

# Statement on Corporate Governance (con't)

SARAWAK OIL PALMS BERHAD

## OPTION COMMITTEE

The committee was formed in November 2006. It is responsible to administrate the Group Employees' Share Option Scheme ("ESOS") in accordance to approved By-Laws, guidelines and rulings of the relevant authorities that are applicable during the period of the scheme. The members of the Option Committee are as follows:

<b>Datuk Ling Chiong Ho</b>	- Chairman, Executive Director
<b>DR. Dominic Lai Yew Hock</b>	- Independent Non-Executive Director
<b>Wong Hee Kwong</b>	- Chief Executive Officer
<b>Eric Kiu Kwong Seng</b>	- Company Secretary

The Committee met one(1) time during the financial year.

## 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. 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 2007 are as follows:

<b>Aggregate of remuneration</b>	<b>Directors</b>	
	<b>Executive RM000</b>	<b>Non-Executive RM000</b>
Fees	39	268
Salaries	462	
Bonus	231	
EPF	83	
<b>Total</b>	<b>815</b>	<b>268</b>

<b>Number Of Directors Range of remuneration</b>	<b>Executive</b>	<b>Non- Executive</b>
	0 to RM50,000	
RM800,001 to RM850,000	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.

## RE-ELECTION OF DIRECTORS

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 re-appointment. 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.

# Statement on Corporate Governance (con't)

SARAWAK OIL PALMS BERHAD

## ***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 SHAREHOLDERS 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.

## ***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.

### **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.

# Statement on Internal Control (con't)

SARAWAK OIL PALMS BERHAD

## *OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM (continued)*

### *Group Internal Audit (IA)*

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 CA(M) - Chairman**

Independent Non-Executive Director

### **DR. Dominic 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 the Company and 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.
- The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meetings with the external auditors whenever deemed necessary.
- 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.



# Audit Committee Report (con't)

SARAWAK OIL PALMS BERHAD

## 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

Review 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 internal and 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.

## MEETINGS

During the financial year ended 31 December 2007, four (4) Committee meetings were held. A record of the attendance to these meetings is as follows:

	No. of Meetings Attended
Fong Tshu Kwong	4/4
DR. Dominic Lai Yew Hock	4/4
Tang Tiong Ing	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.

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

# Audit Committee Report (con't)

SARAWAK OIL PALMS BERHAD

## ACTIVITIES

During the year, the IA carried out a total of twelve (12) audit assignments covering mainly the finance function, mill operating and various plantation operating units of the Group.

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 was as follows:

- 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 related party transactions entered into by the Group.
- 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 external auditors' scope of work and audit plans for the year prior to commencement of audit.
- 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.
- 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.

# Laporan Jawatankuasa Audit

SARAWAK OIL PALMS BERHAD

## KEAHLIAN

**Fong Tshu Kwong CA(M)- Pengerusi**  
Pengarah Bebas Bukan Eksekutif

**DR. Dominic 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.
- Jawatankuasa haruslah memiliki saluran-saluran komunikasi yang terus dan telus dengan juruaudit luar dan juruaudit dalam serta pihak pengurusan kanan Kumpulan dan boleh bermesyuarat dengan juruaudit luar sekiranya perlu.

# Laporan Jawatankuasa Audit (sambungan)

SARAWAK OIL PALMS BERHAD

## PROSEDUR KEWANGAN & LAPORAN KEWANGAN

## TRANSAKSI DI ANTARA PIHAK YANG BERKAITAN

## AUDITAN LUAR

## AUDITAN DALAM

## MESYUARAT

## FUNGSI AUDIT DALAMAN

- 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.

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.

Mengkaji semula 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.

- 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 dalam dan luar, bayaran audit dan sebarang hal perletakan dan pengguguran jawatan sebelum membuat syor-syor kepada Lembaga Pengarah.

- 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.
- Mengkaji 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.

Pada tahun kewangan yang berakhir 31 Disember 2007, empat mesyuarat Jawatankuasa telah diadakan. Rekod kehadiran di mesyuarat-mesyuarat adalah seperti berikut:

### Bilangan Kehadiran

Fong Tshu Kwong	4/4
DR. Dominic Lai Yew Hock	4/4
Tang Tiong Ing	4/4

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

# Laporan Jawatankuasa Audit (sambungan)

SARAWAK OIL PALMS BERHAD

## AKTIVITI

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) tugas audit, kebanyakannya merangkumi fungsi kewangan, operasi kilang dan pelbagai unit operasi perladangan Kumpulan.

Pada tahun 2007, Jawatankuasa telah menjalankan tugas mereka menurut terma-terma rujukan yang dikenalpasti.

Ringkasan aktiviti jawatankuasa bagi tahun 2007 adalah seperti berikut:

- 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 sebarang transaksi di antara pihak berkaitan di dalam Kumpulan.
- Mempertimbangkan dan mengesyorkan bayaran audit kepada Lembaga untuk dibayar kepada juruaudit luar seperti yang dinyatakan pada Nota 7 pada Penyata Kewangan.
- Mengkaji semula skop kerja dan pelan juruaudit luar sebelum proses auditan bermula.
- 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.
- 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 2007 set out in pages 32 to 91, 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 2007 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	33,769
KPMG	17,865
	<u>51,634</u>

## 2. MATERIAL CONTRACTS

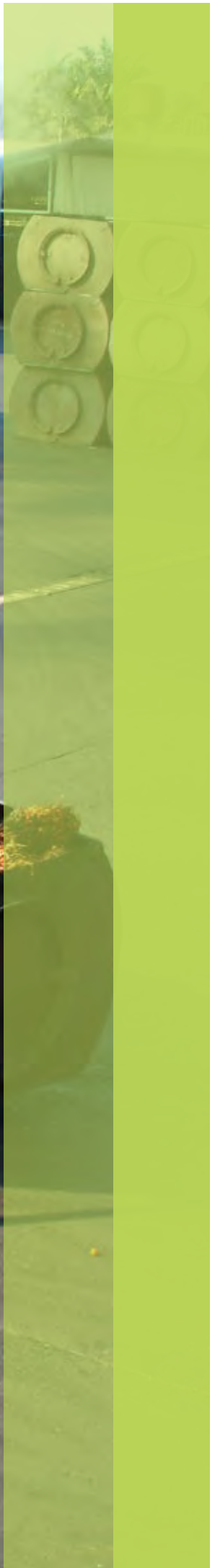
There were no material contracts involving the interest of Directors and major shareholders pursuant to paragraph 20, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia entered into by the Group since the end of the previous financial year up to 31 December 2007 except for the followings:

## 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 2007 were as follows:

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2007 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) Tang Tiong Ing (3)	6,328
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) Tang Tiong Ing (3)	913
3. The Group	Purchase of gravel from Hollystone Quarry Sdn Bhd ("HQ")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Tang Tiong Ing (3)	6,187
4. SOP Plantations (Borneo) Sdn Bhd**	Interest charged by SYHSB for advances at a fixed rate of 5% per annum	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Tang Tiong Ing (3)	228
5. 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) Tang Tiong Ing (3)	51
6. The Company	Purchase of fresh fruit bunches from Greenwood Estate Sdn Bhd ("GWE")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Tang Tiong Ing (3)	4,091
7. The Company	Purchase of fresh fruit bunches from Jati Vista Sdn Bhd ("JVS")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Tang Tiong Ing (3)	15,744
8. The Group	Land Transportation Services from Melinau Transport Sdn Bhd ("MTSB")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Tang Tiong Ing (3)	760
9. 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) Tang Tiong Ing (3)	563
10. 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) Tang Tiong Ing (3)	1,845
11. The Group	Purchase of sawn timber from Shin Yang Sawmill Sdn Bhd ("SYSM")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Tang Tiong Ing (3)	661
12. 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) Tang Tiong Ing (3)	22
13. The Company	Purchase of fresh fruit bunches from Primaluck (M) Sdn Bhd ("PSB")	Datuk Ling Chiong Ho (1) Ling Chiong Sing (2) Tang Tiong Ing (3)	2,825

Note # (1) Datuk Ling Chiong Ho is the Group Executive Chairman of SOPB and is also the shareholder and director of SY Services, SY Trading, SYHSB and SYSM, and he is a director of and has indirect interest in HQ and SYSB. He has substantial indirect interest in GWE, JVS, DLM, DLT, SETSB and PSB.  
 (2) Ling Chiong Sing is the Non-Executive Director of SOPB and is also the shareholder and director of SY Services, SY Trading, SYHSB and SYSM, and he is a director of and has indirect interest in HQ and SYSB. He has substantial indirect interest in GWE, JVS, DLM, DLT, SETSB and PSB.  
 (3) Messrs. Tang Tiong Ing is the Non-Executive Director of SOPB and is authorised representative and also employee of Shin Yang Group.







# FINANCIAL STATEMENT

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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 2007.

## 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

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	117,172	69,689
Attributable to:		
Equity holders of the Company	109,285	69,689
Minority interests	7,887	-
	<u>117,172</u>	<u>69,689</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 2006 was as follows:

In respect of the financial year ended 31 December 2006 as reported in the Directors' report of that year	<b>RM'000</b>
First and final dividend of 5.0% less 27% tax on 142,452,360 ordinary shares, paid on 16 July 2007	<u>5,200</u>

# Directors' Report (con't)

SARAWAK OIL PALMS BERHAD

## DIVIDENDS (Continued)

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 6% less 26% taxation on 144,152,810 ordinary shares, amounting to a dividend payable of RM6,400,385 (4.4 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 2008.

## 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  
Lai Yew Hock  
Wong Ngie Yong  
Hasbi Bin Suhaili  
Edwin Lau Chung Loong

(Resigned on 18.4.2007)

## 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 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 30 to the financial statements.

# Directors' Report (con't)

SARAWAK OIL PALMS BERHAD

## 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:

The Company	Number of Ordinary Shares of RM1 Each			
	At 1.1.2007	Acquired	Sold	At 31.12.2007
<b>Direct interest</b>				
Datuk Ling Chiong Ho	8,271,008	2,839,992	-	11,111,000
Tang Tiong Ing	7,500	48,000	-	55,500
Fong Tshu Kwong	15,000	-	-	15,000
Lai Yew Hock	15,000	-	-	15,000
<b>Deemed interest</b>				
Datuk Ling Chiong Ho	42,442,994	-	-	42,442,994
Ling Chiong Sing	42,442,994	-	-	42,442,994
<b>Number of Warrants Over Ordinary Shares of RM1 Each</b>				
	At 1.1.2007	Granted	Exercised/Sold	At 31.12.2007
Datuk Ling Chiong Ho	1,655,604	-	-	1,655,604
Tang Tiong Ing	1,250	1,000	-	2,250
Fong Tshu Kwong	2,500	-	-	2,500
Lai Yew Hock	2,500	-	2,500	-
<b>Deemed interest</b>				
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 RM1.67 per share during the exercise period which is due to expire on 19 January 2011.

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.

# Directors' Report (con't)

SARAWAK OIL PALMS BERHAD

## 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 31 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 each. The names of option holders granted options to subscribe for 200,000 or more ordinary shares of RM1 each during the financial year are as follows:

Name	Grant Date	Expiry Date	Exercise Price RM	Number of Share Options		
				Granted	Exercised	31.12.2007
Wong Hee Kwong	12.3.2007	11.3.2017	2.91	734,000	-	734,000
Eric Kiu Kwong Seng	12.3.2007	11.3.2017	2.91	458,800	-	458,800
Chua Kian Hong	12.3.2007	11.3.2017	2.91	220,000	-	220,000
Lu Toh Yew	12.3.2007	11.3.2017	2.91	220,000	-	220,000
Lau Sie Hing	12.3.2007	11.3.2017	2.91	210,000	-	210,000

## 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 there were no known bad debts and that adequate provision had been made for doubtful debts; 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) it necessary to write off any bad debts or the amount of the provision for doubtful debts in the Company inadequate to any substantial extent; and
  - ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

# Directors' Report (con't)

SARAWAK OIL PALMS BERHAD

## OTHER STATUTORY INFORMATION (Continued)

- 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.

## SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 15 and Note 35 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 29 February 2008.

**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 10 to 67 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2007 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 29 February 2008.

**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 10 to 67 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 29 February 2008.

**WONG HEE KWONG**

Before me,

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

# Report Of The Auditors To The Members Of Sarawak Oil Palms Berhad - 7949-M

(Incorporated in Malaysia)

SARAWAK OIL PALMS BERHAD

We have audited the accompanying financial statements set out on pages 10 to 67. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:
  - i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements 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.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

**Ernst & Young**  
AF: 0039  
Chartered Accountants

**Yong Nyet Yun**  
2708/04/08 (J)  
Partner

Miri, Malaysia  
Date: 29 February 2008



## Income Statements For The Year Ended 31 DECEMBER 2007

SARAWAK OIL PALMS BERHAD

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	3	439,482	221,482	434,088	202,611
Cost of sales	4	(256,205)	(165,458)	(320,275)	(148,578)
Gross profit		183,277	56,024	113,813	54,033
Other income	5	3,260	2,708	2,635	2,888
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	3,642	-	-
Administrative expenses		(3,125)	(1,184)	(1,023)	(421)
Selling and marketing expenses		(26,113)	(12,114)	(26,113)	(12,114)
Operating profit		160,890	49,076	89,312	44,386
Finance costs	6	(9,520)	(9,518)	(2,972)	(2,683)
Profit before tax	7	151,370	39,558	86,340	41,703
Income tax expense	10	(34,198)	(5,736)	(16,651)	(6,134)
Profit for the year		117,172	33,822	69,689	35,569
Attributable to:					
Equity holders of the Company		109,285	34,786	69,689	35,569
Minority interests		7,887	(964)	-	-
		117,172	33,822	69,689	35,569

### Earnings per share attributable to Equity holders of the Company (sen):

Basic, for profit for the year	11	76.4	24.5
Diluted, for profit for the year	11	67.9	22.8

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

## Balance Sheets

### As At 31 December 2007

SARAWAK OIL PALMS BERHAD

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	537,130	453,056	181,450	153,484
Prepaid land lease payments	14	186,428	135,488	21,251	21,568
Investment in subsidiaries	15	-	-	127,170	101,837
Other investment	16	45	49	-	-
Other receivable	18	-	-	53,200	53,200
Intangible asset	19	1,526	1,526	-	-
Deferred tax assets	24	-	3,759	-	-
		725,129	593,878	383,071	330,089
<b>Current assets</b>					
Inventories	17	28,963	14,106	16,101	7,308
Trade and other receivables	18	47,228	14,478	85,596	106,539
Tax recoverable		9,109	7,436	9,109	7,436
Cash and bank balances	20	91,917	54,101	62,356	48,738
		177,217	90,121	173,162	170,021
<b>TOTAL ASSETS</b>		902,346	683,999	556,233	500,110
<b>EQUITY AND LIABILITIES:</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	25	144,153	142,452	144,153	142,452
Share premium	25	20,291	18,994	20,291	18,994
Other reserve	26	642	-	642	-
Retained earnings	27	289,943	185,913	269,652	205,163
		455,029	347,359	434,738	366,609
<b>Minority interests</b>		68,623	31,619	-	-
<b>Total equity</b>		523,652	378,978	434,738	366,609

## Balance Sheets (con't) As At 31 December 2007

SARAWAK OIL PALMS BERHAD

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>EQUITY AND LIABILITIES (Continued):</b>					
<b>Non-current liabilities</b>					
Borrowings	21	155,383	150,494	24,553	39,977
Other payables	23	69	1,932	-	-
Deferred tax liabilities	24	61,457	35,033	27,116	26,559
		216,909	187,459	51,669	66,536
<b>Current liabilities</b>					
Borrowings	21	70,322	65,364	37,724	41,534
Trade and other payables	23	90,747	51,490	31,396	24,725
Current tax payable		716	708	706	706
		161,785	117,562	69,826	66,965
<b>TOTAL LIABILITIES</b>		378,694	305,021	121,495	133,501
<b>TOTAL EQUITY AND LIABILITIES</b>		902,346	683,999	556,233	500,110

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

# Consolidated Statement Of Changes In Equity For The Year Ended 31 December 2007

SARAWAK OIL PALMS BERHAD

Note	Attributable to Equity Holders of the Company					Minority Interests RM'000	Total Equity RM'000
	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		
<b>At 1 January 2006</b>							
Profit for the year	94,968	-	-	153,684	248,652	10,475	259,127
Dividends	-	-	-	34,786	34,786	(964)	33,822
Issue of ordinary shares	-	-	-	(2,564)	(2,564)	-	(2,564)
Dilution arising from issuance of shares by a subsidiary	47,484	18,994	-	-	66,478	-	66,478
Issuance of shares to minority	-	-	-	7	7	(7)	-
Acquisition of a subsidiary	-	-	-	-	-	4,000	4,000
	-	-	-	-	-	18,115	18,115
<b>At 31 December 2006</b>	142,452	18,994	-	185,913	347,359	31,619	378,978
Profit for the year	-	-	-	109,285	109,285	7,887	117,172
Dividends	-	-	-	(5,200)	(5,200)	-	(5,200)
Issuance of ordinary shares:							
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
<b>At 31 December 2007</b>	144,153	20,291	642	289,943	455,029	68,623	523,652

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

## Company Statement Of Changes In Equity For The Year Ended 31 December 2007

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 2006		94,968	-	172,158	-	267,126
Profit for the year		-	-	35,569	-	35,569
Issue of ordinary shares		47,484	18,994	-	-	66,478
Dividends	12	-	-	(2,564)	-	(2,564)
<hr/>						
At 31 December 2006		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)	-
<hr/>						
At 31 December 2007		144,153	20,291	269,652	642	434,738

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

## Cash Flow Statements For The Year Ended 31 December 2007

SARAWAK OIL PALMS BERHAD

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	151,370	39,558	86,340	41,703
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)	(3,642)	-	-
Amortisation of prepaid lease land payments	1,448	1,630	317	317
Depreciation and amortisation of property, plant and equipment	30,564	25,821	18,153	13,139
Dividend income	(1)	(1)	-	-
Share options granted under ESOS	734	-	549	-
Gain on disposal of property, plant and equipment	(187)	(84)	(152)	(95)
Interest income	(1,317)	(1,390)	(1,380)	(1,675)
Interest expense	9,520	9,518	2,972	2,683
Inventories written off	-	43	-	-
Provision for doubtful debts	21	-	21	-
Property, plant and equipment written off	-	1	-	-
Reversal of impairment of investment	(16)	-	--	-
Operating profit before working capital changes	188,545	71,454	106,820	56,072
Increase in inventories	(12,676)	(3,616)	(8,793)	(1,919)
Increase in receivables	(32,750)	(4,281)	(6,330)	(43,136)
Increase/(Decrease) in payables	26,775	(11,806)	6,671	3,804
Net movement in subsidiaries balances	-	-	27,437	-
Cash generated from operations	169,894	51,751	125,805	14,821
Interest paid	(6,097)	-	-	-
Tax paid	(17,934)	(10,333)	(17,934)	(10,333)
Tax refunded	167	-	167	-
Net cash from operating activities	146,030	41,418	108,038	4,488

## Cash Flow Statements (con't) For The Year Ended 31 December 2007

SARAWAK OIL PALMS BERHAD

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividend received	1	1	-	-
Interest received	1,317	1,392	1,380	1,675
Acquisition of property, plant and equipment	(101,822)	(80,058)	(42,894)	(44,720)
Proceeds from disposal of property, plant and equipment	1,464	267	1,013	1,092
Proceeds from disposal of prepaid land lease				
Payment	908	-	-	-
Proceeds from disposal of investment	20	-	-	-
Acquisition of a subsidiary (Note 15)	(2,966)	(7,097)	-	(10,000)
Acquisition of additional shares in investment in a subsidiary	-	(500)	(25,333)	(7,500)
Net cash used in investing activities	(101,078)	(85,995)	(65,834)	(59,453)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net change in bankers acceptances	(2,485)	2,485	(2,485)	2,485
Net change in revolving credits	4,500	(1,500)	(500)	500
Repayment of term loans	(36,927)	(22,960)	(17,927)	(12,210)
Repayment of hire purchase	(3,736)	(568)	(2,404)	(444)
Payment from exercise of ESOS	154	-	154	-
Proceeds from exercise of warrants	2,752	41,144	2,752	41,144
Proceeds from issuance of shares to minority interest	-	3,000	-	-
Proceeds from term loans	40,000	28,300	-	15,800
Dividends paid	(5,200)	(2,564)	(5,200)	(2,564)
Interests paid	(6,194)	(11,098)	(2,976)	(2,684)
Net cash (used in)/from financing activities	(7,136)	36,239	(28,586)	42,027
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	37,816	(8,338)	13,618	(12,938)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	54,101	62,439	48,738	61,676
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR (NOTE 20)	91,917	54,101	62,356	48,738

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

# Notes To Financial Statements - 31 December 2007

SARAWAK OIL PALMS BERHAD

## 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 29 February 2008.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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.

##### (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.



# Notes To Financial Statements - 31 December 2007 (con't)

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 (Continued)

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.

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.

# Notes To Financial Statements - 31 December 2007 (con't)

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)

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.

#### (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.

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Summary of Significant Accounting Policies (Continued)

#### (d) Impairment of Non-financial Assets (Continued)

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.

#### (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.

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Summary of Significant Accounting Policies (Continued)

#### (f) Financial Instruments (Continued)

(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.

(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).

(iii) *Operating Leases*

Operating lease payments are recognised as an expense on a straight-line 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.

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Summary of Significant Accounting Policies (Continued)

#### (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.

#### (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").

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Summary of Significant Accounting Policies (Continued)

#### (j) Employee Benefits (Continued)

##### (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.

#### (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

The MASB has issued the following new and revised FRS and Interpretations.

#### **Effective for financial periods beginning on or after 1 October 2006:**

FRS 117: Leases

FRS 124: Related Party Disclosures

#### **Effective for financial periods beginning on or after 1 January 2007:**

FRS 6: Exploration for and Evaluation of Mineral Resources

Amendment to FRS 119<sub>2004</sub>: Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Continued)

The adoption of these new and revised FRSs does not have any significant impact on the financial statements of the Group, except for the following:

#### **FRS 117: Leases**

##### *Leasehold land held for own use*

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. 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. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated 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 prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transition provision of FRS 117. At 1 January 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively.

The effects on the consolidated balance sheet as at 31 December are set out in Note 32. There is no effect on the consolidation income statement for the year ended 31 December 2007.

### 2.4 Standards and Interpretations Issued but Not Yet Effective

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

#### **Effective for financial periods beginning on or after 1 July 2007:**

Amendment to FRS 107:	Cash Flow Statements
Amendment to FRS 111:	Construction Contracts
Amendment to FRS 112:	Income Taxes
Amendment to FRS 118:	Revenue
Amendment to FRS 120:	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121:	The effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
Amendment to FRS 134:	Interim Financial Reporting
Amendment to FRS 137:	Provisions, Contingent Liabilities and Contingent Assets
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 Participation in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7:	Applying the Restatement Approach under FRS 129 <sub>2004</sub> – Financial Reposting in Hyperinflationary Economies
IC Interpretation 8:	Scope of FRS 2

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Standards and Interpretations Issued but Not Yet Effective (Continued)

#### Deferred:

FRS 139: Financial Instruments: Recognition and Measurement

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139. The other FRSs, amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application.

## 3. REVENUE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue consists of the following:				
Sale of goods	439,395	221,482	434,088	202,611
Rendering of services	87	-	-	-
	<u>439,482</u>	<u>221,482</u>	<u>434,088</u>	<u>202,611</u>

## 4. COST OF SALES

Cost of inventories sold	256,170	165,458	20,275	148,578
Cost of services rendered	35	-	-	-
	<u>256,205</u>	<u>165,458</u>	<u>320,275</u>	<u>148,578</u>

## 5. OTHER INCOME

Dividend income	1	1	-	-
Reversal of impairment of investment	16	-	-	-
Gain on disposal of property, plant and equipment	187	84	152	95
Interest income	1,317	1,390	1,380	1,675
Rental income	52	11	48	55
Miscellaneous	1,687	1,222	1,055	1,063
	<u>3,260</u>	<u>2,708</u>	<u>2,635</u>	<u>2,888</u>



# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 6. FINANCE COSTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Interest expenses on:				
- Bank borrowings	11,550	10,853	2,632	2,604
- Other borrowing	167	489	-	-
- Hire purchase	530	102	344	80
	<u>12,247</u>	<u>11,444</u>	<u>2,976</u>	<u>2,684</u>
Less: Amount capitalised in plantation development expenditure (Note 13)	(2,727)	(1,926)	(4)	(1)
	<u>9,520</u>	<u>9,518</u>	<u>2,972</u>	<u>2,683</u>

## 7. PROFIT BEFORE TAX

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

Employee benefits expenses (Note 8)	45,760	40,311	23,506	19,755
Non-executive directors' remuneration (Note 9)	333	326	195	209
Auditors' remuneration				
- Current year	94	67	40	35
- Under/(Over) provision	5	(9)	-	-
Depreciation (Note 13)	30,564	25,821	18,153	13,139
Amortisation of prepaid land lease payments (Note 14)	1,448	1,630	317	317
Gain on disposal of property, plant and equipment	(187)	(84)	(152)	(95)
Inventories written off	-	43	-	-
Property, plant and equipment written off	-	1	-	-
Provision for doubtful debts	21	-	21	-
Gross dividend income from quoted shares	(1)	(1)	-	-
Interest income	(1,317)	(1,390)	(1,380)	(1,675)
Rental income from land and building	(52)	(11)	(48)	(55)
Reversal of impairment of investment	(16)	-	-	-

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 8. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Salaries and wages	49,373	42,305	21,372	18,108
Social security contributions	264	225	176	146
Share options granted under ESOS	734	-	549	-
Contributions to defined contribution plan	2,262	2,153	1,409	1,501
	<b>52,633</b>	<b>44,683</b>	<b>23,506</b>	<b>19,755</b>
Less: Amount capitalised in plantation development expenditure	(6,873)	(4,372)	-	-
	<b>45,760</b>	<b>40,311</b>	<b>23,506</b>	<b>19,755</b>

Included in employee benefits expense of the Group and of the Company are the Executive Director's remuneration amounting to RM815,000 (2006: RM760,000) and RM803,000 (2006: RM760,000) respectively as further disclosed in Note 9.

## 9. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive director's remuneration (Note 8):				
Fees	36	24	24	24
Other emoluments	779	736	779	736
	<b>815</b>	<b>760</b>	<b>803</b>	<b>760</b>
Non-executive directors' remuneration (Note 7):				
Fees	315	309	177	192
Other emoluments	18	17	18	17
	<b>333</b>	<b>326</b>	<b>195</b>	<b>209</b>
Total directors' remuneration	<b>1,148</b>	<b>1,086</b>	<b>998</b>	<b>969</b>

# Notes To Financial Statements - 31 December 2007 (con't)

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Executive:				
Salaries	462	462	462	462
Bonus	231	193	231	193
EPF	83	78	83	78
Fees	39	27	27	27
	815	760	803	760
Non-executive:				
Fees	268	2771	95	209
	1,083	1,037	998	969

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

	Number of Directors	
	2007	2006
Executive Director:		
RM800,001 – RM850,000	1	-
RM750,000 - RM800,000	-	1
Non-Executive Directors:		
Below RM50,000	8	9

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 10. INCOME TAX EXPENSE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax expense for the year:				
Current income tax	13,563	3,992	13,555	3,988
Under/(Over) provision in prior year	2,539	(840)	2,539	(839)
	<u>16,102</u>	<u>3,152</u>	<u>16,094</u>	<u>3,149</u>
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	20,962	1,852	3,484	2,143
Relating to change in tax rates	(983)	-	(1,043)	-
(Over)/Under provision of deferred tax in previous year	(1,883)	732	(1,884)	842
	<u>18,096</u>	<u>2,584</u>	<u>557</u>	<u>2,985</u>
	<u>34,198</u>	<u>5,736</u>	<u>16,651</u>	<u>6,134</u>

Current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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:

	2007 RM'000	2006 RM'000
<b>Group</b>		
Profit before taxation	151,370	39,558
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	40,870	11,076
Effect of expenses not deductible for tax purposes	1,938	1,826
Effect of income not subject to tax	(1,216)	(1,096)
Effect of tax incentives	(7,174)	(5,355)
Under/(Over) provision of taxation prior year	2,539	(840)
(Over)/Under provision of deferred tax in previous year	(1,883)	732
Deferred tax recognised at different tax rates	(1,239)	(125)
Deferred tax assets not recognised during the year	25	-
Reversal of deferred tax liabilities not recognised in prior year	7	-
Effect of changes in tax rates on opening balance of deferred tax	256	(501)
Others	75	19
Tax expense for the year	<u>34,198</u>	<u>5,736</u>

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 10. INCOME TAX EXPENSE (Continued)

<b>Company</b>	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	86,340	41,703
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	23,312	11,677
Deferred tax recognised at different tax rates	(984)	(142)
Effect of changes in tax rates on opening balance of deferred tax	(59)	(842)
Effect of expenses not deductible for tax purposes	859	850
Effect of income not subject to tax	(36)	(76)
Effect of tax incentives	(7,174)	(5,355)
Under/(Over) provision of taxation in prior year	2,539	(839)
(Over)/Under provision of deferred tax in previous year	(1,884)	842
Others	78	19
Tax expense for the year	16,651	6,134

## 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.

Profit attributable to ordinary equity holders of the company	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
	109,285	34,786
Weighted average number of ordinary shares in issue	<b>2007</b>	<b>2006</b>
	<b>'000</b>	<b>'000</b>
	143,029	142,083
Basic earnings per share for:	<b>2007</b>	<b>2006</b>
	<b>Sen</b>	<b>Sen</b>
Profit for the year	76.4	24.5

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 11. EARNINGS PER SHARE (Continued)

### (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.

	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to ordinary equity holders of the Company	109,285	34,786
	<hr/>	<hr/>
	<b>2007</b>	<b>2006</b>
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue	143,029	142,083
Effects of dilution:		
Warrants	16,045	10,351
Share options	1,957	-
	<hr/>	<hr/>
Adjusted weighted average number of ordinary shares in issue and issuable	161,031	152,434
	<hr/>	<hr/>
	<b>2007</b>	<b>2006</b>
	<b>Sen</b>	<b>Sen</b>
Diluted earnings per share for:		
Profit for the year	67.9	22.8
	<hr/>	<hr/>

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 12. DIVIDENDS

← Dividends In respect of Year →			Dividends Recognised in Year	
2007	2006	2005	2007	2006
RM'000	RM'000	RM'000	RM'000	RM'000

### Recognised during the year:

Final dividend for 2006:

5.0% (2005: 2.5%) less

27% tax on 142,452,000 (2005:

142,452,000) ordinary shares

-	-	-	5,200	2,564
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### Proposed for approval at AGM

(not recognised as at 31 December):

Final dividend for 2007:

6.0% (2006: 5.0%, 2005: 2.5%)

less 26% (2006: 27%,

2005: 28%) tax on

144,152,810

(2006 and 2005:

142,452,000) ordinary shares

6,400	5,200	2,564	-	-
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At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 6% less 26% taxation on 144,152,810 ordinary shares, amounting to a dividend payable of RM6,400,385 (4.4 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 2008.

# Notes To Financial Statements - 31 December 2007 (con't)

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
<b>Cost or valuation</b>						
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
	<u>371,843</u>	<u>58,169</u>	<u>5,258</u>	<u>23,059</u>	<u>117,093</u>	<u>575,422</u>
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	<u>325,323</u>	<u>181,970</u>	<u>5,981</u>	<u>24,628</u>	<u>159,024</u>	<u>696,926</u>
<b>Representing:</b>						
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	<u>325,323</u>	<u>181,970</u>	<u>5,981</u>	<u>24,628</u>	<u>159,024</u>	<u>696,926</u>
<b>Accumulated depreciation and impairment</b>						
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	<u>65,656</u>	<u>38,025</u>	<u>3,263</u>	<u>14,106</u>	<u>58,565</u>	<u>179,615</u>
<b>Net carrying amount</b>						
At 31 December 2007	<u>259,667</u>	<u>143,945</u>	<u>2,718</u>	<u>10,522</u>	<u>100,459</u>	<u>517,311</u>
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						<u>19,819</u>
						<u>537,130</u>



# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

<b>GROUP (Continued)</b>	<b>Plantation development expenditure RM'000</b>	<b>Buildings and infra- structure * RM'000</b>	<b>Furniture and office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Plant, machinery and field equipment RM'000</b>	<b>Total RM'000</b>
<b>Cost or valuation</b>						
At 1 January 2006						
At cost	288,295	46,304	4,557	17,483	78,115	434,754
At valuation	45,909	6,878	-	-	-	52,787
	<u>334,204</u>	<u>53,182</u>	<u>4,557</u>	<u>17,483</u>	<u>78,115</u>	<u>487,541</u>
Acquisition of subsidiary	482	-	11	25	5	523
Additions	35,657	5,233	715	6,006	39,430	87,041
Disposals	-	(246)	(25)	(297)	(615)	(1,183)
Reclassification	1,500	-	-	(158)	158	1,500
At 31 December 2006	<u>371,843</u>	<u>58,169</u>	<u>5,258</u>	<u>23,059</u>	<u>117,093</u>	<u>575,422</u>
<b>Representing:</b>						
At cost	325,934	51,291	5,258	23,059	117,093	522,635
At valuation - 1991	45,909	6,878	-	-	-	52,787
At 31 December 2006	<u>371,843</u>	<u>58,169</u>	<u>5,258</u>	<u>23,059</u>	<u>117,093</u>	<u>575,422</u>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2006						
Depreciation charge for the year	12,516	3,087	360	3,036	7,694	26,693
Disposals	-	(227)	(19)	(234)	(629)	(1,109)
Reclassification	-	-	-	(32)	32	-
At 31 December 2006	<u>60,866</u>	<u>27,435</u>	<u>2,982</u>	<u>11,365</u>	<u>47,036</u>	<u>149,684</u>
<b>Net carrying amount</b>						
At 31 December 2006	<u>310,977</u>	<u>30,734</u>	<u>2,276</u>	<u>11,694</u>	<u>70,057</u>	<u>425,738</u>
Capital work-in-progress						
At 1 January 2006						
Acquisition of subsidiary						24,461
Add: Additions						138
Less: Transferred to property, plant and equipment						46,461
Less: Disposals						(43,632)
						(110)
At 31 December 2006						<u>27,318</u>
						<u>453,056</u>

# Notes To Financial Statements - 31 December 2007 (con't)

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
<b>At 31 December 2007</b>			
<b>Cost</b>			
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
At 31 December 2007	<u>84,540</u>	<u>97,430</u>	<u>181,970</u>
<b>Accumulated depreciation</b>			
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
At 31 December 2007	<u>30,874</u>	<u>7,151</u>	<u>38,025</u>
<b>Net carrying amount</b>			
At 31 December 2007	<u>53,666</u>	<u>90,279</u>	<u>143,945</u>
<b>At 31 December 2006</b>			
<b>Cost</b>			
At 1 January 2006	53,182	-	53,182
Additions	5,233	-	5,233
Disposals	(246)	-	(246)
At 31 December 2006	<u>58,169</u>	<u>-</u>	<u>58,169</u>
<b>Accumulated depreciation</b>			
At 1 January 2006	24,575	-	24,575
Charge for the year	3,087	-	3,087
Disposals	(227)	-	(227)
At 31 December 2006	<u>27,435</u>	<u>-</u>	<u>27,435</u>
<b>Net carrying amount</b>			
At 31 December 2006	<u>30,734</u>	<u>-</u>	<u>30,734</u>

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plantation Development Expenditure RM'000	Buildings RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
<b>Company</b>						
<b>Cost or valuation</b>						
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
	78,614	46,545	3,957	20,324	93,449	242,889
Transfer from CWIP	-	20,904	-	-	32,577	53,481
Additions	47	14	479	2,422	3,693	6,655
Disposals	-	(205)	(153)	(1,112)	(348)	(1,818)
At 31 December 2007	78,661	67,258	4,283	21,634	129,371	301,207
<b>Representing:</b>						
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
<b>Accumulated depreciation</b>						
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
<b>Net carrying amount</b>						
At 31 December 2007	39,079	42,484	1,584	9,605	83,068	175,820
<b>Capital work-in-progress</b>						
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
						181,450

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plantation development expenditure RM'000	Buildings RM'000	Furniture and office equipment RM'000	Motor vehicles RM'000	Plant, machinery and field equipment RM'000	Total RM'000
<b>Company</b>						
<b>Cost or valuation</b>						
At 1 January 2006						
At cost	32,632	38,818	3,535	15,135	59,094	149,214
At valuation	45,909	6,878	-	-	-	52,787
	<u>78,541</u>	<u>45,696</u>	<u>3,535</u>	<u>15,135</u>	<u>59,094</u>	<u>202,001</u>
Transfer from CWIP	-	1,048	-	-	30,927	31,975
Additions	73	46	438	5,792	4,619	10,968
Disposals	-	(245)	(16)	(445)	(1,349)	(2,055)
Reclassification	-	-	-	(158)	158	-
At 31 December 2006	<u>78,614</u>	<u>46,545</u>	<u>3,957</u>	<u>20,324</u>	<u>93,449</u>	<u>242,889</u>
<b>Representing:</b>						
At cost	32,705	39,667	3,957	20,324	93,449	90,102
At valuation - 1991	45,909	6,878	-	-	-	52,787
At 31 December 2006	<u>78,614</u>	<u>46,545</u>	<u>3,957</u>	<u>20,324</u>	<u>93,449</u>	<u>242,889</u>
<b>Accumulated depreciation</b>						
At 1 January 2006	33,294	20,766	2,347	6,968	33,307	96,682
Charge for the year	3,220	1,982	239	2,749	4,957	13,147
Disposals	-	(227)	(14)	(281)	(646)	(1,168)
Reclassification	-	-	-	(32)	32	-
At 31 December 2006	<u>36,514</u>	<u>22,521</u>	<u>2,572</u>	<u>9,404</u>	<u>37,650</u>	<u>108,661</u>
<b>Net carrying amount</b>						
At 31 December 2006	<u>42,100</u>	<u>24,024</u>	<u>1,385</u>	<u>10,920</u>	<u>55,799</u>	<u>134,228</u>
Capital work-in-progress						
At 1 January 2006						12,502
Add: Additions						38,839
Less: Transferred to property, plant and equipment						(31,975)
Less: Disposals						(110)
At 31 December 2006						<u>19,256</u>
						<u>153,484</u>

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 13. PROPERTY, PLANT AND EQUIPMENT (Continued)

i) Current year changes to plantation development expenditure include:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Amortisation of prepaid land lease payment	924	589	-	-
Depreciation	1,794	872	9	8
Loan interest (Note 6)	2,727	1,926	4	1

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Average rate of interest capitalised per annum	5.42	5.02	5.36	4.34

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income statement (Note 7)	30,564	25,821	18,153	13,139
Plantation development expenditure	1,794	872	9	8
	32,358	26,693	18,162	13,147
Amortisation of prepaid and lease payment (Note 14)	2,372	2,219	317	317
	34,730	28,912	18,479	13,464

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	
	2007 RM'000	2006 RM'000
Plantation development expenditure	7,017	7,908

# Notes To Financial Statements - 31 December 2007 (con't)

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 RM115,555,000 (2006: RM89,870,000) and RM46,989,000 (2006: RM49,807,000) respectively of which RM8,288,000 (2006: RM6,425,000) and RM4,082,000 (2006: RM5,078,000) 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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Plant and machinery	8,579	2,915	4,259	1,526
Motor vehicles	4,752	3,240	3,528	3,240
	13,331	6,155	7,787	4,766

## 14. PREPAID LAND LEASE PAYMENTS

At 1 January	135,488	101,128	21,568	21,885
Acquisition of subsidiary	54,220	38,079	-	-
Additions	-	-	-	-
Disposals	(908)	-	-	-
Reclassification	-	(1,500)	-	-
Amortisation of the year	(2,372)	(2,219)	(317)	(317)
Recognised in income statement	1,448	1,630	317	317
Capitalised in plantation development development expenditure	924	589	-	-
At 31 December	186,428	135,488	21,251	21,568

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Leasehold land	38,596	50,882	9,589	9,712

# Notes To Financial Statements - 31 December 2007 (con't)

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	
	2007	2006
	RM'000	RM'000
Long term leasehold land	6,349	6,431

## 15. INVESTMENT IN SUBSIDIARIES

	Company	
	2007	2006
	RM'000	RM'000
Unquoted shares at cost	127,170	101,837

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	
		2007	2006
		%	%
<b>Held by the Company:</b>			
Ebal Plantation Sdn. Bhd.	Inactive	100	100
SOP Karabungan Sdn. Bhd.	Cultivation of oil palms	70	70
SOP Plantation (Balingian) Sdn. Bhd.*	Cultivation of oil palms	80	80
SOP Plantations (Niah) Sdn. Bhd.*	Cultivation of oil palms	80	80

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 15. INVESTMENT IN SUBSIDIARIES (Continued)

Name of subsidiaries	Principal activities	Proportion of Ownership Interest	
		2007 %	2006 %
<b>Held by the Company (Continued):</b>			
SOP Plantations (Kemena) Sdn. Bhd. (Formerly known as Danum Jaya Sdn. Bhd.)	Cultivation of oil palms	65	65
SOP Plantations (Suai) Sdn. Bhd.*	Cultivation of oil palms	85	85
SOP Plantations (Sarawak) Sdn. Bhd.	Investment holding	100	100
SOP Plantations (Borneo) Sdn. Bhd.	Cultivation of oil palms	85	85
SOP Pelita Bekenu & Niah Plantation Sdn. Bhd.	Cultivation of oil palms	50	50
SOP Resources Sdn. Bhd. (Formerly known as SOP Pelita Kedayan-Kelulut Plantation Sdn. Bhd.)	Supplies of goods	100	50
SOP System Sdn. Bhd.	Rendering of IT services	100	-

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

### a) Acquisition of subsidiaries:

On 28 November 2007, the Company acquired 60% equity interest in SOP Plantations (Beluru) Sdn. Bhd. (Formerly known as Shin Yang Oil Palm (Niah) 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.

On 30 May 2006, the Company acquired 65% equity interest in Danum Jaya Sdn. Bhd. ("DJSB"). The Company will subscribe in three stages for a total of 19,500,000 new shares in DJSB for cash consideration of RM30,000,000 of which RM10,000,000 was paid in 2006 and RM10,000,000 was paid in 2007.

	2007 RM'000	2006 RM'000
The cost of acquisition comprised of the following:		
Purchase consideration satisfied by cash	13,333	10,000
Purchase consideration payable	26,667	20,000
<b>Total cost of acquisition</b>	<b>40,000</b>	<b>30,000</b>



# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 15. INVESTMENT IN SUBSIDIARIES (Continued)

### a) Acquisition of subsidiaries (Continued):

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

	2007 RM'000	2006 RM'000
Revenue	-	-
Loss for the year	-	(36)

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been RM439,482,000 (2006: RM221,482,000) and RM109,285,000 (2006: RM33,753,000) respectively.

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

	← 2007 →	← 2006 →
	Fair value recognised on acquisition RM'000	Acquiree's carrying amount 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)	(18,115)
Group's share of net assets	43,591	33,642
Negative goodwill on acquisition	(3,591)	(3,642)
Total cost of acquisition	40,000	30,000

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 15. INVESTMENT IN SUBSIDIARIES (Continued)

### a) Acquisition of subsidiaries: (Continued)

	2007 RM'000	2006 RM'000
The cash outflow on acquisition is as follows:		
Purchase consideration satisfied by cash	13,333	10,000
Cash and cash equivalents of subsidiary acquired	(10,367)	(2,903)
	<hr/>	<hr/>
Net cash outflow of the Group	2,966	7,097

b) During the financial year, 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) In 2006, an additional cost of RM500,000 attributable to the acquisition of additional shares in investment in SOP Karabungan Sdn. Bhd. was paid to a third party.

d) In 2006, a new subsidiary, SOP Pelita Bekenu & Niah Plantation Sdn. Bhd. ("SPBNP") was incorporated on 29 March 2006. The issued and paid up capital of SPBNP was RM2.

## 16. OTHER INVESTMENT

	Group	
	2007 RM'000	2006 RM'000
Shares quoted in Malaysia, at cost	66	86
Less: Accumulated impairment losses	(37)	(37)
Add: Reversal of impairment of investment	16	-
	<hr/>	<hr/>
	45	49
	<hr/>	<hr/>
Market value of quoted shares	54	44

## 17. INVENTORIES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Cost:</b>				
Processed inventories				
(crude palm oil and palm kernel)	10,148	2,247	10,149	2,247
Stores and spares	11,313	8,369	5,831	4,845
Nursery inventories	7,481	3,490	100	216
Compost plant	21	-	21	-
	<hr/>	<hr/>	<hr/>	<hr/>
	28,963	14,106	16,101	7,308

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Current:</b>				
<b>Trade receivables</b>				
Trade receivables	14,416	9,133	14,359	8,140
<b>Other receivables</b>				
Sundry receivables	31,681	4,194	2,331	2,339
Amount due from subsidiaries	-	-	68,261	95,513
Deposits	310	220	239	45
Prepayments	821	931	406	502
	32,812	5,345	71,237	98,399
	47,228	14,478	85,596	106,539
<b>Non-current:</b>				
<b>Other receivables</b>				
Amount due from subsidiaries	-	-	53,200	53,200
	47,228	14,478	138,796	159,739

### 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 RM16,500,000 (2006: RM24,200,000), being advances which bears interest of between 4.68% - 4.76% (2006: 3.80% - 5.43%) per annum.

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

### Sundry receivables

Included in sundry receivables are unsecured amounts of RM36,000 (2006: RM88,000) and RM23,000 (2006: RM69,000) due from staff of the Group and the Company respectively. These amounts bear interest at 7.2% (2006: 7.2%) per annum and are repayable in accordance with agreed repayment schedules.

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 19. INTANGIBLE ASSET

	Group	
	2007 RM'000	2006 RM'000
<b>Goodwill</b>		
<b>Cost</b>		
At 1 January	1,526	1,466
Addition	-	500
At 31 December	1,526	1,966
Effect of adopting FRS 3	-	(440)
At 31 December	1,526	1,526
<b>Accumulated amortisation</b>		
At 1 January	-	440
Effect of adopting FRS 3	-	(440)
At 31 December	-	-
<b>Net carrying amount</b>	1,526	1,526

## 20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Wholesale money market deposit with licensed bank	9,600	10,900	-	10,900
Fixed deposits with licensed banks	39,560	39,050	39,560	36,750
Cash on hand and at bank	42,757	4,151	22,796	1,088
Cash and bank balances	91,917	54,101	62,356	48,738

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

	Interest Rates		Maturities Days	
	2007 %	2006 %	2007	2006
Deposits with licensed banks	2.30 - 3.50	2.70 - 3.50	2 - 90	5 - 90

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 21. BORROWINGS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Short Term Borrowings</b>				
Secured:				
Revolving credit	13,000	8,000	5,000	5,000
Term loans	37,618	33,468	14,868	13,068
Hire purchase and finance lease liabilities (Note 22)	4,871	2,053	3,023	1,622
Bankers acceptances	-	2,485	-	2,485
	<u>55,489</u>	<u>46,006</u>	<u>22,891</u>	<u>22,175</u>
Unsecured:				
Revolving credits	14,000	14,500	14,000	14,500
Term loans	833	4,858	833	4,859
	<u>14,833</u>	<u>19,358</u>	<u>14,833</u>	<u>19,359</u>
	<u>70,322</u>	<u>65,364</u>	<u>37,724</u>	<u>41,534</u>
<b>Long Term Borrowings</b>				
Secured:				
Term loans	149,638	145,857	21,264	36,132
Hire purchase and finance lease liabilities (Note 22)	5,745	3,804	3,289	3,012
	<u>155,383</u>	<u>149,661</u>	<u>24,553</u>	<u>39,144</u>
Unsecured:				
Term loans	-	833	-	833
	<u>155,383</u>	<u>150,494</u>	<u>24,553</u>	<u>39,977</u>
<b>Total Borrowings</b>				
Revolving credits	27,000	22,500	19,000	19,500
Term loans	188,089	185,016	36,965	54,892
Hire purchase and finance lease liabilities (Note 22)	10,616	5,857	6,312	4,634
Bankers acceptances	-	2,485	-	2,485
	<u>225,705</u>	<u>215,858</u>	<u>62,277</u>	<u>81,511</u>

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 21. BORROWINGS (Continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Maturity of borrowings:				
Within one year	65,451	63,312	34,701	39,912
More than 1 year and less than 2 years	40,639	49,001	16,514	15,701
More than 2 years and less than 5 years	65,500	89,688	4,750	21,264
5 years or more	43,499	8,000	-	-
	<b>215,089</b>	<b>210,001</b>	<b>55,965</b>	<b>76,877</b>

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

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Revolving credits	4.55 - 4.86	4.80 - 5.38	4.68 - 4.76	4.80 - 4.83
Term loans:				
- fixed rates	5.55 - 6.75	5.80 - 6.75	5.80 - 5.85	5.80 - 5.85
- floating rates	4.55 - 4.97	4.94 - 6.57	4.97	4.94 - 5.75
Bankers acceptances	-	3.67 - 3.73	-	3.67 - 3.73

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Future minimum lease payments				
Not later than 1 year	5,341	2,335	3,299	1,845
Later than 1 year and not later than 2 years	4,683	2,333	2,785	1,845
Later than 2 years and not later than 5 years	1,273	1,665	618	1,320
Total future minimum lease payments	<b>11,297</b>	<b>6,333</b>	<b>6,702</b>	<b>5,010</b>
Less: Future finance charges	(681)	(476)	(390)	(376)
Present value of finance lease liabilities (Note 21)	<b>10,616</b>	<b>5,857</b>	<b>6,312</b>	<b>4,634</b>

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 22. HIRE PURCHASE AND FINANCE LEASE LIABILITIES (Continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Analysis of present value of finance lease liabilities:</b>				
Not later than 1 year	4,871	2,053	3,023	1,622
Later than 1 year and not later than 2 years	4,493	2,175	2,681	1,721
Later than 2 years and not later than 5 years	1,252	1,629	608	1,291
	10,616	5,857	6,312	4,634
Less: Amount due within 12 months (Note 21)	(4,871)	(2,053)	(3,023)	(1,622)
Amount due after 12 months (Note 21)	5,745	3,804	3,289	3,012

The hire purchase bore interest at the balance sheet date of between 5.50% - 6.68% (2006: 5.68% - 5.72%) per annum.

## 23. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Current:</b>				
<b>Trade payables</b>				
Third parties	21,352	21,051	12,255	12,193
<b>Other payables</b>				
Retention sums payable to contractors	5,346	3,912	5,346	3,911
Staff remuneration payable	1,943	1,248	1,943	1,248
Deposits	7	7	7	7
Sundry payable and accruals	62,078	25,272	11,824	7,366
Application account	21	-	21	-
	69,395	30,439	19,141	2,532
	90,747	51,490	31,396	4,725
<b>Non-current:</b>				
Land premium payable	69	1,932	-	-
	90,816	53,422	31,396	24,725

# Notes To Financial Statements - 31 December 2007 (con't)

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 RM4,850,000 (2006: RM5,330,000) and RM836,000 (2006: RM244,000) respectively due to companies in which certain Directors have substantial financial interests.

### Sundry payables

Included in sundry payables of the Group is an amount of RM10,051,000 (2006: RM6,746,000) due to the companies in which certain Directors have substantial financial interest. Out of the amount in 2006, a balance of RM6,600,000 bore interest at 5% per annum or at the prevailing commercial interest rate, whichever was lower and was unsecured.

## 24. DEFERRED TAX

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	31,274	20,074	26,559	23,574
Acquisition of subsidiary (Note 15)	12,087	8,616	-	-
Recognised in the income statement (Note 10)	18,096	2,584	557	2,985
At 31 December	61,457	31,274	27,116	26,559
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	(3,759)	-	-
Deferred tax liabilities	61,457	35,033	27,116	26,559
	61,457	31,274	27,116	26,559



# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 24. DEFERRED TAX (Continued)

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:

	<b>Revaluation of Leasehold Land RM'000</b>	<b>Accelerated Capital Allowances RM'000</b>	<b>Total RM'000</b>
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
At 1 January 2006	7,146	78,338	85,484
Acquisition of subsidiary	8,529	126	8,655
Recognised in the income statement	(232)	6,569	6,337
At 31 December 2006	15,443	85,033	100,476

### Deferred Tax Assets of the Group:

	<b>Unabsorbed Losses RM'000</b>	<b>Unabsorbed Capital Allowances and Agriculture Allowances RM'000</b>	<b>Total RM'000</b>
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)
At 1 January 2006	(16,022)	(49,388)	(65,410)
Acquisition of subsidiary	(20)	(19)	(39)
Recognised in the income statement	(5)	(3,748)	(3,753)
At 31 December 2006	(16,047)	(53,155)	(69,202)

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 24. DEFERRED TAX (Continued)

Deferred Tax Liabilities of the Company:

	Revaluation of Leasehold Land RM'000	Accelerated Capital Allowances RM'000	Total RM'000
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
At 1 January 2006	3,309	20,265	23,574
Recognised in the income statement	(101)	3,086	2,985
At 31 December 2006	3,208	23,351	26,559

The unutilised tax losses, unabsorbed capital allowances and unabsorbed agriculture allowance of the Company 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.

## 25. SHARE CAPITAL AND SHARE PREMIUM

	Number of Ordinary Shares of RM1 Each Share Capital (Issued and Fully Paid) '000	Share Capital (Issued and Fully Paid) RM'000	← Amount → Share Premium RM'000	Total Share Capital and Share Premium RM'000
At 1 January 2006	94,968	94,968	-	94,968
Ordinary shares issued during the year:				
Issued for cash	47,484	47,484	18,994	66,478
At 31 December 2006 and 1 January 2007	142,452	142,452	18,994	161,446
Ordinary shares issued during the year:				
Pursuant to exercise of ESOS	53	53	101	154
Pursuant to exercise of warrants	1,648	1,648	1,104	2,752
Transfer from other reserve arising from exercise of ESOS	-	-	92	92
At 31 December 2007	144,153	144,153	20,291	164,444

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 25. SHARE CAPITAL AND SHARE PREMIUM (Continued)

	Number of Ordinary Shares of RM1 Each		Amount	
	2007 '000	2006 '000	2007 RM'000	2006 RM'000
<b>Authorised share capital:</b>				
At 1 January and 31 December	500,000	500,000	500,000	500,000

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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
<b>Share Option Reserve</b>				
At 1 January	-	-	-	-
Share options granted under ESOS				
Recognised in profit or loss (Note 8)	734	-	549	-
Charged to subsidiaries	-	-	185	-
Transfer to Share Premium arising from exercise of ESOS	(92)	-	(92)	-
At 31 December	642	-	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 Statements - 31 December 2007 (con't)

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 2007, 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	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Capital expenditure:				
Approved and contracted for:				
Plantation development expenditure	29,330	14,486	29	-
Property, plant and equipment	28,090	34,465	23,478	31,863
	<hr/>	<hr/>	<hr/>	<hr/>
	57,420	48,951	23,507	31,863
	<hr/>	<hr/>	<hr/>	<hr/>
Approved but not contracted for:				
Plantation development expenditure	151,397	16,294	-	-
Property, plant and equipment	81,532	29,690	39,493	18,905
	<hr/>	<hr/>	<hr/>	<hr/>
	232,929	45,984	39,493	18,905
	<hr/>	<hr/>	<hr/>	<hr/>
	290,349	94,935	63,000	50,768
	<hr/>	<hr/>	<hr/>	<hr/>

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 29. CONTINGENT LIABILITIES

	Company	
	2007	2006
	RM'000	RM'000
<b>Unsecured</b>		
Corporate guarantees given to banks for credit facilities granted to:		
Subsidiaries	-	68,000

## 30. RELATED PARTY DISCLOSURES

	Company	
	2007	2006
	RM'000	RM'000
<b>Significant transactions with subsidiaries</b>		
Purchase of fresh fruit bunches from subsidiaries	144,250	48,338
Purchase of seedlings from subsidiary	-	73
Sale of seedlings to subsidiaries	(280)	(185)
Sale of compost fertilizer to subsidiaries	(455)	(350)
Sale of bunch ash to subsidiaries	(10)	(11)
Sale of property, plant and equipment to subsidiaries	(94)	(924)
Purchase of property, plant and equipment from subsidiaries	36	448
Non-trade transaction:		
Interest recharged to subsidiaries*	(1,262)	(954)
Management fees charged to subsidiaries	(200)	(100)
Lease rental charged by subsidiary	30	31

\* Interest on the revolving credits of RM16,500,000 (2006: RM17,000,000) obtained by the Company and lent onwards to the subsidiaries is recharged to the latter.

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 30. RELATED PARTY DISCLOSURES (Continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 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:				
Dai Lieng Machinery Sdn. Bhd.	563	735	300	263
Dai Lieng Trading Sdn. Bhd.	51	17	48	-
Hollystone Quarry Sdn. Bhd.	6,187	5,551	2,087	716
Melinau Transport Sdn. Bhd.	-	28	-	-
Piasau Hydraulic Hose Sdn. Bhd.	30	12	28	10
Shin Yang Sawmill Sdn. Bhd.	661	542	19	57
Shin Yang Sdn. Bhd.	-	353	-	85
Shin Yang Services Sdn. Bhd.	6,328	4,544	2,992	1,853
Shin Yang Trading Sdn. Bhd.	664	376	402	317
Scott and English Trading (Sarawak) Sdn. Bhd.	22	12	14	9
Property, plant and equipment bought from:				
Dai Lieng Machinery Sdn. Bhd.	1,845	946	1,870	820
Dai Lieng Trading Sdn. Bhd.	-	1,909	-	1,875
Pekerjaan Piasau Konkerit Sdn. Bhd.	5,718	4,059	5,718	4,059
Shin Yang Trading Sdn. Bhd.	249	-	72	-
Sale of oil palms to:				
Linau Mewah Sdn. Bhd.	-	(45)	-	(45)
Interest charged by Shin Yang Holding Sendirian Berhad	228	489	-	-
Purchase of fresh fruit bunches from:				
Green Wood Estate Sdn. Bhd.	4,091	1,882	4,091	1,882
Jati Vista Sdn. Bhd.	15,744	5,847	15,744	5,847
Primaluck (M) Sdn. Bhd.	2,825	-	2,825	-

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 30. RELATED PARTY DISCLOSURES (Continued)

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
a) Transactions with companies owned				
Purchase of transportation charges from:				
Melinau Transport Sdn. Bhd.	760	36	53	6
Miri Belait Transport Company Sdn. Bhd. (Formerly known as Miri Belait Transport Company Berhad)	20	453	20	26
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.	236	118	236	118

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.

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short-term employee benefits	2,943	2,710	1,676	1,581
Post-employment benefits:				
Defined contribution plan	308	292	174	78
Share-based payment	221	-	89	-
	3,472	3,002	1,939	1,659

Included in the total key management personnel are:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors' remuneration	1,083	1,037	998	969

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 30. RELATED PARTY DISCLOSURES (Continued)

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	
	2007	2006
	RM'000	RM'000
At 1 January	-	-
Granted	1,843	-
Exercised	-	-
Forfeited	-	-
Expired	-	-
	<hr/>	<hr/>
At 31 December	1,843	-

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 31).

## 31. 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.

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.



# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 31. EMPLOYEE BENEFITS (Continued)

- (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:

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

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 31. EMPLOYEE BENEFITS (Continued)

Employee Share Options Scheme ("ESOS") (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	Granted	Movements during the year			Outstanding	Exercisable
	1.1.2007		Exercised	Forfeited	Expired	31.12.2007	31.12.2007
	'000	'000	'000	'000	'000	'000	'000
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 RM	Exercised Period
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 52,900 ordinary shares at an average price of RM2.91 each. The related weighted average share price at the date of exercise was RM5.13.

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 32. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current year's presentation:

	Group		Company	
	As		As	
	As	Previously	As	Previously
	Restated	Stated	Restated	Stated
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	453,056	588,544	153,484	175,052
Prepaid land lease payments	135,488	-	21,568	-

## 33. 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.

### (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 2007. 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.

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 33. FINANCIAL INSTRUMENTS (Continued)

### (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 2007			
Amounts due from subsidiaries	18	121,461	*
At 31 December 2006			
Amounts due from subsidiaries	18	148,713	*

\* 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.

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.

## 34. SEGMENT INFORMATION

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

# Notes To Financial Statements - 31 December 2007 (con't)

SARAWAK OIL PALMS BERHAD

## 35. OTHER SIGNIFICANT EVENTS

- (a) The Company announced on 25 May 2007 that it will subscribe 650,000 ordinary shares of RM1 each, representing 65% equity interest in Kini Sinar Sdn. Bhd., for a total cash consideration of approximately RM14.827 million. Kini Sinar Sdn. Bhd. owns a piece of land situated in Bintulu with a total area of approximately 12 hectares. The proposed subscription is part of the Company's plan in its future expansion into palm oil downstream activities.

Approval has been obtained from relevant authorities for the proposed subscription.

- (b) Renounceable Rights Issue

On 10 April 2007, the Company announced its proposal for a renounceable rights issue up to 52,558,326 new ordinary shares of RM1.00 each ("Rights Shares") at an issue price of RM2.40 per Rights Share on the basis of three Rights Shares for every ten existing ordinary shares of RM1.00 each held. The Rights Shares are expected to be issued subsequent to the financial year end.

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.

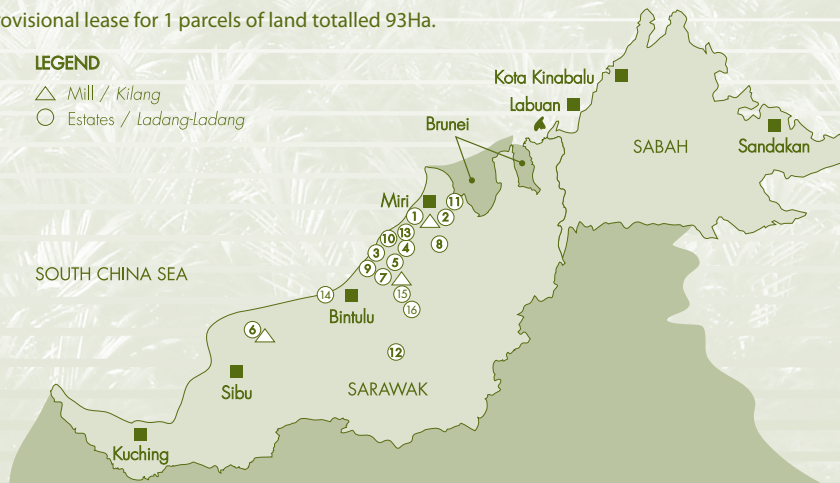
The Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company.

# Properties Of The Group As At 31 December 2007

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 2007 (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	202,701	1 to 37
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	51,662	1 to 9
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	37,318	1 to 10
8. Lamaus Estate, Miri*	2003-2004	Leasehold 60 years	2063-2064	3,911	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	67,798	1 to 9
11. Taniku Estate, Miri	2003	Leasehold 60 years	2058	4,858	Oil Palm Estate	127,773	1 to 9
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	23,161	1 to 3
14. Tatau Estate	2006	Leasehold 99 years	2103	3,840	Land under Oil Palm Development	52,019	1 to 2
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	11,659	1

\*Pending for issue of provisional lease for 1 parcels of land totalled 93Ha.



# Analysis Of Shareholdings As At 15 May 2008

SARAWAK OIL PALMS BERHAD

## SHARE CAPITAL

Authorised	:	500,000,000 Ordinary Shares of RM1.00 each
Issued and Fully Paid	:	203,259,010
Voting Rights	:	One Vote Per Share

## DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 1,000	974	22.67	254,920	0.13
1,000 – 10,000	2,851	66.35	7,802,393	3.84
10,001 – 100,000	407	9.47	10,517,324	5.17
100,001 and above	65	1.51	184,684,373	90.86
<b>Total</b>	<b>4,297</b>	<b>100.00</b>	<b>203,259,010</b>	<b>100.00</b>

## Substantial Shareholders

	No. of Shares Held	% of Issued Capital
Shin Yang Plantation Sdn Bhd	60,686,257	29.86
Pelita Holdings Sdn Bhd	52,938,459	26.04
Datuk Ling Chiong Ho	15,496,804	7.62

## Directors' Interests In Shares

Size of Holdings	Direct Interest		Deemed Interest	
	No. of shares	% of Issued capital	No. of shares	% of Issued capital
<b>In the company</b>				
Datuk Ling Chiong Ho	15,496,804	7.62	60,686,257	29.86
Ling Chiong Sing	-	-	60,686,257	29.86
Tang Tiong Ing	20,000	Negligible	61,000	Negligible
Fong Tshu Kwong	19,500	Negligible	-	-
Lai Yew Hock	19,700	Negligible	-	-

# Top Thirty Shareholders

SARAWAK OIL PALMS BERHAD

No.	Name	No. of Shares	Shares %
1	PELITA HOLDINGS SDN BHD	52,938,459	26.04
2	AMMB NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR SHIN YANG PLANTATION SDN BHD	51,532,239	25.35
3	AMMB NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR LING CHIONG HO	13,657,539	6.72
4	VISION CLASSIC HOLDINGS LIMITED	10,040,008	4.94
5	JUNO SHIPPING LIMITED	10,008,925	4.92
6	SHIN YANG PLANTATION SDN BHD	9,154,018	4.50
7	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A. (SPORE TST AC CL)	7,022,200	3.45
8	HSBC NOMINEES (ASING) SDN BHD HSBC TRUSTEE SG LTD FOR MILLIONASIA PROPERTIES LIMITED	3,409,900	1.68
9	PEKAN MEGAH SDN BHD	2,910,180	1.43
10	LEMBAGA TABUNG HAJI	2,041,800	1.00
11	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN	1,914,000	0.94
12	LING CHIONG HO	1,839,265	0.90
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIT PHENG	1,733,000	0.85
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PHEIM ASSET MANAGEMENT SDN BHD FOR EMPLOYEES PROVIDENT FUND	1,713,120	0.84
15	SUMISHO & MITSUBUSSAN KENZAI LTD	1,150,000	0.57
16	KI YIEN PING	946,800	0.47
17	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO THYE	859,300	0.42
18	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP SUNG PANG	781,230	0.38
19	WONG ING YUNG	627,000	0.31
20	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD CIMB-PRINCIPAL SMALL CAP FUND 2	614,450	0.30
21	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIT YEW	600,000	0.30
22	ADINAMAJU SDN BHD	512,330	0.25
23	HLG NOMINEE (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR QUEK LENG CHYE	468,000	0.23
24	OSK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON YEW YIN	436,410	0.21
25	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YU @ WONG WING YU	390,200	0.19
26	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD CIMB ISLAMIC SMALL CAP FUND	338,780	0.17
27	KHO BOON LIAN	325,500	0.16
28	TAY AH KOU @ TAY HWA LANG	320,000	0.16
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KON CZE YAN @ KOON CZE YAN	305,000	0.15
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KON CZE YAN @ KOON CZE YAN	296,600	0.15



# Analysis Of Warrant Holdings As At 15 May 2008

SARAWAK OIL PALMS BERHAD

Number of Warrant Issued : 11,652,455  
 Exercise Price of Warrants : 1.67

## DISTRIBUTION OF WARRANT HOLDERS

Size of Warrant Holders	No. of Warrant Holders	% of Warrant Holders	No. of Warrants	% of Issued Warrants
Less than 1,000	547	66.22	208,633	1.79
1,000 – 10,000	245	29.66	688,328	5.91
10,001 – 100,000	30	3.63	832,115	7.14
100,001 and above	4	0.48	9,923,379	85.16
<b>Total</b>	<b>826</b>	<b>100.00</b>	<b>11,652,455</b>	<b>100.00</b>

## Substantial Warrant Holders

	No. of Shares Held	% of Issued Capital
Pelita Holdings Sdn Bhd	9,357,467	80.30

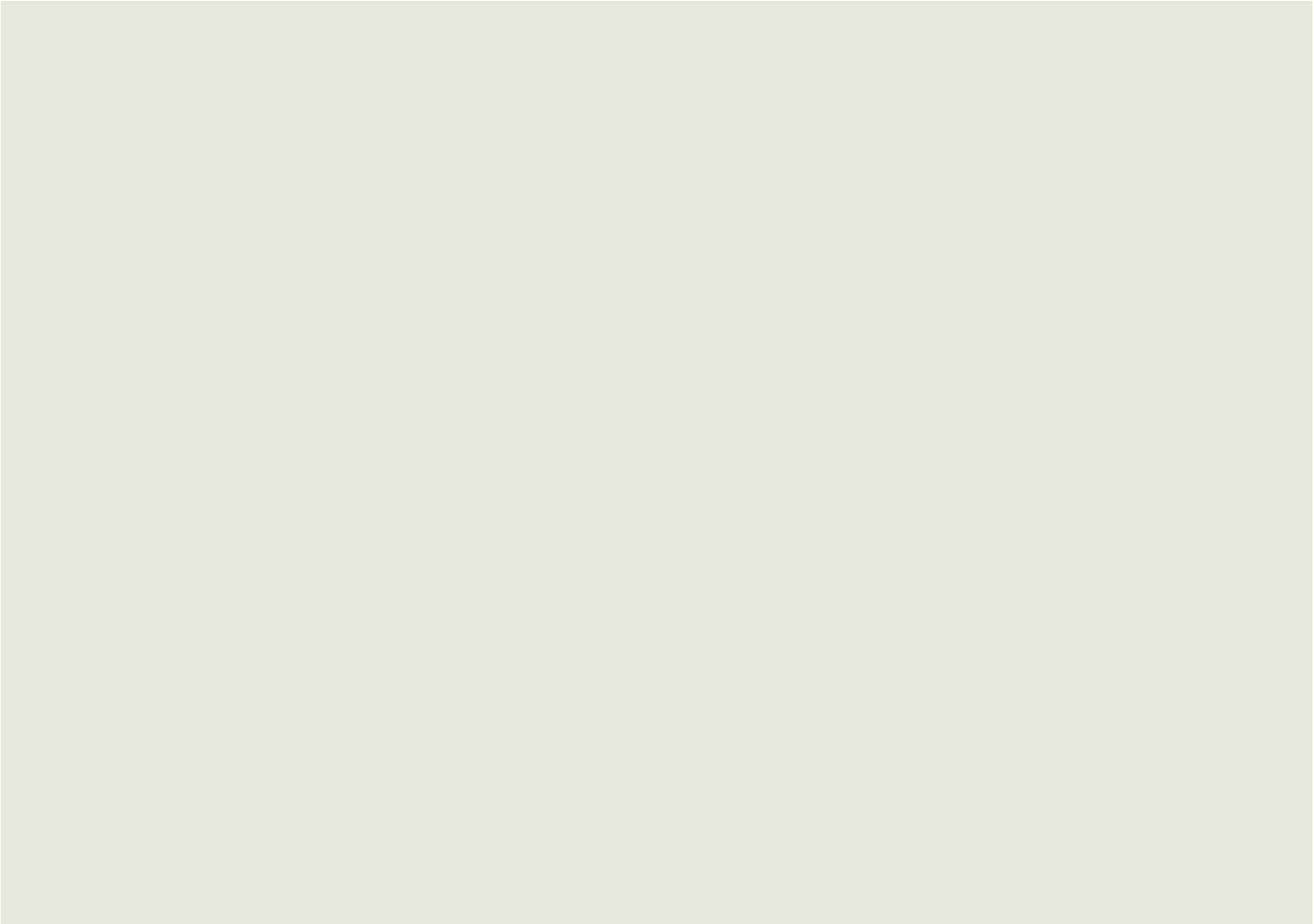
## Directors' Interests In Warrants

Size of Holdings	Direct Interest		Deemed Interest	
	No. of Share	% of Issued Capital	No. of Share	% of Issued Capital
<b>In the company</b>				
Tang Tiong Ing	1,440	Negligible	-	-

## Top Thirty Warrant Holders

SARAWAK OIL PALMS BERHAD

No.	Name	No. of Warrants	Warrants %
1	PELITA HOLDINGS SDN BHD	9,357,467	80.30
2	TEH BEE GAIK	300,152	2.58
3	KOAY WAN FING @ KOAY GIAN PENG	139,040	1.19
4	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIAM TENG	126,720	1.09
5	OSK NOMINEES (ASING) SDN BHD DMG & PARTNERS SECURITIES PTE LTD FOR HOW KENG CHEE	82,944	0.71
6	KOAY YI CHUAN	70,020	0.60
7	HLG NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR QUEK LENG CHYE	69,120	0.59
8	KHO BOON LIAN	38,576	0.33
9	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MEEN	38,460	0.33
10	LING CHIONG PIN	36,000	0.31
11	LHG HOLDINGS SDN BHD	35,770	0.31
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POH CHAI	34,560	0.30
13	DANIEL KOH SENG YONG	34,099	0.29
14	LIM KIAM TENG	32,256	0.28
15	RHB NOMINEES (TEMPATAN) SDN BHD RHB INVESTMENT MANAGEMENT SDN BHD FOR LEE YUEN CHAK	30,413	0.26
16	LEE CHONG KUAN	30,200	0.26
17	AFFIN NOMINEES (ASING) SDN BHD UOB KAY HIAN PTE LTD FOR JULIANA HUTOMO	28,800	0.25
18	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS FUND	26,784	0.23
19	LEMBAGA TABUNG HAJI	25,900	0.22
20	INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD KIM ENG SECURITIES PTE LTD FOR TAN HOW NGUANG	23,040	0.20
21	LEE CHIN MIN	21,888	0.19
22	LOH SIOW HUI	17,280	0.15
23	LIEW KON MUN	16,358	0.14
24	WONG CHONG HAI	16,070	0.14
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW SOONG MING	15,782	0.14
26	HING LEONG YIAN SDN BHD	15,379	0.13
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHIN ZIUNG	13,912	0.12
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG LUNG TECK	12,672	0.11
29	SIA KHIOK HUI	11,976	0.10
30	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN POH THYE	11,520	0.10



# Notice Of Annual General Meeting

SARAWAK OIL PALMS BERHAD

**NOTICE IS HEREBY GIVEN THAT** the 40th Annual General Meeting of the Company will be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 27 June 2008 at 10.00 am for the following purposes:

## AGENDA

- To receive and adopt the annual accounts for the year ended 31st December 2007 and the Reports of the Directors and Auditors thereon.
- To declare a Final Dividend in respect of the financial year ended 31st December 2007 as recommended by the Directors.
- To approve payment of Directors' fees in respect of the financial year ended 31st December 2007.
- To re-elect the following Directors who retire pursuant to Article 95 of the Company's Articles of Association and being eligible, offer themselves for re-election:
  - Fong Tshu Kwong
  - Lai Yew Hock
  - Wong Ngie Yong
- To elect the following Director pursuant to Article 99 of the Company's Articles of Association.
  - Ling Lu Kuang
- 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 5 June 2008, 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 Syarikat akan diadakan di Bilik Mesyuarat, Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak pada 27 Jun 2008, jam 10.00 pagi untuk menjalankan urusan-urusan berikut:

## AGENDA

- Menerima dan meluluskan akaun-akaun bagi tahun kewangan berakhir 31 Disember 2007 dan Laporan-laporan Pengarah dan Juruaudit mengenainya.
- Mengisytiharkan pembayaran dividen akhir seperti yang disyorkan oleh Lembaga Pengarah bagi tahun kewangan berakhir 31 Disember 2007.
- Meluluskan fee Pengarah-pengarah bagi tahun kewangan berakhir 31 Disember 2007.
- Melantik semula Pengarah-pengarah berikut yang bersara menurut Artikel 95 Tataurusan Persatuan Syarikat dan oleh kerana layak, menawarkan diri mereka untuk dilantik semula:

Fong Tshu Kwong  
Lai Yew Hock  
Wong Ngie Yong

- Perlantikan Pengarah menurut Artikel 99 Tataurusan Persatuan Syarikat  
Ling Lu Kuang
- 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 5 Jun 2008, 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
  - (iii) dibatal atau diubahsuai oleh resolusi yang diluluskan oleh pemegang saham di dalam mesyuarat agung, yang mana lebih awal;

# Notice Of Annual General Meeting (con't)

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

5 June 2008

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 5 June 2008 for more information.

# Notis Mesyuarat Agung Tahunan (sambungan)

SARAWAK OIL PALMS BERHAD

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

Dengan Perintah Lembaga Pengarah,  
**Eric Kiu Kwong Seng**

Setiausaha  
Miri

5 Jun 2008

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 Mesyuarat Agung, akan tamat tempohnya pada penghujung Mesyuarat Agung Tahunan Syarikat yang berikutnya. Sila rujuk Surat Pekeliling kepada Para Pemegang Saham bertarikh 5 Jun 2008 untuk maklumat selanjutnya.

# Statement Accompanying Notice Of The Fortieth Annual General Meeting Of Sarawak Oil Palms Berhad

SARAWAK OIL PALMS BERHAD

## Directors who are standing for Re-election

Fong Tshu Kwong (retiring pursuant to Article 95 of the Articles of Association)

Lai Yew Hock (retiring pursuant to Article 95 of the Articles of Association)

Wong Ngie Yong (retiring pursuant to Article 95 of the Articles of Association)

## Person who is standing for Election

Ling Lu Kuang

## Details of Attendance of Directors at Board Meetings

Name of Director	Date of appointment	Board Attendance
Datuk Ling Chiong Ho	15/10/1995	5/5
Ling Chiong Sing	1/12/2006	5/5
Tang Tiong Ing	15/06/1995	5/5
Hasbi Bin Suhaili	26/08/2005	5/5
Gerald Rentap Jabu	24/05/2000	5/5
Fong Tshu Kwong	22/03/1996	4/5
Lai Yew Hock	24/02/2000	5/5
Wong Ngie Yong	15/06/2001	5/5
Edwin Lau Chung Loong (Resigned 18 April 2007)	24/11/2005	1/5

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

## Details of the Board of Directors' Meeting held

Five Board Meetings were held during the year.

Date of Meeting	Time	Place
15 February 2007	10.00 am	Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak
28 April 2007	9.00am	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak.
18 June 2007	10.30 am	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak.
10 August 2007	9.30 am	Conference Room of SOPB, No.124-126, Jalan Bendahara, Miri, Sarawak
28 November 2007	10.00 am	Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak



# Statement Accompanying Notice (con't)

SARAWAK OIL PALMS BERHAD

## Details of Directors standing for re-election

### FONG TSHU KWONG

(49 years of age - Malaysian)

- Is a Chartered Accountant (Malaysia) and is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Corporate Governance.
- Independent and Non-Executive Director.
- 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 and corporate advisory services.
- 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.
- Is also a Non-Executive Independent Director in Kim Hin Industry Berhad.
- He is not related to any director/or substantial shareholder of Sarawak Oil Palms Berhad and does not have any conflict of interest with Sarawak Oil Palms Berhad.
- In the past 10 years, he has not been convicted of any offence.

### LAI YEW HOCK

(49 years of age - Malaysian)

- Holds a Bachelor of Laws Degree from University of Otago, Dunedin, New Zealand in 1985 and graduated from the University of South Australia, Adelaide, Australia with the degree of Doctor of Business Administration in 2006.
- Independent Non-Executive Director.
- 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 Advocate and Solicitor of the High Court of Malaya in October 1986.
- Is also a Commissioner for Oaths, a Notary Public, and an Accredited Mediator.
- Started his own legal firm in Miri, Sarawak in May 1992.
- Is also a Non-Executive Non-Independent Director of Technodex Bhd.
- Is not related to any director and/or substantial shareholder of Sarawak Oil Palms Berhad and does not have any conflict of interest with Sarawak Oil Palms Berhad.
- In the past 10 years, he has not been convicted of any offence.

### WONG NGIE YONG

(57 years of age - Malaysian)

- Holds a Diploma in Mechanical Engineering from Technical College, Kuala Lumpur and a member of the Institute of Motor Industry, UK.
- Independent Non-Executive Director.
- 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.
- Currently a free-lance Consultant and Director of Utama Parts Trading (Sarawak) Sdn. Bhd.
- Is not related to any director/or substantial shareholder of Sarawak Oil Palms Berhad and does not have any conflict of interest with Sarawak Oil Palms Berhad.
- In the past 10 years, he has not been convicted of any offence.

## Details of Person standing for election

### LING LU KUANG

(31 years of age – Malaysian)

- Holds a Bachelor of Commerce (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 responsible for the general management of Shin Yang Group including office financial, administration, auditing, costing analysis, operational policy and marketing.
- Holds the position of executive director of several companies of Shin Yang Group of which involves in businesses involved in industries ranging from the forest management, logging, downstream wood based processing, oil palm plantation, shipping, shipbuilding, hotel, construction and property development.
- Son of the Datuk Ling Chiong Ho who is the Group Executive Chairman of Sarawak Oil Palms Berhad.
- Is deemed to have interests in shares of Sarawak Oil Palms Berhad and does not have 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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# Form Of Proxy

SARAWAK OIL PALMS BERHAD

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 Fortieth Annual General Meeting of the Company, to be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 27 June 2008 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 Annual Accounts and Reports of Directors and Auditors.		
2.	Declaration of Final Dividend.		
3.	Approval of Directors' fees.		
4.	Re-election of retiring directors:- Fong Tshu Kwong DR. Dominic Lai Yew Hock Wong Ngie Yong		
5.	Election of New Director:- Ling Lu Kuang		
6.	Appointment of Auditors		
7.	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 ..... 2008

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

Notes:

1. 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.
2. 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.
3. 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.
4. 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:
  - a) 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.
  - b) 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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the 1990s, the number of people in the UK who are employed in the public sector has increased from 10.5 million to 12.5 million (12.5% of the population).

There are a number of reasons for this increase. One is that the public sector has become a more important part of the economy. Another is that the public sector has become more efficient. A third is that the public sector has become more attractive to workers. A fourth is that the public sector has become more diverse.

The public sector has become a more important part of the economy. This is because the public sector has become more efficient.

The public sector has become more efficient. This is because the public sector has become more attractive to workers.

The public sector has become more attractive to workers. This is because the public sector has become more diverse.

The public sector has become more diverse. This is because the public sector has become more important to the economy.

The public sector has become more important to the economy. This is because the public sector has become more efficient.

The public sector has become more efficient. This is because the public sector has become more attractive to workers.

The public sector has become more attractive to workers. This is because the public sector has become more diverse.

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**SARAWAK OIL PALMS BERHAD**  
(7949-M)

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