

SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2006

(The figures have not been audited)

Condensed Consolidated Balance Sheet as at 31 March 2007

	Note	31 March 2007 RM'000	31 December 2006 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		602,393	588,544
Other investments		49	49
Intangible assets		1,526	1,526
Deferred tax assets		3,759	3,759
		<u>607,727</u>	<u>593,878</u>
Current Assets			
Inventories		13,480	14,106
Trade and other receivables		15,393	21,914
Cash and bank balances		38,851	54,101
		<u>67,724</u>	<u>90,121</u>
TOTAL ASSETS		<u><u>675,451</u></u>	<u><u>683,999</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	A6	142,452	142,452
Share premium		18,994	18,994
Other reserve		184	-
Retained earnings		196,493	185,913
		<u>358,123</u>	<u>347,359</u>
Minority interest		<u>32,101</u>	<u>31,619</u>
Total equity		<u>390,224</u>	<u>378,978</u>
Non-current liabilities			
Borrowings		161,232	150,494
Deferred tax liabilities		35,033	35,033
Other deferred liabilities		981	1,932
		<u>197,246</u>	<u>187,459</u>
Current liabilities			
Borrowings		53,384	65,364
Trade and other payables		33,889	51,490
Current tax payable		708	708
		<u>87,981</u>	<u>117,562</u>
Total liabilities		<u>285,227</u>	<u>305,021</u>
TOTAL EQUITY AND LIABILITIES		<u><u>675,451</u></u>	<u><u>683,999</u></u>
Net assets per share (RM)		2.51	2.44

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

Condensed Consolidated Income Statements For the Three-Months Period Ended 31 March 2007

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		3 months ended	
		31 March		31 March	
	Note	2007	2006	2007	2006
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue		60,875	43,781	60,875	43,781
Cost of sales		(40,770)	(35,273)	(40,770)	(35,273)
Gross profit		20,105	8,508	20,105	8,508
Other income		619	597	619	597
Administrative expenses		(863)	(405)	(863)	(405)
Distribution costs		(3,791)	(1,942)	(3,791)	(1,942)
Finance costs		(2,292)	(2,417)	(2,292)	(2,417)
Profit before tax		13,778	4,341	13,778	4,341
Taxation	B5	(2,716)	(2,284)	(2,716)	(2,284)
Profit for the period		11,062	2,057	11,062	2,057
Profit for the period attributable to:					
Equity holders of the parent		10,580	2,727	10,580	2,727
Minority interest		482	(670)	482	(670)
		<u>11,062</u>	<u>2,057</u>	<u>11,062</u>	<u>2,057</u>
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B13	<u>7.43</u>	<u>1.91</u>	<u>7.43</u>	<u>1.91</u>
Diluted	B13	<u>6.81</u>	<u>1.88</u>	<u>6.81</u>	<u>1.88</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

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Condensed Consolidated Statement of Changes in Equity For the Three-Months Period Ended 31 March 2007

	← Attributable to Equity Holders of the Parent →				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Non-Distributable Share Premium RM'000	Reserve Other Reserve RM'000	Distributable Reserve Retained Profits RM'000			
At 1 January 2007	142,452	18,994	-	185,913	347,359	31,619	378,978
Net profit for the period	-	-	-	10,580	10,580	482	11,062
Capitalisation of employees expenses provision arising from Employee Share Options Scheme	-	-	184	-	184	-	184
At 31 March 2007	<u>142,452</u>	<u>18,994</u>	<u>184</u>	<u>196,493</u>	<u>358,123</u>	<u>32,101</u>	<u>390,224</u>
At 1 January 2006	94,968	-	-	153,684	248,652	10,475	259,127
Net profit for the year	-	-	-	34,786	34,786	(964)	33,822
Issue of ordinary shares	47,484	18,994	-	66,478	-	66,478	-
Dilution arising from issuance of share by a subsidiary	-	-	-	7	7	(7)	-
Issuance of shares to Minority	-	-	-	-	-	4,000	4,000
Acquisition of a subsidiary	-	-	-	-	-	18,115	18,115
Dividends	-	-	-	(2,564)	(2,564)	-	(2,564)
At 31 December 2006	<u>142,452</u>	<u>18,994</u>	<u>-</u>	<u>185,913</u>	<u>347,359</u>	<u>31,619</u>	<u>378,978</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunctions with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

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Condensed Consolidated Cash Flow Statement For the Three-Months Period Ended 31 March 2007

	31 March 2007 RM'000	31 March 2006 RM'000
Net cash inflow/(outflow) from operating activities	9,581	(1,070)
Net cash outflow from investing activities	(18,245)	(8,011)
Net cash (outflow)/inflow from financing activities	(9,205)	22,886
Net (decrease)/increase in cash and cash equivalents	(17,869)	13,805
Cash and cash equivalents at 1 January	54,101	62,439
Cash and cash equivalents at 31 March	36,232	76,244

Cash and cash equivalents at the end of the financial year comprised the following:

Cash and bank balances	38,851	76,244
Bank overdrafts (included within short-term borrowings in Note B9)	(2,619)	(1,532)
	36,232	62,439

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to this report)



SARAWAK OIL PALMS BERHAD

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Explanatory Notes To The Interim Report – 31 March 2007

A. FRS (Financial Reporting Standards) 134 – Paragraph 16

A1. **Accounting policies**

The interim financial statements have been prepared under the historical cost convention except for the revaluation of freehold land included within property, plant and equipment.

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of FRS 134 – Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the preparation of the last audited financial statements for the financial year ended 31 December 2006.

A2. **Disclosure of audit report qualification and status of matters raised**

There were no qualifications in the audit report on the preceding annual financial statements.

A3. **Seasonality or cyclicity of interim operations**

The Group's performance is affected by the cropping pattern which normally reaches its peak at the second half of the year, and this is reflected accordingly in the CPO production of the Group.

A4. **Unusual Items affecting assets, liabilities, equity, net income, or cash flow**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size, or incidence during the interim period under review.

A5. **Material changes in estimates**

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

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

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities except as disclosed in Note B8 (B).

A7. **Dividends paid**

There were no dividend paid during the interim period under review.

A8. **Segment Information**

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

A9. **Valuation of property, plant and equipment**

There were no amendments in the valuations of property, plant and equipment brought forward from previous annual financial statements.

A10. **Material events subsequent to the end of the interim period**

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



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A11. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings, and discontinued operations for the current interim period.

A12. Changes in contingent liabilities and contingent assets

The amount of contingent liabilities as at 31 March 2007 is as follows:

	Company RM'000
Corporate guarantees favouring banks for loan granted to subsidiaries	89,000
Loan undrawn by subsidiaries	(21,000)
	<u>68,000</u>

A13. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and for plantation development expenditure not provided for in the financial statements as at 31 March 2007 is as follows:-

	31 March 2007 RM'000
Property, plant and equipment	
Authorised but not contracted for	77,397
Contracted but not provided in the financial statements	33,276
	<u>110,673</u>
Plantation Development Expenditure	
Authorised but not contracted for	68,210
Contracted but not provided in the financial statements	18,291
	<u>86,501</u>



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B. BMSB Listing Requirements (Part A of Appendix 9B)

B1. Review of performance

The Group registered a total revenue of RM60.9 million for the three months ended 31 March 2007 compared with RM43.8 million reported in the preceding year corresponding period. The increase of RM17.1 million or 39% was mainly attributed to the higher sales volume and better average CPO price realised during the period.

In tandem with the increase in total revenue, the Group's profit before taxation for the three months ended 31 March 2007 increased by RM9.4 million.

B2. Materials changes in profit before taxation for the quarter as compared with the immediate preceding quarter

For the quarter under review, the Group recorded a profit before tax and minority interest of RM13.8 million compared to RM12.5 million in the preceding quarter. This is mainly due to better average CPO price realised during the period in spite of lower CPO sales volume by 21.4%.

B3. Prospects for the current financial year

The performance of the Group is largely dependent on developments in the world edible oil market, bio-diesel market and movement of Ringgit Malaysia and their corresponding effect on CPO prices.

B4. Variance of actual profit from forecast profit

The disclosure requirement for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

B5. Taxation

	3 months ended 31 March		3 months ended 31 March	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Current tax expenses	2,716	2,284	2,716	2,284
	<u>2,716</u>	<u>2,284</u>	<u>2,716</u>	<u>2,284</u>

The Group's effective tax rate is lower than the prima facie tax rate as the Group has available capital allowance for tax purposes due to construction of oil palm mills.

B6. Unquoted Investments and Properties

There was no sale of unquoted investments and/or properties for the current quarter and current financial year.

B7. Quoted investments

There was no purchase or disposal of quoted securities. The investments in quoted securities as at 31 March 2007 is as follows:-

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	<u>87</u>	<u>49</u>	<u>66</u>



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B8. Status of corporate proposal announced

There are no corporate proposals announced but not completed as at the date of issue of this report except for the following:-

(A) Joint Venture with Pelita Holdings Sdn Bhd (“PHSB”)

(i) *SOP Pelita Kedayan-Kelulit Plantation Sdn Bhd*

On 17 August 2005, the Company entered into a joint venture agreement (“**Joint Venture Agreement 1**”) with PHSB to develop an area under Native Customary Rights (“**NCR**”) of approximately 2,247 hectares (of which an estimated 1,000 hectares are plantable) described as Kedayan-Kelulit, NCR Land Development Areas, Miri Division, Sarawak (“**NCR Land 1**”) into an oil palm plantation. The joint venture will be undertaken by the formation of a new joint venture company (“**JVC 1**”) to be known as SOP Pelita Kedayan-Kelulit Plantation Sdn Bhd which was incorporated on 23 November 2005. The eventual issued and paid up share capital of JVC 1 will be RM3,428,570 comprising 3,428,570 ordinary shares of RM1.00 each (“**JV 1 Shares**”), of which SOPB will subscribe for a 55% interests or 1,885,713 JV 1 Shares via cash payment(s), and the remaining 45% interest will be held by PHSB (of which 35% will be held in trust by PHSB for and on behalf of the NCR owners), comprising 1,542,857 JV 1 Shares to be fully settled via a combination of cash payments and the disposal of the NCR Land 1 to the JVC 1. The Company was still awaiting the approval of the Foreign Investment Committee (“**FIC**”) for the joint-venture; and

(ii) *SOP Pelita Bekenu & Niah Plantation Sdn Bhd*

On 15 December 2005, the Company entered into a joint venture agreement (“**Joint Venture Agreement 2**”) with PHSB to develop an area under NCR of approximately 1,250 hectares situated at Kuala Bakas, NCR Land Development Areas, Sibuti, Miri Division, Sarawak (“**NCR Land 2**”) into an oil palm plantation. A new joint venture company (“**JVC 2**”) known as SOP Pelita Bekenu & Niah Plantations Sdn Bhd was incorporated on 23 November 2005. The eventual shareholdings of PHSB and SOPB in the JVC 2 will be 720,000 (40%) ordinary shares of RM1.00 each (“**JV 2 Shares**”) (of which 30% JV 2 Shares will be held in trust on behalf of the land owners) and 1,080,000 (60%) JV 2 Shares respectively. The subscription of JV 2 Shares in the JVC 2 will be satisfied via cash to be funded through internally generated funds and/or bank borrowings of SOPB Group. The Company was still awaiting approval of the FIC for the joint-venture.



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Explanatory Notes To The Interim Report – 31 March 2007

B8. Status of corporate proposal announced (Continued)

(B) Rights Issue for Ordinary Shares (Year 2005)

The Company had completed the renounceable rights issue of 47,484,120 new ordinary shares of RM1.00 each together with 23,742,060 free detachable warrants (“additional ordinary shares and warrants”) at an issue price of RM1.40 each on the basis of two (2) rights shares together with one (1) free rights warrant for every four (4) existing shares held in the Company at an entitlement date of 29 November 2005. The additional ordinary shares and warrants were granted listing and quotation with effect from 3 February 2006.

Status of Utilisation of Proceeds

Gross proceeds raised from this Rights Issue with Warrants was RM66.48 million and as at 23 April 2007, RM58.73 million had been utilized according to its intended purposes. The balance of RM7.75 million will be utilized to finance the construction of the new 90 mt Lambir mill.

(C) Employees' Share Options Scheme (“ESOS”)

On 16 November 2006, the Company announced a proposal to implement an employees' share options scheme (“ESOS”). The 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. Subsequent to implementation, 5,334,800 options have been granted at an exercise price of RM2.91 per share.

(D) Rights Issue for Ordinary Shares (Year 2007)

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 Issue”) 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 proceeds are to be utilized to part finance the construction of palm oil mills and oil palm 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.

B9. Borrowing and debt securities

	31 March 2007 RM'000
Current	
Secured	34,303
Unsecured	19,081
Non-current	
Secured	160,399
Unsecured	833
Total	214,616

The above borrowings are denominated in Ringgit Malaysia.



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Explanatory Notes To The Interim Report – 31 March 2007

B10. Off balance sheet financial instruments

During the financial year, the Group did not enter into any contract involving off balance sheet financial instruments.

B11. Changes in material litigation

There are no material litigation which need to be disclosed for the quarter under review.

B12. Dividends

No interim ordinary dividend has been declared for the financial period ended 31 March 2007 (31 March 2006 – nil).

On 28 April 2007, the Company declared a first and final dividend of 5% less 27% income tax per share for the financial year ended 31 December 2006.

B13. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the quarter is based on the profit attributable to equity holders of the parent of RM10.6 million and on the weighted average number of ordinary shares of RM1 each in issue during the year of 142,452,360.

	3 months ended		3 months ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	10,580	2,727	10,580	2,727
	3 months ended	3 months ended	3 months ended	3 months ended
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	'000	'000	'000	'000
Weighted average number of Ordinary shares in issue	142,452	143,719	142,452	143,719
	3 months ended	3 months ended	3 months ended	3 months ended
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	Sen	Sen	Sen	Sen
Basic earning per share	7.43	1.90	7.43	1.90



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Explanatory Notes To The Interim Report – 31 March 2007

B13. Earnings per share (Continued)

Diluted earnings per share

The diluted earning per share for the quarter is based on the profit attributable to equity holders of the parent of RM10.6 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 155,420,170.

	3 months ended		3 months ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	10,580	2,727	10,580	2,727
	3 months ended		3 months ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	'000	'000	'000	'000
Weighted average number of Ordinary shares in issue	155,420	145,015	155,420	145,015
	3 months ended		3 months ended	
	31.3.2007	31.3.2006	31.3.2007	31.3.2006
	Sen	Sen	Sen	Sen
Diluted earning per share	6.81	1.88	6.81	1.88

B14. Authorised for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 28th April 2007.

By Order of the Board
Eric Kiu Kwong Seng
Company Secretary
Miri
4 May 2007

