

# SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

## INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2009

(The figures have not been audited)

### Condensed Consolidated Balance Sheet as at 31 March 2009

	Note	31 March 2009 RM'000	31 December 2008 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	A1	694,929	681,471
Prepaid lease payments	A1	183,894	183,782
Other investments		45	45
Intangible assets		1,526	1,526
		<u>880,394</u>	<u>866,824</u>
<b>Current Assets</b>			
Inventories		46,485	66,432
Trade and other receivables		25,541	51,320
Cash and bank balances		277,936	279,132
		<u>349,962</u>	<u>396,884</u>
<b>TOTAL ASSETS</b>		<u>1,230,356</u>	<u>1,263,708</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	A6	427,469	427,408
Share premium		394	382
Other reserve		1,413	1,187
Retained earnings		313,766	307,144
		<u>743,042</u>	<u>736,121</u>
<b>Minority interest</b>		81,332	81,346
<b>Total equity</b>		<u>824,374</u>	<u>817,467</u>
<b>Non-current liabilities</b>			
Borrowings		217,439	179,894
Deferred tax liabilities		84,709	84,409
Other deferred liabilities		69	69
		<u>302,217</u>	<u>264,372</u>
<b>Current liabilities</b>			
Borrowings		64,315	72,001
Trade and other payables		38,743	109,159
Current tax payable		707	709
		<u>103,765</u>	<u>181,869</u>
<b>Total liabilities</b>		<u>405,982</u>	<u>446,241</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,230,356</u>	<u>1,263,708</u>
Net assets per share (RM)		1.74	1.72

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 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 2009

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		3 months ended	
		31 March		31 March	
	Note	2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>					
Revenue		101,589	165,965	101,589	165,965
Sarawak sales tax		(4,126)	(7,801)	(4,126)	(7,801)
Windfall profit levy/stabilization scheme cess		-	(6,379)	-	(6,379)
Cost of sales		(84,050)	(85,863)	(84,050)	(85,863)
Gross profit		13,413	65,922	13,413	65,922
Other income		382	1,684	382	1,684
Administrative expenses		(593)	(738)	(593)	(738)
Distribution costs		(2,006)	(1,658)	(2,006)	(1,658)
Finance costs		(1,836)	(1,913)	(1,836)	(1,913)
<b>Profit before tax</b>		9,360	63,297	9,360	63,297
Taxation	B5	(2,752)	(16,237)	(2,752)	(16,237)
<b>Profit for the period</b>		6,608	47,060	6,608	47,060
Profit for the period attributable to:					
Equity holders of the parent		6,622	43,560	6,622	43,560
Minority interest		(14)	3,500	(14)	3,500
		6,608	47,060	6,608	47,060
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B13	1.73	28.36	1.73	28.36
Diluted	B13	1.70	26.66	1.70	26.66

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report)



# SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

## Condensed Consolidated Statement of Changes in Equity For the Three-Months Period Ended 31 March 2009

	← Attributable to Equity Holders of the Parent →				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Non-Distributable Reserve Share Premium RM'000	Other Reserve RM'000	Distributable Reserve Retained Profits RM'000			
At 1 January 2009	427,408	382	1,187	307,144	736,121	81,346	817,467
Net profit for the period	-	-	-	6,622	6,622	(14)	6,608
Issue of ordinary shares:							
Pursuant to ESOS	49	12	-	-	61	-	61
Warrant conversion	12	-	-	-	12	-	12
Share option granted under ESOS:							
Recognised in profit or loss	-	-	226	-	226	-	226
At 31 March 2009	<u>427,469</u>	<u>394</u>	<u>1,413</u>	<u>313,766</u>	<u>743,042</u>	<u>81,332</u>	<u>824,374</u>
At 1 January 2008	144,153	20,291	642	289,943	455,029	68,623	523,652
Net profit for the period	-	-	-	140,563	140,563	13,323	153,886
Dividends				(9,042)	(9,042)	(600)	(9,642)
Issue of ordinary shares:							
Pursuant to ESOS	612	1,056	-	-	1,668	-	1,668
Warrant conversion	22,365	12,292	-	-	34,657	-	34,657
Rights issue	46,805	65,528	-	-	112,333	-	112,333
Share option granted under ESOS:							
Recognised in profit or loss	-	-	913	-	913	-	913
Exercise of ESOS	-	368	(368)	-	-	-	-
Capitalised for bonus issue	213,473	(99,153)	-	(114,320)	-	-	-
At 31 December 2008	<u>427,408</u>	<u>382</u>	<u>1,187</u>	<u>307,144</u>	<u>736,121</u>	<u>81,346</u>	<u>817,467</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 2008 and the accompanying explanatory notes attached to this report)



# SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

## Condensed Consolidated Cash Flow Statement For the Three-Months Period Ended 31 March 2009

	Note	31 March 2009 RM'000	31 March 2008 RM'000
<b>Net cash (outflow)/inflow from operating activities</b>		(4,431)	48,765
<b>Net cash outflow from investing activities</b>		(20,180)	(18,416)
<b>Net cash inflow from financing activities</b>	A4	23,414	136,106
Net (decrease)/increase in cash and cash equivalents		(1,197)	166,455
<b>Cash and cash equivalents at 1 January</b>		279,133	91,917
<b>Cash and cash equivalents at 31 March</b>		277,936	258,372

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

Wholesale money market deposits	61,900	158,600
Fixed deposits with licensed banks	196,924	66,761
Cash on hand and at bank	19,112	33,011
<b>Cash and bank balances</b>	<b>277,936</b>	<b>258,372</b>

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to this report)



# SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

## Explanatory Notes To The Interim Report – 31 March 2009

### 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 leasehold land.

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 2008.

#### 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 cyclical nature of interim operations**

The Group's performance is subjected to the cropping pattern which normally reaches its peak at the second half of last 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. **Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale or repayment of debt and equity securities except for the following:-

##### (i) Employees' Share Options Scheme (“ESOS”)

As at 31 March 2009, a total of 11,906,500 ESOS options have been granted. Total of ESOS options exercised as at 31 March 2009 were 713,850 shares and were granted listing and quotation.

##### (ii) Warrants (Year 2005)

As at 31 March 2009, a total of 25,671,835 warrants in relation to the 26,995,557 free warrants were exercised and were granted listing and quotation.



# SARAWAK OIL PALMS BERHAD

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## Explanatory Notes To The Interim Report – 31 March 2009

### 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.

### 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

There were no contingent liabilities and contingent assets as at 31 March 2009.

### 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 2009 is as follows:-

	<b>31 March 2009</b>
	<b>RM'000</b>
Property, plant and equipment	
Authorised but not contracted for	82,832
Contracted but not provided in the financial statements	40,691
	<u>123,523</u>
Plantation Development Expenditure	
Authorised but not contracted for	95,636
Contracted but not provided in the financial statements	122,247
	<u>217,883</u>



# SARAWAK OIL PALMS BERHAD

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## Explanatory Notes To The Interim Report – 31 March 2009

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

#### B1. Review of performance

The Group registered a total revenue of RM101.6 million for period ended 31 March 2009 compared with RM166.0 million reported in the preceding year. The decrease of RM64.4 million was mainly attributed to the lower average CPO and PK prices realized during the period.

With the decrease in total revenue, the Group registered a profit before taxation for the period ended 31 March 2009 of RM9.4 million, a drop of RM56.5 million over the RM65.9 million achieved in year 2008. The substantial drop in profit was much expected following the sharp fall in the edible oil prices together with that of crude petroleum towards second half of 2008 and recovered slightly during the quarter under review.

#### B2. Material 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 of RM9.4 million compared to RM17.2 million in the preceding quarter. Despite the slight improvement of CPO and PK prices compared to that of immediate preceding quarter, the drop in production has greatly affected the bottom line of the Group. The drop in production was due mainly to high rainfall and flooding in Sarawak, and low crop season. The Group could not avoid the squeeze in profit margin given the present high input costs, amongst others, fertilizers and chemicals, and low production season.

#### 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, fossil oil market, movement of Ringgit Malaysia, world economic situation 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		3 months ended	
	31 March		31 March	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
	RM'000			
Current tax expenses	2,286	9,884	2,286	9,884
Under/(Over) provision in prior years	-	874	-	874
Deferred tax	466	5,479	466	5,479
	<u>2,752</u>	<u>16,237</u>	<u>2,752</u>	<u>16,237</u>

The Group's effective tax rate was higher than the prevailing corporate tax rate due to certain non-deductible expenses.

#### B6. Unquoted Investments and Properties

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

#### B7. Quoted investments

There was no purchase or disposal of quoted securities. The total investments in quoted securities as at 31 March 2009 is as follows :

	Cost	Book Value	Market Value
	RM'000	RM'000	RM'000
Total quoted investments	<u>67</u>	<u>45</u>	<u>48</u>



# SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

## Explanatory Notes To The Interim Report – 31 March 2009

### 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 followings:-

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

- (i) SOP Pelita Batu Lintang Plantation Sdn Bhd (“SPBLPSB”), formerly known as *SOP Pelita Bekenu & Niah Plantation Sdn Bhd (“SPBNPSB”)*

On 16<sup>th</sup> September 2008, the Company entered into a joint venture agreement with PHSB to develop an area under NCR of approximately 8,000 plantable hectares, situated at Ulu Undop, NCR Land Development Area, Sri Aman Division, Sarawak into an oil palm plantation to be undertaken by SPBLPSB.

The shareholding composition of the joint venture is 60% SOPB, 10% PHSB and 30% NCR land owners held in trust by PHSB.

The Company has applied to Foreign Investment Committee (FIC), and now is awaiting for its approval of the joint venture.

#### (B) Joint Venture with Shin Yang Holding Sdn Bhd (“SYHSB”)

- (i) *Kini Sinar Sdn. Bhd. (“KSSB”)*

On 25 May 2007, the Company entered into a conditional share subscription agreement (“CSSA”) with KSSB for the proposed subscription of a total of 650,000 new shares in KSSB in two separate tranches for a total of RM14,826,500. Presently KSSB is a wholly-owned subsidiary of SYHSB.

The eventual shareholdings of SOPB and SYHSB upon the completion of the 2 tranches will be 650,000 Shares (65%) and 350,000 Shares (35%) respectively.

The proposed share subscription will enable SOPB to take advantage of the strategic location of the land. As the land is near to the Bintulu Port Palm Oil jetty, bulking installation and other refineries, it provides cost savings in piping and discharge lines for SOPB for its future expansion into palm oil downstream activities.

It is now still pending SYHSB to fulfil the conditions of the agreement.





# SARAWAK OIL PALMS BERHAD

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## Explanatory Notes To The Interim Report – 31 March 2009

### B8. Status of corporate proposal announced

#### (C) Status of Utilisation of Proceeds from rights Issue for ordinary shares

The gross proceeds raised from the Rights Issue amounted to RM112.33 million and as at 14 April 2009, the status of the utilisation of the proceeds as compared to its expected utilisation is as follows:-

<i>Purposes</i>	<i>Approved Amount (RM'000)</i>	<i>Applied Amount (RM'000)</i>
(a) Construction of palm oil mills	20,000	20,000
(b) New area under development	50,000	50,000
(c) Downstream activities	25,000	-
(d) Working capital	16,783	16,584
(e) Expenses for the exercise	550	138
<b>TOTAL</b>	<b>112,333</b>	<b>86,722</b>

### B9. Borrowing and debt securities

	<b>31 March 2009 RM'000</b>
Current	
Secured	42,515
Unsecured	21,800
Non-current	
Secured	202,439
Unsecured	15,000
<b>Total</b>	<b>281,754</b>

The above borrowings are denominated in Ringgit Malaysia.

### B10. Off balance sheet financial instruments

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

### B11. Changes in material litigation

There is no material litigation which need to be disclosed for the period under review.

### B12. Dividends

No interim dividend has been declared for the financial period ended 31 March 2009 (31 March 2008: Nil).



# SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

## Explanatory Notes To The Interim Report – 31 March 2009

### 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 RM6.6 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 381,927,858.

	3 months ended		3 months ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	6,608	43,560	6,608	43,560
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	'000	'000	'000	'000
Weighted average number of Ordinary shares in issue	381,928	153,607	381,928	153,607
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	Sen	Sen	Sen	Sen
Basic earning per share	1.73	28.36	1.73	28.36

#### *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 RM6.6 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 387,859,474.

	3 months ended		3 months ended	
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	6,608	43,560	6,608	43,560
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	387,859	163,396	387,859	163,396
	31.3.2009	31.3.2008	31.3.2009	31.3.2008
	Sen	Sen	Sen	Sen
Diluted earning per share	1.70	26.66	1.70	26.66

### 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 28<sup>th</sup> April 2009.

*By Order of the Board*

Eric Kiu Kwong Seng

Company Secretary

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21 May 2009

