

SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009

(The figures have not been audited)

Condensed Consolidated Balance Sheet as at 30 September 2009

	Note	30 September 2009 RM'000	31 December 2008 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A1	758,224	681,471
Prepaid lease payments	A1	208,303	183,782
Other investments	B7	45	45
Intangible assets		2,772	1,526
		<u>969,344</u>	<u>866,824</u>
Current Assets			
Inventories		34,253	66,432
Trade and other receivables		36,136	51,320
Cash and bank balances		278,788	279,132
		<u>349,177</u>	<u>396,884</u>
TOTAL ASSETS		<u>1,318,521</u>	<u>1,263,708</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		428,345	427,408
Share premium		531	382
Other reserve		1,863	1,187
Retained earnings		362,860	307,144
		<u>793,599</u>	<u>736,121</u>
Minority interest		94,136	81,346
Total equity		<u>887,735</u>	<u>817,467</u>
Non-current liabilities			
Borrowings	B9	245,863	179,894
Deferred tax liabilities		97,347	84,409
Other deferred liabilities		1,397	69
		<u>344,607</u>	<u>264,372</u>
Current liabilities			
Borrowings	B9	29,862	72,001
Trade and other payables		55,610	109,159
Current tax payable		707	709
		<u>86,179</u>	<u>181,869</u>
Total liabilities		<u>430,786</u>	<u>446,241</u>
TOTAL EQUITY AND LIABILITIES		<u>1,318,521</u>	<u>1,263,708</u>
Net assets per share (RM)		1.85	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 Nine-Months Period Ended 30 September 2009

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended 30 September		9 months ended 30 September	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Continuing Operations					
Revenue		140,907	207,903	400,282	561,996
Sarawak sales tax		(6,978)	(9,863)	(18,064)	(26,557)
Windfall profit levy/stabilization scheme cess		-	(2,701)	-	(14,289)
Cost of sales		(96,683)	(129,920)	(284,105)	(320,390)
Gross profit		37,246	65,419	98,113	200,760
Other income		953	3,088	4,301	6,738
Administrative expenses		(523)	(792)	(3,012)	(2,490)
Distribution costs		(2,287)	(2,763)	(6,675)	(6,321)
Finance costs		(1,390)	(1,958)	(4,793)	(5,873)
Profit before tax		33,999	62,994	87,934	192,814
Taxation	B5	(6,936)	(18,544)	(17,082)	(52,252)
Profit for the period		<u>27,063</u>	<u>44,450</u>	<u>70,852</u>	<u>140,562</u>
Profit for the period attributable to:					
Equity holders of the parent		24,856	40,086	66,228	127,797
Minority interest		2,207	4,364	4,624	12,765
		<u>27,063</u>	<u>44,450</u>	<u>70,852</u>	<u>140,562</u>
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B13	<u>6.49</u>	<u>9.61</u>	<u>17.32</u>	<u>34.11</u>
Diluted	B13	<u>6.37</u>	<u>9.49</u>	<u>16.98</u>	<u>33.70</u>

(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 Nine-Months Period Ended 30 September 2009

	← Attributable to Equity Holders of the Parent →			Distributable Reserve	Total	Minority Interest	Total Equity
	Share Capital RM'000	Non-Distributable Reserve Share Premium RM'000	Other Reserve RM'000				
At 1 January 2009	427,408	382	1,187	307,144	736,121	81,346	817,467
Net profit for the period	-	-	-	66,228	66,228	4,624	70,852
Dividends				(10,512)	(10,512)	-	(10,512)
Issue of ordinary shares:							
Pursuant to ESOS	548	149	-	-	697	-	697
Warrant conversion	389	-	-	-	389	-	389
Share option granted under ESOS:							
Recognised in profit or loss	-	-	676	-	676	-	676
Acquisition of a subsidiary						8,166	8,166
At 30 September 2009	<u>428,345</u>	<u>531</u>	<u>1,863</u>	<u>362,860</u>	<u>793,599</u>	<u>94,136</u>	<u>887,735</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 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

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Condensed Consolidated Cash Flow Statement For the Nine-Months Period Ended 30 September 2009

	Note	30 September 2009 RM'000	30 September 2008 RM'000
Net cash inflow from operating activities		121,157	172,679
Net cash outflow from investing activities		(117,199)	(92,765)
Net cash (outflow)/inflow from financing activities	A4	(4,303)	130,197
Net (decrease)/increase in cash and cash equivalents		(345)	210,111
Cash and cash equivalents at 1 January		279,133	91,917
Cash and cash equivalents at 30 September		278,788	302,028

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

Wholesale money market deposits	34,270	44,570
Fixed deposits with licensed banks	225,239	230,085
Cash on hand and at bank	19,279	27,373
Cash and bank balances	278,788	302,028

(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

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Explanatory Notes To The Interim Report – 30 September 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 cyclicity of interim operations**

The Group's performance is subjected to the cropping pattern which normally reaches its peak at the second half of the year.

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 30 September 2009, a total of 11,906,500 ESOS options have been granted. Total of ESOS options exercised as at 30 September 2009 were 1,200,650 shares and were granted listing and quotation.

(ii) Warrants

As at 30 September 2009, a total of 24,401,425 warrants in relation to the 26,995,557 free warrants were exercised and were granted listing and quotation. The warrants will be expired on 19 January 2011.



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Explanatory Notes To The Interim Report – 30 September 2009

A7. Dividends paid

The Company has paid the dividend amounting to RM9,630,238 in respect of the financial year ended 31 December 2008 on 22 July 2009.

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 except as disclosed in Note B8A (i).

A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets as at 30 September 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 30 September 2009 is as follows:-

	30 September 2009
	RM'000
Property, plant and equipment	
Authorised but not contracted for	75,148
Contracted but not provided in the financial statements	32,134
	<u>107,282</u>
Plantation Development Expenditure	
Authorised but not contracted for	109,435
Contracted but not provided in the financial statements	37,303
	<u>146,738</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 RM400.3 million for period ended 30 September 2009 compared with RM562.0 million reported in the preceding year. The decrease of RM161.7 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 30 September 2009 of RM87.9 million, a drop of RM104.9 million compared to the RM192.8 million achieved during the corresponding period in year 2008. The substantial drop in profit was in line with the sharp fall in the edible oil prices compared to that of 2008.

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 RM34.0 million compared to RM44.6 million in the preceding quarter. The decrease in profit before tax by RM10.6 million is due mainly to the drop in CPO and PK prices compared to that of immediate preceding quarter.

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 30 September		9 months ended 30 September	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expenses	954	7,626	9,200	26,784
Under/(Over) provision in prior years	(1,680)	-	(1,680)	219
Deferred tax	7,662	10,918	9,562	25,249
	<u>6,936</u>	<u>18,544</u>	<u>17,082</u>	<u>52,252</u>

The Group's effective tax rate is lower than the prevailing corporate tax rate as the Group has available tax allowances to offset tax liabilities.

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 30 September 2009 is as follows :

	Cost RM'000	Book Value RM'000	Market Value RM'000
Total quoted investments	<u>67</u>	<u>45</u>	<u>56</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 followings:-

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

(i) *Kini Sinar Sdn. Bhd. (“KSSB”)*

On 25 May 2007, SOPB 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.

On 25 September 2009, SOPB subscribed for 650,000 (65%) shares in KSSB for a total consideration of RM14,826,500.

(ii) *Mazama Plantation Sdn. Bhd. (“MPSB”)*

On 25 September 2009, SOPB entered into a joint venture agreement with SYHSB to develop an area of about 3,380 hectares situated at Sebauh, Bintulu Division into an oil palm plantation (“the project”). A joint venture company, Mazama Plantation Sdn Bhd (“MPSB”), will undertake the project.

SOPB will subscribe for 9,300,000 (60%) ordinary shares in MPSB with a cash consideration of RM21 million. In addition, SOPB undertakes to inject interest free advances up to RM8,198,130 to part finance the development costs of the project.

The eventual shareholdings of SOPB and SYHSB in MPSB will be 9,300,000 (60%) ordinary shares and 6,200,000 (40%) ordinary shares respectively. SYHSB will also hold 5,465,420 redeemable preference shares. Ordinary shares and redeemable preference shares for SYHSB will be issued by means of bonus issue via share premium reserves of MPSB.

It is now pending SYHSB fulfilment of the precedent conditions in the agreement.

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

The gross proceeds raised from the Rights Issue was RM112.33 million and as at 10 November 2009, the proceeds had been utilised according to its expected utilisation, except for a balance of RM10.66 million allocated for downstream activities that has not been utilised due to delay in project implementation.



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B9. Borrowing and debt securities

	30 September 2009 RM'000
Current	
Secured	23,188
Unsecured	6,674
Non-current	
Secured	233,388
Unsecured	12,475
Total	275,725

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 30 September 2009 (30 September 2008: Nil).



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Explanatory Notes To The Interim Report – 30 September 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 RM24.9 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 382,747,636.

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	24,856	40,086	66,228	127,797
	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	'000	'000	'000	'000
Weighted average number of Ordinary shares in issue	382,748	417,002	382,285	374,660
	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	Sen	Sen	Sen	Sen
Basic earning per share	6.49	9.61	17.32	34.11

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 RM24.9 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 390,469,141.

	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	24,856	40,086	66,228	127,797
	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	390,469	422,510	390,006	379,204
	3 months ended		9 months ended	
	30.9.2009	30.9.2008	30.9.2009	30.9.2008
	Sen	Sen	Sen	Sen
Diluted earning per share	6.37	9.49	16.98	33.70



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Explanatory Notes To The Interim Report – 30 September 2009

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 24th November 2009.

By Order of the Board

Eric Kiu Kwong Seng

Company Secretary

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26th November 2009

