

SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2009

(The figures have not been audited)

Condensed Consolidated Balance Sheet as at 31 December 2009

	Note	31 December 2009 RM'000	31 December 2008 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A1	800,751	681,471
Prepaid lease payments	A1	210,339	183,782
Other investments	B7	45	45
Intangible assets		2,205	1,526
		<u>1,013,340</u>	<u>866,824</u>
Current Assets			
Inventories		51,206	66,432
Trade and other receivables		29,204	51,320
Cash and bank balances		312,929	279,132
		<u>393,339</u>	<u>396,884</u>
TOTAL ASSETS		<u>1,406,679</u>	<u>1,263,708</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		428,526	427,408
Share premium		1,045	382
Other reserve		1,886	1,187
Retained earnings		395,535	307,144
		<u>826,992</u>	<u>736,121</u>
Minority interest		96,147	81,346
Total equity		<u>923,139</u>	<u>817,467</u>
Non-current liabilities			
Borrowings	B9	226,711	179,894
Deferred tax liabilities		104,220	84,409
Other deferred liabilities		733	69
		<u>331,664</u>	<u>264,372</u>
Current liabilities			
Borrowings	B9	64,540	72,001
Trade and other payables		86,629	109,159
Current tax payable		707	709
		<u>151,876</u>	<u>181,869</u>
Total liabilities		<u>483,540</u>	<u>446,241</u>
TOTAL EQUITY AND LIABILITIES		<u>1,406,679</u>	<u>1,263,708</u>
Net assets per share (RM)		1.93	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 Twelve-Months Period Ended 31 December 2009

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		12 months ended	
		31 December		31 December	
		2009	2008	2009	2008
	Note	RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue		167,328	121,524	567,610	683,520
Sarawak sales tax		(7,105)	(5,150)	(25,169)	(31,707)
Windfall profit levy/stabilization scheme cess		-	-	-	(14,289)
Cost of sales		(114,468)	(94,131)	(398,573)	(414,521)
Gross profit		45,755	22,243	143,868	223,003
Other income		3,040	1,946	7,341	8,684
Administrative expenses		(1,325)	(3,156)	(4,337)	(5,646)
Distribution costs		(669)	(2,642)	(7,344)	(8,963)
Finance costs		(1,202)	(2,645)	(5,995)	(8,518)
Profit before tax and reserve on consolidation		45,599	15,746	133,533	208,560
Reserve on consolidation		250	-	250	-
Profit before tax		45,849	15,746	133,783	208,560
Taxation	B5	(11,166)	(2,422)	(28,248)	(54,674)
Profit for the period/year		34,683	13,324	105,535	153,886
Profit for the period/year attributable to:					
Equity holders of the parent		32,672	12,766	98,900	140,563
Minority interest		2,011	558	6,635	13,323
		34,683	13,324	105,535	153,886
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B13	7.63	2.99	23.11	36.24
Diluted	B13	7.49	2.95	22.70	35.89

(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 Twelve-Months Period Ended 31 December 2009

	← Attributable to Equity Holders of the Parent →				Total	Minority Interest	Total Equity
	Share Capital	Non-Distributable Reserve	Other Reserve	Distributable Reserve			
	RM'000	Share Premium RM'000	RM'000	Retained Profits RM'000	RM'000	RM'000	RM'000
At 1 January 2009	427,408	382	1,187	307,144	736,121	81,346	817,467
Net profit for the period	-	-	-	98,900	98,900	6,635	105,535
Dividends				(10,512)	(10,512)	-	(10,512)
Issue of ordinary shares:							
Pursuant to ESOS	718	196	-	-	914	-	914
Warrant conversion	400	-	-	-	400	-	400
Share option granted under ESOS:							
Recognised in profit or loss	-	-	1,166	-	1,166	-	1,166
Exercise of ESOS	-	4567	(467)	-	-	-	-
Dilution arising from issuance of shares by a subsidiary	-	-	-	2	2	(2)	-
Acquisition of a subsidiary						8,168	8,168
At 31 December 2009	<u>428,526</u>	<u>1,045</u>	<u>1,886</u>	<u>395,535</u>	<u>826,992</u>	<u>96,147</u>	<u>923,139</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 Twelve-Months Period Ended 31 December 2009

	Note	31 December 2009 RM'000	31 December 2008 RM'000
Net cash inflow from operating activities		180,606	199,605
Net cash outflow from investing activities		(152,426)	(157,137)
Net cash inflow from financing activities	A4	5,617	144,747
Net increase in cash and cash equivalents		33,797	187,215
Cash and cash equivalents at 1 January		279,132	91,917
Cash and cash equivalents at 31 December		312,929	279,132

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

Wholesale money market deposits	29,500	27,755
Fixed deposits with licensed banks	251,910	216,997
Cash on hand and at bank	31,519	34,380
Cash and bank balances	312,929	279,132

(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 – 31 December 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 31 December 2009, a total of 12,258,200 ESOS options have been granted. Total of ESOS options exercised as at 31 December 2009 were 1,382,650 shares and were granted listing and quotation.

(ii) Warrants

As at 31 December 2009, a total of 24,412,925 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 – 31 December 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 31 December 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 December 2009 is as follows:-

	31 December 2009
	RM'000
Property, plant and equipment	
Authorised but not contracted for	214,299
Contracted but not provided in the financial statements	24,779
	<u>239,078</u>
Plantation Development Expenditure	
Authorised but not contracted for	226,471
Contracted but not provided in the financial statements	37,012
	<u>263,483</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 RM567.6 million for year ended 31 December 2009 compared with RM683.5 million reported in the preceding year. The decrease of RM115.9 million was mainly attributed to the lower average CPO and PK prices realized during the year.

With the decrease in total revenue, the Group registered a profit before tax and reserve on consolidation for the year ended 31 December 2009 of RM133.5 million, a drop of RM75.1 million compared to the RM208.6 million achieved in year 2008. The total matured area of oil palm for the group increased from 29,665 Ha to 30,642 Ha. Despite the increase in mature area, there was a marginal decrease in the FFB production in year 2009. This was mainly due to the adverse weather condition in 2009.

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 RM45.6 million compared to RM34.0 million in the preceding quarter. The increase in profit before tax of RM11.6 million was due mainly to the improvement of production and CPO and PK prices realised 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 31 December		12 months ended 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Current tax expenses	4,170	3,227	13,370	30,011
Under/(Over) provision in prior years	465	1,492	(1,215)	1,711
Deferred tax	6,531	(2,297)	16,093	22,952
	<u>11,166</u>	<u>2,422</u>	<u>28,248</u>	<u>54,674</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 31 December 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>53</u>



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Explanatory Notes To The Interim Report – 31 December 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 Shin Yang Holding Sdn Bhd (“SYHSB”)

(i) *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 done in year 2008 was RM112.33 million. As at 10 February 2010, the proceeds had been utilised according to its expected utilisation, except for a balance of RM10.66 million allocated for downstream activities. The funds is expected to be fully utilised by the first half of 2010.



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Explanatory Notes To The Interim Report – 31 December 2009

B9. Borrowing and debt securities

	31 December 2009 RM'000
Current	
Secured	46,935
Unsecured	17,605
Non-current	
Secured	217,840
Unsecured	8,871
Total	291,251

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 and year under review.

B12. Dividends

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



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Explanatory Notes To The Interim Report – 31 December 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 RM32.7 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 428,460,684

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	32,672	12,766	98,900	140,563

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	'000	'000	'000	'000
Weighted average number of Ordinary shares in issue	428,461	427,368	427,922	387,918

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	Sen	Sen	Sen	Sen
Basic earning per share	7.63	2.99	23.11	36.24

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 RM32.7 million and on the weighted average number of ordinary shares of RM1 each in issue during the period of 436,249,039

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	32,672	12,766	98,900	140,563

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	436,249	432,853	435,710	391,612

	3 months ended		12 months ended	
	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	Sen	Sen	Sen	Sen
Diluted earning per share	7.49	2.95	22.70	35.89



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Explanatory Notes To The Interim Report – 31 December 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 23rd February 2010.

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

23rd February 2010

