

**SARAWAK OIL PALMS BERHAD**

(Incorporated in Malaysia – 7949-M)

**INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position****As at 30 June 2013**

	Note	30 June 2013 RM'000	31 December 2012 RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	A1	1,019,960	986,297
Plantation development expenditure	A1	572,640	563,224
Land held for property development		19,505	18,538
Land use rights	A1	4,217	4,023
Investment in associate		8,584	8,005
Other receivables		-	32
Intangible assets		5,182	5,182
Deferred tax assets		26,321	17,591
		<u>1,656,409</u>	<u>1,602,892</u>
<b>Current Assets</b>			
Inventories		146,079	228,476
Trade and other receivables		86,027	79,432
Cash and bank balances		418,998	569,835
		<u>651,104</u>	<u>877,743</u>
<b>TOTAL ASSETS</b>		<u><u>2,307,513</u></u>	<u><u>2,480,635</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		437,616	436,548
Share premium		9,500	8,828
Other reserve		4,318	3,244
Hedging reserve		(259)	(575)
Retained earnings		723,141	915,916
		<u>1,174,316</u>	<u>1,363,961</u>
<b>Non-controlling interest</b>		<u>94,688</u>	<u>126,404</u>
<b>Total equity</b>		<u>1,269,004</u>	<u>1,490,365</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		123,782	124,439
Loans and borrowings	B8	562,089	417,625
Derivative financial instruments	B9	513	513
		<u>686,384</u>	<u>542,577</u>
<b>Current liabilities</b>			
Loans and borrowings	B8	201,592	226,929
Trade and other payables		149,582	219,392
Income tax payable		706	706
Derivative financial instruments	B9	245	666
		<u>352,125</u>	<u>447,693</u>
<b>Total liabilities</b>		<u>1,038,509</u>	<u>990,270</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>2,307,513</u></u>	<u><u>2,480,635</u></u>
Net assets per share (RM)		2.68	3.12

(The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this report)

**SARAWAK OIL PALMS BERHAD**

(Incorporated in Malaysia – 7949-M)

**Condensed Consolidated Statement of Comprehensive Income  
For the Six-Months Period Ended 30 June 2013**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		6 months ended	
		30 June		30 June	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
<b>Continuing Operations</b>					
Revenue		313,990	281,602	741,048	510,385
Operating expenses		(305,185)	(206,991)	(697,154)	(377,799)
Other operating income		3,707	4,192	6,510	7,513
Administrative expenses		(1,883)	(3,646)	(4,795)	(5,871)
Finance costs		(6,255)	(1,788)	(12,231)	(3,549)
Share of results of an associate		279	-	579	-
<b>Profit/(Loss) before tax</b>		<u>4,653</u>	<u>73,369</u>	<u>33,957</u>	<u>130,679</u>
Taxation	B6	(2,946)	(18,504)	(10,447)	(32,868)
<b>Profit/(Loss) for the period</b>		<u><u>1,707</u></u>	<u><u>54,865</u></u>	<u><u>23,510</u></u>	<u><u>97,811</u></u>
<b>Other comprehensive income:</b>					
Net changes in fair value of derivatives	B9	<u>158</u>	<u>156</u>	<u>316</u>	<u>202</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>158</u>	<u>156</u>	<u>316</u>	<u>202</u>
<b>Total comprehensive income for the period</b>		<u><u>1,865</u></u>	<u><u>55,021</u></u>	<u><u>23,826</u></u>	<u><u>98,013</u></u>
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		<u>1,155</u>	<u>51,890</u>	<u>22,243</u>	<u>91,599</u>
Non-controlling interest		<u>552</u>	<u>2,975</u>	<u>1,267</u>	<u>6,212</u>
		<u><u>1,707</u></u>	<u><u>54,865</u></u>	<u><u>23,510</u></u>	<u><u>97,811</u></u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<u>1,313</u>	<u>51,993</u>	<u>22,559</u>	<u>91,731</u>
Non-controlling interest		<u>552</u>	<u>3,028</u>	<u>1,267</u>	<u>6,282</u>
		<u><u>1,865</u></u>	<u><u>55,021</u></u>	<u><u>23,826</u></u>	<u><u>98,013</u></u>
<b>Earning per share attributable to Equity holders of the parent (Sen):</b>					
Basic	B12	<u>0.26</u>	<u>11.90</u>	<u>5.09</u>	<u>21.03</u>
Diluted	B12	<u>0.26</u>	<u>11.72</u>	<u>5.03</u>	<u>20.72</u>

(The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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 Six-Months Period Ended 30 June 2013**

	Attributable to Equity Holders of the Parent							
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Non-Distributable Employee share option reserve RM'000	Hedge reserve RM'000	Distributable Retained earnings RM'000	Minority interest RM'000
At 1 January 2013	1,490,365	1,363,961	436,548	8,828	3,244	(575)	915,916	126,404
<b>Total comprehensive income</b>	<b>23,826</b>	<b>22,559</b>	-	-	-	316	22,243	1,267
<b>Transactions with owners</b>								
Dividends paid to non-controlling interest	(4,500)	(4,500)	-	-	-	-	(4,500)	-
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	1,740	1,740	1,068	672	-	-	-	-
Share option granted under ESOS:								
Recognised in profit or loss	1,074	1,074	-	-	1,074	-	-	-
Acquisition of shares from non-controlling interest	(242,500)	(210,518)	-	-	-	-	(210,518)	(31,982)
Redemption of preference share	(1,000)	-	-	-	-	-	-	(1,000)
<b>At 30 June 2013</b>	<b>1,269,004</b>	<b>1,174,316</b>	<b>437,616</b>	<b>9,500</b>	<b>4,318</b>	<b>(259)</b>	<b>723,141</b>	<b>94,688</b>

# SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

## Condensed Consolidated Statement of Changes in Equity For the Six-Months Period Ended 30 June 2013

	Attributable to Equity Holders of the Parent							
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Non-Distributable Employee share option reserve RM'000	Hedge reserve RM'000	Distributable Retained earnings RM'000	Minority interest RM'000
At 1 January 2012	1,340,557	1,217,615	434,477	5,813	2,698	(860)	775,487	122,942
<b>Total comprehensive income</b>	164,041	157,061	-	-	-	285	156,776	6,980
<b>Transactions with owners</b>								
Issuance of ordinary shares to Non-controlling interests	35	-	-	-	-	-	-	35
Issuance of ordinary shares: Pursuant to exercise of ESOS	3,511	3,511	2,071	1,440	-	-	-	-
Share option granted under ESOS:								
Recognised in profit or loss	2,121	2,121	-	-	2,121	-	-	-
Dividends on ordinary shares	(16,360)	(16,360)	-	-	-	-	(16,360)	-
Dividend paid to non-controlling interest	(3,540)	-	-	-	-	-	-	(3,540)
Exercise of ESOS	-	-	-	1,575	(1,575)	-	-	-
Adjustment due to increase in equity in a Subsidiary	-	13	-	-	-	-	13	(13)
At 31 December 2012	<u>1,490,365</u>	<u>1,363,961</u>	<u>436,548</u>	<u>8,828</u>	<u>3,244</u>	<u>(575)</u>	<u>915,916</u>	<u>126,404</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 2012 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 Six-Months Period Ended 30 June 2013**

Note	30 June 2013 RM'000	30 June 2012 RM'000
<b>Operating activities</b>		
Profit before tax	33,957	130,679
Adjustments for non-cash flow items:		
Depreciation and amortisation of property, plant and equipment	38,990	30,455
Employee expenses under ESOS	1,074	1,060
Gain on disposal of property, plant and equipment	(86)	(286)
Property, plant and equipment written off	319	35
Inventory written off	-	15
Interest income	(5,918)	(6,194)
Interest expenses	12,230	3,549
Share of results of an associate	(579)	-
Operating profit before working capital changes	79,987	159,313
Decrease/(Increase) in inventories	80,959	(107,692)
(Increase)/Decrease in trade and other receivables	2,217	34,172
Decrease in trade and other payables	(66,148)	(45,277)
Cash generated from operations	97,015	40,516
Tax paid	(32,387)	(52,680)
<b>Net cash flows from/(used in) operating activities</b>	<b>64,628</b>	<b>(12,164)</b>
<b>Investing activities</b>		
Acquisition of property, plant and equipment	(62,435)	(81,372)
Additions of plantation development expenditure	(13,417)	(28,824)
Investment in associate	-	(7,650)
Proceeds from disposal of property, plant and equipment	443	1,049
Interest received	5,918	6,194
Acquisition of shares from non-controlling interest	(242,500)	-
<b>Net cash used in investing activities</b>	<b>(311,991)</b>	<b>(110,603)</b>
<b>Financing activities</b>		
Net changes in trade facilities	(42,420)	14,309
Proceeds from loans and borrowings	173,825	58,120
Proceeds from issuance of share capital	1,740	2,959
Dividend paid to non-controlling interest	(4,500)	(300)
Repayment of hire purchase	(7,714)	(4,388)
Repayment of loans and borrowings	(8,637)	(9,799)
Interest paid	(14,768)	(7,238)
Redemption of preference share	(1,000)	-
<b>Net cash from financing activities</b>	<b>96,526</b>	<b>53,663</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(150,837)</b>	<b>(69,104)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>569,835</b>	<b>510,774</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>418,998</b>	<b>441,670</b>

**SARAWAK OIL PALMS BERHAD**

(Incorporated in Malaysia – 7949-M)

**Condensed Consolidated Cash Flow Statement****For the Six-Months Period Ended 30 June 2013**

	<b>Note</b>	<b>30 June 2013 RM'000</b>	<b>30 June 2012 RM'000</b>
Cash and cash equivalents at the end of the financial period comprised the following:			
Wholesale money market deposits		75,687	18,400
Fixed deposits with licensed banks		274,107	379,488
Cash on hand and at bank		68,204	43,782
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Cash and bank balances		418,998	441,670

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this report)

## **SARAWAK OIL PALMS BERHAD**

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### **Explanatory Notes To The Interim Report – 30 June 2013**

#### **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 paragraph 9.22 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 2012.

The Company has applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board effective for annual periods beginning on 1 January 2013:-

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards – Government Loans

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards (Improvements 2012 Cycle)

Amendments to FRS 7: Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

FRS 10: Consolidated Financial Statements

Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance (Improvements 2010-2012 Cycle)

FRS 11: Joint Arrangements

Amendments to FRS 11: Joint Arrangements: Transition Guidance (Improvements 2010-2012 Cycle)

FRS 12: Disclosure of Interest in Other Entities

Amendments to FRS 12: Disclosure of Interest in Other Entities: Transition Guidance (Improvements 2010-2012 Cycle)

FRS 13: Fair Value Measurement

Amendments to FRS 101: Presentation of Financial Statements (Improvements 2012 Cycle)

Amendments to FRS 116: Property, Plant and Equipment (Improvements 2012 Cycle)

FRS 119: Employee Benefits

FRS 127: Separate Financial Statements

FRS 128: Investments in Associates and Joint Ventures

Amendments to FRS 132: Financial Instruments: Presentation (Improvements 2012 Cycle)

Amendments to FRS 134: Interim Financial Reporting (Improvements 2010-2012 Cycle)

##### **Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (“MASB”) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRS Framework”).

The MFRS Framework is to be applied by all Entities other than Private Entities for financial year beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (“MFRS 141”) and IC Interpretation 15 Agreements for Construction of Real Estate (“IC 15”), including its parent, significant investor and venture (herein called ‘Transitioning Entities’)

## **SARAWAK OIL PALMS BERHAD**

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### **Explanatory Notes To The Interim Report – 30 June 2013**

#### **A1. Accounting policies (Continued)**

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for financial year beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS framework in its first MFRS financial statements for the financial year ended 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has not completed its assessment of the financial effects of the differences between Financial Reporting Standards and Relevant Accounting Standards under the new MFRS Framework. Accordingly, the consolidated financial performance and financial position disclosed in these financial statements could be different if prepared under the new MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ended 31 December 2014.

#### **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 during the current quarter other than the listing and quotation of 805,950 shares exercised under the Employees' Share Options Scheme.

#### **A7. Dividends paid**

In respect for financial period ended 30 June 2013, the company has paid RM19,692,745 on 23 July 2013 being the first and final dividend of 6% less 25% tax declared for the financial year ended 31 December 2012 and duly approved during Annual General Meeting held on 25 June 2013.

#### **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.



## SARAWAK OIL PALMS BERHAD

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### Explanatory Notes To The Interim Report – 30 June 2013

#### 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 or contingent assets as at 30 June 2013 except the corporate guarantee favouring the banks for the banking facilities given to the subsidiary companies as follows:-

	Value of Guarantee	Balance Unutilized 30 June 2013
Subsidiary # 1	RM 10.0 million	RM 3.0 million
Subsidiary # 2	RM 59.0 million	RM 38.8 million
Subsidiary # 3	RM270.0 million	RM157.4 million

#### 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 June 2013 is as follows:-

	30 June 2013
<b>RM'000</b>	
Property, plant and equipment	
Authorised but not contracted	134,680
Contracted but not provided in the financial statements	61,075
	<hr/>
	195,755
	<hr/> <hr/>
Plantation Development Expenditure	
Authorised but not contracted	22,786
Contracted but not provided in the financial statements	10,114
	<hr/>
	32,900
	<hr/> <hr/>

## **SARAWAK OIL PALMS BERHAD**

(Incorporated in Malaysia – 7949-M)

### **Explanatory Notes To The Interim Report – 30 June 2013**

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

##### **B1. Review of Performance**

###### **2<sup>nd</sup> Quarter FY2013 (“Q2FY2013”) vs 2<sup>nd</sup> Quarter FY2012 (“Q2FY2012”)**

The Group registered a total revenue of RM314.0 million for Q2FY2013 compared with RM281.6 million reported in Q2FY2012, representing an increase of RM32.3 million or 11.5% against corresponding quarter last year, attributed mainly to the downstream operation which had commenced since third quarter of 2012.

The Group however reported a profit before tax of RM4.6 million against RM73.3 million reported in Q2FY2012 due principally to the softening of average realized price for Crude Palm Oil (“CPO”) and Palm Kernel (“PK”). In addition, the losses from subsidiaries having young mature area have eroded the Group's margin in spite increase of Fresh Fruit Bunch (“FFB”) production for the reporting quarter.

###### **Current Year To Date (“2QFY2013”) vs Preceding Year To Date (“2QFY2012”)**

The Group registered a total revenue of RM741.0 million for period ended 30 June 2013 compared with RM510.4 million reported in the corresponding period year 2012, representing an increase of 45.2%, attributed mainly to downstream operation which had commenced since third quarter of 2012.

Group profit before tax for the period ended 30 June 2013 nevertheless eased to RM34.0 million against RM130.7 million achieved during the corresponding period year 2012. The drop in profit before tax is attributed to weak CPO and PK realized prices coupled with losses from subsidiaries having young mature areas.

##### **B2. Variation of Results to Preceding quarter**

###### **2<sup>nd</sup> Quarter FY2013 (“Q2FY2013”) vs 1<sup>st</sup> Quarter 2013 (“Q1FY2012”)**

The Group posted total revenue of RM314.0 million in Q2FY2013 compared with RM427.1 million reported in Q1FY2013.

The Group reported a profit before tax of RM4.6 million compared to RM29.3 million reported in Q1FY2013. The lower profit reported is due to lower volume of CPO & PK sold compared to Q1FY2013, and losses from subsidiaries having young mature area as well as increase in operating cost. For the quarter under review, CPO and PK realized prices were marginally improved as below:

	<b>Q2FY 2013</b>	<b>Q1FY 2013</b>
Crude Palm Oil (RM/mt ex-mill)	2,082	2,067
Palm Kernel (RM/mt ex-mill)	1,150	1,088

##### **B3. Prospect**

The performance of the Group would continue to be driven by the CPO price movement which is dependent on the world edible oil market, movement of Ringgit Malaysia and economic situation.

Given the uncertainties of current global economic climate, the Group would not expect a significant reversal at current price trend. Therefore, the Group would continue to operate within narrow margin. The management would stay focus on the current operation and strive to achieve maximum margin by consolidating the operational efficiency. Premised on the above mentioned, the Group foresees performance for the year 2013 should be consistent with the other plantation companies.

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**Explanatory Notes To The Interim Report – 30 June 2013****B4. Variance of actual profit from forecast profit**

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

**B5. Profit before tax**

Profit before tax is arrived at after charging/(crediting):-

	Individual quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Depreciation and amortization	19,818	15,489	38,990	30,455
Property, plant and equipment written off	315	33	319	35
(Gain)/Loss on disposal of property, plant and equipment	(86)	(286)	(86)	(286)
Interest income	(2,990)	(3,152)	(5,918)	(6,194)
Interest expenses	6,254	1,788	12,230	3,549
Inventory written off	-	15	-	15
(Gain)/Loss on derivatives	(158)	156	(316)	202
	=====	=====	=====	=====

**B6. Taxation**

Current tax expenses	9,313	17,865	19,834	31,643
Deferred tax	(6,367)	639	(9,387)	1,225
	=====	=====	=====	=====
	2,946	18,504	10,447	32,868
	=====	=====	=====	=====
Deferred tax related to other comprehensive income:-				
Derivative financial instruments	26	52	79	67
	=====	=====	=====	=====

The Group's effective tax rate is approximately at the prevailing corporate tax rate of 25%.

**B7. Status of corporate proposal announced**

There is no corporate proposal announced but not completed as at the date of issuance of this report except for the following:-

Joint Venture with Pelita Holdings Sdn Bhd ("PHSB) to undertake NCR project

On 25 October 2011, the Company entered into a joint venture agreement with PHSB to develop an area under Native Customary Rights ("NCR") of 1,645 hectares situated at Sungai Arang, Bakong, Baram, Miri Division, of which approximately 987 hectares are plantable. A joint venture company ("JVC") named as SOP Pelita Sg Arang Plantation Sdn Bhd has been incorporated on 25 October 2011 and has been gazetted as deemed native company under section 9(1)(d) of the Land Code on 29<sup>th</sup> April 2013.

Meanwhile, PHSB has not yet secured sufficient land bank to start the project.

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**Explanatory Notes To The Interim Report – 30 June 2013****B8. Borrowing and debt securities****30 June 2013****RM'000**

Current	
Secured	190,492
Unsecured	11,100
Non-current	
Secured	473,189
Unsecured	88,900
<b>Total</b>	<b>763,681</b>

The above borrowings are denominated in Ringgit Malaysia.

**B9. Derivatives financial instruments**

The outstanding interest rate swap (IRS) contracts as at 30 June 2013 are as follows:-

	Contract/Notional Value (Million)					Fair Value (RM'000)			
	Base Currency	<1 year	1 year to 3 years	More than 3 years	Total	<1 year	1 year to 3 years	More than 3 years	Total
Interest rate swap	RM	35	4	21	60	(245)	(356)	(157)	(758)

The Group uses IRS to manage part of its exposure to interest rate movements on its bank borrowings by swapping a proportion of its borrowings from floating rates to fixed rates and is designated as cash flow hedges. The fair value of IRS is measured at the present value of future cash flows estimated and discounted based on quoted interest rates. The IRS would reduce the group's cash flow exposure resulting from interest rate fluctuation. It satisfies the criteria for cash flow hedges and accordingly hedge accounting is applied.

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### Explanatory Notes To The Interim Report – 30 June 2013

#### B10. Changes in material litigation

- (a) On 30 September 2010, SOP Plantations (Borneo) Sdn Bhd, a subsidiary of the Company had been served with a Writ of Summons (“**the Writ**”) in the High Court of Sabah and Sarawak at Bintulu under Suit No.21-06-2010(BTU) (“**Douglas Ding Suit**”) wherein it was named as the Fifth (5<sup>th</sup>) defendant along with other defendants which include Government of Sarawak, Director of Forests, Superintendent of Land & Surveys, Kapit and Pusaka KTS Forests Plantation Sdn Bhd. The Douglas Ding Suit was instituted by Douglas Ding Jangan and 4 others, suing on behalf of themselves and also as representatives of all the residents of Uma Long Bangan claiming a declaration that they have acquired and/or created NCR over all that parcel of land described as Lot 10 Punan Land district and other related reliefs.

SOP Plantations (Borneo) Sdn Bhd has filed its Statement of Defence dated 15 October 2010 and amended Statement of Defence dated 3 January 2012 (pursuant to Court Order granted on 9<sup>th</sup> December 2011).

Pusaka KTS Forests Plantation Sdn Bhd, being the Fourth (4<sup>th</sup>) Defendant, has subsequently filed an application to the High Court dated 21<sup>st</sup> September 2012, alleging that there is an overlapping claim by the plaintiffs in this present matter and the other claimants in Suit no. BTU-21-4/2-2012 (TR Nyipa Anak Tingang vs Pusaka KTS Forest Plantation Sdn Bhd & Others) and the Fourth (4<sup>th</sup>) Defendant seeks to apply for a joint trial for these two (2) matters, which is contested by the plaintiffs and the said application is adjourned to 30<sup>th</sup> November 2012 for hearing by the High Court pending exchange of affidavits between the parties and SOP Plantations (Borneo) Sdn Bhd has informed the High Court that it has no objection to the said application.

The trial dates fixed in August 2013 had been vacated. However, the continuation of trial was fixed on 25 to 27 September 2013 and 24 to 25 October 2013.

- (b) On 27<sup>th</sup> April 2012, SOP Kemena, a subsidiary of the Company had been served with the Writ in the High Court of Sabah and Sarawak at Kuching under Suit No.KCH-21-5/4-2012 (“**Adang’s Suit**”) wherein SOP Kemena was named as the Third (3<sup>rd</sup>) Defendant along with other defendants which include the State Government of Sarawak and Superintendent of Land & Surveys, Bintulu. The Adang’s Suit was instituted by Adang Anak Jirau and 2 others (Representing themselves and 23 other landowners, occupiers and/or proprietors of NCR land from Rh. Jabu Anak Encharang, Sg. Sebajo, Labang, Bintulu) claiming that they are the owner of 16 plots of native titled land which are identified by the plaintiffs and lands and surveys to be Lots 239, 240, 241, 242, 243, 244, 245, 262, 263, 264, 265, 266, 267, 268, 269 and 290 Lavang Land District within all that parcel of lands described as Lot 2, Block 14 of Lavang Land District and Lot 68 Block 3 Pandan Land District and the total area of the 16 plots of land and NCR land claimed by the plaintiffs is approximately 653.4 hectares or 1,614.5 acres and that SOP Kemena has used, planted and/or trespass into the plaintiffs’ lands without consent.

On 26 June 2013, the Court had fixed the trial on 13 to 15 November 2013.

## **SARAWAK OIL PALMS BERHAD**

(Incorporated in Malaysia – 7949-M)

### **Explanatory Notes To The Interim Report – 30 June 2013**

#### **B10. Changes in material litigation (Continued)**

- (c) On 18 May 2012, SOP Beluru, a subsidiary of the Company, had been served with the Writ of Summons in the High Court of Sabah and Sarawak at Miri under Suit No.MYY-21-6/5-2012 (“**Fauzi’s Suit**”) wherein SOP Beluru was named as the Fifth (5th) Defendant along with other defendants which include the Superintendent of Lands and Surveys Miri Division, Director of Land and Surveys Sarawak, Government of the State of Sarawak, Woodijaya Sdn Bhd. The Fauzi’s Suit was instituted by Fauzi Bin Haji Hosen and others, suing on behalf of 6 Kampung and 2 longhouses in Baram, Marudi (Kampong Dagang, Kampong Narum, Kampong Baru, Kampong Pemindahan, Kampong Padang Kerbau, Kampong Lubok Nibong, Rumah Vincent Anak Kiu and Rumah Chabop Anak Diau) claiming NCR over the Provisional Lease, Lot 1207 Block 0 Puyut Land District and other related reliefs.

On 27 September 2012, SOP Beluru’s application under Order 14A of the Rules of High Court to strike out plaintiffs’ claim has been allowed. However, the plaintiffs have filed an appeal to the Court of Appeal and no date has been fixed by the Court of Appeal for the hearing of this matter.

#### **B11. Dividends**

First and final dividend in respect of the financial year ended 31 December 2012, of 6% less 25% taxation on 437,616,559 ordinary shares, amounting to a dividend payable of RM19,692,745 (4.5 sen per ordinary share) has been approved by shareholders during Annual General Meeting held on 25 June 2013.

**SARAWAK OIL PALMS BERHAD**

(Incorporated in Malaysia – 7949-M)

**Explanatory Notes To The Interim Report – 30 June 2013****B12. Earnings per share***Basic earnings per share*

The calculation of basic earnings per share is based on the profit/(loss) attributable to equity holders of the parent divided by the weighted average number of ordinary shares of RM1 each in issue during the period.

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Profit attributable to ordinary equity holders of the parent	1,155	51,890	22,243	91,599
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Weighted average number of Ordinary shares in issue	437,270	436,049	436,923	435,467
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2013 Sen	30.6.2012 Sen	30.6.2013 Sen	30.6.2012 Sen
Basic earning per share	0.26	11.90	5.09	21.03

*Diluted earnings per share*

The diluted earning per share is based on the profit/loss attributable to equity holders of the parent divided by the weighted average number of ordinary shares of RM1 each in issue during the period.

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Profit attributable to ordinary equity holders of the parent	1,155	51,890	22,243	91,599
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2013 RM'000	30.6.2012 RM'000	30.6.2013 RM'000	30.6.2012 RM'000
Weighted average number of Ordinary shares in issue	442,642	442,627	442,295	442,045
	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30.6.2013 Sen	30.6.2012 Sen	30.6.2013 Sen	30.6.2012 Sen
Diluted earning per share	0.26	11.72	5.03	20.72

**SARAWAK OIL PALMS BERHAD**

(Incorporated in Malaysia – 7949-M)

**Explanatory Notes To The Interim Report – 30 June 2013**

**B13. 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 27 August 2013.

*By Order of the Board*

Eric Kiu Kwong Seng

Company Secretary

Miri

27 August 2013