

SARAWAK OIL PALMS BERHAD

(Incorporated in Malaysia – 7949-M)

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

(The figures have not been audited)

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

	Note	30 September 2013 RM'000	31 December 2012 RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment	A1	1,034,112	986,297
Plantation development expenditure	A1	579,595	563,224
Land held for property development		9,570	18,538
Land use rights	A1	21,232	4,023
Investment in associate		8,865	8,005
Other receivables		-	32
Intangible assets		5,182	5,182
Deferred tax assets		28,593	17,591
		<u>1,687,149</u>	<u>1,602,892</u>
Current Assets			
Inventories		129,240	228,476
Trade and other receivables		107,301	79,432
Cash and bank balances		435,242	569,835
		<u>671,783</u>	<u>877,743</u>
TOTAL ASSETS		<u><u>2,358,932</u></u>	<u><u>2,480,635</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		438,019	436,548
Share premium		9,714	8,828
Other reserve		5,002	3,244
Hedging reserve		(101)	(575)
Retained earnings		746,456	915,916
		<u>1,199,090</u>	<u>1,363,961</u>
Non-controlling interest		<u>94,327</u>	<u>126,404</u>
Total equity		<u>1,293,417</u>	<u>1,490,365</u>
Non-current liabilities			
Deferred tax liabilities		125,590	124,439
Loans and borrowings	B8	576,473	417,625
Derivative financial instruments	B9	514	513
		<u>702,577</u>	<u>542,577</u>
Current liabilities			
Loans and borrowings	B8	185,324	226,929
Trade and other payables		176,873	219,392
Income tax payable		706	706
Derivative financial instruments	B9	34	666
		<u>362,937</u>	<u>447,693</u>
Total liabilities		<u>1,065,514</u>	<u>990,270</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,358,932</u></u>	<u><u>2,480,635</u></u>
Net assets per share (RM)		2.74	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 Nine-Months Period Ended 30 September 2013

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		3 months ended		9 months ended	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Continuing Operations					
Revenue		471,913	420,780	1,212,961	931,165
Operating expenses		(405,307)	(358,758)	(1,102,461)	(736,557)
Other operating income/(expenses)		449	3,262	6,959	10,775
Administrative expenses		(1,517)	(1,032)	(6,312)	(6,903)
Finance costs		(6,868)	(3,134)	(19,099)	(6,683)
Share of results of an associate		281	-	860	-
Profit/(Loss) before tax		58,951	61,118	92,908	191,797
Taxation	B6	(16,304)	(13,920)	(26,751)	(46,788)
Profit/(Loss) for the period		42,647	47,198	66,157	145,009
Other comprehensive income:					
Net changes in fair value of derivatives	B9	158	153	474	355
Other comprehensive income for the period, net of tax		158	153	474	355
Total comprehensive income for the period		42,805	47,351	66,631	145,364
Profit/(Loss) attributable to:					
Owners of the parent		38,508	42,878	60,751	134,477
Non-controlling interest		4,139	4,320	5,406	10,532
		42,647	47,198	66,157	145,009
Total comprehensive income attributable to:					
Owners of the parent		38,666	42,977	61,225	134,708
Non-controlling interest		4,139	4,374	5,406	10,656
		42,805	47,351	66,631	145,364
Earning per share attributable to Equity holders of the parent (Sen):					
Basic	B12	8.79	9.82	13.90	30.86
Diluted	B12	8.69	9.66	13.74	30.33

(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 Nine-Months Period Ended 30 September 2013**

Attributable to Equity Holders of the Parent

	Equity attributable to owners of the parent, total		Non-Distributable			Distributable		
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Employee share option reserve RM'000	Hedge reserve RM'000	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
Total comprehensive income	66,631	61,225	-	-	-	474	60,751	5,406
Transactions with owners								
Issuance of ordinary shares:								
Pursuant to exercise of ESOS	2,357	2,357	1,471	886	-	-	-	-
Share option granted under ESOS:								
Recognised in profit or loss	1,758	1,758	-	-	1,758	-	-	-
Dividends on ordinary shares	(19,693)	(19,693)	-	-	-	-	(19,693)	-
Dividends paid to non-controlling interest	(4,500)	-	-	-	-	-	-	(4,500)
Acquisition of shares from non-controlling interest	(242,500)	(210,518)	-	-	-	-	(210,518)	(31,982)
Redemption of preference share	(1,000)	-	-	-	-	-	-	(1,000)
At 30 September 2013	<u>1,293,417</u>	<u>1,199,090</u>	<u>438,019</u>	<u>9,714</u>	<u>5,002</u>	<u>(101)</u>	<u>746,456</u>	<u>94,327</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 Statement of Changes in Equity
For the Nine-Months Period Ended 30 September 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
Total comprehensive income	164,041	157,061	-	-	-	285	156,776	6,980
Transactions with owners								
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 conjunctions 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 Nine-Months Period Ended 30 September 2013**

	Note	30 September 2013 RM'000	30 September 2012 RM'000
Operating activities			
Profit before tax		92,908	191,797
Adjustments for non-cash flow items:			
Depreciation and amortisation of property, plant and equipment		56,447	45,286
Employee expenses under ESOS		1,758	1,590
Gain on disposal of property, plant and equipment		(1,019)	(858)
Property, plant and equipment written off		1,167	169
Inventory written off		-	16
Interest income		(8,689)	(9,482)
Interest expenses		19,099	6,683
Share of results of an associate		(860)	-
Operating profit before working capital changes		160,811	235,201
Decrease/(Increase) in inventories		97,798	(122,714)
(Increase)/Decrease in trade and other receivables		(24,732)	20,759
Decrease in trade and other payables		(36,713)	51,353
Cash generated from operations		197,164	184,599
Tax paid		(52,088)	(74,058)
Net cash flows from/(used in) operating activities		145,076	110,541
Investing activities			
Acquisition of property, plant and equipment		(97,704)	(128,288)
Additions of land for property development		(276)	-
Additions of plantation development expenditure		(20,703)	(38,207)
Investment in associate		-	(7,650)
Proceeds from disposal of property, plant and equipment		869	1,918
Interest received		8,689	9,482
Acquisition of shares from non-controlling interest		(242,500)	-
Net cash used in investing activities		(351,625)	(162,745)
Financing activities			
Net changes in trade facilities		(62,385)	100,617
Proceeds from loans and borrowings		198,966	72,136
Proceeds from issuance of share capital		2,357	3,428
Dividends paid		(24,193)	(16,660)
Repayment of hire purchase		(10,830)	(9,658)
Repayment of loans and borrowings		(15,571)	(14,716)
Interest paid		(15,388)	(15,778)
Redemption of preference share		(1,000)	-
Net cash from financing activities		71,956	119,369
NET DECREASE IN CASH AND CASH EQUIVALENTS		(134,593)	67,165
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		569,835	510,774
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		435,242	577,939

(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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**Condensed Consolidated Cash Flow Statement
For the Nine-Months Period Ended 30 September 2013**

	Note	30 September 2013 RM'000	30 September 2012 RM'000
Cash and cash equivalents at the end of the financial period comprised the following:			
Wholesale money market deposits		65,487	18,100
Fixed deposits with licensed banks		276,541	347,839
Cash on hand and at bank		93,214	212,000
<hr/>			
Cash and bank balances		435,242	577,939

(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 September 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’).

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Explanatory Notes To The Interim Report – 30 September 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 402,800 shares exercised under the Employees' Share Options Scheme.

A7. Dividends paid

In respect for financial period ended 30 September 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.

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Explanatory Notes To The Interim Report – 30 September 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 September 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 September 2013
Subsidiary # 1	RM 10.0 million	RM - million
Subsidiary # 2	RM 59.0 million	RM 34.3 million
Subsidiary # 3	RM 270.0 million	RM 171.8 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 September 2013 is as follows:-

	30 September 2013
	RM'000
Property, plant and equipment	
Authorized but not contracted	144,998
Contracted but not provided in the financial statements	56,155
	<u>201,153</u>
Plantation Development Expenditure	
Authorized but not contracted	16,477
Contracted but not provided in the financial statements	2,478
	<u>18,955</u>

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Explanatory Notes To The Interim Report – 30 September 2013

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

B1. Review of Performance

3rd Quarter FY2013 (“Q3FY2013”) vs 3rd Quarter FY2012 (“Q3FY2012”)

The Group registered a total revenue of RM471.9 million for Q3FY2013 compared with RM420.8 million reported in Q3FY2012, representing an increase of RM51.1 million or 12.1% against corresponding quarter last year.

Profit before tax for the quarter was RM59.0 million against RM61.1 million for corresponding quarter last year due principally to the softening of crude palm oil (“CPO”) and palm kernel (“PK”) realized prices. In addition, the losses from subsidiaries having young mature areas have eroded the Group's profit margin despite an increase of Fresh Fruit Bunch (“FFB”) production for the reporting quarter.

Current Year To Date (“3QFY2013”) vs Preceding Year To Date (“3QFY2012”)

The Group registered a total revenue of RM1,213.0 million for the nine months ended 30 September 2013 against RM931.2 million reported in the corresponding period of year 2012, representing an increase of 30.3%. The increase in revenue was mainly attributed to downstream which commenced operation in third quarter of 2012 and higher sales volume achieved for palm products.

Group profit before tax for the period ended 30 September 2013 nevertheless eased to RM92.9 million against RM191.8 million achieved during the corresponding period of year 2012. The drop in profit before tax was attributed to weak CPO and PK realized prices coupled with losses from subsidiaries having young mature areas.

B2. Variation of Results to Preceding quarter

3rd Quarter FY2013 (“Q3FY2013”) vs 2nd Quarter 2013 (“Q2FY2013”)

The Group posted total revenue of RM471.9 million in Q3FY2013 compared with RM314.0 million reported in Q2FY2013.

The Group reported a profit before tax of RM59.0 million compared with RM4.7 million reported in Q2FY2013. The significant profit improvement was mainly attributed to higher volume of palm products sold as a result of higher FFB production which corresponded to the seasonal cropping pattern as mentioned in Note A3. In addition, higher average palm products prices were realized during the quarter. For the quarter under review, CPO and PK realized prices were as below:-

	Q3FY 2013	Q2FY 2013
Crude Palm Oil (RM/mt)	2,124	2,082
Palm Kernel (RM/mt)	1,237	1,150

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Explanatory Notes To The Interim Report – 30 September 2013**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.

Barring any unforeseen circumstances, the Group is expected to maintain similar performance for the next quarter.

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 September		Cumulative quarter 9 months ended 30 September	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Depreciation and amortization	17,457	15,201	56,447	45,286
Property, plant and equipment written off	848	136	1,167	169
(Gain)/Loss on disposal of property, plant and equipment	(933)	(2,493)	(1,019)	(858)
Interest income	(2,771)	(3,288)	(8,689)	(9,482)
Interest expenses	6,868	3,134	19,099	6,683
Inventory written off	-	-	-	16
Forex (gain)/loss	3,847	-	3,080	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

B6. Taxation

Current tax expenses	16,781	17,669	36,602	49,312
Deferred tax	(477)	(4,370)	(9,851)	(3,145)
Under provision in prior years	-	621	-	621
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	16,304	13,920	26,751	46,788

Deferred tax related to other
comprehensive income:-

Derivative financial instruments	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	40	51	119	118

The Group's effective tax rate is higher than the prevailing corporate tax rate of 25% due to certain expenditure which are non-tax deductible.

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Explanatory Notes To The Interim Report – 30 September 2013**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 April 2013.

Unless sufficient land bank is created before 30 June 2014, the Company may decide not to proceed with the project.

B8. Borrowing and debt securities

	30 September 2013
	RM'000
Current	
Secured	179,774
Unsecured	5,550
Non-current	
Secured	487,573
Unsecured	88,900
Total	761,797

The above borrowings are denominated in Ringgit Malaysia.

B9. Derivatives financial instruments

(a) The outstanding interest rate swap (IRS) contracts as at 30 September 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	-	7	18	25	(34)	(356)	(158)	(548)

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 September 2013

B10. Changes in material litigation

- (a) On 30th 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 (5th) 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 15th October 2010 and amended Statement of Defence dated 3rd January 2012 (pursuant to Court Order granted on 9th December 2011).

Pusaka KTS Forests Plantation Sdn Bhd, being the Fourth (4th) Defendant, has subsequently filed an application to the High Court dated 21st 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 (4th) 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 30th 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 above mentioned litigation is fixed for continuation of trial on 12th December 2013.

- (b) On 27th 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 (3rd) 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.

The court had fixed the trial on 3rd to 6th March 2014 during 4th September 2013.

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B10. Changes in material litigation (Continued)

- (c) On 18th 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 (Kampung Dagang, Kampung Narum, Kampung Baru, Kampung Pemindahan, Kampung Padang Kerbau, Kampung 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.

The Appealant's (Fauzi Bin Haji Hosen & 5 others) appeal was brought up before the Court of Appeal on 12th November 2013 and was struck out with no order as to costs.

B11. Dividends

No interim dividend has been declared for the financial period ended 30 September 2013 (30 September 2012 : Nil)

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Explanatory Notes To The Interim Report – 30 September 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 9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	38,508	42,878	60,751	134,477
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Weighted average number of Ordinary shares in issue	438,207	436,429	437,197	435,790
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	Sen	Sen	Sen	Sen
Basic earning per share	8.79	9.82	13.90	30.86

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 9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary equity holders of the parent	38,508	42,878	60,751	134,477
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	RM'000	RM'000	RM'000	RM'000
Weighted average number of Ordinary shares in issue	443,302	444,046	442,292	443,407
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30.9.2013	30.9.2012	30.9.2013	30.9.2012
	Sen	Sen	Sen	Sen
Diluted earning per share	8.69	9.66	13.74	30.33

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Explanatory Notes To The Interim Report – 30 September 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 29 November 2013.

By Order of the Board

Eric Kiu Kwong Seng

Company Secretary

Miri

29 November 2013