PALM OIL SECTOR

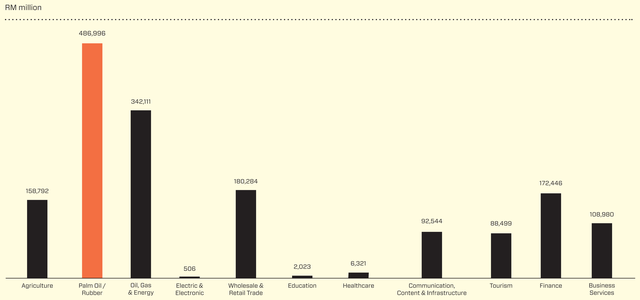
OVERVIEW

The Palm Oil Sector in Sabah

Sabah Palm Oil Industry Landscape

	Total Malaysia	Total Sabah
Palm Oil Plantations (m Hectares)	4.7	1.4
Number of Mills	416	120
Number of Crushers	43	13
Number of Refineries	51	11
Number of Oleochemical Plants	18	0
Number of Bulking Installations	34	8
Number of Biodiesel Plants	25	4

2005 GDP Contribution by NKEA



Sabah's palm oil industry can be depicted as well-established given that Sabah has approximately 30% of the total number of mills in Malaysia

Most of the development of the industry occurs along the west and east coast of the state

However, the industry's development in Sabah has been seemingly skewed towards the upstream, involving more plantations and millers. To date, the presence of downstream players in the state has been rather insignificant comparatively

Given its strong presence in the state's economy, the sector has been recorded as the largest contributor to the state's GDP for the year 2005

CASE FOR CHANGE

High yield and high Oil Extraction Rate (OER) can generate high profits to help eradicate poverty

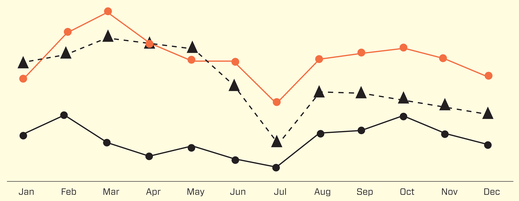
Average production of FFB per Hectare per year	Average price per Tonne of FFB	Average cost per production of FFB
19.6–20.0 Tonnes	RM600-700	RM250-300

Annual Income per Hectare per year

RM 350-RM400

Annual income of RM8,000 for every year

OER Records for the year 2010

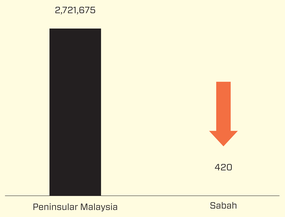


Above average track record in OER in the year 2010 signals that prices for FFB can be improved / sustained

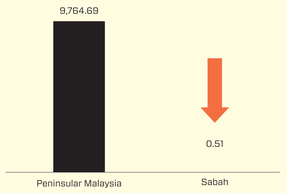
Planting Palm Oil allows for a substantial improvement in livelihood, especially for the hard core poor

Capturing further value-add by going into downstream activities

Exports of Downstream Products



Downstream Exports Value



Despite being the state with the highest production of CPO, Sabah lags substantially behind in terms of the development in the downstream sector

Graph depicts that the downstream sector has a potential to contribute to the economy greatly, i.e. the value of exports for every 1 tonne of downstream product is approximately RM3,600

Examples of Downstream Products

Cooking Oil

Food & Health Products

Oleo-Chemicals

DISTRIBUTION OF EPPs

1

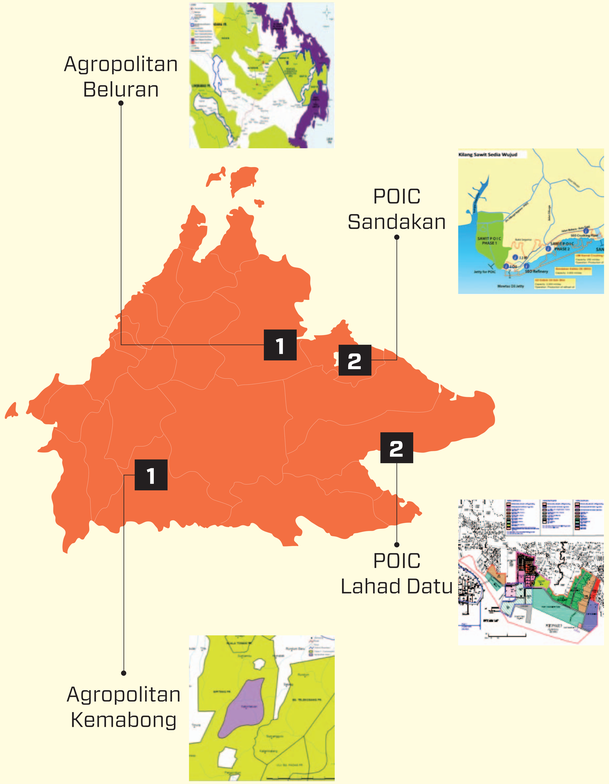
Agropolitans Projects

GNI	JOBS	INVESTMENT
RM92 million	1,026	RM275 million

2

Palm Oil Industrial Cluster

GNI	JOBS	INVESTMENT
RM8.67 billion	11,175	RM22.2 billion



GNI	JOBS	INVESTMENT
RM8.76 billion	12,201	RM22.48 billion