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CRUDE PALM OIL May (BMD) RM 3461 ↑124 ↑3.46% US\$ 1141.69 ↑40.88 ↑3.46% SOYBEAN OIL May (CBOT) US\$ 56.

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UPDATE: Emery Oleochemicals To Raise MYR480 Mln In Sukuk -CEO

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(Adds names of banks that will handle sukuk in the third paragraph)

By Shie-Lynn Lim
OF DOW JONES NEWSWIRES

KUALA LUMPUR (Dow Jones)—Emery Oleochemicals Group, the world's largest producer of green polymer additives, plans to set up an Islamic funding program to raise up to MYR480 million (\$158.3 million), a top executive at Emery Oleochemicals said Wednesday.

Proceeds from the sukuk—an Islamic alternative to debt that is structured so that lenders and borrowers share risk—would be channelled to finance Emery's expansion plans for the next three years, including the three projects that were announced Tuesday by Malaysia's premier, Emery Oleochemicals Chief Executive Kongkrasarn Intarajang told Dow Jones Newswires in an interview.

At a press conference on the sidelines of a regional palm oil conference later in the day, Emery Oleochemicals said HSBC Holdings PLC and Malaysia's Maybank Investment Bank Bhd. will handle the deal. The banks are the second- and third-largest underwriters respectively for sukuk sales in the world after CIMB Group Holdings Bhd.

Malaysia is the biggest sukuk issuer in the world, accounting for about 62% of the global market.

The company's Islamic funding plans came on the heels of Tuesday's announcement by Malaysian Prime Minister Najib Razak that highlighted plans to boost investment inflow and transform the country into a high-income society.

Najib said Emery Oleochemicals will invest MYR416.2 million in three projects to produce bio-lubricants and green polymer additives, in a bid to boost Malaysia's palm oil downstream business.

"Malaysia has yet to capture the full potential of palm oil downstream... especially in the finished segments, such as oleo derivatives, that generate higher value," Najib said.

Emery Oleochemicals is a 50-50 joint venture between Thailand-based PTT Chemical International Bhd. and Sime Darby Plantation Sdn. Bhd., a unit of Sime Darby Bhd., Malaysia's largest listed plantation firm by landbank and government-linked conglomerate with businesses ranging from oil and gas to property development and palm plantations.

Tapping Into Home, Personal Care Segment

Emery's expansion plans underscore its ambitions for the high-value oleo-derivatives segment and its venture into the lucrative fast-growing home and personal care segment, which has been boosted by rising affluence among consumers.

Apart from its three projects announced under Malaysia's National Key Economic Areas plan Tuesday, the firm had recently signed two separate joint ventures with Korea-based AK ChemTech co. Ltd. and Italy-based Gruppo Erca.

"We are continuously looking for opportunities either through joint ventures, building our own plants or even via acquisition," Kongkrasarn said.

He also said the firm may consider setting up downstream oleochemical plants in Indonesia, but declined to elaborate further.

There's a growing interest for vegetable oil investments in Indonesia, as its progressive export-tax structure on palm oil clearly favors biodiesel and oleochemicals plant set-ups.

Firms such as major palm-oil trading firm Wilmar International Ltd. and major food company Nestle have in recent months been seen boosting their downstream businesses, amid record gains in food prices.

—By Shie-Lynn Lim, Dow Jones Newswires; +603 2028 1233; shie-lynn.lim@dowjones.com

(END) Dow Jones Newswires

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Tagged in: Biodiesel, Conference, Indonesia, Malaysia, Oleochemical, Palm Oil, Plantation, Sime Darby, Wilmar

Crude Palm Oil Price

RM 3461 ↑124 ↑3.46% US\$ 1141

March 10 2011 5:00:39 PM

3600
3500
3400
3300
3200
3100
3000
2900
2800
2700

Mar10 May10 Jun08 Sep07 Nov04 Jan10 Mar09

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