THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Rimbunan Sawit

RIMBUNAN SAWIT BERHAD (691393-U)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ACQUISITIONS OF THE REMAINING 15% EQUITY INTERESTS IN NESCAYA PALMA SDN BHD, NOVELPAC-PUNCAKDANA PLANTATION SDN BHD AND WOODIJAYA SDN BHD NOT ALREADY HELD BY RIMBUNAN SAWIT BERHAD ("RSB") FROM THE STATE FINANCIAL SECRETARY OF SARAWAK FOR AN AGGREGATE PURCHASE CONSIDERATION OF RM16,019,312 TO BE WHOLLY SATISFIED THROUGH THE ISSUANCE OF 6,964,918 NEW ORDINARY SHARES OF RM0.50 EACH IN RSB

Adviser

MIMB
INVESTMENT BANK
A MEMBER OF EON BANK GROUP

MIMB INVESTMENT BANK BERHAD (10209-W)

A Participating Organisation of Bursa Malaysia Securities Berhad

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of the Extraordinary General Meeting, to be held at the Function Room, 1st Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak on Monday, 9 May 2011 at 12.00 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Company's sixth (6th) Annual General Meeting (which will be held at the same venue on the same day at 11.30 a.m.), is set out in this Circular. Shareholders are advised to refer to the Notice of Extraordinary General Meeting and the Form of Proxy enclosed herein.

If you decide to appoint a proxy to attend and vote on your behalf at the Extraordinary General Meeting, the Form of Proxy must be lodged at the Registered Office of the Company at No. 85-86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak not less than forty-eight (48) hours before the time appointed for the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently decide to do so. The last day and time for lodging the Form of Proxy is on Saturday, 7 May 2011 at 12.00 p.m.

This Circular is dated 20 April 2011

DEFINITIONS

Except where the context otherwise requires, the following definitions and terms apply throughout this Circular:-

Act	:	Companies Act, 1965
Acquisitions 1	:	Acquisitions of 100% equity interest in Lumiera Enterprise Sdn Bhd and 85% equity interest in Woodijaya by RSB, as announced on 31 July 2009 and completed on 22 December 2009
Acquisitions 2	:	Acquisitions of nine (9) plantation companies and the commercial rights of a plantation estate by RSB as announced on 30 December 2009 and completed on 15 September 2010
Acquirees	:	Nescaya, Novelpac and Woodijaya
AGM	:	Annual general meeting
Board	:	The Board of Directors of RSB
Bursa Securities	:	Bursa Malaysia Securities Berhad
Completed Acquisitions	:	Acquisitions 1 and Acquisitions 2, collectively
Consideration Shares	:	The 6,964,918 new RSB Shares to be issued pursuant to the Proposed Acquisitions
CDS	:	Central Depository System
CPO	:	Crude palm oil
Datuk Tiong	:	Datuk Tiong Thai King
EGM	:	Extraordinary general meeting
EPS	:	Earnings per share
FFB	:	Fresh fruit brunches
FPE	:	Financial period ended
FYE	:	Financial year ended/ending
Ha.	:	Hectare(s)
HB Miri	:	Henry Butcher Malaysia (Miri) Sdn Bhd, an independent registered valuer appointed by RSB in relation to the Proposed Acquisitions
ICPS	:	The irredeemable convertible preference shares of RM0.50 each in RSB
Kendaie	:	Kendaie Oil Palm Plantation Sdn Bhd
LAT	:	Loss after taxation
LBT	:	Loss before taxation
LPD	:	29 March 2011, being the latest practicable date prior to the printing and despatch of this Circular
LPS	:	Loss per share
MIMB	:	MIMB Investment Bank Berhad
mt.	:	Metric tonne
NA	:	Net assets

NBV	:	Net book value
Nescaya	:	Nescaya Palma Sdn Bhd
NL	:	Net liabilities
Novelpac	:	Novelpac-Puncakdana Plantation Sdn Bhd
NTA	:	Net tangible assets
PAA	:	Pertumbuhan Abadi Asia Sdn Bhd
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PJP	:	Pemandangan Jauh Plantation Sdn Bhd
Proposed Acquisitions	:	The proposed acquisitions of the remaining 15% equity interest in the Acquirees not already held by RSB from SFS for an aggregate purchase consideration of RM16,019,312, as detailed in Section 2 herein
Rejang Height	:	Rejang Height Sdn Bhd
RHS	:	Rimbunan Hijau (Sarawak) Sdn Bhd
RHSA	:	Rimbunan Hijau Southeast Asia Sdn Bhd
RSB *or* Company	:	Rimbunan Sawit Berhad
RSB Group	:	RSB and its subsidiary companies
RSB Shares *or* Shares	:	Ordinary shares of RM0.50 each in RSB
Sale Shares	:	The equity interested held by SFS in the Acquirees to be acquired by RSB pursuant to the Proposed Acquisitions, as detailed in Section 2.1 herein
SFS *or* Vendor	:	State Financial Secretary of Sarawak, the vendor of the Sale Shares
SSAs	:	The three (3) separate conditional share sale agreements dated 2 February 2011 entered into between RSB and SFS in relation to the Proposed Acquisitions
Tan Sri Tiong	:	Tan Sri Datuk Sir Diong Hiew King @ Tiong Hew King
TCO	:	Tiong Chiong Ong
TKK	:	Tiong Kiong King
TSL	:	Teck Sing Lik Enterprise Sdn Bhd
TTSE	:	Tiong Toh Siong Enterprises Sdn Bhd
TTSH	:	Tiong Toh Siong Holdings Sdn Bhd
Woodijaya	:	Woodijaya Sdn Bhd
YOP	:	Year of planting

Words denoting the singular number only shall include the plural and also vice-versa and words denoting the masculine gender shall, where applicable, include the feminine gender, neuter gender and vice-versa. Reference to persons shall include corporations.

CONTENTS

Rimbunan Sawit

RIMBUNAN SAWIT BERHAD (691393-U)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

No. 85-86, Pusat Suria Permata,
Jalan Upper Lanang 12A,
96000 Sibu, Sarawak

20 April 2011

Board of Directors:

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King *(Executive Chairman)*
Tiong Kiong King *(Non-Independent Non-Executive Vice Chairman)*
Tiong Chiong Ong *(Managing Director)*
Tiong Chiong Ie *(Non-Independent Non-Executive Director)*
Bong Wei Leong *(Independent Director)*
Tiong Ing Ming *(Independent Director)*

To: **The Shareholders of RSB**

Dear Sir/Madam,

THE PROPOSED ACQUISITIONS OF THE REMAINING 15% EQUITY INTERESTS IN NESCAYA, NOVELPAC AND WOODIJAYA NOT ALREADY HELD BY RSB FROM THE VENDOR FOR AN AGGREGATE PURCHASE CONSIDERATION OF RM16,019,312

1. INTRODUCTION

On behalf of the Board, MIMB had on 2 February 2011 announced that the Company had entered into three (3) separate SSAs with SFS in relation to the proposed acquisitions of the remaining 15% equity interests in the Acquirees not already held by RSB from SFS for an aggregate purchase consideration of RM16,019,312 to be wholly satisfied through the issuance of 6,964,918 new Shares at an issue price of RM2.30 per Share.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH DETAILS OF THE PROPOSED ACQUISITIONS AND TO SEEK YOUR APPROVAL ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE EGM TOGETHER WITH THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS OF RSB ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED ACQUISITIONS AT THE FORTHCOMING EGM.

2. PROPOSED ACQUISITIONS

2.1 Details of the Proposed Acquisitions

RSB had on 2 February 2011 entered into three (3) separate conditional SSAs with the Vendor for the Proposed Acquisitions, as detailed in the table below:-

Acquirees	No. of Sale Share	Interest to be Acquired from SFS	Purchase Consideration (RM)	To be satisfied by issuance of new Shares
1. Nescaya	375,000	15%	8,809,988	3,830,430
2. Novelpac	187,500	15%	1,971,227	857,055
3. Woodijaya	1,800	15%	5,238,097	2,277,433
Total			**16,019,312**	**6,964,918**

The Sale Shares shall be acquired free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto and all dividends, rights and distributions declared paid or made in respect thereof.

Details of the Acquirees and Vendor are set out in Section 3 of this Circular.

2.2 Basis of the Purchase Consideration

The aggregate purchase consideration for the Proposed Acquisitions of RM16,019,312 was arrived at between the Company and the Vendor on a "willing-buyer willing-seller" basis after taking into consideration:-

(i) the audited NTA/NL of the Acquirees as at 30 September 2010; and

(ii) the surplus arising from the revaluation of the underlying plantation assets owned by the Acquirees based on their market values, as appraised by HB Miri.

The purchase consideration of the Acquirees are summarised below:-

Acquirees	(A) Audited NTA/(NL) as at 30.9.10 RM	(B) * Market Value RM	(C) # NBV RM	(D) = A+B–C Adjusted NTA as at 30.9.10 RM	(E) Interest to be Acquired %	(F) = D x E Purchase Consideration RM
Nescaya	2,718,068	113,200,000	57,184,814	58,733,254	15.0	8,809,988
Novelpac	(2,841,224)	70,600,000	54,617,261	13,141,515	15.0	1,971,227
Woodijaya	(225,772)	46,900,000	11,753,582	34,920,646	15.0	5,238,097
Total	**(348,928)**	**230,700,000**	**123,555,657**	**106,795,415**		**16,019,312**

Notes:-

* *The market value of the respective plantation estates as appraised by HB Miri based on the material date of valuation of 30 September 2010.*

\# *The NBV of the underlying plantation assets owned by the Acquirees based on the audited financiol statements of the respective Acquirees as at 30 September 2010.*

2.3 Mode of Payment

The aggregate purchase consideration for the Proposed Acquisitions of RM16,019,312 shall be wholly satisfied via the issuance of 6,964,918 Consideration Shares. Neither cash payment nor initial deposit is payable by RSB to the Vendor.

2.4 Basis of Arriving at the Issue Price

The issue price for the Consideration Shares to be issued pursuant to the Proposed Acquisitions was arrived at based on a five (5) day weighted average market price of RSB Shares up to 31 January 2011, being the last full trading day prior to the announcement of the Proposed Acquisitions of RM2.30 per RSB Share.

The monthly highest and lowest market prices of RSB Shares as traded on Bursa Securities for the past twelve (12) months are as follows:-

	Highest	Lowest
	RM	RM
2010		
April	1.55	1.47
May	1.52	1.34
June	1.49	1.36
July	1.50	1.41
August	1.57	1.41
September	1.51	1.40
October	2.04	1.43
November	2.03	1.63
December	2.07	1.65
2011		
January	2.49	2.08
February	2.40	2.15
March	2.23	2.00

The last transacted market price of RSB Shares immediately prior to the announcement of the Proposed Acquisitions on 31 January 2011 was RM2.22 per Share.

The last transacted market price of RSB Shares as at 18 April 2011, being a day prior to the printing of this Circular, was RM2.13 per Share.

(Source: Bloomberg)

2.5 Ranking of Consideration Shares

The Consideration Shares shall, upon allotment and issue, rank pari passu in all respects with the existing RSB Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the said RSB Shares.

2.6 Listing of Consideration Shares

Bursa Securities had on 1 April 2011 approved the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

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2.7 Assumption of Liabilities and Future Financial Commitments

The Company will not assume any other liabilities, including contingent liabilities and guarantees arising from the Proposed Acquisitions. The existing trade liabilities of the Acquirees shall remain in the books of the respective companies and shall be settled in their ordinary course of business.

As the plantation estates of the Acquirees comprise both planted (save for Woodijaya) and unplanted areas, additional financial commitments, the quantum of which cannot be ascertained at this juncture, are expected to be required from RSB for the continuing development and re-planting programme after the completion of the Proposed Acquisitions. Apart from the above, no other financial commitment is required in putting the business operations of the Acquirees on-stream.

2.8 Salient terms of the SSAs

The salient terms of the SSAs include inter-alia, the following:-

(i) **Payment Terms**

The purchase considerations shall be wholly satisfied by RSB to SFS in respect of the Proposed Acquisitions within thirty (30) days after the completion date by issuance of the Consideration Shares to SFS subject to the Sale Shares having been transferred to and registered in the name of RSB. The Consideration Shares shall, if required, be credited into the CDS account(s) of SFS at the sole cost and expense of SFS.

The listing of and quotation for the Consideration Shares, if applicable, shall take place within thirty (30) days after the completion date or such other time frame as shall be in compliance with the then applicable laws.

(ii) **Conditions Precedent**

The sale and purchase of the Sale Shares shall be conditional upon the fulfillment of the following within the stipulated period:

(a) The Company obtaining the approval of the Sarawak State Authority and Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities;

(b) The Company obtaining the approval of its shareholders in a general meeting for the acquisition of the Sale Shares, the issuance of the Consideration Shares to SFS in satisfaction of the purchase considerations;

(c) if applicable, SFS procuring the Acquirees to obtain the approval/consent from the various banks and financial institutions who have extended credit facilities to the Acquirees for the change in the shareholding and Board of Director structures and composition of the Acquirees consequential to the acquisition of the Sale Shares by the Company;

(d) the conduct of a legal and financial due diligence by the Company on the Acquirees, its operations and its affairs, the results of which are determined by the Company in its sole and absolute discretion to be satisfactory; and

(e) such other conditions precedent deemed necessary by the Company.

The conditions precedent are to be fulfilled within six (6) months from the date of the SSAs, or such extended period as may be mutually agreed by the parties in writing.

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3. INFORMATION ON THE ACQUIREES & THE VENDOR

3.1 Information on Acquirees and plantation estates under its management

Company	Nescaya	Novelpac	Woodijaya
Date of Incorporation	18 May 1999	2 March 1996 [1]	26 September 1997
Authorised Share Capital (RM/ No of shares)	RM5,000,000 / 5,000,000	RM5,000,000/ 5,000,000	RM100,000/ 100,000
Issued & Paid up Share Capital (RM/ No of shares)	RM2,500,000/ 2,500,000	RM1,250,000 / 1,250,000	RM12,000 /12,000
Directors	Datu Junaidi bin Hj. Reduan, Datuk Tiong, TCO, and Wong Yiing Ngiik	Tan Sri Tiong, Datuk Tiong and TCO	Tan Sri Tiong and TCO
Substantial Shareholders	RSB & SFS	RSB & SFS	RSB & SFS
Estate under management	Nescaya Palma Plantation Estate	Novelpac-Puncakdana Plantation Estate	Woodijaya Marudi Plantation Estate
Title area	4,100.00 Ha.	4,625.00 Ha.	5,000.00 Ha.
Location	Lot 13, Buloh Land District, Sarawak	Lots 11 & 12, Buloh Land District, Mukah Division, Sarawak	Lot 1200, Puyut Land District and Lot 197, Teraja Land District, Miri Division, Sarawak
Title & Tenure [2]	60 years lease expiring on 12.3.2060	60 years lease expiring on 27.5.2059 & 30.3.2060	60 years lease expiring on 24.10.2067
Planted area	3,659.46 Ha.	2,009.82 Ha.	-
Age of oil palm	Approximately 1 to 7 years	Approximately 1 to 6 years	-
Encumbrances	Charged to a financial institution for RM35.5 million vide L.4560/2004 of 26.4.2006 (includes caveat)	Charged to a financial institution for RM44 million with 1 other title vide L.4653/2006 of 21.4.2006 (includes caveat)	Charged to a financial institution for RM42 million with 1 other title vide L.15191/2007 of 27.12.2007 (includes caveat)
Market value [3]	RM113,200,000	RM70,600,000	RM46,900,000
Audited NBV as at 30 September 2010	RM57,184,814	RM54,617,261	RM11,753,582

Notes:-

1. *Under the name of Novelpac Sdn Bhd and subsequently changed to Novelpac-Puncakdana Plantation Sdn Bhd on 2 February 1999.*
2. *Provisional lease of State land.*
3. *As appraised by HB Miri.*

None of the Acquirees has any subsidiary or associated company. All of the Acquirees are involved in the cultivation of oil palm. All of the land usage of the estates under management by the Acquirees are for agricultural purposes and are categorised as mixed zone land / country land. The market value assigned to each of the estates of the Acquirees is derived based on the discounted cash flow and comparative method of valuation, as appraised by HB Miri on 30 September 2010.

3.2 **Profile of the Oil Palm Plantation**

	Nescaya	Novelpac	Woodijaya	Total
	Ha.	Ha.	Ha.	Ha.
Matured Area				
YOP 2003	96.29	-	-	96.29
YOP 2004	523.11	45.90	-	569.01
YOP 2005	1,344.66	-	-	1,344.66
YOP 2006	570.32	-	-	570.32
YOP 2007	-	-	-	-
Subtotal	**2,534.38**	**45.90**	-	**2,580.28**
Immature Area				
YOP 2007	131.89	193.99	-	325.88
YOP 2008	35.11	282.19	-	317.30
YOP 2009	882.42	375.80	-	1,258.22
YOP 2010	75.66	1,111.94	-	1,187.60
Subtotal	**1,125.08**	**1,963.92**	-	**3,089.00**
TOTAL PLANTED AREA	**3,659.46**	**2,009.82**	-	**5,669.28**
Other Area				
Land ready for planting	194.63	1,249.85	-	1,444.48
Unplanted area		558.75	-	558.75
Unplantable area *	83.82	-	-	83.82
Building site	10.00	12.66	-	22.66
Road reserve	152.09	249.56	-	401.65
Nursery	-	30.50	-	30.50
Court case area #	-	513.86	-	513.86
Land area for development	-	-	5,000.00	5,000.00
TOTAL LAND AREA	**4,100.00**	**4,625.00**	**5,000.00**	**13,725.00**

Notes:-

* *The unplantable areas include buildings site, drains, roads, rivers/streams, buffer zone and etc.*

\# *Refers to the area which is classified as unplantable area due to certain dispute against the development of an oil palm plantation. The affected area has not been assigned with any value in the market valuation as appraised by HB Miri for Novelpac.*

3.3 **FFB Production**

Acquirees	**2007** mt	**2008** mt	**2009** mt	**^2010** mt
Nescaya	7,283.13	17,390.76	28,150.61	36,110.13
Novelpac *	-	126.64	273.51	486.95
Woodijaya #	-	-	-	-
Total	**7,283.13**	**17,517.40**	**28,424.12**	**36,597.08**

Notes:-

^ *Annualised.*

* *The estate managed by Novelpac has a minimal FFB production as these plantations are still at infancy stage.*

\# *Development has just started on Woodijaya and is currently under site preparation.*

3.4 **Summary of key audited financial information of the Acquirees**

Please refer to Appendix I (a), (b) and (c) for the key audited financial information of the Acquirees.

3.5 **Information of the Vendor**

SFS is the State Financial Authority under Financial Procedure Act, 1957 and responsible for financial management in the state of Sarawak. SFS is also a body corporate established on 2 January 1948 as State Financial Secretary Incorporated. The appointment of State Financial Secretary's Office is subject to Article 11 of the Sarawak State Constitution.

The SFS's office is operating with four main functions which consist of budgeting, finance and administration, procurement and corporate affairs.

The management of SFS is as follows:-

(i) Dato Sri Ahmad Tarmizi Hj Sulaiman (State Financial Secretary)
(ii) Laura Lee Ngien Hion (Deputy State Financial Secretary)
(iii) Nicholas Sia (Director, Procurement Division)
(iv) Hasmawati Sepawi (Director, Corporate Affairs Division)
(v) Abdul Kadir bin Zainuddin (Director, Finance and Administration Division); and
(vi) Datu Junaidi Reduan (Director, Budget Division)

The office of SFS is located at 14th, 17th & 18th Floor, Wisma Bapa Malaysia, Petra Jaya 93502 Kuching, Sarawak, Malaysia.

(Source: www.sfs.sarawak.gov.my)

4. RATIONALE FOR THE PROPOSED ACQUISITIONS

4.1 Proposed Acquisitions

The Proposed Acquisitions serve to enable the RSB Group to fully consolidate all of the future income from the plantation estates held by the Acquirees whilst SFS will be able to participate in the equity of the enlarged RSB Group.

4.2 Justification for New Issue of Securities

The Board is of the opinion that the Shares are the most appropriate means to satisfy the purchase consideration for the Proposed Acquisitions, with a view to improve the public shareholding spread of the Company whilst avoiding a reduction in the cash flow or increase in the gearing of the Company should the purchase consideration of the Proposed Acquisitions be settled in cash or via bank borrowings, as the case may be.

5. INDUSTRY OUTLOOK, RISK FACTORS AND FUTURE PROSPECTS

5.1 Industry Outlook

World vegetable oil production had increased by 7.8% to 45.52 Mn T in the fourth quarter 2010 from 42.25 million tonnes ("**Mn T**") in the previous quarter. Production growth was mainly driven by higher production of the major oils i.e sunflower oil, soybean oil, rapeseed oil and palm oil by 43.2% to 3.5 Mn T, by 2.4% to 10.49 Mn T, by 1.9% to 5.94 Mn T and by 0.8% to 12.41 Mn T respectively.

Palm oil production experienced slower growth this quarter due to interrupted harvesting because of unfavorable weather in particular in Malaysia. Compared to the same period last year, production of major oils had increased by 3.3% from 44.07 Mn T. Among edible oils that had increased include soybean oil, palm oil and rapeseed oil had grown by 14.4%, 0.1%, and 0.3% respectively. On the other hand, sunflower oil and palm kernel oil had declined in production by 5.5% and 2.9% respectively compared to the fourth quarter 2009.

(Source: Quarterly Report on Oils and Fats, 4th Quarter 2010, Malaysian Palm Oil Board)

The Malaysian oil palm industry recorded mixed performance in 2010. Lower crude palm oil (CPO) production and higher exports pushed palm oil stocks down to 1.62 Mn T. Tight vegetable oil supplies and high crude oil prices during the year pushed palm oil price from a comfortable level of RM2,500 in the first half of the year to more than RM3,000 towards the end of the year. Export earnings from oil palm products reached RM59.77 billion, an increase of 20.4% from RM49.66 billion recorded the previous year.

The total oil palm planted area increased by 3.4% to 4.85 million hectares in 2010 with the largest expansion in Sarawak, an increase of 79,670 hectares or 9.5% and Sabah with an increase of 48,078 hectares or 3.5%. Peninsular Malaysia recorded an increase of 34,858 hectares or 1.4%. Sabah is still the largest oil palm planted state, accounting for 1.4 million hectares or 29% of the total planted area in the country, followed by Sarawak with 0.9 million hectares or 19%.

CPO production dropped by 3.3% to 16.99 Mn T from 17.56 Mn T in 2009. Average FFB yield fell 6.1% to 18.03 tonnes per hectare while Oil Extraction Rate (OER) was 20.45%, lower by 0.2% compared to 20.45% in 2009. Unusual weather patterns of hot and dry conditions from El Nino phenomena in the first half of the year and excessive rainfalls from La Nina phenomena in the second half had affected the FFB yield and OER which in turn contributed to the lower CPO production. Heavy rainfall and floods especially towards end of the year had affected harvesting activity.

Total exports of oil palm products, consisting of palm oil, palm kernel oil, palm kernel cake, oleochemicals, biodiesel and finished products increased by 2.8% or 0.63 Mn T to 23.06 Mn T in 2010 from 22.43 Mn T recorded in 2009. Total export earnings also rose by 20.4% or RM10.13 billion to RM59.77 billion compared to the RM49.66 billion achieved in 2009 because of higher export prices. Most of the oil palm products registered increases in exports, except for finished products and biodiesel.

Palm oil stocks in 2010 closed at 1.62 Mn T, down by 27.9% as compared to the previous year's closing level of 2.24 Mn T. The decline was mainly due to lower CPO production by 3.3% coupled with increase in export demand by 4.9%.

CPO prices traded at RM2,549.50 per tonne during the first half of the year, supported by positive sentiments related to supply tightness of vegetable oils in the world market and low domestic palm oil stocks. Subsequently, during the second-half of the year, bullish market sentiments supported by firmer crude oil price, coupled with world vegetable oils supply tightness, especially that of palm oil and soyabean oil supported positive price sentiments. This resulted in the increase of second half of the year average CPO price to RM2,837.50 per tonne level.

The average CPO price in 2010 increased by 20.8% or RM464.50 to RM2,701.00 against RM2,236.50 in the previous year.

(Source: Overview of the Malaysian Oil Palm Industry 2010, Malaysian Palm Oil Board)

5.2 **Future Prospects**

The Board believes that the profit contribution from the Acquirees will grow in line with higher FFB yield per Ha. when the average age profiles of the oil palms near maturity. Furthermore, the Board believes that the Proposed Acquisitions, coupled with the Completed Acquisitions, would put the RSB Group on a strong footing to become one of the major players in the oil palm cultivation business in Malaysia.

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5.3 Risk Factors

The Board does not foresee any material risks pursuant to the Proposed Acquisitions except for the inherent risk factors associated with the plantation industry, which can be summarized below, in which the RSB Group is already involved.

(a) *Business Risks*

Pursuant to the Proposed Acquisitions, the RSB Group will continue to be subject to the risks inherent in the oil palm plantation industry. These include but not limited to the fluctuations in demand and commodity prices, weather conditions, pests and diseases, threat of substitutes for palm oil products, constraints of supply of labour and raw materials, rising costs of raw materials, potential native customary rights claims and changes in general economic, business and eredit conditions. Although the Board and management of RSB would continuously take appropriate measures to limit such risks, no assurance can be given that any change to these factors will not have a material adverse effect on the business operations of the RSB Group.

(b) *Fluctuations in CPO Prices*

The prices of palm oil products fluctuate over time based on the demand and supply in global edible oils and fats market. The prices are highly susceptible to external market forces and changes in global demand and supply of other edible oils, which would correspondingly affect the prices of palm oil products, and such factors are beyond the RSB Group's control.

The movements in annual average CPO prices for the past five (5) years and for January to March 2011 are summarised below:-

	<----------Average Price (RM/tonne)---------->					
	2006	**2007**	**2008**	**2009**	**2010**	**January to March 2011**
CPO (local delivered)	1,510.5	2,530.5	2,777.5	2,244.5	2,704.5	3,692.7

(Source: Malaysian Palm Oil Board)

As a core oil palm plantation company, any fluctuation in the prices of CPO and other palm oil products will accordingly affect the Company's profitability. Nonetheless, the Company seeks to mitigate any adverse effect caused by the fluctuations in CPO prices through adopting a more prudent management approach with the objectives of enhancing the cost efficiencies and optimisation of returns and focusing its efforts to improve the ovcrall production efficiency and yield of their plantation estates.

(c) *Competition*

As palm oil is a commodity, direct competition amongst the local plantation owners is expected to be minimal as the local industry players usually only compete for land and labour. However, due to the scarcity of suitable plantation land and the occasional shortage of labour forces, particularly foreign workers, the local industry players may face challenges to counter rising production cost for palm oil.

As a mitigating factor, the RSB Group continues to source for suitable land bank in Malaysia, particularly in Sarawak, to increase its plantation land bank for oil palm cultivation. On the risk of labour shortage, the Group aims to attract and retain its employees through, amongst others, the provision of attractive amenities for its workforce such as clinic, living quarters and sports facilities, etc. In addition, the RSB Group has been and will continue to explore various options including the mechanisation of processes and the engagement of workers of different nationalities as well as local workers to improve production efficiency and reduce over dependency on foreign workers.

(d) *Threat of Substitutes*

Palm oil faces competition from other edible or vegetable oils such as soybean, sunflower seed, rapeseed and other such substitutes for palm oil. The RSB Group constantly monitors the global demand patterns and trends for edible oils particularly palm oil which would assist them in making the appropriate decisions relating to its CPO production and sales. In addition, the RSB Group works closely with the Malaysian Palm Oil Board to leverage on its various marketing and promotion activities as well as its research and development efforts in expanding the palm oil market.

(e) *Weather Conditions*

The FFB yield and production from oil palm trees will be affected by abnormal and adverse weather conditions such as excessive rainfall (*La Nina*) and protracted drought season (*El Nino*). The Company has taken several preventive measures including monitoring fire outbreaks, road maintenance and setting up proper drainage systems to mitigate any possibilities caused by such adverse weather conditions.

(f) *Pests and Diseases*

Although oil palm trees in general are comparatively free of pests and diseases, there are occasional outbreaks caused by pests such as termites, bagworms and caterpillars. Currently, the Company has taken measures to control the population of pests in their estates by destroying potential breeding grounds of pests, exterminating pests by using pesticides and carrying out frequent inspections to ensure that the population remains significantly below a threatening level. The Company recognise that there are concerns that the use of pesticides may potentially pose as a health and environmental risk in the long term. While there is no evidence of any immediate impact arising from the use of pesticides, the Company has sought to limit the dependency on pesticides through the introduction of biological control as part of its pest management and corporate social responsibility. Furthermore, the Company would only use pesticides which are approved by the relevant authorities. Biological control involves the introduction of natural predators of the prevalent pests in the plantation estates.

(g) *Labour Force*

The palm oil industry is a labour intensive industry. Oil palm plantations require extensive manpower in nurturing seedlings, tree plantings, fertilising, harvesting as well as other routine maintenance works to ensure optimal yield. The palm oil industry faces difficulty in recruiting local workers and therefore the Company has resorted to the employment of foreign plantation workers. Hence, the RSB Group is required to comply with the policies imposed by the Government of Malaysia with regards to the employment of these foreign workers. Any future changes to such policies may adversely affect the ability of the RSB Group to employ foreign workers.

(h) *Compulsory Land Acquisitions*

The state of Sarawak is empowered under the Sarawak Land Code to compulsorily acquire any land in Sarawak. In the event that the state of Sarawak compulsorily acquire any of the land held by the RSB Group (including the plantation estates held by the Acquirees), the risk to RSB may be mitigated by the compensation awarded by the state of Sarawak for such compulsory acquisition, which compensation is generally based on the market value of the property pursuant to the Sarawak Land Code.

(i) *Title Conditions*

The plantation estates held by the Acquirees are titled lands. Accordingly, there are certain conditions imposed on such titles. Breach of any such conditions will entitle the land authorities to forfeit the affected land and impose fines and penalties which may adversely affect the financial performance of the RSB Group. However, the Company seeks to mitigate this risk by taking steps to ensure compliance of all such conditions.

(j) *Transaction risk*

The completion of the Proposed Acquisitions is conditional upon approvals of Bursa Securities, shareholders of RSB and other relevant authorities as detailed in Section 7 of this Circular. As such, there can be no assurance that the Proposed Acquisitions will not be exposed to risks such as the inability to obtain the approvals from the relevant parties and/or inability to comply with the conditions imposed by the relevant authorities, if any. However, RSB will continue to take all reasonable steps to ensure timely implementation of the Proposed Acquisitions.

6. EFFECTS OF THE PROPOSED ACQUISITIONS

6.1 Share Capital

The proforma effects of the Proposed Acquisitions on the issued and paid-up share capital of the Company are as follows:-

Issued and paid-up share capital	No. of RSB Shares	Nominal value of RSB Shares (RM)	No. of ICPS	Nominal value of ICPS (RM)	Total share capital (RM)
As at the LPD	156,598,200	78,299,100	193,972,857	96,986,428	175,285,528
To be issued pursuant to the Proposed Acquisitions	6,964,918	3,482,459	-	-	3,482,459
After the Proposed Acquisitions	**163,563,118**	**81,781,559**	**193,972,857**	**96,986,428**	**178,767,987**

6.2 Adjustment to the existing convertible securities of RSB

No adjustment shall be made to the conversion ratio of the ICPS pursuant to the Proposed Acquisitions.

6.3 NA, NA per Share and Gearing

The proforma effects of the Proposed Acquisitions on the consolidated NA, NA per Share and gearing of RSB based on the consolidated audited financial statements of RSB for the FPE 31 December 2010 and the Acquirees for the FPE 31 December 2010 are as follows:-

Group Level	Audited as at 31 December 2010 RM'000	After the Proposed Acquisitions RM'000
Share capital – ordinary	78,299	81,782
Share capital – ICPS	96,986	96,986
Share premium	183,908	196,444
Merger reserve/(deficit)	(44,630)	(53,065)
Retained profits	112,520	^110,203
Shareholders' Funds/ NA	**427,083**	**432,350**
No. of RSB Shares ('000)	156,598	163,563
NA per RSB Share (RM)	2.73	2.64
Total borrowings (RM'000)	418,587	418,587
Gearing (times)	1.0	1.0

Note:-

^ *After taking into consideration estimated expenses incidental to the Proposed Acquisitions of RM500,000, the breakdown of which is as follows:-*

(i)	*Professional fees*	*RM400,000*
(ii)	*Printing costs*	*RM40,000*
(iii)	*Contingencies*	*RM60,000*

6.4 **Earnings and EPS**

The Proposed Acquisitions are expected to contribute positively to the earnings of the RSB Group for FYE 31 December 2011. However, resulting from the issuance of new RSB Shares pursuant to the Proposed Acquisitions, the EPS of the Company will be diluted accordingly.

For illustration purposes only, based on the audited financial statements of RSB Group for the FPE 31 December 2010 and the latest audited financial statements of the respective Acquirees as at FPE 31 December 2010, the proforma effects of the Proposed Acquisitions on the earnings and EPS of the RSB Group assuming that such proposals had been completed at the beginning of the said financial periods are as follows:-

	Audited as at FPE 31 December 2010 RM'000	**After the Proposed Acquisitions RM'000**
PAT of RSB Group for FPE 31 December 2010	54,439	54,439
Aggregate PAT/(LAT)^ of the Acquirees	-	*976
	54,439	55,415
No. of ordinary shares in issue as at the LPD ('000)	156,598	163,563
EPS (sen)	34.76	33.88

Notes:-

* *Computed based on the 15% interests in the Acquirees to be acquired by RSB pursuant to the Proposed Acquisitions.*

^ *For the 16-month FPE 31 December 2010 for Nescaya, 9-month FPE 31 December 2010 for Novelpac and FYE 31 December 2010 for Woodijaya.*

Please note that the above illustration is based on the historical performance of the Acquirees and does not take into consideration any future profit contribution of the Acquirees.

6.5 **Dividends**

The Proposed Acquisitions are not expected to affect future dividend payments by the Company as future dividend payable would be dependent on inter-alia, the future profitability and cash flow position of the RSB Group.

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6.6 **Substantial Shareholders' Shareholdings**

The effects of the Proposed Acquisitions on the substantial shareholders' shareholdings of RSB based on the Register of Substantial Shareholders of RSB as at the LPD are as follows:-

	Existing as at the LPD				After the Proposed Acquisitions			
	Direct		Indirect		Direct		Indirect	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
TTSH	35,124,394	22.43	[a] 12,264,221	7.83	35,124,394	21.47	[a] 12,264,221	7.50
RHSA	15,073,100	9.63	-	-	15,073,100	9.22	-	-
PAA	10,903,600	6.96	[b] 24,927,479	15.92	10,903,600	6.67	[b] 24,927,479	15.24
TSL	11,134,300	7.11	[c] 59,391,373	37.93	11,134,300	6.81	[c] 59,391,373	36.31
TTSE	1,300,300	0.83	[d] 22,966,679	14.67	1,300,300	0.79	[d] 22,966,679	14.04
Tan Sri Tiong	300,000	0.19	[e] 98,201,194	62.71	300,000	0.18	[e] 98,201,194	60.05
PJP	12,264,221	7.83	-	-	12,264,221	7.50	-	-
Kendaie	7,893,579	5.04	-	-	7,893,579	4.83	-	-

Notes:-

(a) Deemed interested by virtue of its interests in PJP.

(b) Deemed interested by virtue of its interests in RHSA, Kendaie and RHS pursuant to Section 6A of the Act.

(c) Deemed interested by virtue of its interests in TTSH, RHSA, TTSE and Kendaie pursuant to Section 6A of the Act.

(d) Deemed interested by virtue of its interests in RHSA and Kendaie pursuant to Section 6A of the Act.

(e) Deemed interested by virtue of his interests in TTSH, TSL, TTSE, PAA, RHSA, RHS, Rejang Healthcare Sdn Bhd, PJP and Kendaie pursuant to Section 6A of the Act, and his spouse's and children's interests in the Company.

7. APPROVALS REQUIRED

The Proposed Acquisitions are subject to the approvals being obtained from the following authorities/parties:-

(a) the shareholders of RSB for the issuance of the Consideration Shares at the EGM to be convened for the Proposed Acquisitions;

(b) Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities (which was obtained on 1 April 2011); and

(c) any other relevant authorities/parties (if required).

All of the three (3) SSAs pertaining to the Proposed Acquisitions are not inter-conditional upon one another, i.e. the Company may decide to proceed with the acquisition of any one or more of the equity interest in the Acquirees.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of the Company or any persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisitions.

9. DIRECTORS' STATEMENT AND RECOMMENDATION

After taking into consideration all aspects of the Proposed Acquisitions, the Board is of the opinion that the Proposed Acquisitions are fair and reasonable and in the best interest of the RSB Group. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Acquisitions at the forthcoming EGM.

10. OUTSTANDING CORPORATE EXERCISES

Save for the Proposed Acquisitions and the corporate exercises as disclosed below, the Board confirms that, as at the date of this Circular, there are no other proposals which have been announced by the Company but not yet completed:-

(i) On 19 January 2011, RSB announced that it had entered into two (2) separate share sale agreements with Lembaga Amanah Kebajikan Masjid Negeri Sarawak, for the following proposals:-

   a. Proposed disposal of 1,680,000 ordinary shares of RM1.00 each in Lubuk Tiara Sdn Bhd for a cash consideration of RM13,100,723; and

   b. Proposed acquisition of 601,735 ordinary shares of RM1.00 each in PJP Pelita Biawak Plantation Sdn Bhd for a cash consideration of RM12,700,326; and

(ii) On 11 February 2011, RSB announced that its subsidiary, R.H. Plantation Sdn Bhd had entered into a memorandum with Sheba Resources Sdn Bhd with the intention to purchase all that parcel of land with oil palm plantation thereon situated at Sungai Luai and Sungai Bawah, Niah, Sarawak containing an area of 4,857 ha., more or less and described as Lot 56, Sawai Land District, for a total purchase consideration of RM118,000,000. A more detailed announcement will be released upon the signing of the sale and purchase agreement.

The Proposed Acquisitions are not conditional upon the above-mentioned corporate exercises or any other corporate proposals.

11. ESTIMATED TIME FRAME FOR COMPLETION

The tentative timetable in relation to the Proposed Acquisitions is as follows:-

Date	Events
9 May 2011	EGM to approve the Proposed Acquisitions
End May 2011	- Listing of and quotation for the Consideration Shares - Completion of the Proposed Acquisitions

Subject to the approvals stated in Section 7 of this Circular and barring unforeseen circumstances, the Board of RSB expects the Proposed Acquisitions to be completed by the second (2^{nd}) quarter of 2011.

12. EGM

The EGM, notice of which is enclosed in this Circular, will be held at the Function Room, 1^{st} Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibu, Sarawak on Monday, 9 May 2011 at 12.00 p.m., or immediately after the conclusion or adjournment (as the case may be) of the Company's sixth (6^{th}) AGM (which will be held at the same venue on the same day at 11.30 a.m.) for the purpose of considering, and if thought fit, passing the relevant resolution to give effect to the Proposed Acquisitions.

If you are unable to attend and vote at the EGM in person, please complete the enclosed Form of Proxy in accordance with the instructions therein and return it to the Registered Office of the Company at No. 85-86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak as soon as possible and in any event not less than forty eight (48) hours before the appointed time set for the EGM and any adjournment thereof. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
RIMBUNAN SAWIT BERHAD

TIONG CHIONG ONG
MANAGING DIRECTOR

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APPENDICES

BACKGROUND INFORMATION ON NESCAYA

1. HISTORY AND BUSINESS

Nescaya was incorporated in Malaysia on 18 May 1999 under the Act as a private limited company. The principal activity of Nescaya is that of cultivation of oil palm.

Nescaya owns the Nescaya Palma Plantation Estate, held under a provisional lease land located at Lot 13 Buloh Land District, Selangau, Sibu Division, Sarawak, for oil palm plantation purposes with a total land area of 4,100.00 Ha. and a lease period of 60 years expiring on 12 March 2060.

The Nescaya Palma Plantation Estate is situated at Sungai Buloh, Balingian, within the area known as Selangau, Sibu. The estate is about 45 km to the South-East of Mukah Town and about 70 km to the South-West of Tatau Town and about 9 km to the North-East of Selangau Bazaar.

Details of the maturity profile of the palm oil trees and the FFB production of the Nescaya Palma Plantation Estate are set out in Sections 3.2 and 3.3 of this Circular respectively.

The market value of the Nescaya Palma Plantation Estate as appraised by HB Miri as at 30 September 2010 is RM113,200,000.

2. SHARE CAPITAL

As at the LPD, the share capital of Nescaya is as follows:-

	No. of Ordinary Shares	Par Value RM	Total RM
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	2,500,000	1.00	2,500,000

Details of the changes in the issued and paid-up share capital of Nescaya since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-up Share Capital RM
18.05.1999	2	1.00	Cash (Subscribers' shares)	2
02.03.2000	99,998	1.00	Cash	100,000
20.12.2000	900,000	1.00	Cash	1,000,000
19.11.2003	1,500,000	1.00	Cash	2,500,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Nescaya as at the LPD are as follows:-

Name	Country of Incorporation	<-----Number of Nescaya Shares Held --->			
		Direct	%	Indirect	%
RSB	Malaysia	2,125,000	85.0	-	-
SFS	Malaysia	375,000	15.0	-	-

BACKGROUND INFORMATION ON NESCAYA *(Cont'd)*

4. DIRECTORS

The particulars of the Directors of Nescaya (all of whom are Malaysians) and their respective shareholdings as at the LPD are as follows:-

		<-------- Number of Nescaya Shares Held --------->			
Name	**Designation**	**Direct**	**%**	**Indirect**	**%**
Datu Junaidi bin Hj. Reduan	Director	-	-	-	-
Datuk Tiong	Director	-	-	-	-
TCO	Director	-	-	-	-
Wong Yiing Ngiik	Director	-	-	-	-

* *Deemed interested by virtue of his/her indirect interest in RSB pursuant to Section 6A of the Act.*

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Nescaya does not have any subsidiary or associated company.

6. FINANCIAL INFORMATION

	Audited 13 months FPE 1.8.07 to 31.8.08 RM'000	**Audited FYE 31.8.09 RM'000**	**Audited 13 months FPE 1.9.09 to 30.9.10 RM'000**	**Audited 16 months FPE 1.9.09 to 31.12.10 RM'000**
Revenue	6,906	7,208	18,341	24,487
PBT/(LBT)	262	(2,987)	6,582	9,508
PAT/(LAT)	262	(1,859)	4,918	7,111
Gross EPS/ Gross LPS (RM)	0.10	(1.19)	2.63	3.80
Net EPS/ Net LPS (RM)	0.10	(0.74)	1.97	2.84
Share capital	2,500	2,500	2,500	2,500
Shareholders fund/NA	(341)	(2,200)	2,718	4,911
NA/ NL per share (RM)	(0.14)	(0.88)	1.09	1.96
Current ratio (times)	0.18	0.08	0.13	0.10
Total borrowings	35,472	34,958	33,084	33,064
Gearing ratio (times)	-	-	12.17	6.73

(i) There were no extraordinary or exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Nescaya throughout the periods under review.

(iii) Revenue has been consistently increasing over the periods under review, in line with the increasing FFB production.

(iv) The company changed its financial year end from 31 July to 31 August in 2008 and subsequently to 31 December in 2010 in order to be co-terminous with RSB.

BACKGROUND INFORMATION ON NOVELPAC

1. HISTORY AND BUSINESS

Novelpac was incorporated in Malaysia on 2 March 1996 under the Act as a private limited company under the name of Novelpac Sdn Bhd before it assumed its present name on 2 February 1999. The principal activity of Novelpac is that of cultivation of oil palm.

Novelpac owns the Novelpac-Puncakdana Plantation Estate, comprising two parcels of provisional lease of state lands located at Lots 11 and 12 Buloh Land District, Mukah, Sibu Division, Sarawak, for oil palm plantation purposes with a total land area of 4,625.00 Ha. and a lease period of 60 years expiring on 27 May 2059 and 30 March 2060 respectively.

The Novelpac-Puncakdana Plantation Estate is situated at Sungai Basai, Mukah and Sungai Basai/Sungai Lemai Bakong Balingan, Balingan, within an area known as Selangau, Sibu Division. In direct aerial distance, it is about 58.0 km to the North-East of Sibu Township, 50.0 km to the South-East of Mukah Township, 5.0 km to the North-East of Selangau Bazaar and also 55.0 km to the South-West of Tatau Township.

Details of the maturity profile of the palm oil trees and the FFB production of the Novelpac-Puncakdana Plantation Estate are set out in Sections 3.2 and 3.3 of this Circular respectively.

The market value of the Novelpac-Puncakdana Plantation Estate as appraised by HB Miri as at 30 September 2010 is RM70,600,000.

2. SHARE CAPITAL

As at the LPD, the share capital of Novelpac is as follows:-

	No. of Ordinary Shares	Par Value RM	Total RM
Authorised	5,000,000	1.00	5,000,000
Issued and fully paid-up	1,250,000	1.00	1,250,000

Details of the changes in the issued and paid-up share capital of Novelpac since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value RM	Consideration	Cumulative Issued and Paid-up Share Capital RM
02.03.1996	2	1.00	Cash (Subscribers' shares)	2
02.02.1998	1	1.00	Cash	3
21.12.1998	249,997	1.00	Cash	250,000
10.02.2000	500,000	1.00	Cash	750,000
18.12.2000	250,000	1.00	Cash	1,000,000
09.04.2001	250,000	1.00	Cash	1,250,000

BACKGROUND INFORMATION ON NOVELPAC *(Cont'd)*

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Novelpac as at the LPD are as follows:-

Name	Nationality/Country of Incorporation	<-- Number of Novelpac Shares Held -->			
		Direct	**%**	**Indirect**	**%**
RSB	Malaysia	1,062,500	85.00	-	-
SFS	Malaysia	187,500	15.00	-	-

4. DIRECTORS

The particulars of the directors of Novelpac (all of whom are Malaysians) and their respective shareholdings as at the LPD are as follows:-

Name	Designation	<------- Number of Novelpac Shares Held ------->			
		Direct	**%**	**Indireet**	**%**
Tan Sri Tiong	Director	-	-	*1,062,500	85.00
Datuk Tiong	Director	-	-	-	-
TCO	Director	-	-	-	-

* *Deemed interested by virtue of his interest in RSB pursuant to Section 6A of the Act.*

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Novelpac does not have any subsidiary or associated company.

6. FINANCIAL INFORMATION

	Audited FYE 31.3.09 RM'000	**Audited FYE 31.3.10 RM'000**	**Audited 6 months FPE 1.4.10 to 30.9.10 RM'000**	**Audited 9 months FPE 1.4.10 to 31.12.10 RM'000**
Revenue	53	119	121	223
(LBT)	(352)	(293)	(98)	(596)
(LAT)	(352)	(293)	(98)	(596)
Gross EPS/ Gross LPS (RM)	(0.28)	(0.23)	(0.08)	(0.48)
Net EPS/ Net LPS (RM)	(0.28)	(0.23)	(0.08)	(0.48)
Share capital	1,250	1,250	1,250	1,250
Shareholders fund/NL	(2,450)	(2,743)	(2,841)	(2,588)
NL per share (RM)	(1.96)	(2.19)	(2.27)	(2.07)
Current ratio (times)	0.15	0.19	0.08	0.07
Total borrowings	20,508	31,012	34,657	36,536
Gearing ratio (times)	-	-	-	-

(i) There were no extraordinary or exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Novelpac throughout the periods under review.

(iii) The revenue of Novelpac has been increasing over the periods under review, owing to the increased in hectarage of mature fields and improved FFB yield.

BACKGROUND INFORMATION ON WOODIJAYA

1. HISTORY AND BUSINESS

Woodijaya was incorporated in Malaysia on 26 September 1997 under the Act as a private limited company. The principal activity of Woodijaya is that of cultivation of oil palm.

Woodijaya owns the Woodijaya Marudi Plantation Estate, comprising two (2) parcels of provisional lease of state lands located at Lot 197, Teraja Land District and Lot 1200, Puyut Land District, both in Miri Division, Sarawak, for oil palm plantation purposes with a total land area of 5,000.00 Ha. and a lease period of 60 years expiring on 24 October 2067.

The Woodijaya Marudi Plantation Estate is situated between the western bank of lower Batang Baram and the eastern bank of Sungai Bakong, Baram.

Currently, development on the Woodijaya Marudi Plantation Estate has just started and is still at the site preparation stage which is inclusive of setting up the nursery area and road access. Palm oil trees have not been planted on the Woodijaya Marudi Plantation Estate.

The market value of the Woodijaya Marudi Plantation Estate as appraised by HB Miri as at 30 September 2010 is RM46,900,000.

2. SHARE CAPITAL

As at the LPD, the share capital of Woodijaya is as follows:-

	No. of Ordinary Shares	Par Value	Total
		RM	RM
Authorised	100,000	1.00	100,000
Issued and fully paid-up	12,000	1.00	12,000

Details of the changes in the issued and paid-up share capital of Woodijaya since incorporation are as follows:-

Date of Allotment	No. of Shares Allotted	Par Value	Consideration	Cumulative Issued and Paid-up Share Capital
		RM		RM
26.09.1997	2	1.00	Cash (subscribers' shares)	2
04.11.1997	9,998	1.00	Cash	10,000
20.03.2006	2,000	1.00	Cash	12,000

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Woodijaya as at the LPD are as follows:-

Name	Nationality/Country of Incorporation	<-- Number of Woodijaya Shares Held -->			
		Direct	%	Indirect	%
RSB	Malaysia	10,200	85.00	-	-
SFS	Malaysia	1,800	15.00	-	-

BACKGROUND INFORMATION ON WOODIJAYA *(Cont'd)*

4. DIRECTORS

The particulars of the directors of Woodijaya (all of whom are Malaysians) and their respective shareholdings as at the LPD are as follows:-

		<------- Number of Woodijaya Shares Held ------->			
Name	**Designation**	**Direct**	**%**	**Indirect**	**%**
Tan Sri Tiong	Director	-	-	*10,200	85.00
TCO	Director	-	-	-	-

* *Deemed interested by virtue of their interests in RSB pursuant to Section 6A of the Act.*

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, Woodijaya does not have any subsidiary or associated company.

6. FINANCIAL INFORMATION

	Audited 18 months FPE 1.10.07 to 31.3.09	**Audited 9 months FPE 1.4.09 to 31.12.09**	**Audited 9 months FPE 1.1.10 to 30.9.10**	**Audited FYE 31.12.10**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	-	-	-	-
Other income	-	18	8	8
PBT/(LBT)	(242)	14	2	(5)
PAT/(LAT)	(242)	14	2	(5)
Gross EPS/ Gross LPS (RM)	(20.17)	1.17	0.17	(0.42)
Net EPS/ Net LPS (RM)	(20.17)	1.17	0.17	(0.42)
Share capital	12	12	12	12
Shareholders fund/NL	(242)	(228)	(226)	(233)
NL per share (RM)	(20.17)	(19.00)	(18.83)	(19.42)
Current ratio (times)	^	0.36	0.26	0.26
Total borrowings	-	2,367	2,470	3,187
Gearing ratio (times)	-	-	-	-

^ *Negligible*

(i) There were no extraordinary or exceptional items throughout the periods under review.

(ii) There were no audit qualifications reported in the audited financial statements of Woodijaya throughout the periods under review.

(iii) No revenue was generated throughout the periods under review as the company's oil palm plantation is at the infant stage of development.

(iv) The company changed its financial year end from 30 September to 31 March to be co-terminous with its previous holding company, Tumbuh Tiasa Enterprise Sdn Bhd. Subsequently the company changed its financial year end from 31 March to 31 December to be co-terminous with RSB.

AUDITED FINANCIAL STATEMENT OF THE ACQUIREES TOGETHER WITH THE NOTES AND AUDITORS' REPORT

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

FINANCIAL REPORT

for the financial period ended 31 December 2010

CONTENTS

NESCAYA PALMA SDN BHD
(Incorporated in Malaysia)
Company No: 483804-W

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial period from 1 September 2009 to 31 December 2010.

CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 31 August to 31 December to coincide with that of its holding company, following the change of the holding company's accounting year end.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of cultivation of oil palms. There has been no significant change in the nature of these activities during the financial period.

RESULTS

	RM
Profit for the financial period	7,110,926

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial period.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period.

ISSUES OF SHARES AND DEBENTURES

During the financial period,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

(a) any charge on the assets of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF UNUSUAL NATURE

The results of the operations of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial period.

HOLDING COMPANY

The holding company is Rimbunan Sawit Berhad, a company incorporated in Malaysia.

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

DIRECTORS' REPORT

DIRECTORS

The directors who served since the date of the last report are as follows:-

DATUK TIONG THAI KING
TIONG CHIONG ONG
JUNAIDI BIN REDUAN
WONG YIING NGIIK

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial period had any interest in shares in the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 25 to the financial statements.

Neither during nor at the end of the financial period was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

NESCAYA PALMA SDN BHD
(Incorporated in Malaysia)
Company No: 483804-W

DIRECTORS' REPORT

AUDITORS

The auditors, Messrs. Hii & Lee, were merged into Messrs. Crowe Horwath on 1 January, 2011. In view of this merger, Messrs. Hii & Lee retire at the forthcoming Annual General Meeting and do not seek re-appointment. The directors have received a nomination to appoint Messrs. Crowe Horwath as auditors for the ensuing year.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 14 MAR 2011

Tiong Chiong Ong

Wong Yiing Ngiik

NESCAYA PALMA SDN BHD
(Incorporated in Malaysia)
Company No: 483804-W

STATEMENT BY DIRECTORS

We, Tiong Chiong Ong and Wong Yiing Ngiik, being the two directors of Nescaya Palma Sdn Bhd, state that, in our opinion, the financial statements set out on pages 9 to 47 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company at 31 December 2010 and of its results and cash flows for the financial period ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED 14 MAR 2011

Tiong Chiong Ong | **Wong Yiing Ngiik**

STATUTORY DECLARATION

I, Ling Tong Ung, being the officer primarily responsible for the financial management of Nescaya Palma Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 9 to 47 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Ling Tong Ung at Sibu
on this 14 MAR 2011

Ling Tong Ung

Before me

PESURUHJAYA SUMPAH
No. Q 111
THOMAS YU KIU HEE
SIBU SARAWAK
MALAYSIA

HII & LEE (AF0123)
Chartered Accountants

Address
2nd Floor, No. 1, Lorong Pahlawan 7A2
Jalan Pahlawan
P. O. Box 505
96007 Sibu, Sarawak.

Telephone
084-211777(4 lines)

Facsimile
084-216622

Email
hii_lee@tm.net.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

Report on the Financial Statements

We have audited the financial statements of Nescaya Palma Sdn Bhd, which comprise the balance sheet as at 31 December 2010, and the income statement, statement of changes in equity and cash flow statement for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 47.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HII & LEE (AF0123)
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NESCAYA PALMA SDN BHD (CONT'D)

(Incorporated in Malaysia)
Company No: 483804-W

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2010 and of its financial performance and cash flows for the financial period then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hii & Lee
Firm No: AF 0123
Chartered Accountants

Lau Kiing Yiing
Approval No: 1326/09/12(J)
Chartered Accountant

11 MAR 2011

Sibu, Sarawak

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

BALANCE SHEET AT 31 DECEMBER 2010

	NOTE	2010 RM	2009 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	18,789,515	17,867,013
Prepaid lease rentals	7	2,481,115	2,548,628
Intangible assets	8	34,569	54,628
Biological assets	9	37,205,127	34,033,909
Deferred tax assets	10	-	1,127,810
		58,510,326	55,631,988
CURENT ASSETS			
Inventories	11	271,205	720,910
Trade and other receivables	12	2,359,056	1,268,576
Cash and bank balances		3,000	2,106
		2,633,261	1,991,592
TOTAL ASSETS		61,143,587	57,623,580
EQUITY AND LIABILITIES			
EQUITY			
Share capital	13	2,500,000	2,500,000
Retained profits/(accumulated losses)	14	2,410,287	(4,700,639)
TOTAL EQUITY		4,910,287	(2,200,639)
NON-CURRENT LIABILITIES			
Bank borrowings	15	29,030,325	33,500,000
Deferred tax liabilities	10	1,269,002	-
		30,299,327	33,500,000

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

BALANCE SHEET AT 31 DECEMBER 2010 (CONT'D)

	Note	2010 RM	2009 RM
CURRENT LIABILITIES			
Trade and other payables	17	3,979,794	3,325,160
Amount owing to holding company	18	17,920,625	21,541,386
Bank borrowings:-			
- Bank overdraft	15	490,078	207,673
- Other borrowings	15	3,543,476	1,250,000
		25,933,973	26,324,219
TOTAL LIABILITIES		56,233,300	59,824,219
TOTAL EQUITY AND LIABILITIES		61,143,587	57,623,580

The annexed notes form an integral part of these financial statements.

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

INCOME STATEMENT
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

	NOTE	2010 RM	2009 RM
REVENUE	19	24,487,116	7,208,055
COST OF SALES		(12,899,292)	(8,021,460)
GROSS PROFIT/(LOSS)		11,587,824	(813,405)
OTHER INCOME		20,580	6,618
ADMINISTRATIVE AND OTHER EXPENSES		(551,760)	(395,860)
FINANCE COSTS	20	(1,548,906)	(1,784,493)
PROFIT/(LOSS) BEFORE TAXATION	21	9,507,738	(2,987,140)
INCOME TAX EXPENSE	22	(2,396,812)	1,127,810
PROFIT/(LOSS) AFTER TAXATION		7,110,926	(1,859,330)

The annexed notes form an integral part of these financial statements.

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

	SHARE CAPITAL RM	RETAINED PROFITS/ (ACCUMULATED LOSSES) RM	TOTAL RM
Balance at 1.9.2008	2,500,000	(2,841,309)	(341,309)
Loss after taxation	-	(1,859,330)	(1,859,330)
Balance at 31.8.2009/1.9.2009	2,500,000	(4,700,639)	(2,200,639)
Profit after taxation	-	7,110,926	7,110,926
Balance at 31.12.2010	2,500,000	2,410,287	4,910,287

The annexed notes form an integral part of these financial statements.

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

	NOTE	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		9,507,738	(2,987,140)
Adjustments for:-			
Amortisation of biological assets		1,340,615	860,906
Amortisation of intangible assets		19,321	19,360
Amortisation of prepaid lease payments		44,210	36,919
Depreciation of property, plant and equipment		1,099,393	818,876
Gain on disposal of property, plant and equipment		(9,999)	(18)
Intangible assets written off		738	-
Interest expense		1,548,906	1,784,493
Operating profit before working capital changes		13,550,922	533,396
Decrease in inventories		449,705	2,349,253
Increase in receivables		(1,090,480)	(473,998)
(Decrease)/increase in payables		(2,523,349)	4,741,046
CASH FROM OPERATING ACTIVITIES		10,386,798	7,149,697
Interest paid		(29,798)	(25,512)
NET CASH FROM OPERATING ACTIVITIES		10,357,000	7,124,185
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	23	(2,173,135)	(1,324,855)
Proceeds from disposal of property, plant and equipment		10,000	1,110
Costs incurred on biological assets		(3,413,289)	(2,653,278)
NET CASH FOR INVESTING ACTIVITIES		(5,576,424)	(3,977,023)
BALANCE CARRIED FORWARD		4,780,576	3,147,162

The annexed notes form an integral part of these financial statements.

NESCAYA PALMA SDN BHD
(Incorporated in Malaysia)
Company No: 483804-W

CASH FLOW STATEMENT (CONT'D)
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

	NOTE	2010 RM	2009 RM
BALANCE BROUGHT FORWARD		4,780,576	3,147,162
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase obligations		(3,462)	(4,123)
Repayment of term loan		(2,260,487)	(250,000)
Payment of interest on hire purchase obligations and term loan		(2,798,138)	(2,631,321)
NET CASH FOR FINANCING ACTIVITIES		(5,062,087)	(2,885,444)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(281,511)	261,718
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		(205,567)	(467,285)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	24	(487,078)	(205,567)

NESCAYA PALMA SDN BHD

(Incorporated in Malaysia)
Company No: 483804-W

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 March 2011.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of cultivation of oil palms. There has been no significant change in the nature of this activity during the financial period.

3. HOLDING COMPANY

The holding company is Rimbunan Sawit Berhad, a company incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

4. BASIS OF PREPARATION (CONT'D)

(a) During the current financial period, the Company has adopted the following new accounting standard:-

FRS 8 Operating Segments

FRS 8 requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard did not have any material impact on the Company's financial statements.

(b) The Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

FRSs and IC Interpretations (including the Consequential Amendments)	**Effective date**
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 101 (Revised) Presentation of Financial Statements	1 January 2010
FRS 123 (Revised) Borrowing Costs	1 January 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010

NESCAYA PALMA SDN BHD
(Incorporated in Malaysia)
Company No: 483804-W

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010**

4. BASIS OF PREPARATION (CONT'D)

(b)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments	1 January 2010
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010

4. BASIS OF PREPARATION (CONT'D)

(b)

FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011
Annual Improvements to FRSs (2009)	1 January 2010
Annual Improvements to FRSs (2010)	1 January 2011

4. BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Company's operations except as follows:-

(i) The possible impacts of FRS 7 (including the subsequent amendments) and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

(ii) FRS 101 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Company's financial statements in the financial year ending 31 December 2011.

(iii) Included in Improvements to FRSs (2009) are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie. In accordance with the transitional provisions of the amendments, the Company will reassess the classification of leasehold land and make the necessary reclassification, if any, retrospectively.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of the technical innovations and competitors' actions in response to the market conditions.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates and Judgements (Cont'd)

(i) Depreciation of Property, Plant and Equipment (Cont'd)

The Company anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(b) Functional and Presentation Currency

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia, which is the functional and presentation currency.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use. Depreciation of other property, plant and equipment is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings, drainage and roads	4% - 20%
Nursery irrigation systems	7½%
Motor vehicles, plant and machinery	7½% - 20%
Equipment and furniture	10% - 100%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Prepaid Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the term of the lease of 60 years.

(e) Intangible Assets

Computer Software

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other direct attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is recognised as capital improvement and added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Capitalised computer software is subsequently carried at cost less accumulated amortisation and impairment losses, if any. These costs are amortised on a straight-line basis over their estimated used lives, which is 5 years.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement when the assets are derecognised.

(f) Biological Assets

Planting expenditure incurred on land clearing, upkeep of immature oil palms, administrative expenses directly attributable to planting and interest incurred during the pre-cropping period is capitalised at cost as biological assets. Upon maturity, all subsequent maintenance expenditure is charged to the income statement. Pre-cropping cost is amortised on a straight-line basis over 25 years, the expected useful life of oil palm trees.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Inventories

Inventories are valued at the lower of cost, which is determined on a weighted average basis, and net realisable value. Cost of general stores and consumables comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

(h) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ii) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial Instruments (Cont'd)

(iv) Interest-bearing borrowings

Interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

(v) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(i) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 *Impairment of Assets* does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Assets Under Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 5(c) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

(k) Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

(l) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined Contribution Plans

The Company's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

(m) Revenue Recognition

Revenue from sale of goods is recognised upon delivery of goods and customers' acceptance, and when applicable, net of returns and trade discounts.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Borrowing Costs

Borrowing costs directly attributable to the planting expenditure are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale.

All other borrowing costs are charged to the income statement as expenses in the period in which they incurred.

(o) Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Income Taxes (Cont'd)

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity.

(p) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-

- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venturer;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

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6. PROPERTY, PLANT AND EQUIPMENT

	AT 1.9.2009 RM	ADDITIONS RM	DISPOSALS RM	RECLASSI-FICATIONS RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
At 31.12.2010						
NET CARRYING AMOUNT						
Buildings, drainage and roads	16,957,238	1,608,581	-	74,346	(942,469)	17,697,696
Nursery irrigation systems	139,193	-	-	-	(50,171)	89,022
Motor vehicles, plant and machinery	646,539	492,182	(1)	-	(306,159)	832,561
Equipment and furniture	63,311	80,959	-	-	(39,583)	104,687
Capital work-in-progress	60,732	79,163	-	(74,346)	-	65,549
	17,867,013	2,260,885	(1)	-	(1,338,382)	18,789,515

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.9.2008 RM	Additions RM	Disposals RM	Reclassi-fications RM	Depreciation Charge RM	At 31.8.2009 RM
At 31.8.2009						
NET CARRYING AMOUNT						
Buildings, drainage and roads	16,719,955	900,612	-	1,560	(664,889)	16,957,238
Nursery irrigation systems	176,821	-	-	-	(37,628)	139,193
Motor vehicles, plant and machinery	572,809	338,206	(1)	-	(264,475)	646,539
Equipment and furniture	61,274	25,305	(1,091)	-	(22,177)	63,311
Capital work-in-progress	1,560	60,732	-	(1,560)	-	60,732
	17,532,419	1,324,855	(1,092)	-	(989,169)	17,867,013

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.12.2010			
Buildings, drainage and roads	19,915,331	(2,217,635)	17,697,696
Nursery irrigation systems	501,707	(412,685)	89,022
Motor vehicles, plant and machinery	2,381,723	(1,549,162)	832,561
Equipment and furniture	341,909	(237,222)	104,687
Capital work-in-progress	65,549	-	65,549
	23,206,219	(4,416,704)	18,789,515

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.8.2009			
Buildings, drainage and roads	18,232,404	(1,275,166)	16,957,238
Nursery irrigation systems	501,707	(362,514)	139,193
Motor vehicles, plant and machinery	1,889,542	(1,243,003)	646,539
Equipment and furniture	260,950	(197,639)	63,311
Capital work-in-progress	60,732	-	60,732
	20,945,335	(3,078,322)	17,867,013

(a) Included in depreciation charge for the financial period is an amount of RM238,989 (2009: RM170,293), which has been capitalised under biological assets.

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The net carrying amount of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Company (Note 15) is as follows:-

	2010 RM	2009 RM
Buildings, drainage and roads	17,697,696	16,957,238
Nursery irrigation systems	89,022	139,193
Equipment and furniture	8,293	3,790
Capital work-in-progress	65,549	60,732
	17,860,560	17,160,953

(c) Included in the property, plant and equipment of the Company at the end of the reporting period were motor vehicles, plant and machinery with a total net carrying amount of RM90,214 (31.3.2010: NIL), which were acquired under hire purchase terms.

7. PREPAID LEASE PAYMENTS

	2010 RM	2009 RM
Leasehold land, at cost:-		
At 1 September and 31 December / 31 August	3,038,100	3,038,100
Accumulated amortisation:-		
At 1 September	489,472	438,837
Amortisation for the financial period/year	67,513	50,635
At 31 December / 31 August	556,985	489,472
	2,481,115	2,548,628

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7. PREPAID LEASE PAYMENTS (CONT'D)

(a) Included in amortisation charge for the financial period is an amount of RM23,303 (2009: RM13,716), which has been capitalised under biological assets.

(b) The leasehold land is analysed as follows:-

	2010 RM	2009 RM
Unexpired period of more than 50 years	2,481,115	2,548,628

(c) The leasehold land is pledged to licensed banks as security for banking facilities granted to the Company (Note 15).

8. INTANGIBLE ASSETS

	2010 RM	2009 RM
Computer software, at cost:-		
At 1 September	98,942	98,942
Write-offs during the financial period/year	(27,420)	-
At 31 December / 31 August	71,522	98,942
Accumulated amortisation:-		
At 1 September	44,314	24,954
Amortisation for the financial period/year	19,321	19,360
Write-offs during the financial period/year	(26,682)	-
At 31 December / 31 August	36,953	44,314
	34,569	54,628

9. BIOLOGICAL ASSETS

	2010 RM	2009 RM
At cost:-		
At 1 September	35,322,077	31,691,789
Additions during the financial period/year	4,511,833	3,630,288
At 31 December / 31 August	39,833,910	35,322,077
Accumulated amortisation:-		
At 1 September	1,288,168	427,262
Amortisation for the financial period/year	1,340,615	860,906
At 31 December / 31 August	2,628,783	1,288,168
	37,205,127	34,033,909

(a) The biological assets included the following expenses:-

	2010 RM	2009 RM
Amortisation of prepaid lease payments	23,303	13,716
Depreciation of property, plant and equipment	238,989	170,293
Interest expense:-		
- bank overdraft	10,184	7,633
- hire purchase	523	7
- term loan	825,545	785,361
Staff costs:-		
- short-term benefits	390,497	216,998
- defined contribution plans	47,956	29,461

(b) The biological assets are pledged to licensed banks as security for banking facilities granted to the Company (Note 15).

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10. DEFERRED TAX LIABILITIES/(ASSETS)

	2010 RM	2009 RM
At 1 September	(1,127,810)	-
Recognised in income statement (Note 22)	2,396,812	(1,127,810)
At 31 December / 31 August	1,269,002	(1,127,810)

The deferred tax liabilities/(assets) are attributable to the following:-

	2010 RM	2009 RM
Property, plant and equipment, intangible and biological assets	12,924,477	12,012,449
Unused tax losses	(4,956,769)	(4,956,769)
Unabsorbed agriculture/capital allowance	(6,698,706)	(8,183,490)
	1,269,002	(1,127,810)

As at the balance sheet date, the Company has tax losses and agriculture/capital allowance of approximately RM19,800,000 (2009: RM19,800,000) and 26,700,000 (2009: RM32,700,000) respectively, that are available for offset against future taxable profits of the Company.

11. INVENTORIES

	2010 RM	2009 RM
At cost:-		
Sundry stores and consumables	271,205	720,910

None of the inventories is carried at net realisable value.

12. TRADE AND OTHER RECEIVABLES

	2010 RM	2009 RM
Trade receivables:-		
Third parties	-	3,562
Related parties	2,047,382	1,094,455
	2,047,382	1,098,017
Other receivables:-		
Third parties	141,202	34,155
Deposits	20,350	20,430
Prepayments	150,122	115,974
	311,674	170,559
	2,359,056	1,268,576

The Company's normal trade credit term is 30 days.

13. SHARE CAPITAL

	2010	2009	2010	2009
	NUMBER OF SHARES		RM	RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	5,000,000	5,000,000	5,000,000	5,000,000
ISSUED AND FULLY PAID-UP	2,500,000	2,500,000	2,500,000	2,500,000

14. RETAINED PROFITS

As at the balance sheet date, the Company will be able to distribute dividends out of its entire retained profits under the single tier tax system without incurring additional tax liabilities.

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15. BANK BORROWINGS

	2010 RM	2009 RM
Long-term Borrowings		
Hire purchase obligations (Note 16)	30,325	-
Term loan, secured	29,000,000	33,500,000
	29,030,325	33,500,000
Short-term Borrowings		
Bank overdraft, secured	490,078	207,673
Hire purchase obligations (Note 16)	43,476	-
Term loan, secured	3,500,000	1,250,000
	4,033,554	1,457,673
	33,063,879	34,957,673

The term loan is repayable as follows:-

	2010 RM	2009 RM
Current portion:-		
- not later than one year	3,500,000	1,250,000
Non-current portion:-		
- later than one year and not later than two years	5,500,000	2,500,000
- later than two years and not later than five years	23,500,000	22,000,000
- later than five years	-	9,000,000
	29,000,000	33,500,000
	32,500,000	34,750,000

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15. BANK BORROWINGS (CONT'D)

The bank overdraft and term loan are secured by a debenture over the Company's fixed and floating assets both present and in future and a fixed charge over the Company's landed properties.

The repayment terms of the term loan are as follows:-

Term loan [at Cost of Funds + 1.25% per annum]	Repayable in 24 quarterly instalments, effective from June 2009, as follows:- 2009 – 4 quarterly instalments of RM0.25 million each 2010 – 4 quarterly instalments of RM0.50 million each 2011 – 4 quarterly instalments of RM1.00 million each 2012 – 4 quarterly instalments of RM1.50 million each 2013 – 4 quarterly instalments of RM2.50 million each 2014 – 4 quarterly instalments of RM3.00 million each

16. HIRE PURCHASE OBLIGATIONS

	2010 RM	2009 RM
Minimum hire purchase payments:-		
- not later than one year	46,428	-
- later than one year and not later than two years	30,935	-
	77,363	-
Less: Future finance charges	(3,562)	-
Present value of hire purchase obligations	73,801	-
Current portion:-		
- not later than one year	30,325	-
Non-current portion:-		
- later than one year and not later than two years	43,476	-
	73,801	-

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17. TRADE AND OTHER PAYABLES

	2010 RM	2009 RM
Trade payables:-		
Third parties	339,028	729,411
Related parties	3,005,265	1,593,989
	3,344,293	2,323,400
Other payables:-		
Third parties	248,280	209,076
Related parties	30,415	112,976
Accruals	356,806	679,708
	635,501	1,001,760
	3,979,794	3,325,160

(a) The normal trade credit terms granted to the Company range from 60 to 90 days.

(b) The amount owing to other related parties is unsecured, interest-free and repayable on demand.

18. AMOUNT OWING TO HOLDING COMPANY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

19. REVENUE

	2010 RM	2009 RM
Sale of fresh fruit bunches	24,487,116	7,208,055

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20. FINANCE COSTS

	2010 RM	2009 RM
Interest expense on:-		
- bank overdraft	29,798	25,512
- hire purchase	1,527	19
- term loan	2,353,833	2,551,963
	2,385,158	2,577,494
Less: Amount capitalised as biological assets (Note 8)	(836,252)	(793,001)
	1,548,906	1,784,493

21. PROFIT/(LOSS) BEFORE TAXATION

	2010 RM	2009 RM
Profit/(loss) before taxation is arrived at after charging/(crediting):-		
Amortisation of biological assets	1,340,615	860,906
Amortisation of intangible assets	19,321	19,360
Amortisation of prepaid lease payments	44,210	36,919
Audit fee:-		
- current financial period/year	8,500	7,000
- special audit	14,000	-
Depreciation of property, plant and equipment	1,099,393	818,876
Directors' fee	56,000	24,000
Finance costs (Note 20)	1,548,906	1,784,493
Gain on disposal of property, plant and equipment	(9,999)	(18)
Intangible assets written off	738	-
Management fee	400,000	300,000
Rental	-	3,360
Staff costs:-		
- short-term benefits	881,637	515,087
- defined contribution plans	92,191	68,862

22. INCOME TAX EXPENSE

	2010 RM	2009 RM
Deferred tax - origination and reversal of temporary differences	2,396,812	(1,127,810)

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	2010 RM	2009 RM
Profit/(loss) before taxation	9,507,738	(2,987,140)
Tax at the statutory tax rate of 25%	2,376,935	(746,785)
Tax effects of:-		
Non-deductible expenses	19,877	16,159
Utilisation of deferred tax assets previously not recognised	-	(397,184)
Income tax expense for the financial period/year	2,396,812	(1,127,810)

23. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	2010 RM	2009 RM
Cost of property, plant and equipment purchased	2,260,885	1,324,855
Amount financed through hire purchase	(87,750)	-
Cash disbursed for purchase of property, plant and equipment	2,173,135	1,324,855

24. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following:-

	2010 RM	2009 RM
Cash and bank balances	3,000	2,106
Bank overdraft	(490,078)	(207,673)
	(487,078)	(205,567)

25. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has related party relationships with:-

(i) its holding company as disclosed in Note 3 to the financial statements;

(ii) the entities within the same group of companies;

(iii) the entities controlled, or significantly influenced by the directors or their close family members; and

(iv) the directors who are the key management personnel.

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25. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the information detailed elsewhere in the financial statements, the Company carried out the following significant transactions with the related parties during the financial period/year:-

	2010 RM	2009 RM
Holding company:-		
- Management fee	400,000	300,000
Fellow subsidiaries:-		
- Purchase of property, plant and equipment	62,700	-
- Purchase of seedlings	67,262	645,172
- Rental paid	10,581	-
- Sale of property, plant and equipment	10,000	-
- Store issues	43,672	367,035
Companies in which the directors and their close family members have substantial financial interests:-		
- Computer software, printing and stationery	28,979	10,022
- Contract charges	462,742	59,078
- Fertiliser testing charges	13,402	4,803
- Insurance paid	86,076	52,387
- Purchase of fertilisers and chemicals	5,782,336	1,272,457
- Purchase of property, plant and equipment	8,099	100,000
- Purchase of seedling	77,589	-
- Purchase of sundry stores and consumables	964,230	712,879
- Recruitment charges	43,245	129,990
- Rental paid	-	20,175
- Repairs and maintenance	87,710	13,308
- Sale of fresh fruit bunches	23,109,123	7,179,104
- Sale of property, plant and equipment	-	9,500
- Secretarial services	820	410
- Staff training expenses	-	2,850
- Store issues	1,176	31,759
- Transportation and accommodation charges	792,553	153,920

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26. CAPITAL COMMITMENTS

	2010 RM	2009 RM
Approved and contracted for:-		
- Property, plant and equipment	48,864	73,741

27. FINANCIAL INSTRUMENTS

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its market risk (including interest rate risk), credit risk and liquidity risk.

(a) Financial Risk Management Policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing borrowings. The Company's policy is to obtain the most favourable interest rates available.

Information relating to the Company's exposure to the interest rate risk of the financial liabilities is disclosed in Note 27(a)(iii) to the financial statements.

(ii) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

Concentration of credit risk in respect of trade receivables exist due to the Company's limited number of customers. Based on the Company's historical collection of these receivables, management believes that they are fully recoverable.

27. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Credit Risk (Cont'd)

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the balance sheet date.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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27. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the balance sheet date based on contractual undiscounted cash flows (including interest payment computed based on the rate at the balance sheet date):-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 - 2 Years RM	Within 2 - 5 Years RM
2010						
Bank borrowings:-						
- bank overdraft	7.30	490,078	490,078	490,078	-	-
- hire purchase obligations	2.90	73,801	77,364	46,428	30,936	-
- term loan	5.16	32,500,000	37,074,900	5,108,800	6,887,300	25,078,800
Trade and other payables	-	3,979,794	3,979,794	3,979,794	-	-
Amount owing to holding company	-	17,920,625	17,920,625	17,920,625	-	-
		54,964,298	59,542,761	27,545,725	6,918,236	25,078,800

27. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the balance sheet date based on contractual undiscounted cash flows (including interest payment computed based on the rate at the balance sheet date) (cont'd):-

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand or Within 1 Year RM	Within 1 - 2 Years RM	Within 2 - 5 Years RM	More Than 5 Years RM
2009							
Bank borrowings:-							
- bank overdraft	6.80	207,673	207,673	207,673	-	-	-
- term loan	6.90	34,750,000	44,657,000	3,898,000	4,727,000	26,726,000	9,306,000
Trade and other payables	-	3,325,160	3,325,160	3,325,160	-	-	-
Amount owing to holding company	-	21,541,386	21,541,386	21,541,386	-	-	-
		59,824,219	69,731,219	28,972,219	4,727,000	26,726,000	9,306,000

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	2010		2009	
	CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
Hire purchase obligations	73,801	72,507	-	-

The following summarises the methods used to determine the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximate their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair values of hire purchase obligations are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the balance sheet date.

(iii) The carrying amount of the term loan approximated its fair value as the instrument bears interest at variable rates.

28. CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 31 August to 31 December to coincide with that of its holding company, following the change of the holding company's accounting year end. As a result, the financial statements are presented covering a period of sixteen months from 1 September 2009 to 31 December 2010. Accordingly, the comparative figures (which cover a period of twelve months from 1 September 2008 to 31 August 2009) for the income statement, statement of changes in equity, cash flow statement and the related notes to the financial statements are not comparable with those of the current financial period.