

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)
Company No: 378441-K

FINANCIAL REPORT
*for the financial period ended 31 December 2010***CONTENTS**

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NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)

Company No: 378441-K

DIRECTORS' REPORT

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

CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 31 March 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 this activity during the financial period.

RESULTS

RM

Loss for the financial period

595,803

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

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

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.

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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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 impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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 impairment losses on receivables 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.

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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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 Rimbulan Sawit Berhad, a company incorporated in Malaysia.

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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DIRECTORS' REPORT**DIRECTORS**

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

TAN SRI DATUK SRI DIONG HIEW KING @ TIONG HIEW KING
DATUK TIONG THAI KING
TIONG CHIONG ONG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial period in shares in the Company and its related corporations during the financial period are as follows:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.4.2010	BOUGHT	SOLD	AT 31.12.2010
<i>INDIRECT INTEREST</i>				
TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING [#]	1,062,500	-	-	1,062,500

[#] *Deemed interested by virtue of his substantial shareholdings in the holding company*

By virtue of his shareholdings in the holding company, Tan Sri Datuk Sri Diong Hiew King @ Tiong Hiew King is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other director holding office at the end of the financial period had no interest in shares in the Company or its related corporations during the financial period.

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 24 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.

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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DIRECTORS' REPORT

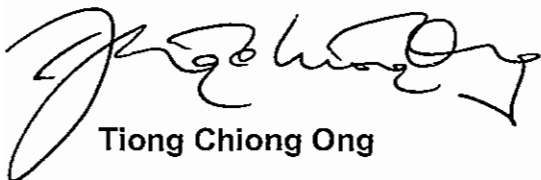
AUDITORS

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**



Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King



Tiong Chiong Ong

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

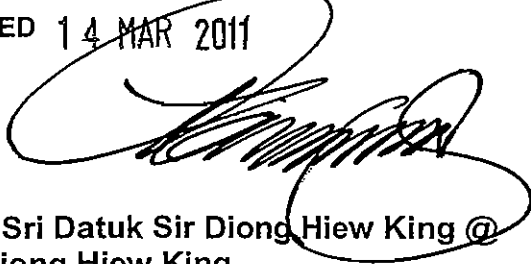
(Incorporated in Malaysia)
Company No: 378441-K

STATEMENTS BY DIRECTORS

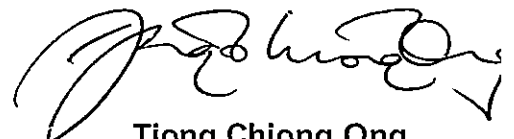
We, Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Chiong Ong, being the two directors of Novelpac-Puncakdana Plantation Sdn Bhd, state that, in our opinion, the financial statements set out on pages 9 to 54 are drawn up in accordance with Financial Reporting Standards and the Companies 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



Tan Sri Datuk Sir Diong Hiew King @
Tiong Hiew King



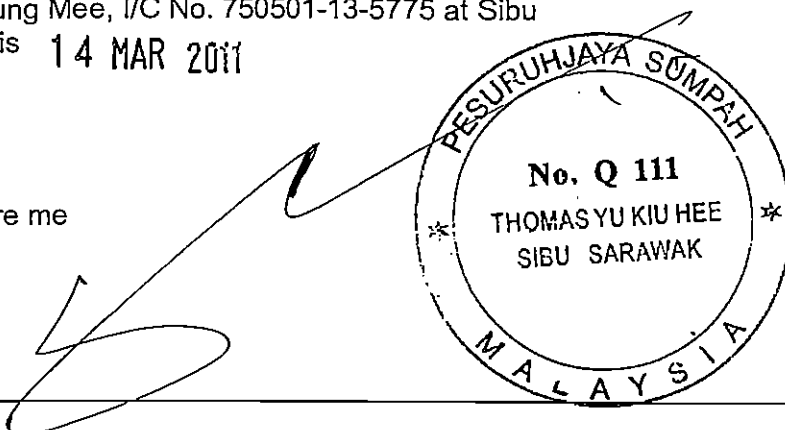

Tiong Chiong Ong

STATUTORY DECLARATION

I, Hii Jung Mee, I/C No. 750501-13-5775, being the officer primarily responsible for the financial management of Novelpac-Puncakdana Plantation Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 9 to 54 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
Hii Jung Mee, I/C No. 750501-13-5775 at Sibü
on this 14 MAR 2011

Before me

Hii Jung Mee



HII & LEE (AF0123)
Chartered Accountants



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Jalan Pahlawan
P. O. Box 505
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)

Company No: 378441-K

Report on the Financial Statements

We have audited the financial statements of Novelpac-Puncakdana Plantation Sdn Bhd, which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 54.

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
NOVELPAC-PUNCAKDANA PLANTATION SDN BHD (CONT'D)**

(Incorporated in Malaysia)
Company No: 378441-K

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 Ying
Approval No: 1326/09/12(J)
Chartered Accountant

14 MAR 2011

Sibu, Sarawak

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD(Incorporated in Malaysia)
Company No: 378441-K**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010**

	NOTE	31.12.2010 RM	RESTATED 31.3.2010 RM	RESTATED 1.4.2010 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	7	27,072,875	23,605,724	21,477,536
Intangible assets	8	11,695	15,594	20,791
Biological assets	9	30,957,375	25,287,047	19,199,704
		<u>58,041,945</u>	<u>48,908,365</u>	<u>40,698,031</u>
CURRENT ASSETS				
Inventories	10	1,907,460	1,745,027	2,362,059
Trade and other receivables	11	98,391	3,489,393	1,957,198
Cash and bank balances		80	2,000	453
		<u>2,005,931</u>	<u>5,236,420</u>	<u>4,319,710</u>
TOTAL ASSETS		<u>60,047,876</u>	<u>54,144,785</u>	<u>45,017,741</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12	1,250,000	1,250,000	1,250,000
Accumulated Losses		(3,838,545)	(3,993,489)	(3,700,141)
TOTAL EQUITY		<u>(2,588,545)</u>	<u>(2,743,489)</u>	<u>(2,450,141)</u>
NON-CURRENT LIABILITIES				
Bank borrowings	13	34,053,850	29,500,000	19,000,000
CURRENT LIABILITIES				
Trade and other payables	16	16,591,823	25,875,540	26,960,169
Amount owing to holding company	17	9,509,003	600	-
Bank borrowings:-				
- Bank overdraft	13	1,448,295	1,512,134	1,438,561
- Other borrowings	13	1,033,450	-	69,152
		<u>28,582,571</u>	<u>27,388,274</u>	<u>28,467,882</u>
TOTAL LIABILITIES		<u>62,636,421</u>	<u>56,888,274</u>	<u>47,467,882</u>
TOTAL EQUITY AND LIABILITIES		<u>60,047,876</u>	<u>54,144,785</u>	<u>45,017,741</u>

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)

Company No: 378441-K

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010**

	NOTE	1.4.2010 to 31.12.2010 RM	2010 RM
REVENUE	18	223,317	119,247
COST OF SALES		(129,817)	(116,511)
GROSS PROFIT		93,500	2,736
OTHER INCOME		6,986	14,031
ADMINISTRATIVE AND OTHER EXPENSES		(201,888)	(295,943)
FINANCE COSTS	19	(494,401)	(14,172)
LOSS BEFORE TAXATION	20	(595,803)	(293,348)
INCOME TAX EXPENSE	21	-	-
LOSS AFTER TAXATION		(595,803)	(293,348)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD/YEAR		(595,803)	(293,348)

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010**

	NOTE	SHARE CAPITAL RM	RETAINED PROFITS RM	TOTAL RM
Balance at 1.4.2009		1,250,000	(3,700,141)	(2,450,141)
Total comprehensive income for the financial year		-	(293,348)	(293,348)
Balance at 31.3.2010/1.4.2010				
- as previously reported		1,250,000	(3,993,489)	(2,743,489)
- effects of adopting FRS 139	4(a)(iv)	-	750,747	750,747
- as restated		1,250,000	(3,242,742)	(1,992,742)
Total comprehensive income for the financial period		-	(595,803)	(595,803)
Balance at 31.12.2010		1,250,000	(3,838,545)	(2,588,545)

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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STATEMENT OF CASH FLOWS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010**

	NOTE	1.4.2010 to 31.12.2010 RM	2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(595,803)	(293,348)
Adjustments for:-			
Amortisation of biological assets		5,840	7,787
Amortisation of intangible assets		54	72
Depreciation of property, plant and equipment		10,045	13,379
Gain on disposal of property, plant and equipment		-	(4,000)
Interest expense		494,401	14,172
Operating loss before working capital changes		(85,463)	(261,938)
(Increase)/decrease in inventories		(162,433)	617,032
Decrease/(increase) in receivables		3,391,002	(1,532,195)
Increase/(decrease) in payables		499,149	(1,084,029)
CASH FROM/(FOR) OPERATING ACTIVITIES		3,642,255	(2,261,130)
Interest paid		(66,022)	(53,928)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		3,576,233	(2,315,058)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	22	(3,859,849)	(2,769,991)
Proceeds from disposal of property, plant and equipment		-	7,000
Costs incurred on biological assets		(3,914,291)	(4,454,919)
NET CASH FOR INVESTING ACTIVITIES		(7,774,140)	(7,217,910)
BALANCE CARRIED FORWARD		(4,197,907)	(9,532,968)

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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STATEMENT OF CASH FLOWS (CONT'D)**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010**

	NOTE	1.4.2010 to 31.12.2010 RM	2010 RM
BALANCE BROUGHT FORWARD		(4,197,907)	(9,532,968)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of revolving credit		5,500,000	10,500,000
Repayment of hire purchase obligations		-	(69,152)
Payment of interest on long-term borrowings		(1,240,174)	(969,906)
NET CASH FROM FINANCING ACTIVITIES		4,259,826	9,460,942
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		61,919	(72,026)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		(1,510,134)	(1,438,108)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	23	(1,448,215)	(1,510,134)

NOVELPAC PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 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 and principal place of business are as follows:-

Registered office : 3rd Floor, No. 66 - 78, Pusat Suria Permata
Jalan Upper Lanang
96000 Sibul, Sarawak

Principal place of business : No. 85 & 86, Pusat Suria Permata
Jalan Upper Lanang 12A
96000 Sibul, 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 Rimbulan 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.

NOVELPAC PUNCAKDANA PLANTATION SDN BHD

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

4. BASIS OF PREPARATION (CONT'D)

- (a) During the current financial period, the Company has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 First-time Adoption of Financial Reporting Standards

FRS 2 Share-based Payment

FRS 3 Business Combinations

FRS 4 Insurance Contracts

FRS 5 Non-current Assets Held for Sale and Discontinued Operations

FRS 6 Exploration for and Evaluation of Mineral Resources

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 102 Inventories

FRS 107 Statement of Cash Flows

FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

FRS 110 Events After the Reporting Period

FRS 111 Construction Contracts

FRS 112 Income Taxes

FRS 116 Property, Plant and Equipment

FRS 117 Leases

FRS 118 Revenue

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

4. BASIS OF PREPARATION (CONT'D)**(a) FRSs and IC Interpretations (including the Consequential Amendments)**

FRS 120 Accounting for Government Grants and Disclosure of Government Assistance

FRS 121 The Effects of Changes in Foreign Exchange Rates

FRS 123 (Revised) Borrowing Costs

FRS 124 Related Party Disclosures

FRS 127 Consolidated and Separate Financial Statements

FRS 128 Investments in Associates

FRS 131 Interests in Joint Ventures

FRS 132 Financial Instruments: Presentation

FRS 133 Earnings Per Share

FRS 134 Interim Financial Reporting

FRS 136 Impairment of Assets

FRS 137 Provisions, Contingent Liabilities and Contingent Assets

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

4. BASIS OF PREPARATION (CONT'D)**(a) FRSs and IC Interpretations (including the Consequential Amendments)**

Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments

IC Interpretation 107 Introduction of the Euro

IC Interpretation 110 Government Assistance – No Specific Relation to Operating Activities

IC Interpretation 112 Consolidation – Special Purpose Entities

IC Interpretation 113 Jointly Controlled Entities – Non Monetary Contributions by Venturers

IC Interpretation 115 Operating Leases – Incentives

IC Interpretation 121 Income Taxes – Recovery of Revalued Non-depreciable Assets

IC Interpretation 125 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

IC Interpretation 129 Disclosure – Service Concession Arrangements

IC Interpretation 131 Revenue – Barter Transactions Involving Advertising Services

IC Interpretation 132 Intangible Assets – Web Site Costs

IC Interpretation 201 Preliminary and Pre-operating Expenditure

IC Interpretation 1 Changes in Existing Decommissioning, Restoration & Similar Liabilities

IC Interpretation 2 Members' Shares in Co-operative Entities & Similar Instruments

NOVELPAC PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****4. BASIS OF PREPARATION (CONT'D)****(a) FRSs and IC Interpretations (including the Consequential Amendments)**

IC Interpretation 5 Rights to Interests Arising from Decommissioning, Restoration & Environmental Rehabilitation Funds

IC Interpretation 6 Liabilities Arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment

IC Interpretation 7 Applying the Restatement Approach under FRS 129

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Company's financial statements, other than the following:-

- (i) FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Company has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the Company's financial statements for the current financial period.

NOVELPAC PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)

Company No: 378441-K

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

4. BASIS OF PREPARATION (CONT'D)

- (a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Company's financial statements, other than the following (cont'd):-
- (ii) Prior to 1 April 2010, plantation development expenditure comprised oil palm planting expenditure and plantation infrastructure development expenditure and was disclosed as a separate line item on the statement of financial position. With the adoption of FRS 101 (Revised), oil palm planting expenditure is disclosed as a separate line item on the statement of financial position as biological assets; and plantation infrastructure development expenditure is included in property, plant and equipment. This change in accounting policy has been made retrospectively.

FRS 101 (Revised) also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

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 classification of items in the statement.

FRS 101 (Revised) also requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. This new disclosure is made in Note 26(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

NOVELPAC PUNCAKDANA PLANTATION SDN BHD

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010

4. BASIS OF PREPARATION (CONT'D)

- (a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Company's financial statements, other than the following (cont'd):-
- (iii) Prior to 1 April 2010, computer software was included in property, plant and equipment. In accordance with FRS 138, computer software that is not an integral part of a related hardware is classified as intangible assets and is amortised over its estimated useful life. This change in accounting policy has been made retrospectively.
- (iv) The adoption of FRS 139 (including the consequential amendments) has resulted in several changes to accounting policies relating to recognition and measurements of financial instruments.

The financial impact to the financial statements is summarised as follows:-

	AT 1.4.2010 RM
<u>Accumulated losses</u>	
Remeasurement of other payables	750,747

Prior to 1 April 2010, advances from other payables were recorded at cost. With the adoption of FRS 139, these advances are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest expense is recognised in profit or loss using the effective interest method.

The above financial impact is recognised as an adjustment to the opening balance of retained profits upon the adoption of FRS 139. Comparatives are not adjusted by virtue of the exemption given in this standard.

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4. BASIS OF PREPARATION (CONT'D)

- (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 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
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: 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 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 12 Service Concession Arrangements	1 July 2010

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4. BASIS OF PREPARATION (CONT'D)

(b) FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
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 (2010)	1 January 2011

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Company's operations.

5. GOING CONCERN

The Company incurred a net loss of RM595,803 during the financial period ended 31 December 2010, and as of that date, the Company's current liabilities exceeded its current assets by RM26,576,640.

The financial statements have been prepared on the going concern assumption as the holding company has undertaken to provide all necessary financial support to the Company so as to enable the Company to meet in full its financial obligations as and when they fall due.

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6. 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.

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) 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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Functional and Presentation Currency**

Financial instruments are recognised in the statement of financial position 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

As at the end of the reporting period, there were no financial assets classified under this category.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Financial Instruments (Cont'd)***(i) Financial Assets (Cont'd)*

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial Liabilities

All financial liabilities are initially recognised at fair value plus direct attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) 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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) 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:-

Leasehold land	Over the lease period of 60 years
Buildings, drainage and roads	10% - 20%
Motor vehicles, plant and machinery	20%
Equipment and furniture	10% - 20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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 profit or loss 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 recognised in profit or loss.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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 profit or loss 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 recognised in profit or loss. Pre-cropping cost is amortised on a straight-line basis over 25 years, the expected useful life of oil palm trees.

(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. Cost of nursery inventories comprises all costs that are directly attributable to the nursery development activities.

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

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) Impairment***(i) Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which FRS 136 *Impairment of Assets* does not apply, are reviewed at the end of each reporting period 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 recognised in profit or loss 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 profit or loss immediately.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Assets Acquired Under Hire Purchase**

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 6(d) 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 recognised in profit or loss over the period of the respective hire purchase agreements.

(j) 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.

(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 the end of each reporting 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 recognised in profit or loss 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.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

(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 recognised in profit or loss 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 end of the reporting period.

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 the end of each reporting period 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 end of the reporting period.

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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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in 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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7. PROPERTY, PLANT AND EQUIPMENT

	AS PREVIOUSLY REPORTED AT 1.4.2010 RM	EFFECTS OF FRS 101 (REVISED) RM	EFFECTS OF FRS 138 RM	AS RESTATE D AT 1.4.2010 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
At 31.12.2010							
NET CARRYING AMOUNT							
Leasehold land	4,598,225	-	-	4,598,225	-	(69,407)	4,528,818
Buildings, drainage and roads	1,240,154	16,978,185	-	18,218,339	3,473,152	(132,018)	21,559,473
Motor vehicles, plant and machinery	458,315	-	-	458,315	215,300	(253,702)	419,913
Equipment and furniture	105,446	-	(15,594)	89,852	18,072	(24,871)	83,053
Capital work-in-progress	240,993	-	-	240,993	240,625	-	481,618
	6,643,133	16,978,185	(15,594)	23,605,724	3,947,149	(479,998)	27,072,875

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

	AS PREVIOUSLY REPORTED AT 1.4.2009 RM	EFFECTS OF FRS 101 (REVISED) RM	EFFECTS OF FRS 138 RM	AS RESTATE AT 1.4.2009 RM	ADDITIONS RM	DISPOSALS RM	DEPRECIATION CHARGE RM	AT 31.3.2010 RM
At 31.3.2010								
NET CARRYING AMOUNT								
Leasehold land	4,690,769	-	-	4,690,769	-	-	(92,544)	4,598,225
Buildings, drainage and roads	1,324,246	14,581,830	-	15,906,076	2,482,459	-	(170,196)	18,218,339
Motor vehicles, plant and machinery	795,157	-	-	795,157	11,963	(3,000)	(345,805)	458,315
Equipment and furniture	106,325	-	(20,791)	85,534	34,576	-	(30,258)	89,852
Capital work-in-progress	-	-	-	-	240,993	-	-	240,993
	6,916,497	14,581,830	(20,791)	21,477,536	2,769,991	(3,000)	(638,803)	23,605,724

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	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.12.2010			
Leasehold land	5,431,139	(902,321)	4,528,818
Buildings, drainage and roads	21,902,589	(343,116)	21,559,473
Motor vehicles, plant and machinery	1,944,150	(1,524,237)	419,913
Equipment and furniture	184,548	(101,495)	83,053
Capital work-in-progress	481,618	-	481,618
	29,944,044	(2,871,169)	27,072,875
At 31.3.2010			
Leasehold land	5,431,139	(832,914)	4,598,225
Buildings, drainage and roads	18,429,437	(211,098)	18,218,339
Motor vehicles, plant and machinery	1,728,850	(1,270,535)	458,315
Equipment and furniture	166,476	(76,624)	89,852
Capital work-in-progress	240,993	-	240,993
	25,996,895	(2,391,171)	23,605,724

- (a) Included in depreciation charge for the financial period is an amount of RM469,953 (31.3.2010: RM625,424), which has been capitalised under biological assets.

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- (b) The net carrying amount of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Company (Note 13) is as follows:-

	31.12.2010 RM	RESTATED 31.3.2010 RM
Leasehold land	4,528,818	4,598,225
Buildings, drainage and roads	21,559,473	18,218,339
Equipment and furniture	1,243	1,658
Capital work-in-progress	481,618	240,993
	<u>26,571,152</u>	<u>23,059,215</u>

- (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 RM95,383 (31.3.2010: NIL), which were acquired under hire purchase terms.

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

	31.12.2010 RM	RESTATED 31.3.2010 RM
Unexpired period of less than 50 years	4,528,818	4,598,225

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	COMPUTER SOFTWARE	
	31.12.2010	RESTATED 31.3.2010
	RM	RM
At cost:-		
At 1 April		
- As previously reported	-	-
- Effects of FRS 138	25,989	25,989
	<hr/>	<hr/>
- As restated	25,989	25,989
	<hr/>	<hr/>
At 31 December / 31 March (restated)	25,989	25,989
	<hr/>	<hr/>
Accumulated amortisation:-		
At 1 April		
- As previously reported	-	-
- Effects of FRS 138	10,395	5,198
	<hr/>	<hr/>
- As restated	10,395	5,198
	<hr/>	<hr/>
Amortisation for the financial period/year		
- As previously reported	3,899	-
- Effects of FRS 138	-	5,197
	<hr/>	<hr/>
- As restated	3,899	5,197
	<hr/>	<hr/>
At 31 December / 31 March (restated)	14,294	10,395
	<hr/>	<hr/>
Net carrying amount:-		
At 31 December / 31 March (restated)	11,695	15,594
	<hr/>	<hr/>

Included in amortisation charge for the financial period is an amount of RM3,845 (31.3.2010: RM5,125), which has been capitalised under biological assets.

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9. BIOLOGICAL ASSETS

	31.12.2010 RM	RESTATE 31.3.2010 RM
At cost:-		
At 1 April		
- As previously reported	42,292,573	33,796,508
- Effects of FRS 101 (Revised)	(16,988,320)	(14,587,385)
	<hr/>	<hr/>
- As restated	25,304,253	19,209,123
Additions during the financial period/year		
- As previously reported	5,676,168	8,496,065
- Effects of FRS 101 (Revised)	-	(2,400,935)
	<hr/>	<hr/>
- As restated	5,676,168	6,095,130
At 31 December / 31 March (restated)	<hr/> <hr/> 30,980,421	<hr/> <hr/> 25,304,253
Accumulated amortisation:-		
At 1 April		
- As previously reported	27,341	14,974
- Effects of FRS 101 (Revised)	(10,135)	(5,555)
	<hr/>	<hr/>
- As restated	17,206	9,419
Amortisation for the financial period/year		
- As previously reported	5,840	12,367
- Effects of FRS 101 (Revised)	-	(4,580)
	<hr/>	<hr/>
- As restated	5,840	7,787
At 31 December / 31 March (restated)	<hr/> <hr/> 23,046	<hr/> <hr/> 17,206
Net carrying amount:-		
At 31 December / 31 March (restated)	<hr/> <hr/> 30,957,375	<hr/> <hr/> 25,287,047

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)
Company No: 378441-K

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010

9. BIOLOGICAL ASSETS (CONT'D)

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

	31.12.2010 RM	RESTATED 31.3.2010 RM
Amortisation of intangible assets	3,845	5,125
Depreciation of property, plant and equipment	469,953	625,424
Hiring of equipment	4,694	8,205
Interest expense:-		
- bank overdraft	65,106	53,179
- hire purchase	-	1,059
- revolving credit	1,222,973	955,424
Staff costs:-		
- short-term benefits	517,244	671,606
- defined contribution plans	77,867	97,424

(b) The biological assets are pledged to licensed banks as security for banking facilities granted to the Company (Note 13).

10. INVENTORIES

	31.12.2010 RM	31.3.2010 RM
At cost:-		
Nursery inventories	1,288,891	1,356,386
Sundry stores and consumables	618,569	388,641
	<u>1,907,460</u>	<u>1,745,027</u>

None of the inventories is carried at net realisable value.

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD(Incorporated in Malaysia)
Company No: 378441-K**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****11. TRADE AND OTHER RECEIVABLES**

	31.12.2010 RM	31.3.2010 RM
Trade receivables:-		
Third parties	33,613	11,907
Related parties	-	314,881
	33,613	326,788
Other receivables:-		
Third parties	13,494	25,210
Amount owing to related parties		
- fellow subsidiaries	-	17,588
- other related parties	1,715	3,103,783
Deposits	1,000	1,000
Prepayments	48,569	15,024
	64,778	3,162,605
	98,391	3,489,393

- (a) The Company's normal trade credit term is 30 days.
- (b) The amount owing by related parties is unsecured, interest-free and repayable on demand.

12. SHARE CAPITAL

	31.12.2010 NUMBER OF SHARES	31.3.2010 NUMBER OF SHARES	31.12.2010 RM	31.3.2010 RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	5,000,000	5,000,000	5,000,000	5,000,000
	5,000,000	5,000,000	5,000,000	5,000,000
ISSUED AND FULLY PAID-UP	1,250,000	1,250,000	1,250,000	1,250,000
	1,250,000	1,250,000	1,250,000	1,250,000

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****13. BANK BORROWINGS**

	31.12.2010 RM	31.3.2010 RM
Long-term Borrowings		
Hire purchase obligations (Note 14)	53,850	-
Revolving credit, secured	34,000,000	29,500,000
	<hr/>	<hr/>
Revolving credit, secured	34,053,850	29,500,000
Short-term Borrowings		
Bank overdraft, secured	1,448,295	1,512,134
Hire purchase obligations (Note 14)	33,450	-
Revolving credit, secured	1,000,000	-
	<hr/>	<hr/>
	2,481,745	1,512,134
	<hr/>	<hr/>
	36,535,595	31,012,134

The revolving credit is repayable as follows:-

	31.12.2010 RM	31.3.2010 RM
Current portion:-		
- not later than one year	1,000,000	-
Non-current portion:-		
- later than one year and not later than two years	3,500,000	1,500,000
- later than two years and not later than five years	23,900,000	19,600,000
- later than five years	6,600,000	8,400,000
	<hr/>	<hr/>
	34,000,000	29,500,000
	<hr/>	<hr/>
	35,000,000	29,500,000

The bank overdraft and revolving credit are secured by:-

- (a) a fixed charge over the Company's landed properties;
- (b) a corporate guarantee from the holding company; and
- (c) a joint and several guarantee provided by the directors of the Company.

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

13. BANK BORROWINGS (CONT'D)

The repayment terms of the revolving credit are as follows:-

Revolving credit [at Cost of Funds + 1.00% per annum]	Repayable in 24 quarterly instalments, effective from July 2011, as follows:-
	2011/2012 – 4 quarterly instalments of RM0.50 million each
	2012/2013 – 4 quarterly instalments of RM1.25 million each
	2013/2014 – 4 quarterly instalments of RM1.80 million each
	2014/2015 – 4 quarterly instalments of RM2.30 million each
	2015/2016 – 4 quarterly instalments of RM2.50 million each
	2016/2017 – 4 quarterly instalments of RM2.65 million each

14. HIRE PURCHASE OBLIGATIONS

	31.12.2010 RM	31.3.2010 RM
Minimum hire purchase payments:-		
- not later than one year	37,452	-
- later than one year and not later than two years	37,452	-
- later than two years and not later than five years	18,725	-
	<hr/>	<hr/>
	93,629	-
Less: Future finance charges	(6,329)	-
	<hr/>	<hr/>
Present value of hire purchase obligations	87,300	-
	<hr/>	<hr/>
Current portion:-		
- not later than one year	33,450	-
Non-current portion:-		
- later than one year and not later than two years	35,410	-
- later than two years and not later than five years	18,440	-
	<hr/>	<hr/>
	53,850	-
	<hr/>	<hr/>
	87,300	-
	<hr/>	<hr/>

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

(Incorporated in Malaysia)

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****15. DEFERRED TAX**

	AT 1.4.2010 RM	RECOGNISED IN PROFIT OR LOSS RM	AT 31.12.2010 RM
At 31.12.2010			
Property, plant and equipment, and intangible, biological assets	8,228,463	2,275,868	10,504,331
Unused tax losses	(1,812,393)	(785,548)	(2,597,941)
Unabsorbed agriculture/capital allowance	(6,416,070)	(1,490,320)	(7,906,390)
	-	-	-
At 31.3.2010			
Property, plant and equipment, and intangible, biological assets	5,340,259	2,888,204	8,228,463
Unused tax losses	(1,224,251)	(588,142)	(1,812,393)
Unabsorbed agriculture/capital allowance	(4,116,008)	(2,300,062)	(6,416,070)
	-	-	-

At the end of the reporting period, the Company has tax losses and agriculture/capital allowance of approximately RM12,000,000 (31.3.2010: RM8,751,000) and 31,625,000 (31.3.2010: RM25,664,000) respectively, that are available for offset against future taxable profits of the Company.

Deferred tax assets are recognised in respect of the above items to the extent of the Company's taxable temporary differences. No deferred tax assets are recognised in respect of the following item as it is not probable that taxable profits of the Company will be available against which the unused tax credits can be utilised:-

	31.12.2010 RM	31.3.2010 RM
Unused tax losses	403,001	375,541

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****16. TRADE AND OTHER PAYABLES**

	31.12.2010 RM	31.3.2010 RM
Trade payables:-		
Third parties	639,350	163,577
Related parties	5,136,167	4,318,944
	<u>5,775,517</u>	<u>4,482,521</u>
Other payables:-		
Third parties	123,553	98,516
Amount owing to related parties		
- fellow subsidiaries	-	13,578
- other related parties	10,413,557	21,274,925
Accruals	279,196	6,000
	<u>10,816,306</u>	<u>21,393,019</u>
	<u>16,591,823</u>	<u>25,875,540</u>

(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.

17. AMOUNT OWING TO HOLDING COMPANY

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

18. REVENUE

	1.4.2010 to 31.12.2010 RM	2010 RM
Sale of fresh fruit bunches	223,317	119,247
	<u>223,317</u>	<u>119,247</u>

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****19. FINANCE COSTS**

	1.4.2010 to 31.12.2010 RM	2010 RM
Interest expense on:-		
- bank overdraft	66,022	53,928
- hire purchase	-	1,074
- revolving credit	1,240,174	968,832
- other financial liabilities	476,284	-
	<u>1,782,480</u>	<u>1,023,834</u>
Less: Amount capitalised as biological assets (Note 9)	<u>(1,288,079)</u>	<u>(1,009,662)</u>
	<u>494,401</u>	<u>14,172</u>

20. LOSS BEFORE TAXATION

	1.4.2010 to 31.12.2010 RM	2010 RM
Loss before taxation is arrived at after charging/(crediting):-		
Amortisation of biological assets	5,840	7,787
Amortisation of intangible assets	54	72
Audit fee:-		
- current financial period/year	5,000	5,000
- overprovision in the previous financial year	(1,600)	-
- special audit	4,200	-
Depreciation of property, plant and equipment	10,045	13,379
Directors' fee	4,000	-
Finance costs (Note 19)	494,401	14,172
Gain on disposal of property, plant and equipment	-	(4,000)
Hiring of equipment	66	115
Staff costs:-		
- short-term benefits	163,337	241,844
- defined contribution plans	19,369	29,058
	<u></u>	<u></u>

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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Company No: 378441-K

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****21. INCOME TAX EXPENSE**

	1.4.2010 to 31.12.2010 RM	2010 RM
Current tax	-	-

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

	1.4.2010 to 31.12.2010 RM	2010 RM
Loss before taxation	(595,803)	(293,348)
Tax at the statutory tax rate of 25%	(148,951)	(73,337)
Tax effects of:-		
Non-deductible expenses	121,491	1,173
Deferred tax assets not recognised during the year	27,460	72,164
Income tax expense for the financial period/year	-	-

22. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	31.12.2010 RM	31.3.2010 RM
Cost of property, plant and equipment purchased	3,947,149	2,769,991
Amount financed through hire purchase	(87,300)	-
Cash disbursed for purchase of property, plant and equipment	3,859,849	2,769,991

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****23. CASH AND CASH EQUIVALENTS**

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

	31.12.2010 RM	31.3.2010 RM
Cash and bank balances	80	2,000
Bank overdraft	(1,448,295)	(1,512,134)
	<u>(1,448,215)</u>	<u>(1,510,134)</u>

24. 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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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****24. 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:-

	1.4.2010 to 31.12.2010 RM	2010 RM
Fellow subsidiaries:-		
- Sale of fresh fruit bunches	-	11,457
- Sale of property, plant and equipment	-	7,000
- Sale of seedlings	38,262	585,552
Companies in which the directors and their close family members have substantial financial interests:-		
- Computer software, printing and stationery	7,821	13,903
- Contract charges	2,740,619	3,266,218
- Fertiliser testing charges	2,309	713
- Insurance paid	60,567	35,754
- Purchase of fertilisers and chemicals	2,174,971	220,738
- Purchase of property, plant and equipment	1,910	798
- Purchase of seedlings	166,168	-
- Purchase of sundry stores and consumables	512,576	737,177
- Recruitment charges	34,410	86,424
- Rental paid	2,860	9,000
- Repairs and maintenance	43,202	90,066
- Sale of fresh fruit bunches	218,668	107,790
- Sale of seedlings	-	48,521
- Secretarial services	103	103
- Staff training expenses	-	2,850
- Transportation and accommodation charges	78,712	16,411

25. CAPITAL COMMITMENTS

	31.12.2010 RM	31.3.2010 RM
Approved and contracted for:-		
- Property, plant and equipment	38,402	99,152

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

26. 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 foreign currency risk, interest rate risk and equity price 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) Market Risk*(i) Foreign Currency Risk*

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) 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 its interest-bearing borrowings.

Information relating to the Company's exposure to the interest rate risk of the financial liabilities is disclosed in Note 26(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

A 100 basis points strengthening in the interest rate as at the end of the reporting period would have increased interest expense by RM273,841. A 100 basis points weakening would have had an equal but opposite effect on the interest expense. This assumes that all other variables remain constant.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence is not exposed to equity price risk.

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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

26. FINANCIAL INSTRUMENTS (CONT'D)**(a) Financial Risk Management Policies (Cont'd)****(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.

Credit risk concentration profile

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.

Ageing analysis

The ageing analysis of the Company's trade receivables as at 31 December 2010 is as follows:-

	GROSS AMOUNT RM	INDIVIDUAL IMPAIRMENT RM	COLLECTIVE IMPAIRMENT RM	CARRYING VALUE RM
Not past due	33,613	-	-	33,613

Trade receivables that are neither past due nor impaired

The trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company.

(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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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010

26. 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 end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	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
31.12.2010							
Bank borrowings:-							
- bank overdraft	7.80	1,448,295	367,341	367,341	-	-	-
- hire purchase	2.90	87,300	93,629	37,452	37,452	18,725	-
- revolving credit	4.54	35,000,000	40,808,552	2,318,492	5,001,037	26,749,418	6,739,605
Trade and other payables	-	16,499,613	16,499,613	16,499,613	-	-	-
Amount owing to holding company	-	9,509,003	9,509,003	9,509,003	-	-	-
		62,544,211	67,278,138	28,731,901	5,038,489	26,768,143	6,739,605

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

26. 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 end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (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
31.3.2010							
Bank borrowings:-							
- bank overdraft	7.05	1,512,134	1,512,134	1,512,134	-	-	-
- revolving credit	4.18	29,500,000	38,660,040	1,355,365	3,343,870	24,220,455	9,740,350
Trade and other payables	-	25,875,540	25,875,540	25,875,540	-	-	-
Amount owing to holding company	-	600	600	600	-	-	-
		56,888,274	66,048,314	28,743,639	3,343,870	24,220,455	9,740,350

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NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010****26. FINANCIAL INSTRUMENTS (CONT'D)****(b) Capital Risk Management**

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholder(s) value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio. As the Company has significant borrowings but a negative equity base. The debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings.

(c) Classification of Financial Instruments

	31.12.2010 RM
Financial Assets	
<u>Loans and receivables financial assets</u>	
Trade and other receivables	49,822
Cash and bank balances	80
	<hr/> 49,902 <hr/>
Financial Liabilities	
<u>Other financial liabilities</u>	
Trade and other payables	16,499,613
Amount owing to holding company	9,509,003
Bank borrowings:-	
- bank overdraft	1,448,295
- other borrowings	35,087,300
	<hr/> 62,544,211 <hr/>

NOVELPAC-PUNCAKDANA PLANTATION SDN BHD

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Company No: 378441-K

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010**
26. FINANCIAL INSTRUMENTS (CONT'D)**(d) 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	87,300	85,997	-	-

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 revolving credit approximated its fair value as the instrument bears interest at variable rates.

27. CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 31 March 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 nine months from 1 April 2010 to 31 December 2010. Accordingly, the comparative figures (which cover a period of twelve months from 1 April 2009 to 31 March 2010) for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes to the financial statements are not comparable with those of the current financial period.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 APRIL 2010 TO 31 DECEMBER 2010

28. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the adoption of FRS 101 (Revised) and FRS 138 as disclosed in Notes 4(a)(ii) and 4(a)(iii) to the financial statements:-

	AS RESTATE D RM	AS PREVIOUSLY REPORTED RM
STATEMENT OF FINANCIAL POSITION (EXTRACT):-		
NON-CURRENT ASSETS		
Property, plant and equipment	23,605,724	6,643,133
Intangible assets	15,594	-
Biological assets	25,287,047	-
Plantation development expenditure	-	42,265,232
	<hr/>	<hr/>

WOODIJAYA SDN BHD

(Incorporated in Malaysia)

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*for the financial year ended 31 December 2010***CONTENTS**

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WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2010.

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 year.

RESULTS

RM

Loss for the financial year

5,432

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

- (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.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)

Company No: 448169-P

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, 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 impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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 impairment losses on receivables 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.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
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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 year 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 year.

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 year 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 year 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 year 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 year.

HOLDING COMPANY

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

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

DIRECTORS' REPORT**DIRECTORS**

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

TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING
TIONG CHIONG ONG

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares in the Company and its related corporations during the financial year are as follows:-

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AT 1.1.2010	BOUGHT	SOLD	AT 31.12.2010
<i>INDIRECT INTEREST</i>				
TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING [#]	10,200	-	-	10,200

[#] *Deemed interested by virtue of his substantial shareholdings in the holding company*

By virtue of his shareholdings in the holding company, Tan Sri Datuk Sri Diong Hiew King @ Tiong Hiew King is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 6A of the Companies Act 1965.

The other director holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, 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 20 to the financial statements.

Neither during nor at the end of the financial year 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.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

DIRECTORS' REPORT

AUDITORS

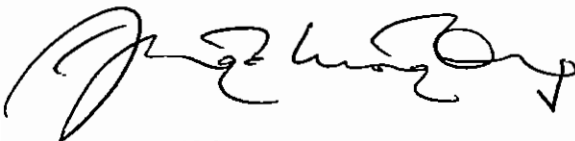
The auditors, Messrs. Hii & Lee, were merged into Messrs. Crowe Horwath on 1 January, 2011. In view of this merger, Messrs. Hii & Lee retire at the forthcoming Annual General Meeting and do not seek re-appointment. The directors have received a nomination to appoint Messrs. Crowe Horwath as auditors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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 15 MAR 2011



Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King



Tiong Chiong Ong

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

STATEMENTS BY DIRECTORS

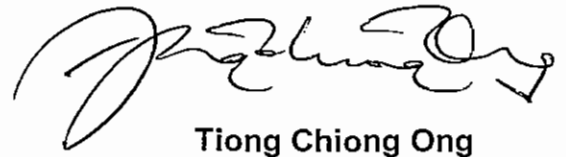
We, Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Chiong Ong, being the two directors of Woodijaya Sdn Bhd, state that, in our opinion, the financial statements set out on pages 9 to 45 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia 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 year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 15 MAR 2011



Tan Sri Datuk Sir Diong Hiew King @
Tiong Hiew King



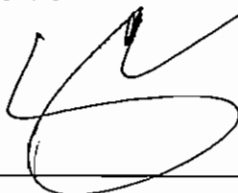
Tiong Chiong Ong

STATUTORY DECLARATION

I, Ling Tong Ung, being the officer primarily responsible for the financial management of Woodijaya Sdn Bhd, do solemnly and sincerely declare that the financial statements set out on pages 9 to 45 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 Sibul
on this 15 MAR 2011.

Before me





Ling Tong Ung



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 WOODIJAYA SDN BHD

(Incorporated in Malaysia)

Company No: 448169-P

Report on the Financial Statements

We have audited the financial statements of Woodijaya Sdn Bhd, which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 45.

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.



HIJ & LEE (AF0123)
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WOODIJAYA SDN BHD (CONT'D)**

(Incorporated in Malaysia)
Company No: 448169-P

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 year 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.


Hij & Lee
 Firm No: AF 0123
 Chartered Accountants


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

15 MAR 2011

Sibu, Sarawak

WOODIJAYA SDN BHD(Incorporated in Malaysia)
Company No: 448169-P**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2010**

	NOTE	31.12.2010 RM	RESTATED 31.12.2009 RM	RESTATED 1.4.2009 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	7	9,931,892	4,049,124	3,731,775
Biological assets	9	3,126,483	738,653	423,275
		<u>13,058,375</u>	<u>4,787,777</u>	<u>4,155,050</u>
CURRENT ASSETS				
Inventories	10	3,939,206	180,645	-
Other receivables	11	2,665	1,524,007	-
Cash and bank balances		2,000	-	1,000
		<u>3,943,871</u>	<u>1,704,652</u>	<u>1,000</u>
TOTAL ASSETS		<u>17,002,246</u>	<u>6,492,429</u>	<u>4,156,050</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12	12,000	12,000	12,000
Accumulated losses		(245,456)	(240,114)	(253,754)
TOTAL EQUITY		<u>(233,456)</u>	<u>(228,114)</u>	<u>(241,754)</u>
NON-CURRENT LIABILITIES				
Bank borrowings	13	2,000,000	2,000,000	-
CURRENT LIABILITIES				
Trade and other payables	15	2,966,368	4,350,057	4,397,804
Amount owing to holding company	16	11,082,674	3,145	-
Bank overdraft	13	1,186,660	367,341	-
		<u>15,235,702</u>	<u>4,720,543</u>	<u>4,397,804</u>
TOTAL LIABILITIES		<u>17,235,702</u>	<u>6,720,543</u>	<u>4,397,804</u>
TOTAL EQUITY AND LIABILITIES		<u>17,002,246</u>	<u>6,492,429</u>	<u>4,156,050</u>

WOODIJAYA SDN BHD

(Incorporated in Malaysia)

Company No: 448169-P

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	NOTE	2010 RM	2009 RM
REVENUE		-	-
OTHER INCOME		8,000	17,617
ADMINISTRATIVE EXPENSES		(13,342)	(3,977)
(LOSS)/PROFIT BEFORE TAXATION	17	(5,342)	13,640
INCOME TAX EXPENSE	18	-	-
(LOSS)/PROFIT AFTER TAXATION		(5,342)	13,640
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		(5,342)	13,640

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	SHARE CAPITAL RM	ACCUMULATED LOSSES RM	TOTAL RM
Balance at 1.4.2009	12,000	(253,754)	(241,754)
Total comprehensive income for the financial period	-	13,640	13,640
Balance at 31.12.2009/1.1.2010	12,000	(240,114)	(228,114)
Total comprehensive income for the financial year	-	(5,342)	(5,342)
Balance at 31.12.2010	12,000	(245,456)	(233,456)

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	NOTE	2010 RM	2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before taxation		(5,342)	13,640
Operating (loss)/profit before working capital changes		(5,342)	13,640
Increase in inventories		(3,758,561)	(180,645)
Decrease/(increase) in receivables		1,521,342	(1,524,007)
Increase/(decrease) in payables		9,695,840	(44,602)
CASH FROM/(FOR) OPERATING ACTIVITIES		7,453,279	(1,735,614)
Interest paid		(77,057)	(14,637)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		7,376,222	(1,750,251)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,984,755)	(385,514)
Costs incurred on biological assets		(2,135,248)	(196,052)
NET CASH FOR INVESTING ACTIVITIES		(8,120,003)	(581,566)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loan		-	2,000,000
Payment of interest on term loan		(73,538)	(36,524)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(73,538)	1,963,476
NET DECREASE IN CASH AND CASH EQUIVALENTS		(817,319)	(368,341)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		(367,341)	1,000
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	19	(1,184,660)	(367,341)

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 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 3rd Floor, No. 66 - 78, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, Sarawak.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 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 year.

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.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

4. BASIS OF PREPARATION (CONT'D)

- (a) During the current financial year, the Company has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 4 Insurance Contracts

FRS 7 Financial Instruments: Disclosures

FRS 8 Operating Segments

FRS 101 (Revised) Presentation of Financial Statements

FRS 123 (Revised) Borrowing Costs

FRS 139 Financial Instruments: Recognition and Measurement

Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary,
Jointly Controlled Entity or Associate

Amendments to FRS 2: Vesting Conditions and Cancellations

Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and
Obligations Arising on Liquidation

Amendments to FRS 132: Classification of Rights Issues and the Transitional
Provision in Relation to Compound Instruments

IC Interpretation 9 Reassessment of Embedded Derivatives

IC Interpretation 10 Interim Financial Reporting and Impairment

IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13 Customer Loyalty Programmes

IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum
Funding Requirements and their Interaction

Annual Improvements to FRSs (2009)

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

4. BASIS OF PREPARATION (CONT'D)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Company's financial statements, other than the following:-

- (i) FRS 7 requires additional disclosures about the Company's financial instruments. Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosures and Presentation*. FRS 7 requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Company has applied FRS 7 prospectively in accordance with the transitional provisions. Accordingly, the new disclosures have not been applied to the comparatives and are included throughout the Company's financial statements for the current financial year.

- (ii) FRS 101 (Revised) introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as one single statement.

The revised standard also separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income as other comprehensive income.

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 classification of items in the statement.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

4. BASIS OF PREPARATION (CONT'D)

- (a) (ii) FRS 101 (Revised) also requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. This new disclosure is made in Note 22(b) to the financial statements.

Comparative information has been re-presented so that it is in conformity with the requirements of this revised standard.

- (iii) The Company has adopted the amendments made to FRS 117 *Leases* pursuant to the Annual Improvements to FRSs (2009). The Company has reassessed and determined that the leasehold land of the Company is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.
- (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 year:-

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 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
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: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

4. BASIS OF PREPARATION (CONT'D)

(b) FRSs and IC Interpretations (including the Consequential Amendments)	Effective date
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 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 12 Service Concession Arrangements	1 July 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 (2010)	1 January 2011
The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Company's operations.	

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

5. GOING CONCERN

The Company incurred a net loss of RM5,342 during the financial year ended 31 December 2010, and as of that date, the Company's current liabilities exceeded its current assets by RM11,291,831.

The financial statements have been prepared on the going concern assumption as the holding company has undertaken to provide all necessary financial support to the Company so as to enable the Company to meet in full its financial obligations as and when they fall due.

6. 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.

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.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Critical Accounting Estimates and Judgements (Cont'd)***(ii) 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.

(iii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Company has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(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.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Financial Instruments**

Financial instruments are recognised in the statement of financial position 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

As at the end of the reporting period, there were no financial assets classified under this category.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) Financial Instruments (Cont'd)***(i) Financial Assets (Cont'd)*

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial Liabilities

All financial liabilities are initially recognised at fair value plus direct attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(iii) 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.

WOODIJAYA SDN BHD

(Incorporated in Malaysia)

Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Property, Plant and Equipment**

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

Drainage and roads are not depreciated until the oil palm trees attain maturity. 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:-

Leasehold land	Over the lease period of 60 years
Motor vehicles, plant and machinery	20%
Equipment and furniture	10% - 20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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 profit or loss 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 recognised in profit or loss.

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) Property, plant and equipment (Cont'd)**

In the previous financial period, leasehold land that normally had an indefinite economic life and title was not expected to pass to the lessee by the end of the lease term was treated as an operating lease. The payment made on entering into or acquiring the leasehold land that was accounted for as an operating lease represents prepaid lease payments.

During the financial year, the Company adopted the amendments made to FRS 117 *Leases* in relation to the classification of lease of land. The Company's leasehold land which in substance is a finance lease has been reclassified as property, plant and equipment and measured as such retrospectively.

(e) 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 recognised in profit or loss. Pre-cropping cost is amortised on a straight-line basis over 25 years, the expected useful life of oil palm trees.

(f) 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. Cost of nursery inventories comprises all costs that are directly attributable to the nursery development activities.

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

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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Impairment***(i) Impairment of Financial Assets*

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) Impairment of Non-financial Assets

The carrying values of assets, other than those to which FRS 136 *Impairment of Assets* does not apply, are reviewed at the end of each reporting period 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 recognised in profit or loss 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 profit or loss immediately.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) 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.

(i) 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 the end of each reporting 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.

(j) 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 recognised in profit or loss 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.

(k) 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 recognised in profit or loss as expenses in the period in which they incurred.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(I) 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 end of the reporting period.

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 the end of each reporting period 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 end of the reporting period.

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.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

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**NOTES TO THE FINANCIAL STATEMENTS
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6. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(m) 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.

WOODIJAYA SDN BHD(Incorporated in Malaysia)
Company No: 448169-P**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****7. PROPERTY, PLANT AND EQUIPMENT**

	AS PREVIOUSLY REPORTED AT 1.1.2010 RM	EFFECTS OF FRS 117 RM	AS RESTATE AT 1.1.2010 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
At 31.12.2010						
NET CARRYING AMOUNT						
Leasehold land	-	3,578,106	3,578,106	-	(61,959)	3,516,147
Drainage and roads	381,359	-	381,359	5,740,132	-	6,121,491
Motor vehicles, plant and machinery	87,100	-	87,100	77,080	(34,508)	129,672
Equipment and furniture	2,559	-	2,559	27,749	(5,520)	24,788
Capital work-in-progress	-	-	-	139,794	-	139,794
	471,018	3,578,106	4,049,124	5,984,755	(101,987)	9,931,892

WOODIJAYA SDN BHD(Incorporated in Malaysia)
Company No. 448169-P**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	AS PREVIOUSLY REPORTED AT 1.4.2009 RM	EFFECTS OF FRS 117 RM	AS RESTATE AT 1.4.2009 RM	ADDITIONS RM	RESTATE DEPRECIATION CHARGE RM	RESTATE AT 31.12.2009 RM
At 31.12.2009						
NET CARRYING AMOUNT						
Leasehold land	-	3,624,575	3,624,575	-	(46,469)	3,578,106
Drainage and roads	-	-	-	381,359	-	381,359
Motor vehicles, plant and machinery	107,200	-	107,200	-	(20,100)	87,100
Equipment and furniture	-	-	-	4,155	(1,596)	2,559
	107,200	3,624,575	3,731,775	385,514	(68,165)	4,049,124

WOODIJAYA SDN BHD(Incorporated in Malaysia)
Company No: 448169-P**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.12.2010			
Leasehold land	3,717,513	(201,366)	3,516,147
Drainage and roads	6,121,491	-	6,121,491
Motor vehicles, plant and machinery	211,080	(81,408)	129,672
Equipment and furniture	31,904	(7,116)	24,788
Capital work-in-progress	139,794	-	139,794
	10,221,782	(289,890)	9,931,892
At 31.12.2009			
Leasehold land	3,717,513	(139,407)	3,578,106
Drainage and roads	381,359	-	381,359
Motor vehicles, plant and machinery	134,000	(46,900)	87,100
Equipment and furniture	4,155	(1,596)	2,559
	4,237,027	(187,903)	4,049,124

- (a) The net carrying amount of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Company (Note 13) is as follows:-

	2010 RM	RESTATED 2009 RM
Leasehold land	3,516,147	3,578,106
Drainage and roads	6,121,491	381,359
Equipment and furniture	5,138	-
Capital work-in-progress	139,794	-
	9,782,570	3,959,465

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**NOTES TO THE FINANCIAL STATEMENTS
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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	2010 RM	RESTATED 2009 RM
Unexpired period of more than 50 years	3,516,147	3,578,106

8. PREPAID LEASE RENTALS

	2010 RM	RESTATED 2009 RM
Leasehold land, at cost		
- As previously reported	3,717,513	3,717,513
- Effects of FRS 117	(3,717,513)	(3,717,513)
- As restated	-	-
Accumulated amortisation		
- As previously reported	139,407	92,938
- Effects of FRS 117	(139,407)	(92,938)
- As restated	-	-
	-	-

The Company has adopted the amendments made to FRS 117 *Leases* during the financial year. The Company has reassessed and determined that the leasehold land of the Company is in substance a finance lease and has been reclassified as property, plant and equipment. This change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendments.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**
9. BIOLOGICAL ASSETS

	2010 RM	2009 RM
At cost:-		
At 1 January / At 1 April	738,653	423,275
Additions during the financial year/period	2,387,830	315,378
	<hr/>	<hr/>
At 31 December	3,126,483	738,653
	<hr/>	<hr/>

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

	2010 RM	2009 RM
Depreciation of property, plant and equipment	101,987	68,165
Interest expense:-		
- bank overdraft	77,057	14,637
- term loan	73,538	36,524
Rental	13,632	-
Staff costs:-		
- short-term benefits	93,555	3,685
- defined contribution plans	12,106	471
	<hr/>	<hr/>

(b) The biological assets are pledged to licensed banks as security for banking facilities granted to the Company (Note 13).

10. INVENTORIES

	2010 RM	2009 RM
At cost:-		
Nursery inventories	3,839,271	-
Sundry stores and consumables	99,935	180,645
	<hr/>	<hr/>
	3,939,206	180,645
	<hr/>	<hr/>

None of the inventories is carried at net realisable value.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**
11. OTHER RECEIVABLES

	2010 RM	2009 RM
Other receivables:-		
Related parties	1,800	1,523,409
Prepayments	865	598
	<u>2,665</u>	<u>1,524,007</u>

The amount owing by related parties is unsecured, interest-free and repayable on demand.

12. SHARE CAPITAL

	2010 NUMBER OF SHARES	2009 NUMBER OF SHARES	2010 RM	2009 RM
ORDINARY SHARES OF RM1 EACH:-				
AUTHORISED	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
ISSUED AND FULLY PAID-UP	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>

13. BANK BORROWINGS

	2010 RM	2009 RM
Long-term Borrowings		
Term loan, secured	2,000,000	2,000,000
Short-term Borrowings		
Bank overdraft, secured	1,186,660	367,341
	<u>3,186,660</u>	<u>2,367,341</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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13. BANK BORROWINGS (CONT'D)

The term loan is repayable as follows:-

	2010 RM	2009 RM
Later than two years and not later than five years	500,000	-
Later than five years	1,500,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

The bank overdraft and term loan are secured by:-

- (a) a fixed charge over the Company's landed properties; and
- (b) a joint and several guarantee provided by a director of the Company.

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

Term loan [at Cost of Funds + 1.00% per annum]	Repayable in 24 quarterly instalments, effective from June 2015, as follows:- 2015 – 4 quarterly instalments of RM0.50 million each 2016 – 4 quarterly instalments of RM1.00 million each 2017 – 4 quarterly instalments of RM1.50 million each 2018 – 4 quarterly instalments of RM2.00 million each 2019 – 4 quarterly instalments of RM2.00 million each 2020 – 4 quarterly instalments of RM2.50 million each
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****14. DEFERRED TAX**

	AT 1.1.2010 RM	RECOGNISED IN PROFIT OR LOSS RM	AT 31.12.2010 RM
At 31.12.2010			
Property, plant and equipment, and biological assets	7,739	31,629	39,368
Unused tax losses	(184)	-	(184)
Unabsorbed agriculture/capital allowance	(7,555)	(31,629)	(39,184)
	-	-	-
	AT 1.4.2009 RM	RECOGNISED IN PROFIT OR LOSS RM	AT 31.12.2009 RM
At 31.12.2009			
Property, plant and equipment, and biological assets	-	7,739	7,739
Unused tax losses	-	(184)	(184)
Unabsorbed agriculture/capital allowance	-	(7,555)	(7,555)
	-	-	-

At the end of the reporting period, the Company has tax losses and agriculture/capital allowance of approximately RM4,500 (2009: RM700) and 153,000 (2009: RM57,700) respectively, that are available for offset against future taxable profits of the Company.

Deferred tax assets are recognised in respect of the above items to the extent of the Company's taxable temporary differences. No deferred tax assets are recognised in respect of the following item as it is not probable that taxable profits of the Company will be available against which the unused tax credits can be utilised:-

	2010 RM	2009 RM
Unused tax losses	-	6,884

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**NOTES TO THE FINANCIAL STATEMENTS
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15. TRADE AND OTHER PAYABLES

	2010 RM	2009 RM
Trade payables:-		
Third parties	349,125	144,882
Related parties	1,235,446	38,136
	<u>1,584,571</u>	<u>183,018</u>
Other payables:-		
Third parties	6,093	8,391
Related parties	1,351,698	4,149,999
Accruals	24,006	8,649
	<u>1,381,797</u>	<u>4,167,039</u>
	<u>2,966,368</u>	<u>4,350,057</u>

- (a) The normal trade credit term granted to the Company is 60 days.
- (b) The amount owing to related parties is unsecured, interest-free and repayable on demand.

16. AMOUNT OWING TO HOLDING COMPANY

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

17. (LOSS)/PROFIT BEFORE TAXATION

	2010 RM	2009 RM
(Loss)/profit before taxation is arrived at after charging/(crediting):-		
Audit fee:-		
- current financial year/period	4,500	2,000
- underprovision in the previous financial year	-	500
- special audit	3,500	-
Directors' fee	2,000	-
Rental income	(8,000)	(15,452)
	<u> </u>	<u> </u>

18. INCOME TAX EXPENSE

	2010 RM	2009 RM
Current tax	-	-
	<u> </u>	<u> </u>

A reconciliation of income tax expense applicable to (loss)/profit 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
(Loss)/profit before taxation	(5,342)	13,640
	<u> </u>	<u> </u>
Tax at the statutory tax rate of 25%	(1,336)	3,410
Tax effects of:-		
Non-deductible expenses	392	269
Deferred tax assets not recognised during the year	-	184
Utilisation of deferred tax assets previously not recognised	(6,884)	-
Others	7,828	(3,863)
	<u> </u>	<u> </u>
Income tax expense for the financial year/period	-	-
	<u> </u>	<u> </u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

19. CASH AND CASH EQUIVALENTS

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

	2010 RM	2009 RM
Cash and bank balances	2,000	-
Bank overdraft	(1,186,660)	(367,341)
	<u>(1,184,660)</u>	<u>(367,341)</u>

20. 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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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**
20. 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 year/period:-

	2010 RM	2009 RM
Fellow subsidiaries:-		
- Store issues	76,108	-
Companies in which the directors and their close family members have substantial financial interests:-		
- Computer software, printing and stationery	380	3,102
- Contract charges	7,526,854	531,359
- Insurance paid	2,644	2,129
- Purchase of fertilisers and chemicals	99,597	-
- Purchase of property, plant and equipment	50,000	-
- Purchase of sundry stores and consumables	4,679	-
- Rental paid	7,005	-
- Rental received	8,000	15,452
- Repairs and maintenance	1,440	3,602
- Store issues	1,340	-
- Transportation and accommodation charges	8,453	1,285

21. CAPITAL COMMITMENTS

	2010 RM	2009 RM
Property, plant and equipment:-		
- Approved and contracted for	438,312	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

22. 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 foreign currency risk, interest rate risk and equity price 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) Market Risk*(i) Foreign Currency Risk*

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) 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 its interest-bearing borrowings.

Information relating to the Company's exposure to the interest rate risk of the financial liabilities is disclosed in Note 22(a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

A 100 basis points strengthening in the interest rate as at the end of the reporting period would have increased interest expense by RM31,867. A 100 basis points weakening would have had an equal but opposite effect on the interest expense. This assumes that all other variables remain constant.

As the Company's oil palm plantation is still in the development stage, the interest expense is capitalised as part of the cost of the assets and hence the strengthening and weakening in interest rate would have no impact on profit after taxation.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

21. FINANCIAL INSTRUMENTS (CONT'D)**(a) Financial Risk Management Policies (Cont'd)****(i) Market Risk (Cont'd)****(iii) Equity Price Risk**

The Company does not have any quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

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

Credit risk concentration profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty.

Exposure to credit risk

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 end of the reporting period.

(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.

WOODIJAYA SDN BHD(Incorporated in Malaysia)
Company No: 448169-P**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****22. 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 end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	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
2010							
Bank borrowings:-							
- bank overdraft	7.30	1,186,660	1,186,660	1,186,660	-	-	-
- term loan	3.49	2,000,000	2,390,525	76,200	76,200	1,223,838	1,014,288
Trade and other payables	-	2,966,368	2,966,368	2,966,368	-	-	-
Amount owing to holding Company	-	11,082,674	11,082,674	11,082,674	-	-	-
		17,235,702	17,626,227	15,311,902	76,200	1,223,838	1,014,288

WOODIJAYA SDN BHD(Incorporated in Malaysia)
Company No: 448169-P**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010****22. 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 end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (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	6.55	367,341	367,341	367,341	-	-	-
- term loan	3.16	2,000,000	2,419,100	76,200	76,200	1,228,600	1,038,100
Trade and other payables	-	4,350,057	4,350,057	4,350,057	-	-	-
Amount owing to holding company	-	3,145	3,145	3,145	-	-	-
		6,720,543	7,139,643	4,796,743	76,200	1,228,600	1,038,100

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

22. 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 end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (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	6.55	367,341	367,341	367,341	-	-	-
- term loan	3.16	2,000,000	2,466,725	76,200	76,200	228,600	2,085,725
Trade and other payables	-	4,350,057	4,350,057	4,350,057	-	-	-
Amount owing to holding company	-	3,145	3,145	3,145	-	-	-
		6,720,543	7,187,268	4,796,743	76,200	228,600	2,085,725

WOODIJAYA SDN BHD

(Incorporated in Malaysia)
Company No: 448169-P

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

22. FINANCIAL INSTRUMENTS (CONT'D)**(d) Fair Values of Financial Instruments**

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used in determining the fair values of the financial instruments:-

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The carrying amount of the term loan approximated its fair value as it is a floating rate instrument that is repriced to the market interest rate on or near the end of the reporting period.

23. COMPARATIVE FIGURES

The comparative figures for the Company relate to the nine-month period from 1 April 2009 to 31 December 2009, as opposed to the current reporting period of twelve months ended 31 December 2010, as a result of the change of accounting year end during the previous financial period. Accordingly, the information disclosed for the previous financial period may not be entirely comparable with that of the current financial year.

The following figures have been reclassified to conform with the adoption of the amendments to FRS 117 *Leases* as disclosed in Note 4(a)(iii) to the financial statements:-

	AS RESTATE D RM	AS PREVIOUSLY REPORTED RM
STATEMENT OF FINANCIAL POSITION (EXTRACT):-		
NON-CURRENT ASSETS		
Property, plant and equipment	4,049,124	471,018
Prepaid lease rentals	-	3,578,106
	<hr/>	<hr/>

VALUATION CERTIFICATES

**HENRY BUTCHER MALAYSIA***International Asset Consultants*20th April 2011

The Board of Directors
Rimbunan Sawit Berhad
 No. 66 – 78, Pusat Suria Permata,
 Jalan Upper Lanang 12A,
 96000 Sibu, Sarawak

Dear Sir,

CERTIFICATE OF VALUATION OF PROVISIONAL LEASE OF STATE LAND DEVELOPED FOR OIL PALM PLANTATION WITH AN AREA OF 4,100 HECTARES KNOWN AS NESCA YA PALMA PLANTATION ESTATE UNDER LOT 13 BULOH LAND DISTRICT, SELANGAU, SIBU DIVISION

This certificate has been prepared for inclusion in the Circular to Shareholders of Rimbunan Sawit Berhad ("RSB") dated 20th April 2011 in relation to the Proposed Acquisitions by RSB of Nescaya Palma Plantation Estate.

In accordance with the instructions from RSB, we have valued the abovementioned property vide our valuation report bearing Reference No.: HBMM/VAL/MV/3143/2010 (Nescaya Palma Plantation Estate) dated 15th October 2010 for the purpose of submission to Bursa Malaysia Securities Berhad. The subject property was inspected on 12th September 2010. The material date of valuation for this exercise is at 30th September 2010.

We confirm that we have valued the subject property based on the valuation basis stated below. The valuation has been carried out in accordance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and complies with the Securities Commission's Asset Valuation Guidelines.

The basis of the valuation is the **Market Value** which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In assessing the market value of the subject property, we have adopted both the **Discounted Cash Flow (DCF) Method** and the **Comparison Method** of valuation.

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HENRY BUTCHER MALAYSIA (MIRI) SDN. BHD. (566177-X)

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Brief details of the Property as extracted from the valuation report are as follows:

Asset Identification	<p>Details of Title The subject estate, Nescaya Palma Plantation Estate is situated within Sibul Division, Sarawak and held under Provisional Lease of State Lands. (hereinafter referred to as the "subject property")</p> <p>Title Particulars Provisional Lease Lot 13 Buloh Land District</p> <p>Land Area (hectares) 4,100.00</p> <p>Location/Address The subject property is situated at Sungai Buloh, Balingian, within the area known as Selangau, Sibul Division. The estate is about 45 kilometres to the South-East of Mukah Town and about 70 kilometres to the South-West of Tatau Town and about 9 kilometres to the North-East of Selangau Bazaar.</p> <p>Accessibility Nescaya Palma Plantation Estate is accessible by way of Miri-Bintulu Road, Bintulu-Sibul Road, turning off at about 126 kilometres from the Miri-Bintulu Road and Bintulu-Sibul Road junction, and then onto a private earth-gravelled road (about 5 kilometres) passing over the adjoining lands before reaching the estate. Bintulu Town Centre is about 208 kilometres by road from Miri City Centre.</p> <p>Tenure Leasehold 60 years expiring on 12/03/2060, with unexpired term of about 50 years.</p> <p>Category of Land Use Agricultural purposes.</p> <p>Registered Proprietor Nescaya Palma Sendirian Berhad</p>																																																																																																																					
General Description of Asset	<p>Description The subject property is held under a Provisional Lease of State Lands for oil palm plantation purposes.</p> <p>Nescaya Palma Plantation Estate is situated on Lot 13 Buloh Land District, with total land area of 4,100.00 hectares.</p> <p>Nescaya Palma Plantation Estate is a plantation and operational comprises 2 divisions namely Division A1 & A2 and Division B1 & B2 and further subdivided into various sub-blocks each for easy plantation management purposes.</p> <p>(a) Area Statement is as follows:-</p> <table border="1" data-bbox="437 1339 1331 1637"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="2">Year</th> <th rowspan="2">Planted Area (Ha)</th> <th rowspan="2">Mature Area (Ha)</th> <th rowspan="2">Immature Area (Ha)</th> </tr> <tr> <th>Of Planting</th> <th>Age @ 2009</th> </tr> </thead> <tbody> <tr><td>1.</td><td>2003</td><td>7</td><td>96.29</td><td>96.29</td><td></td></tr> <tr><td>2.</td><td>2004</td><td>6</td><td>523.11</td><td>523.11</td><td></td></tr> <tr><td>3.</td><td>2005</td><td>5</td><td>1,344.66</td><td>1,344.66</td><td></td></tr> <tr><td>4.</td><td>2006</td><td>4</td><td>570.32</td><td>570.32</td><td></td></tr> <tr><td>5.</td><td>2007</td><td>3</td><td>131.89</td><td></td><td>131.89</td></tr> <tr><td>6.</td><td>2008</td><td>2</td><td>35.11</td><td></td><td>35.11</td></tr> <tr><td>7.</td><td>2009</td><td>1</td><td>882.42</td><td></td><td>882.42</td></tr> <tr><td>8.</td><td>2010</td><td>0</td><td>75.66</td><td></td><td>75.66</td></tr> <tr><td colspan="3">Grand Total</td><td>3,659.46</td><td>2,534.38</td><td>1,125.08</td></tr> <tr><td colspan="3">Percentage</td><td></td><td>69.26%</td><td>30.74%</td></tr> </tbody> </table> <p>(b) Itemised production costs analysis and OER for the past years are as follows:-</p> <table border="1" data-bbox="437 1693 1321 2007"> <thead> <tr> <th colspan="2"></th> <th>Year</th> <th>FY2006</th> <th>FY2007</th> <th>FY2008</th> <th>FY2009</th> </tr> </thead> <tbody> <tr> <td colspan="2">OER (%)</td> <td></td> <td></td> <td></td> <td></td> <td>16% to 19.2%</td> </tr> <tr> <td colspan="7">Items</td> </tr> <tr> <td>1)</td> <td>Plantation Admin Charges <i>Cost per ha (RM/Ha)</i></td> <td></td> <td>307.04</td> <td>296.28</td> <td>727.96</td> <td>512.29</td> </tr> <tr> <td>2)</td> <td>Maintenance/Cultivation <i>Cost per ha (RM/Ha)</i></td> <td></td> <td>981.73</td> <td>1228.48</td> <td>2061.62</td> <td>1577.83</td> </tr> <tr> <td>3)</td> <td>Harvesting & Collecting Cost <i>Cost per metric tonne (RM/MT)</i></td> <td></td> <td>69.79</td> <td>49.90</td> <td>65.74</td> <td>50.63</td> </tr> <tr> <td>4)</td> <td>FFB Transport To Mill Cost <i>Cost per metric tonne (RM/MT)</i></td> <td></td> <td>7.09</td> <td>14.88</td> <td>17.15</td> <td>19.34</td> </tr> </tbody> </table>	Item	Year		Planted Area (Ha)	Mature Area (Ha)	Immature Area (Ha)	Of Planting	Age @ 2009	1.	2003	7	96.29	96.29		2.	2004	6	523.11	523.11		3.	2005	5	1,344.66	1,344.66		4.	2006	4	570.32	570.32		5.	2007	3	131.89		131.89	6.	2008	2	35.11		35.11	7.	2009	1	882.42		882.42	8.	2010	0	75.66		75.66	Grand Total			3,659.46	2,534.38	1,125.08	Percentage				69.26%	30.74%			Year	FY2006	FY2007	FY2008	FY2009	OER (%)						16% to 19.2%	Items							1)	Plantation Admin Charges <i>Cost per ha (RM/Ha)</i>		307.04	296.28	727.96	512.29	2)	Maintenance/Cultivation <i>Cost per ha (RM/Ha)</i>		981.73	1228.48	2061.62	1577.83	3)	Harvesting & Collecting Cost <i>Cost per metric tonne (RM/MT)</i>		69.79	49.90	65.74	50.63	4)	FFB Transport To Mill Cost <i>Cost per metric tonne (RM/MT)</i>		7.09	14.88	17.15	19.34
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(C) Historic yield record is as follows :-			
Year YOP ¹	Yield (Mt/ha)		
	2007	2008	2009
2003	19.02	20.03	26.96
2004	8.09	12.86	18.88
2005	0.91	6.43	10.89
2006	0.00	0.12	1.80
2007	0.02	0.01	0.08
2008	0.00	0.00	0.00
2009	0.00	0.00	0.00
2010	0.00	0.00	0.00

Notes:-
1. YOP = Year of Planting

Comparison Method

Our enquires lodges with various Lands and Surveys Departments, Miri and Bintulu Divisions, Sarawak, revealed that following few transactions of agricultural lands planted with oil palms:-

Items	Comparable 1	Comparable 2	Comparable 3
Titles(s)	Lot 56 Sawai Land District	Lot 2 Block 34 Kemena Land District and Lot 2 Block 4 Selezu Land District	Lot 3 Block 3 Sawai Land District (Formerly known as Lots 3 to 14 Sawai Land District)
Name	Selangor Plantation	Ladang Tabung Haji	BHB Plantation
Locality	Sungai Luai and Sungai Bawah, Niah	Jalan Sebah	Sungai Niah, Niah
Accessibility	Through Miri-Bintulu road and then by surfaced road/car truck	Jalan Miri-Bintulu, Jalan Sebah, Bintulu	Jalan Miri-Bintulu and then internal private road
Type of Soil	Mixture of mineral soil	Peat/Mineral Soil	Mineral soil
Terrain	Hilly/undulating	Flat and Undulating	Hilly/undulating
Category	Mixed Zone Land; Country Land	Mixed Zone Land; Country Land	Mixed Zone Land; Country Land
Annual Rent	RM12,002.00 per annum	Lot 2 Blk 34 KLD RM761 p.a. Lot 2 Blk 4 SLD RM16,536 p.a.	RM11,600.00 per annum
Land Area	4,857.00 ha	7,000.00 ha (net area: 4,900.00 ha)	4,640.00 hectares (Formerly was 4607.19 hectares)
Tenure (Expiry date)	22/02/2054	31/12/2056	17/07/2077
Description	Lands planted with oil palm (10-12 years old)	Lands planted with oil palm (8 to 10 years old)	Lands planted with oil palm (1 to 9 years old)
Transaction Date	09/11/2007	29/04/2008	August 1997
Term & Conditions	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.
Share of Transfer	Whole Share	Whole Share	Whole Share
Transaction Amount	RM97,000,000.00	RM138,000,000.00	RM90,000,000.00
Transferor	Perbadanan Kemajuan Pertanian Selangor	Tabung Haji Sdn. Bhd.	Austral Enterprise Bhd.
Transferee	Sheba Resources Sdn. Bhd.	Semai Mekar Sdn. Bhd.	Harvest Master Sdn Bhd
Analysis	RM19,971.18 per hectare	RM28,163 per hectare	RM16,713 per hectare
Remarks	Assessment accepted by Lands and Surveys, Valuation Department.	Assessment accepted. Noted that about 1,420 ha are subject to NCR claim and about 680 ha are unplatable area. Thus, the net area is 4,900.00 ha.	Transaction prices including Palm Oil Mill (POM). Estimated Value for POM is RM13,000,000.00.
Adjustment	An upward adjustment made on time (to reflect the 34 months time lags), age of crop and SPH (to reflect 158 SPH and compared to 90-100 SPH for the comparable).	<i>We had inspected all the Comparables. However, we adopted Comparable 1 for the analysis. This is because the detailed information pertaining to the YOP (year of planting), Stand per hectare (SPH), total developed area, the terrain etc was available and a meaningful assessment could be made.</i>	
Adjusted Value	RM27,560.22 per ha		

The adjusted value reflects the time factor, stand per hectare (SPH) and year of planting of the property. Thus, the Market Value derived from the Comparison Method after allowing for the usual value-based factor adjustments is RM113,000,000.00 (Ringgit Malaysia One Hundred and Thirteen Million Only).



Discounted Cashflow Method

Discounted Cashflow approach is an income-based method of valuation. The market value derived arises from the sales of the oil palm planted crop thereon and discounting the future income value at an appropriate discount rate.

In the Discounted Cashflow Method, our valuation computations are based on the following parameters:

(a) Long term FFB price	:	RM420 per mt
(b) Yield	:	1 mt to 26 mt per annum
(c) Field maintenance	:	RM2,886.90 per ha per annum
(d) General Charges	:	RM600 per ha per annum
(e) Harvesting and Collection	:	RM62 per mt per annum
(f) Transportation to mill	:	RM15 per mt
(g) Discount rate	:	10.50%
(h) Discount period	:	From year 2010 to year 2035
(i) Basic Land Value	:	RM14,607.71 per ha

Note :

Long term FFB price	-	Based on the average local FFB price over 20 years, a price of RM420 per MT (CPO at RM2,150 p/MT) is adopted to be the average price on a long-term sustainable price.
Yield	-	Based on the Company's projection, the MPOB and Porim data and valuer's estimate.
Field maintenance, General Charges, Harvesting and Collection & Transportation to mill	-	Based on the past four (4) years historic costs of production, three (3) years Company projections and valuer's estimate.
Discount rate	-	The adopted discount rate of 10.5% for oil palm cultivation reflecting risk and return on investment over the long term risk free yield which is derived from Malaysian Government Securities and also the present base lending rate.
Discount period	-	The remaining period of the economic life cycle for the palms, i.e. one cycle is about 25-27 years.
Basic Land Value	-	The basic land value adopted after taking into consideration the development cost, infrastructure cost analysed over 4,016,18ha, which is about 97.96% of the total area (4,100.00ha).

Market Value using DCF Method computes to RM113,200,000.00 (Ringgit Malaysia One Hundred Thirteen Million and Two Hundred Thousand Only).

Value Conclusion

In arriving at the final value of subject property, we have adopted Discounted Cashflow Method over Comparison Method, because of the on-going nature of an operational estate. Costing figures are available and fairly reliable and consideration can be given to different year of planting, stand per Hectare (SPH), different yield patterns, costs of production, etc. which are all unique to each estate. On the other hand, to find a perfect Comparable is almost impossible and any value derived has to be based on a subjective evaluation and computation relying on value-based factors only. As such, the Comparison Method should only be used as a guide. It is our considered opinion that the Market Value of the leasehold oil palm plantation property free from all encumbrances is RM113,200,000.00 (Ringgit Malaysia One Hundred Thirteen Million and Two Hundred Thousand Only).

**Yours faithfully,
HENRY BUTCHER MALAYSIA (MIRI) SDN. BHD.**

CHAI CHEON NYIAP
B.Sc (Hons) MIS (M) MRICS
Registered Valuer (V414)



HENRY BUTCHER MALAYSIA

International Asset Consultants

20th April 2011

The Board of Directors
Rimbunan Sawit Berhad
 No. 66 – 78, Pusat Suria Permata,
 Jalan Upper Lanang 12A,
 96000 Sibul, Sarawak

Dear Sir,

CERTIFICATE OF VALUATION OF PROVISIONAL LEASE OF STATE LAND DEVELOPED FOR OIL PALM PLANTATION WITH AN AREA OF 4,625 HECTARES KNOWN AS NOVELPAC-PUNCAKDANA PLANTATION ESTATE UNDER LOTS 11 AND 12 BULOH LAND DISTRICT, BALINGIAN, MUKAH DIVISION

This certificate has been prepared for inclusion in the Circular to Shareholders of Rimbunan Sawit Berhad ("RSB") dated 20th April 2011 in relation to the Proposed Acquisitions by RSB of Novelpac-Puncakdana Plantation Estate.

In accordance with the instructions from RSB, we have valued the abovementioned property vide our valuation report bearing Reference No.: HBMM/VAL/MV/3144/2010 dated 15th October 2010 for the purpose of submission to the Bursa Malaysia Securities Berhad. The subject property was inspected on 12th September 2010. The material date of valuation for this exercise is at 30th September 2010.

We confirm that we have valued the subject property based on the valuation basis stated below. The valuation has been carried out in accordance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and complies with the Securities Commission's Asset Valuation Guidelines.

The basis of the valuation is the **Market Value** which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In assessing the market value of the subject property, we have adopted both the **Discounted Cash Flow (DCF) Method** and the **Comparison Method** of Valuation.

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HENRY BUTCHER MALAYSIA (MIRI) SDN. BHD. (566177-X)
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www.henrybutchermalaysia.com



Brief details of the Property as extracted from the valuation report are as follows:

Asset Identification	<p>Details of Title The subject estate, Novelpac-Puncakdana Plantation Estate is situated within Mukah Division, Sarawak and under Provisional Lease of State Land, hereinafter referred to as the "subject property".</p> <table border="0"> <tr> <td>Title Particular</td> <td style="text-align: right;">Land Area (hectares)</td> </tr> <tr> <td>(a) Provisional Lease Lot 11 Buloh Land District and</td> <td style="text-align: right;">1,440.00</td> </tr> <tr> <td>(b) Provisional Lease Lot 12 Buloh Land District</td> <td style="text-align: right;"><u>3,185.00</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">4,625.00</td> </tr> </table> <p>Location/Address The subject property is situated at Sungai Basai, Mukah and Sungai Basai/Sungai Lemai Bakong Balingian, Balingian, Mukah Division. 'As the crow flies', it is about 58.0 kilometres to the North-East of Sibul Township, 50.00 kilometres to the South-East of Mukah Township, 5.00 kilometres to the North-East of Selangau Bazaar and also 55.00 kilometres to the South-West of Tatau Township.</p> <p>Accessibility The subject property is accessible by way of Miri-Bintulu Road, Bintulu-Sibu Road, and a private earth-gravelled road, which cuts through the adjoining estate (Nescaya Palma Plantation Estate) and then an earth-gravelled road, which serves the subject estate. The alternate access is by way of Selangau-Mukah Road from Sibul (about 80km) and then a private access road (about 3km) leading to the Plantation office complex.</p> <p>Tenure Lot 11 Buloh Land District - Leasehold 60 years expiring on 27/05/2059, with unexpired term of about 49 years, and Lot 12 Buloh Land District - Leasehold 60 years expiring on 30/03/2060, with unexpired term of about 50 years.</p> <p>Category of Land Use Agricultural purposes.</p> <p>Registered Proprietor Novelpac-Puncakdana Plantation Sdn. Bhd.</p>	Title Particular	Land Area (hectares)	(a) Provisional Lease Lot 11 Buloh Land District and	1,440.00	(b) Provisional Lease Lot 12 Buloh Land District	<u>3,185.00</u>	Total	4,625.00																																																																													
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General Description of Asset	<p>Description The subject property is under two (2) parcels of Provisional Lease of State Land for oil palm plantation purposes.</p> <p>Novelpac-Puncakdana Plantation Estate is situated on two adjoining Lots 11 and 12 all of Buloh Land District, with total land area of 4,625.00 hectares.</p> <p>Novelpac-Puncakdana Plantation Estate is still an on-going project and is planning to develop into 2 divisions namely Division A & B and sub-divided into three (3) phases i.e. Phase I to III. Each phase will further subdivided into various sub-blocks each for easy plantation management purposes.</p> <p>(a) Area statement is as follows :-</p> <table border="1" data-bbox="427 1473 1321 1697"> <thead> <tr> <th rowspan="2">Item</th> <th colspan="2">Year</th> <th rowspan="2">Planted Area (Ha)</th> <th rowspan="2">Mature Area (Ha)</th> <th rowspan="2">Immature Area (Ha)</th> </tr> <tr> <th>Of Planting</th> <th>Age @ 2009</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>2004</td> <td>6</td> <td>45.90</td> <td>45.90</td> <td>-</td> </tr> <tr> <td>2.</td> <td>2007</td> <td>3</td> <td>193.99</td> <td>-</td> <td>193.99</td> </tr> <tr> <td>3.</td> <td>2008</td> <td>2</td> <td>282.19</td> <td>-</td> <td>282.19</td> </tr> <tr> <td>4.</td> <td>2009</td> <td>1</td> <td>375.80</td> <td>-</td> <td>375.80</td> </tr> <tr> <td>5.</td> <td>2010</td> <td>0</td> <td>1,111.94</td> <td>-</td> <td>1,111.94</td> </tr> <tr> <td colspan="3">Grand Total</td> <td>2,009.82</td> <td>45.90</td> <td>1,963.92</td> </tr> <tr> <td colspan="3">Percentage</td> <td></td> <td>2.28%</td> <td>97.72%</td> </tr> </tbody> </table> <p>(b) Itemised production cost analysis and OER rate for the past year:-</p> <table border="1" data-bbox="427 1749 1104 2063"> <thead> <tr> <th colspan="2"></th> <th>Year</th> <th>FY2008</th> <th>FY2009</th> </tr> </thead> <tbody> <tr> <td colspan="2">OER Rate (%)</td> <td></td> <td colspan="2" style="text-align: center;">17% to 18%</td> </tr> <tr> <td colspan="5">Items</td> </tr> <tr> <td>1)</td> <td>Plantation Admin Charges Cost per ha (RM/ha)</td> <td></td> <td>361.53</td> <td>493.44</td> </tr> <tr> <td>2)</td> <td>Maintenance/Cultivation Cost per ha (RM/ha)</td> <td></td> <td>474.42</td> <td>2,325.27</td> </tr> <tr> <td>3)</td> <td>Harvesting & Collecting Cost Cost per metric tonne (RM/MT)</td> <td></td> <td>148.25</td> <td>75.70</td> </tr> <tr> <td>4)</td> <td>FFB Transport To Mill Cost Cost per metric tonne (RM/MT)</td> <td></td> <td>0.00</td> <td>4.02</td> </tr> </tbody> </table>	Item	Year		Planted Area (Ha)	Mature Area (Ha)	Immature Area (Ha)	Of Planting	Age @ 2009	1.	2004	6	45.90	45.90	-	2.	2007	3	193.99	-	193.99	3.	2008	2	282.19	-	282.19	4.	2009	1	375.80	-	375.80	5.	2010	0	1,111.94	-	1,111.94	Grand Total			2,009.82	45.90	1,963.92	Percentage				2.28%	97.72%			Year	FY2008	FY2009	OER Rate (%)			17% to 18%		Items					1)	Plantation Admin Charges Cost per ha (RM/ha)		361.53	493.44	2)	Maintenance/Cultivation Cost per ha (RM/ha)		474.42	2,325.27	3)	Harvesting & Collecting Cost Cost per metric tonne (RM/MT)		148.25	75.70	4)	FFB Transport To Mill Cost Cost per metric tonne (RM/MT)		0.00	4.02
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(c) The following is the past two (2) years yield recorded :-			
	Yield ² (Mt/ha)		
Year	2007	2008	2009
YOP ¹	2004	0.00	2.13
			5.96

Notes:-
 1. YOP = Year of Planting
 2. Yield record for Year 2008 is from July to December 2008 (still under scout harvesting).

Comparison Method

Our findings from various Lands and Surveys Department, Miri and Bintulu Divisions, Sarawak, revealed that there are few transactions of agricultural land planted with oil palms and are as follows:

Items	Comparable 1	Comparable 2	Comparable 3
Titles(s)	Lot 56 Sawai Land District	Lot 2 Block 34 Kemena Land District and Lot 2 Block 4 Selezu Land District	Lot 3 Block 3 Sawai Land District (Formerly known as Lots 3 to 14 Sawai Land District)
Name	Selangor Plantation	Ladang Tabung Haji	BHB Plantation
Locality	Sungai Luai and Sungai Bawah, Niah	Jalan Sebah	Sungai Niah, Niah
Accessibility	Through Miri-Bintulu road and then by surfaced road/car truck	Jalan Miri-Bintulu, Jalan Sebah, Bintulu	Jalan Miri-Bintulu and then internal private road
Type of Soil	Mixture of mineral soil	Peat/Mineral Soil	Mineral soil
Terrain	Hilly/undulating	Flat and Undulating	Hilly/undulating
Category	Mixed Zone Land; Country Land	Mixed Zone Land; Country Land	Mixed Zone Land; Country Land
Annual Rent	RM12,002.00 per annum	Lot 2 Blk 34 KLD RM761 p.a. Lot 2 Blk 4 SLD RM16,536 p.a.	RM11,600.00 per annum
Land Area	4,857.00 ha	7,000.00 ha (net area: 4,900.00 ha)	4,640.00 hectares (Formerly was 4607.19 hectares)
Tenure (Expiry date)	22/02/2054	31/12/2056	17/07/2077
Description	Lands planted with oil palm (10-12 years old)	Lands planted with oil palm (8 to 10 years old)	Lands planted with oil palm (1 to 9 years old)
Transaction Date	09/11/2007	29/04/2008	August 1997
Term & Conditions	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.
Share of Transfer	Whole Share	Whole Share	Whole Share
Transaction Amount	RM97,000,000.00	RM138,000,000.00	RM90,000,000.00
Transferor	Perbadanan Kemajuan Pertanian Selangor	Tabung Haji Sdn. Bhd.	Austral Enterprise Bhd.
Transferee	Sheba Resources Sdn. Bhd.	Semai Mekar Sdn. Bhd.	Harvest Master Sdn Bhd
Analysis	RM19,971.18 per hectare	RM28,163 per hectare	RM16,713 per hectare
Remarks	Assessment accepted by Lands and Surveys, Valuation Department.	Assessment accepted. Noted that about 1,420 ha are subject to NCR claim and about 680 ha are unplanted area. Thus, the net area is 4,900.00 ha.	Transaction prices including Palm Oil Mill (POM) Estimated Value for POM is RM13,000,000.00.
Adjustment	An upward adjustment made on time (to reflect the 34 months time lags) and SPH (to reflect 152 SPH and compared to 90-100 SPH for the comparable). A downward adjustment on age of the crop and total developed area.	<i>We had inspected all the Comparables. However, we adopted Comparable 1 for the analysis. This is because the details information are available, such as, the YOP (year of planting), Stand per Hectare (SPH), total developed area, the terrain and the estate performance. Thus, a more direct and comprehensive comparison can be made.</i>	
Adjusted Value	RM17,225.14 per ha		

The time factor, stand per hectare (SPH), year of planting and developed area of the property were taken into consideration in arriving at the adjusted value. Thus, the Market Value derived from the Comparison Method is RM70,800,000.00 (Ringgit Malaysia Seventy Million and Eight Hundred Thousand Only).



Discounted Cashflow Method

Discounted Cashflow approach is an income based method of valuation. The market value to be derived arises from the benefits of the sales of the oil palm planted thereon. These interest and rights involve the rights to sell off the fresh fruit bunches harvested from the plantation.

In the Discounted Cashflow Method, our valuation computations are based on the following parameters:

(a) Long term FFB price	: RM420 per mt
(b) Yield	: 1 mt to 26 mt per annum
(c) Field maintenance	: RM2,845.50 per ha per annum
(d) General Charges	: RM400 per ha per annum
(e) Harvesting and Collection	: RM57 per mt per annum
(f) Transportation to mill	: RM6 per mt
(g) Discount rate	: 10.50%
(h) Discount period	: From year 2010 to year 2035
(i) Basic Land Value	: RM13,622.54 per ha

Note :

Long term FFB price	- Based on the average local FFB price over 20 years, a price of RM420 per MT (CPO at RM2,150 p/MT) is adopted to be the average price on a long-term sustainable price.
Yield	- Based on the Company's projection, the MPOB and Porim data and valuer's estimate.
Field maintenance, General Charges, Harvesting and Collection & Transportation to mill	- Based on the past two (2) years historical cost of production, three (3) years Company projection and valuer's estimate.
Discount rate	- The adopted discount rate of 10.5% for oil palm cultivation reflecting risk and return on investment over the long term risk free yield which is derived from Malaysian Government Securities and also the present base lending rate.
Discount period	- The remaining period of the economic life cycle for the palms, i.e. one cycle is about 25-27 years.
Basic Land Value	- The basic land value adopted is after taking into consideration the building cost, infrastructure cost analysed over 3,552.39 ha, which is about 86.41% of the total area (4,111.14ha).

The market Value using DCF Method is RM70,600,000.00 (Ringgit Malaysia Seventy Million and Six Hundred Thousand Only).

Value Conclusion

In arriving at the final value of subject property, we have adopted Discounted Cashflow Method over Comparison Method, because of the ongoing nature of an operational estate, costing figures are available and fairly reliable and consideration can be given to different year of planting, stand per hectare (SPH), different yield patterns, costs of production, etc, which are unique to each of the estate. DCF method requires consideration of all the above to derive the market value, which is more actual, realistic and certain. On the other hand, to find a perfect comparable sale is impossible and we need to do a lot of adjustments in order to derive the market value. As such, the Comparison Method should only be used as a guide. It is our considered opinion that the Market Value of the leasehold oil palm plantation property free from all encumbrances is RM70,600,000.00 (Ringgit Malaysia Seventy Million and Six Hundred Thousand Only).

Yours faithfully,
HENRY BUTCHER MALAYSIA (MIRI) SDN. BHD.

CHAI CHEON NYIAP
B.Sc (Hons) MIS (M) MRICS
Registered Valuer (V414)



HENRY BUTCHER MALAYSIA
International Asset Consultants

20th April 2011

The Board of Directors
Rimbunan Sawit Berhad
 No. 66 – 78, Pusat Suria Permata,
 Jalan Upper Lanang 12A,
 96000 Sibu, Sarawak

Dear Sir,

CERTIFICATE OF VALUATION OF PROVISIONAL LEASE OF STATE LAND DEVELOPED FOR OIL PALM PLANTATION WITH AN AREA OF 5,000 HECTARES KNOWN AS WOODIJAYA'S MARUDI OIL PALM PLANTATION ESTATE UNDER LOT 1200 PUYUT LAND DISTRICT AND LOT 197 TERAJA LAND DISTRICT, MIRI DIVISION

This certificate has been prepared for inclusion in the Circular to Shareholders of Rimbunan Sawit Berhad ("RSB") dated 20th April 2011 in relation to the Proposed Acquisitions by RSB of Woodijaya's Marudi Oil Palm Plantation Estate.

In accordance with the instructions from RSB, we have valued the abovementioned property vide our valuation report bearing Reference No.: HBMM/VAL/MV/3141/2010 dated 15th October 2010 for the purpose of submission to Bursa Malaysia Securities Berhad. The subject property was inspected on 8th September 2010. The material date of valuation for this exercise is 30th September 2010.

We confirm that we have valued the subject property based on the valuation basis stated below. The valuation has been carried out in accordance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and in complies with the Securities Commission's Asset Valuation Guidelines.

The basis of the valuation is the **Market Value** which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In arriving at the market value of the subject property, we have adopted the **Comparison Method** of Valuation. Since the subject property is still at the site preparation stage, there is therefore no available data to adopt another alternative method of valuation as a counter-check. Thus, only one valuation method is adopted to assess the Market Value of the subject property.

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HENRY BUTCHER MALAYSIA (MIRI) SDN. BHD. (566177-X)
 Lot 1189, First Floor, Miri Waterfront Commercial Centre, 98000 Miri, Sarawak.
 P. O. Box 2214, 98000 Miri, Sarawak.
 tel : 085-442800, 442898, 442899 • fax : 085-429699 • email : hbmalmiri@yahoo.com
www.henrybutchermalaysia.com



Brief details of the Property as extracted from the valuation report are as follows:

Asset Identification	<p>Details of Title The subject estate, Woodjaya's Marudi Oil Palm Plantation Estate (formerly known as "Tumbuh Tiasa's Marudi Oil Palm Plantation"), is situated within Miri Division, Sarawak and under Provisional Lease of State Lands, hereinafter referred to as the "subject property".</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 70%;">Title Particulars</td> <td style="text-align: right;">Land Area (hectares)</td> </tr> <tr> <td>(a) Provisional Lease Lot 197 Teraja Land District and</td> <td style="text-align: right;">2,181.00 ha</td> </tr> <tr> <td>(b) Provisional Lease Lot 1200 Puyut Land District</td> <td style="text-align: right;"><u>2,819.00 ha</u></td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">5,000.00 ha</td> </tr> </table> <p>Location/Address The subject property is sandwiched between the western bank of lower Batang Baram and the eastern bank of Sungai Bakong, Baram.</p> <p>Accessibility Access to the subject property from Miri City Centre is by way of the present plantation road (Hazardland Plantation), plus a section of a logging road, which will lead from the Miri-Bintulu Trunk Road to Sungai Bakong. After crossing Sungai Bakong, there is an existing earth/sandy road (about 6 kilometres) that cuts through the central part of the plantation. This route (which may be referred to as Miri-Marudi Road) is now regularly used by the people in Marudi. Alternatively it can be reached by using boat via Batang Baram.</p> <p>Tenure Leasehold 60 years expiring on 24/10/2067, with unexpired term of about 57 years.</p> <p>Category of Land Use Agricultural purposes.</p> <p>Registered Proprietor Woodjaya Sendirian Berhad</p>	Title Particulars	Land Area (hectares)	(a) Provisional Lease Lot 197 Teraja Land District and	2,181.00 ha	(b) Provisional Lease Lot 1200 Puyut Land District	<u>2,819.00 ha</u>	Total	5,000.00 ha																												
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General Description of Asset	<p>Description The subject property is held under two (2) parcels of Provisional Lease of State Lands for oil palm plantation purposes.</p> <p>Woodjaya's Marudi Oil Palm Plantation Estate is situated on two adjoining parcels, Lot 197 Teraja Land District and Lot 1200 Puyut Land District, with total land area of 5,000.00 hectares.</p> <p>Woodjaya's Marudi Oil Palm Plantation Estate is an on-going project and is to be developed into 4 blocks namely Block A, B, C & D. Each block will further subdivided into various sub-blocks each for easy plantation management purposes. Currently the development has just started and is still at the site preparation stage inclusive of nursery area (about 57 hectares), and about 586.66 hectares of land had been cleared with drainage and access roads put in. Development works are still in progress.</p> <p>As provided by the Company, the progress of roads and drains work on site as on 30th September 2010 is as follows:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">Item</th> <th style="width: 65%;">Existing Infrastructure</th> <th style="width: 30%;">Distance (Km)</th> </tr> </thead> <tbody> <tr> <td colspan="3">(a) Roads</td> </tr> <tr> <td>1</td> <td>Perimeter & Main Road Track</td> <td style="text-align: center;">54.65</td> </tr> <tr> <td>2</td> <td>Field Road Track - Peat</td> <td style="text-align: center;">80.62</td> </tr> <tr> <td>3</td> <td>Field Road Track - Mineral</td> <td style="text-align: center;">2.95</td> </tr> <tr> <td>4</td> <td>Perimeter & Main Road Soil Filling</td> <td style="text-align: center;">24.45</td> </tr> <tr> <td>5</td> <td>Field Road Soil Filling</td> <td style="text-align: center;">2.62</td> </tr> <tr> <td colspan="3">(b) Drains</td> </tr> <tr> <td>1</td> <td>Main & Perimeter Drain Construction</td> <td style="text-align: center;">48.15</td> </tr> <tr> <td>2</td> <td>Collection Drain Construction</td> <td style="text-align: center;">123.49</td> </tr> <tr> <td>3</td> <td>Field Drain Construction</td> <td style="text-align: center;">360.36</td> </tr> <tr> <td>4</td> <td>Desilting Perimeter & Main Drain</td> <td style="text-align: center;">9.44</td> </tr> </tbody> </table> <p>Source: RH Headquarters, Sibul Office</p>	Item	Existing Infrastructure	Distance (Km)	(a) Roads			1	Perimeter & Main Road Track	54.65	2	Field Road Track - Peat	80.62	3	Field Road Track - Mineral	2.95	4	Perimeter & Main Road Soil Filling	24.45	5	Field Road Soil Filling	2.62	(b) Drains			1	Main & Perimeter Drain Construction	48.15	2	Collection Drain Construction	123.49	3	Field Drain Construction	360.36	4	Desilting Perimeter & Main Drain	9.44
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Comparison Method

Our enquiries lodged with various Lands and Surveys Department, Miri and Bintulu Divisions, Sarawak, revealed the following few transactions of agricultural lands planted with oil palms:-

Items	Comparable 1	Comparable 2	Comparable 3
Titles(s)	Lot 1 Block 3 Sablor Land District, Lot 3 Block 16 Awik-Krian Land District, Lot 410 Block 3 Awik-Krian Land District & Lot 121 Block 19 Kalaka Land District	Lot 196 Teraja Land District	Land at Sebauh, Bintulu, 4.5 km South of Lavang (title not issued but approval obtained)
Name	Zecon Engineering Berhad Plantation Land	Lumiera Enterprise Plantation Land	Mazama Plantation Land
Locality	Between Sungai Krian and Batang Saribas, Betong District, Sarawak	Batang Baram, Baram	Southern bank of Batang Kemena about 4.5 km south west of Lavang
Accessibility	With road frontage	Currently through Baram River only	Jalan Miri-Bintulu and then internal private road
Type of Soil	Peat Soil	Peat Soil	Peat soil
Terrain	Flat	Flat	Hilly/undulating
Category	Mixed Zone Land; Country Land	Mixed Zone Land; Country Land	Mixed Zone Land; Country Land
Annual Rent	RM19,234.00 per annum	RM14,995.00 per annum	n/a
Land Area	10 390.00 hectares	6 071.00 hectares	3,380 hectares
Tenure (Expiry date)	19/3/2060	04/03/2061	Not less than 60 years (title not issued)
Description	Vacant land	Vacant land	Vacant land
Transaction Date	28/12/2006	31/07/2009 (ref: No. MM-090731-41301)	25/6/2009, expected completion date 1 st quarter 2012
Term & Conditions	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.	To be used only for agricultural purposes and purposes incidental to the production and processing of crops thereon.	Approval obtained for plantation land.
Share of Transfer	80% share only	Whole Share	Whole Share
Transaction Amount	RM51,400,000.00 (Cash + Liabilities)	RM37,993,000.00 (Cash + Liabilities)	RM21 Million cash, RM8.2 Million interest fee advance, RM5.465 Million redeemable preference shares
Transferor	Zecon Engineering Berhad	Lumiera Sdn. Bhd.	Shin Yang Holding Sdn Bhd
Transferee	T.H Plantation Berhad	Rimbunan Sawit Berhad	Sarawak Oil Palm Berhad
Analysis	RM6,183.83 per hectare	RM6,258.11 per hectare	We had been informed by the Company that they used RM6,500.00 per ha to come up with the proposal. Thus, we just used it as a guide line since it is only a proposal.
Remarks	Non-related parties, announced by TH Plantation Berhad	General Announcement (ref: No. MM-090731-41301) dated 31 st July 2009	Related parties transaction Reference No: SOP-090625-EE03E
Adjustment	An upward adjustment made on time (to reflect the 45 months time lags), better location (POM is about 20km to 55km away), better infrastructure and also the site improvement i.e. roads and drains.	<i>We had inspected Comparable 1 & 2. However, we adopted Comparable 1 for the analysis. This is because the transaction is a non-related parties transaction and Comparable 3 is used as a guideline.</i>	
Adjusted Value	RM9,382.28 per ha		

The adjusted value reflects the time factor, infrastructure, site improvement and the locality of the property. Thus, the Market Value derived from the Comparison Method after allowing for the usual value-based factor adjustments is RM46,900,000.00 (Ringgit Malaysia Forty-Six Million and Nine Hundred Thousand Only).

**Value Conclusion**

In arriving at the Market Value of the subject property, we have adopted the Comparison Method of Valuation. Since the subject property is still at the initial stages of development i.e. site preparation, there is therefore no available data to adopt another alternative method of valuation as a countercheck. Thus, only one valuation method is adopted to assess the Market Value of the subject property.

It is our considered opinion that the Market Value of the leasehold oil palm plantation property, under Provisional Lease of State Land Lot 1200 Puyut Land District and Lot 197 Teraja Land District, Miri Division, Sarawak, free from all encumbrances is **RM46,900,000.00*** (Ringgit Malaysia: Forty-Six Million and Nine Hundred Thousand Only).

Yours faithfully,
HENRY BUTCHER MALAYSIA (MIRI) SDN. BHD.

A handwritten signature in black ink, appearing to read 'Chai Cheon Nyiap', is written over a horizontal line. The signature is stylized and somewhat cursive.

CHAI CHEON NYIAP
B.Sc (Hons) MIS (M) MRICS
Registered Valuer (V414)

FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and the Directors individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that after making all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement/information herein misleading.

All information relating to the Vendor was obtained from the Vendor's website and the responsibility of the Board of RSB is limited to ensuring that the relevant information is accurately reproduced in this Circular.

2. CONSENTS

The written consents of MIMB and HB Miri to the inclusion in this Circular of their names, valuation certificate(s) and all references thereto where relevant, in the form and context in which they appear have been given and have not subsequently been withdrawn.

3. CONFLICT OF INTERESTS

3.1 Principal Adviser

MIMB wishes to highlight that certain substantial shareholders of RSB namely, Tan Sri Tiong, TTSH and TSL, and Director of RSB namely, Tan Sri Tiong, have an indirect substantial shareholdings of approximately 17.1% as at the LPD in EON Capital Berhad ("EON Capital"), a public company listed on the Main Market of Bursa Securities. MIMB is a wholly-owned subsidiary of EON Bank Berhad ("EBB"), which in turn is wholly-owned by EON Capital ("collectively referred to as the "EON Capital Group").

In addition, Dato' Tiong Ing, who is the daughter of Tan Sri Tiong, is also a Non-Independent Non-Executive Director of EBB. Tan Sri Tiong, TTSH, TSL, and Dato' Tiong Ing are collectively referred to as the "Relevant Persons".

As at the 31 March 2011, EBB has granted credit facilities of up to approximately RM571.1 million to the related companies of the Relevant Persons. As at 31 March 2011, EBB has also granted credit facilities of up to RM108.0 million to the RSB Group.

Notwithstanding the above, the relationship between the Relevant Persons and the EON Capital Group is not likely to give rise to any conflict of interest situation in relation to MIMB's role as the Principal Adviser for the Proposed Acquisitions due to the following reasons:-

- (i) MIMB operates autonomously from the Relevant Persons. The Relevant Persons do not interfere with the daily operational matters of MIMB as the day-to-day operations of MIMB are guided by policy decisions emanated from its Senior Management and approved by its Board of Directors. At present, other than Dato' Tiong Ing, who is a Non-independent Non-executive Director of EBB, the Relevant Persons do not have any representative on the Boards of the EON Capital Group nor MIMB. Dato' Tiong Ing is not involved in the day-to-day operations of the EON Capital Group as her appointment as Director is on a "Non-executive" basis. In this regard, MIMB would reasonably be expected to be independent of the Relevant Persons and free from any business or other relationship which could interfere with its exercise of judgement.

- (ii) MIMB's role as the Principal Adviser for the Proposed Acquisitions has been carried out professionally and objectively in accordance with the relevant terms of the due diligence planning memorandum. The due diligence processes and the verification exercises (which were participated by the Directors and senior management of RSB, the solicitors for the Proposed Acquisitions, HB Miri as independent valuers, MIMB and other relevant advisers) have been duly undertaken and performed in relation to the preparation of relevant documents relating to the Proposed Acquisitions.
- (iii) MIMB does not receive or derive any financial interest or benefit from the Proposed Acquisitions other than the normal advisory fees charged.

3.2 Other Advisers

HB Miri has confirmed that no conflicts of interest exist or likely to exist in their capacities as the independent valuer.

4. MATERIAL CONTRACTS

There is no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Acquirees within the past two (2) years preceding the date of this Circular.

5. MATERIAL LITIGATION

5.1 RSB Group

Neither RSB nor its subsidiaries are engaged in any material litigation, claim or arbitration either as plaintiff or defendant, and the Directors of RSB are not aware of any proceedings pending or threatened against RSB and/or its subsidiaries, or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the Company and/or its subsidiaries.

5.2 Acquirees

The Acquirees are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant, and the Directors of RSB are not aware of any proceedings pending or threatened against any of the Acquirees or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the Acquirees.

6. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

6.1 RSB Group

As at the LPD, save for the following, the Directors of RSB are not aware of any material commitments and contingent liabilities incurred or known to be incurred by the RSB Group which upon being enforced may materially and adversely affect the financial position the RSB Group:-

- (i) Capital commitment amounting to RM7.38 million for the acquisition of property plant and equipment; and
- (ii) Corporate guarantees amounting to RM253.48 million given by the RSB to financial institutions for credit facilities granted to the subsidiaries of RSB.

6.2 The Acquirees

As at the LPD, the Directors of RSB are not aware of any material commitments and contingent liabilities incurred or known to be incurred by the Acquirees which upon being enforced may materially and adversely affect the financial position of the Acquirees.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at No. 85-86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak during normal business hours on any working day from the date of this Circular up to and including the date of the EGM:-

- (a) Memoranda and Articles of Association of RSB and the Acquirees;
- (b) Letters of consent as referred to in Section 2 in this Appendix;
- (c) The respective valuation reports dated 15 October 2010 together with the valuation certificates dated 20 April 2011 for the plantation assets owned by the Acquirees appraised by HB Miri;
- (d) The audited financial statements of RSB for the FYE 31 August 2008, FYE 31 August 2009 and FPE 31 December 2010;
- (e) The audited financial statements of Nescaya for the FPE 31 August 2008, FYE 31 August 2009, FPE 30 September 2010 and FPE 31 December 2010;
- (f) The audited financial statements of Novelpac for FYE 31 March 2009, FYE 31 March 2010, FPE 30 September 2010 and FPE 31 December 2010;
- (g) The audited financial statements of Woodijaya for FPE 31 March 2009, FPE 31 December 2009, FPE 30 September 2010 and FYE 31 December 2010; and
- (h) The three (3) SSAs in relation to the Proposed Acquisitions.

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Rimbunan Sawit

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Rimbunan Sawit Berhad (“RSB” or “Company”) will be held at Function Room, 1st Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, 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.), for the purpose of considering and, if thought fit, passing with or without modification, the following resolution:-

ORDINARY RESOLUTION

PROPOSED ACQUISITIONS

“THAT subject to the provisions under the Companies Act, 1965 and the Main Market Listing Requirement of Bursa Malaysia Securities Berhad and the approvals of the relevant authorities being obtained for the Proposed Acquisitions (as defined herein), approval be given to the Company to undertake the following:-

- (a) to acquire 375,000 ordinary shares of RM1.00 each in Nescaya Palma Sdn Bhd, representing 15% of its issued and paid-up share capital from Sarawak’s State Financial Secretary (“SFS”), for a purchase consideration of RM8,809,988 to be satisfied entirely by the issuance by the Company of 3,830,430 new ordinary shares of RM0.50 each in RSB (“Shares”) at an issue price of RM2.30 per Share subject to the terms and conditions of the conditional share sale agreement dated 2 February 2011 (“SSA”) entered into between RSB and SFS;
- (b) to acquire 187,500 ordinary shares of RM1.00 each in Novelpac-Puncakdana Plantation Sdn Bhd, representing 15% of its issued and paid-up share capital from SFS, for a purchase consideration of RM1,971,227 to be satisfied entirely by the issuance by the Company of 857,055 new Shares, at an issue price of RM2.30 per Share subject to the terms and conditions of the SSA entered into between RSB and SFS; and
- (c) to acquire 1,800 ordinary shares of RM1.00 each in Woodijaya Sdn Bhd, representing 15% of its issued and paid-up share capital from SFS, for a purchase consideration of RM5,238,097 to be satisfied entirely by the issuance by the Company of 2,277,433 new Shares, at an issue price of RM2.30 per Share subject to the terms and conditions of the SSA entered into between RSB and SFS;

collectively referred to as the “Proposed Acquisitions”;

- (d) to issue and allot up to 6,964,918 new Shares pursuant to the Proposed Acquisitions and that the new Shares so issued shall, upon allotment, rank pari passu in all respects with the then existing Shares of the Company except that they shall not be entitled to any dividends rights, allotment and/or other distributions, the entitlement date of which is before the date of allotment of the new Shares to be issued pursuant to the Proposed Acquisitions;

AND THAT each of the proposed acquisitions as mentioned in sub-paragraphs (a) to (c) are not inter-conditional upon one another such that the Directors has the discretion to proceed with one or more of the said proposed acquisitions, subject to the terms and conditions as set out in the SSAs relating to the proposed acquisitions as mentioned in sub-paragraphs (a) to (c) above;

AND THAT all the SSAs relating to the Proposed Acquisitions be and are hereby approved, ratified and confirmed AND FURTHER THAT the Directors of RSB be and are hereby authorised to take all steps and do all such acts and matters as they may consider necessary or expedient to give effect to the Proposed Acquisitions with full power to give all notices, directions, consents and authorisations in respect of any matter arising under or in connection with the aforesaid Proposed Acquisitions and to assent to any conditions, modifications, variations and/or amendments relating to the Proposed Acquisitions as may be approved/required by the relevant regulatory authorities and to do all such things as they may consider necessary or expedient in the best interests of the Company.”

By Order of the Board

Voon Jan Moi (MAICSA 7021367)
Toh Ka Soon (MAICSA 7031153)
Joint Company Secretaries

Sibu
20 April 2011

Notes:-

- 1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.*
- 2. To be valid, the form of proxy, duly completed must be deposited at the registered office of the Company at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak, not less than 48 hours before the time for holding the meeting or any adjournment thereof.*
- 3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.*
- 4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- 5. If the appointor is a corporation the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.*



Rimbunan Sawit

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

FORM OF PROXY

Number of ordinary shares held

--

*I/We (full name in capital letters)
of (full address)
being a *member/members of RIMBUNAN SAWIT BERHAD (the "Company"), hereby appoint (full name in capital letters) NRIC/Company Registration No.
of (full address)
or failing *him/her, (full name in capital letters)
..... NRIC/Company Registration No.
of (full address)

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Function Room, 1st Floor, No. 41-42, Pusat Suria Permata, Jalan Upper Lanang, 96000 Sibul, 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.).

Please indicate with an "X" in the space provided below as to how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

ORDINARY RESOLUTION	FOR	AGAINST
PROPOSED ACQUISITIONS		

* Strike out whichever not applicable

As witness my/our hand(s) thisday of2011
Signature of member / Common seal

Notes:-

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
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4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation the form of proxy must be executed under its common seal or under the hand of an officer or attorney duly authorised.



Fold this flap for sealing

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AFFIX
STAMP

THE COMPANY SECRETARIES
RIMBUNAN SAWIT BERHAD (691393-U)
No. 85 & 86, Pusat Suria Permata,
Jalan Upper Lanang 12A,
96000 Sibul, Sarawak
Malaysia

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