

**THIS ABRIDGED PROSPECTUS ("AP") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All enquiries concerning the Rights Issue should be addressed to our Share Registrar, Symphony Share Registrars Sdn Bhd, at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

This AP, together with the NPA and RSF, (collectively the "Documents") are only to be dispatched to the ordinary shareholders of our Company whose names appear in our Record of Depositors and who have a registered address in Malaysia or who have provided our Share Registrar with an address in Malaysia in writing by 5.00 p.m. on 26 September 2011. The Documents are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/or their renounee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers as to whether the acceptance or renunciation (as the case may be) of their entitlements to the Rights Issue, application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares would result in the contravention of any laws of such countries or jurisdictions. Neither we, nor CIMB and/or other experts shall accept any responsibility or liability in the event that any acceptance and/or renunciation (as the case may be), application for Excess Rights Shares, or the subscription, offer, sale, resale, pledge or other transfer of the Rights Shares made by any Entitled Shareholders and/or their renounee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions in which the said Entitled Shareholders and/or their renounee(s) (if applicable) are resident.

A copy of this AP has been registered with the SC. The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in the AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for their contents.

Approval for the Rights Issue has been obtained at our EGM held on 22 August 2011. Approval has been obtained from Bursa Securities on 8 July 2011 for the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities. The official listing of and quotation for the Rights Shares will commence after, among others, receipt of confirmation from Bursa Depository that all the CDS accounts of the successful Entitled Shareholders and/or their renounee(s) (if applicable) have been duly credited and notices of allotment have been dispatched to them. Admission of the Rights Shares to the Official List of Bursa Securities and quotation for the Rights Shares are in no way reflective of the merits of the Rights Issue. Bursa Securities does not take any responsibility for the correctness of any statement made or opinion expressed in this AP.

Our Board has seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in the Documents false or misleading.

CIMB, being the Principal Adviser for the Rights Issue, acknowledges that, based on all available information and to the best of their knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.

*All abbreviations used herein shall have the same meaning as those defined in the Definitions page of this AP unless stated otherwise.*



**Rimbunan Sawit**

**RIMBUNAN SAWIT BERHAD**

Company No. 691393-U

(Incorporated in Malaysia under the Companies Act, 1965)

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 490,689,354 NEW ORDINARY SHARES OF RM0.50 EACH IN RIMBUNAN SAWIT BERHAD ("RSB") ("RIGHTS SHARES") ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 1 EXISTING ORDINARY SHARE OF RM0.50 EACH HELD IN RSB AT 5.00 P.M. ON 26 SEPTEMBER 2011, AT AN ISSUE PRICE OF RM0.80 PER RIGHTS SHARE**

*Principal Adviser*



CIMB Investment Bank Berhad (18417-M)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

**IMPORTANT DATES AND TIMES**

Entitlement and record date ..... : Monday, 26 September 2011 at 5.00 p.m.

**Last day and time for:**

Sale of provisional allotment of Rights Shares ..... : Wednesday, 5 October 2011 at 5.00 p.m.

Transfer of provisional allotment of Rights Shares ..... : Monday, 10 October 2011 at 4.00 p.m.

Acceptance and payment ..... : Thursday, 13 October 2011 at 5.00 p.m.\*

Excess application and payment ..... : Thursday, 13 October 2011 at 5.00 p.m.\*

\* or such later day and time as our Board of Directors may decide and announce not less than 2 market days before the stipulated day and time.

**This Abridged Prospectus is dated 26 September 2011**

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

YOU SHOULD CAREFULLY READ THIS ABRIDGED PROSPECTUS IN ITS ENTIRETY ON THE MERITS AND RISKS PERTAINING TO AN INVESTMENT IN THE RIGHTS SHARES AND OUR COMPANY BEFORE DECIDING WHETHER TO ACCEPT OR APPLY FOR THE RIGHTS SHARES. YOU SHOULD ALSO CAREFULLY CONSIDER THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND THE RIGHTS ISSUE IN LIGHT OF YOUR PERSONAL CIRCUMSTANCES (INCLUDING FINANCIAL AND TAXATION AFFAIRS).

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE RIGHTS ISSUE AND ANY INVESTMENT IN OUR COMPANY. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN IN CONSIDERING THE INVESTMENT, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THE ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DELIVERY OF THIS ABRIDGED PROSPECTUS SHALL NOT, UNDER ANY CIRCUMSTANCES, CONSTITUTE A REPRESENTATION OR CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF OUR GROUP SINCE THE DATES HEREOF.

WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THE DOCUMENTS.

**DEFINITIONS**

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus:

Acquisitions from SFS	: Acquisitions of the remaining 15% equity interests of Nescaya Palma Sdn Bhd, Novelpac-Puncakdana Plantation Sdn Bhd and Woodijaya Sdn Bhd not already owned by our Company from SFS for an aggregate purchase consideration of RM16.02 million, wholly satisfied via the issuance of 6,964,918 new Shares, which were completed on 30 May 2011
Act	: Companies Act, 1965
AP	: This Abridged Prospectus dated 26 September 2011
Board	: Board of Directors
Bonus Issue	: Bonus issue of up to 654,252,472 new Shares, credited as fully paid-up on the basis of 1 Bonus Share for every 1 Share held after the Rights Issue
Bonus Share(s)	: New Share(s) to be issued pursuant to the Bonus Issue
Bursa Depository	: Bursa Malaysia Depository Sdn Bhd
Bursa Securities	: Bursa Malaysia Securities Berhad
Bursa Securities LR	: Main Market Listing Requirements of Bursa Securities
CDS	: Central Depository System, the system established and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
CDS Account	: Account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
CIMB or Principal Adviser	: CIMB Investment Bank Berhad
Closing Date	: Being the last day and time for the acceptance, application and payment for the Rights Shares or such later date and time as our Board may mutually decide and announce not later than 2 Market Days before the stipulated date and time
Code	: Malaysian Code on Take-Overs And Mergers 2010
Company	: Rimbunan Sawit Berhad
CPO	: Crude palm oil
EBITDA	: Earnings before interest, taxation, depreciation and amortisation
EGM	: Extraordinary general meeting
Entitled Shareholders	: Shareholders of our Company whose names appear in our Record of Depositors as at the Entitlement Date

**DEFINITIONS (Cont'd)**

Entitlement Date	:	5.00 p.m. on 26 September 2011, being the time and date on which the shareholders of our Company must be registered in our Record of Depositors in order to be entitled to the Rights Issue
EPS	:	Earnings per share
Excess Rights Shares	:	Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) prior to excess application
Excess Rights Shares Application	:	Application for additional Rights Shares in excess of the Provisional Rights Shares as set out in Section 9.5 of this AP
FFB	:	Fresh fruit bunches
Foreign Shareholders Addressed	:	Our foreign shareholders as at the Entitlement Date who have not provided an address in Malaysia for the service of the AP, NPA and RSF
Group	:	RSB and its subsidiaries, collectively
ICPS	:	Irredeemable convertible preference shares of RM0.50 each in RSB
Kendaie	:	Kendaie Oil Palm Plantation Sdn Bhd
LAKMNS	:	Lembaga Amanah Kebajikan Masjid Negeri Sarawak
LPD	:	29 August 2011, being the latest practicable date before the registration of this AP with the SC
Lubuk Tiara	:	Lubuk Tiara Sdn Bhd, a 65%-owned subsidiary of our Company
Market Day	:	Any day between Monday and Friday, both days inclusive, which is not a public holiday and on which Bursa Securities is open for trading of securities
Maximum Scenario	:	Scenario assuming that all the Entitled Shareholders and/or their renounee(s) subscribe in full for their Rights Shares entitlements under the Rights Issue
MI	:	Minority interest
Minimum Scenario	:	Scenario assuming that the Undertaking Shareholders subscribe to a total of 258,299,745 Rights Shares and none of the other Entitled Shareholders and/or their renounee(s) subscribe for the remaining Rights Shares entitlements under the Rights Issue
MT	:	Metric tonne
NA	:	Net assets
NPA	:	Notice of Provisional Allotment
Outstanding ICPS	:	193,972,857 ICPS of RM0.50 each in our Company which are outstanding as at the LPD
PAA	:	Pertumbuhan Abadi Asia Sdn Bhd

**DEFINITIONS (Cont'd)**

PAT	: Profit after taxation
Pelita Biawak	: PJP Pelita Biawak Plantation Sdn Bhd, a 70%-owned subsidiary of our Company
PJP	: Pemandangan Jauh Plantation Sdn Bhd
PK	: Palm kernels
Provisional Rights Shares	: Rights Shares provisionally allotted to the Entitled Shareholders
Record of Depositors	: A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
RHS	: Rimbunan Hijau (Sarawak) Sdn Bhd
RHSA	: Rimbunan Hijau Southeast Asia Sdn Bhd
Rights Issue	: Renounceable rights issue of up to 490,689,354 Rights Shares, on the basis of 3 Rights Shares for every 1 Share held on the Entitlement Date, at an issue price of RM0.80 per Rights Share
Rights Share(s)	: New Share(s) to be issued pursuant to the Rights Issue
RM and sen	: Ringgit Malaysia and Sen respectively
RSB	: Rimbunan Sawit Berhad
RSF	: Rights Subscription Form in relation to the Rights Issue
Rules of Bursa Depository	: Rules of a central depository as defined in the Securities Industry (Central Depositories) Act, 1991
R.H. Plantation	: R.H. Plantation Sdn Bhd, a wholly-owned subsidiary of our Company
SC	: Securities Commission Malaysia
SFS	: State Financial Secretary of Sarawak
Share(s)	: Ordinary share(s) of RM0.50 each in RSB
Share Registrar	: Symphony Share Registrars Sdn Bhd
Tan Sri Tiong	: Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King
TERP	: Theoretical ex-rights price
TSL	: Teck Sing Lik Enterprise Sdn Bhd
TTSE	: Tiong Toh Siong Enterprises Sdn Bhd
TTSH	: Tiong Toh Siong Holdings Sdn Bhd
Undertakings	: Irrevocable and unconditional written undertakings dated 27 May 2011 from the Undertaking Shareholders to our Company to subscribe in full or procure the subscription in full for their respective entitlements to the Rights Shares under the Rights Issue

**DEFINITIONS (Cont'd)**

Undertaking Shareholders : The corporate and individual shareholders set out in Section 8 of this AP

USD : United States Dollar

VWAMP : Volume-weighted average market price

References to “**we**”, “**us**”, “**our**”, “**ourselves**” are to our Company, and save where the context otherwise requires, our subsidiaries. All references to “**you**” in this AP are to our Entitled Shareholders.

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

Any discrepancies in the tables between the amounts listed and the totals in this AP are due to rounding.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to time of day in this AP is a reference to Malaysian time, unless otherwise stated.

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**Rimbunan Sawit**

**RIMBUNAN SAWIT BERHAD**

(Company No. 691393-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**CORPORATE DIRECTORY**

**BOARD OF DIRECTORS**

<b>Name</b>	<b>Nationality</b>	<b>Occupation</b>	<b>Address</b>
Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King (Executive Chairman)	Malaysian	Company Director	No. 70, Brooke Drive, 96000 Sibu, Sarawak
Tiong Kiong King (Non-Independent Non-Executive Vice Chairman)	Malaysian	Company Director	No. 9, Lorong 8, Au Yong Selatan, 96000 Sibu, Sarawak
Tiong Chiong Ong (Managing Director)	Malaysian	Company Director	No. 17B, Lorong Pulau Li Hua 1, 96000 Sibu, Sarawak
Tiong Chiong Ie (Non-Independent Non-Executive Director)	Malaysian	Company Director	Lot 2659, Desa Seri, 98000 Miri, Sarawak
Bong Wei Leong (Independent Director)	Malaysian	Company Director	No. 5A, Lorong 1, Jalan Gelama, 96000 Sibu, Sarawak
Tiong Ing Ming (Independent Director)	Malaysian	Company Director	No. 10B, Lorong 1, Jalan Gelama, 96000 Sibu, Sarawak

**AUDIT COMMITTEE**

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Bong Wei Leong	Chairman	Independent Director
Tiong Kiong King	Member	Non-Independent Non-Executive Vice Chairman
Tiong Ing Ming	Member	Independent Director

**CORPORATE DIRECTORY (Cont'd)**

- COMPANY SECRETARIES** : Toh Ka Soon (MAICSA 7031153)  
7A, Jalan Indah,  
Off Jalan Teku,  
96000 Sibul, Sarawak
- Voon Jan Moi (MAICSA 7021367)  
No. 810, Lorong Song 3CIA,  
Tabuan Heights,  
Jalan Song,  
93350 Kuching, Sarawak
- REGISTERED OFFICE AND BUSINESS OFFICE** : No. 85 & 86, Pusat Suria Permata,  
Jalan Upper Lanang 12A,  
96000 Sibul, Sarawak  
Tel: 6084-218 555  
Website: <http://www.rsb.com.my>  
Email: [rsb@rsb.com.my](mailto:rsb@rsb.com.my)
- PRINCIPAL BANKERS** : RHB Bank Berhad  
No. 31, Jalan Tuanku Osman  
96007 Sibul  
Sarawak  
Tel: 6084-314 455
- Malayan Banking Berhad  
35,37 & 39 Jalan Kampong Nyabor  
96007 Sibul  
Sarawak  
Tel: 6084-332 081
- OCBC Bank (Malaysia) Berhad  
Level 19, Menara OCBC  
18, Jalan Tun Perak  
50050 Kuala Lumpur  
Tel: 603-2783 3610
- Hong Leong Bank Berhad  
No. 133,135 & 137  
Jalan Kampong Nyabor  
96000 Sibul  
Sarawak  
Tel: 6084-339161
- CIMB Bank Berhad  
5th Floor, Bangunan CIMB,  
Jalan Semantan, Damansara Heights,  
50490 Kuala Lumpur  
Tel: 603-2084 8888
- Public Bank Berhad  
No. 3, Jalan Central  
96000 Sibul  
Sarawak  
Tel: 6084-335 677

**CORPORATE DIRECTORY (Cont'd)**

**AUDITORS AND REPORTING ACCOUNTANTS** : Messrs Crowe Horwath (AF1018)  
1st Floor, No. 1,  
Lorong Pahlawan 7A2,  
Jalan Pahlawan,  
96000 Sibul, Sarawak  
Tel: 6084-211 777

*(Messrs Hii & Lee, the auditors for our 16-month financial period ended 31 December 2010, were merged into Messrs Crowe Horwath on 1 January 2011. In view of this merger, Messrs Hii & Lee retired and did not seek re-appointment at the Annual General Meeting held on 9 May 2011; and Messrs Crowe Horwath has been appointed as the auditors of RSB)*

**SOLICITORS** : Jeff Leong, Poon & Wong  
Advocates and Solicitors  
B-11-8, Level 11,  
Megan Avenue II,  
Jalan Yap Kwan Seng,  
50450 Kuala Lumpur  
Tel: 603-2166 3225

**SHARE REGISTRAR** : Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House,  
Block D13, Pusat Dagangan Dana 1,  
Jalan PJU 1A/46,  
47301 Petaling Jaya,  
Selangor Darul Ehsan  
Tel: 603-7849 0777 (Helpdesk)

**PRINCIPAL ADVISER** : CIMB Investment Bank Berhad  
5th Floor, Bangunan CIMB,  
Jalan Semantan, Damansara Heights,  
50490 Kuala Lumpur  
Tel: 603-2084 8888

**STOCK EXCHANGE LISTED AND LISTING SOUGHT** : Main Market of Bursa Securities



**Rimbunan Sawit**

**RIMBUNAN SAWIT BERHAD**

(Company No. 691393-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

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

26 September 2011

**To: Our Shareholders**

Dear Sir/Madam,

**RENOUNCEABLE RIGHTS ISSUE OF UP TO 490,689,354 RIGHTS SHARES ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 1 EXISTING SHARE HELD AS AT 5.00 P.M. ON 26 SEPTEMBER 2011, AT AN ISSUE PRICE OF RM0.80 PER RIGHTS SHARE**

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**1. INTRODUCTION**

- 1.1 On 27 May 2011, CIMB announced on our behalf that we propose to undertake, among others, the Rights Issue.
- 1.2 Bursa Securities has on 8 July 2011 approved the listing of and quotation for the Rights Shares to be issued under the Rights Issue on the Main Market of Bursa Securities, subject to the following conditions:
- (i) our Company and CIMB must fully comply with the relevant provisions under the Bursa Securities LR pertaining to the implementation of the Rights Issue;
  - (ii) our Company and CIMB to inform Bursa Securities upon the completion of the Rights Issue;
  - (iii) our Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed;
  - (iv) our Company and CIMB to provide Bursa Securities with a certified true copy of the resolution passed by the shareholders in a general meeting approving the Rights Issue; and
  - (v) our Company and CIMB are required to make the relevant announcements pursuant to paragraph 6.35(2)(a) & (b) and 6.35(4) of the Bursa Securities LR.

The conditions imposed by Bursa Securities will be complied with during and, where applicable, after the implementation of the Rights Issue.

- 1.3 On 22 August 2011, our shareholders approved, among others, the Rights Issue at our EGM. A certified true extract of the resolution pertaining to the Rights Issue passed at the said EGM is set out in Appendix I of this AP.
- 1.4 On 26 August 2011, CIMB announced on our behalf, that the issue price for the Rights Shares has been fixed at RM0.80 per Rights Share.
- 1.5 On 9 September 2011, CIMB announced on our behalf, the Entitlement Date and other relevant dates pertaining to the Rights Issue.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by us or CIMB in connection with the Rights Issue.

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

## **2. DETAILS OF THE RIGHTS ISSUE**

### **2.1 Details of the Rights Issue**

- 2.1.1 Shareholders whose names appear in our Record of Depositors as at the Entitlement Date are entitled to participate in the Rights Issue. However, only Entitled Shareholders who have an address in Malaysia as stated in our Record of Depositors or who have provided our Share Registrar with an address in Malaysia in writing by the Entitlement Date will receive this AP, together with the NPA and RSF.
- 2.1.2 As an Entitled Shareholder, you are provisionally allotted the Rights Shares based on your holding of Shares as at the Entitlement Date. The number of Provisional Rights Shares allotted to you, for which you may accept or decline, is specified in the NPA.
- 2.1.3 If you wish to accept the Provisional Rights Shares (in full or in part) as specified in the NPA and/or apply for Excess Rights Shares, you may do so by completing the RSF. You may also renounce your entitlement to the Rights Shares in full or in part. If you do not wish to participate in the Rights Issue, you do not need to take any action.
- 2.1.4 For illustration purposes, the position of an Entitled Shareholder holding 1,000 Shares is as follows:
  - Scenario I - Assuming the Entitled Shareholder subscribes for his/her Provisional Rights Shares in full under the Rights Issue
  - Scenario II - Assuming the Entitled Shareholder renounces his/her Provisional Rights Shares in full under the Rights Issue

	Position of the Entitled Shareholder	
	Scenario I	Scenario II
Existing Shares	1,000	1,000
Provisional Rights Shares subscribed	3,000	-
Bonus Shares received*	4,000	1,000
Total Shares held after the Rights Issue and Bonus Issue	<b>8,000</b>	<b>2,000</b>

**Note:**

- \* *The Bonus Issue will be implemented after the completion of the Rights Issue. As such, the entitlement date for the Bonus Issue will be determined after the Rights Issue has been completed.*

Rights Shares which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) (if applicable) shall be made available for Excess Rights Shares Application. The allocation of the Excess Rights Shares (if any) will be determined by our Board at its discretion in a fair and equitable manner on the basis set out in Section 9.5 of this AP.

## 2.2 Basis of determining the issue price of the Rights Shares

- 2.2.1 The issue price of RM0.80 per Rights Share was determined by our Board after taking into consideration, among others, the TERP of RM1.14 per Share calculated based on the 5-day VWAMP of the Shares up to and including 25 August 2011 (being the last trading day immediately preceding the price-fixing date of RM2.16), the then prevailing market conditions and market prices of our Shares, as well as the par value of our Shares.
- 2.2.2 The issue price of RM0.80 per Rights Share represents a discount of approximately 30% to the TERP of RM1.14 per Share calculated based on the 5-day VWAMP of the Shares up to and including 25 August 2011, being the last trading day immediately preceding the price-fixing date of RM2.16.
- 2.2.3 For a more recent comparison, the issue price of RM0.80 per Rights Share represents a discount of approximately 63% to the 5-day VWAMP of the Shares up to and including the LPD of RM2.14 per Share and discount of about 30% to the TERP of RM1.14 per Share based on the said 5-day VWAMP.

## 2.3 Ranking of the Rights Shares

The Rights Shares shall, upon issue and allotment, rank equally in all respects with the then existing Shares in our Company.

## 2.4 Last day and time for acceptance, application and payment

The Closing Date is **5.00 p.m. on Thursday, 13 October 2011.**

## 2.5 Other corporate exercises

Save for the Rights Issue, the Bonus Issue, and those set out below, our Company does not have other intended corporate proposal which have been announced but pending completion:

- (i) On 19 January 2011, we announced that we had entered into 2 separate share sale agreements with LAKMNS, for the following:
  - (a) acquisition of 601,735 ordinary shares of RM1.00 each, representing 15% of the issued and paid-up capital of Pelita Biawak for a total cash consideration of RM12,700,326; and
  - (b) disposal of 1,680,000 ordinary shares of RM1.00 each, representing 21% of the issued and paid-up capital of Lubuk Tiara for a total cash consideration of RM13,100,723.
- (ii) On 3 June 2011, we announced that R.H. Plantation had entered into a sale and purchase agreement with Sheba Resources Sendirian Berhad as the vendor and Directors of the vendor namely, Shah Headan Bin Ayoob Hussain Shah, Melati Binti Shamsuri and Samsury @ Shamsuri Bin Muhamad Saleh for the acquisition by R.H. Plantation of 4,857 hectares of oil palm plantation in Niah, Sarawak for a total cash consideration of RM118 million.

As at the LPD, all of the abovementioned corporate proposals are expected to be completed by the fourth quarter of the calendar year 2011.

## 2.6 Rights attaching to our securities

As at the date of this AP, our Company has 2 classes of shares in our authorised share capital, namely Shares and ICPS.

An extract of the relevant provisions of our Articles of Association on the right of voting at the meeting of our Company conferred by, and the rights in respect of capital and dividends attached to the Shares and ICPS in our authorised share capital are set out in Section 2 of Appendix VII of this AP.

### 3. PURPOSE OF THE RIGHTS ISSUE AND UTILISATION OF PROCEEDS

#### 3.1 Purpose of the Rights Issue

The Rights Issue is undertaken with the following objectives:

- (i) to allow us to raise funds without incurring interest cost as well as to minimise any potential cash outflow in respect of interest servicing, as compared to bank borrowings;
- (ii) to improve liquidity and financial flexibility as well as to optimise our Group's capital structure by strengthening our statement of financial position and reducing our current gearing level. The repayment of some of our Group's existing borrowings will also enable us to benefit from interest cost savings;
- (iii) to enable us to raise funds through the offering of an equity instrument to our ordinary shareholders on a pro-rata basis, which allows all our ordinary shareholders to participate in the Rights Issue;
- (iv) to provide our ordinary shareholders with an opportunity to subscribe for new Shares at a discount to the prevailing market price; and
- (v) to enhance the marketability and liquidity of our Shares on the Main Market of Bursa Securities.

#### 3.2 Utilisation of proceeds

Based on the issue price of RM0.80 per Rights Share, the total gross proceeds that are expected to be raised from the Rights Issue and the intended utilisation are as follows:

	Expected timeframe for utilisation of proceeds	Minimum Scenario	Maximum Scenario
		RM '000	
Repayment of borrowings <sup>(1)</sup>	within 6 months	155,000	296,200
Working capital/acquisitions <sup>(2)</sup>	within 3 years	50,140	94,851
Estimated expenses in relation to the Rights Issue	within 3 months	1,500	1,500
		206,640	392,551

#### Notes:

\* The actual gross proceeds to be raised cannot be determined at this juncture as it would depend on the acceptance level of the Rights Issue. Any difference between the actual gross proceeds to be raised and the intended gross proceeds will be correspondingly adjusted to the amount allocated for working capital requirements of our Group.

<sup>(1)</sup> The total borrowings of our Group as at the LPD amounted to RM433.6 million comprising short and long-term borrowings for development of plantation land totaling approximately RM397.7 million, capital expenditure of approximately RM2.6 million and general working capital of approximately RM33.3 million to finance our daily operations and administrative and operating expenses. We intend to allocate approximately 75% of the proceeds raised from the Rights Issue under the Minimum Scenario and Maximum Scenario respectively to pare down our existing borrowings (including interest payable) of up to RM296.2 million. Based on the average interest rate incurred by our Group in respect of such borrowings of 4.3% per annum, the repayment is expected to result in annual interest savings of about RM6.7 million and RM12.7 million under the Minimum Scenario and Maximum Scenario respectively.



- (2) *Our Company intends to use part of the proceeds raised from the Rights Issue for general working capital purposes, including the development of existing plantation landbank and other day-to-day expenses. The breakdown of proceeds to be used for each component of working capital has not been determined at this juncture and will depend on the operating and funding requirements of our Group. The actual utilisation by each component of working capital may therefore differ subject to our operating requirements and the time of utilisation. In addition, we may also use the available proceeds for the acquisition of plantation assets (further to the acquisitions set out in Section 2.5 of this AP) if such opportunities arise, with the view to maximise shareholder value in the future. However, our Company has not identified any particular assets for acquisition. Any decision to acquire plantation assets in the future would take into account our Group's working capital requirements prevailing at that time.*

Any variation to the amount of repayment of borrowings and estimated expenses in relation to the Rights Issue will result in an adjustment to the amount allocated for the working capital of our Group.

Pending utilisation of the proceeds from the Rights Issue for the above purpose, the proceeds would be placed in deposits with financial institutions or short-term money market instruments.

#### **4. RISK FACTORS**

You should consider, in addition to other information contained in this AP, the following risk factors (which may not be exhaustive) before subscribing for or investing in the Rights Shares. There may be additional risk factors, which are not disclosed below, that are not presently known to us or that we currently deem to be less significant, which may materially and adversely affect our business, financial condition, results of operations and prospects.

##### **4.1 Risk factors relating to our Group's business**

###### **4.1.1 Business risks**

Our Group is subject to the risks inherent in the oil palm plantation industry. These include, but are not limited to, the fluctuations in demand and commodity prices, weather conditions, pests and diseases, competition from other substitute oils, constraints of supply of labour and raw materials, rising costs of raw materials, potential native customary rights claims and changes in general economic, business and credit conditions. Although the Board and management of our Company would continuously take appropriate measures to limit such risks, no assurance can be given that any changes to these factors will not have a material adverse effect on the business operations of our Group.

###### **4.1.2 Fluctuations in CPO prices**

CPO prices are affected by global edible oil prices such as soybean, sunflower and rapeseed oils which are substitutes for palm oil. CPO prices tend to be cyclical and fluctuate in accordance with the global supply and demand of major oils and fats. Such fluctuation in the prices of CPO and other palm oil products will accordingly affect our Group's profitability and hence, any adverse movements in such prices will have corresponding adverse effects on the performance of our Group. In addition, CPO prices can potentially be indirectly affected by fluctuations in crude oil prices due to the use of CPO to produce biodiesel. For instance, when crude oil price rises sharply, there may be an increase in demand for alternative fuel sources including biodiesel. As biodiesel can be produced from CPO, there may be a corresponding increase in demand for CPO following increases in crude oil prices. This increase in demand will correspondingly result in an increase in the price of CPO. Conversely, a fall in the crude oil price will have an opposite effect and may result in a decrease in the price of CPO.

As an upstream oil palm plantation company, any fluctuation in the prices of CPO and other palm oil products will accordingly affect our profitability. To mitigate any adverse effect caused by the fluctuations in CPO prices, we seek to adopt a more prudent management approach in the sales and marketing of our products, continuously explore measures to enhance cost efficiencies and focus our efforts to improve the overall production efficiency and yield of our plantation estates. Nevertheless, there is no assurance that a prolonged decrease in CPO prices or changes in the demand and supply patterns for CPO and refined palm oil products will not have material adverse effect on our Group's performance and financial condition.

#### **4.1.3 Competition from other substitute oils**

Palm oil faces competition from other edible or vegetable oils such as soybean oil, sunflower oil and rapeseed oil. There is no assurance that the palm oil industry will be able to maintain or expand its existing market share in the oil and fat market in the future. Any significant change in customers' preference towards the substitute for palm oil and fat will affect the demand and prices for palm oil products which in turn may adversely affect our business.

Our Group monitors the global demand patterns and trends for edible oils, particularly palm oil, which would assist us in making the appropriate decisions relating to CPO production and sales. In addition, with the Malaysian government's continued support which includes extensive research, development and marketing promotions undertaken by governmental bodies such as the Malaysian Palm Oil Board and Malaysian Palm Oil Council and other incentives given to the industry, Malaysian palm oil producers have in the past expanded their market share in the world's oil and fat markets. However, there is no assurance that such measures, if implemented, will be successful in the future.

#### **4.1.4 Risk of weather conditions**

Weather conditions such as drought, floods and other climate changes have an impact on our operations. The weather conditions globally, including in Malaysia, have been affected by global warming and other weather phenomena such as El Nino and La Nina. Unfavourable weather conditions may disrupt our operations or negatively affect FFB production and/or yields. Harvesting and field activities could be deterred by heavy rain fall while yields could be affected by drought. To mitigate the impact of such factors, our Group has taken several preventive measures in certain plantations at low lying areas to alleviate problems resulting from floods and dry weather such as the construction of bunds and water gates in those low lying areas to mitigate flood problems.

During dry weather, fire patrols are constantly on guard for any potential fire hazards. Our palm oil mills and housing quarters are equipped with fire fighting equipment and checks on the efficacy of such equipment are conducted on a regular basis.

There is no assurance that the measures we have implemented can fully mitigate all adverse effects of weather conditions. Any poor weather conditions could disrupt our operational activities including harvesting and crop evacuation, and also negatively affect FFB production and yields and thus materially and adversely affect our business, financial conditions, results of operations and prospects.

#### **4.1.5 Pests and diseases**

Oil palm trees in general are susceptible to pests and diseases. Outbreaks of leaf eating insects such as nettle caterpillars and bagworms are common. Pests such as rodents can cause damage to FFB.

The outbreak of pests and diseases may result in the destruction of oil palm trees and decrease in the production of FFB due to loss of crop. This will consequently result in lower profitability as well as high expenditure to be incurred by our Company to control such outbreaks.

We have taken measures to control the population of pests in our estates by destroying potential breeding grounds of pests, exterminating pests by using pesticides and carrying out frequent inspections to ensure that the population remains significantly below the threat level. In light of environmental risk in the long term, our Group has also sought to limit our dependency on pesticides through the introduction of biological control as part of our pest management and corporate social responsibility programme.

Although we have adopted various measures to eliminate pests and reduce diseases, there can be no assurance that there will be no major outbreaks of pest infestation and diseases in the future that could materially and adversely affect our business, financial conditions, results of operations and prospects.

#### **4.1.6 Labour risks**

The operations of our Group are labour intensive and are largely dependent on foreign workers. To reduce our dependency on foreign labour, we are considering various measures such as the mechanisation of certain field operations and aerial manuring which may be implemented if those measures are economically viable. We are also exploring various other options to attract and retain our workers and have provided attractive amenities for our staff and their families such as clinics, living quarters, sports facilities, etc. Nevertheless, any shortage of labour could materially and adversely affect our business, financial conditions, results of operations and prospects. There is also no assurance that there will be no changes in immigration and foreign labour policies by the Malaysian government or the various governments of our foreign workers.

#### **4.1.7 Risks of regulatory changes**

Substantially all of our Group's business activities and investments are concentrated in Malaysia, and is subject to governmental and regulatory changes and conditions which are beyond our control and could materially and adversely affect our business, financial conditions, results of operations and prospects.

The oil palm plantation industry in Malaysia is closely regulated. The main legislation governing the oil palm plantation industry is the Malaysian Palm Oil Board Act 1998. In addition, the operations of our Group which include oil palm cultivation and extraction activities are subject to licences, registrations, approvals and regulations issued by Malaysian authorities under the Environmental Quality Act, 1974, Factories and Machinery Act, 1967 and Occupational Safety and Health Act, 1994. These licences, approvals and permits are valid for a stipulated period of time and are renewable subject to compliance with the requirements and conditions imposed thereunder. The requirements and conditions in these licences, permits, approvals, policies and regulations are subject to changes that could affect part of our operations. Our Group's failure to renew, maintain or obtain the required licences and registrations could materially and adversely affect its business operations, profitability and prospects.

### **Environmental laws**

The environmental aspects of our Group's palm oil mills are also regulated by the Department of Environment which monitors waste discharge such as effluent discharge and atmospheric emissions. Depending on the locality, each mill is required to ensure that effluent discharges and atmospheric emissions are below the predetermined waste levels, and one of such parameter is biological oxygen demand levels. Violations and repeated violations can result in severe fines, censures and even the suspension of our oil mill operating licence. Our Group may also be affected by changes to existing environmental laws and regulations or the introduction of new environmental laws and regulations. Our Group will endeavour to comply with such applicable environmental laws and regulations. However, failure to comply could result in fines, jail sentences and suspension of our Group's oil mill operating licence which would materially and adversely affect our business, financial conditions and results of operations.

### **Foreign labour**

Our Group's operations are largely dependent on foreign workers due to the extensive manpower required in the process of nurturing seedlings, oil palm tree plantings, manuring, pruning and harvesting of FFB and evacuation of FFB to oil mills, mill operations and other maintenance works. The employment of foreign labour is regulated by various legislation including Employment Act, 1955, Workmen's Compensation Act, 1952, Industrial Relations Act, 1967 and Immigration Act, 1959/63. Changes to the laws and regulations governing the recruitment of foreign labour could impede the supply of labour critical to our plantation development activities. Changes to the existing laws and regulations or the introduction of new regulations may affect our business operations as there can be no assurance that our Group is able to comply with new requirements or restrictions within the given time frame, and if so may be subject to fines or suspension of operations which adversely and materially affect our business, financial performance and prospects.

To mitigate such risks, our Group will continue to closely monitor the governments' policy changes in order for us to stay ahead as well as capitalise on any regulatory changes in the palm oil industry.

#### **4.1.8 Foreign currency and exchange risks**

CPO is quoted in USD in the international market. Generally, a weaker RM vis-a-vis the USD tends to have a beneficial effect on the operating results of our Group and conversely, a strengthening of the RM vis-a-vis the USD tends to have an adverse effect on the operating results of our Group. However, there can be no assurance that significant fluctuations in the exchange rate of the USD against the Ringgit will not adversely affect our business, financial conditions, results of operations and prospects.

#### **4.1.9 Volatility in freight costs and disruptions in transportation**

We depend upon lorry tankers and river barges to deliver our products to our customers. Disruption of these transportation services arising from, inter-alia, poor weather and terminal or port congestion could delay the supply of our products to our customers. Furthermore, the increase in freight and transportation costs could affect our profit margin, which may in turn have a material adverse impact on our operational results.

#### **4.1.10 Land title conditions**

Some of our Group's plantation estates are on titled lands which have certain conditions imposed on them. Any breach of such conditions will warrant the land authorities to forfeit the affected land and impose fines and penalties which may adversely affect the business operations and financial performance of the Group. However, our Group recognises all such conditions and seeks to mitigate this risk by taking steps to ensure compliance.

### **4.2 Risk factors relating to the Rights Issue**

#### **4.2.1 Investment risk**

The market price of our Shares is influenced by, among others, the prevailing market sentiments, the volatility of equity markets, movements in interest rates, the outlook of the oil palm plantation industry in which we operate and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of RM0.80 upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

There is no assurance that the market price of the Rights Shares upon or subsequent to the listing of and quotation for the Rights Shares will be at a level that meets the specific investment objectives or targets of any holder of the Rights Shares.

#### **4.2.2 Capital market risk**

The performance of our local bourse is influenced by external factors such as the performance of the regional and world bourses and flow of foreign funds. Sentiments are also largely driven by internal factors such as, among others, the economic and political conditions of the country, interest rate and foreign exchange policies as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus adding risk to the market price of the Rights Shares.

There is no assurance that the market price of the Rights Shares upon or subsequent to the listing of and quotation for the Rights Shares will be at a level that meets the specific investment objectives or targets of any holder of the Rights Shares.

#### 4.2.3 Forward-looking statements

Certain statements in this AP are based on historical data which may not be reflective of the future results, and others which are forward-looking in nature are subject to uncertainties and contingencies. All forward-looking statements contained in this AP are based on estimates and assumptions made by our Company, unless otherwise stated, and although our Board believes that these forward-looking statements to be reasonable at this point in time given the prevailing circumstances, they are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, but are not limited to, those set out in this AP. In view of this and other uncertainties, the inclusion of any forward-looking statement in this AP should not be regarded as a representation or warranty by us, or our advisers, that our plans and objectives will be achieved.

### 5. INDUSTRY REVIEW, PROSPECTS AND FUTURE PLANS

Our Group is principally involved in the cultivation of oil palm in Sarawak, Malaysia. As such, our prospects are inherently linked to the performance of the palm oil industry in Malaysia and the general health of Malaysia's economy, as well as the international demand for CPO.

#### 5.1 Overview of the Malaysian economy

The pace of growth of the Malaysian economy moderated in the second quarter (4.0%; 1Q 11: 4.9%) following a weaker external environment. The overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in the slowdown in the manufacturing sector. Nevertheless, overall growth continued to be underpinned by the sustained expansion of private domestic demand. This was further supported by the strong exports of commodities and resource-based products given the favourable regional demand and high commodity prices.

While the moderation in the global growth in the second quarter was mainly due to temporary factors arising from global supply chain disruptions and high commodity prices, fiscal and debt conditions in several of the advanced economies had also contributed to increased uncertainties and heightened financial market volatilities which affected overall confidence. Going forward, global growth is expected to remain positive supported by economic activity in most of the emerging economies and the improvement in the global supply chain. The overall global recovery, however, will continue to be constrained by the structural weakness in the advanced economies. In addition, prolonged uncertainty in the financial markets could also weigh down on real economic activity.

In Malaysia, while the global supply disruptions affected production and trade in the second quarter, the underlying strength of the domestic economy remained intact as domestic demand continued to support growth. Going forward, the downside risks to external demand have increased following heightened uncertainties in the external environment. Nevertheless, domestic demand is expected to remain resilient and support growth amidst sustained private consumption, strong private investment and faster pace of implementation of public sector projects in the second half of the year.

*(Source: Economic and Financial Developments in the Malaysian Economy in the Second Quarter of 2011, Bank Negara Malaysia, 17 August 2011)*

The Malaysian economy is projected to expand between 5.0% to 6.0% in 2011 (2010: 7.0%), mainly driven by domestic demand and supported by a favourable external sector. Private investment activity, which turned positive in 2010, is envisaged to contribute significantly to economic growth. This is in line with the expected commencement of 52 Private Finance Initiatives over the 10th Malaysia Plan period as well as the implementation of private sector projects under the National Key Economic Areas. Private consumption is expected to strengthen in view of low unemployment and increasing disposable household income. Growth prospects are also premised on firm prices of major commodities which will spur rural household spending in 2011.

*(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)*

## 5.2 Overview of the Malaysian palm oil industry

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

CPO production dropped by 3.3% to 16.99 million tonnes from 17.56 million tonnes in 2009. Peninsular Malaysia and Sabah both registered declines of 6.1% and 2.5% to 9.5 million tonnes and 5.3 million tonnes respectively. Sarawak's CPO production however increased by 9.3% to 2.2 million tonnes. The average FFB yield fell 6.1% to 18.03 tonnes per hectare while oil extraction rate ("OER") was 20.45%, lower by 0.2% compared to 20.45% in 2009. Unusual weather patterns of hot and dry conditions from El Nino phenomena in the first half of the year and excessive rainfalls from La Nina phenomena in the second half had affected the FFB yield and OER which in turn contributed to the lower CPO production. Heavy rainfall and floods especially towards end of the year had affected harvesting activity. Peninsular Malaysia was the worst affected with average FFB yields declining by 7.5%, followed by Sabah 4.7% and Sarawak 2.6%.

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

CPO prices traded at RM2,549.50 per tonne during the first half of the year, supported by positive sentiments related to supply tightness of vegetable oils in the world market and low domestic palm oil stocks. Subsequently, during the second-half of the year, bullish market sentiments supported by firmer crude oil price, coupled with world vegetable oils supply tightness, especially that of palm oil and soyabean oil supported positive price sentiments. This resulted in the increase of second half of the year average CPO price to RM2,837.50 per tonne level. The average CPO price in 2010 increased by 20.8% or RM464.50 to RM2,701.00 against RM2,236.50 in the previous year. Palm oil prices traded wider during the year, with the highest monthly average CPO price recorded in December at RM3,620.00 and the lowest attained in July at RM2,453.00.

The average price of palm kernel in 2010 rose sharply by 62.2% or RM665.50 to RM1,735.50 from RM1,070.00 recorded in the previous year because of higher crude palm kernel oil (“CPKO”) prices in the domestic market. The average price of CPKO increased by 55.3% or RM1,295.50 to RM3,637.00 from RM2,341.50 registered in the previous year as a result of firmer lauric oil prices in the world market. Based on the national oil extraction rate, the average price of FFB in 2010 was equivalent to RM605 per tonne as against RM465 per tonne in the previous year.

*(Source: Overview of the Malaysian Oil Palm Industry 2010, Malaysian Palm Oil Board, 12 January 2011)*

The agriculture sector is expected to continue to grow 4.5% in 2011 (2010: 3.4%), contributed by the commodity and non-commodity sub-sectors. Production of CPO is estimated to increase 3.4% to 18.4 million tonnes (2010: 1.3%; 17.8 million tonnes) following higher FFB yields due to increased matured areas, particularly in Sabah and Sarawak. The expected higher oil extraction rate of 20.7% (2010: 20.4%) will also contribute to the strong production of CPO.

*(Source: Economic Report 2010/2011, Ministry of Finance Malaysia)*

Management expects palm oil prices to remain favourable in the coming year with increasing demand, especially from India and China. Further, any downside to CPO prices could be cushioned by tight global edible oil supplies and poor weather in major producing countries. Management also believes the Malaysian Government’s focus on agriculture activities during the 10th Malaysia Plan period, including in palm oil activities will continue to spur growth of the sector.

*(Source: Management)*

### 5.3 Prospects and future plans of our Group

Our Group presently has an estimated total gross land bank of 90,862 hectares in Sarawak, Malaysia. We are capable of producing in excess of 400,000 tonnes of FFB a year, while our average FFB yield per hectare is approximately 14 tonnes. Management believes that the existing profile of our plantation estates, where about 70% of our estates are planted with young palms aged 10 years and below will contribute to a higher FFB yield per hectare within the next 1 to 5 years as the oil palm trees attain maturity. Further, only 44,501 hectares or approximately 65% of our Group’s total plantable land bank of 68,046 hectares is planted, providing us the prospect of future income arising from the development of 23,545 hectares of remaining plantable land. Our Group continues to review strategies to improve the efficiency and productivity, of our existing oil palms. In addition, Management reviews on an on-going basis our Group’s annual plantation programme and has earmarked the remaining plantable land for gradual development to support organic growth for the next 3 years or so. Our Group intends to continue investing in new landbanks, plantation developments and strategic acquisitions aimed at enlarging our plantation operations and placing our Group in a position to realise future potential and attain sustainable growth.

Our Group is in the process of completing the acquisition of an additional 15% equity interest of Pelita Biawak (“**Proposed Pelita Biawak Acquisition**”) and the acquisition of 4,857 hectares of oil palm plantation in Niah, Sarawak (“**Proposed Land Acquisition**”). Further details of the Proposed Pelita Biawak Acquisition and Proposed Land Acquisition are set out in Section 2.5 and Section 4 of Appendix VII of this AP.

The Proposed Pelita Biawak Acquisition will enable our Group to consolidate further the future earnings from the plantation estates held by Pelita Biawak, while the Proposed Land Acquisition will increase the mature area of our Group’s plantation land bank.



Upon the expected completion of the Proposed Pelita Biawak Acquisition and Proposed Land Acquisition by the fourth quarter of 2011, our Board believes our Group will be on a stronger footing in its quest to become a major player in the oil palm cultivation business in Malaysia.

*(Source: Management)*

## 6. EFFECTS OF THE RIGHTS ISSUE

The Rights Issue and Bonus Issue, which were announced on 27 May 2011, were subsequently approved by our shareholders at our EGM held on 22 August 2011. The Bonus Issue will be implemented after the completion of the Rights Issue.

In addition, the holders of the Outstanding ICPS have provided irrevocable and unconditional written undertakings that they will not convert the respective ICPS held, prior to the entitlement dates of the Rights Issue and Bonus Issue. Further details of the Outstanding ICPS are set out in Appendix VII of this AP.

For illustrative purposes, the proforma effects of the Rights Issue and Bonus Issue on the issued and paid-up share capital, NA and gearing, earnings and EPS of our Group are as follows:

- Minimum Scenario** - Assuming that the Undertaking Shareholders subscribe to a total of 258,299,745 Rights Shares and none of the other Entitled Shareholders and/or their renounee(s) subscribe for the remaining Rights Shares entitlements under the Rights Issue.
- Maximum Scenario** - Assuming that all of the Entitled Shareholders and/or their renounee(s) fully subscribe for their Rights Shares entitlements under the Rights Issue.

### 6.1 Issued and paid-up ordinary share capital

The proforma effects of the Rights Issue and Bonus Issue on our issued and paid-up ordinary share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued and paid-up share capital as at the LPD	163,563,118	81,781,559.00	163,563,118	81,781,559.00
To be issued pursuant to the Rights Issue	<u>258,299,745</u>	<u>129,149,872.50</u>	<u>490,689,354</u>	<u>245,344,677.00</u>
	421,862,863	210,931,431.50	654,252,472	327,126,236.00
To be issued pursuant to the Bonus Issue	<u>421,862,863</u>	<u>210,931,431.50</u>	<u>654,252,472</u>	<u>327,126,236.00</u>
<b>Enlarged issued and paid-up ordinary share capital</b>	<b><u>843,725,726</u></b>	<b><u>421,862,863.00</u></b>	<b><u>1,308,504,944</u></b>	<b><u>654,252,472.00</u></b>

## 6.2 NA and gearing

The proforma effects of the Rights Issue and Bonus Issue on our consolidated NA per share and gearing based on our latest audited consolidated statement of financial position as at 31 December 2010 and on the assumption that the Rights Issue and Bonus Issue were effected on that date, are as follows:

	Audited as at 31 December 2010	Adjusted for the Acquisitions from SFS	Minimum Scenario		Maximum Scenario	
			After the Rights Issue	After the Bonus Issue	After the Rights Issue	After the Bonus Issue
			RM '000			
Share capital – ordinary	78,299	81,782	210,932	421,863	327,126	654,252
Share capital – ICPS	96,986	96,986	96,986	96,986	96,986	96,986
Share premium	183,908	196,444	272,434 <sup>(1)</sup>	61,503	342,151 <sup>(1)</sup>	15,025
Merger reserves	(44,631)	(53,065)	(53,065)	(53,065)	(53,065)	(53,065)
Retained profits	112,520	110,203	110,203	110,203	110,203	110,203
<b>Shareholders' equity / NA</b>	<b>427,082</b>	<b>432,350</b>	<b>637,490</b>	<b>637,490</b>	<b>823,401</b>	<b>823,401</b>
No. of ordinary shares (000)	156,598	163,563	421,863	843,726	654,252	1,308,505
NA per ordinary share (RM)	2.73	2.64	1.51	0.76	1.26	0.63
Total borrowings	418,586	418,586	263,586 <sup>(2)</sup>	263,586	122,386 <sup>(2)</sup>	122,386
Gearing (times) <sup>(3)</sup>	0.98	0.97	0.41	0.41	0.15	0.15

### Notes:

<sup>(1)</sup> Based on the issue price of RM0.80 per Rights Share and after deducting estimated expenses in relation to the Rights Issue and Bonus Issue of RM1.5 million.

<sup>(2)</sup> Assuming RM155.0 million and RM296.2 million from the gross proceeds from the Rights Issue under the Minimum Scenario and Maximum Scenario respectively are used to repay borrowings.

<sup>(3)</sup> Computed based on total borrowings divided by shareholders' equity.

### 6.3 Earnings and EPS

The Rights Issue and Bonus Issue are not expected to have any material effect on the earnings of our Group for the financial year ending 31 December 2011, save for the interest savings expected to arise from the repayment of borrowings.

However, assuming that the net earnings of our Group remain unchanged, the EPS of our Company will be proportionately reduced as a result of the increase in the number of Shares upon issuance and allotment of the Rights Shares and Bonus Shares.

	Audited as at 31 December 2010	Minimum Scenario	
		(I)	(II)
		After the Rights Issue	After (I) and the Bonus Issue
	RM '000		
Profit attributable to equity holders of the Company	54,439	54,439	54,439
Weighted average number of ordinary shares in issue ('000)	133,619	<sup>(2)</sup> 391,919	<sup>(2)</sup> 813,782
EPS (sen) <sup>(1)</sup>	40.74	13.89	6.69
		Maximum Scenario	
		(I)	(II)
		After the Rights Issue	After (I) and the Bonus Issue
		RM '000	
Profit attributable to equity holders of the Company	54,439	54,439	54,439
Weighted average number of ordinary shares in issue ('000)	133,619	<sup>(2)</sup> 624,308	<sup>(2)</sup> 1,278,560
EPS (sen) <sup>(1)</sup>	40.74	8.72	4.26

**Notes:**

<sup>(1)</sup> Computed by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares.

<sup>(2)</sup> Arrived at by adding the new Shares to be issued pursuant to the Rights Issue and Bonus Issue to the weighted average number of ordinary shares in issue as at 31 December 2010.

Notwithstanding the above, the proceeds from the Rights Issue are expected to contribute positively to the earnings and EPS of our Group for the ensuing financial years, when the benefits from the utilisation of proceeds are realised.

## 7. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

### 7.1 Working capital

Our Board is of the opinion that, after taking into account our cash flow generated from operations, banking facilities and financing options available as well as proceeds from the Rights Issue, our Group will have adequate working capital for the next 12 months from the date of this AP.

### 7.2 Borrowings

As at LPD, our Group has total borrowings as follows:

	Fixed rates	Floating rates	Total
	RM '000		
<b>Short-term borrowings (payable within 12 months)</b>			
Non-interest bearing	-	-	-
Interest bearing	247,049	42,530	289,579
	247,049	42,530	289,579
<b>Long-term borrowings (payable after 12 months)</b>			
Non-interest bearing	-	-	-
Interest bearing	52,300	91,700	144,000
	52,300	91,700	144,000
<b>Total</b>	<b>299,349</b>	<b>134,230</b>	<b>433,579</b>

RSB has no short-term or long-term borrowings denominated in foreign currency.

There has been no default on payments of interest and/or principal sums in respect of any borrowings throughout the past financial period ended 31 December 2010, and the subsequent financial periods up to the LPD.

### 7.3 Contingent liabilities

As at the LPD, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may have a material impact on the financial results/position of our Group.

#### 7.4 Material commitments

Save as disclosed below and in Section 4 of Appendix VII, as at LPD, our Directors are not aware of any material capital commitments contracted or known to be contracted by our Group which, upon becoming enforceable, may have a material impact on the financial results/position of our Group:

	<u>RM '000</u>
Approved and contracted for	11,319
Approved but not contracted for	-
	<u>11,319</u>

Our Group's capital commitments are expected to be funded through internally-generated funds, proceeds from the Rights Issue and/or borrowings. The capital commitments comprise roads and buildings construction and maintenance, telecommunication, water treatment plant and storage, electrical works, motor vehicles and plant and machineries.

#### 8. SHAREHOLDERS' UNDERTAKING AND UNDERWRITING

The Undertaking Shareholders have provided irrevocable and unconditional written undertakings to subscribe in full or procure the subscription in full for their respective entitlements to the Rights Shares.

As at the LPD, the Undertaking Shareholders collectively hold 86,099,915 Shares, representing an aggregate of 52.64% of our issued and paid-up ordinary share capital. Premised on such shareholdings and the basis of entitlement, the Undertaking Shareholders shall be entitled to 258,299,745 Rights Shares under the Rights Issue, as set out below:

<u>Undertaking Shareholders</u>	<u>Shareholdings as at the LPD</u>		<u>Rights Shares entitled under the Rights Issue</u>	
	<u>No. of Shares</u>	<u>%</u>	<u>No. of Rights Shares</u>	<u>*%</u>
TTSH	35,124,394	21.47	105,373,182	21.47
RHSA	15,073,100	9.22	45,219,300	9.22
PJP	12,264,221	7.50	36,792,663	7.50
TSL	11,134,300	6.81	33,402,900	6.81
PAA	10,903,600	6.67	32,710,800	6.67
TTSE	1,300,300	0.79	3,900,900	0.79
Tan Sri Tiong	300,000	0.18	900,000	0.18
<b>Total</b>	<b>86,099,915</b>	<b>52.64</b>	<b>258,299,745</b>	<b>52.64</b>

**Note:**

\* Based on the issuance of 490,689,354 Rights Shares under the Maximum Scenario.

In view of the prevailing market conditions, cost considerations, as well as the Undertakings, our Company has decided to proceed with the Rights Issue on a non-underwritten basis. There is also no minimum subscription required for the Rights Issue to proceed.

## 9. PROCEDURES FOR ACCEPTANCE, APPLICATION AND PAYMENT

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares which you are entitled to subscribe for in full or in part under the terms and conditions of the Rights Issue. You will find enclosed with this AP, the NPA notifying you of the crediting of such number of Provisional Rights Shares into your CDS Account and a RSF to enable you to subscribe for such number of Rights Shares that you have been provisionally allotted as well as to apply for excess Rights Shares if you so choose to. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).

### 9.1 NPA

The Provisional Rights Shares are prescribed securities under Section 14(5) of the Securities Industry (Central Depositories) Act 1991 and therefore, all dealings in the Provisional Rights Shares will be by book entries through CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act 1991, the Securities Industry (Central Depositories) (Amendment) Act 1998 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making applications.

### 9.2 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares must be made on the RSF enclosed together with this AP and must be completed in accordance with the notes and instructions contained in these documents. Acceptances which do not conform to the terms and conditions of this AP or the RSF or the notes and instructions contained in these documents or which are illegible, may not be accepted at the absolute discretion of our Board.

**FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL OR TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENTS ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF. YOU ARE ADVISED TO READ THIS AP AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.**

If you wish to accept all or part of the Provisional Rights Shares, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions provided therein. Each completed and signed RSF together with the relevant payment must be dispatched by **ORDINARY POST** or **DELIVERED BY HAND** in the official envelope provided (at your own risk) to our Share Registrar at the following address:

Symphony Share Registrars Sdn Bhd  
Level 6, Symphony House  
Block D13, Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

Peti Surat 9150  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya  
Selangor Darul Ehsan

Tel: 603-7849 0777 (Helpdesk)  
Fax: 603-7841 8151 / 8152

so as to arrive not later than 5.00 p.m. on 13 October 2011 (or such extended time and date as our Board may decide and announce not later than 2 Market Days before the stipulated date and time).

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website (<http://www.bursamalaysia.com>) or our Share Registrar at the address stated above or our registered office.

1 RSF must be used for acceptance of the Provisional Rights Shares standing to the credit of 1 CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares standing to the credit of more than 1 CDS Account. If successful, the Rights Shares subscribed by you will be credited into the respective CDS Accounts where the Provisional Rights Shares are standing to the credit.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of Banker's Draft(s) or Cashiers Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and made payable to "RSB RIGHTS ACCOUNT", crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number. The payment must be made in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS SHARES. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DISPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RSF AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DAY FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY APPLICATION OR TO ACCEPT ANY APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON.**

**YOU SHOULD NOTE THAT ALL RSFS AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY ACCEPTED APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RSF, AT YOUR OWN RISK, WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHT SHARES.**

If acceptance and payment for the Provisional Rights Shares allotted to you (whether in full or in part, as the case may be) are not received by our Share Registrar by 5.00 p.m. on 13 October 2011 or such later date and time as our Board in its absolute discretion may decide and announce not less than 2 Market Days before the stipulated date and time, the provisional entitlement to you or the remainder thereof (as the case may be) will be deemed to have been declined and will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board will then have the right to allot such Rights Shares not taken up to applicants for Excess Rights Shares in the manner set out in Section 9.5 of this AP.

### 9.3 Procedures for part acceptance

You are entitled to accept part of your entitlement. The minimum number of Rights Shares that can be accepted or minimum Excess Rights Shares which can be applied for is 3 Rights Shares.

You have to complete Part I(A) of the RSF by specifying the number of Rights Shares which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner as set out in Section 9.2 of this AP.

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

### 9.4 Procedures for sale or transfer of Provisional Rights Shares

As the Provisional Rights Shares are prescribed securities, should you wish to sell or transfer all or part of your entitlement to the Rights Shares to one or more persons, you may do so through your stockbrokers for the period up to the last day and time for sale or transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) without first having to request for a split of the Provisional Rights Shares standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares, you may sell such entitlement on the open market for the period up to the last day and time for sale of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository) or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository for the period up to the last day and time for transfer of the Provisional Rights Shares (in accordance with the Rules of Bursa Depository).

**YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF. IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL RIGHTS SHARES, YOU NEED NOT DELIVER ANY DOCUMENT TO YOUR STOCKBROKERS. YOU ARE HOWEVER ADVISED TO ENSURE THAT YOU HAVE SUFFICIENT NUMBER OF PROVISIONAL RIGHTS SHARES STANDING TO THE CREDIT OF YOUR CDS ACCOUNTS BEFORE SELLING OR TRANSFERRING.**

If you have sold or transferred only part of the Provisional Rights Shares, you may still accept the balance of the Provisional Rights Shares by completing Parts I(A) and II of the RSF. Please refer to Section 9.2 of this AP for the procedures for acceptance and payment.

**YOU SHOULD NOTE THAT ALL RSFS AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.**

### 9.5 Procedures for Excess Rights Shares Application

If you wish to apply for additional Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forwarding it with a separate remittance for the full amount payable on the Excess Rights Shares applied for, to our Share Registrar not later than 5.00 p.m. on 13 October 2011 or such later date and time as our Board in its absolute discretion may decide and announce not later than 2 Market Days before the stipulated date and time.



Payment for the Excess Rights Shares applied for should be made in the same manner described in Section 9.2 of this AP except that the Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia should be made payable to "**RSB RIGHTS EXCESS ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number, address and your CDS Account number in block letters to be received by our Share Registrar. The payment must be made in the exact amount. Any excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or other mode(s) of payment are not acceptable.

It is the intention of our Board to allot the Excess Rights Shares if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on a pro-rata basis to Entitled Shareholders and/or their renounee(s) (if applicable) who have applied for excess Rights Shares, taking into consideration their respective shareholdings in our Company as at the Entitlement Date on a board lot basis; and
- (iii) thirdly, on a pro-rata basis to Entitled Shareholders and/or their renounee(s) (if applicable) who have applied for Excess Rights Shares, taking into consideration the quantum of their respective excess application.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under the RSF in such manner as it deems fit and expedient and in the best interest of our Company. Our Board also reserves the right to accept any excess Rights Shares Application, in full or in part, without assigning any reason.

**NO ACKNOWLEDGEMENT WILL BE ISSUED FOR THE RECEIPT OF THE EXCESS RIGHTS SHARES APPLICATION OR THE APPLICATION MONIES IN RESPECT THEREOF. HOWEVER, IF YOU ARE SUCCESSFUL, NOTICES OF ALLOTMENT WILL BE DISPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RSF AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DAY FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.**

**IN RESPECT OF UNSUCCESSFUL OR PARTIALLY SUCCESSFUL EXCESS RIGHTS SHARES APPLICATIONS, THE FULL AMOUNT OR THE SURPLUS APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY ORDINARY POST TO THE ADDRESS AS SHOWN IN THE RSF AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DAY FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES.**

#### **9.6 Procedures for acceptance by renounees**

As a renounee, the procedures for acceptance, selling or transferring of Provisional Rights Shares, applying for Excess Rights Shares and/or payment is the same as that which is applicable to the Entitled Shareholders as described in Sections 9.2 to 9.5 of this AP. Please refer to the relevant sections for the procedures to be followed.

If you wish to obtain a copy of this AP and/or accompanying RSF, you can request for the same from your stockbroker, our Share Registrar, or Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

**RENOUNCEES ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED IN THE RSF.**

## 9.7 CDS Accounts

Bursa Securities has already prescribed the Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the Rights Shares shall be subject to the Securities Industry (Central Depositories) Act 1991, the Securities Industry (Central Depositories) Amendment Act 1998 and the Rules of Bursa Depository. You must have a CDS Account in order to subscribe for the Rights Shares.

Your subscription for the Rights Shares shall mean consent to receiving such Rights Shares as deposited securities which will be credited directly into your CDS Account. No physical share certificates will be issued.

If you apply for the Excess Rights Shares, you must state your CDS Account number and if the Rights Shares are subscribed for in full or in part, then such Rights Shares shall be credited directly into your CDS Account.

If you have multiple CDS Accounts into which the Provisional Rights Shares have been credited, you cannot use a single RSF for subscription of all these Provisional Rights Shares. Separate RSFs must be used for separate CDS Accounts. If successful, the Rights Shares that you subscribed for will be credited into the CDS Accounts where the Provisional Rights Shares are standing to the credit.

## 9.8 Foreign Addressed Shareholders

This AP, NPA and the RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any applicable securities or equivalent legislation (or with or by any regulatory authority or other relevant body) of any jurisdiction other than Malaysia.

The distribution of this AP, NPA and the RSF, as well as the acceptance of the Provisional Rights Shares and the subscription for or the acquisition of the Rights Shares may be restricted or prohibited (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant laws of those jurisdictions.

This AP, NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Rights Issue will not be made or offered or deemed made or offered, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this AP relates is only available to persons receiving this AP, NPA and the RSF or otherwise within Malaysia.

As a result, this AP, NPA and RSF have not been (and will not be) sent to our Foreign Addresses Shareholders. However, the Foreign Addressed Shareholder may collect this AP, NPA and RSF from our Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia who will be entitled to request for such evident as it deems necessary to satisfy itself as to the identity and authority of the person collecting this AP, NPA and RSF.

If you are a Foreign Addressed Shareholder, our Company will not make or be bound to make any enquiry as to whether you have a registered address or service address in Malaysia as stated in our Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. Our Company will assume that the Rights Issue and the acceptance thereof by you would be in compliance with the terms of the Rights Issue and would not be in breach of the laws of any jurisdiction. Our Company will further assume that you had accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

The foreign Entitled Shareholder and/or the renouncee(s) (if applicable) may only accept or renounce all or any part of the Rights Issue to the extent that it would be lawful to do so, and our Company, our Directors and officers, CIMB, and/or other experts ("**Parties**"), would not in connection with the Rights Issue, be in breach of the laws of any country or jurisdiction to which that foreign Entitled Shareholder and/or the renouncee(s) (if applicable) is or might be subject to. The foreign Entitled Shareholder and/or the renouncee(s) (if applicable) shall be solely responsible to seek advice from their legal and/or professional advisers as to the laws of the countries or jurisdictions to which they are or might be subject to. The Parties shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction. The foreign Entitled Shareholder and/or the renouncee(s) (if applicable) will also have no claims whatsoever against the Parties in respect of their entitlement or to any net proceeds thereof.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements. The Provisional Rights Shares relating to any acceptance which is treated as invalid will be included in the pool of Excess Rights Shares available for excess application by foreign Entitled Shareholders and/or their renouncee(s).

Each person, by accepting the delivery of this AP, NPA and RSF, accepting any Provisional Rights Shares by signing any of the forms accompanying this AP or subscribing for or acquiring Rights Shares will be deemed to have represented, warranted, acknowledged and agreed in favour of (and which representations, warranties, acknowledgements and agreements will be relied upon by) the Parties as follows:

- (i) the Parties would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction to which that Entitled Shareholder and/or renouncee(s) is or might be subject to;
- (ii) the foreign Entitled Shareholder and/or renouncee(s) has complied with the laws to which the foreign Entitled Shareholder and/or renouncee(s) is or might be subject to in connection with the acceptance or renunciation;
- (iii) the foreign Entitled Shareholder and/or renouncee(s) is not a nominee or agent of a person in respect of whom the parties would, by acting on the acceptance or renunciation of the Provisional Rights Shares, be in breach of the laws of any jurisdiction to which that person is or might be subject to;
- (iv) the foreign Entitled Shareholder and/or renouncee(s) is aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

- (v) the foreign Entitled Shareholder and/or renounee(s) has obtained a copy of this AP and has had access to such financial and other information and has been provided the opportunity to ask such questions to our representatives and receives answers thereto as the foreign Entitled Shareholder and/or renounee(s) deem necessary in connection with the foreign Entitled Shareholder or renounee's decision to subscribe or purchase the Rights Shares; and
- (vi) the foreign Entitled Shareholder and/or renounee(s) has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and is and will be able, and is prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

**NOTWITHSTANDING ANYTHING HEREIN, THE FOREIGN ENTITLED SHAREHOLDERS AND ANY OTHER PERSON HAVING POSSESSION OF THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS ARE ADVISED TO INFORM THEMSELVES OF AND TO OBSERVE ANY LEGAL REQUIREMENTS APPLICABLE THERETO. NO PERSON IN ANY TERRITORY OUTSIDE OF MALAYSIA RECEIVING THIS AP AND/OR ITS ACCOMPANYING DOCUMENTS MAY TREAT THE SAME AS AN OFFER, INVITATION OR SOLICITATION TO SUBSCRIBE FOR OR ACQUIRE ANY RIGHTS SHARES UNLESS SUCH OFFER, INVITATION OR SOLICITATION COULD LAWFULLY BE MADE WITHOUT COMPLIANCE WITH ANY REGISTRATION OR OTHER REGULATORY OR LEGAL REQUIREMENTS ON SUCH TERRITORY.**

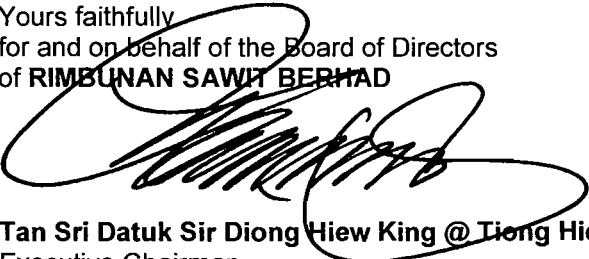
#### **10. TERMS AND CONDITIONS**

The offer of the Rights Shares under the Rights Issue is governed by the terms and conditions set out in this AP and in the accompanying NPA and RSF.

#### **11. ADDITIONAL INFORMATION**

You are requested to refer to the attached appendices for additional information.

Yours faithfully  
for and on behalf of the Board of Directors  
of **RIMBUNAN SAWIT BERHAD**



**Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King**  
Executive Chairman

CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE PASSED AT OUR EGM HELD ON 22 AUGUST 2011

RIMBUNAN SAWIT BERHAD

(Company No. 691393-U)
(Incorporated in Malaysia)

EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 22 AUGUST 2011

\*\*\*\*\*
ORDINARY RESOLUTION 1

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 490,689,354 NEW ORDINARY SHARES OF RM0.50 EACH IN RSB ("RIGHTS SHARES") ON THE BASIS OF 3 RIGHTS SHARES FOR EVERY 1 EXISTING ORDINARY SHARE OF RM0.50 EACH HELD IN RSB ("SHARE") ("PROPOSED RIGHTS ISSUE")

RESOLVED THAT, subject to the passing of Special Resolution 1 and Ordinary Resolution 3, and all relevant approvals being obtained, approval be and is hereby given to the Board of Directors ("Board"), to allot (whether provisionally or otherwise) and issue by way of a renounceable rights issue of up to 490,689,354 Rights Shares at an issue price to be determined later by the Board, on the basis of 3 Rights Shares for every 1 existing Share held to the ordinary shareholders of RSB, whose names appear in the Record of Depositors of the Company as at the close of business on a date to be determined by the Board as they may deem expedient and to be announced by the Company;

RESOLVED THAT such Rights Shares shall, upon issue and allotment, rank equally in all respects with the then existing Shares of the Company;

RESOLVED THAT the Board be and is hereby authorised to make available Rights Shares which are not taken up or validly taken up for excess applications in such manner as the Board shall determine in a fair and equitable manner;

RESOLVED THAT approval be and is hereby given for the proceeds of the Proposed Rights Issue to be utilised by the Company for the purposes as set out in Section 4 of the Circular to shareholders of the Company dated 27 July 2011, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board shall in its absolute discretion deem fit and in the best interest of the Company;

RESOLVED THAT subject to all relevant approvals being obtained, approval be and is hereby given to the Board to allot and issue such number of new Shares ("Additional Shares") to holders of the irredeemable convertible preference shares of RM0.50 each in the Company ("ICPS") arising from the adjustment to the conversion ratio of the ICPS following the completion of the Proposed Rights Issue, in accordance with the Articles of Association of the Company, and that such Additional Shares so issued and allotted shall rank equally in all respects with the then existing Shares of the Company;

AND THAT the Board be and is hereby authorised to do all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Rights Issue, with full powers to assent to or make any condition, modification, variation and/or amendment thereto as the Board may deem fit in connection with the Proposed Rights Issue and in the best interest of the Company.

CERTIFIED TRUE EXTRACT :-

[Signature]
TAN SRI DATUK SIR DIONG HIEW KING @ TIONG HIEW KING
Chairman

[Signature]
TOH KA SOON (MAICSA 7031153)
Joint Company Secretary

Dated: 6th September, 2011
Sibu

## INFORMATION ON RSB

## 1. HISTORY AND PRINCIPAL ACTIVITIES

We were incorporated as a private company limited by shares in Malaysia under the Act on 12 May 2005 under the name of Real Harvest Enterprise Sdn Bhd. On 3 June 2005, we changed our name to Rimbunan Sawit Sdn Bhd. We were converted into a public company and changed our name to Rimbunan Sawit Berhad on 9 June 2005.

We were listed on the Main Market (previously the Main Board) of Bursa Securities on 28 June 2006.

Our principal activities are investment holding and provision of management services.

The principal activities of each of our subsidiaries and associate company are set out in Section 5 of this Appendix.

## 2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

## 2.1 Authorised and issued and paid-up share capital

The authorised and issued and fully paid-up share capital of our Company as at the LPD is as follows:

	<u>No. of shares</u>	<u>Par value RM</u>	<u>Total RM</u>
<b>Authorised share capital</b>			
Ordinary shares	700,000,000	0.50	350,000,000.00
ICPS	300,000,000	0.50	<u>150,000,000.00</u>
			<u>500,000,000.00</u>
<b>Issued and fully paid-up share capital</b>			
Ordinary shares	163,563,118	0.50	81,781,559.00
ICPS	193,972,857	0.50	<u>96,986,428.50</u>
			<u>178,767,987.50</u>

## 2.2 Movements in share capital

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

<u>Date of allotment</u>	<u>No. of shares</u>	<u>Par value</u>	<u>Consideration/ type of issue</u>	<u>Total issued and paid-up share capital</u>
		<u>RM</u>		<u>RM</u>
<b>Shares</b>				
12.05.2005	2	0.50	Cash	1.00
13.05.2005	2	0.50	Cash	2.00
09.06.2005	102	0.50	Cash	53.00
08.02.2006	110,266,694	0.50	Issued as consideration for acquisition	55,133,400.00
20.06.2006	18,000,000	0.50	Public issue at issue price of RM1.00 each	64,133,400.00
01.10.2010	28,331,400	0.50	Issued as consideration for acquisition	78,299,100.00
25.05.2011	6,964,918	0.50	Issued as consideration for acquisition	81,781,559.00
<b>ICPS</b>				
01.10.2010	193,972,857	0.50	Issued as consideration for acquisition	178,767,987.50

### 3. SUBSTANTIAL SHAREHOLDERS

The proforma effects of the Rights Issue and Bonus Issue on the shareholdings of our substantial shareholders based on our Company's Record of Depositors as at the LPD and the following scenarios are shown below:

- Minimum Scenario** - Scenario assuming that the Undertaking Shareholders subscribe for their respective Rights Shares entitlements and none of the other Entitled Shareholders and/or their renouncee(s) subscribe for the remaining Rights Shares entitlements under the Rights Issue.
- Maximum Scenario** - Scenario assuming that all of the Entitled Shareholders and/or their renouncee(s) subscribe in full for their respective Rights Shares entitlements under the Rights Issue.

#### Minimum Scenario

	As at the LPD			After the Rights Issue			After the Bonus Issue			
	Direct	Indirect		Direct	Indirect		Direct	Indirect		
	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	
TTSH	35,124,394	12,264,221 <sup>(1)</sup>	21.47	140,497,576	49,056,884 <sup>(1)</sup>	33.30	280,995,152	98,113,768 <sup>(1)</sup>	33.30	11.63
RHSA	15,073,100	-	9.22	60,292,400	-	14.29	120,584,800	-	14.29	-
PJP	12,264,221	-	7.50	49,056,884	-	11.63	98,113,768	-	11.63	-
TSL	11,134,300	56,852,007 <sup>(2)</sup>	6.81	44,537,200	211,345,389 <sup>(2)</sup>	10.56	89,074,400	422,690,778 <sup>(2)</sup>	10.56	50.10
PAA	10,903,600	22,388,113 <sup>(3)</sup>	6.67	43,614,400	67,607,413 <sup>(3)</sup>	10.34	87,228,800	135,214,826 <sup>(3)</sup>	10.34	16.03
TTSE	1,300,300	20,427,313 <sup>(4)</sup>	0.79	5,201,200	65,646,613 <sup>(4)</sup>	1.23	10,402,400	131,293,226 <sup>(4)</sup>	1.23	15.56
Tan Sri Tiong	300,000	93,114,928 <sup>(5)</sup>	0.18	1,200,000	350,514,673 <sup>(5)</sup>	0.28	2,400,000	701,029,346 <sup>(5)</sup>	0.28	83.09
SFS	9,504,284	-	5.81	9,504,284	-	2.25	19,008,568	-	2.25	-



## Maximum Scenario

	As at the LPD			After the Rights Issue			After the Bonus Issue					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares			
TTSH	35,124,394	21.47	12,264,221 <sup>(1)</sup>	7.50	140,497,576	21.47	49,056,884 <sup>(1)</sup>	7.50	280,995,152	21.47	98,113,768 <sup>(1)</sup>	7.50
RHSA	15,073,100	9.22	-	-	60,292,400	9.22	-	-	120,584,800	9.22	-	-
PJP	12,264,221	7.50	-	-	49,056,884	7.50	-	-	98,113,768	7.50	-	-
TSL	11,134,300	6.81	56,852,007 <sup>(2)</sup>	34.76	44,537,200	6.81	227,408,028 <sup>(2)</sup>	34.76	89,074,400	6.81	454,816,056 <sup>(2)</sup>	34.76
PAA	10,903,600	6.67	22,388,113 <sup>(3)</sup>	13.69	43,614,400	6.67	89,552,452 <sup>(3)</sup>	13.69	87,228,800	6.67	179,104,904 <sup>(3)</sup>	13.69
TTSE	1,300,300	0.79	20,427,313 <sup>(4)</sup>	12.49	5,201,200	0.79	81,709,252 <sup>(4)</sup>	12.49	10,402,400	0.79	163,418,504 <sup>(4)</sup>	12.49
Tan Sri Tiong	300,000	0.18	93,114,928 <sup>(5)</sup>	56.93	1,200,000	0.18	372,459,712 <sup>(5)</sup>	56.93	2,400,000	0.18	744,919,424 <sup>(5)</sup>	56.93
SFS	9,504,284	5.81	-	-	38,017,136	5.81	-	-	76,034,272	5.81	-	-

## Notes:

<sup>(1)</sup> Deemed interest through PJP.

<sup>(2)</sup> Deemed interest through TTSH, TTSE, RHSA and Kendale.

<sup>(3)</sup> Deemed interest through RHSA, RHS and Kendale.

<sup>(4)</sup> Deemed interest through RHSA and Kendale.

<sup>(5)</sup> Deemed interest through TTSH, TSL, TTSE, PAA, RHSA, RHS, Kendale and PJP.

Under the Minimum Scenario, whereby it is assumed that only the Undertaking Shareholders fully subscribe for their entitlements of 258,299,745 Rights Shares and none of the other Entitled Shareholders and/or their renouncee(s) subscribe for the remaining Rights Shares, the shareholdings of TTSH will increase to more than 33% of the voting shares of our Company. In such an event, TTSH will be obliged to extend a mandatory take-over offer for all the remaining Shares not owned by TTSH and persons acting in concert with it after the Rights Issue ("MGO") pursuant to Part III of the Code. TTSH has confirmed that it will at all times observe and ensure compliance with the provisions of the Code, including undertaking the MGO should it incur an obligation to do so under the Code.

In addition, under the Minimum Scenario, the collective equity interest of the Undertaking Shareholders in our Company will increase to approximately 81.64% of our enlarged issued and paid-up ordinary share capital after the Rights Issue. As such, our Company will not meet the public shareholding spread requirements under paragraph 8.02 of the Bursa Securities LR, which requires at least 25% of the total listed shares of a listed issuer to be in the hands of public shareholders. If such a situation occurs, Tan Sri Tiong and his associates will consider various options available, which may include selling down their equity stake, to rectify the shortfall in the public shareholding spread of our Company within the timeframe allowed by the relevant authorities. However, the actual course of action will depend on, among others, the prevailing market conditions at the relevant time.

#### 4. DIRECTORS

Our Directors, all of whom are Malaysian, and their respective direct and indirect shareholdings in our Company based on the Register of Directors' Shareholdings as at the LPD and after the Rights Issue under the Minimum and Maximum Scenario are as follows:

##### Minimum Scenario

Directors	Age	Occupation	Designation	Address	As at the LPD			After the Rights Issue			After the Bonus Issue					
					Direct		Indirect	Direct		Indirect	Direct		Indirect			
					No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Tiong	76	Company Director	Executive Chairman	No. 70, Brooke Drive, 96000 Sibul, Sarawak	300,000	0.18	93,114,928 <sup>(1)</sup>	56.93	1,200,000	0.28	350,514,673 <sup>(1)</sup>	83.09	2,400,000	0.28	701,029,346 <sup>(1)</sup>	83.09
Tiong Kiong King	64	Company Director	Non-Independent Non-Executive Vice Chairman	No. 9, Lorong 8, Au Yong Selatan, 96000 Sibul, Sarawak	1,813,600	1.11	2,027,300 <sup>(2)</sup>	1.24	1,813,600	0.43	2,027,300 <sup>(2)</sup>	0.48	3,627,200	0.43	4,054,600 <sup>(2)</sup>	0.48
Tiong Chiong Ong	53	Company Director	Managing Director	No. 17B, Lorong Pulau Li Hua 1, 96000 Sibul, Sarawak	858,700	0.52	26,000 <sup>(3)</sup>	0.02	858,700	0.20	26,000 <sup>(3)</sup>	*	1,717,400	0.20	52,000 <sup>(3)</sup>	*
Tiong Chiong le	41	Company Director	Non-Independent Executive Director	Lot 2659, Desa Sen, 96000 Miri, Sarawak	200,000	0.12	484,000 <sup>(4)</sup>	0.30	200,000	0.05	484,000 <sup>(4)</sup>	0.11	400,000	0.05	968,000 <sup>(4)</sup>	0.11
Bong Wei Leong	44	Company Director	Independent Director	No. 5A, Lorong 1, Jalan Gelama, 96000 Sibul, Sarawak	-	-	-	-	-	-	-	-	-	-	-	-
Tiong Ing Ming	54	Company Director	Independent Director	No. 10B, Lorong 1, Jalan Gelama, 96000 Sibul, Sarawak	25,000	0.02	-	-	25,000	*	-	-	50,000	*	-	-

**Maximum Scenario**

	As at the LPD				After the Rights Issue				After the Bonus Issue			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Tiong	300,000	0.18	93,114,928 <sup>(1)</sup>	56.93	1,200,000	0.18	372,459,712 <sup>(1)</sup>	56.93	2,400,000	0.18	744,919,424 <sup>(1)</sup>	56.93
Tiong Kiong King	1,813,600	1.11	2,027,300 <sup>(2)</sup>	1.24	7,254,400	1.11	8,109,200 <sup>(2)</sup>	1.24	14,508,800	1.11	16,218,400 <sup>(2)</sup>	1.24
Tiong Chiong Ong	858,700	0.52	26,000 <sup>(3)</sup>	0.02	3,434,800	0.52	104,000 <sup>(3)</sup>	0.02	6,869,600	0.52	208,000 <sup>(3)</sup>	0.02
Tiong Chiong le	200,000	0.12	484,000 <sup>(4)</sup>	0.30	800,000	0.12	1,936,000 <sup>(4)</sup>	0.30	1,600,000	0.12	3,872,000 <sup>(4)</sup>	0.30
Bong Wei Leong	-	-	-	-	-	-	-	-	-	-	-	-
Tiong Ing Ming	25,000	0.02	-	-	100,000	0.02	-	-	200,000	0.02	-	-

**Notes:**

\* Less than 0.01%.

<sup>(1)</sup> Deemed interest through TTSH, TSL, TTSE, PAA, RHSA, RHS, Kendaie, PJP and his spouse and children.

<sup>(2)</sup> Deemed interest through Biru-Hijau Enterprise Sdn Bhd.

<sup>(3)</sup> Deemed interest through his spouse.

<sup>(4)</sup> Deemed interest through Priharta Development Sdn Bhd.

<sup>(5)</sup> Deemed interest through TTSH, TSL, TTSE, PAA, RHSA and PJP.

## 5. SUBSIDIARIES AND ASSOCIATED COMPANY

The details of the subsidiaries of our Group as at the LPD are as follows:

Name	Date / Place of incorporation	Issued and paid-up share capital RM	Effective equity interest held %	Principal activities
Baram Trading Sdn Bhd	25.07.1980 Malaysia	5,000,000	85	Cultivation of oil palm
Jayamax Plantation Sdn Bhd	06.10.1994 Malaysia	5,000,000	100	Cultivation of oil palm
Lubuk Tiara	19.12.1994 Malaysia	8,000,000.00	65	Development of an oil palm plantation
Lumiera Enterprise Sdn Bhd	31.01.1996 Malaysia	2,000,000.00	100	Cultivation of oil palm
Midas Plantation Sdn Bhd	08.11.2004 Malaysia	2.00	100	Special purpose vehicle to facilitate the issuance of Islamic Securities
Nescaya Palma Sdn Bhd	18.05.1999 Malaysia	2,500,000.00	100	Cultivation of oil palm
Novelpac-Puncakdana Plantation Sdn Bhd	02.03.1996 Malaysia	1,250,000.00	100	Oil palm plantation
Pelita-Splendid Plantation Sdn Bhd	16.08.1996 Malaysia	4,760,000.00	70	Cultivation of oil palm
Pelita Biawak	06.09.1995 Malaysia	4,011,568.00	70	Development of oil palm plantation
PJP Pelita Ekang-Banyak Plantation Sdn Bhd	20.12.2005 Malaysia	969,600.00	60	Cultivation of oil palm
PJP Pelita Lundu Plantation Sdn Bhd	12.08.1998 Malaysia	6,048,000.00	60	Cultivation of oil palm
PJP Pelita Selangau Plantation Sdn Bhd	26.05.2000 Malaysia	12,000,000	60	Cultivation of oil palm
PJP Pelita Ulu Teru Plantation Sdn Bhd	06.09.1995 Malaysia	8,640,000.00	60	Cultivation of oil palm
R. H. Plantation	29.05.1986 Malaysia	9,999,000.00	100	(i) Cultivation of oil palm (ii) Operation of oil palm mill
Rimbunan Sawit Holdings Bhd	23.09.2004 Malaysia	2.00	100	Investment holding
Timrest Sdn Bhd	24.02.1988 Malaysia	12,500,000.00	100	Cultivation of oil palm
Woodijaya Sdn Bhd	26.09.1997 Malaysia	12,000.00	100	Cultivation of oil palm

Name	Date / Place of incorporation	Issued and paid-up share capital RM	Effective equity interest held %	Principal activities
Burung Tiong Helicopter Sdn Bhd	13.08.2004 Malaysia	1,200,000.00	85	Provision of helicopter services

Our Group does not have any associated companies as at the LPD.

## 6. PROFIT AND DIVIDEND RECORD

The following table summarises the audited consolidated results of our Group for the 2 financial years ended 31 August 2008, 31 August 2009, the 16-month period ended 31 December 2010 and the unaudited consolidated results of our Group for the 6-month period ended 30 June 2011.

	Audited financial years ended 31 August		Audited 16- month period ended 31 December	Unaudited 6- month period ended 30 June
	2008	2009	2010	2011
	RM '000			
Revenue	211,986	151,890	291,004	168,592
Gross profit	77,827	41,101	113,784	75,785
Other income	2,460	1,960	4,005	1,320
EBITDA <sup>(1)</sup>	76,403	42,264	119,647	82,646
Finance costs	8,877	9,354	13,799	7,740
PBT	54,070	18,391	77,500	55,487
Income tax expense	15,070	4,760	20,076	13,091
Profit attributable to:				
Equity holders of the Company	39,000	13,631	54,439	39,746
MI	-	-	2,985	2,650
Profit for the year/period	39,000	13,631	57,424	42,396
Weighted average number of ordinary shares in issue ('000)	128,267	128,267	133,619	157,759
Basic EPS (sen) <sup>(2)</sup>	30.41	10.63	40.74	25.19
Diluted EPS (sen) <sup>(3)</sup>	n/a	n/a	31.97	11.30
Gross profit margin (%) <sup>(4)</sup>	36.7%	27.1%	39.1%	45.0%
Profit margin (%) <sup>(5)</sup>	18.4%	9.0%	19.7%	25.1%
Gross dividend paid per share (sen)	5.00	5.00	3.50	2.00
Net dividend paid per share (sen)	3.65	3.75	2.62	1.85

### Notes:

n/a Not applicable.

\* Less than RM1,000.

<sup>(1)</sup> Computed by adding back depreciation and amortisation and finance cost to PBT

<sup>(2)</sup> Computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue.

<sup>(3)</sup> Computed by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue, adjusted for the dilutive effects of all potential ordinary shares from conversion of the ICPS.

<sup>(4)</sup> Gross profit margin is computed by dividing gross profit by revenue.

<sup>(5)</sup> Profit margin is computed by dividing profit for the year/period by revenue.

**Commentary:****Financial year ended 31 August 2008**

For the financial year ended 31 August 2008, our Group recorded revenue of RM212.0 million, representing an increase of approximately 38% as compared to revenue of RM153.9 million recorded in the previous year mainly due to higher selling prices of CPO and PK recorded during the year. Average prices achieved of RM2,986 per MT for CPO and RM1,652 for PK were approximately 56% and 10% respectively higher than that of the previous year (2007: RM1,919 per MT for CPO and RM1,503 for PK).

In line with the increase in revenue, our Group recorded PAT of RM39.0 million, representing an increase of approximately 129% from PAT of RM17.0 million recorded in the previous year.

**Financial year ended 31 August 2009**

For the financial year ended 31 August 2009, our Group recorded revenue of RM151.9 million, representing a decrease of approximately 28% as compared to revenue of RM212.0 million recorded in the previous year. The lower revenue was mainly due to the substantial decrease in the selling price of CPO and PK from the higher average prices registered in 2008 of RM2,986 and RM1,652 per MT respectively as compared to the current year prices of RM1,964 per MT for CPO and RM906 per MT for PK. This was further exacerbated by the dwindling prices of vegetable oils in the global market and the recession that affected the Malaysian economy in general. As a result of the lower revenue, our Group recorded PAT of RM13.6 million for the financial year ended 31 August 2009, a decrease of 65% from the PAT of RM39.0 million in the previous year.

**Financial period ended 31 December 2010**

Our Group changed its financial year end from 31 August to 31 December which consisted of 16 months for the financial period ended 31 December 2010. For this period, our Group recorded a revenue of RM291.0 million and RM57 million in PAT. Revenue was driven by more favourable average CPO and PK prices, as well as additional volume of FFB production generated by the subsidiaries acquired by our Group during the financial period. Average selling prices were RM2,487 per MT for CPO and RM1,441 per MT for PK respectively for this period, as compared to RM1,964 per MT for CPO and RM906 per MT for PK in the financial year ended 2009. This was mainly due to the growing demand and higher prices of vegetable oils in the global market.

**6-month financial period ended 30 June 2011**

Our Group recorded revenue of RM168.6 million for the 6-month financial period ended 30 June 2011, representing an increase of 95% as compared to RM86.5 million reported in the 6-month corresponding period ended 30 June 2010. The increase in revenue was mainly attributed to more favourable average CPO and PK prices and additional volume of FFB generated by the subsidiaries acquired in the second half of the financial period ended 31 December 2010. The average CPO and PK prices increased by approximately 39% and 89% respectively in the 6-month financial period ended 30 June 2011 as compared to the 6-month period ended 30 June 2010.

In tandem with higher revenue, our Group registered a higher PAT of RM42.4 million for the 6-month financial period ended 30 June 2011.

## 7. HISTORICAL SHARE PRICES

The following table sets out the monthly high and low prices of the Shares as traded on Bursa Securities for the past 12 months from September 2010 to August 2011:

	<u>High</u>	<u>Low</u>
	<u>RM</u>	<u>RM</u>
<b>2010</b>		
September	1.51	1.40
October	2.04	1.43
November	2.03	1.63
December	2.07	1.65
<b>2011</b>		
January	2.49	2.08
February	2.40	2.15
March	2.23	2.00
April	2.20	2.08
May	2.41	2.00
June	2.68	2.24
July	2.49	2.35
August	2.48	2.00
Last transacted price of the Shares on 26 May 2011, being the day prior to the date of announcement of the Rights Issue on 27 May 2011		2.16
Last transacted price of the Shares on the LPD		2.20
Last transacted price on 21 September 2011, being the last trading day prior to the ex-date for the Rights Issue		2.28

(Source: Bloomberg)

**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF RSB AS AT 31 DECEMBER 2010 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER**

*(Prepared for inclusion in this AP)*



14 September 2011

The Board of Directors  
Rimbunan Sawit Berhad  
No. 85 & 86, Pusat Suria Permata  
Jalan Upper Lanang 12A  
96000 Sibul, Sarawak

**Crowe Horwath AF 1018**  
Chartered Accountants  
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Dear Sirs

**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

We report on the Proforma Consolidated Statements of Financial Position of Rimbunan Sawit Berhad ("RSB" or "the Company") and its subsidiaries ("the Group") as at 31 December 2010, as set out in the accompanying statements (which we have stamped for the purpose of identification), for which the Directors of the Company are solely responsible.

The Proforma Consolidated Statements of Financial Position have been prepared for illustrative purposes only, for inclusion in the Abridged Prospectus to be dated 26 September 2011 in connection with the renounceable rights issue of up to 490,689,354 new ordinary shares of RM0.50 each in RSB ("Rights Shares") on the basis of three (3) Rights Shares for every one (1) existing ordinary share of RM0.50 each held in RSB ("Share"), at an issue price of RM0.80 per Rights Shares ("Rights Issue").

**RESPONSIBILITIES**

It is the responsibility of the Directors of the Company to prepare the Proforma Consolidated Statements of Financial Position as at 31 December 2010 in accordance with the requirements of the *Prospectus Guidelines – Abridged Prospectus* issued by the Securities Commission, Malaysia ("Abridged Prospectus Guidelines"). Our responsibility is to form an opinion as required by the Abridged Prospectus Guidelines on the Proforma Consolidated Statements of Financial Position and report our opinion to you based on our work.

In providing the opinion, we are not updating or refreshing any reports or opinions previously made on any financial information used in the compilation of the Proforma Consolidated Statements of Financial Position, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of the issue.

Offices in Malaysia:

Bintulu • Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Miri • Muar • Penang • Sibul





## **BASIS OF OPINION**

Our work consisted primarily of comparing the audited consolidated statements of financial position in the accompanying statements with the financial statements of RSB as at 31 December 2010, considering evidence supporting the adjustments and discussing the Proforma Consolidated Statements of Financial Position with the Directors of the Company. Our work involved no independent examination of any of the underlying financial information other than our audit of the financial statements of RSB that include the audited consolidated statements of financial position as at 31 December 2010, on which we have reported to the members of the Company as of the date of our audit report.

The Proforma Consolidated Statements of Financial Position, because of their nature, may not give a true picture of the actual financial position of the Group had the transactions or events occurred at the end of the reporting period. Further, such information does not purport to predict the future financial position of the Group.

## **OPINION**

In our opinion:-

- (a) the Proforma Consolidated Statements of Financial Position have been properly compiled on the basis set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position, using the financial statements of RSB prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group; and
- (b) the adjustments made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2010.

2/-

### **Offices in Malaysia:**

Bintulu • Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Miri • Muar • Penang • Sibul



**OTHER MATTERS**

This letter has been prepared for inclusion in the Abridged Prospectus of RSB in connection with the Rights Issue and is not to be used, circulated, quoted or otherwise referenced to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to you or any other party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A handwritten signature in black ink, appearing to read "Crowe Horwath".

**Crowe Horwath**  
Firm No: AF 1018  
Chartered Accountants

A handwritten signature in black ink, appearing to read "Lau Kiing Yiing".

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

3/-

**Offices in Malaysia:**

Bintulu • Johor Bahru • Klang • Kota Kinabalu • Kuala Lumpur • Kuching • Labuan • Melaka • Miri • Muar • Penang • Sibul

**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

The Proforma Consolidated Statements of Financial Position of Rimbunan Sawit Berhad ("RSB" or "the Company") and its subsidiaries ("the Group") as set out below for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited consolidated statements of financial position of the Group as at 31 December 2010 had the completed transactions described in Note 2 and the corporate exercises described in Note 3 been effected on that date, and should be read in conjunction with the notes accompanying the Proforma Statements of Financial Position.

**Minimum Scenario**

	Audited As at 31 December 2010 RM'000	Adjusted As at 31 December 2010 RM'000	Proforma I After the Rights Issue RM'000	Proforma II After Proforma I and the Bonus Issue RM'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	485,294	485,294	485,294	485,294
Intangible assets	77,722	77,722	77,722	77,722
Biological assets	683,248	683,248	683,248	683,248
Deferred tax assets	4,655	4,655	4,655	4,655
	<u>1,250,919</u>	<u>1,250,919</u>	<u>1,250,919</u>	<u>1,250,919</u>
<b>CURRENT ASSETS</b>				
Inventories	21,975	21,975	21,975	21,975
Trade and other receivables	26,252	26,252	26,252	26,252
Tax refundable	58	58	58	58
Deposits, cash and bank Balances	5,181	5,181	55,321	55,321
	<u>53,466</u>	<u>53,466</u>	<u>103,606</u>	<u>103,606</u>
<b>TOTAL ASSETS</b>	<u>1,304,385</u>	<u>1,304,385</u>	<u>1,354,525</u>	<u>1,354,525</u>



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

**Minimum Scenario (Cont'd)**

	Audited As at 31 December 2010 RM'000	Adjusted As at 31 December 2010 RM'000	Proforma I After the Rights Issue RM'000	Proforma II After Proforma I and the Bonus Issue RM'000
<b>EQUITY AND LIABILITIES</b>				
Share capital:-				
- ordinary shares	78,299	81,782	210,932	421,863
- irredeemable convertible preference shares ("ICPS")	96,986	96,986	96,986	96,986
Share premium	183,908	196,444	272,434	61,503
Merger reserves	(44,631)	(53,065)	(53,065)	(53,065)
Retained profits	112,520	110,203	110,203	110,203
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>427,082</b>	<b>432,350</b>	<b>637,490</b>	<b>637,490</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>116,354</b>	<b>110,586</b>	<b>110,586</b>	<b>110,586</b>
<b>TOTAL EQUITY</b>	<b>543,436</b>	<b>542,936</b>	<b>748,076</b>	<b>748,076</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	149,920	149,920	149,920	149,920
Deferred tax liabilities	142,983	142,983	142,983	142,983
	<b>292,903</b>	<b>292,903</b>	<b>292,903</b>	<b>292,903</b>



**RIMBUNAN SAWIT BERHAD****PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)  
AS AT 31 DECEMBER 2010****Minimum Scenario (Cont'd)**

	Audited As at 31 December 2010 RM'000	Adjusted As at 31 December 2010 RM'000	Proforma I After the Rights Issue RM'000	Proforma II After Proforma I and the Bonus Issue RM'000
<b>CURRENT LIABILITIES</b>				
Trade and other payables	194,401	194,901	194,901	194,901
Borrowings:-				
- bank overdrafts	19,435	19,435	19,435	19,435
- other borrowings	249,231	249,231	94,231	94,231
Provision for taxation	4,979	4,979	4,979	4,979
	<b>468,046</b>	<b>468,546</b>	<b>313,546</b>	<b>313,546</b>
<b>TOTAL LIABILITIES</b>	<b>760,949</b>	<b>761,449</b>	<b>606,449</b>	<b>606,449</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,304,385</b>	<b>1,304,385</b>	<b>1,354,525</b>	<b>1,354,525</b>
Number of ordinary shares in issue ('000)	156,598	163,563	421,863	843,726
Net assets ("NA")	427,082	432,350	637,490	637,490
NA per ordinary share (RM)	2.73	2.64	1.51	0.76
Total borrowings	418,586	418,586	263,586	263,586
Gearing (times)	0.98	0.97	0.41	0.41



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

**Maximum Scenario**

	Audited As at 31 December 2010 RM'000	Adjusted As at 31 December 2010 RM'000	Proforma I After the Rights Issue RM'000	Proforma II After Proforma I and the Bonus Issue RM'000
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	485,294	485,294	485,294	485,294
Intangible assets	77,722	77,722	77,722	77,722
Biological assets	683,248	683,248	683,248	683,248
Deferred tax assets	4,655	4,655	4,655	4,655
	<u>1,250,919</u>	<u>1,250,919</u>	<u>1,250,919</u>	<u>1,250,919</u>
<b>CURRENT ASSETS</b>				
Inventories	21,975	21,975	21,975	21,975
Trade and other receivables	26,252	26,252	26,252	26,252
Tax refundable	58	58	58	58
Deposits, cash and bank Balances	5,181	5,181	100,032	100,032
	<u>53,466</u>	<u>53,466</u>	<u>148,317</u>	<u>148,317</u>
<b>TOTAL ASSETS</b>	<u><b>1,304,385</b></u>	<u><b>1,304,385</b></u>	<u><b>1,399,236</b></u>	<u><b>1,399,236</b></u>



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

**Maximum Scenario (Cont'd)**

	Audited As at 31 December 2010 RM'000	Adjusted As at 31 December 2010 RM'000	Proforma I After the Rights Issue RM'000	Proforma II After Proforma I and the Bonus Issue RM'000
<b>EQUITY AND LIABILITIES</b>				
Share capital:-				
- ordinary shares	78,299	81,782	327,126	654,252
- irredeemable convertible preference shares ("ICPS")	96,986	96,986	96,986	96,986
Share premium	183,908	196,444	342,151	15,025
Merger reserves	(44,631)	(53,065)	(53,065)	(53,065)
Retained profits	112,520	110,203	110,203	110,203
<b>TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	<b>427,082</b>	<b>432,350</b>	<b>823,401</b>	<b>823,401</b>
<b>NON-CONTROLLING INTERESTS</b>	<b>116,354</b>	<b>110,586</b>	<b>110,586</b>	<b>110,586</b>
<b>TOTAL EQUITY</b>	<b>543,436</b>	<b>542,936</b>	<b>933,987</b>	<b>933,987</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	149,920	149,920	102,951	102,951
Deferred tax liabilities	142,983	142,983	142,983	142,983
	<b>292,903</b>	<b>292,903</b>	<b>245,934</b>	<b>245,934</b>



**RIMBUNAN SAWIT BERHAD****PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)  
AS AT 31 DECEMBER 2010****Maximum Scenario (Cont'd)**

	Audited As at 31 December 2010 RM'000	Adjusted As at 31 December 2010 RM'000	Proforma I After the Rights Issue RM'000	Proforma II After Proforma I and the Bonus Issue RM'000
<b>CURRENT LIABILITIES</b>				
Trade and other payables	194,401	194,901	194,901	194,901
Borrowings:-				
- bank overdrafts	19,435	19,435	19,435	19,435
- other borrowings	249,231	249,231	-	-
Provision for taxation	4,979	4,979	4,979	4,979
	<b>468,046</b>	<b>468,546</b>	<b>219,315</b>	<b>219,315</b>
<b>TOTAL LIABILITIES</b>	<b>760,949</b>	<b>761,449</b>	<b>465,249</b>	<b>465,249</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,304,385</b>	<b>1,304,385</b>	<b>1,399,236</b>	<b>1,399,236</b>
Number of ordinary shares in issue ('000)	156,598	163,563	654,252	1,308,505
Net assets ("NA")	427,082	432,350	823,401	823,401
NA per ordinary share (RM)	2.73	2.64	1.26	0.63
Total borrowings	418,586	418,586	122,386	122,386
Gearing (times)	0.98	0.97	0.15	0.15





**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

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**Notes to the Proforma Consolidated Statements of Financial Position**

**1. BASIS OF PREPARATION**

The Proforma Consolidated Statements of Financial Position have been prepared based on the audited financial statements of RSB for the financial period ended 31 December 2010 in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group.

The audited financial statements of RSB for the financial period ended 31 December 2010 were reported without any qualification and did not include any comment made under Section 174(3) of the Companies Act 1965.

**2. ADJUSTMENTS TO THE AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

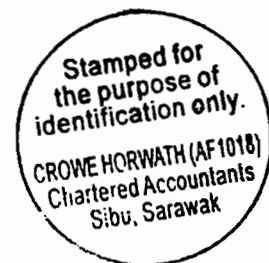
The audited consolidated statement of financial position of the Group has been adjusted for the following transaction:-

(a) Acquisitions

On 11 May 2011, RSB completed the acquisitions of the remaining 15% equity interests not already held by the Company in the following companies from the State Financial Secretary of Sarawak, for a total purchase consideration of RM16.02 million:-

- (i) 375,000 ordinary shares of RM1.00 each in Nescaya Palma Sdn Bhd, for a purchase consideration of RM8.81 million;
- (ii) 187,500 ordinary shares of RM1.00 each in Novelpac-Puncakdana Plantation Sdn Bhd, for a purchase consideration of RM1.97 million; and
- (iii) 1,800 ordinary shares of RM1.00 each in Woodijaya Sdn Bhd, for a purchase consideration of RM5.24 million.

The purchase consideration is wholly satisfied via the issuance of 6,964,918 ordinary shares of RM0.50 each in RSB at an issue price of RM2.30 per ordinary share.



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**2. ADJUSTMENTS TO THE AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CON'T)**

(a) Acquisitions (Cont'd)

The acquisitions have the following impact on the audited consolidated statement of financial position of the Group:-

	EFFECTS ON TOTAL ASSETS RM'000	INCREASE/(DECREASE) EFFECTS ON TOTAL EQUITY AND LIABILITIES RM'000
Share capital – ordinary shares	-	3,483
Share premium	-	12,536
Merger reserves	-	(8,434)
Retained profits	-	(2,317)
Non-controlling interests	-	(5,768)
Trade and other payables	-	500

**3. DETAILS OF THE CORPORATE EXERCISES**

(a) The Corporate Exercises

RSB is undertaking the following Corporate Exercises:-

- (i) renounceable rights issue of up to 490,689,354 new ordinary shares of RM0.50 each in RSB ("Rights Shares") on the basis of three (3) Rights Shares for every one (1) existing ordinary share of RM0.50 each held in RSB ("Share"), at an issue price of RM0.80 per Rights Share ("Rights Issue");
- (ii) bonus issue of up to 654,252,472 new Shares ("Bonus Shares") on the basis of one (1) Bonus Share for every one (1) Share held after the Rights Issue ("Bonus Issue");



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

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**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**3. DETAILS OF THE CORPORATE EXERCISES (CONT'D)**

(a) The Corporate Exercises (Cont'd)

RSB is undertaking the following Corporate Exercises (cont'd):-

(iii) increase in the authorised share capital of RSB from RM500,000,000 comprising 700,000,000 Shares and 300,000,000 irredeemable convertible preference shares of RM0.50 each ("ICPS") to RM1,250,000,000 comprising 2,200,000,000 Shares and 300,000,000 ICPS; and

(iv) amendment to the Memorandum of Association of RSB.

(b) Scenarios

The Proforma Consolidated Statements of Financial Position have been presented based on the following two scenarios:-

(i) Minimum Scenario : Assuming that the Undertaking Shareholders (being the identified shareholders who have provided irrevocable and unconditional written undertakings to subscribe in full or procure the subscription in full for their respective entitlements to the Rights Shares) will subscribe to a total of 258,299,745 Rights Shares and none of the other entitled shareholders and/or their renounee(s) subscribe for the remaining Rights Shares entitlements under the Rights Issue

(ii) Maximum Scenario : Assuming that all the entitled shareholders and/or their renounee(s) subscribe in full for their Rights Shares entitlements under the Rights Issue



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**4. THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

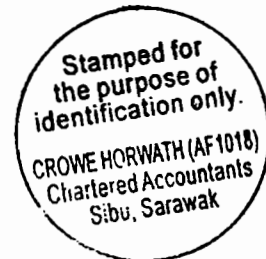
(a) Proforma I

Proforma I incorporates the effects of the Rights Issue and the following utilisation of proceeds from the Rights Issue on the adjusted consolidated statement of financial position of the Group as at 31 December 2010:-

	MINIMUM SCENARIO RM'000	MAXIMUM SCENARIO RM'000
Repayment of borrowings	155,000	296,200
Working capital and/or acquisitions <sup>(1)</sup>	50,140	94,851
Estimated expenses for the Corporate Exercises <sup>(2)</sup>	1,500	1,500
	206,640	392,551

**Notes:-**

- <sup>(1)</sup> The proceeds earmarked for working capital and/or acquisitions will be included in cash and bank balances.
- <sup>(2)</sup> The expenses in relation to the Corporate Exercises will be debited to the share premium account.



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**4. THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

(a) Proforma I (Cont'd)

The Rights Issue has the following impact on the Proforma Consolidated Statements of Financial Position of the Group:-

*Minimum Scenario*

	INCREASE/(DECREASE) EFFECTS ON TOTAL ASSETS RM'000	EFFECTS ON TOTAL EQUITY AND LIABILITIES RM'000
Deposits, cash and bank balances	50,140	-
Share capital – ordinary shares	-	129,150
Share premium	-	75,990
Borrowings	-	(155,000)

*Maximum Scenario*

	INCREASE/(DECREASE) EFFECTS ON TOTAL ASSETS RM'000	EFFECTS ON TOTAL EQUITY AND LIABILITIES RM'000
Deposits, cash and bank balances	94,851	-
Share capital – ordinary shares	-	245,344
Share premium	-	145,707
Borrowings	-	(296,200)



**RIMBUNAN SAWIT BERHAD****PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)  
AS AT 31 DECEMBER 2010****Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)****4. THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****(b) Proforma II**

Proforma II incorporates Proforma I and the effects of the Bonus Issue.

The Bonus Shares will be capitalised from the share premium account.

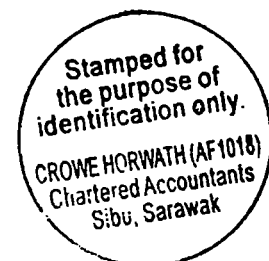
The Bonus Issue has the following impact on the Proforma Consolidated Statements of Financial Position of the Group:-

*Minimum Scenario*

	INCREASE/(DECREASE) EFFECTS ON TOTAL ASSETS RM'000	EFFECTS ON TOTAL EQUITY AND LIABILITIES RM'000
Share capital – ordinary shares	-	210,931
Share premium	-	(210,931)

*Maximum Scenario*

	INCREASE/(DECREASE) EFFECTS ON TOTAL ASSETS RM'000	EFFECTS ON TOTAL EQUITY AND LIABILITIES RM'000
Share capital – ordinary shares	-	327,126
Share premium	-	(327,126)



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**

**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**5. MOVEMENTS IN CAPITAL AND RESERVES**

**Minimum Scenario**

The movements of the capital and reserves of the Group are as follows:-

	SHARE CAPITAL		SHARE CAPITAL AMOUNT		SHARE PREMIUM RM'000	MERGER RESERVES RM'000	RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS		NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
	NUMBER OF ORDINARY SHARES '000	ICPS '000	ORDINARY SHARES RM'000	ICPS RM'000				OF THE COMPANY RM'000			
Audited consolidated statement of financial position as at 31 December 2010	156,598	193,973	78,299	96,986	183,908	(44,631)	112,520	427,082	116,354	543,436	
Arising from the Acquisitions	6,965	-	3,483	-	12,536	(8,434)	(2,317)	5,268	(5,768)	(500)	
Adjusted consolidated statement of financial position as at 31 December 2010 / carried forward	163,563	193,973	81,782	96,986	196,444	(53,065)	110,203	432,350	110,586	542,936	



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**



**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**5. MOVEMENTS IN CAPITAL AND RESERVES**

**Minimum Scenario (Cont'd)**

The movements of the capital and reserves of the Group are as follows (cont'd):-

	SHARE CAPITAL NUMBER OF SHARES		SHARE CAPITAL AMOUNT		SHARE PREMIUM RM'000	MERGER RESERVES RM'000	RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS		TOTAL EQUITY RM'000
	ORDINARY SHARES '000	ICPS '000	ORDINARY SHARES RM'000	ICPS RM'000				COMPANY RM'000	Non- CONTROLLING INTERESTS RM'000	
Adjusted consolidated statement of financial position as at 31 December 2010 / brought forward	163,563	193,973	81,782	96,986	196,444	(53,065)	110,203	432,350	110,586	542,936
Arising from the Rights Issue	258,300	-	129,150	-	77,490	-	-	206,640	-	206,640
Payment of estimated expenses for the Corporate Exercises	-	-	-	-	(1,500)	-	-	(1,500)	-	(1,500)
Proforma I	421,863	193,973	210,932	96,986	272,434	(53,065)	110,203	637,490	110,586	748,076
Arising from the Bonus Issue	421,863	-	210,931	-	(210,931)	-	-	-	-	-
Proforma II	843,726	193,973	421,863	96,986	61,503	(53,065)	110,203	637,490	110,586	748,076



**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**



**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**5. MOVEMENTS IN CAPITAL AND RESERVES**

**Maximum Scenario**

The movements of the capital and reserves of the Group are as follows:-

	SHARE CAPITAL		SHARE CAPITAL AMOUNT		SHARE PREMIUM RM'000	MERGER RESERVES RM'000	RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS		TOTAL EQUITY RM'000
	NUMBER OF ORDINARY SHARES '000	ICPS '000	ORDINARY SHARES RM'000	ICPS RM'000				OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	
Audited consolidated statement of financial position as at 31 December 2010	156,598	193,973	78,299	96,986	183,908	(44,631)	112,520	427,082	116,354	543,436
Arising from the Acquisitions	6,965	-	3,483	-	12,536	(8,434)	(2,317)	5,268	(5,768)	(500)
Adjusted consolidated statement of financial position as at 31 December 2010 / carried forward	163,563	193,973	81,782	96,986	196,444	(53,065)	110,203	432,350	110,586	542,936

**RIMBUNAN SAWIT BERHAD**  
**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**  
**AS AT 31 DECEMBER 2010**



**Notes to the Proforma Consolidated Statements of Financial Position (Cont'd)**

**5. MOVEMENTS IN CAPITAL AND RESERVES**

**Maximum Scenario (Cont'd)**

The movements of the capital and reserves of the Group are as follows (cont'd):-

	SHARE CAPITAL		SHARE CAPITAL AMOUNT		SHARE PREMIUM RM'000	MERGER RESERVES RM'000	RETAINED PROFITS RM'000	ATTRIBUTABLE TO OWNERS		TOTAL EQUITY RM'000
	NUMBER OF ORDINARY SHARES '000	ICPS '000	ORDINARY SHARES RM'000	ICPS RM'000				COMPANY INTERESTS RM'000	Non-CONTROLLING INTERESTS RM'000	
Adjusted consolidated statement of financial position as at 31 December 2010 / brought forward	163,563	193,973	81,782	96,986	196,444	(53,065)	110,203	432,350	110,586	542,936
Arising from the Rights Issue	490,689	-	245,344	-	147,207	-	-	392,551	-	392,551
Payment of estimated expenses for the Corporate Exercises	-	-	-	-	(1,500)	-	-	(1,500)	-	(1,500)
Proforma I	654,252	193,973	327,126	96,986	342,151	(53,065)	110,203	823,401	110,586	933,987
Arising from the Bonus Issue	654,253	-	327,126	-	(327,126)	-	-	-	-	-
Proforma II	1,308,505	193,973	654,252	96,986	15,025	(53,065)	110,203	823,401	110,586	933,987

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF RSB FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010 TOGETHER WITH THE AUDITOR'S REPORT**

**RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)  
Company No: 691393-U

**DIRECTORS' REPORT**

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

**CHANGE OF ACCOUNTING YEAR END**

The Company changed its accounting year end from 31 August to 31 December to facilitate the efficiency in financial reporting and corporate administration of the Group.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

**RESULTS**

	THE GROUP RM	THE COMPANY RM
Profit after taxation for the financial period	57,423,672	25,572,520
Attributable to:-		
Equity holders of the Company	54,438,973	25,572,520
Minority interests	2,984,699	-
	<u>57,423,672</u>	<u>25,572,520</u>

**DIVIDENDS**

A first and final dividend of 3.5 sen per ordinary share less 25% tax amounting to RM3,367,003 for the financial year ended 31 August 2009 was approved by the shareholders at the Annual General Meeting held on 10 February 2010 and paid on 18 March 2010.

## **RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)  
Company No: 691393-U

### **DIRECTORS' REPORT (CONT'D)**

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#### **DIVIDENDS (CONT'D)**

At the forthcoming Annual General Meeting, the following dividends in respect of the current financial period will be proposed for shareholders' approval:-

- (a) a final dividend of 2.0 sen per ordinary share consisting of:-
  - (i) franked dividend of 0.6 sen per ordinary share less 25% tax amounting to RM704,692; and
  - (ii) single tier dividend of 1.4 sen per ordinary share amounting to RM2,192,375; and
- (b) a final dividend of 2.0 sen per irredeemable convertible preference share consisting of:-
  - (i) franked dividend of 0.6 sen per irredeemable convertible preference share less 25% tax amounting to RM872,878; and
  - (ii) single tier dividend of 1.4 sen per irredeemable convertible preference share amounting to RM2,715,620.

The financial statements for the current financial period do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2011.

#### **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 was no change in the authorised share capital of the Company;
- (b) the Company increased its issued and paid-up share capital from RM64,133,400 to RM175,285,529 by the allotment of 28,331,400 new ordinary shares of RM0.50 each and 193,972,857 new irredeemable convertible preference shares of RM0.50 each at an issue price of RM1.30 per share in satisfaction of the purchase consideration for the acquisition of subsidiaries and a plantation estate as disclosed in Note 26 and Note 27 to the financial statements respectively. The new shares issued rank pari passu in all respects with the existing shares of the Company, except for irredeemable convertible preference shares which are subject to certain restrictions as set out in the Articles of Association of the Company; and

## **RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

Company No: 691393-U

### **DIRECTORS' REPORT (CONT'D)**

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#### **ISSUES OF SHARES AND DEBENTURES (CONT'D)**

During the financial period (cont'd):-

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

#### **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 Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

#### **CURRENT ASSETS**

Before the financial statements of the Group and 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 Group and 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 Group and of the Company misleading or inappropriate.

## **RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)  
Company No: 691393-U

### **DIRECTORS' REPORT (CONT'D)**

---

#### **CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities are disclosed in Note 34 to the financial statements. At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and 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 Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and 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 Group and of the Company to meet their 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 Group and 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 Group and 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 other than the effects arising from the acquisitions of subsidiaries and plantation estate as disclosed in Note 26 and Note 27 to the financial statements respectively.

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 Group and of the Company for the financial period.

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**DIRECTORS' REPORT (CONT'D)****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  
 TIONG KIONG KING  
 TIONG CHIONG IE  
 BONG WEI LEONG  
 TIONG ING MING

**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 RM0.50 EACH			
	AT 1.9.2009	BOUGHT	SOLD	AT 31.12.2010
<i>DIRECT INTERESTS</i>				
TAN SRI DATUK SIR DIONG HIEW KING @				
TIONG HIEW KING	300,000	-	-	300,000
TIONG CHIONG ONG	541,200	313,100	-	854,300
TIONG KIONG KING	1,813,600	-	-	1,813,600
TIONG CHIONG IE	200,000	-	-	200,000
TIONG ING MING	25,000	-	-	25,000

*INDIRECT INTERESTS*

TAN SRI DATUK SIR DIONG HIEW KING @				
TIONG HIEW KING	69,343,794	28,804,400	(23,000)	98,125,194
TIONG CHIONG ONG	26,000	-	-	26,000
TIONG KIONG KING	2,027,300	-	-	2,027,300
TIONG CHIONG IE	484,000	-	-	484,000

NUMBER OF IRREDEEMABLE CONVERTIBLE PREFERENCE  
SHARES OF RM0.50 EACH

	NUMBER OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.50 EACH			
	AT 1.9.2009	BOUGHT	SOLD	AT 31.12.2010
<i>INDIRECT INTERESTS</i>				
TAN SRI DATUK SIR DIONG HIEW KING @				
TIONG HIEW KING	-	193,972,857	-	193,972,857

## **RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)  
Company No: 691393-U

### **DIRECTORS' REPORT (CONT'D)**

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By virtue of his shareholdings in the Company, Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King is deemed to have interests in shares in its related corporations during the financial period 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 (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 31 to the financial statements.

Neither during nor at the end of the financial period was the Group or 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.

### **SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD**

The significant events during and subsequent to the financial period are disclosed in Note 36 to the financial statements.



## RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)  
Company No: 691393-U

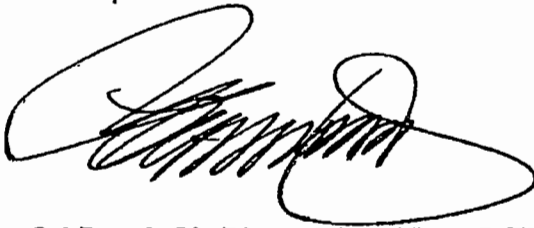
### DIRECTORS' REPORT (CONT'D)

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#### 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 24 MAR 2011



Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King



Tiong Chiong Ong

## RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)  
Company No: 691393-U

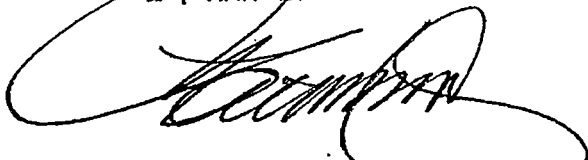
### STATEMENT BY DIRECTORS

We, Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King and Tiong Chiong Ong, being the two directors of Rimbunan Sawit Berhad, state that, in the opinion of the directors, the financial statements set out on pages 12 to 95 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 Group and of the Company at 31 December 2010 and of their results and cash flows for the financial period ended on that date.

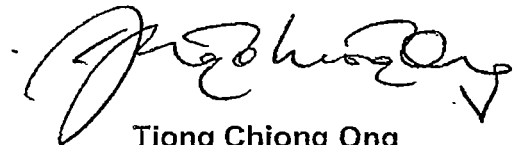
The supplementary information set out in Note 38, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

**SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS**

DATED 24 MAR 2011



Tan Sri Datuk Sir Diong Hiew King @  
Tiong Hiew King



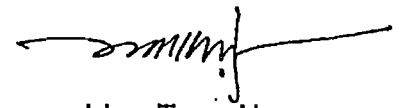
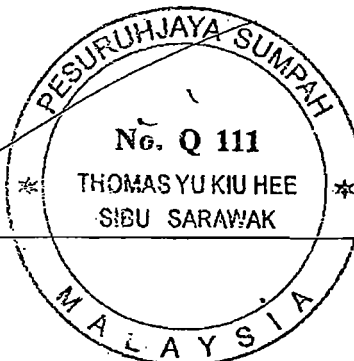
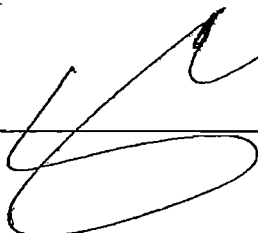
Tiong Chiong Ong

### STATUTORY DECLARATION

I, Ling Tong Ung, being the officer primarily responsible for the financial management of Rimbunan Sawit Berhad, do solemnly and sincerely declare that the financial statements set out on pages 12 to 95 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by  
Ling Tong Ung at Sibu,  
on this 24 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  
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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

Company No: 691393-U

### **Report on the Financial Statements**

We have audited the financial statements of Rimbunan Sawit Berhad, which comprise the balance sheets as at 31 December 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 12 to 95.

#### *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 RIMBUNAN SAWIT BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No: 691393-U

### *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 Group and of the Company as of 31 December 2010 and of their 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 the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



**HII & LEE** (AF0123)  
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
RIMBUNAN SAWIT BERHAD (CONT'D)**

(Incorporated in Malaysia)  
Company No: 691393-U

**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 Kling Yiing**  
Approval No: 1326/09/12(J)  
Chartered Accountant

**24 MAR 2011**

Sibu, Sarawak

**RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

Company No: 691393-U

**BALANCE SHEETS AT 31 DECEMBER 2010**

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	431,515,362	104,911,349
Property, plant and equipment	6	349,411,878	81,296,935	366,094	564,750
Prepaid lease payments	7	135,882,164	13,198,397	-	-
Intangible assets	8	77,721,616	3,340,283	28,147	22,907
Biological assets	9	683,248,353	107,999,282	-	-
Deferred tax assets	10	4,654,921	2,867,810	-	-
		<u>1,250,918,932</u>	<u>208,702,707</u>	<u>431,909,603</u>	<u>105,499,006</u>
<b>CURRENT ASSETS</b>					
Inventories	11	21,975,098	5,575,378	-	-
Trade and other receivables	12	26,252,360	17,284,199	106,169,348	45,947,487
Tax refundable		58,188	71,000	58,188	71,000
Deposits, cash and bank balances	13	5,181,067	50,902,994	6,386	3,582,307
		<u>53,466,713</u>	<u>73,833,571</u>	<u>106,233,922</u>	<u>49,600,794</u>
<b>TOTAL ASSETS</b>		<u>1,304,385,645</u>	<u>282,536,278</u>	<u>538,143,525</u>	<u>155,099,800</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	14	175,285,529	64,133,400	175,285,529	64,133,400
Reserves	15	251,797,108	23,683,398	269,676,058	70,428,801
		<u>427,082,637</u>	<u>87,816,798</u>	<u>444,961,587</u>	<u>134,562,201</u>
Minority interests		116,354,060	-	-	-
<b>TOTAL EQUITY</b>		<u>543,436,697</u>	<u>87,816,798</u>	<u>444,961,587</u>	<u>134,562,201</u>

**RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

Company No: 691393-U

**BALANCE SHEETS AT 31 DECEMBER 2010 (CONT'D)**

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	16	149,920,060	119,850,000	-	-
Deferred tax liabilities	10	142,982,753	18,834,385	8,521	8,043
		<u>292,902,813</u>	<u>138,684,385</u>	<u>8,521</u>	<u>8,043</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	19	194,400,513	20,548,083	93,148,513	20,529,556
Borrowings:-					
- bank overdrafts	16	19,435,493	207,673	24,904	-
- other borrowings	16	249,231,055	34,100,000	-	-
Provision for taxation		4,979,074	1,179,339	-	-
		<u>468,046,135</u>	<u>56,035,095</u>	<u>93,173,417</u>	<u>20,529,556</u>
<b>TOTAL LIABILITIES</b>		<u>760,948,948</u>	<u>194,719,480</u>	<u>93,181,938</u>	<u>20,537,599</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,304,385,645</u>	<u>282,536,278</u>	<u>538,143,525</u>	<u>155,099,800</u>

**RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

Company No: 691393-U

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

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
REVENUE	20	291,003,978	151,889,627	39,218,000	49,788,900
COST OF SALES		(177,220,353)	(110,788,554)	-	-
GROSS PROFIT		113,783,625	41,101,073	39,218,000	49,788,900
OTHER INCOME		4,004,918	1,959,520	2,196	112,049
DISTRIBUTION COSTS		(13,479,742)	(8,926,472)	-	-
ADMINISTRATIVE AND OTHER EXPENSES		(13,010,691)	(6,389,034)	(13,584,386)	(5,242,412)
FINANCE COSTS	21	(13,798,527)	(9,353,988)	-	-
PROFIT BEFORE TAXATION	22	77,499,583	18,391,099	25,635,810	44,658,537
INCOME TAX EXPENSE	23	(20,075,911)	(4,759,967)	(63,290)	(12,056)
PROFIT AFTER TAXATION		57,423,672	13,631,132	25,572,520	44,646,481
ATTRIBUTABLE TO:-					
- Equity holders of the Company		54,438,973	13,631,132	25,572,520	44,646,481
- Minority interests		2,984,699	-	-	-
		57,423,672	13,631,132	25,572,520	44,646,481
EARNINGS PER SHARE (SEN):-					
- Basic	24	40.74	10.63		
- Diluted	24	31.97	Not applicable		



**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010**

NOTE	SHARE CAPITAL		NON-DISTRIBUTABLE		ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		TOTAL EQUITY RM
	ORDINARY SHARES RM	PREFERENCE SHARES RM	SHARE PREMIUM RM	MERGER RESERVES RM	DISTRIBUTABLE PROFITS RM	TOTAL RM	
THE GROUP							
	64,133,400	-	6,865,850	(44,630,565)	52,626,986	78,995,671	78,995,671
Balance at 1.9.2008							
Profit after taxation	-	-	-	-	13,631,132	13,631,132	13,631,132
Dividends	-	-	-	-	(4,810,005)	(4,810,005)	(4,810,005)
25							
Balance at 31.8.2009/1.9.2009	64,133,400	-	6,865,850	(44,630,565)	61,448,113	87,816,798	87,816,798
Issuance of shares:-							
- acquisition of subsidiaries	14,165,700	88,607,382	164,436,931	-	-	267,210,013	380,579,374
- purchase of plantation estate	-	8,379,047	13,406,474	-	-	21,785,521	21,785,521
26							
27							
Share issuance expenses	-	-	(801,665)	-	-	(801,665)	(801,665)
Profit after taxation	-	-	-	-	54,438,973	54,438,973	2,984,699
Dividends	-	-	-	-	(3,367,003)	(3,367,003)	(3,367,003)
25							
Balance at 31.12.2010	78,299,100	96,986,429	183,907,590	(44,630,565)	112,520,083	427,082,637	543,436,697

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

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**STATEMENTS OF CHANGES IN EQUITY (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010**

	NOTE	<----- NON-DISTRIBUTABLE ----->			DISTRIBUTABLE RETAINED PROFITS RM	TOTAL RM
		ORDINARY SHARES RM	PREFERENCE SHARES RM	SHARE PREMIUM RM		
THE COMPANY						
Balance at 1.9.2008		64,133,400	-	6,865,850	23,726,475	94,725,725
Profit after taxation		-	-	-	44,646,481	44,646,481
Dividends	25	-	-	-	(4,810,005)	(4,810,005)
Balance at 31.8.2009/ 1.9.2009		64,133,400	-	6,865,850	63,562,951	134,562,201
Issuance of shares		14,165,700	96,986,429	177,041,740	-	288,193,869
Profit after taxation		-	-	-	25,572,520	25,572,520
Dividends	25	-	-	-	(3,367,003)	(3,367,003)
Balance at 31.12.2010		78,299,100	96,986,429	183,907,590	85,768,468	444,961,587

**RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

Company No: 691393-U

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

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before taxation		77,499,583	18,391,099	25,635,810	44,658,537
Adjustments for:-					
Amortisation of biological assets		11,318,568	4,723,165	-	-
Amortisation of intangible assets		103,777	70,970	9,030	6,108
Amortisation of prepaid lease payments		519,925	191,984	-	-
Depreciation of property, plant and equipment		16,406,329	9,532,670	239,224	173,860
Dividend income		-	-	(32,498,000)	(44,748,900)
Gain on bargain purchase		(2,010,134)	-	-	-
Gain on disposal of property, plant and equipment		(963,504)	(167,517)	-	-
Intangible assets written off		738	-	-	-
Interest expense		13,798,527	9,353,988	-	-
Interest income		(311,182)	(650,354)	(2,196)	(12,008)
Operating profit/(loss) before working capital changes		116,362,627	41,446,005	(6,616,132)	77,597
(Increase)/decrease in inventories		(4,280,137)	11,624,659	-	-
Decrease/(increase) in receivables		33,556,340	(9,947,116)	(63,684,334)	(18,132,495)
(Decrease)/increase in payables		(21,419,169)	(3,026,226)	130,364,951	25,421,266
<b>CASH FROM OPERATIONS</b>		<b>124,219,661</b>	<b>40,097,322</b>	<b>60,064,485</b>	<b>7,366,368</b>
Interest paid		(521,576)	(28,508)	-	-
Interest received		821,899	476,837	2,196	17,597
Income tax paid		(9,102,094)	(5,316,625)	(50,000)	(114,551)
Income tax refunded		-	107,300	-	107,300
<b>NET CASH FROM OPERATING ACTIVITIES/ CARRIED FORWARD</b>		<b>115,417,890</b>	<b>35,336,326</b>	<b>60,016,681</b>	<b>7,376,714</b>

**RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

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

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
NET CASH FROM OPERATING ACTIVITIES/ BROUGHT FORWARD		115,417,890	35,336,326	60,016,681	7,376,714
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	26	(67,120,014)	-	(59,394,000)	-
Costs incurred on biological assets	28(a)	(29,434,227)	(5,972,561)	-	-
Proceeds from disposal of property, plant and equipment		1,787,679	420,950	-	-
Purchase of intangible assets	28(b)	(100,549)	-	(14,270)	-
Purchase of property, plant and equipment	28(c)	(35,625,259)	(14,936,421)	(40,568)	(7,515)
NET CASH FOR INVESTING ACTIVITIES		(130,492,370)	(20,488,032)	(59,448,838)	(7,515)
BALANCE CARRIED FORWARD		(15,074,480)	14,848,294	567,843	7,369,199

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

	NOTE	THE GROUP		THE COMPANY	
		2010 RM	2009 RM	2010 RM	2009 RM
BALANCE BROUGHT FORWARD		(15,074,480)	14,848,294	567,843	7,369,199
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Deposits and bank balances held on trust for Islamic securities investors	13	2,405,116	13,075,201	-	-
Dividend paid	25	(3,367,003)	(4,810,005)	(3,367,003)	(4,810,005)
Drawdown of Islamic securities		12,000,000	15,000,000	-	-
Drawdown of term loans		4,570,000	-	-	-
Net of drawdown/(repayment) of bankers' acceptance		4,937,000	-	-	-
Payment of interest on long-term borrowings		(16,939,062)	(10,197,820)	-	-
Payment of share issuance expenses		(801,665)	-	(801,665)	-
Repayment of advances from related parties		(10,400,000)	-	-	-
Repayment of hire purchase obligations		(174,537)	(63,291)	-	-
Repayment of Islamic securities		(37,450,000)	(5,000,000)	-	-
Repayment of term loans		(2,250,000)	(250,000)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(47,470,151)	7,754,085	(4,168,668)	(4,810,005)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(62,544,631)	22,602,379	(3,600,825)	2,559,194
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		43,420,872	20,818,493	3,582,307	1,023,113
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	29	(19,123,759)	43,420,872	(18,518)	3,582,307

## **RIMBUNAN SAWIT BERHAD**

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

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#### **1. GENERAL INFORMATION**

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 March 2011.

#### **2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

#### **3. BASIS OF PREPARATION**

The financial statements of the Group 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.

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

##### **FRS 8 Operating Segments**

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

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****3. BASIS OF PREPARATION (CONT'D)**

- (b) The Group 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:-

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective date</b>
FRS 1 (Revised) First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised) Business Combinations	1 July 2010
FRS 4 Insurance Contracts	1 January 2010
FRS 7 Financial Instruments: Disclosures	1 January 2010
FRS 101 (Revised) Presentation of Financial Statements	1 January 2010
FRS 123 (Revised) Borrowing Costs	1 January 2010
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (Revised) Consolidated and Separate Financial Statements	1 July 2010
FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 2: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)	1 July 2010

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****3. BASIS OF PREPARATION (CONT'D)**

- (b) The Group 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 (cont'd):-

<b>FRSs and IC Interpretations (including the Consequential Amendments)</b>	<b>Effective date</b>
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 101 and FRS 132: Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 132: Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments	1 January 2010
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 9 Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010



**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****3. BASIS OF PREPARATION (CONT'D)**

- (b) The Group 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 (cont'd):-

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

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 3. BASIS OF PREPARATION (CONT'D)

- (b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-
- (i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial period but may impact the accounting for its future transactions or arrangements.
  - (ii) The possible impacts of FRS 7 (including the subsequent amendments) and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.
  - (iii) FRS 101 (Revised) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. The adoption of this revised standard will only impact the form and content of the presentation of the Group's financial statements in the financial year ending 31 December 2011.
  - (iv) FRS 127 (Revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (Revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial period but may impact the accounting for its future transactions or arrangements.

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 3. BASIS OF PREPARATION (CONT'D)

- (b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows (cont'd):-
- (v) Included in Improvements to FRSs (2009) are amendments to FRS 117 which clarify that the classification of leasehold land as a finance lease or an operating lease shall be based on the extent to which risks and rewards incidental to ownership lie. In accordance with the transitional provisions of the amendments, the Group will reassess the classification of leasehold land and make the necessary reclassification, if any, retrospectively.

#### 4. 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 Group'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.

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### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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

###### *(ii) Income Taxes*

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

###### *(iii) Impairment of 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.

###### *(iv) Impairment of Goodwill*

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

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### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

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

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(b) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

##### **(c) Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2010.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

The acquisitions of Baram Trading Sdn Bhd and Nescaya Palma Sdn Bhd by the Company have been accounted for as a business combination among entities under common control. Accordingly, the financial statements of the Group have been consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted based on the carrying amounts from the perspective of common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting debit or credit difference is classified as a non-distributable reserve.

All other subsidiaries are consolidated using the purchase method. Under the purchase method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

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### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**

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

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(c) Basis of Consolidation (Cont'd)**

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheet consist of the minorities' share of fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Company.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

##### **(d) Investments in Subsidiaries**

Investments in subsidiaries are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the balance sheet date if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Property, Plant and Equipment**

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

Depreciation of 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:-

Land and buildings	Over the lease period of 60 years and 5%
Buildings, drainage and roads	4% - 20%
Nursery irrigation systems	7½% - 10%
Motor vehicles, plant and machinery	7½% - 20%
Equipment and furniture	10% - 100%

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

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

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 Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are charged to the income statement as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (e) Property, Plant and Equipment (Cont'd)

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

##### (f) Prepaid Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the income statement on a straight-line basis over the terms of the leases which range from 53 to 86 years.

If the lease payments on a lease of land and building cannot be allocated reliably between the land and building elements at the inception of the lease, the entire lease is classified as a finance lease and included within property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

##### (g) Intangible Assets

###### (i) Goodwill

Goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised as income immediately in the consolidated income statement.



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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010**

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**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Intangible Assets (Cont'd)***(ii) 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 live of 5 years.

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

*(iii) Commercial Rights on Licence for Planted Forest*

Commercial rights on Licence for Planted Forest represents rights granted to the Group to plant trees on licensed area, which will expire in March 2064.

The rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised on a straight-line basis over the remaining term of the licence of 55 years.

**(h) Biological Assets**

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

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (i) Impairment of Assets

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

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

##### (j) Assets under Hire Purchase and Obligations under Ijarah Arrangements

Assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 4(e) above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are allocated to the income statement over the period of the respective hire purchase agreements.

Obligations under Ijarah arrangements are treated as a sale and leaseback finance lease, where under the Ijarah arrangements, the Group sells the beneficial interest of an underlying asset, while retaining the bare ownership. At the same, the Group contracts to Ijarah the beneficial interest back from the other party. The net effect is that the Group retains ownership of the underlying asset; the usufruct, initially sold, is immediately re-acquired by the Group.

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (k) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:-

- (i) Process inventories – cost of raw materials, direct labour and an appropriate proportion of production overheads, determined on a first-in first-out basis;
- (ii) Sundry stores and consumables – original cost of purchase, determined on a weighted average basis; and
- (iii) Nursery inventories – all costs that are directly attributable to the nursery development activities.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

##### (l) Financial Instruments

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

##### (i) Cash and Cash Equivalents

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

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (l) Financial Instruments (Cont'd)

###### (ii) *Receivables*

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

###### (iii) *Payables*

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

###### (iv) *Interest-bearing Borrowings*

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

###### (v) *Equity Instruments*

Ordinary shares and irredeemable convertible preference shares ("ICPS") 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 and ICPS are recognised as liabilities when approved for appropriation.

##### (m) Provisions

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

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (n) 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 Group.

###### (ii) Defined Contribution Plans

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

##### (o) Revenue Recognition

Revenue is recognised on the following basis:-

- (i) Dividend income is recognised when the right to receive dividend payment is established;
- (ii) Management fee is recognised when services are rendered;
- (iii) Revenue from sale of goods is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts;
- (iv) Revenue from services rendered is recognised, net of discounts, as and when the services are performed.

##### (p) Borrowing Costs

Borrowing costs directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during the extended periods in which active development is interrupted.

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

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(q) Income Taxes**

Income tax for the year comprises current and deferred tax.

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

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

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (r) 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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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(s) Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

##### **(t) Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



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Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
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	THE COMPANY	
	2010 RM	2009 RM
Unquoted shares, at cost	431,515,362	104,911,349

The details of the subsidiaries are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2010 %	2009 %	
Baram Trading Sdn Bhd	Malaysia	85	85	Cultivation of oil palms
Nescaya Palma Sdn Bhd	Malaysia	85	85	Cultivation of oil palms
Midas Plantation Sdn Bhd#	Malaysia	100	100	Special purpose vehicle to facilitate the issuance of Islamic securities
Rimbunan Sawit Holdings Berhad	Malaysia	100	100	Investment holding
R.H. Plantation Sdn Bhd	Malaysia	100	100	Cultivation of oil palms
Timrest Sdn Bhd	Malaysia	100	100	Cultivation of oil palms
Lumiera Enterprise Sdn Bhd	Malaysia	100	-	Cultivation of oil palms
Woodijaya Sdn Bhd	Malaysia	85	-	Cultivation of oil palms
Jayamax Plantation Sdn Bhd	Malaysia	100	-	Cultivation of oil palms
Lubuk Tiara Sdn Bhd^	Malaysia	65	-	Cultivation of oil palms
Novelpac-Puncakdana Plantation Sdn Bhd	Malaysia	85	-	Cultivation of oil palms

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The details of the subsidiaries are as follows (cont'd):-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2010 %	2009 %	
Pelita-Splendid Plantation Sdn Bhd <sup>^</sup>	Malaysia	70	-	Cultivation of oil palms
PJP Pelita Biawak Plantation Sdn Bhd <sup>^</sup>	Malaysia	70	-	Cultivation of oil palms
PJP Pelita Ekang-Banyok Plantation Sdn Bhd	Malaysia	60	-	Cultivation of oil palms
PJP Pelita Lundu Plantation Sdn Bhd	Malaysia	60	-	Cultivation of oil palms
PJP Pelita Selangau Plantation Sdn Bhd <sup>^</sup>	Malaysia	60	-	Cultivation of oil palms
PJP Pelita Ulu Teru Plantation Sdn Bhd <sup>^</sup>	Malaysia	60	-	Cultivation of oil palms

# This subsidiary is held through Rimbulan Sawit Holdings Berhad.

<sup>^</sup> These subsidiaries were audited by other firms of chartered accountants.

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6. PROPERTY, PLANT AND EQUIPMENT	AT	ACQUISITION OF	ADDITIONS	DISPOSALS	RECLASSI-	DEPRECIATION	AT
	1.9.2009	SUBSIDIARIES	RM	RM	FICATIONS	CHARGE	31.12.2010
THE GROUP	RM	(NOTE 26)	RM	RM	RM	RM	RM
At 31.12.2010							
NET CARRYING AMOUNT							
Land and buildings	3,157,891	-	5,720	-	-	(114,978)	3,048,633
Buildings, drainage and roads	58,168,010	233,875,707	38,634,320	-	827,930	(9,685,586)	321,820,381
Nursery irrigation systems	150,167	-	-	-	-	(51,944)	98,223
Motor vehicles, plant and machinery	15,206,247	4,289,937	3,574,149	(812,106)	1,405,555	(6,950,288)	16,713,494
Equipment and furniture	2,786,814	2,756,515	1,032,110	(9,547)	565,703	(1,448,492)	5,683,103
Capital work-in-progress	1,827,806	599,640	2,422,308	(2,522)	(2,799,188)	-	2,048,044
	81,296,935	241,521,799	45,668,607	(824,175)	-	(18,251,288)	349,411,878

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FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	AT 1.9.2008 RM	ADDITIONS RM	DISPOSALS RM	RECLASSI- FICATIONS RM	DEPRECIATION CHARGE RM	AT 31.8.2009 RM
THE GROUP						
At 31.8.2009						
NET CARRYING AMOUNT						
Land and buildings	2,324,336	911,899	-	-	(78,344)	3,157,891
Buildings, drainage and roads	50,261,890	6,366,968	(1)	5,706,915	(4,167,762)	58,168,010
Nursery irrigation systems	189,181	-	-	-	(39,014)	150,167
Motor vehicles, plant and machinery	18,042,091	2,411,285	(237,652)	-	(5,009,477)	15,206,247
Equipment and furniture	2,916,614	833,585	(10,549)	(65,145)	(887,691)	2,786,814
Capital work-in-progress	3,062,123	4,412,684	(5,231)	(5,641,770)	-	1,827,806
	76,796,235	14,936,421	(253,433)	-	(10,182,288)	81,296,935

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

THE GROUP	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.12.2010			
Land and buildings	3,385,993	(337,360)	3,048,633
Buildings, drainage and roads	383,545,402	(61,725,021)	321,820,381
Nursery irrigation systems	763,809	(665,586)	98,223
Motor vehicles, plant and machinery	70,286,176	(53,572,682)	16,713,494
Equipment and furniture	14,875,387	(9,192,284)	5,683,103
Capital work-in-progress	2,048,044	-	2,048,044
	<b>474,904,811</b>	<b>(125,492,933)</b>	<b>349,411,878</b>
At 31.8.2009			
Land and buildings	3,380,273	(222,382)	3,157,891
Buildings, drainage and roads	88,216,418	(30,048,408)	58,168,010
Nursery irrigation systems	763,809	(613,642)	150,167
Motor vehicles, plant and machinery	49,414,837	(34,208,590)	15,206,247
Equipment and furniture	8,505,728	(5,718,914)	2,786,814
Capital work-in-progress	1,827,806	-	1,827,806
	<b>152,108,871</b>	<b>(70,811,936)</b>	<b>81,296,935</b>

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THE COMPANY	AT 1.9.2009 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 31.12.2010 RM
At 31.12.2010				
NET CARRYING AMOUNT				
Motor vehicles, plant and machinery	519,987	3,550	(211,453)	312,084
Equipment and furniture	44,763	37,018	(27,771)	54,010
	<b>564,750</b>	<b>40,568</b>	<b>(239,224)</b>	<b>366,094</b>
THE COMPANY	AT 1.9.2008 RM	ADDITIONS RM	DEPRECIATION CHARGE RM	AT 31.8.2009 RM
At 31.8.2009				
NET CARRYING AMOUNT				
Motor vehicles, plant and machinery	678,044	-	(158,057)	519,987
Equipment and furniture	53,051	7,515	(15,803)	44,763
	<b>731,095</b>	<b>7,515</b>	<b>(173,860)</b>	<b>564,750</b>

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.12.2010			
Motor vehicles, plant and machinery	793,837	(481,753)	312,084
Equipment and furniture	109,457	(55,447)	54,010
	<u>903,294</u>	<u>(537,200)</u>	<u>366,094</u>
THE COMPANY	AT COST RM	ACCUMULATED DEPRECIATION RM	NET CARRYING AMOUNT RM
At 31.8.2009			
Motor vehicles, plant and machinery	790,287	(270,300)	519,987
Equipment and furniture	72,439	(27,676)	44,763
	<u>862,726</u>	<u>(297,976)</u>	<u>564,750</u>

- (a) Included in the depreciation charge of the Group for the financial period is an amount of RM1,844,959 (2009: RM649,618), which is capitalised under biological assets.
- (b) Included in the property, plant and equipment of the Group at the balance sheet date were motor vehicles, plant and machinery with a total net carrying amount of RM787,706 (2009: NIL), which were acquired under hire purchase terms.
- (c) Included in the property, plant and equipment of the Group at the balance sheet date are land and buildings with a total net carrying amount of RM3,048,633 (2009: RM3,157,891), of which the title deed of the buildings has yet to be registered under the name of the Group.

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- (d) The net carrying amount of property, plant and equipment pledged to licensed banks as security for banking facilities granted to the Group (Note 16) is as follows:-

	THE GROUP	
	2010 RM	2009 RM
Buildings, drainage and roads	82,284,946	16,957,238
Nursery irrigation systems	89,022	139,193
Capital work-in-progress	912,501	60,732
	83,286,469	17,157,163

- (e) The net carrying amount of property, plant and equipment held under ljarah arrangements (Note 18) is as follows:-

	THE GROUP	
	2010 RM	2009 RM
Buildings, drainage and roads	97,758,390	41,210,772
Nursery irrigation systems	9,201	10,974
Capital work-in-progress	1,033,793	1,767,074
	98,801,384	42,988,820



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	THE GROUP	
	2010 RM	2009 RM
Leasehold land, at cost:-		
At 1 September	14,642,776	14,642,776
Acquisition of subsidiaries (Note 26)	128,504,021	-
At 31 December / 31 August	143,146,797	14,642,776
Accumulated amortisation:-		
At 1 September	1,444,379	1,223,680
Acquisition of subsidiaries (Note 26)	3,999,420	-
Amortisation for the financial period/year	1,820,834	220,699
At 31 December / 31 August	7,264,633	1,444,379
Net carrying amount:-		
At 31 December / 31 August	135,882,164	13,198,397

- (a) Included in the amortisation charge of the Group for the financial period is an amount of RM1,300,909 (2009: RM28,715), which is capitalised under biological assets.
- (b) The leasehold land of the Group at the balance sheet date is analysed as follows:-

	THE GROUP	
	2010 RM	2009 RM
Unexpired period of less than 50 years	26,377,012	784,699
Unexpired period of more than 50 years	109,505,152	12,413,698
	135,882,164	13,198,397

- (c) The net carrying amount of prepaid lease payments pledged to licensed banks as security for banking facilities granted to the Group (Note 16) is RM72,164,271 (2009: RM2,548,628).
- (d) The net carrying amount of prepaid lease payments held under Ijarah arrangements (Note 18) is RM33,617,729 (2009: RM10,649,769).

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THE GROUP

At 31.12.2010

NET CARRYING AMOUNT

Goodwill

Computer software

Commercial rights on Licence for Planted  
Forest

	AT 1.9.2009 RM	ACQUISITION OF SUBSIDIARIES (NOTE 26) RM	ADDITIONS RM	WRITE-OFF RM	AMORTISATION CHARGE RM	AT 31.12.2010 RM
	3,090,249	50,822,320	-	-	-	53,912,569
	250,034	124,257	100,549	(738)	(120,132)	353,970
	-	-	23,592,442	-	(137,365)	23,455,077
	<b>3,340,283</b>	<b>50,946,577</b>	<b>23,692,991</b>	<b>(738)</b>	<b>(257,497)</b>	<b>77,721,616</b>

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	AT 1.9.2008 RM	AMORTISATION CHARGE RM	AT 31.8.2009 RM
THE GROUP			
At 31.8.2009			
Goodwill	3,090,249	-	3,090,249
Computer software	330,054	(80,020)	250,034
	<u>3,420,303</u>	<u>(80,020)</u>	<u>3,340,283</u>
	AT COST RM	ACCUMULATED AMORTISATION RM	NET CARRYING AMOUNT RM
THE GROUP			
At 31.12.2010			
Goodwill	53,912,569	-	53,912,569
Computer software	704,390	(350,420)	353,970
Commercial rights on Licence for Planted Forest	23,592,442	(137,365)	23,455,077
	<u>78,209,401</u>	<u>(487,785)</u>	<u>77,721,616</u>
	AT COST RM	ACCUMULATED AMORTISATION RM	NET CARRYING AMOUNT RM
THE GROUP			
At 31.8.2009			
Goodwill	3,090,249	-	3,090,249
Computer software	403,170	(153,136)	250,034
	<u>3,493,419</u>	<u>(153,136)</u>	<u>3,340,283</u>

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	THE COMPANY	
	2010 RM	2009 RM
Computer software, at cost:-		
At 1 September	31,468	31,468
Additions during the financial period/year	14,270	-
At 31 December / 31 August	45,738	31,468
Accumulated amortisation:-		
At 1 September	8,561	2,453
Amortisation for the financial period/year	9,030	6,108
At 31 December / 31 August	17,591	8,561
Net carrying amount:-		
At 31 December / 31 August	28,147	22,907

- (a) Included in the amortisation charge of the Group for the financial period is an amount of RM153,720 (2009: RM9,050), which is capitalised under biological assets.
- (b) Goodwill acquired through business combination has been allocated to the Group's oil palm plantation cash-generating unit.

The Group has assessed the recoverable amount of goodwill allocated and determined that there is no impairment as at the balance sheet date. The recoverable amount of the cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from the cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

- (i) Discount rate – an estimate of pre-tax rate that reflects specific risks relating to oil palm plantation, which is 5.50% (2009: 6.50%);
- (ii) Growth rate – an estimate based on the industry growth forecast; cash flows beyond the five-year period are extrapolated without considering any growth rate;
- (iii) Selling prices of fresh fruit bunches – an estimate based on expectations of future changes in the market; and
- (iv) Development and direct costs – an estimate based on past practices and experience.

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****8. INTANGIBLE ASSETS (CONT'D)**

- (c) Commercial rights on Licence for Planted Forest are rights conferred upon the Group to plant trees under Tree Planting Plan. The licence will expire in March 2064.

The Tree Planting Plan has been approved and incorporated the planting of oil palm for a maximum period of 25 years (with 20 years remaining as at the balance sheet date). Upon expiry of the said period of 25 years, the licensed area where oil palm is permitted to be cultivated shall be planted with trees other than oil palm.

**9. BIOLOGICAL ASSETS**

	THE GROUP	
	2010 RM	2009 RM
At cost:-		
At 1 September	146,944,170	139,491,225
Acquisition of subsidiaries (Note 26)	570,643,439	-
Additions during the financial period/year	43,237,203	7,452,945
At 31 December / 31 August	760,824,812	146,944,170
Accumulated amortisation:-		
At 1 September	38,944,888	34,221,723
Acquisition of subsidiaries (Note 26)	27,313,003	-
Amortisation for the financial period/year	11,318,568	4,723,165
At 31 December / 31 August	77,576,459	38,944,888
Net carrying amount:-		
At 31 December / 31 August	683,248,353	107,999,282

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****9. BIOLOGICAL ASSETS (CONT'D)**

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

	THE GROUP	
	2010	2009
	RM	RM
Amortisation of intangible assets	153,720	9,050
Amortisation of prepaid lease payments	1,300,909	28,715
Depreciation of property, plant and equipment	1,844,959	649,618
Finance costs:-		
- bank overdrafts	147,922	7,633
- hire purchase obligations	4,834	7
- obligations under Ijarah arrangements	413,947	-
- term loans	1,738,839	785,361
- unsecured loans	517,324	-
- others	839,245	-
Hiring of equipment and machinery	74,876	-
Rental	57,679	-
Staff costs:-		
- short-term benefits	4,464,199	461,490
- defined contribution plans	387,699	60,422

- (b) The net carrying amount of biological assets pledged to licensed banks as security for banking facilities granted to the Group (Note 16) is RM206,431,039 (2009: RM34,033,909).
- (c) The net carrying amount of biological assets held under Ijarah arrangements (Note 18) is RM243,055,918 (2009: RM73,965,373).

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****10. DEFERRED TAX**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 September	15,966,575	16,865,674	8,043	20,864
Acquisition of subsidiaries (Note 26)	115,199,987	-	-	-
Recognised in income statement (Note 23)	7,161,270	(899,099)	478	(12,821)
At 31 December / 31 August	<u>138,327,832</u>	<u>15,966,575</u>	<u>8,521</u>	<u>8,043</u>

The deferred tax is attributable to the following:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Property, plant and equipment, intangible and biological assets	250,278,223	35,794,095	8,521	8,043
Unused tax losses	(58,007,211)	(6,589,030)	-	-
Unabsorbed agriculture/ capital allowance	(53,943,180)	(13,238,490)	-	-
At 31 December / 31 August	<u>138,327,832</u>	<u>15,966,575</u>	<u>8,521</u>	<u>8,043</u>

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority. The amounts determined after appropriate offsetting are included in the balance sheets as follows:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax liabilities	142,982,753	18,834,385	8,521	8,043
Deferred tax assets	(4,654,921)	(2,867,810)	-	-
	<u>138,327,832</u>	<u>15,966,575</u>	<u>8,521</u>	<u>8,043</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****10. DEFERRED TAX (CONT'D)**

No deferred tax assets are recognised in respect of the following item as it is not probable that taxable profits of the subsidiaries will be available against which the carryforward tax losses can be utilised:-

	THE GROUP	
	2010 RM	2009 RM
Unused tax losses	1,602,303	2,174,100

**11. INVENTORIES**

	THE GROUP	
	2010 RM	2009 RM
At cost:-		
Processed inventories	4,383,431	1,916,781
Goods in-transit	52,670	-
Sundry stores and consumables	8,139,019	3,434,164
Nursery inventories	9,399,978	224,433
	21,975,098	5,575,378

None of the inventories is carried at net realisable value.



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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****12. TRADE AND OTHER RECEIVABLES**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables:-				
Third parties	5,413,876	4,994,252	-	-
Related parties	8,381,457	1,094,455	-	-
	<u>13,795,333</u>	<u>6,088,707</u>	-	-
Other receivables:-				
Third parties	1,980,335	716,953	2,100	-
Amount owing by related parties:-				
- subsidiaries	-	-	105,955,000	37,927,712
- other related parties	7,459,029	1,461,511	4,412	990
Deposits	147,911	5,899,255	9,000	5,863,900
Prepayments	2,869,752	3,117,773	198,836	2,154,885
	<u>12,457,027</u>	<u>11,195,492</u>	<u>106,169,348</u>	<u>45,947,487</u>
	<u>26,252,360</u>	<u>17,284,199</u>	<u>106,169,348</u>	<u>45,947,487</u>

- (a) The Group's normal trade credit terms range from 7 to 30 days.
- (b) The amount owing by subsidiaries is unsecured, interest-free and repayable on demand.
- (c) The amount owing by other related parties of the Group includes:-
- (i) an amount of RM3,571,455 (2009: RM1,000,000), which is retention amount receivable under Ijarah arrangements; and
  - (ii) an amount of RM154,016 (2009: RM160,091), which is repo profits receivable on the retention amount.

All other amounts are unsecured, interest-free and repayable on demand.

- (d) Included in the deposits of the Group in the previous financial year was an amount of RM5,859,400, which was deposit paid for the acquisitions of two subsidiaries as disclosed in Note 36(a) to the financial statements.

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****13. DEPOSITS, CASH AND BANK BALANCES**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	312,911	20,829,868	6,386	82,307
Deposits with licensed banks	-	22,800,000	-	3,500,000
Islamic deposits	4,868,156	7,273,126	-	-
	<u>5,181,067</u>	<u>50,902,994</u>	<u>6,386</u>	<u>3,582,307</u>

- (a) Included in the cash and bank balances of the Group at the balance sheet date is an amount of RM1,177 (2009: RM1,323), which is held on trust for the benefits of the Islamic securities investors.
- (b) The deposits with licensed banks of the Group and the Company in the previous financial year earned interest at rates ranging from 1.30% to 3.60% per annum. The deposits had maturity periods ranging 1 to 271 days.
- (c) The Islamic deposits of the Group at the balance sheet date are held on trust for the benefits of the Islamic securities investors.

The deposits earn interest at rates ranging from 1.25% to 2.60% (2009: 1.95% to 3.60%) per annum and have maturity periods ranging from 179 to 186 days (2009: 15 to 271 days).

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****14. SHARE CAPITAL**

The movements in the authorised and paid-up share capital of the Group and the Company are as follows:-

	THE GROUP/THE COMPANY			
	2010 NUMBER OF SHARES	2009	2010 RM	2009 RM
<b>AUTHORISED</b>				
Ordinary shares of RM0.50 each	700,000,000	1,000,000,000	350,000,000	500,000,000
ICPS of RM0.50 each	300,000,000	-	150,000,000	-
	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>

	THE GROUP/THE COMPANY			
	2010 NUMBER OF SHARES	2009	2010 RM	2009 RM
<b>ISSUED AND FULLY PAID-UP</b>				
<b>Ordinary Shares of RM0.50 Each:-</b>				
At 1 September	128,266,800	128,266,800	64,133,400	64,133,400
Issuance of shares	28,331,400	-	14,165,700	-
At 31 December / 31 August	<u>156,598,200</u>	<u>128,266,800</u>	<u>78,299,100</u>	<u>64,133,400</u>
<b>ICPS of RM0.50 Each:-</b>				
At 1 September	-	-	-	-
Issuance of shares	193,972,857	-	96,986,429	-
At 31 December / 31 August	<u>193,972,857</u>	<u>-</u>	<u>96,986,429</u>	<u>-</u>
	<u>350,571,057</u>	<u>128,266,800</u>	<u>175,285,529</u>	<u>64,133,400</u>

- (a) During the financial period, the Company increased its issued and paid-up share capital from RM64,133,400 to RM175,285,529 by the allotment of 28,331,400 new ordinary shares of RM0.50 each and 193,972,857 new ICPS of RM0.50 each at an issue price of RM1.30 per share in satisfaction of the purchase consideration for the acquisition of subsidiaries and a plantation estate as disclosed in Note 26 and Note 27 to the financial statements respectively.

The new shares issued rank pari passu in all respects with the existing shares of the Company, except for ICPS which are subject to certain restrictions as set out in the Articles of Association of the Company.

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 14. SHARE CAPITAL (CONT'D)

(b) The salient features of the ICPS are as follows:-

- |                            |   |
|----------------------------|---|
| (i) Dividend               | The ICPS holders are entitled to any dividend declared or paid ranking pari passu with ordinary shares, payable on the date dividends are paid on the ordinary shares. The ICPS holders shall not be entitled to any other rights, allotments, and/or other distributions that may be declared by the Company.  |
| (ii) Maturity              | The maturity date is the tenth anniversary date of the issue date of the ICPS. The ICPS were issued on 1 October 2010.  |
| (iii) Conversion           | The ICPS shall be converted at the option of the ICPS holders into ordinary shares of the Company at any time up to the maturity date. The ICPS are not redeemable for cash. All outstanding ICPS are mandatorily converted into new ordinary shares upon maturity. One ICPS shall be converted into one new ordinary share.                                    |
| (iv) Ranking               | All new ordinary shares issued upon conversion of the ICPS shall rank pari passu with all existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, the entitlement date of which is prior to the date of allotment of the said new ordinary shares. |
| (v) Voting right           | The ICPS holders shall have no right to vote at any general meeting of the Company except on resolutions to amend the ICPS holders' rights, to commence dissolution of the Company, or when dividend on the ICPS is in arrears for more than six months.  |
| (vi) Further participation | The ICPS holders shall not be entitled to participate in the profit or surplus assets of the Company.   |

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****15. RESERVES**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-distributable reserves:-				
Share premium	183,907,590	6,865,850	183,907,590	6,865,850
Merger reserves	(44,630,565)	(44,630,565)	-	-
	<u>139,277,025</u>	<u>(37,764,715)</u>	<u>183,907,590</u>	<u>6,865,850</u>
Distributable reserves:-				
Retained profits	112,520,083	61,448,113	85,768,468	63,562,951
	<u>251,797,108</u>	<u>23,683,398</u>	<u>269,676,058</u>	<u>70,428,801</u>

- (a) The movements in the share premium of the Group and the Company are as follows:-

	THE GROUP/THE COMPANY	
	2010 RM	2009 RM
At 1 September	6,865,850	6,865,850
Issue of new shares	177,843,405	-
Share issuance expenses	(801,665)	-
At 31 December / 31 August	<u>183,907,590</u>	<u>6,865,850</u>

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

- (b) The merger reserves arose from the difference between the fair value of the consideration paid for the purchase of subsidiaries under common control and the nominal value of the shares of the subsidiaries upon consolidation using merger accounting principles.

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****15. RESERVES (CONT'D)**

- (c) As at the balance sheet date, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 to frank the payment of dividends of approximately RM2,000,000 out of its retained profits.

As at the balance sheet date, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

**16. BORROWINGS**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Long-term borrowings:-				
Hire purchase obligations (Note 17)	150,060	-	-	-
Islamic securities and obligations under Ijarah arrangements (Note 18)	82,300,000	86,350,000	-	-
Term loans, secured	67,470,000	33,500,000	-	-
	<u>149,920,060</u>	<u>119,850,000</u>	-	-
Short-term borrowings:-				
Bank overdrafts, secured	6,591,863	207,673	-	-
Bank overdrafts, unsecured	12,843,630	-	24,904	-
Bankers' acceptance, unsecured	4,937,000	-	-	-
Hire purchase obligations (Note 17)	354,055	-	-	-
Islamic securities and obligations under Ijarah arrangements (Note 18)	67,200,000	32,850,000	-	-
Term loans, secured	4,500,000	1,250,000	-	-
Unsecured loans	172,240,000	-	-	-
	<u>268,666,548</u>	<u>34,307,673</u>	<u>24,904</u>	-
	<u>418,586,608</u>	<u>154,157,673</u>	<u>24,904</u>	-

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****16. BORROWINGS (CONT'D)**

The term loans are repayable as follows:-

	THE GROUP	
	2010 RM	2009 RM
Current portion:-		
- not later than one year	4,500,000	1,250,000
Non-current portion:-		
- later than one year and not later than two years	9,000,000	2,500,000
- later than two years and not later than five years	48,500,000	22,000,000
- later than five years	9,970,000	9,000,000
	<b>67,470,000</b>	<b>33,500,000</b>
	<b>71,970,000</b>	<b>34,750,000</b>

The unsecured bank overdraft of the Company arose as a result of the Company's current account with the bank being overdrawn due to issuance of several cheques prior to the period end and which were only presented for payment subsequent to the financial period ended 31 December 2010. The Company did not have formal banking facilities with the said bank. The unsecured bank overdrafts and bankers' acceptance of the Group are supported by the corporate guarantee provided by the Company.

The secured bank overdrafts and term loans of the Group are supported by:-

- (a) fixed charges over certain subsidiaries' landed properties;
- (b) debenture over certain subsidiaries' fixed and floating assets, both present and in the future;
- (c) corporate guarantee provided by the Company; and
- (d) Joint and several guarantee provided by certain directors of the Company.

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****16. BORROWINGS (CONT'D)**

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

Term loan 1 [at COF + 1.25% per annum]	<p>Repayable in 24 quarterly instalments, effective from June 2009, as follows:-</p> <p>2009 – 4 quarterly instalments of RM0.25 million each  2010 – 4 quarterly instalments of RM0.50 million each  2011 – 4 quarterly instalments of RM1.00 million each  2012 – 4 quarterly instalments of RM1.50 million each  2013 – 4 quarterly instalments of RM2.50 million each  2014 – 4 quarterly instalments of RM3.00 million each</p>
Term loan 2 [at COF + 1.25% per annum]	<p>Repayable in 24 quarterly instalments, effective from March 2015, as follows:-</p> <p>2015 – 4 quarterly instalments of RM0.20 million each  2016 – 4 quarterly instalments of RM0.40 million each  2017 – 4 quarterly instalments of RM0.60 million each  2018 – 4 quarterly instalments of RM0.65 million each  2019 – 4 quarterly instalments of RM0.70 million each  2020 – 4 quarterly instalments of RM0.95 million each</p>
Term loan 3 [at COF + 1.00% per annum]	<p>Repayable in 24 quarterly instalments, effective from June 2015, as follows:-</p> <p>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</p>
Term loan 4 [at COF + 1.00% per annum]	<p>Repayable in 24 quarterly instalments, effective from July 2011, as follows:-</p> <p>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</p>



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The unsecured loans are granted by a company in which certain directors of the Company have substantial financial interests. The loans bear interest at rate of 3.00% per annum and are repayable on demand.

**17. HIRE PURCHASE OBLIGATIONS**

	THE GROUP	
	2010 RM	2009 RM
Minimum hire purchase payments:-		
- not later than one year	370,604	-
- later than one year and not later than two years	130,094	-
- later than two years and not later than five years	24,591	-
	525,289	-
Less: Future finance charges	(21,174)	-
	504,115	-
Present value of hire purchase obligations		
Current portion:-		
- not later than one year	354,055	-
Non-current portion:-		
- later than one year and not later than two years	125,792	-
- later than two years and not later than five years	24,268	-
	150,060	-
	504,115	-

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FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****18. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS**

ISLAMIC SECURITIES	CLASS	RATING	MATURITY DATE	EFFECTIVE INTEREST RATE % pa	AMOUNT OUTSTANDING	
					2010 RM	2009 RM
Sukuk Ijarah	Class A	AAA	27 June 2013	6.40	26,680,000	28,888,000
	Class A	AAA	27 June 2012	6.20	21,860,000	23,720,000
	Class B	AA2	27 June 2012	6.60	10,990,000	11,980,000
	Class B	AA2	27 June 2011	6.40	10,320,000	11,280,000
	Class C	A2	27 June 2011	7.90	10,395,000	11,580,000
	Class C	A2	27 June 2010	7.70	-	10,770,000
					80,245,000	98,218,000
Sukuk Ijarah CP	CP	P1(s)	23 June 2011	3.80	10,000,000	-
	CP	P1(s)	25 February 2011	3.40	5,000,000	-
	CP	P1(s)	26 February 2010	4.30	-	15,000,000
					95,245,000	113,218,000
Less: Future finance charges					(7,245,000)	(15,218,000)
					88,000,000	98,000,000

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OBLIGATIONS UNDER IJARAH ARRANGEMENTS	CLASS	RATING	MATURITY DATE	EFFECTIVE INTEREST RATE % pa	AMOUNT OUTSTANDING	
					2010 RM	2009 RM
Sukuk Ijarah	Class A	AAA	23 December 2014	6.70	16,484,000	4,584,475
	Class A	AAA	23 December 2013	6.40	15,496,000	4,314,800
	Class B	AA2	23 December 2012	6.60	3,735,600	1,046,350
	Class B	AA2	23 December 2011	6.40	6,916,000	1,914,000
	Class C	A2	23 December 2011	7.90	7,013,500	1,975,875
	Class C	A2	23 December 2010	7.70	-	2,788,750
	Class D	A3	23 December 2009	7.80	-	883,150
Sukuk Ijarah MTN	MTN	AA1(s)	23 December 2009	4.65	49,645,100	17,507,400
Sukuk Ijarah CP	CP	P1(s)	23 June 2011	3.80	19,200,000	7,162,750
					-	-
Less: Future finance charges					68,845,100	24,670,150
					(7,345,100)	(3,470,150)
					61,500,000	21,200,000
<b>TOTAL</b>					<b>149,500,000</b>	<b>119,200,000</b>

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The maturity structure of Islamic securities and obligations under Ijarah arrangements is as follows:-

	THE GROUP	
	2010 RM	2009 RM
Current portion:-		
- not later than one year	67,200,000	32,850,000
Non-current portion:-		
- later than one year and not later than two years	33,300,000	22,500,000
- later than two years and not later than five years	49,000,000	63,850,000
	82,300,000	86,350,000
	149,500,000	119,200,000

The Sukuk issue was structured under the Islamic principle of Ijarah or sale and leaseback and was issued via special purpose vehicles, namely Midas Plantation Sdn Bhd, a subsidiary of the Company; and R.H. Capital Sdn Bhd, a company in which certain directors of the Company have substantial financial interests.

The salient features of the Sukuk issue are as follows:-

- The Sukuk Ijarah payments are payable semi-annually in arrears from the date of issue of each series of the Sukuk Ijarah. The full nominal value of the respective series of the Sukuk Ijarah is made on the respective maturity dates.
- The Sukuk Ijarah MTN payments are payable semi-annually in arrears from the date of issue of the Sukuk Ijarah MTN.
- The payment of the full nominal value of Sukuk Ijarah CP is to be made on the maturity date.

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- (d) The proceeds from the Sukuk issue were used to refinance bank borrowings, part finance development costs and capital expenditure, defray issue expenses and part finance the working capital requirements of certain subsidiaries.
- (e) The Sukuk issue is secured by the plantation lands (including buildings erected thereon) and palm oil mill owned by certain subsidiaries. The beneficial ownership of these assets are held on trust by the special purpose vehicles for the benefits of the Islamic securities investors and are redeemable at a nominal value of RM1 on maturity.

**19. TRADE AND OTHER PAYABLES**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables:-				
Third parties	13,230,472	6,133,752	-	-
Related parties	37,926,643	3,911,889	-	-
	<u>51,157,115</u>	<u>10,045,641</u>	<u>-</u>	<u>-</u>
Other payables:-				
Third parties	3,455,718	1,568,546	9,319	7,512
Amount owing to related parties:-				
- subsidiaries	-	-	90,358,113	18,979,378
- other related parties	132,498,768	3,074,866	35,271	89,414
Accruals	7,288,912	5,859,030	2,745,810	1,453,252
	<u>143,243,398</u>	<u>10,502,442</u>	<u>93,148,513</u>	<u>20,529,556</u>
	<u>194,400,513</u>	<u>20,548,083</u>	<u>93,148,513</u>	<u>20,529,556</u>

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- (a) The normal trade credit terms granted to the Group range from 30 to 120 days.
- (b) The amount owing to subsidiaries is unsecured, interest-free and repayable on demand.
- (c) The amount owing to other related parties of the Group includes:-
- (i) an amount of RM2,618,600 (2009: RM1,276,600), which is directors' fees and other emoluments;
  - (ii) an amount of RM29,970,006 (2009: NIL), which is an unsecured advance granted to a subsidiary. The advance carries interest at rates ranging from 4.56% to 7.30% per annum and is repayable on demand; and
  - (iii) an amount of RM43,500,000 (2009: NIL), which is unsecured advances granted to two subsidiaries. The advances carry interest at rates ranging from 4.30% to 6.84% per annum and are repayable on demand.

All other amounts are unsecured, interest-free and repayable on demand.

**20. REVENUE**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Dividend income	-	-	32,498,000	44,748,900
Management fee	-	-	6,720,000	5,040,000
Sale of – crude palm oil	200,019,846	124,038,787	-	-
– fresh fruit bunches	60,275,650	11,078,342	-	-
– palm kernel	26,751,394	13,074,684	-	-
– palm kernel shell	533,425	346,284	-	-
– empty bunch ash	38,128	1,816	-	-
– empty fruit bunch	572	-	-	-
– sludge oil	168,930	731,677	-	-
Transportation income	3,216,033	2,618,037	-	-
	<u>291,003,978</u>	<u>151,889,627</u>	<u>39,218,000</u>	<u>49,788,900</u>

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
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	THE GROUP	
	2010 RM	2009 RM
Interest expense on:-		
Bank overdrafts	350,004	28,508
Bankers' acceptance	171,572	-
Hire purchase obligations	9,448	1,576
Islamic securities and obligations under Ijarah arrangements	10,543,610	7,564,942
Term loans	3,102,559	2,551,963
Unsecured loans	2,113,459	-
Other financial liabilities	1,169,986	-
	<u>17,460,638</u>	<u>10,146,989</u>
Less: Amount capitalised under biological assets (Note 9)	<u>(3,662,111)</u>	<u>(793,001)</u>
	<u>13,798,527</u>	<u>9,353,988</u>

**22. PROFIT BEFORE TAXATION**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation is arrived at after charging/ crediting:-				
Amortisation of biological assets	11,318,568	4,723,165	-	-
Amortisation of intangible assets	103,777	70,970	9,030	6,108
Amortisation of prepaid lease payments	519,925	191,984	-	-
Audit fee:-				
- current financial period/year	136,000	67,000	10,000	5,000
- overprovision in the previous financial year	(3,600)	-	-	-
- other services	252,200	21,000	182,000	21,000
	<u>11,915,868</u>	<u>4,983,139</u>	<u>182,000</u>	<u>26,108</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****22. PROFIT BEFORE TAXATION (CONT'D)**

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation is arrived at after charging/crediting (cont'd):-				
Depreciation of property, plant and equipment	16,406,329	9,532,670	239,224	173,860
Directors' fee:-				
- directors of the Company	185,125	144,000	133,000	125,000
- directors of subsidiaries	126,621	28,000	-	-
Directors' non-fee emoluments	3,716,620	2,098,800	3,716,620	2,098,800
Finance costs (Note 21)	13,798,527	9,353,988	-	-
Hiring of equipment and machinery	10,868	57,880	-	-
Gain on bargain purchase	(2,010,134)	-	-	-
Gain on disposal of property, plant and equipment	(963,504)	(167,517)	-	-
Intangible assets written off	738	-	-	-
Interest income	(311,182)	(650,354)	(2,196)	(12,008)
Management fee	300,000	217,456	-	-
Rental income	(70,100)	(2,400)	-	-
Rental of premises	117,614	56,460	16,300	9,600
Staff costs :-				
- short-term benefits	12,000,991	8,386,043	3,305,603	3,941,480
- defined contribution plans	1,208,131	967,157	350,006	454,924

Included in the staff costs of the Group and the Company for the financial period is executive directors' remuneration amounting to RM3,772,645 (2009: RM2,133,272) and RM3,738,583 (2009: RM2,122,272) respectively.



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	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax:-				
- current financial period/year	13,044,335	5,735,000	600	24,000
- (over)/underprovision in the previous financial year	(129,694)	(75,934)	62,212	877
	<u>12,914,641</u>	<u>5,659,066</u>	<u>62,812</u>	<u>24,877</u>
Deferred tax (Note 10):-				
- origination and reversal of temporary differences	7,743,245	(1,077,038)	75	(12,184)
- (over)/underprovision in the previous financial year	(581,975)	177,939	403	(637)
	<u>7,161,270</u>	<u>(899,099)</u>	<u>478</u>	<u>(12,821)</u>
	<u>20,075,911</u>	<u>4,759,967</u>	<u>63,290</u>	<u>12,056</u>

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before taxation	77,499,583	18,391,099	25,635,810	44,658,537
Tax at the statutory tax rate of 25%	19,374,896	4,597,775	6,408,953	11,164,634
Tax effects of:-				
Non-taxable income	(483,907)	(373,733)	(8,042,200)	(11,212,225)
Non-deductible expenses	2,733,965	1,158,320	1,633,865	58,450
Control transfers	(109,585)	(11,809)	-	-
Utilisation of deferred tax assets previously not recognised	(571,797)	(716,632)	-	-
(Over)/underprovision in the previous financial year:-				
- income tax	(129,694)	(75,934)	62,212	877
- deferred tax	(581,975)	177,939	403	(637)
Others	(155,992)	4,041	57	957
Income tax expense for the financial period/year	20,075,911	4,759,967	63,290	12,056

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****24. EARNINGS PER SHARE**

	THE GROUP	
	2010 RM	2009 RM
<b>BASIC EARNINGS PER SHARE</b>		
Profit attributable to equity holders of the Company	54,438,973	13,631,132
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 September	128,266,800	128,266,800
Effect of new ordinary shares issued	5,352,133	-
Weighted average number of ordinary shares at 31 December / 31 August	133,618,933	128,266,800
Basic earnings per share (sen)	40.74	10.63
<b>DILUTED EARNINGS PER SHARE</b>		
Profit attributable to equity holders of the Company	54,438,973	13,631,132
Weighted average number of ordinary shares for basic earnings per share	133,618,933	128,266,800
Effects of dilution:-		
- ICPS	36,643,743	-
Weighted average number of ordinary shares for diluted earnings per share computation	170,262,676	128,266,800
Diluted earnings per share (sen)	31.97	Not applicable

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****25. DIVIDENDS**

	THE GROUP/THE COMPANY			
	2010		2009	
	DIVIDEND PER SHARE (NET OF TAX) SEN	AMOUNT OF DIVIDEND RM	DIVIDEND PER SHARE (NET OF TAX) SEN	AMOUNT OF DIVIDEND RM
Dividend paid in respect of the financial year ended 31 August 2009:-				
- First and final dividend, net of tax of 25%	2.62	3,367,003	-	-
Dividend paid in respect of the financial year ended 31 August 2008:-				
- First and final dividend, net of tax of 25%	-	-	3.75	4,810,005
	<u>2.62</u>	<u>3,367,003</u>	<u>3.75</u>	<u>4,810,005</u>

At the forthcoming Annual General Meeting, the following dividends in respect of the current financial period will be proposed for shareholders' approval:-

- (a) a final dividend of 2.0 sen per ordinary share consisting of:-
- (i) franked dividend of 0.6 sen per ordinary share less 25% tax amounting to RM704,692; and
  - (ii) single tier dividend of 1.4 sen per ordinary share amounting to RM2,192,375; and
- (b) a final dividend of 2.0 sen per irredeemable convertible preference share consisting of:-
- (i) franked dividend of 0.6 sen per irredeemable convertible preference share less 25% tax amounting to RM872,878; and
  - (ii) single tier dividend of 1.4 sen per irredeemable convertible preference share amounting to RM2,715,620.

The financial statements for the current financial period do not reflect these proposed dividends. Such dividends, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 December 2011.

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****26. ACQUISITION OF SUBSIDIARIES**

During the financial period, the Group acquired the following companies:-

- 100% equity interest in Lumiera Enterprise Sdn Bhd;
- 85% equity interest in Woodijaya Sdn Bhd;
- 100% equity interest in Jayamax Plantation Sdn Bhd;
- 65% equity interest in Lubuk Tiara Sdn Bhd;
- 85% equity interest in Novelpac-Puncakdana Plantation Sdn Bhd;
- 70% equity interest in Pelita-Splendid Plantation Sdn Bhd;
- 70% equity interest in PJP Pelita Biawak Plantation Sdn Bhd;
- 60% equity interest in PJP Pelita Ekang-Banyok Plantation Sdn Bhd;
- 60% equity interest in PJP Pelita Lundu Plantation Sdn Bhd;
- 60% equity interest in PJP Pelita Selangau Plantation Sdn Bhd; and
- 60% equity interest in PJP Pelita Ulu Teru Plantation Sdn Bhd.

The fair values of the identifiable assets and liabilities of the above companies as at the date of acquisition were:-

	AT DATE OF ACQUISITION	
	CARRYING AMOUNT RM	FAIR VALUE RECOGNISED RM
Property, plant and equipment	119,156,115	241,521,799
Prepaid lease payments	37,409,873	124,504,601
Intangible assets	124,257	124,257
Biological assets	250,458,452	543,330,436
Deferred tax assets	-	12,544,518
Inventories	9,421,600	9,421,600
Trade and other receivables	43,035,218	43,035,218
Cash and bank balances	137,264	137,264
Borrowings – bank overdrafts	(5,153,178)	(5,153,178)
– other borrowings	(263,393,602)	(263,393,602)
Deferred tax liabilities	(2,161,408)	(127,744,505)
Trade and other payables	(184,457,120)	(184,457,120)
Net identifiable assets and liabilities	<u>4,577,471</u>	<u>393,871,288</u>
Less: Minority interests		(113,369,361)
Add: Goodwill on acquisition		50,822,320
Less: Negative goodwill on acquisition		(2,010,134)
Total cost of business combination		<u>329,314,113</u>

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****26. ACQUISITION OF SUBSIDIARIES (CONT'D)**

The total cost of business combination is analysed as follows:-

	RM
Total purchase consideration is satisfied via:-	
- cash	58,594,000
- 28,331,400 ordinary shares issued at RM1.30 each	36,830,820
- 177,214,764 ICPS issued at RM1.30 each	230,379,193
Direct attributable costs	3,510,100
	<u>329,314,113</u>

As part of the cost of business combination, the Company issued 28,331,400 ordinary shares and 177,214,764 ICPS with a fair value of RM1.30 each, being the five-day weighted average market price of the Company's ordinary shares prior to the signing of Share Sale Agreements.

The effect of the acquisition on cash flows is as follows:-

	RM
Total cost of business combination	329,314,113
Less: Non-cash consideration	(267,210,013)
Consideration settled in cash	62,104,100
Add/Less: Cash and cash equivalents of subsidiaries acquired	5,015,914
Net cash outflow for acquisition of subsidiaries	<u>67,120,014</u>

The acquired subsidiaries have contributed the following results to the Group:-

	2010 RM
Revenue	27,952,958
Profit after taxation	<u>9,175,813</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
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During the financial period, the Group acquired from a company in which certain directors of the Company have substantial financial interests commercial rights of a plantation estate, which was then assigned to a subsidiary, with a market value of RM43,000,000. The purchase consideration (after assumption of all liabilities arising from the acquisition of RM21,214,479) was RM21,785,521 and satisfied via the issuance of 16,758,093 ICPS of RM0.50 each in the Company at an issue price of RM1.30 per share.

The cost of plantation estate as at the date of acquisition was recognised in the financial statements as follows:-

	RM
Property, plant and equipment	9,868,298
Intangible assets	23,592,442
Biological assets	6,841,277
Inventories	2,697,983
	<hr/>
Cost of plantation estate	43,000,000
Less: Liabilities assumed on the acquisition	(21,214,479)
	<hr/>
Total purchase consideration	21,785,521
Less: Non-cash consideration	(21,785,521)
	<hr/>
Cash outflow for acquisition of plantation estate	-
	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****28. COSTS INCURRED ON BIOLOGICAL ASSETS, PURCHASE OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT**

## (a) Costs Incurred on Biological Assets

	THE GROUP	
	2010 RM	2009 RM
Total additions of biological assets	43,237,203	7,452,945
Less:-		
Non-cash items and finance costs capitalised under biological assets	(6,961,699)	(1,480,384)
Amount financed through issuance of ICPS	(6,841,277)	-
	<u>29,434,227</u>	<u>5,972,561</u>

## (b) Purchase of Intangible Assets

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cost of intangible assets purchased	23,692,991	-	14,270	-
Less: Amount financed through issuance of ICPS	(23,592,442)	-	-	-
Cash disbursed for purchase of intangible assets	<u>100,549</u>	<u>-</u>	<u>14,270</u>	<u>-</u>



**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
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## (c) Purchase of Property, Plant and Equipment

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cost of property, plant and equipment purchased	45,658,607	14,936,421	40,568	7,515
Less:-				
Amount financed through hire purchase	(175,050)	-	-	-
Amount financed through issuance of ICPS	(9,858,298)	-	-	-
Cash disbursed for purchase of property, plant and equipment	35,625,259	14,936,421	40,568	7,515

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****29. CASH AND CASH EQUIVALENTS**

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash and bank balances	312,911	20,829,868	6,386	82,307
Deposits with licensed banks	-	22,800,000	-	3,500,000
Islamic deposits	4,868,156	7,273,126	-	-
Bank overdrafts	(19,435,493)	(207,673)	(24,904)	-
	<u>(14,254,426)</u>	<u>50,695,321</u>	<u>(18,518)</u>	<u>3,582,307</u>
Less:-				
Bank balances held on trust for Islamic securities investors (Note 13)	(1,177)	(1,323)	-	-
Islamic deposits held on trust for Islamic securities investors (Note 13)	(4,868,156)	(7,273,126)	-	-
	<u>(19,123,759)</u>	<u>43,420,872</u>	<u>(18,518)</u>	<u>3,582,307</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****30. DIRECTORS' REMUNERATION**

- (a) The aggregate amounts of emoluments received and receivable by directors of the Group and the Company during the financial period are as follows:-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors:-				
- fee	34,062	11,000	-	-
- non-fee emoluments	3,708,420	2,095,400	3,708,420	2,095,400
	<u>3,742,482</u>	<u>2,106,400</u>	<u>3,708,420</u>	<u>2,095,400</u>
Non-executive directors:-				
- fee	151,063	133,000	133,000	125,000
- allowance	8,200	3,400	8,200	3,400
	<u>159,263</u>	<u>136,400</u>	<u>141,200</u>	<u>128,400</u>
	<u>3,901,745</u>	<u>2,242,800</u>	<u>3,849,620</u>	<u>2,223,800</u>
Benefits-in-kind	<u>30,163</u>	<u>26,872</u>	<u>30,163</u>	<u>26,872</u>

- (b) Details of directors' emoluments of the Group and the Company received/receivable for the financial period in bands of RM50,000 are as follows:-

	THE GROUP/THE COMPANY	
	2010	2009
Executive directors:-		
RM1,050,001 to RM1,100,000	-	2
RM1,800,001 to RM1,850,000	1	-
RM1,900,001 to RM1,950,000	1	-
Non-executive directors:-		
RM50,000 and below	3	3
RM50,001 to RM100,000	1	1

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**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****31. SIGNIFICANT RELATED PARTY DISCLOSURES**

## (a) Identities of related parties

The Group has related party relationships with its directors, key management personnel, entities within the same group of companies, and entities controlled, or significantly influenced by the directors or their close family members.

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

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Subsidiaries:-				
- Dividend income	-	-	32,498,000	44,748,900
- Management fee	-	-	6,720,000	5,040,000
Companies in which the directors and their close family members have substantial financial interests:-				
- Contract charges	14,799,670	514,897	-	-
- Computer software, printing and stationery	262,266	103,704	55,915	29,956
- Fertiliser testing charges	65,314	20,296	-	-
- Insurance paid	2,266,915	538,335	25,631	25,286
- Interest paid	4,708,205	1,344,776	-	-
- Interest received	76,728	38,804	-	-
- Purchase of fertilisers and chemicals	25,831,646	8,668,944	-	-
- Purchase of fresh fruit bunches	439,858	15,245,530	-	-
- Purchase of property, plant and equipment	1,445,098	1,565,178	3,910	-
- Purchase of seedlings	131,916	647,285	-	-
- Purchase of sundry stores and consumables	13,556,992	10,908,154	70,037	58,025
- Recruitment charges	427,227	428,570	-	-
- Rental paid	1,542,773	687,057	7,200	8,800
- Rental received	40,400	264,440	-	-

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)**

- (b) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with the related parties during the financial period (cont'd):-

	THE GROUP		THE COMPANY	
	2010 RM	2009 RM	2010 RM	2009 RM
Companies in which the directors and their close family members have substantial financial interests (cont'd):-				
- Repairs and maintenance	370,064	417,570	8,947	7,867
- Road maintenance	5,466,391	3,459,058	-	-
- Sale of empty bunch ash	339	1,816	-	-
- Sale of fresh fruit bunches	46,478,979	7,179,104	-	-
- Sale of palm kernel shell	-	4,833	-	-
- Sale of property, plant and equipment	6,343,460	212,693	-	-
- Sale of seedlings	-	154,821	-	-
- Secretarial services	11,480	7,578	-	-
- Services provided	77,214	489,091	50,375	69,771
- Staff training expenses	399,945	67,725	53,360	21,525
- Staff welfare	154,150	49,824	152,937	49,824
- Store issues	5,050,458	2,956,044	-	-
- Transportation and accommodation charges	7,627,015	3,400,935	59,425	51,631
- Workshop management fee	3,281,966	2,426,624	-	-
Key management personnel compensation (excluding directors):-				
- Short-term benefits	2,970,379	958,273	2,793,984	930,273
- Defined benefit plans	183,685	111,417	162,565	111,417

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Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****32. OPERATING SEGMENTS**

## (a) Operating segments

Information about operating segment is not reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the oil palm plantation and operation of palm oil mill.

## (b) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's revenue:-

	REVENUE	
	2010 RM	2009 RM
Customer A*	141,999,142	78,984,478
Customer B*	87,988,132	58,128,992

\* The identities of the major customers are not disclosed as permitted by FRS 8 *Operating Segments*.

**33. CAPITAL COMMITMENTS**

	THE GROUP	
	2010 RM	2009 RM
Property, plant and equipment:-		
- Approved and contracted for	4,669,500	559,882
- Approved but not contracted for	-	2,736,623
	<u>4,669,500</u>	<u>3,296,505</u>

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FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****34. CONTINGENT LIABILITIES**

	THE COMPANY	
	2010 RM	2009 RM
Unsecured:-		
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	212,350,000	50,200,000

**35. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risks (including interest rate risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**(a) Financial Risk Management Policies**

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

**(i) Interest Rate Risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 35(a)(iii) to the financial statements.

## RIMBUNAN SAWIT BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 35. FINANCIAL INSTRUMENTS (CONT'D)

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

###### (ii) *Credit Risk*

The Group's exposure to credit risk, or the risk of counterparties defaulting arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including deposits, cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

###### Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three customers which constitute approximately 94% of its trade receivables as at the balance sheet date, due to the Group's limited number of customers. Based on the Group's historical collection of these receivables, management believes that they are fully recoverable.

###### Exposure to credit risk

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

###### (iii) *Liquidity Risk*

Liquidity risk arises mainly from general funding and business activities. The Group manages its debt maturity profile, operating cash flows and availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and prudently balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.



**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****35. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)***(iii) Liquidity Risk (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the balance sheet date based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the balance sheet date):-

THE GROUP	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							
Trade and other payables:-							
- interest-bearing	6.02	73,470,006	73,470,006	73,470,006	-	-	-
- non interest-bearing	-	120,930,507	120,930,507	120,930,507	-	-	-
Borrowings:-							
- bank overdrafts	7.73	19,435,493	19,435,493	19,435,493	-	-	-
- bankers' acceptance	3.85	4,937,000	4,937,000	4,937,000	-	-	-
- hire purchase obligations	2.94	504,115	525,289	370,604	130,094	24,591	-
- Islamic securities and obligations under Ijarah arrangements	5.97	149,500,000	164,090,100	68,844,500	36,585,600	58,660,000	-
- term loans	4.79	71,970,000	83,373,978	7,616,492	12,077,537	53,985,056	9,694,893
- unsecured loans	3.00	172,240,000	172,240,000	172,240,000	-	-	-
		612,987,121	639,002,373	467,844,602	48,793,231	112,669,647	9,694,893

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****35. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)***(iii) Liquidity Risk (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the balance sheet date based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the balance sheet date) (cont'd):-

THE GROUP	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							
Trade and other payables:-							
- non interest-bearing	-	20,548,083	20,548,083	20,548,083	-	-	-
Borrowings:-							
- bank overdrafts	6.80	207,673	207,673	207,673	-	-	-
- Islamic securities and obligations under Ijarah arrangements	6.70	119,200,000	137,888,150	33,815,900	14,368,750	89,703,500	-
- term loans	6.90	34,750,000	44,657,000	3,898,000	4,727,000	26,726,000	9,306,000
		174,705,756	203,300,906	58,469,656	19,095,750	116,429,500	9,306,000

**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****35. FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Risk Management Policies (Cont'd)***(iii) Liquidity Risk (Cont'd)*

The following table sets out the maturity profile of the financial liabilities as at the balance sheet date based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the balance sheet date) (cont'd):-

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	ON DEMAND OR WITHIN 1 YEAR RM
2010				
Trade and other payables:-				
- non interest-bearing	-	118,396,507	118,396,507	118,396,507
Bank overdraft		24,904	24,904	24,904
		<u>118,421,411</u>	<u>118,421,411</u>	<u>118,421,411</u>
THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM	ON DEMAND OR WITHIN 1 YEAR RM
2009				
Trade and other payables:-				
- non interest-bearing	-	20,529,556	20,529,556	20,529,556

**RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

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**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****35. FINANCIAL INSTRUMENTS (CONT'D)****(b) Fair Values of Financial Instruments**

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

THE GROUP	2010		2009	
	CARRYING AMOUNT RM	FAIR VALUE RM	CARRYING AMOUNT RM	FAIR VALUE RM
Hire purchase obligations	504,115	497,000	-	-
Islamic securities and obligations under Ijarah arrangements	149,500,000	151,354,000	119,200,000	118,090,000
	<u>150,004,115</u>	<u>151,851,000</u>	<u>119,200,000</u>	<u>118,090,000</u>

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, Islamic securities and obligations under Ijarah arrangements, and unsecured loans are determined by discounting the relevant cash flows using current interest rates for similar instruments as at the balance sheet date.
- (iii) The carrying amounts of term loans approximate their fair values as these instruments bear interest at variable rates.

## RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD

The significant events during and subsequent to the financial period are as follows:-

- (a) The Company had, on 31 July 2009, entered into two Conditional Sale and Purchase Agreements for Shares to acquire the following companies for a total cash consideration of RM58,594,000:-
- 200,000 ordinary shares of RM1.00 each in Lumiera Enterprise Sdn Bhd representing 100% of its total issued and paid-up share capital; and
  - 10,200 ordinary shares of RM1.00 each in Woodijaya Sdn Bhd ("Woodijaya") representing 85% of its total issued and paid-up share capital.

The acquisitions were completed on 22 December 2009.

- (b) On 30 December 2009, the Company entered into nine Conditional Share Sale Agreements and a Deed of Assignment for the acquisitions of nine plantation companies and the commercial rights of a plantation estate for a total purchase consideration of RM286,104,837, as follows:-
- 5,000,000 ordinary shares of RM1.00 each in Jayamax Plantation Sdn Bhd representing 100% of its total issued and paid-up share capital;
  - 5,200,000 ordinary shares of RM1.00 each in Lubuk Tiara Sdn Bhd ("LTSB") representing 65% of its total issued and paid-up share capital;
  - 1,062,500 ordinary shares of RM1.00 each in Novelpac-Puncakdana Plantation Sdn Bhd ("Novelpac") representing 85% of its total issued and paid-up share capital;
  - 3,332,000 ordinary shares of RM1.00 each in Pelita-Splendid Plantation Sdn Bhd representing 70% of its total issued and paid-up share capital;
  - 2,808,098 ordinary shares of RM1.00 each in PJP Pelita Biawak Plantation Sdn Bhd ("Biawak") representing 70% of its total issued and paid-up share capital;
  - 581,760 ordinary shares of RM1.00 each in PJP Pelita Ekang-Banyok Plantation Sdn Bhd representing 60% of its total issued and paid-up share capital;

## RIMBUNAN SAWIT BERHAD

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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD

The significant events during and subsequent to the financial period are as follows (cont'd):-

- (b) On 30 December 2009, the Company entered into nine Conditional Share Sale Agreements and a Deed of Assignment for the acquisitions of nine plantation companies and the commercial rights of a plantation estate for a total purchase consideration of RM286,104,837, as follows (cont'd):-
- 3,628,800 ordinary shares of RM1.00 each in PJP Pelita Lundu Plantation Sdn Bhd representing 60% of its total issued and paid-up share capital;
  - 7,200,000 ordinary shares of RM1.00 each in PJP Pelita Selangau Plantation Sdn Bhd representing 60% of its total issued and paid-up share capital;
  - 5,184,000 ordinary shares of RM1.00 each in PJP Pelita Ulu Teru Plantation Sdn Bhd representing 60% of its total issued and paid-up share capital; and
  - the commercial rights on Licence for Planted Forest.

The purchase consideration was to be satisfied via the issuance of 28,331,400 new ordinary shares of RM0.50 each and 191,749,239 ICPS of RM0.50 each in the Company at an issue price of RM1.30 per share.

On 16 April 2010, the Company entered into ten supplementary agreements to revise the total purchase consideration to RM288,995,534 to be satisfied via the issuance of 28,331,400 new ordinary shares of RM0.50 each and 193,972,857 ICPS of RM0.50 each in the Company at an issue price of RM1.30 per share.

The acquisitions were completed on 15 September 2010 and the new ordinary shares issued were listed on the Main Market of Bursa Malaysia Securities Berhad on 8 October 2010.

## RIMBUNAN SAWIT BERHAD

(Incorporated in Malaysia)  
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### NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010

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#### 36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD (CONT'D)

The significant events during and subsequent to the financial period are as follows (cont'd):-

- (c) On 19 January 2011, the Company entered into a Share Sale Agreement with Lembaga Amanah Kebajikan Masjid Negeri Sarawak to dispose 1,680,000 ordinary shares of RM1.00 each in LTSB for a total cash consideration of RM13,100,723. This represents 21% of the total issued and paid-up share capital of LTSB and upon completion of the disposal, LTSB shall cease as a subsidiary of the Company.

On the same date, the Company entered into a Share Sale Agreement with Lembaga Amanah Kebajikan Masjid Negeri Sarawak to acquire 601,735 ordinary shares of RM1.00 each in Biawak for a total cash consideration of RM12,700,326. This represents 15% of the total issued and paid-up share capital of Biawak and upon completion of the acquisition, the Company's shareholding in Biawak shall increase from 70% to 85%.

The above transactions are now pending the approval of shareholders in the Extraordinary General Meeting.

- (d) On 2 February 2011, the Company entered into three Conditional Share Sale Agreements with State Financial Secretary to acquire the remaining equity interest in the following companies for a total purchase consideration is RM16,019,312:-

- 375,000 ordinary shares of RM1.00 each in Nescaya Palma Sdn Bhd ("NPSB") representing 15% of its total issued and paid-up share capital;
- 187,500 ordinary shares of RM1.00 each in Novelpac representing 15% of its total issued and paid-up share capital; and
- 1,800 ordinary shares of RM1.00 each in Woodijaya representing 15% of its total issued and paid-up share capital.

The purchase consideration is to be satisfied via the issuance of 6,964,918 ordinary shares of RM0.50 each in the Company at an issue price of RM2.30 per share.

The application in relation to the listing of and quotation for the new ordinary shares to be issued was submitted to Bursa Malaysia Securities Berhad on 2 March 2011 and the acquisitions are now pending the approval of shareholders in the Extraordinary General Meeting.

## **RIMBUNAN SAWIT BERHAD**

(Incorporated in Malaysia)

Company No: 691393-U

### **NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010**

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#### **36. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL PERIOD (CONT'D)**

The significant events during and subsequent to the financial period are as follows (cont'd):-

- (e) On 11 February 2011, R.H. Plantation Sdn Bhd, a subsidiary of the Company, entered into a Memorandum with Sheba Resources Sdn Bhd ("Sheba Resource") with an intention to purchase all that parcel of land with oil palm plantation thereon containing an area of 4,857 hectares, more or less and described as Lot 56, Sawai Land District ("the said Land") for a total consideration of RM118,000,000 free from all encumbrances ("Purchase Price").

Pending execution of the Sale and Purchase Agreement, which should be executed within 7 days from the date of Memorandum, the Company had made an advance payment of RM3,000,000 to Sheba Resources as deposit cum part payment of the Purchase Price. The Company will take over the existing loan facility and/or to apply for a new loan facility to redeem the existing charge extended to Sheba Resources secured by the said Land. The redemption sum payment will be deemed to be part payment of the Purchase Price.

Further to the Memorandum, the Company and Sheba Resources have mutually agreed in writing to extend the time enter into the Sale and Purchase Agreement up to 4 April 2011.

Details of items (a) and (b) above are disclosed in Notes 26 and 27 to the financial statements.

#### **37. CHANGE OF ACCOUNTING YEAR END**

The Company changed its accounting year end from 31 August to 31 December to facilitate the efficiency in financial reporting and corporate administration of the Group. As a result, the financial statements are presented covering a period of sixteen months from 1 September 2009 to 31 December 2010. Accordingly, the comparative figures (which cover a period of twelve months from 1 September 2008 to 31 August 2009) for the income statements, statements of changes in equity, cash flow statements and the related notes to the financial statements are not comparable with those of the current financial period.



**RIMBUNAN SAWIT BERHAD**(Incorporated in Malaysia)  
Company No: 691393-U**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE FINANCIAL PERIOD FROM 1 SEPTEMBER 2009 TO 31 DECEMBER 2010****38. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained profits of the Group and of the Company as at the balance sheet date into realised and unrealised profits or losses are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP 2010 RM	THE COMPANY 2010 RM
Total retained profits:-		
- realised	121,849,990	85,776,989
- unrealised	(25,377,592)	(8,521)
	<hr/>	<hr/>
Add: Consolidation adjustments	96,472,398 16,047,685	85,768,468 -
	<hr/>	<hr/>
At 31 December	<u>112,520,083</u>	<u>85,768,468</u>

**UNAUDITED CONSOLIDATED RESULTS OF RSB FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2011**

**RIMBUNAN SAWIT BERHAD**

(Company No. 691393-U)  
 No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak, Malaysia  
 Telephone No.: 084-218555 Facsimile No.: 084-219555 Email: rsb@rsb.com.my

**Condensed Consolidated Statements of Comprehensive Income**  
 For the 2nd Quarter Ended 30 June 2011

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.06.2011 RM'000	30.06.2010 RM'000	30.06.2011 RM'000	30.06.2010 RM'000
Revenue	94,196	39,540	168,592	86,511
Cost of sales	(51,688)	(27,961)	(92,807)	(60,570)
<b>Gross profit</b>	<b>42,508</b>	<b>11,579</b>	<b>75,785</b>	<b>25,941</b>
Other income	1,020	446	1,320	577
Distribution costs	(3,313)	(1,905)	(5,804)	(4,347)
Administrative and other expenses	(3,631)	(1,600)	(8,074)	(3,753)
Finance costs	(3,753)	(2,126)	(7,740)	(4,255)
<b>Profit before taxation</b>	<b>32,831</b>	<b>6,394</b>	<b>55,487</b>	<b>14,163</b>
Income tax expense	(7,303)	(1,779)	(13,091)	(3,700)
<b>Profit after taxation</b>	<b>25,528</b>	<b>4,615</b>	<b>42,396</b>	<b>10,463</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>25,528</b>	<b>4,615</b>	<b>42,396</b>	<b>10,463</b>

**Profits attributable to:-**

Owners of the Company	24,073	4,615	39,746	10,446
Non-controlling interests	1,455	-	2,650	17
	<b>25,528</b>	<b>4,615</b>	<b>42,396</b>	<b>10,463</b>

**Earnings per share attributable to owners of the Company (sen): -**

Basic earnings per share	15.15	3.60	25.19	8.14
Diluted earnings per share	6.82	N/A	11.30	N/A

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Financial Position**

As At 30 June 2011

	As at end of current quarter 30.06.2011 (Unaudited) RM'000	As at preceding financial period ended 31.12.2010 (Restated) RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	502,366	485,294
Biological assets	705,853	683,248
Intangible assets	23,525	23,809
Deferred tax assets	6,029	4,655
Goodwill on consolidation	53,995	53,913
	1,291,768	1,250,919
<b>Current assets</b>		
Inventories	29,951	21,975
Trade and other receivables	49,746	26,253
Tax recoverable	-	58
Islamic deposits	4,091	4,868
Cash and bank balances	338	313
	84,126	53,467
<b>TOTAL ASSETS</b>	1,375,894	1,304,386
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital		
- Ordinary shares	81,782	78,299
- Irredeemable convertible preference shares ("ICPS")	96,987	96,987
Reserves	287,692	251,797
	466,461	427,083
Non-controlling interests	113,150	116,354
<b>Total equity</b>	579,611	543,437
<b>Non-current liabilities</b>		
Borrowings	148,950	149,920
Deferred tax liabilities	151,022	142,983
	299,972	292,903

**RIMBUNAN SAWIT BERHAD**

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**Condensed Consolidated Statement of Financial Position (Cont'd)**

As At 30 June 2011

	<b>As at end of current quarter 30.06.2011 (Unaudited) RM'000</b>	<b>As at preceding financial period ended 31.12.2010 (Restated) RM'000</b>
<b>Current liabilities</b>		
Trade and other payables	206,768	194,401
Bank overdraft	23,468	19,435
Borrowings	258,904	249,231
Provision for tax	7,171	4,979
	<u>496,311</u>	<u>468,046</u>
<b>Total liabilities</b>	<u>796,283</u>	<u>760,949</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,375,894</u>	<u>1,304,386</u>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<u>2.85</u>	<u>2.73</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**RIMBUNAN SAWIT BERHAD**

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**Condensed Consolidated Statement of Changes in Equity**  
 For the Six-Month Period Ended 30 June 2011

	<Share capital>		<Non-Distributable>		Distributable Retained profits	Total	Non controlling interests	Total equity
	Ordinary share	ICPS	Share premium	Merger reserves				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>6 months ended 30 June 2011</b>								
<b>At 1 January 2011</b>								
As previously reported	78,299	96,987	183,908	(44,631)	112,520	427,083	116,354	543,437
Effects of adopting FRS 139	-	-	-	-	233	233	41	274
As restated	78,299	96,987	183,908	(44,631)	112,753	427,316	116,395	543,711
Adjustment for common control business combinations	1,915	-	6,868	(8,776)	969	976	(1,002)	(26)
Acquisition of subsidiary	-	-	-	-	-	-	165	165
Acquisition of additional interest in subsidiaries	1,568	-	5,620	-	(2,151)	5,037	(5,058)	(21)
Dividends -Owners of the company	-	-	-	-	(6,614)	(6,614)	-	(6,614)
Profit for the period	-	-	-	-	39,746	39,746	2,650	42,396
<b>At 30 June 2011</b>	<b>81,782</b>	<b>96,987</b>	<b>196,396</b>	<b>(53,407)</b>	<b>144,703</b>	<b>466,461</b>	<b>113,150</b>	<b>579,611</b>

**RIMBUNAN SAWIT BERHAD**

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**Condensed Consolidated Statement of Changes in Equity (Cont'd)**  
 For the Six-Month Period Ended 30 June 2011

	<Share Capital>		<Non-Distributable>		Distributable	Total	Non controlling interests	Total equity
	Ordinary share	ICPS	Share premium	Merger reserves	Retained profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>6 months ended 30 June 2010</b>								
<b>At 1 January 2010</b>	64,133	-	6,866	(44,631)	74,765	101,133	-	101,133
Adjustment for common control business combinations	-	-	-	284	(284)	-	-	-
Dividends	-	-	-	-	(3,367)	(3,367)	-	(3,367)
Profit for the period	-	-	-	-	10,446	10,446	17	10,463
<b>At 30 June 2010</b>	<b>64,133</b>	<b>-</b>	<b>6,866</b>	<b>(44,347)</b>	<b>81,560</b>	<b>108,212</b>	<b>17</b>	<b>108,229</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**RIMBUNAN SAWIT BERHAD**

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**Condensed Consolidated Statement of Cash Flows**  
 For the Six-Month Period Ended 30 June 2011
 

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	<b>6 months ended</b>	
	<b>30.06.2011</b>	<b>30.06.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	55,487	14,163
Adjustments for: -		
Amortisation of biological assets	9,480	2,313
Amortisation of intangible assets	57	38
Depreciation of property, plant and equipment	9,882	5,035
Interest expenses	7,740	4,255
Interest income	(110)	(98)
Property, plant and equipment written off	8	-
Profit on disposal of property, plant and equipment	(163)	(257)
Operating profit before working capital changes	82,381	25,449
(Increase)/decrease in inventories	(7,976)	2,947
(Increase)/decrease in receivables	(22,442)	54,050
Increase in payables	12,642	4,931
Cash generated from operations	64,605	87,377
Interest received	110	98
Interest paid	(77)	(46)
Tax paid	(4,174)	(4,296)
Net cash provided by operating activities	60,464	83,133
<b>Cash Flows for Investing Activities</b>		
Purchase of property, plant and equipment	(27,852)	(10,179)
Additions to biological assets	(29,447)	(6,864)
Proceed from disposal of property, plant and equipment	466	584
Acquisition of subsidiaries (net of cash and cash equivalents)	(1,018)	(58,974)
Net cash used in investing activities	(57,851)	(75,433)

**RIMBUNAN SAWIT BERHAD**

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**Condensed Consolidated Statement of Cash Flows (Cont'd)**  
 For the Six-Month Period Ended 30 June 2011

	6 months ended	
	30.06.2011 RM'000	30.06.2010 RM'000
<b>Cash Flows for Financing Activities</b>		
Dividend paid	(6,614)	(3,367)
Net of repayment and drawdown of bankers' acceptance	5,693	6,638
Payment of interest on hire purchase, loan and Islamic securities	(7,664)	(4,209)
Repayment of hire purchase liabilities	(583)	-
Proceed from term loans and Islamic securities	28,271	6,340
Islamic deposits held on trust for investors	777	2,589
Repayment of term loans and Islamic securities	(26,500)	(25,750)
Net cash used in financing activities	(6,620)	(17,759)
Net decrease in cash and cash equivalents	(4,007)	(10,059)
Cash and cash equivalents at beginning of financial period	(19,124)	6,407
Cash and cash equivalents at end of financial period	(23,131)	(3,652)

Cash and cash equivalents at the end of the financial period comprise the followings: -

	As at 30.06.2011 RM'000	As at 30.06.2010 RM'000
Cash and bank balances	338	252
Bank overdraft	(23,468)	(3,903)
Islamic deposits	4,091	4,807
	(19,039)	1,156
Less: Bank balances held on trust for Islamic Securities Investors	(1)	(1)
Less: Islamic deposits held on trust for Islamic Securities Investors	(4,091)	(4,807)
	(23,131)	(3,652)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



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**Part A – Explanatory Notes Pursuant to FRS 134****A1 Basis of Preparation**

The unaudited interim financial statements have been prepared in accordance with *FRS 134: Interim Financial Reporting* and *Chapter 9 Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad*.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2010.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial period ended 31 December 2010 except for the adoption of new and revised FRSs, IC Interpretations and amendments to FRSs and IC Interpretations which are applicable to financial statements:-

<b>FRSs and IC</b>	<b>Interpretations (including the Consequential Amendments)</b>	<b>Effective Date</b>
FRS 1 (Revised)	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 (Revised)	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 101 (Revised)	Presentation of Financial Statements	1 January 2010
FRS 123 (Revised)	Borrowing Costs	1 January 2010
FRS 124 (Revised)	Related Party Disclosures	1 January 2012
FRS 127 (Revised)	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 and FRS 127	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 1 (Revised)	Limited Exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemption for First-time Adopters	1 January 2011
Amendments to FRS 2	Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2	Scope of FRS 2 and FRS 3 (Revised)	1 July 2010
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5	Plan to Sell the Controlling Interest in a Subsidiary	1 January 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 101 and FRS 132	Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 117	Lease	1 January 2010
Amendments to FRS 132	Classification of Rights Issues and the Transitional Provision in Relation to Compound Instruments	1 January 2010

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**Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)****A1 Basis of Preparation (Cont'd)**

FRSs and IC	Interpretations (including the Consequential Amendments)	Effective Date
Amendments to FRS 138	Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease	1 January 2011
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2	Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 FRS 119	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Agreement 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
Amendments to IC Interpretation 15	Effective Date and Transition	1 January 2012
Annual Improvements to FRSs (2009)		1 January 2010
Annual Improvements to FRSs (2010)		1 January 2011

The above accounting standards and interpretations are not relevant to the Group's operations except as follows:-

***FRS 3 (Revised) Business Combinations***

Revised FRS 3 - Business combinations, which is to be applied prospectively, continues to apply the acquisition method to business combinations, with some significant changes. All acquisition-related costs, other than share and debts issue costs, should be expensed as incurred. The revised standard also requires any pre-existing interest in the acquiree to be measured at fair value with the gain or loss recognized in profit or loss. The measurement of non-controlling interest (previously known as minority interest) under the revised standard will be at either fair value, or at its proportionate interest in the identified assets and liabilities of the acquiree. The Group will apply FRS 3 prospectively to all business combinations from 1 January 2011.


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**Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)**
**A1 Basis of Preparation (Cont'd)**
***FRS 101 Presentation of Financial Statements***

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 Group 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.

***Amendments to FRS 117 Leases***

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments. This amendment removes the classification of leases of land and of buildings, and instead, requires assessment of classification based on the risks and rewards of the lease itself. With the adoption of the Amendment to FRS 117, the Group has reassessed and determined that leasehold land amounted to RM 135,882,164 of the Group are in substance finance leases and has reassessed and reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification has no effect to the profit or loss of the current financial period ended 30 June 2011 or the comparative prior financial period.

The effect of the reclassification to the comparative of the prior financial year's consolidated statement of financial position is as follows:

	As Previously stated RM'000	Effects of Reclassification RM'000	At Restated RM'000
<b>As at 31 December 2010</b>			
Prepaid land lease payments	135,882	(135,882)	-
Property, plant and equipment	349,412	135,882	485,294

***FRS 127 (Revised) Consolidated and Separate Financial Statements***

Revised FRS 127 - Consolidated and separate financial statements, which applies prospectively to transactions with non-controlling interests from 1 July 2010, requires the changes in the parent's ownership interest that do not result in a loss of control of the subsidiary are accounted for as equity. The revised standard further requires all losses attributable to minority interest to be absorbed by minority shareholders instead of by parent. When the parent company ceases to have a controlling financial interest in a subsidiary, the parent is required to deconsolidate the subsidiary as of the date on which its control ceased. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in the income statement.

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**Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)****A1 Basis of Preparation (Cont'd)*****FRS 139 Financial Instruments: Recognition and Measurement***

FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. The effects arising from the adoption of this standard has been accounted for by adjusting the opening balance of the retained earnings as at 1 January 2011. The major changes and effects arising from the adoption of this Standard are as follows:

**(i) Financial Assets**

Under FRS 139, an entity may classify its financial assets as financial assets at fair value through profit or loss, held to maturity investments, loans and receivables or available-for-sale financial assets, as appropriate.

The Group's financial assets include loans and receivables:

- Loans and receivables

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.

**(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.

**(iii) Impact on opening balances**

In accordance with the transitional provisions for the first time adoption of FRS 139, the above changes in accounting policy have been accounted for prospectively and the comparatives are not restated. The effects arising from the adoption of this standard has been accounted for by adjusting the opening balances in statement of financial position as at 1 January 2011 as follows:

	As at 31 December 2010 RM'000	Effect of Adopting FRS 139 RM'000	As at 1 January 2011 RM'000
<b>Liabilities</b>			
Trade and other payables	194,401	(274)	194,127


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**Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)**


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**A2 Comments about Seasonality or Cyclicity of Operations**

The prices for the Group's products are not within the control of the Group but are determined by the global supply and demand situation for edible oils.

Crop production is affected by weather conditions and the age of palms.

The prices obtainable for the Group's products as well as the volume of production will determine the profits for the Group.

**A3 Unusual Items due to Their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and the financial year-to-date.

**A4 Changes in Estimates**

There were no changes in estimates that have had a material effect in the current quarter and the financial year-to-date results.

**A5 Debt and Equity Securities**

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 30 June 2011:

Sukuk Ijarah Commercial Paper (CP)

The Group redeemed total borrowing of RM44.2 million, namely RM5 million, RM10 million and RM29.20 million of CP on 25 February 2011, 25 May 2011 and 23 June 2011 respectively.

The Group also issued CP of RM10 million each on 25 February 2011 and 23 June 2011 respectively and RM19.2 million of CP on 23 June 2011.

Sukuk Ijarah

The Group redeemed borrowing of RM20 million on 23 June 2011.

**A6 Dividends Paid**

A final dividend of 2 sen per ordinary share and irredeemable convertible preference share in respect of the financial period ended 31 December 2010 was paid on 28 June 2011 as follows:-

(a) a final dividend of 2.0 sen per ordinary share consisting of:-

- (i) franked dividend of 0.6 sen per ordinary share less 25% tax amounting to RM736,034; and
- (ii) single tier dividend of 1.4 sen per ordinary share amounting to RM2,289,884;

(b) a final dividend of 2.0 sen per irredeemable convertible preference share consisting of:-

- (i) franked dividend of 0.6 sen per irredeemable convertible preference share less 25% tax amounting to RM872,878; and
  - (ii) single tier dividend of 1.4 sen per irredeemable convertible preference share amounting to RM2,715,620.
-

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**Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)****A7 Segmental Information**

The Group operates solely in Malaysia and the Group's predominant activities are cultivation of oil palm and milling operations, which are within a single business segment. Therefore, segmental reporting is deemed not necessary.

**A8 Property, Plant and Equipment****(a) Acquisitions and Disposals**

During the 3-months financial period ended 30 June 2011, the Group acquired items of property, plant and equipment with a total cost of RM18.77 million.

The Group disposed items of property, plant and equipment with a total cost of RM455,868 during the 3-months financial period ended 30 June 2011.

**(b) Impairment Losses**

Neither loss from impairment of property, plant and equipment nor reversal of such impairment losses were recognised during the 3-months financial period ended 30 June 2011.

**(c) Valuations**

As at 30 June 2011, the Group did not have any revalued assets.

**A9 Subsequent Events**

Except for those disclosed note in B8, there were no other material events after the period end that had not been reflected in the financial statements for the financial period ended 30 June 2011.

**A10 Changes in Composition of Group**

During the financial period under review, RSB acquired the remaining 15% equity interest in Nescaya Palma Sdn Bhd, Novelpac-Puncakdana Plantation Sdn Bhd and Woodijaya Sdn Bhd, became wholly owned subsidiaries. RSB had also on 23 May 2011 subscribed 85% of the fully paid up capital in the share capital of Burung Tiong Helicopter Sdn Bhd, namely 1,020,000 ordinary shares at par value of RM1 each for a total consideration sum of RM1,020,000.00 and became a 85% owned subsidiary of the Company.

The cost of acquisition comprises the followings:-

	RM'000
Purchase consideration satisfied by cash	1,020
Purchase consideration satisfied by issuing ordinary share	16,019
	<hr/>
Total cost of business combination	17,039
	<hr/>

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**Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)****A10 Changes in Composition of Group (Cont'd)**

The cash outflow on acquisitions is as follows:-

	<b>6 months ended 30.06.2011 RM'000</b>
Total cost of business combination	17,039
Less: Purchase consideration other than cash	(16,019)
Cash and cash equivalents of subsidiaries acquired	(2)
Net cash outflow of the Group	<u>1,018</u>

**A11 Contingent Liabilities and Contingent Assets**

As at 20 August 2011, there were no material contingent liabilities or contingent assets which, upon being enforceable, might have a material impact on the financial position or business of the Group.

**A12 Capital Commitment**

Save as disclosed below, as at 20 August 2011, there was no material commitment for capital expenditure contracted for or known to be contracted by the Group which might have a material impact on the financial position or business of the Group: -

	<b>RM'000</b>
Approved and contracted for	9,437
Approved but not contracted for	<u>-</u>
	<u>9,437</u>

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**Part A – Explanatory Notes Pursuant to FRS 134 (Cont'd)****A13 Related Party Transactions**

	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Purchase of fresh fruit bunches	446	5,583	750	10,877
Purchase of fertilizer and chemical	10,100	3,967	16,941	4,341
Purchase of diesel	3,869	791	6,658	1,789
Purchase of spare parts, harvesting and weeding tools, repair and maintenance	2,670	675	5,057	1,367
Insurance premium charged	143	82	370	191
Transportation	1,282	1,881	2,240	2,557
Sales of fresh fruit bunches	23,949	3,022	45,816	5,851
Sales of seedlings	-	-	-	54
Project development contract	1,124	204	1,923	282
Recruitment charges	223	49	375	125
Purchase of seedlings	511	66	577	97
Land development, field maintenance and management charges	9,456	4,688	16,401	17,776
Machinery and motor vehicle rental	1,516	159	2,447	616
Rental of premises	22	8	33	16
Repairs of plant & machineries	43	24	80	47
Repairs of motor vehicles	127	18	215	26
Interest paid	660	316	1,425	651
Purchase of motor vehicles	233	-	392	-
Purchases of equipments	57	20	126	23
Purchases of plant and machineries	323	-	323	-



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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**


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**B1 Review of Performance**

The Group registered a total revenue of RM94.20 million for the current quarter under review, representing an increase of 138.30% as compared to RM39.54 million reported in the previous corresponding period. The increase in revenue was mainly attributed by more favourable average CPO and PK prices realised and additional volume of FFB production generated by the subsidiaries acquired in the second half of last financial period. The average CPO and PK prices increased by 33.84% and 65.46% respectively in the current quarter under review as compared to previous corresponding period.

In tandem with higher commodity prices and higher volume of FFB production, the Group registered a higher profit before taxation of RM25.53 million compared to RM4.62 million recorded in the last corresponding period.

**B2 Material Change in Profit Before Taxation For The Quarter Compared To Immediate Preceding Quarter**

For the current quarter under review, the Group recorded a profit before taxation of RM32.83 million as compared to RM22.66 million recorded in the immediate preceding quarter. The increase in the current quarter profit before taxation compared to the profit before taxation in the immediate preceding quarter was due to increase in volume of CPO, PK and FFB sold, despite of the slight decrease in CPO price.

**B3 Commentary on Prospects**

The Group's prospects for the remaining quarters are strongly depending on the development in the world edible oil and related market, world economic movement and their corresponding effect on CPO prices. Based on the current market price of CPO, the Directors are of the opinion that following seasonal high FFB production in the second half of the year will continue to add momentum to the coming quarter results and the Group's performance will remain stable and optimistic.

**B4 Actual Profit Against Profit Forecast And Profit Guarantee**

The Group did not issue any profit forecast and profit guarantee.

**B5 Income Tax Expense**

	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Current tax	(3,058)	(1,730)	(6,425)	(3,886)
Deferred tax	(4,245)	(49)	(6,666)	186
Total income tax expense	(7,303)	(1,779)	(13,091)	(3,700)

**B6 Sales of Unquoted Investments and Properties**

There were no sales of unquoted investments and properties for the financial period ended 30 June 2011.

**B7 Quoted Securities**

There was no purchase or disposal of quoted securities for the financial period ended 30 June 2011.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

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**B8 Corporate Proposals**

- (a) On 19 January 2011, the Company had entered into a Share Sale Agreement (“SSA”) with a non-related party, Lembaga Amanah Kebajikan Masjid Negeri Sarawak (“LAKMNS”), to acquire 601,735 ordinary shares of RM1.00 each in the capital of PJP Pelita Biawak Plantation Sdn Bhd (“PJP”) for a total cash consideration sum of RM12,700,326.00, which represents 15% of the total issued and paid-up share capital of PJP (“Proposed Biawak Acquisition”).

The Company had also entered into another Share Sale Agreement on 19 January 2011 with LAKMNS to dispose 1,680,000 ordinary shares of RM1.00 each in the capital of Lubuk Tiara Sdn Bhd (“LTSB”) for a total cash consideration sum of RM13,100,723.00, which represents 21% of the total issued and paid-up share capital of LTSB. The sale proceeds are intended to be utilised as working capital of the Company by 31 December 2011 (“Proposed Lubuk Tiara Disposal”).

The Proposed Biawak Acquisition and Proposed Lubuk Tiara Disposal were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 22 August 2011.

- (b) On 11 February 2011, the Company’s subsidiary, R.H. Plantation Sdn Bhd had entered into a Memorandum with Sheba Resources Sdn Bhd with an intention to purchase all that parcel of land with Oil Palm Plantation thereon situate at Sungai Luai and Sungai Bawah, Niah, containing an area of 4,857 hectares, more or less and described as Lot 56, Sawai Land District for a total cash consideration sum of RM118 million. R.H. Plantation Sdn Bhd, had on 3 June 2011 entered into a conditional sale and purchase agreement with Sheba Resources Sdn Bhd for the proposed acquisition.

The above proposed acquisition was duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 22 August 2011.

- (c) On 27 May 2011, RSB announced that the Company proposes to undertake the following proposals:-

- (i) Proposed renounceable rights issue of up to 490,689,354 new ordinary shares of RM0.50 each in RSB on the basis of 3 rights shares for every 1 existing ordinary share of RM0.50 each held in RSB (“PRRI”);
- (ii) Proposed bonus issue of up to 654,252,472 new shares on the basis of 1 bonus share for every 1 share held after the (“PBI”);
- (iii) Proposed increase in the authorized share capital of RSB from RM500,000,000 comprising 700,000,000 shares and 300,000,000 irredeemable convertible preference shares of RM0.50 each (“ICPS”) to RM1,250,000,000 comprising 2,200,000,000 shares and 300,000,000 ICPS of RM0.50 each; and
- (iv) Proposed amendment to the Memorandum of Association of RSB.

The proposals have been duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 22 August 2011.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**


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**B9 Borrowings and Debt Securities**

	As at 30.06.2011 RM'000	As at 31.12.2010 RM'000
<b>Current – Secured</b>		
Bank overdraft	23,468	19,435
Islamic securities	71,200	67,200
Banker acceptance	10,630	4,937
Hire purchase	834	354
Term loan	176,240	176,740
	282,372	268,666
 <b>Non-current – Secured</b>		
Islamic securities	53,300	82,300
Hire purchase	909	150
Term loan	94,741	67,470
	148,950	149,920
 <b>Total borrowings and debt securities</b>	431,322	418,586

The Group did not have any borrowings denominated in foreign currency

**B10 Derivative Financial Instruments**

There were no outstanding derivative financial instruments as at 30 June 2011.

**B11 Changes in Material Litigation**

As at 20 August 2011, neither the Company nor any of its subsidiaries were engaged in any litigation or arbitration, either as plaintiff or defendant, which had a material effect on the financial position of the Company or any of its subsidiaries and the Board of Directors was not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries.

**B12 Dividend Payable**

No interim dividend has been declared for the 3-month financial period ended 30 June 2011.

**RIMBUNAN SAWIT BERHAD**

(Company No. 691393-U)

No. 85 &amp; 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak, Malaysia

Telephone No.: 084-218555

Facsimile No.: 084-219555

Email: rsb@rsb.com.my

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**


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**B13 Earnings per Share****Basic earnings per share**

Basic earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	24,073	4,615	39,746	10,446
Weighted average number of ordinary shares in issue ('000)				
Number of ordinary shares in issue	156,598	128,267	156,598	128,267
Effect of ordinary shares issued	2,322	-	1,161	-
Weighted average number of ordinary shares ('000) at 30 June	158,920	128,267	157,759	128,267
Basic earnings per share (sen)	15.15	3.60	25.19	8.14

**Diluted earnings per share**

Diluted earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares that will be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	3 months ended		6 months ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the period	24,073	4,615	39,746	10,446
Weighted average number of ordinary shares in issue ('000)				
Number of ordinary shares in issue	156,598	128,267	156,598	128,267
Effect of ordinary shares issued	2,322	-	1,161	-
Effect of conversion of ICPS	193,973	-	193,973	-
Weighted average number of ordinary shares ('000) at 30 June	352,893	128,267	351,732	128,267
Diluted earnings per share (sen)	6.82	N/A	11.30	N/A

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**


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**B14 Disclosure of Realised and Unrealised Profits**

The retained earnings of the Group as at 30 June 2011 contain realised and unrealised profits as below:-

	As at 30.06.2011 RM'000 (Unaudited)	As at 31.12.2010 RM'000 (Audited)
Total retained profits:-		
- Realised	170,558	121,850
- Unrealised	(31,491)	(25,378)
	<hr/> 139,067	<hr/> 96,472
Add: Consolidation adjustments	5,636	16,048
Total Group retained profits as per consolidated financial statements	<hr/> 144,703	<hr/> 112,520

**B15 Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial period ended 31 December 2010 was not subject to any qualification.

**B16 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 August 2011.

**DIRECTORS' REPORT**

*(Prepared for inclusion in this AP)*

**RIMBUNAN SAWIT BERHAD** (Company No: 691393-U)



**Registered Office:**

No. 85 & 86, Pusat Suria Permata,  
Jalan Upper Lanang 12A,  
96000 Sibul, Sarawak

19 September 2011

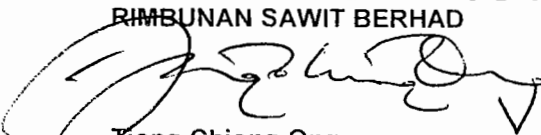
**To: The Shareholders of Rimbunan Sawit Berhad ("RSB")**

Dear Sir/Madam,

On behalf of the Board of Directors of RSB, I report after due enquiries that during the period from 31 December 2010, being the date to which the last audited financial statements of RSB and its subsidiaries ("**RSB Group**") have been made up and 19 September 2011, being a date not earlier than 14 days before the date of issue date of this Abridged Prospectus:

- (i) the business of the RSB Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial consolidated statements of RSB which have adversely affected the trading or the value of the assets of the RSB Group;
- (iii) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) to the knowledge of the Directors, there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by any company within the RSB Group;
- (v) since the last audited financial statements of the RSB Group, there has been no default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which the Directors are aware of; and
- (vi) save as disclosed in the Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of the RSB Group since the last audited financial statements of the RSB Group.

Yours faithfully  
for and on behalf of the Board of Directors of  
**RIMBUNAN SAWIT BERHAD**

  
**Tiong Chiong Ong**  
Managing Director

No 85 & 86 Pusat Suria Permata  
Jalan Upper Lanang 12A  
96000 Sibul, Sarawak, Malaysia

**tel** 084-218 555  
**fax** 084-219 555  
**email** rsb@rsb.com.my

## FURTHER INFORMATION

### 1. SHARE CAPITAL

- 1.1 Save for the Rights Shares, no securities in our Company will be allotted or issued on the basis of this AP later than 12 months after the date of issue of this AP.
- 1.2 There are 2 classes of shares in our Company, namely ordinary shares of RM0.50 each, and ICPS of RM0.50 each. The shares rank pari passu with one another in their own respective classes.

The ranking of the Rights Shares is set out in Section 2.3 of this AP.

- 1.3 As at the date of this AP, save for the Entitled Shareholders who will be provisionally allotted the Rights Shares under the Rights Issue and as disclosed below, no person has been or is entitled to be granted an option to subscribe for any securities of our Company and no capital of our Group is under any option or agreed conditionally or unconditionally to be put under any option.

#### ICPS

ICPS were issued by our Company to the following vendors as part-consideration for the acquisition of equity interests in 9 plantation companies and the commercial rights of a plantation estate for an aggregate purchase consideration of RM288.99 million.

	<u>No. of ICPS held</u>
PJP	163,162,181
Rejang Height Sdn Bhd	16,758,093
Ladang Hijau (Sarawak) Sdn Bhd	9,802,325
TTSH	2,125,129
TSL	2,125,129
	<u>193,972,857</u>

As at the LPD, the aggregate principal amount of the ICPS is RM96,986,428.50, which are convertible into 193,972,857 new Shares based on the existing conversion ratio of 1 new Share for every 1 ICPS converted. The ICPS holders are entitled to exercise the right to convert all or any of the ICPS held by them during the period commencing on the issue date up until the market day preceding the tenth anniversary of the issue date. The ICPS were issued on 1 October 2010. All of the Outstanding ICPS are mandatorily converted into new ordinary shares upon maturity. Notwithstanding the above, the holders of the Outstanding ICPS have on 27 May 2011 provided irrevocable and unconditional written undertakings that they will not convert the respective ICPS held, prior to the entitlement dates of the Rights Issue and Bonus Issue.

Article 12A2 of our Articles of Association provides for adjustment to be made to the conversion ratio of the ICPS in the event of a rights issue involving ordinary shares and/or bonus issue involving capitalisation of profits or reserves (including any share premium account). Such adjustment shall be at the determination of the Company and certified by an investment bank or the auditors of RSB. Such adjustments shall be effective on the next market day following the respective entitlement dates for the Rights Issue and Bonus Issue.

Premised on the above, the 193,972,857 Outstanding ICPS in our Company will be convertible into 628,472,056 new Shares under the Minimum Scenario (based on an adjusted conversion ratio of 3.24) and 733,217,399 new Shares under the Maximum Scenario (based on an adjusted conversion ratio of 3.78) as a result of the Rights Issue and Bonus Issue. For further information on the method of adjustment to the conversion ratio of the Outstanding ICPS arising from the Rights Issue and Bonus Issue, please refer to the Circular to shareholders of our Company dated 27 July 2011.

## **2. RIGHTS ATTACHING TO SECURITIES**

As at the date of this AP, our Company has 2 classes of shares in our authorised share capital, namely Shares and ICPS

An extract of the relevant provisions of our Articles of Association on the right of voting at the meetings of our Company conferred by, and the rights in respect of capital and dividends attached to each of the 2 classes of shares in our authorised share capital are set out below.

### **2.1 Shares**

#### **Article 59 – Notice that proxy is allowed**

“In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote instead of him, and that a Proxy need not also be a Member.”

#### **Article 68 – Voting on show of hands and on a poll**

“Subject to these Articles and the provisions in the Listing Requirements any rights or restrictions for the time being attached to any class of shares at meetings of Members or classes of Members, each Member entitled to vote may vote in person or by Proxy or by attorney or by duly authorised representative, and on a show of hands, every person who is a Member or Proxy or attorney or representative of a Member shall have one vote and on a poll, every Member present in person or by Proxy or attorney or representative shall have one vote for each share he holds.”

#### **Article 137 – Application of profits**

“The Directors may, if they think fit from time to time, pay to the Members such interim dividends as appears to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes, the Directors may subject to the provisions of the Act, these Articles and the Listing Requirements, pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights, as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Directors act bona fide, they shall not incur any responsibility to the holders of shares conferring any preferential rights for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights. The Directors may also pay half-yearly or at other suitable intervals to be settled by them, any dividend which may be payable at a fixed rate if they are of the opinion that the profits justify the payment.”



**Article 154 – Sharing of loss and excess**

“Save that this Article shall be without prejudice to the rights of holders of shares issued upon special terms and conditions the following provisions shall apply:

- (a) if the Company shall be wound up and the assets available for distribution among the Members as such, shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed in proportion to the capital paid up, on the shares held by them respectively; and
- (b) if in a winding-up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed among the Members in proportion to the capital paid up, on the shares held by them respectively.”

**2.2 ICPS****Article 12A1(a) - Dividend**

“Each ICPS Holder shall, in respect of each ICPS registered in his name, be entitled to any dividend declared or paid ranking *pari passu* with Ordinary Shares. The dividends on the ICPS shall be payable on the date dividends are paid on the Ordinary Shares. Apart from dividends, the ICPS Holders shall not be entitled to any other rights, allotments, and/or other distributions that may be declared by the Company.”

**Article 12A1(b) - Priority on Winding-up and Return of Capital**

“In the event of any form of winding up of, or return of capital by the Company, the ICPS Holders shall be entitled to receive payment (after payment to creditors of the Company, whether secured or unsecured) in priority to the holders of any other classes of shares in the capital of the Company, of the nominal amount of the ICPS held by them but shall be on a *pari passu* basis amongst the other holders of the ICPS.”

**Article 12A1(a) - Voting**

- (i) “The ICPS Holders shall have the same rights as Members as regards to receiving notices, reports and balance sheets and attending General Meetings of the Company.
- (ii) Notwithstanding anything to the contrary in these Articles, the ICPS Holders shall have no right to vote at any General Meeting of the Company except with regard to the following proposal or resolution:-
  - (aa) any proposal to wind up the Company or during the winding-up of the Company;
  - (bb) any resolution involving an abrogation or variation of the special rights and privileges attached to the ICPS;
  - (cc) any resolution to reduce the share capital of the Company;
  - (dd) any resolution for the purposes of sanctioning the disposal of the whole or a substantial part of the property, business, or undertaking of the Company; or

- (ee) when the dividend on the ICPS or part of any such dividend is in arrears for more than six (6) months.
- (iii) With respect to matters to which the ICPS Holders have the right to vote, the ICPS Holders shall be entitled to vote together with the Members. If voting by way of a show of hand, each ICPS Holder shall have one (1) vote and if voting by way of a poll, the ICPS Holder shall have one (1) vote for each ICPS held by him.”

Given that the adjusted conversion ratio for the Outstanding ICPS will result in additional new Shares to be issued upon conversion of the ICPS, our Company will be required to ensure that adequate reserves are available for the conversion of the Outstanding ICPS. In this connection:

- (i) our Board and Management shall take all necessary steps to manage the reserves of our Company including, but not limited to, undertaking a revaluation of our Group’s oil palm plantation assets and/or the retention of our Group’s profits to ensure that there are adequate reserves available for the allotment and issue of additional new Shares arising from the conversion of the ICPS, during the term of the ICPS and including at maturity; and
- (ii) our Board takes note that the ICPS holders (and their transferees, if any) will not convert the ICPS held by them respectively in the event that there are inadequate reserves in our Company for the allotment and issue of additional new Shares arising from any intended conversion of ICPS.

### 3. REMUNERATION OF DIRECTORS

An extract of the provisions of our Articles of Association relating to the remuneration of our Directors are as follows:

#### Article 90 – Directors’ remuneration

“The Directors shall be paid by way of fees for their services, such fixed sum (if any) shall be from time to time be determined by the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. PROVIDED ALWAYS that:

- (a) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (b) Salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in general meeting but such salaries and emoluments may not include a commission on or percentage of turnover;
- (c) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting. Any Director holding office for a part of a year shall be entitled to a proportionate part of such fee;
- (d) Any fees paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.”

**Article 91 – Reimbursement of expenses**

- (a) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of the Directors or any committee of the Directors.
- (b) If any Directors being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall be by a fixed sum, and not include a commission on or percentage of profits or turnover. In the case of an Executive Director, such remuneration may be either in addition to or in substitution for his share in the remuneration from time to time provided for the Directors.

**4. MATERIAL CONTRACTS**

Save as disclosed below neither we nor our subsidiaries have entered into any material contracts (not being contracts in the ordinary course of business) within 2 years immediately preceding the date of this AP.

- 4.1 On 19 January 2011, our Company entered into a share sale agreement with LAKMNS for the acquisition of 601,735 ordinary shares of RM1.00 each in Pelita Biawak, representing 15% of the issued and fully paid-up share of Pelita Biawak for a total cash consideration of RM12,700,326. On 10 June 2011, a supplementary deed was entered into by the same parties for the amendment of the terms of the said share sale agreement in relation to the definitions, conditions precedent and details of other transactions to be completed by the parties, concurrent to the completion of the share sale agreement;
- 4.2 On 19 January 2011, our Company entered into a share sale agreement with LAKMNS for the disposal of 1,680,000 ordinary shares of RM1.00 each in Lubuk Tiara, representing 21% of the issued and fully paid-up share of Lubuk Tiara for a total cash consideration of RM13,100,723. On 10 June 2011, a supplementary deed was entered into by the same parties for the amendment of the terms of the said share sale agreement in relation to the definitions, conditions precedent, deposit of documents, completion and details of other transactions to be completed by the parties, concurrent to the completion of the share sale agreement;
- 4.3 On 3 June 2011, R.H. Plantation entered into a sale and purchase agreement with Sheba Resources Sendirian Berhad, as the vendor and Directors of the vendor namely, Shah Headan Bin Ayoob Hussain Shah, Melati Binti Shamsuri and Samsury @ Shamsuri Bin Muhamad Saleh to acquire a parcel of land with an oil palm plantation situated at Sungai Luai and Sungai Bawah, Niah, containing an area of 4,857 hectares, described as Lot 56, Sawai Land District for a total cash consideration of RM118,000,000; and
- 4.4 On 6 September 2011, our Company entered into 6 separate deeds of adherence (“Deeds”) in relation to the completed acquisitions of Pelita-Splendid Plantation Sdn Bhd, Pelita Biawak, PJP Pelita Ekang-Banyok Plantation Sdn Bhd, PJP Pelita Lundu Plantation Sdn Bhd, PJP Pelita Selangau Plantation Sdn Bhd and PJP Pelita Ulu Teru Plantation Sdn Bhd (collectively, the “Acquisitions”). Pursuant to the Deeds, our Company shall observe and be bound by the terms of the joint-venture agreements for, among others, the development of the oil palm plantations (together with ancillary facilities and services) acquired under the Acquisitions.

## 5. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither we nor our subsidiaries are engaged in any material litigation, claims or arbitration, either as a plaintiff or defendant, which may have a material effect on our financial position or business, and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings which might materially affect our financial position or business.

## 6. GENERAL

- 6.1 There are no existing or proposed service contracts between our Group and our Directors and key management excluding contracts expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this AP.
- 6.2 Save as disclosed in this AP, our Board is not aware of any material information, including all special trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's results.
- 6.3 Save as disclosed in this AP, the financial condition and operations of our Group are not likely to be affected by any of the following:
- (i) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
  - (ii) material commitments for capital expenditure of our Group;
  - (iii) unusual, infrequent events or transactions or any significant economic changes which materially affected the amount of reported income from our operations; and
  - (iv) known trends or uncertainties which have had, or that our Group reasonably expects will have, a material favourable or unfavourable impact on revenues or operating income.

## 7. CONSENTS

The Principal Adviser, Solicitors for the Rights Issue, Share Registrar, Company Secretaries, Principal Bankers and Bloomberg (Malaysia) Sdn Bhd have given and have not subsequently withdrawn their written consents to the inclusion of their names and all references thereto in the form and context in which they appear in this AP.

Crowe Horwarth, our current Auditors and Reporting Accountants, have given and have not subsequently withdrawn their written consent to the inclusion of their name and the letter relating to the proforma consolidated statements of financial position of RSB as at 31 December 2010 and all references thereto, in the form and context in which they appear in this AP.

## 8. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our Registered Office at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak, Malaysia from Mondays to Fridays (except public holidays) during normal business hours for a period of 12 months from the date of this AP:

- (i) our Memorandum and Articles of Association;
- (ii) our audited consolidated financial statements for the 2 financial years ended 31 August 2008, 31 August 2009, the 16-month period ended 31 December 2010 and the unaudited results of our Group for the 6-month period ended 30 June 2011;
- (iii) our proforma consolidated statements of financial position as at 31 December 2010 together with the Reporting Accountants' letter thereon as set out in Appendix III of this AP;
- (iv) our Directors' Report as set out in Appendix VI of this AP;
- (v) the material contracts and/or documents referred to in Section 4 of Appendix VII of this AP;
- (vi) the letters of consent referred to in Section 7 of Appendix VII of this AP; and
- (vii) the letters of undertaking from the Undertaking Shareholders as referred to in Section 8 of this AP.

## 9. RESPONSIBILITY STATEMENTS

Our Board has seen and approved this AP together with the accompanying NPA and RSF. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in this AP together with the accompanying NPA and RSF, false or misleading.

CIMB, being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue.