Company No. 691393-U

RIMBUNAN SAWIT BERHAD

(Incorporated In Malaysia)

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year under review.

FINANCIAL RESULTS	Group RM	Company RM
Profit for the year	38,999,593	14,864,815

DIVIDENDS

A final dividend of 5.0 sen per ordinary share less income tax amounting to RM4,681,738 in respect of the financial year ended 31 August 2007 was paid on 19 March 2008.

The Board of Directors proposed a final dividend of 5.0 sen per ordinary share less tax amounting to RM4,810,005 in respect of the financial year ended 31 August 2008. The dividend is not recognised as a liability at the balance sheet date and will be accounted for as an appropriation of retained profits in the financial year ending 31 August 2009 after approved by the members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares or debentures during the financial year.

DIRECTORS OF THE COMPANY

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

Tan Sri Datuk Diong Hiew King @ Tiong Hiew King
Tiong Chiong Ong
Tiong Kiong King
Tiong Chiong Ie
Bong Wei Leong
Tiong Ing Ming

In accordance with Article 81 of the Company's Articles of Association, Tiong Kiong King and Bong Wei Leong shall retire from the board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Tan Sri Datuk Diong Hiew King @ Tiong Hiew King shall retire pursuant to Section 129(1) of the Companies Act 1965 and a separate resolution will be proposed for his re-appointment as director under the provision of Section 129(6) of the said act to hold office until the next Annual General Meeting of the Company.

DIRECTORS' INTERESTS

The directors holding office at 31 August 2008 and their interests in the share capital of the Company, as recorded in the register of directors' shareholdings were as follows:-

	Holdings registered in the name of directors as at				Other holdings in which directors are deemed to have an interest as at			
	1.9.2007	Bought	Sold	31.8.2008	1.9.2007	Bought	Sold	31.8.2008
Tan Sri Datuk Diong Hiew King @ Tiong Hiew King	300,000	-	-	300,000	70,196,794	-	953,000	69,243,794
Tiong Chiong Ong	478,400	-	20,000	458,400	1,000	-	-	1,000
Tiong Kiong King	813,600	-	-	813,600	3,207,300	-	-	3,207,300
Tiong Chiong Ie	300,000	-	100,000	200,000	2,466,200	-	1,982,200	484,000
Bong Wei Leong	-	-	-	-	-	-	-	-
Tiong Ing Ming	25,000	-	-	25,000	-	-	-	-

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits as disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was 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.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-

- (i) to ascertain the action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:-

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
- (iv) not otherwise dealt in the report or financial statements of the Group and of the Company, which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION – Cont'd

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year other than those disclosed in Note 30 to the financial statements.

(d) In the opinion of the directors:-

- (i) no contingent liability or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year, which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

- (ii) other than those disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Hii & Lee, Chartered Accountants, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors:

TAN SRI DATUK DIONG HIEW KING @ TIONG HIEW KING
Director

TIONG CHIONG ONG
Director

Sibu, Sarawak.

RIMBUNAN SAWIT BERHAD

STATEMENT BY DIRECTORS

We, TAN SRI DATUK DIONG HIEW KING @ TIONG HIEW KING and TIONG CHIONG ONG, being two of the directors of RIMBUNAN SAWIT BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 7 to 56 are drawn up in accordance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards so as to give a true and fair view of:-

(i) the state of affairs of the Group and of the Company as at 31 August 2008 and of its results for the year ended on that date; and

(ii) the cash flows of the Group and of the Company for the year ended 31 August 2008.

Signed on behalf of the Board in accordance with a resolution of the Directors:

TAN SRI DATUK DIONG HIEW KING @ TIONG HIEW KING
Director

TIONG CHIONG ONG
Director

Sibu, Sarawak.

STATUTORY DECLARATION

I, LING TONG UNG (I/C No. 610615-13-5031), 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 7 to 56 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 the abovenamed LING TONG UNG at SIBU on the day of 2008.

LING TONG UNG

Before me

HII & LEE (AF0123)
Chartered Accountants
In association with BDO Binder

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIMBUNAN SAWIT BERHAD (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 August 2008 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 56.

Director's Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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.

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 August 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report 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 have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts 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.

(c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

HII & LEE
NO.AF0123
Chartered Accountants

LAU KIING YIING
1326/09/10(J)
Chartered Accountant

Sibu, Sarawak.

RIMBUNAN SAWIT BERHAD

CONSOLIDATED BALANCE SHEET AS AT 31 AUGUST 2008

	Note	2008	2007
ASSETS		RM	RM
			(restated)
Non-current assets			
Property, plant and equipment	5	76,796,235	69,732,718
Prepaid lease rentals	6	13,419,096	13,644,039
Intangible assets	7	3,420,303	3,354,143
Biological assets	8	105,269,502	100,153,473
		198,905,136	186,884,373
Current assets			
Inventories	10	17,200,037	8,400,878
Trade and other receivables	11	7,163,566	11,476,967
Tax refundable		120,570	47,014
Deposits, cash and bank balances	12	41,636,084	90,885,221
		66,120,257	110,810,080
TOTAL ASSETS		265,025,393	297,694,453
Equity			
Share capital	13	64,133,400	64,133,400
Reserves	14	14,862,271	30,322,416
Total equity		78,995,671	94,455,816
Non-current liabilities			
Borrowings	15	131,950,000	157,892,378
Deferred tax liabilities	18	16,865,674	9,551,481
		148,815,674	167,443,859
Current liabilities			
Trade and other payables	19	23,653,648	28,679,008
Bank overdraft	15	467,941	275,668
Borrowings	15	12,313,291	5,558,712
Provision for taxation		779,168	1,281,390
		37,214,048	35,794,778
Total liabilities		186,029,722	203,238,637
TOTAL EQUITY AND LIABILITIES		265,025,393	297,694,453

The notes on pages 14 to 56 form an integral part of these financial statements.

Company No. 691393-U

RIMBUNAN SAWIT BERHAD

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2008

	Note	2008 RM	2007 RM (restated)
Revenue	20	211,985,941	153,899,700
Cost of sales		(134,158,971)	(108,550,743)
Gross profit		77,826,970	45,348,957
Other operating income		2,460,196	3,873,654
Distribution costs		(10,527,306)	(8,865,658)
Administrative and other expenses		(6,812,905)	(6,053,007)
Finance costs	21	(8,877,426)	(9,866,066)
Profit before tax	22	54,069,529	24,437,880
Income tax expense	23	(15,069,936)	(7,408,178)
Profit for the year		38,999,593	17,029,702
Basic earnings per ordinary share (sen)	24	30.41	13.28
Dividends per ordinary share (sen)	25	3.65	3.00

The notes on pages 14 to 56 form an integral part of these financial statements.

RIMBUNAN SAWIT BERHAD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2008

		Non-distributable			Distributable	
		Share capital	Share premium	Merger reserves	Retained profits	Total
31 August 2008	Note	RM	RM	RM	RM	RM
At 1 September 2007						
- As previously stated		64,133,400	6,865,850	-	29,580,862	100,580,112
- Adjustment for common control business combinations		-	-	6,529,618	(12,653,914)	(6,124,296)
As 1 September 2007 (as restated)		64,133,400	6,865,850	6,529,618	16,926,948	94,455,816
Profit for the year, representing total recognised income and expense for the year		-	-	-	38,999,593	38,999,593
Consideration for common control business combinations		-	-	(49,778,000)	-	(49,778,000)
Transfer of accumulated losses to merger reserves for common control business combinations		-	-	(1,382,183)	1,382,183	-
Dividends	25	-	-	-	(4,681,738)	(4,681,738)
At 31 August 2008		64,133,400	6,865,850	(44,630,565)	52,626,986	78,995,671
31 August 2007						
At 1 September 2006						
- As previously stated		64,133,400	6,865,850	-	13,958,801	84,958,051
- Adjustment for common control business combinations		-	-	6,529,618	(10,213,551)	(3,683,933)
As 1 September 2006 (as restated)		64,133,400	6,865,850	6,529,618	3,745,250	81,274,118
Profit for the year, representing total recognised income and expense for the year		-	-	-	17,029,702	17,029,702
Dividends	25	-	-	-	(3,848,004)	(3,848,004)
At 31 August 2007 (as restated)		64,133,400	6,865,850	6,529,618	16,926,948	94,455,816

The notes on pages 14 to 56 form an integral part of these financial statements.

Company No. 691393-U

RIMBUNAN SAWIT BERHAD

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2008

	Note	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		RM	RM (restated)
Profit before tax		54,069,529	24,437,880
Adjustments for:-			
Amortisation of biological assets		4,329,129	4,006,132
Amortisation of intangible assets		50,571	6,885
Depreciation of property, plant and equipment		8,861,998	7,732,516
Interest expenses		8,877,426	9,866,066
Interest income		(2,199,769)	(3,406,182)
Land lease rentals		214,716	219,756
Profit on disposal of property, plant and equipment		(142,712)	(133,400)
Property, plant and equipment written off		-	3,907
Operating profit before working capital changes		74,060,888	42,733,560
(Increase)/decrease in inventories		(8,799,159)	2,923,798
Decrease/(increase) in receivables		4,263,064	(4,362,797)
(Decrease)/increase in payables		(5,234,924)	6,411,916
Cash generated from operations		64,289,869	47,706,477
Interest paid		(25,339)	(25,676)
Interest received		2,250,106	4,189,137
Tax paid		(8,331,521)	(5,575,363)
Tax refunded		-	965,291
Net cash provided by operating activities		58,183,115	47,259,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	26	(16,359,684)	(10,238,374)
Proceeds from disposal of property, plant and equipment		292,120	418,231
Additions to prepaid lease rentals		-	(293,508)
Purchase of intangible assets		(122,438)	(54,166)
Costs incurred on biological assets		(6,589,267)	(5,106,819)
Consideration paid for common control business combinations	28	(49,778,000)	-
Net cash used in investing activities		(72,557,269)	(15,274,636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank balances held on trust for Islamic securities investors		(18)	(114)
Islamic deposits held on trust for Islamic securities investors		(563,675)	(497,795)
Fixed deposits pledged for banking facilities		57,400	250,000
Repayment of hire purchase liabilities		(1,003,066)	(589,681)
Repayment of Islamic securities		(5,000,000)	(50,000,000)
Net of repayment and drawdown of term loans		(13,493,918)	12,497,655
Payment of interest on hire purchase, loans and Islamic securities		(10,883,826)	(12,304,759)
Dividends paid		(4,686,446)	(3,843,296)
Net cash used in financing activities		(35,573,549)	(54,487,990)
Net decrease in cash and cash equivalents		(49,947,703)	(22,502,760)
Cash and cash equivalents brought forward		70,766,196	93,268,956
Cash and cash equivalents carried forward	27	20,818,493	70,766,196

The notes on pages 14 to 56 form an integral part of these financial statements.

RIMBUNAN SAWIT BERHAD

BALANCE SHEET AS AT 31 AUGUST 2008

	Note	2008	2007
ASSETS		RM	RM
Non-current assets			
Plant and equipment	5	731,095	299,314
Intangible assets	7	29,015	-
Investment in subsidiary companies	9	104,911,349	55,133,349
		105,671,459	55,432,663
Current assets			
Other receivables	11	27,820,581	14,236,601
Tax refundable		88,626	47,014
Deposits, cash and bank balances	12	1,023,113	16,701,995
		28,932,320	30,985,610
TOTAL ASSETS		134,603,779	86,418,273
EQUITY AND LIABILITIES			
Equity			
Share capital	13	64,133,400	64,133,400
Reserves	14	30,592,325	20,409,248
Total equity		94,725,725	84,542,648
Non-current liabilities			
Deferred tax liabilities	18	20,864	5,074
Current liabilities			
Other payables	19	39,857,190	1,870,551
Total liabilities		38,878,054	1,875,625
TOTAL EQUITY AND LIABILITIES		134,603,779	86,418,273

The notes on pages 14 to 56 form an integral part of these financial statements.

RIMBUNAN SAWIT BERHAD

INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2008

	Note	2008 RM	2007 RM
Revenue	20	25,238,000	21,238,200
Other operating income		524,510	554,916
Administrative expenses		(5,368,211)	(3,619,520)
Profit before tax	22	20,394,299	18,173,596
Income tax expense	23	(5,529,484)	(5,010,505)
Profit for the year		14,864,815	13,163,091
Dividends per ordinary share (sen)	25	3.65	3.00

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2008

	Note	Share capital RM	Non-distributable Share premium RM	Distributable Retained profits RM	Total RM
31 August 2008					
At 1 September 2007		64,133,400	6,865,850	13,543,398	84,542,648
Profit for the year, representing total recognised income and expense for the year		-	-	14,864,815	14,864,815
Dividends	25	-	-	(4,681,738)	(4,681,738)
At 31 August 2008		64,133,400	6,865,850	23,726,475	94,725,725
31 August 2007					
At 1 September 2006		64,133,400	6,865,850	4,228,311	75,227,561
Profit for the year, representing total recognised income and expense for the year		-	-	13,163,091	13,163,091
Dividends	25	-	-	(3,848,004)	(3,848,004)
At 31 August 2007		64,133,400	6,865,850	13,543,398	84,542,648

The notes on pages 14 to 56 form an integral part of these financial statements.

RIMBUNAN SAWIT BERHAD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2008

	Note	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		20,394,299	18,173,596
Adjustments for:-			
Amortisation of intangible assets		2,453	-
Depreciation of plant and equipment		102,650	21,466
Dividend income		(20,498,000)	(17,998,200)
Interest income		(522,510)	(554,816)
Operating loss before working capital changes		(521,108)	(357,954)
Increase in receivables		(26,745,673)	(1,068,652)
Increase/(decrease) in payables		37,991,347	(345,122)
Cash generated from/(absorbed by) operations		10,724,566	(1,771,728)
Dividends received		28,307,206	4,499,550
Interest received		545,517	627,037
Tax paid		(225,826)	(192,931)
Net cash provided by operating activities		39,351,463	3,161,928
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	26	(534,431)	(320,780)
Purchase of intangible assets		(31,468)	-
Consideration paid for common control business combinations	28	(49,778,000)	-
Net cash used in investing activities		(50,343,899)	(320,780)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(4,686,446)	(3,843,296)
Net cash used in financing activities		(4,686,446)	(3,843,296)
Net decrease in cash and cash equivalents		(15,678,882)	(1,002,148)
Cash and cash equivalents brought forward		16,701,995	17,704,143
Cash and cash equivalents carried forward	27	1,023,113	16,701,995

The notes on pages 14 to 56 form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The address of registered office and principal place of business of the Company is located at No. 85 & 86, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 9. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as "the Group"). The financial statements of the Company do not include other entities.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with the provisions of the Companies Act 1965 and applicable Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities. The financial statements also comply with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

(a) **Standards, amendments and interpretations that are effective for the current financial year**

The following standards, amendments and interpretations are mandatory for the Group's financial year ended 31 August 2008:-

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS119$_{2004}$	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration & Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities & Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical & Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129$_{2004}$ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

2. **BASIS OF PREPARATION – Cont'd**

2.1 **Statement of compliance – Cont'd**

(a) **Standards, amendments and interpretations that are effective for the current financial year – Cont'd**

The adoption of FRS 107, FRS 112, FRS 118, FRS 134 and FRS 137 does not have any significant financial impact on the results of the Group.

FRS 124 has extended the identification of related parties and affected the Group's related party disclosures. The new disclosures are shown in Note 32. While there has been no financial impact on the results of the Group, comparative information has been included or revised where appropriate.

The rest of the above-mentioned standards, amendments and interpretations are not relevant to the Group's operations.

(b) **Standards and interpretations that have been issued but are not yet effective and have not been early adopted by the Group**

The following standards and interpretations have been issued and are mandatory for the Group's financial periods beginning on or after 1 September 2008 or later periods, but the Group has not early adopted them:-

		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

FRS 4 is not relevant to the Group's operations.

FRS 7 requires expanded disclosures about the significance of the financial instruments and the nature and extent of risks arising from those financial instruments. The Group will apply FRS 7 from 1 September 2010. The impact of applying FRS 7 on the financial statements upon its initial application is not disclosed by virtue of the exemption given in the standard.

FRS 8 replaces FRS 114_{2004}: *Segment Reporting* and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply FRS 8 from 1 September 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

FRS 139 establishes principles for the recognition and measurement of financial assets and financial liabilities including the circumstances under which hedge accounting is permitted. The Group will apply FRS 139 from 1 September 2010. The impact of applying FRS 139 on the financial statements upon its initial application is not disclosed by virtue of the exemption given in the standard.

2. **BASIS OF PREPARATION – Cont'd**

2.1 **Statement of compliance – Cont'd**

(b) **Standards and interpretations that have been issued but are not yet effective and have not been early adopted by the Group – Cont'd**

IC Interpretation 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Reassessment is required only if there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no impact on the financial statements of the Group.

IC Interpretation 10 prohibits impairment losses recognised in an interim period on goodwill and investments in equity instruments and financial assets carried at cost to be reversed at a subsequent balance sheet date. As the Group has no impairment losses previously recognised in respect of such assets, the interpretation has had no impact on the financial statements of the Group.

2.2 **Basis of measurement**

The financial statements have been prepared on the historical cost basis, except as disclosed in the significant accounting policies below.

2.3 **Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

2.4 **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

3. **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies set out below have been consistently applied by the Group and are consistent with those used in the previous financial year, unless otherwise stated.

3.1 **Subsidiaries and basis of consolidation**

(a) **Subsidiaries**

Subsidiaries are entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between the net disposal proceeds and its carrying amount is charged/credited to the Company's income statement.

3. **SIGNIFICANT ACCOUNTING POLICIES – Cont'd**

3.1 **Subsidiaries and basis of consolidation – Cont'd**

(b) **Special purpose entities ("SPE")**

SPEs are entities that are created to accomplish a narrow and well defined objective. An SPE is created with legal arrangements that impose strict and permanent limits on the decision making power of the governing body or management over the SPE.

An SPE is consolidated when the substance of the relationship between the Group and that entity indicates control. The Group is defined as having control over an SPE if any one of the following conditions is met:-

- the activities of the SPE are being conducted on behalf of the Group according to its specific business needs so that the Group obtains benefits from the SPE's operation;
- the Group has the decision making powers to obtain the majority of the benefits of the activities of the SPE or, by setting up an "autopilot" mechanism, the Group has delegated these decision making powers;
- the Group has rights to obtain the majority of the benefits of the SPE and therefore may be exposed to risks incident to the activities of the SPE; or
- the Group retains the majority of the residual or ownership risks related to the SPE or its assets in order to obtain benefits from its activities.

The Group performs a reassessment of consolidation whenever there is a change in the substance of the relationship between the Group and an SPE.

The Group has not consolidated R.H. Capital Sdn Bhd, a special purpose vehicle incorporated to facilitate the issuance of Islamic securities, as it cannot be concluded that the Group has control over it.

(c) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as of the Company. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Prior to the adoption of FRS 3: *Business Combinations* in 2007, the Group accounted for the acquisition of subsidiaries under common control in accordance with MASB 21: *Business Combinations*, which was the previous accounting principles generally accepted in Malaysia. As the criteria for applying merger accounting under MASB 21 were not satisfied, the purchase method of accounting was used to account for such acquisitions.

Upon the adoption of FRS 3, where the standard specifically scopes out the business combination involving entities and businesses under common control, merger accounting is used by the Group to account for such business combinations. The rest of the acquisitions are accounted for using purchase method of accounting.

3. **SIGNIFICANT ACCOUNTING POLICIES – Cont'd**

3.1 **Subsidiaries and basis of consolidation – Cont'd**

(c) **Basis of consolidation – Cont'd**

(i) **Merger accounting for common control business combinations**

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control business combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party or parties.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party or parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control business combination, to the extent of the continuation of the controlling party or parties' interests.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control business combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under the common control, whichever is shorter.

Transaction costs, such as professional fees, registration fees, costs of furnishing information to shareholders, and costs or losses incurred in combining operations of the previously separate businesses, incurred in relation to the common control business combination that is to be accounted for using merger accounting is recognised as an expense in the period in which they are incurred.

(ii) **Purchase method of accounting for non-common control business combinations**

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

3. SIGNIFICANT ACCOUNTING POLICIES – Cont'd

3.1 Subsidiaries and basis of consolidation – Cont'd

(c) Basis of consolidation – Cont'd

(iii) Minority interests

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, are presented in the consolidated balance sheet and consolidated statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented in the consolidated income statement as an allocation of the profit or loss for the period between the minority shareholders and the equity holders of the Company.

Where losses applicable to the minority exceed the minority interest in the equity of a subsidiary company, the excess and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to make additional investment to cover the losses. If the subsidiary company subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. For purchases from minority interests, the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired is deducted from equity. Gains or losses on disposals to minority interests are also recorded in equity. For disposals to minority interests, differences between any proceeds received and the relevant share of minority interests are also recorded in equity.

(iv) Transactions eliminated on consolidation and disposal of subsidiaries

Intra-group balances, transactions and unrealised gains on transactions are eliminated in full. Unrealised losses are eliminated to the extent of the cost of an asset that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment of the asset transferred is recognised in the consolidated income statement.

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 as at the date of disposal and is recognised in the consolidated income statement.

3.2 Property, plant and equipment

(i) All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the period in which they are incurred. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

3. **SIGNIFICANT ACCOUNTING POLICIES – Cont'd**

3.2 **Property, plant and equipment – Cont'd**

(ii) Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows:-

Land and buildings	Over the lease term of 60 years and 5%
Buildings, drainage and roads	4% - 20%
Nursery irrigation systems	7.5% - 10%
Motor vehicles, plant and machinery	7.5% - 20%
Equipment and furniture	10% - 100%

(iii) The residual values, useful life and depreciation method are reviewed at each financial year-end 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 property, plant and equipment.

(iv) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

3.3 **Leases**

An arrangement, comprising a transaction or series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Group. All other leases are classified as operating leases.

(a) **Finance leases and hire purchase arrangements**

Assets held under finance leases and hire purchase arrangements are recognised in the balance sheet at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the leases. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under borrowings. All assets held under finance leases are classified as property, plant and equipment.

Depreciation and impairment losses are calculated and recognised in the same manner as those on property, plant and equipment, except that the estimated useful lives of the leased assets cannot exceed their relevant lease terms, if shorter.

Minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liabilities. The finance charges are recognised in the income statement over the period of the lease term so as to produce a constant periodic rate of interest on the remaining balance of the finance lease liabilities.

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 time, 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.

3. **SIGNIFICANT ACCOUNTING POLICIES – Cont'd**

3.3 **Leases – Cont'd**

(b) **Operating leases**

Lease payments made under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Contingent rents are charged/credited to the income statement in the period in which they are incurred.

(c) **Leases of land and buildings**

Whenever necessary, in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

The land element is classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. The building element is classified as a finance or operating lease in the same way as leases of other assets. The payments made on acquiring land held under operating leases are recognised in the balance sheet as prepaid lease rentals which are stated at cost and are amortised on a straight-line basis over the period of the lease terms.

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, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

3.4 **Intangible assets**

(a) **Goodwill**

Goodwill represents the excess of the cost of business combination over the Group's interest (or in the case of common control business combination, the controlling parties' interests) in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition (or in the case of common control business combination, at the date of original acquisition from third parties by the controlling party or parties).

Goodwill is included in intangible assets, and is initially measured at cost and subsequently at cost less accumulated impairment losses, if any. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

3. **SIGNIFICANT ACCOUNTING POLICIES – Cont'd**

3.4 **Intangible assets – Cont'd**

(b) **Computer software**

Computer software is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs 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 its estimated useful lives of five years.

Computer software under development is not amortised until it is in the condition necessary for it to be capable of operating in the manner intended by management.

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.

3.5 **Biological assets**

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

3.6 **Inventories**

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:-

(i) Processed 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.

3.7 **Financial instruments**

Financial instruments are recognised in the balance sheet 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 and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in 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.

3. SIGNIFICANT ACCOUNTING POLICIES – Cont'd

3.7 Financial instruments – Cont'd

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits 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. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(b) Receivables

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

(c) 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.

(d) Interest-bearing borrowings

Interest-bearing borrowings, comprising mainly overdrafts and term loans, are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and the redemption value recognised in the income statement over the period of the borrowings, together with any interest and fees payable using the effective interest method.

Interest-bearing borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liabilities for at least 12 months after the balance sheet date.

(e) Equity instruments

Ordinary shares are recorded at the nominal value, and proceeds in excess of the nominal value of shares issued, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred directly attributable to the issuance of shares are accounted for as a deduction from share premium. Otherwise they are charged to the income statement.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.8 Impairment of assets

The carrying amounts of the Group's assets, other than financial assets (except for investment in subsidiaries) and inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of the assets exceeds its recoverable amount. An impairment loss is charged to the income statement.

The recoverable amount is the higher of net selling price and value-in-use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the assets belong.

3. **SIGNIFICANT ACCOUNTING POLICIES – Cont'd**

3.8 **Impairment of assets – Cont'd**

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

3.9 **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation where, as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.10 **Employee benefits**

(a) **Short-term employee benefits**

All short-term employee benefits, including salary, bonus and accumulated compensated absences, are recognised in the income statement in the period in which the employees render their services to the Group.

(b) **Defined contribution plan**

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund. Such contributions are recognised as an expense in the income statement as incurred.

3.11 **Revenue recognition**

Revenue is recognised on the following basis:-

(i) Dividend income is recognised when the shareholder's right to receive payment is established;

(ii) Management fee is recognised when services are rendered;

(iii) Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised when the significant risks and rewards of ownership have been transferred to the buyers; and

(iv) Revenue from services rendered is recognised, net of discounts, as and when the services are performed.

3. SIGNIFICANT ACCOUNTING POLICIES – Cont'd

3.12 Borrowing costs

Borrowing costs are charged to the income statement as an expense in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.13 Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and 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 taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill 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 is 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 tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in 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 the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judegements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical judgements made in applying accounting policies

The judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below:-

(a) Business combinations under common control

Accounting for business combinations is covered under FRS 3. However, FRS 3 specifically does not apply to business combinations involving entities or businesses under common control, which are defined as "business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combinations, and that control is not transitory".

Non-application of FRS 3 to common control business combinations would be tantamount to an absence of standards for such business combinations. The absence of FRSs for a specific transaction or event is addressed under FRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*, which provides the use of management judgement in developing and applying an accounting policy that results in information that is both relevant and reliable, considering the requirements and guidance in FRSs and other technical pronouncements issued by the MASB, the Framework, and other regulatory requirements and accepted industry practices.

Management believes that common control business combinations are best to be accounted for under merger accounting, where the assets and liabilities of the combining entities are accounted for based on the existing book values from the perspective of the controlling parties. It is believed that merger accounting will provide more reliable and relevant information for such business combination; and it violates neither the Framework nor other related regulatory requirements.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(a) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is based on management's estimates of the future estimated useful lives and residual values of property, plant and equipment, which are consistent with the expected pattern of realisation of economic benefits from those assets. Management estimates the useful lives and residual values of property, plant and equipment based on historical experience, taking into account the expected level of usage and anticipated technological changes. Had useful lives and residual values been changed from previous estimates, the amount of depreciation charge could have been changed.

During the financial year, the useful life of plantation infrastructure development expenditure of certain subsidiaries, which is included within buildings, drainage and roads, was revised from 20 years to 25 years. The revision was accounted for prospectively as a change in accounting estimates and as a result, the depreciation charge for the Group for the current financial year was reduced by RM94,298.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – Cont'd

4.2 Key sources of estimation uncertainty – Cont'd

(b) Amortisation of biological assets

Biological assets are amortised on a straight-line basis over the expected useful life of oil palm trees. Significant management judgement is required to determine the expected useful life of oil palm trees, taking into account such factor as soil condition.

During the financial year, the useful life of biological assets of certain subsidiaries was revised from 20 years to 25 years. The revision was accounted for prospectively as a change in accounting estimates and as a result, the amortisation charge for the Group for the current financial year was reduced by RM96,409.

(c) Impairment of non-financial assets

At each balance sheet date, the Group assesses whether there is any indication that non-financial assets, including property, plant and equipment, biological assets and goodwill, are impaired, in accordance with the accounting policy as stated in Note 3.8. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of assumptions and estimates, such as the estimated future cash flows, the estimated growth rate and the estimated weighted average cost of capital of the Group. If there had been significant changes in these estimates, future results could have been affected.

At 31 August 2008, the Group did not identify any indication that non-financial assets were impaired.

5. **PROPERTY, PLANT AND EQUIPMENT**

Group

At 31 August 2008

Cost	Land and buildings RM	Buildings, drainage and roads RM	Nursery irrigation systems RM	Motor vehicles, plant and machinery RM	Equipment and Furniture RM	Capital work-in-progress RM	Total RM
At 1 September 2007 (as restated)	2,468,374	64,129,548	749,827	44,643,181	6,771,678	6,624,001	125,386,609
Reclassifications	-	7,667,511	-	391,964	375,000	(8,434,475)	-
Additions	-	4,672,672	13,982	6,494,399	615,219	4,872,597	16,668,869
Disposals	-	(93,691)	-	(227,000)	(5,189)	-	(325,880)
At 31 August 2008	2,468,374	76,376,040	763,809	51,302,544	7,756,708	3,062,123	141,729,598
Accumulated depreciation							
At 1 September 2007 (as restated)	87,453	23,080,963	532,241	27,932,536	4,020,698	-	55,653,891
Charge for the year							
- Charged to income statement	56,585	2,906,552	14,244	5,105,405	779,212	-	8,861,998
- Capitalised under biological assets	-	220,326	28,143	304,429	41,048	-	593,946
Retirements	-	(93,691)	-	(81,917)	(864)	-	(176,472)
At 31 August 2008	144,038	26,114,150	574,628	33,260,453	4,840,094	-	64,933,363
Net carrying amount							
At 31 August 2008	2,324,336	50,261,890	189,181	18,042,091	2,916,614	3,062,123	76,796,235

5. **PROPERTY, PLANT AND EQUIPMENT – Cont'd**

Group **At 31 August 2007**	Land and buildings RM	Buildings, drainage and roads RM	Nursery irrigation systems RM	Motor vehicles, plant and machinery RM	Equipment and furniture RM	Capital work-in-progress RM	Total RM
Cost							
At 1 September 2006 (as restated)	2,465,194	62,959,470	749,827	42,368,362	5,926,099	2,083,396	116,552,348
Reclassifications	-	-	-	125,300	-	(197,590)	(72,290)
Additions	3,180	1,781,940	-	3,433,706	846,929	4,738,195	10,803,950
Disposals	-	(142,844)	-	(1,284,187)	(1,350)	-	(1,428,381)
Write off	-	(469,018)	-	-	-	-	(469,018)
At 31 August 2007 (as restated)	2,468,374	64,129,548	749,827	44,643,181	6,771,678	6,624,001	125,386,609
Accumulated depreciation							
At 1 September 2006 (as restated)	30,867	20,774,403	494,613	24,400,100	3,384,563	-	49,084,546
Charge for the year							
- Charged to income statement	56,586	2,642,028	1,531	4,413,991	618,380	-	7,732,516
- Capitalised under biological assets	-	272,487	36,097	191,171	18,025	-	517,780
Retirements	-	(142,844)	-	(1,072,726)	(270)	-	(1,215,840)
Written off	-	(465,111)	-	-	-	-	(465,111)
At 31 August 2007 (as restated)	87,453	23,080,963	532,241	27,932,536	4,020,698	-	55,653,891
Net carrying amount							
At 31 August 2007 (as restated)	2,380,921	41,048,585	217,586	16,710,645	2,750,980	6,624,001	69,732,718

5. **PROPERTY, PLANT AND EQUIPMENT – Cont'd**

Company	Motor vehicles	Equipment and furniture	Total
At 31 August 2008	RM	RM	RM
Cost			
At 1 September 2007	300,287	20,493	320,780
Additions	490,000	44,431	534,431
At 31 August 2008	790,287	64,924	855,211
Accumulated depreciation			
At 1 September 2007	20,019	1,447	21,466
Charge for the year	92,224	10,426	102,650
At 31 August 2008	112,243	11,873	124,116
Net carrying amount			
At 31 August 2008	678,044	53,051	731,095
At 31 August 2007			
Cost			
Additions	300,287	20,493	320,780
At 31 August 2007	300,287	20,493	320,780
Accumulated depreciation			
Charge for the year	20,019	1,447	21,466
At 31 August 2007	20,019	1,447	21,466
Net carrying amount			
At 31 August 2007	280,268	19,046	299,314

(a) The net carrying amount of property, plant and equipment pledged as securities for borrowings (Note 15) is as follows:-

	Group	
	2008 RM	2007 RM (restated)
Buildings, drainage and roads	16,719,955	13,009,458
Nursery irrigation systems	176,821	217,585
Motor vehicles, plant and machinery	572,809	610,151
Equipment and furniture	61,274	48,360
Capital work-in-progress	1,560	1,058,205
	17,532,419	14,943,759

5. PROPERTY, PLANT AND EQUIPMENT – Cont'd

(b) The net carrying amount of property, plant and equipment held under hire purchase arrangements (Note 16) is as follows:-

	Group 2008 RM	Group 2007 RM (restated)
Motor vehicles, plant and machinery	264,232	1,239,014

(c) The net carrying amount of property, plant and equipment held under Ijarah arrangements (Note 17) is as follows:-

	Group 2008 RM	Group 2007 RM (restated)
Buildings, drainage and roads	33,541,935	28,039,127
Nursery irrigation systems	12,360	1
Motor vehicles, plant and machinery	10,422,293	10,610,474
Equipment and furniture	700,278	879,088
Capital work-in-progress	3,060,563	5,565,796
	47,737,429	45,094,486

(d) Included in the net carrying amount of land and buildings is an amount of RM2,324,336 (2007: RM2,380,921) of which the title deed of the buildings has yet to be registered under the name of a subsidiary company.

6. PREPAID LEASE RENTALS

	Group 2008 RM	Group 2007 RM (restated)
At 1 September	13,644,039	13,570,287
Additions	-	293,508
Land lease rentals		
- Charged to income statement	(214,716)	(219,756)
- Capitalised under biological assets	(10,227)	-
At 31 August	13,419,096	13,644,039
Analysed as:-		
- Unexpired period of less than 50 years	800,997	-
- Unexpired period of more than 50 years	12,618,099	13,644,039
	13,419,096	13,644,039
Prepaid lease rentals include the followings:-		
Pledged for borrowings (Note 15)	2,599,263	2,654,118
Held under Ijarah arrangements (Note 17)	8,918,761	9,323,462

7. INTANGIBLE ASSETS

Group	Goodwill	Computer software	Computer software under development	Total
At 31 August 2008	RM	RM	RM	RM
Cost				
At 1 September 2007 (as restated)	3,090,249	34,425	246,307	3,370,981
Reclassifications	-	270,668	(270,668)	-
Additions	-	98,077	24,361	122,438
At 31 August 2008	3,090,249	403,170	-	3,493,419
Accumulated amortisation				
At 1 September 2007 (as restated)	-	16,838	-	16,838
Charge for the year				
- Charged to income statement	-	50,571	-	50,571
- Capitalised under biological assets	-	5,707	-	5,707
At 31 August 2008	-	73,116	-	73,116
Net carrying amount				
At 31 August 2008	3,090,249	330,054	-	3,420,303
At 31 August 2007				
Cost				
At 1 September 2007 (as restated)	3,090,249	27,420	199,146	3,316,815
Additions	-	7,005	47,161	54,166
At 31 August 2007 (as restated)	3,090,249	34,425	246,307	3,370,981
Accumulated amortisation				
At 1 September 2006 (as restated)	-	9,953	-	9,953
Charge for the year	-	6,885	-	6,885
At 31 August 2007 (as restated)	-	16,838	-	16,838
Net carrying amount				
At 31 August 2007 (as restated)	3,090,249	17,587	246,307	3,354,143

Company	Goodwill	Computer software	Computer software under development	Total
At 31 August 2008				
Cost				
Additions	-	31,468	-	31,468
At 31 August 2008	-	31,468	-	31,468
Accumulated amortisation				
Charged for the year	-	2,453	-	2,453
At 31 August 2008	-	2,453	-	2,453
Net carrying amount				
At 31 August 2008	-	29,015	-	29,015

7. **INTANGIBLE ASSETS – Cont'd**

(a) The net carrying amount of intangible assets pledged as securities for borrowings (Note 15) is as follows:-

	Group 2008 RM	Group 2007 RM (restated)
Computer software	73,988	11,983
Computer software under development	-	47,161
	73,998	59,144

(b) Impairment testing for goodwill

Goodwill acquired through business combination has been allocated to the Group's oil palm plantation cash-generating unit. For the purpose of impairment testing, the recoverable amount of goodwill is determined based on a value-in-use calculation, which uses cash flow projections based on financial budgets covering a period of five years approved by management. The pre-tax discount rate applied to the cash flow projections is 7.0% and cash flows beyond the five-year period are extrapolated without considering any growth rate.

The basis of determining the recoverable amount of goodwill is based on management's best estimates and the key assumptions used for the value-in-use calculation are summarised below:-

(i) Discount rate – an estimate of a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the cash-generating unit;
(ii) Growth rate – an estimate based on industry growth forecast;
(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.

Based on management's assessment, there was no impairment of goodwill as at 31 August 2008.

8. **BIOLOGICAL ASSETS**

	Group 2008 RM	Group 2007 RM (restated)
Cost		
At 1 September	130,046,067	121,826,356
Additions	9,445,158	8,219,711
At 31 August	139,491,225	130,046,067
Accumulated amortisation		
At 1 September	29,892,594	25,886,462
Charge for the year	4,329,129	4,006,132
At 31 August	34,221,723	29,892,594
Net carrying amount		
At 31 August	105,269,502	100,153,473

8. BIOLOGICAL ASSETS – Cont'd

(a) The net carrying amount of biological assets include the followings:-

	Group 2008 RM	Group 2007 RM (restated)
Pledged for borrowings (Note 15)	31,264,527	26,276,434
Held under Ijarah arrangements (Note 17)	74,004,975	73,877,039

(b) The following costs which were incurred during the financial year were included in the net carrying amount of biological assets:-

	Group 2008 RM	Group 2007 RM (restated)
Amortisation of intangible assets	5,707	-
Depreciation of property, plant and equipment	593,946	517,780
Finance costs - Bank overdraft	17,134	20,509
- Hire purchase	1,795	9,982
- Term loan	2,227,082	2,564,621
Hiring of equipment and machinery	74,577	55,373
Land lease rentals	10,227	-
Staff costs - Short-term employee benefits	540,163	587,636
- Defined contribution plan	76,403	90,516

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2008 RM	Company 2007 RM
Unquoted shares, at cost	104,911,349	55,133,349

Details of the subsidiary companies are as follows:-

Name of subsidiary	Country of incorporation	Principal activities	Equity interest held 2008 %	Equity interest held 2007 %
Baram Trading Sdn Bhd #	Malaysia	Cultivation of oil palm	85	70
Nescaya Palma Sdn Bhd #	Malaysia	Cultivation of oil palm	85	70
Rimbunan Sawit Holdings Berhad	Malaysia	Investment holding	100	100
R.H. Plantation Sdn Bhd	Malaysia	Cultivation of oil palm	100	100
Timrest Sdn Bhd	Malaysia	Cultivation of oil palm	100	100
Subsidiary of Rimbunan Sawit Holdings Berhad				
Midas Plantation Sdn Bhd	Malaysia	Special purpose vehicle to facilitate the issuance of Islamic securities	100	100

\# Subsidiaries under common control, which are deemed to be part of the Group since the date when the combining entities first came under the control of the controlling parties.

10. INVENTORIES

	Group 2008 RM	Group 2007 RM (restated)
Processed inventories	8,876,615	6,413,677
Sundry stores and consumables	8,230,827	1,862,505
Nursery inventories	92,595	124,696
	17,200,037	8,400,878

11. TRADE AND OTHER RECEIVABLES

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Trade receivables (Note a)				
Third parties	3,513,005	3,587,646	-	-
Other related parties	666,847	149,318	-	-
	4,179,852	3,736,964	-	-
Other receivables				
Amount due from related parties:-				
- Subsidiary companies (Note b)	-	-	27,765,087	1,060,922
- Other related parties (Note c)	1,139,668	5,744,201	-	-
	1,139,668	5,744,201	27,765,087	1,060,922
Sundry receivables	1,018,536	1,468,267	5,589	28,596
Deposits	135,605	110,749	4,500	4,500
Prepayments	689,905	416,786	45,405	3,897
Dividends receivable	-	-	-	13,138,686
	2,983,714	7,740,003	27,820,581	14,236,601
Total	7,163,566	11,476,967	27,820,581	14,236,601

(a) The Group's normal trade credit terms range from 7 to 30 days.

(b) The amount due from subsidiary companies is unsecured, interest-free and repayable on demand.

(c) The balance includes:-

(i) an amount of RM1,000,000 (2007: RM1,000,000) which is retention amount receivable under Ijarah arrangements; and

(ii) an amount of RM92,832 (2007: RM54,042) which is repo profit receivable on the retention amount.

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

12. **DEPOSITS, CASH AND BANK BALANCES**	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Cash and bank balances (Note a)	168,534	372,946	23,113	51,995
Fixed deposits with licensed banks (Note b)	21,119,000	70,727,400	1,000,000	16,650,000
Islamic deposits (Note c)	20,348,550	19,784,875	-	-
	41,636,084	90,885,221	1,023,113	16,701,995

(a) Included in cash and bank balances of the Group is an amount of RM1,100 (2007: RM1,082) which is held on trust for the benefits of the Islamic securities investors and therefore restricted from use in other operations.

(b) Fixed deposits of the Group amounting to RM57,400 was pledged to banks in the previous financial year for banking facilities granted to certain subsidiary companies. The amount was fully discharged during the current financial year.

The interest rates for the Group during the financial year and maturities of fixed deposits as at balance sheet date are 2.70% to 3.70% (2007: 2.55% to 3.70%) per annum and 1 to 90 days (2007: 30 to 365 days) respectively.

The interest rates for the Company during the financial year and maturities of fixed deposits as at balance sheet date are 2.90% to 3.50% (2007: 3.20% to 3.50%) per annum and 1 to 90 days (2007: 30 to 90 days) respectively.

(c) Islamic deposits of the Group amounting to RM20,348,550 (2007: RM19,784,875) are held on trust for the benefits of the Islamic securities investors and therefore restricted from use in other operations.

The rates of return on Islamic deposits range from 3.50% to 3.60% (2007: 3.50% to 3.80%) per annum and the maturity dates range from 30 to 270 days (2007: 30 to 273 days).

13. **SHARE CAPITAL**	Group/Company 2008 RM	Group/Company 2007 RM
Authorised		
1,000,000,000 ordinary shares of RM0.50 each	500,000,000	500,000,000
Issued and fully paid		
128,266,800 ordinary shares of RM0.50 each	64,133,400	64,133,400

14. **RESERVES**	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Distributable reserves:-				
- Retained profits (Note a)	52,626,986	16,926,948	23,726,475	13,543,398
Non-distributable reserves:-				
- Share premium (Note b)	6,865,850	6,865,850	6,865,850	6,865,850
- Merger reserves (Note c)	(44,630,565)	6,529,618	-	-
	14,862,271	30,322,416	30,592,325	20,409,248

14. **RESERVES – Cont'd**

(a) Effective 1 January 2008, the Company is given an irrevocable option to move to a single tier system or continue to pay franked dividends until the tax credit under Section 108 of the Income Tax Act 1967 is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

The Company has decided not to make the option to disregard the Section 108 tax credit. As at 31 August 2008, the Company has sufficient Section 108 tax credit to frank the payment of dividends out of all its retained profits.

The Company has approximately RM651,000 in its tax exempt account under Schedule 7A, Paragraph 3 of the Income Tax Act 1967, for the distribution of tax exempt dividends as at 31 August 2008.

(b) The share premium arose from the public issue and is presented net of share issue expenses.

(c) The merger reserves represent the difference between the fair value of the consideration paid for the purchase of subsidiaries under common control and the nominal amount of the share capital of those subsidiaries.

15. **BANK OVERDRAFT AND BORROWINGS**

	Group	
	2008	2007
	RM	RM
Long-term borrowings		(restated)
Hire purchase liabilities (Note 16)	-	198,460
Islamic securities and obligations under Ijarah arrangements (Note 17)	97,200,000	109,200,000
Loan, unsecured	-	13,500,000
Term loan, secured	34,750,000	34,993,918
	131,950,000	157,892,378
Short-term borrowings		
Bank overdraft, secured	467,941	275,668
Hire purchase liabilities (Note 16)	63,291	558,712
Islamic securities and obligations under Ijarah arrangements (Note 17)	12,000,000	5,000,000
Term loan, secured	250,000	-
	12,781,232	5,834,380
Total borrowings		
Bank overdraft, secured	467,941	275,668
Hire purchase liabilities (Note 16)	63,291	757,172
Islamic securities and obligations under Ijarah arrangements (Note 17)	109,200,000	114,200,000
Loan, unsecured	-	13,500,000
Term loan, secured	35,000,000	34,993,918
	144,731,232	163,726,758

15. **BANK OVERDRAFT AND BORROWINGS – Cont'd**

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

The term loan is repayable on a ballooning basis for 6 years commencing on the fifth year from the date of the first drawdown which is 15 June 2004 as follows:-

Year 5 – RM1.0 million via 4 quarterly instalments of RM0.25 million each.
Year 6 – RM2.0 million via 4 quarterly instalments of RM0.5 million each.
Year 7 – RM4.0 million via 4 quarterly instalments of RM1.0 million each.
Year 8 – RM6.0 million via 4 quarterly instalments of RM1.5 million each.
Year 9 – RM10.0 million via 4 quarterly instalments of RM2.5 million each.
Year 10 – RM12.0 million via 4 quarterly instalments of RM3.0 million each.

Both bank overdraft and term loan bear interest at rate of 8% (2007: 8%) per annum.

(b) The unsecured loan bears interest at rate of 4.5% per annum and has no fixed terms of repayment. However, it was fully settled during the financial year. The loan was due to a company in which the directors and their close family members have substantial financial interests.

16. **HIRE PURCHASE LIABILITIES**

	Group	
	2008 RM	2007 RM (restated)
Minimum lease payments:-		
Not later than 1 year	64,866	587,427
Later than 1 year and not later than 2 years	-	203,475
	64,866	790,902
Less: Future finance charges	(1,575)	(33,730)
Present value of hire purchase liabilities	63,291	757,172
Analysed as:-		
Payable within 12 months	63,291	558,712
Payable after 12 months	-	198,460
	63,291	757,172

Interest rates of obligations under hire purchase range from 6.68% to 7.05% (2007: 6.05% to 7.33%) per annum.

17. ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS

	Class	Rating	Maturity date	Effective interest rate % pa	Amount outstanding 2008 RM	2007 RM (restated)
Islamic securities						
Sukuk Ijarah	Class A	AAA	27 June 2013	6.40	30,360,000	31,832,000
	Class A	AAA	27 June 2012	6.20	24,960,000	26,200,000
	Class B	AA2	27 June 2012	6.60	12,640,000	13,300,000
	Class B	AA2	27 June 2011	6.40	11,920,000	12,560,000
	Class C	A2	27 June 2011	7.90	12,370,000	13,160,000
	Class C	A2	27 June 2010	7.70	11,540,000	12,310,000
	Class D	A3	27 June 2009	7.80	5,390,000	5,780,000
	Class D	A3	27 June 2008	7.50	-	5,375,000
					109,180,000	120,517,000
Less: Future finance charges					(21,180,000)	(27,517,000)
					88,000,000	93,000,000
Obligations under Ijarah arrangement						
Sukuk Ijarah	Class A	AAA	23 December 2014	6.70	4,808,925	5,033,375
	Class A	AAA	23 December 2013	6.40	4,529,200	4,743,600
	Class B	AA2	23 December 2012	6.60	1,102,450	1,158,550
	Class B	AA2	23 December 2011	6.40	2,019,600	2,125,200
	Class C	A2	23 December 2011	7.90	2,106,225	2,236,575
	Class C	A2	23 December 2010	7.70	2,981,250	3,173,750
	Class D	A3	23 December 2009	7.80	949,450	1,015,750
					18,497,100	19,486,800
Sukuk Ijarah MTN	MTN	AA1(s)	23 December 2008	4.85	7,169,750	7,509,250
					25,666,850	26,996,050
Less: Future finance charges					(4,466,850)	(5,796,050)
					21,200,000	21,200,000
Total					109,200,000	114,200,000

17. **ISLAMIC SECURITIES AND OBLIGATIONS UNDER IJARAH ARRANGEMENTS – Cont'd**

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

	Group 2008 RM	2007 RM (restated)
Not later than 1 year	12,000,000	5,000,000
Later than 1 year and not later than 2 years	10,850,000	12,000,000
Later than 2 years and not later than 5 years	84,450,000	67,500,000
Later than 5 years	1,900,000	29,700,000
	109,200,000	114,200,000

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 company; and R.H. Capital Sdn Bhd, a company in which certain directors have substantial financial interests.

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

(a) 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.

(b) The Sukuk Ijarah MTN payments are payable semi-annually in arrears from the date of issue of the Sukuk Ijarah MTN.

(c) 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 subsidiary companies.

(d) The Sukuk issue is secured by the plantation lands (including buildings erected thereon) and palm oil mill owned by certain subsidiary companies. 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.

18. **DEFERRED TAX**

Movements in deferred tax liabilities and (assets) (prior to offsetting of balances) during the financial year are as follows:-

Group	Property, plant and equipment, intangible, and biological assets RM	Unused tax losses RM	Unabsorbed agriculture/ capital allowance RM	Total RM
At 1 September 2006 (as restated)	33,222,163	(17,350,106)	(8,384,787)	7,487,270
Recognised in income statement	(2,363,901)	13,515,679	(9,087,567)	2,064,211
At 31 August 2007 (as restated)	30,858,262	(3,834,427)	(17,472,354)	9,551,481
Recognised in income statement	3,411,502	(1,101,938)	5,004,629	7,314,193
At 31 August 2008	34,269,764	(4,936,365)	(12,467,725)	16,865,674

18. **DEFERRED TAX – Cont'd**

Company	Property, plant and equipment, intangible, and biological assets RM	Unused tax losses RM	Unabsorbed agriculture/ capital allowance RM	Total RM
At 1 September 2006	-	-	-	-
Recognised in income statement	5,074	-	-	5,074
At 31 August 2007	5,074	-	-	5,074
Recognised in income statement	15,790	-	-	15,790
At 31 August 2008	20,864	-	-	20,864

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 sheet as follows:-

	Group		Company	
	2008 RM	2007 RM (restated)	2008 RM	2007 RM
Deferred tax liabilities	16,865,674	9,551,481	20,864	5,074
Deferred tax assets	-	-	-	-
	16,865,674	9,551,481	20,864	5,074

Deferred tax assets are not recognised in respect of the following items:-

Unused tax losses	2,869,066	2,974,305	-	-

Deferred tax assts have not been recognised in respect of the above items as certain subsidiary companies are uncertain of the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

19. TRADE AND OTHER PAYABLES

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Trade payables (Note a)				
Third parties	8,361,217	5,435,526	-	-
Other related parties	2,641,752	12,503,297	-	-
	11,002,969	17,938,823	-	-
Other payables				
Amount due to related parties:-				
- Subsidiary companies (Note b)	-	-	38,805,148	739,274
- Other related parties (Note c)	3,575,323	3,299,771	299,721	34,471
	3,575,323	3,299,771	39,104,869	773,745
Sundry payables	2,458,468	1,282,889	616	1,092,098
Accruals	6,616,888	6,152,817	751,705	-
Dividends payable	-	4,708	-	4,708
	12,650,679	10,740,185	39,857,190	1,870,551
Total	23,653,648	28,679,008	39,857,190	1,870,551

(a) The normal trade credit terms granted to the Group range from 30 to 120 days.

(b) The amount due to subsidiary companies is unsecured, interest-free and repayable on demand.

(c) The balance includes an amount of RM693,400 (2007: RM104,000) which is directors' fees and other emoluments.

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

20. REVENUE

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Dividend income	-	-	20,498,000	17,998,200
Management fee	-	-	4,740,000	3,240,000
Sales of - fresh fruit bunches	23,350,383	8,820,157	-	-
- crude palm oil	164,795,673	127,464,818	-	-
- palm kernel	21,010,231	15,250,716	-	-
- palm kernel shell	246,638	51,385	-	-
- sludge oil	501,011	296,451	-	-
Transportation income	2,082,005	2,016,173	-	-
	211,985,941	153,899,700	25,238,000	21,238,200

21. FINANCE COSTS

	Group 2008 RM	Group 2007 RM (restated)
Bank overdraft interest	29,033	21,982
Hire purchase interest	34,185	54,161
Interest on Islamic securities and obligations under Ijarah arrangements	7,718,565	9,423,395
Term loan interest	3,341,654	2,910,411
Others	-	51,229
	11,123,437	12,461,178
Less: Amount capitalised under biological assets (Note 8)	(2,246,011)	(2,595,112)
Net interest expense (Note 22)	8,877,426	9,866,066

22. PROFIT BEFORE TAX

Profit before tax is stated at after charging:-	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Administrative charges	191,731	-	-	-
Amortisation of biological assets	4,329,129	4,006,132	-	-
Amortisation of intangible assets	50,571	6,885	2,453	-
Auditors' remuneration:-				
- Statutory audit	65,000	55,000	5,000	5,000
- Other services	15,000	15,500	15,000	15,500
- Over provision in prior year	(2,000)	(500)	(2,000)	-
Depreciation of property, plant and equipment	8,861,998	7,732,516	102,650	21,466
Hiring of equipment and machinery	133,718	99,765	-	-
Interest expense (Note 21)	8,877,426	9,866,066	-	-
Land lease rentals	214,716	219,756	-	-
Loss on disposal of property, plant and equipment	23,453	161	-	-
Management fee	273,846	65,215	-	-
Property, plant and equipment written off	-	3,907	-	-
Rental of premises	75,183	36,687	10,400	15,200
and crediting:-				
Interest income	2,199,769	3,406,182	522,510	554,816
Profit on disposal of property, plant and equipment	166,165	133,561	-	-
Rental income	56,745	95,220	-	-

22. **PROFIT BEFORE TAX – Cont'd**

	Group		Company	
	2008 RM	2007 RM (restated)	2008 RM	2007 RM
Staff costs:-				
Short-term employee benefits	8,905,319	7,941,433	3,539,819	2,881,745
Defined contribution plan	986,840	834,167	406,243	331,868
	9,892,159	8,775,600	3,946,062	3,213,613
Less: Amount capitalised under biological assets (Note 8)	(616,566)	(678,152)	-	-
	9,275,593	8,097,448	3,946,062	3,213,613
Number of employees at the financial year-end (including executive directors)	899	546	52	28

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,977,700 and RM1,972,700 (2007: RM2,247,900 and RM2,241,900) respectively.

The remuneration paid to the directors during the financial year is categorised as follows:-

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors				
Salaries	1,320,000	1,200,000	1,320,000	1,200,000
Allowance	1,500	1,900	1,500	1,900
Fees	5,000	6,000	-	-
Bonus	440,000	800,000	440,000	800,000
Defined contribution plan	211,200	240,000	211,200	240,000
	1,977,700	2,247,900	1,972,700	2,241,900
Non-executive directors				
Allowance	3,000	4,500	3,000	4,500
Fees	137,000	123,000	135,000	114,000
	140,000	127,500	138,000	118,500
Total	2,117,700	2,375,400	2,110,700	2,360,400

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Company	
	2008 RM	2007 RM
Executive directors		
RM1,100,001 to RM1,150,000	2	2
Non-executive directors		
RM50,001 to RM100,000	1	1
RM50,000 and below	3	3

23. INCOME TAX EXPENSE

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Current tax				
- Current year	7,802,000	5,319,645	5,531,480	4,970,000
- (Over)/under provision in prior year	(46,257)	24,322	(17,786)	35,431
	7,755,743	5,343,967	5,513,694	5,005,431
Deferred tax				
- Origination and reversal of temporary differences	7,028,869	2,367,996	15,790	5,074
- Changes in tax rates	-	(802,208)	-	-
- Under provision in prior year	285,324	498,423	-	-
	7,314,193	2,064,211	15,790	5,074
Income tax expense	15,069,936	7,408,178	5,529,484	5,010,505

Current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The statutory tax rate will be reduced to 25%, effective year of assessment 2009. The computation of deferred tax as at 31 August 2008 has reflected this change.

The reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are follows:-

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Profit before tax	54,069,529	24,437,880	20,394,299	18,173,596
Tax calculated at statutory tax rate of 26% (2007: 27%)	14,058,077	6,598,228	5,302,518	4,906,871
Effect of changes in statutory tax rate on opening balance of deferred tax	-	(802,208)	-	-
Deferred tax recognised at different tax rates	(284,728)	(194,942)	(632)	(202)
Income not subject to tax	(356)	(265,149)	-	-
Amortisation/depreciation of non-qualifying assets	177,135	86,050	19,645	4,505
Expenses not deductible for tax purposes	904,126	881,639	225,557	63,900
Tax effect on control transfers	(12,539)	(2,888)	-	-
Deferred tax assets not recognised during the year	81,201	619,656	-	-
Utilisation of previously unrecognised deferred tax	(87,150)	(16,833)	-	-
(Over)/under provision of current tax in prior year	(46,257)	24,322	(17,786)	35,431
Under provision of deferred tax in prior year	285,324	498,423	-	-
Others	(4,897)	(18,120)	182	-
Income tax expense	15,069,936	7,408,178	5,529,484	5,010,505

24. BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group 2008	Group 2007 (restated)
Consolidated profit for the year (RM)	38,999,593	17,029,702
Weighted average number of ordinary shares in issue	128,266,800	128,266,800
Basic earnings per ordinary share (sen)	30.41	13.28

25. DIVIDENDS

	2008 Dividend per share (net of tax) Sen	2008 Amount of dividend RM	2007 Dividend per share (net of tax) Sen	2007 Amount of dividend RM
Dividend paid in respect of the financial year ended 31 August 2007:-				
- Final dividend, net of tax of 27%	3.65	4,681,738	-	-
Dividend paid in respect of the financial year ended 31 August 2006:-				
- Final dividend, tax exempt	-	-	3.00	3,848,004
	3.65	4,681,738	3.00	3,848,004

The Board of Directors proposed a final dividend of 5.0 sen per ordinary share less tax amounting to RM4,810,005 in respect of the financial year ended 31 August 2008. The dividend is not recognised as a liability at the balance sheet date and will be accounted for as an appropriation of retained profits in the financial year ending 31 August 2009 after approved by the members at the forthcoming Annual General Meeting.

26. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Additions of property, plant and equipment	16,668,869	10,803,950	534,431	320,780
Less: Financed under hire purchase arrangements	(309,185)	(565,576)	-	-
Cash disbursed for property, plant and equipment	16,359,684	10,238,374	534,431	320,780

27. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	2007 RM (restated)	2008 RM	2007 RM
Cash and bank balances	168,534	372,946	23,113	51,995
Fixed deposits with licensed banks	21,119,000	70,727,400	1,000,000	16,650,000
Islamic deposits	20,348,550	19,784,875	-	-
Bank overdraft	(467,941)	(275,668)	-	-
	41,168,143	90,609,553	1,023,113	16,701,995
Less:-				
Bank balances held on trust for Islamic securities investors (Note 12(a))	(1,100)	(1,082)	-	-
Fixed deposits pledged for banking facilities (Note 12(b))	-	(57,400)	-	-
Islamic deposits held on trust for Islamic securities investors (Note 12(c))	(20,348,550)	(19,784,875)	-	-
	20,818,493	70,766,196	1,023,113	16,701,995

28. COMMON CONTROL BUSINESS COMBINATIONS

On 19 March 2008, the Company purchased 85% equity interest in Baram Trading Sdn Bhd (“BT”) and Nescaya Palma Sdn Bhd (“NP”), private limited liability companies incorporated in Malaysia which are involved in the oil palm plantation, at a total cash consideration of RM49,778,000. The consideration for the business combination was determined with reference to the results of a business valuation using the discounted cash flows method.

Since the Group and the two companies were under the common control of the controlling parties of the Group prior to the business combination, the purchase of the equity interest in BT and NP is considered as a business combination of entities under common control, which has been accounted for using merger accounting.

28. **COMMON CONTROL BUSINESS COMBINATIONS – Cont'd**

Adjustments have been made to the comparative figures of the combined entities to align inconsistent accounting policies. The following tables summarise the adjustments made to the consolidated balance sheet and the consolidated income statement as at and for the financial years ended 31 August 2008 and 2007:-

31 August 2008	Before alignment of accounting policies RM	Revaluation (Note a) RM	Income taxes (Note b) RM	After alignment of accounting policies RM
Financial position:-				
Non-current assets	201,976,628	(3,071,492)	-	198,905,136
Current assets	66,120,257	-	-	66,120,257
Total assets	268,096,885	(3,071,492)	-	265,025,393
Non-current liabilities	148,815,674	-	-	148,815,674
Current liabilities	37,214,048	-	-	37,214,048
Total liabilities	186,029,722	-	-	186,029,722
Net assets	82,067,163	(3,138,483)	66,991	78,995,671
Results of operations:-				
Revenue	211,985,941	-	-	211,985,941
Profit for the year	38,890,572	42,030	66,991	38,999,593
Basic earnings per ordinary share (sen)	30.32	-	-	30.41
31 August 2007				
Financial position:-				
Non-current assets	189,997,895	(3,113,522)	-	186,884,373
Current assets	110,810,080	-	-	110,810,080
Total assets	300,807,975	(3,113,522)	-	297,694,453
Non-current liabilities	167,443,859	-	-	167,443,859
Current liabilities	35,794,778	-	-	35,794,778
Total liabilities	203,238,637	-	-	203,238,637
Net assets	97,569,338	(3,147,017)	33,495	94,455,816
Results of operations:-				
Revenue	153,899,700	-	-	153,899,700
Profit for the year	16,957,409	38,798	33,495	17,029,702
Basic earnings per ordinary share (sen)	13.22	-	-	13.28

(a) **Revaluation**

BT revalued prepaid lease rentals in 2001, which was prior to the date when the combining entities first came under the control of the controlling parties. Adjustments were made to reverse revaluation surplus and other related adjustments made by the company.

(b) **Income taxes**

Deferred tax arising on revaluation surplus was adjusted due to the reversal of the surplus made by BT.

28. **COMMON CONTROL BUSINESS COMBINATIONS – Cont'd**

The following tables summarise the combined financial position and the results of operations of the Group, BT and NP as at and for the financial years ended 31 August 2008 and 2007 to reflect the impact of the effect of the common control business combination:-

31 August 2008	The Group (before the business combination) RM	Baram Trading Sdn Bhd RM	Nescaya Palma Sdn Bhd RM	Eliminations RM	The Group (after the business combination) RM
Financial position:-					
Non-current assets	168,956,522	25,166,168	51,470,197	(46,687,751)	198,905,136
Current assets	87,393,949	2,558,892	3,865,397	(27,697,981)	66,120,257
Total assets	256,350,471	27,725,060	55,335,594	(74,385,732)	265,025,393
Non-current liabilities	99,865,674	14,200,000	34,750,000	-	148,815,674
Current liabilities	21,512,831	22,470,295	20,928,903	(27,697,981)	37,214,048
Total liabilities	121,378,505	36,670,295	55,678,903	(27,697,981)	186,029,722
Net assets/(liabilities)	134,971,966	(8,945,235)	(343,309)	(46,687,751)	78,995,671
Results of operations:-					
Revenue	196,268,453	13,426,431	6,905,663	(4,614,606)	211,985,941
Profit/(loss) for the year	39,073,592	(333,445)	259,446	-	38,999,593
Basic earnings per ordinary share (sen)	30.46	-	-	-	30.41

28. **COMMON CONTROL BUSINESS COMBINATIONS – Cont'd**

31 August 2007	The Group (before the business combination) RM	Baram Trading Sdn Bhd RM	Nescaya Palma Sdn Bhd RM	Eliminations RM	The Group (after the business combination) RM
Financial position:-					
Non-current assets	116,871,466	22,989,203	43,933,455	3,090,249	186,884,373
Current assets	103,746,525	2,241,172	5,009,886	(187,503)	110,810,080
Total assets	220,617,991	25,230,375	48,943,341	2,902,746	297,694,453
Non-current liabilities	97,551,481	26,890,231	43,002,147	-	167,443,859
Current liabilities	22,486,398	6,951,934	6,543,949	187,503	35,794,778
Total liabilities	120,037,879	33,842,165	49,546,096	187,503	203,238,637
Net assets/(liabilities)	100,580,112	(8,611,790)	(602,755)	3,090,249	94,455,816
Results of operations:-					
Revenue	147,394,078	7,311,722	1,178,326	(1,984,426)	153,899,700
Profit/(loss) for the year	19,470,065	(2,387,330)	(53,033)	-	17,029,702
Basic earnings per ordinary share (sen)	15.18	-	-	-	13.28

29. **CAPITAL COMMITMENT**

	Group 2008 RM	Group 2007 RM (restated)
Approved and contracted for:-		
Property, plant and equipment	4,030,533	4,302,082

30. **CONTINGENT LIABILITIES**

	Company 2008 RM	Company 2007 RM
Unsecured:-		
Corporate guarantees given to banks for banking facilities granted to subsidiary companies	50,200,000	14,200,000

31. **CONTINGENT ASSETS**

A subsidiary company has made a claim of RM929,152 against the government in respect of compensation by the government for land to be resumed under Section 46 of the Land Code. The claim has not been recognised in the financial statements as the economic benefits arising from the legal proceedings are not virtually certain as at the end of the financial year.

32. **RELATED PARTY DISCLOSURES**

The Group's related parties include its subsidiaries, key management personnel, close family members of key management personnel and entities which are controlled, jointly controlled or significantly influenced, or for which significant voting power is held, by key management personnel or their close family members.

During the financial year, the Group, in the ordinary course of business, entered into various sale and purchase transactions with related parties. Details of balances with related parties are disclosed in Notes 11 and 19. Significant transactions with related parties are set out below.

(a) Transactions with subsidiary companies

Transactions with subsidiary companies have, where appropriate, been eliminated on consolidation and they are not disclosed in the consolidated financial statements. The Company's transactions with subsidiary companies are disclosed in its separate financial statements as follows:-

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Management fee received	-	-	4,740,000	3,240,000

(b) Transactions with key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and comprises the directors of the Company and the officers of the Group, including the heads of major business units.

Compensation of key management personnel is as follows:-

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Short-term employee benefits	2,754,349	2,711,555	2,703,841	2,595,517
Defined contribution plan	328,478	228,754	323,738	215,290
Directors' fees	142,000	129,000	135,000	114,000
	3,224,827	3,069,309	3,162,579	2,924,807

32. RELATED PARTY DISCLOSURES – Cont'd

(b) Transactions with key management personnel – Cont'd

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Analysed as:-				
Directors of the Company (Note 22)	2,117,700	2,375,400	2,110,700	2,360,400
Other key management Personnel	1,107,127	693,909	1,051,879	564,407
	3,224,827	3,069,309	3,162,579	2,924,807

(c) Transactions with other related parties

Transactions entered into by the Group with companies controlled by the directors and connected persons are as follows:-

	Group 2008 RM	Group 2007 RM (restated)	Company 2008 RM	Company 2007 RM
Agronomist consultancy fee	-	20,346	-	-
Computer software, printing and stationery	178,929	79,662	12,579	4,332
Fertiliser testing charges	39,230	25,520	-	-
Insurance paid	419,609	359,928	16,734	-
Interest paid	1,744,418	360,000	-	-
Machinery rental received	95,155	-	-	-
Purchase of diesoline	7,790,508	4,121,459	-	-
Purchase of fertilisers and chemicals	20,298,716	7,777,257	-	-
Purchase of fresh fruit bunches	24,058,422	28,544,963	-	-
Purchase of general goods	157,072	243,766	60,427	26,434
Purchase of property, plant and equipment	1,918,878	-	250,000	-
Purchase of spare parts	6,496,128	3,259,612	-	-
Repairs and maintenance	407,853	1,242,730	41,625	4,991
Rental of plant and machinery	220,007	176,736	-	-
Rental of premises	29,000	36,400	10,400	20,800
Sale of fresh fruit bunches	6,905,663	1,178,326	-	-
Sale of seedlings	582,787	-	-	-
Secretarial services	17,186	6,400	-	-
Staff training expenses	101,966	37,502	33,487	-
Store issue	515,459	-	-	-
Transportation and accommodation	1,527,349	978,697	36,937	12,561
Workshop management fee	1,493,038	-	-	-

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise the value creation for shareholders. In addition, the Group seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks.

The main areas of financial risks faced by the Group and the policies for the controlling and management of these risks are set out below:-

(a) Market risk

The Group, in the normal course of business, is exposed to market risks in respect of volatility in market prices of oil palm products.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing borrowings, as the Group had no substantial long-term interest-earning assets as at 31 August 2008.

The investments in financial assets are mainly short-term in nature and they are not held for speculative purposes but have been mostly placed as short-term deposits with licensed financial institutions. The details of these financial assets are set out in Note 12.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The interest rates on borrowings are disclosed in Notes 15, 16 and 17.

(c) Credit risk

The Group's maximum exposure to credit risk in relation to each class of recognised financial assets is limited to the carrying amount of each financial asset as shown in the balance sheet.

The Group manages and controls credit risk by having in place policies for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. The Group's policy is to deal only with creditworthy counterparties.

The Group has a significant concentration of credit risk as its two largest customers accounted for approximately 68% of its total trade receivables as at 31 August 2008 (2007: 75%), 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. With respect to credit risk arising from other financial assets of the Group which comprise cash and cash equivalents, the Group's exposure to the risk is considered negligible since the counterparties are reputable banks with high quality credit ratings.

(d) Liquidity and cash flow risk

The Group manages its debt maturity profile, operating cash flows and availability of funding so as 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.

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – Cont'd**

(d) **Liquidity and cash flow risk – Cont'd**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) based on the earliest date on which the Group can be required to pay.

Group	Weighted average effective interest rate	On demand or within 1 year	Within 1 – 2 years	Within 2 – 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount
31 August 2008	%	RM	RM	RM	RM	RM	RM
Trade and other payables							
- non interest-bearing financial liabilities	-	23,653,648	-	-	-	23,653,648	23,653,648
Bank overdraft	8.0	467,941	-	-	-	467,941	467,941
Borrowings							
- Hire purchase liabilities	7.0	64,866	-	-	-	64,866	63,291
- Islamic securities and obligations under Ijarah arrangements	6.7	12,559,750	12,489,450	100,459,525	9,338,125	134,846,850	109,200,000
- Term loan	8.0	3,400,000	4,000,000	20,920,000	21,120,000	49,440,000	35,000,000
		40,146,205	16,489,450	121,379,525	30,458,125	208,473,305	168,384,880
31 August 2007							
Trade and other payables							
- non interest-bearing financial liabilities	-	28,679,008	-	-	-	28,679,008	28,679,008
Bank overdraft	8.0	275,668	-	-	-	275,668	275,668
Borrowings							
- Hire purchase liabilities	6.9	587,427	203,475	-	-	790,902	757,172
- Islamic securities and obligations under Ijarah arrangements	6.7	5,375,000	13,289,250	86,081,275	42,767,525	147,513,050	114,200,000
- Loan	4.5	13,803,462	-	-	-	13,803,462	13,500,000
- Term loan	8.0	2,793,431	3,400,000	15,980,000	30,060,000	52,233,431	34,993,918
		51,513,996	16,892,725	102,061,275	72,827,525	243,295,521	192,405,766

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – Cont'd**

(d) **Liquidity and cash flow risk – Cont'd**

Company	Weighted average effective interest rate	On demand or within 1 year	Within 1 – 2 years	Within 2 – 5 years	More than 5 years	Total undiscounted cash flows	Carrying amount
31 August 2008	%	RM	RM	RM	RM	RM	RM
Other payables							
- non interest-bearing financial liabilities	-	39,857,190	-	-	-	39,857,190	39,857,190
31 August 2007							
Other payables							
- non interest-bearing financial liabilities	-	1,870,551	-	-	-	1,870,551	1,870,551

33. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – Cont'd**

(e) **Fair values**

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximate their fair values except as set out below:-

	Carrying amount RM	Fair value RM
Borrowings		
- Hire purchase liabilities	63,291	58,899
- Islamic securities and obligations under Ijarah arrangements	109,200,000	100,701,655

The following methods and assumptions are used to determine the fair values of financial instruments:-

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

(ii) The fair values of long-term borrowings are estimated by discounting the future contractual cash flows at the current interest rate available to the Group for similar financial instruments.

34. **COMPARATIVE FIGURES**

The Group has applied merger accounting to account for the purchase of equity interest in subsidiaries under common control during the financial year, as if the business combinations had been occurred from the beginning of the earliest financial years presented. The adoption of merger accounting has resulted in changes to the presentation of certain items and comparative figures have been restated accordingly. In addition, certain comparative figures have been reclassified to conform with the current financial year's presentation.

Company No. 691393-U

RIMBUNAN SAWIT BERHAD

(Incorporated In Malaysia)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2008