

## 11. ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)



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In association with BDO Binder

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4 May 2006

The Board of Directors  
Rimbunan Sawit Berhad  
(Formerly known as Rimbunan Sawit Sdn Bhd and  
prior to that known as Real Harvest Enterprise Sdn Bhd)  
No. 66-78, Pusat Suria Permata, Jalan Upper Lanang 12A  
96000 Sibul, Sarawak

Dear Sirs

### 1.0 INTRODUCTION

This report has been prepared by Hii & Lee, an approved company auditors, for inclusion in the Prospectus of Rimbunan Sawit Berhad (Company No.: 691393-U) (hereinafter referred to as "RSB" or "the Company") to be dated 31 May 2006 in connection with the followings: -

- (a) The offer for sale of 33,500,000 ordinary shares of RM0.50 each at an offer price of RM1.00 per share by way of private placement to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI");
- (b) The public issue of 18,000,000 new ordinary shares of RM0.50 each in RSB at an issue price of RM1.00 per share comprising the followings: -
  - (i) 8,000,000 new ordinary shares of RM0.50 each in RSB by way of private placement to the identified investors, including 5,000,000 new ordinary shares of RM0.50 each in RSB to Bumiputera investors approved by the MITI;
  - (ii) 7,000,000 new ordinary shares of RM0.50 each in RSB available for application by the Malaysian public; and
  - (iii) 3,000,000 new ordinary shares of RM0.50 each in RSB reserved for eligible Directors and employees of the Company and its subsidiary companies ("RSB Group"); and
- (c) The listing of and quotation for the entire enlarged issued and fully paid-up share capital of RSB comprising 128,266,800 ordinary shares of RM0.50 each on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities").

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### 2.0 GENERAL INFORMATION

#### 2.1 The Company

RSB was incorporated in Malaysia under the Companies Act, 1965 on 12 May 2005 as a private limited liability company under the name of Real Harvest Enterprise Sdn Bhd. On 3 June 2005, the Company changed its name to Rimbunan Sawit Sdn Bhd and on 9 June 2005, it was converted into a public limited liability company under its current name. RSB is domiciled in Malaysia with its registered office located at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibul, Sarawak.

The principal activity of RSB is investment holding.

#### 2.2 Share Capital

At the date of incorporation, the authorised share capital of RSB was RM100,000 comprising 200,000 ordinary shares of RM0.50 each. The authorised share capital was increased on 25 June 2005 to RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each.

Pursuant to the flotation scheme prior to the listing of and quotation for the shares of the Company on the Main Board of Bursa Securities as set out in paragraph 2.3 below, the issued and fully paid-up share capital of RSB was increased to RM55,133,400 comprising 110,266,800 ordinary shares of RM0.50 each as follows: -

Date of allotment	No. of shares allotted	Par value RM	Consideration/ Types of issue	Total RM
12-05-2005	2	0.50	Cash (Subscribers' shares)	1
13-05-2005	2	0.50	Cash	1
09-06-2005	102	0.50	Cash	51
08-02-2006	110,266,694	0.50	Acquisitions of RHP and TR	55,133,347
	<u>110,266,800</u>			<u>55,133,400</u>

The issued and fully paid-up share capital of RSB after the public issue as mentioned herein will be RM64,133,400 comprising 128,266,800 ordinary shares of RM0.50 each.

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### 2.0 GENERAL INFORMATION (CONT'D)

#### 2.3 Listing Exercise

In conjunction with, and as an integral part of the listing exercise, the Company implemented a flotation scheme.

The details of the flotation scheme are as follows: -

- (a) The acquisition of the entire issued and paid-up share capital in R.H. Plantation Sdn Bhd (Company No.: 153619-A) ("RHP") for a total purchase consideration of RM43,467,904 wholly satisfied by the issue of 86,935,808 new RSB Shares to the existing shareholders of RHP at an issue price of RM0.50 per RSB Share;
- (b) The acquisition of the entire issued and paid-up share capital in Timrest Sdn Bhd (Company No.: 168720-D) ("TR") for a total purchase consideration of RM11,665,443 wholly satisfied by the issue of 23,330,886 new RSB Shares to the existing shareholders of TR at an issue price of RM0.50 per RSB Share;
- (c) The acquisition of the entire issued and paid-up share capital in Rimbunan Sawit Holdings Berhad (Company No.: 667071-H) ("RSHB") for a purchase consideration of RM2 wholly satisfied in cash;
- (d) The offer for sale of 33,500,000 ordinary shares of RM0.50 each at an offer price of RM1.00 per share by way of private placement to Bumiputera investors approved by the MITI;
- (e) The public issue of 18,000,000 new ordinary shares of RM0.50 each in RSB at an issue price of RM1.00 per share comprising the followings:-
  - (i) 8,000,000 new RSB Shares by way of private placement to the identified investors, including 5,000,000 new RSB Shares to Bumiputera investors approved by the MITI;
  - (ii) 7,000,000 new RSB Shares available for application by the Malaysian public; and
  - (iii) 3,000,000 new RSB Shares reserved for eligible Directors and employees of the RSB Group; and
- (f) The listing of and quotation for the entire enlarged issued and fully paid-up share capital of RSB comprising 128,266,800 ordinary shares of RM0.50 each on the Main Board of Bursa Securities.

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### 2.0 GENERAL INFORMATION (CONT'D)

#### 2.4 The Subsidiary Companies

The information on the subsidiary companies is as follows: -

##### 2.4.1 R.H. Plantation Sdn Bhd

RHP was incorporated in Malaysia on 29 May 1986 as a private limited liability company. The information on authorised and issued and fully paid-up share capital of RHP as at 30 November 2005 is as follows: -

Class of shares	Par value RM	Amount RM	No. of shares
<i>Authorised</i>			
Ordinary shares	1.00	24,000,000	24,000,000
Cumulative redeemable convertible preference shares ("RCPS")	1.00	1,000,000	1,000,000
		<u>25,000,000</u>	<u>25,000,000</u>
<i>Issued and fully paid</i>			
Ordinary shares	1.00	<u>9,999,000</u>	<u>9,999,000</u>

The principal activities of RHP are the cultivation of oil palm, processing of fresh fruit bunches and sales of related products.

##### 2.4.2 Timrest Sdn Bhd

TR was incorporated in Malaysia on 24 February 1988 as a private limited liability company. The authorised and issued and paid-up share capital of TR as at 30 November 2005 are RM25,000,000 and RM12,500,000 comprising 25,000,000 and 12,500,000 ordinary shares of RM1.00 each, respectively.

TR is principally involved in the cultivation of oil palm.

##### 2.4.3 Rimbunan Sawit Holdings Berhad

RSHB was incorporated in Malaysia on 23 September 2004 under the name of Rimbunan Sawit Holdings Sdn Bhd as a private limited liability company. On 9 December 2004, RSHB was converted into a public limited liability company under its present name.

The authorised and issued and paid-up share capital of RSHB as at 30 November 2005 are RM100,000 and RM2 comprising 100,000 and 2 ordinary shares of RM1.00 each, respectively.

The principal activity of RSHB is investment holding.

Currently, RSHB has one subsidiary company, namely Midas Plantation Sdn Bhd.

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### **2.0 GENERAL INFORMATION (CONT'D)**

#### **2.4 The Subsidiary Companies (Cont'd)**

##### **2.4.4 Midas Plantation Sdn Bhd**

Midas Plantation Sdn Bhd (Company No.: 671956-A) ("MP") was incorporated in Malaysia on 8 November 2004. MP is a wholly-owned subsidiary of RSHB.

The authorised and issued and paid-up share capital of MP as at 30 November 2005 are RM100,000 and RM2 comprising 100,000 and 2 ordinary shares of RM1.00 each, respectively.

MP was incorporated as a special purpose vehicle to facilitate the issuance of Islamic Securities.

#### **2.5 Dividends**

On 9 August 2005, RHP declared and paid a tax exempt interim dividend of 100% amounting to RM9,999,000 for the financial year ended 31 August 2005.

The directors of RHP proposed a tax exempt final dividend of 30% amounting to RM2,999,700 for the financial year ended 31 August 2005. The dividend was paid on 6 February 2006.

No dividends have been declared by RSB, TR, RSHB and MP for the financial periods/years under review.

### **3.0 AUDITORS**

We have been the auditors of RSB, RHP, TR, RSHB and MP for the financial periods/years under review.

The auditors' reports on the financial statements of RSB, RHP, TR, RSHB and MP for the relevant financial periods/years under review were not subject to any qualification.

### **4.0 ACCOUNTING POLICIES AND STANDARDS**

#### **4.1 Basis of Preparation**

This report has been prepared based on the audited financial statements of the RSB Group comprising RHP, TR, RSHB and MP, which have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies as disclosed in Section 4.2 hereof, and in accordance with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board. Save as disclosed in Section 8.3.1 hereof, there were no changes in accounting policies made by RSB, RHP, TR, RSHB and MP for the financial periods/years under review that have significant effects on the audited financial statements.

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### 4.0 ACCOUNTING POLICIES AND STANDARDS (CONT'D)

#### 4.2 Significant Accounting Policies

The significant accounting policies adopted by the RSB Group in the preparation of this report are as follows: -

##### (a) Investments in Subsidiaries

The investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Section 4.2(f) hereof.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

##### (b) Property, plant and equipment and depreciation

(i) Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Section 4.2(f) hereof.

(ii) Plantation development expenditure incurred on land clearing, upkeep of immature oil palms, administrative expenses and interest incurred during the pre-cropping period is capitalised under plantation development expenditure. Upon maturity, all subsequent maintenance expenditure is charged to income statement. Pre-cropping costs is amortised on a straight-line basis over 20 years, the expected useful life of oil palm.

(iii) Depreciation is provided for on the straight-line basis to write off the cost of the assets over their estimated useful lives. The annual rates used are as follows: -

Leasehold land	over the remaining leasehold period
Buildings, drainage and roads	5% - 10%
Equipment and furniture	10% - 20%
Motor vehicles, plant and machinery	10% - 20%

(iv) Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

(v) Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use.

##### (c) Assets acquired under hire purchase agreements

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the period of the agreements to give a constant periodic rate of charge on the remaining hire purchase liabilities.

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**4.0 ACCOUNTING POLICIES AND STANDARDS (CONT'D)****4.2 Significant Accounting Policies (Cont'd)****(d) Inventories**

Sundry stores and supplies are valued at the lower of cost and net realisable value after due allowance for damaged or obsolete stock. Cost is determined on the weighted average basis.

Produced stocks are valued at the lower of cost and net realisable value. Cost is determined on the weighted average ex-estate production cost and includes manufacturing and transport charges, where applicable.

**(e) Receivables**

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

**(f) Impairment of assets**

The carrying amounts of all assets, other than financial assets, 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.

An impairment loss 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.

**(g) 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.

**(h) Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## 11. ACCOUNTANTS' REPORT

### 4.0 ACCOUNTING POLICIES AND STANDARDS (CONT'D)

#### 4.2 Significant Accounting Policies (Cont'd)

##### (i) Islamic securities

The Islamic securities are recognised at cost, being the fair value of the consideration received.

##### (j) Ordinary shares

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of share issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost 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 to shareholders are recognised in equity in the period in which they are declared.

##### (k) Revenue recognition

Revenue from sales of goods and rendering of services are recognised in the income statement upon delivery of goods and customer's acceptance and performance of services.

##### (l) Income tax

Income tax comprises current tax expense and deferred tax.

##### (i) Current tax expense

Current tax expense is the expected amount of income tax payable in respect of the taxable profits for the financial year and is measured using the tax rates that have been enacted at the balance sheet date.

##### (ii) Deferred tax liabilities and assets

Deferred tax liabilities and assets are provided for under the liability method at the current tax rate in respect of all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base including unused tax losses and capital allowances.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each balance sheet date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.



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### 4.0 ACCOUNTING POLICIES AND STANDARDS (CONT'D)

#### 4.2 Significant Accounting Policies (Cont'd)

##### (m) Employee benefits

###### (i) Short term employee benefits

Wages, salaries, social security contributions and bonuses are recognised as an expense in the financial year when employees have rendered their services to the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

###### (ii) Defined contribution plan

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

##### (n) Borrowing costs

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition of landed properties are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

##### (o) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

##### (p) Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, fixed deposits, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual agreement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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### 5.0 RSB GROUP

We are unable to present the consolidated financial statements of the RSB Group for the financial periods/years under review as the RSB Group was only formed in February 2006.

Accordingly, we set out in Sections 6.0 to 10.0 the audited financial statements of RSB and its subsidiary companies for the relevant financial periods/years under review.

### 6.0 RIMBUNAN SAWIT BERHAD

#### 6.1 Income Statements

	Period From 12 May 2005 to 31 August 2005 RM	3-Month Period Ended 30 November 2005 RM
Revenue	-	-
Loss before interest, depreciation, amortisation and taxation	(74,912)	(2,440)
Interest expenses	-	-
Depreciation	-	-
Amortisation	-	-
Loss before taxation	(74,912)	(2,440)
Taxation	-	-
Loss after taxation	(74,912)	(2,440)
Number of ordinary shares of RM0.50 each in issue	106	106
Loss per share (RM)		
- Gross	(706.72)	(23.02)
- Net	(706.72)	(23.02)
Effective tax rate (%)	-	-
Gross margin (%)	N/A	N/A
Pre-tax loss margin (%)	N/A	N/A
Interest coverage ratio (times)	N/A	N/A
Gross dividend rate (%)	-	-
After-tax return on shareholders' funds (%)	N/A	N/A

N/A Not applicable

## 11. ACCOUNTANTS' REPORT

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

#### 6.2 Balance Sheets

	As at 31 August 2005 RM	As at 30 November 2005 RM
Current assets	53	53
Current liabilities	74,912	77,352
Net current liabilities	(74,859)	(77,299)
	<u>(74,859)</u>	<u>(77,299)</u>
Financed by:		
Share capital	53	53
Accumulated losses	(74,912)	(77,352)
Shareholders' funds	<u>(74,859)</u>	<u>(77,299)</u>
Net liabilities (RM)	(74,859)	(77,299)
Net liabilities per share (RM)	(706.22)	(729.24)
Current ratio (times)	-	-
Total borrowings (RM)	-	-
Gearing ratio (times)	-	-

#### 6.3 Statements of Changes in Equity

	Share Capital RM	Accumulated Losses RM	Total RM
<b>Balance at 12 May 2005</b>	-	-	-
Subscribers' shares	53	-	53
Net loss for the period	-	(74,912)	(74,912)
<b>Balance at 31 August 2005</b>	53	(74,912)	(74,859)
Net loss for the period	-	(2,440)	(2,440)
<b>Balance at 30 November 2005</b>	53	(77,352)	(77,299)

## 11. ACCOUNTANTS' REPORT

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

#### 6.4 Cash Flow Statements

	Period From 12 May 2005 to 31 August 2005 RM	3-Month Period Ended 30 November 2005 RM
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(74,912)	(2,440)
Operating loss before working capital changes	(74,912)	(2,440)
Increase in other payables and accruals	74,912	2,440
Net cash provided by operating activities	-	-
<b>Cash Flows from Financing Activities</b>		
Proceeds from subscribers' shares	53	-
Net cash provided by financing activities	53	-
Net increase in cash and cash equivalents	53	-
Cash and cash equivalents brought forward	-	53
Cash and cash equivalents carried forward	53	53
<b>Cash and cash equivalents comprise: -</b>		
Cash and bank balances	53	53

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**11. ACCOUNTANTS' REPORT****7.0 R.H. PLANTATION SDN BHD****7.1 Income Statements**

	< -- Year Ended 31 August -- >			3-Month Period Ended 30 November	
	2003	2004	2005	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
	(unaudited)				
Revenue	73,133	97,589	92,481	24,449	24,238
Less: Cost of sales	(48,443)	(67,846)	(67,977)	(17,557)	(17,613)
Gross profit	24,690	29,743	24,504	6,892	6,625
Profit before interest, depreciation, amortisation and taxation	24,200	28,313	25,515	6,825	7,639
Interest expenses	(1,365)	(1,578)	(1,986)	(373)	(1,078)
Depreciation	(3,077)	(4,204)	(4,615)	(1,154)	(1,169)
Amortisation	(2,042)	(2,041)	(2,041)	(510)	(511)
Profit before taxation	17,716	20,490	16,873	4,788	4,881
Taxation	(5,040)	(1,516)	(3,718)	(1,055)	(1,272)
Profit after taxation	12,676	18,974	13,155	3,733	3,609
Number of ordinary shares of RM1.00 each in issue ('000)	9,999	9,999	9,999	9,999	9,999
Earnings per share (sen)					
- Gross	177.18	204.92	168.75	47.88	48.81
- Net	126.77	189.76	131.56	37.33	36.09
Effective tax rate (%)	28.45	7.40	22.04	22.03	26.06
Gross margin (%)	33.76	30.48	26.50	28.19	27.33
Pre-tax profit margin (%)	24.22	21.00	18.24	19.58	20.14
Interest coverage ratio (times)	13.98	13.98	9.50	13.84	5.53
Gross dividend rate (%)	-	-	100.00	-	-
After-tax return on shareholders' funds (%)	49.72	42.67	28.22	7.74	7.18

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## **11. ACCOUNTANTS' REPORT**

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### **7.0 R.H. PLANTATION SDN BHD (CONT'D)**

#### **7.1 Income Statements (Cont'd)**

##### **7.1.1 Notes to the Income Statements**

- (a) The higher revenue recorded in 2003 was mainly due to the upward trend in the palm oil industry experienced by Malaysia. The better results achieved in 2004 were also attributable to the increase in the palm oil mill production capacity. The decreased revenue in 2005 was because of weaker crude palm oil ("CPO") and palm kernel ("PK") prices observed during the financial year.
- (b) The movements in pre-tax profit for the years under review were in tandem with the movements in revenue.
- (c) The effective tax rates for years 2004 and 2005 (especially 2004) were lower than the statutory tax rate due to the availability of tax incentives for set-off in the forms of agriculture and reinvestment allowances. The tax provisions for the years under review were in respect of the origination and reversal of temporary differences, except for 2005 which included both current and deferred tax.

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**11. ACCOUNTANTS' REPORT****7.0 R.H. PLANTATION SDN BHD (CONT'D)****7.2 Balance Sheets**

	Note	< ----- As at 31 August ----- >			As at 30 Nov 2005
		2003 RM'000	2004 RM'000	2005 RM'000	RM'000
Property, plant and equipment		53,265	55,568	57,617	57,095
Current assets	(a)	8,442	34,921	90,521	92,798
Current liabilities	(b)	21,093	26,878	43,113	41,534
Net current assets/(liabilities)		(12,651)	8,043	47,408	51,264
		40,614	63,611	105,025	108,359
Financed by:					
Share capital		9,999	9,999	9,999	9,999
Share premium		999	999	-	-
Retained profits		14,495	33,469	36,625	40,234
Shareholders' funds		25,493	44,467	46,624	50,233
Deferred and long term liabilities		15,121	19,144	58,401	58,126
		40,614	63,611	105,025	108,359
Net tangible assets (RM'000)		25,493	44,467	46,624	50,233
Net tangible assets per share (RM)		2.55	4.45	4.66	5.02
Current ratio (times)		0.40	1.30	2.10	2.23
Total borrowings (RM'000)		22,478	32,068	58,163	55,000
Gearing ratio (times)		0.88	0.72	1.25	1.09

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## 7.0 R.H. PLANTATION SDN BHD (CONT'D)

### 7.2 Balance Sheets (Cont'd)

#### 7.2.1 Notes to the Balance Sheets

##### (a) Current Assets

		< ----- As at 31 August ----- >			As at
	Note	2003	2004	2005	30 Nov.
		RM'000	RM'000	RM'000	2005
					RM'000
Inventories	(i)	1,523	3,212	1,997	4,646
Trade receivables	(ii)	2,654	3,610	983	2,724
Other receivables		4,255	28,097	43,393	85,398
Fixed deposits		-	-	38,090	19
Cash and bank balances		10	2	6,058	11
		8,442	34,921	90,521	92,798

##### (i) Inventories

	< ----- As at 31 August ----- >			As at
	2003	2004	2005	30 Nov.
	RM'000	RM'000	RM'000	2005
				RM'000
At cost: -				
Fresh fruit bunches	50	75	142	159
Sundry stores and consumables	1,009	1,231	1,081	1,630
Processed inventories	464	1,906	774	2,857
	1,523	3,212	1,997	4,646
% of stock to cost of goods sold	1.10	1.75	1.97	10.30
Stock turnover period (days)	4.03	6.38	7.20	9.38

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## 7.0 R.H. PLANTATION SDN BHD (CONT'D)

### 7.2 Balance Sheets (Cont'd)

#### 7.2.1 Notes to the Balance Sheets (Cont'd)

##### (a) Current Assets (Cont'd)

##### (ii) Trade receivables

	< ----- As at 31 August ----- >			As at
	2003	2004	2005	30 Nov.
	RM'000	RM'000	RM'000	2005
				RM'000
Trade receivables	2,654	3,610	983	2,724
Less: Allowance for doubtful debts	-	-	-	-
	<u>2,654</u>	<u>3,610</u>	<u>983</u>	<u>2,724</u>
 % of trade debtors to turnover	 3.63	 3.70	 1.06	 11.24
 Trade debtors' turnover period (days)	 <u>13.25</u>	 <u>13.50</u>	 <u>3.88</u>	 <u>10.23</u>

Details of ageing analysis of trade receivables of RHP as at 30 November 2005 are as follows: -

	0 - 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	<u>2,724</u>	-	-	-	-	<u>2,724</u>
% of total trade debtors	<u>100.00</u>	-	-	-	-	<u>100.00</u>

The normal trade credit terms offered by RHP range from 7 to 30 days from date of invoice.

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## 11. ACCOUNTANTS' REPORT

### 7.0 R.H. PLANTATION SDN BHD (CONT'D)

### 7.2 Balance Sheets (Cont'd)

#### 7.2.1 Notes to the Balance Sheets (Cont'd)

##### (b) Current Liabilities

	Note	< ----- As at 31 August ----- >			As at 30 Nov. 2005
		2003 RM'000	2004 RM'000	2005 RM'000	2005 RM'000
Trade payables	(i)	5,835	4,305	8,004	8,759
Other payables and accruals		977	1,210	25,946	26,775
Short-term borrowings		14,281	21,363	9,163	6,000
		<u>21,093</u>	<u>26,878</u>	<u>43,113</u>	<u>41,534</u>

##### (i) Trade payables

	< ----- As at 31 August ----- >			As at 30 Nov. 2005
	2003 RM'000	2004 RM'000	2005 RM'000	2005 RM'000
Trade payables	5,835	4,305	8,004	8,759
Trade creditors' turnover period (days)	51.40	25.64	50.20	45.42

Details of ageing analysis of trade payables of RHP as at 30 November 2005 are as follows: -

	0 - 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 120 days RM'000	> 120 days RM'000	Total RM'000
Trade payables	3,967	1,114	1,274	2,404	-	8,759
% of total trade creditors	45.29	12.72	14.54	27.45	-	100.00

The normal trade credit terms available to RHP range from 30 to 120 days from date of invoice.

- (c) The net current liabilities position of RHP in 2003 was mainly due to the additional funds required by RHP to finance its plantation development expenditure. As such, RHP had to resort to borrow monies from the followings: -

- (i) Banks; and
- (ii) Other companies in which certain directors and shareholders of RHP have beneficial interests.

- (d) Certain comparative figures have been reclassified and adjusted to reflect the change in accounting policy in complying with Malaysian Accounting Standard Board (MASB) Standard 24: *Financial Instruments: Disclosure and Presentation*.

**11. ACCOUNTANTS' REPORT****7.0 R.H. PLANTATION SDN BHD (CONT'D)****7.3 Statements of Changes in Equity**

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000
<b>Balance at 1 September 2002</b>	9,999	999	1,819	12,817
Net profit for the year	-	-	12,676	12,676
<b>Balance at 31 August 2003</b>	9,999	999	14,495	25,493
Net profit for the year	-	-	18,974	18,974
<b>Balance at 31 August 2004</b>	9,999	999	33,469	44,467
Net profit for the year	-	-	13,155	13,155
Redemption of RCPS	-	(999)	-	(999)
Dividends	-	-	(9,999)	(9,999)
<b>Balance at 31 August 2005</b>	9,999	-	36,625	46,624
Net profit for the period	-	-	3,609	3,609
<b>Balance at 30 November 2005</b>	9,999	-	40,234	50,233

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## 11. ACCOUNTANTS' REPORT

### 7.0 R.H. PLANTATION SDN BHD (CONT'D)

#### 7.4 Cash Flow Statements

	< -- Year Ended 31 August -- >			3-Month Period Ended 30 November	
	2003	2004	2005	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
				(unaudited)	
<b>Cash Flows from Operating Activities</b>					
Profit before taxation	17,716	20,490	16,873	4,788	4,881
Adjustments for: -					
Amortisation of plantation development expenditure	2,042	2,041	2,041	510	511
Depreciation of property, plant and equipment	3,077	4,204	4,615	1,154	1,169
Finance costs	1,365	1,578	1,986	373	1,078
Interest income	-	-	(1,073)	-	(928)
Profit on disposal of property, plant and equipment	-	-	-	-	-
Operating profit before working capital changes	24,200	28,313	24,442	6,825	6,711
(Increase)/decrease in inventories	235	(1,689)	1,216	(447)	(2,650)
(Increase)/decrease in trade receivables	(257)	(956)	1,535	1,274	(1,741)
Increase in other receivables and deposits	(4,191)	(23,841)	(13,127)	(15,042)	(42,912)
Increase/(decrease) in trade payables	442	(1,529)	3,699	246	754
Increase/(decrease) in other payables and accruals	(12,688)	233	24,736	13,272	829
Cash generated from/(absorbed by) operations	7,741	531	42,501	6,128	(39,009)
Tax paid	-	-	(3,833)	-	(639)
Finance costs paid	(1,365)	(1,578)	(1,986)	(373)	(1,078)
Interest received	-	-	1,073	-	928
Net cash provided by/(used in) operating activities	6,376	(1,047)	37,755	5,755	(39,798)
<b>Cash Flows from Investing Activities</b>					
Purchase of property, plant and equipment*	(4,437)	(8,172)	(8,474)	(575)	(1,158)
Proceeds from disposal of property, plant and equip.	-	-	-	-	1
Net cash used in investing activities	(4,437)	(8,172)	(8,474)	(575)	(1,157)
<b>Cash Flows from Financing Activities</b>					
Net of drawdown and payment of borrowings	(2,007)	9,919	(28,198)	(9,311)	(3,015)
Repayment of hire purchase liabilities	(205)	(187)	(736)	(59)	-
Proceeds from issuance of Islamic Securities	-	-	55,000	-	-
Dividend paid	-	-	(9,999)	-	-
Redemption of preference shares	-	-	(1,000)	-	-
Fixed deposits pledged for banking facilities	-	-	-	-	(19)
Net cash provided by/(used in) financing activities	(2,212)	9,732	15,067	(9,370)	(3,034)
Net increase/(decrease) in cash and cash equivalents	(273)	513	44,348	(4,190)	(43,989)
Cash and cash equivalents brought forward	(588)	(861)	(348)	(348)	44,000
Cash and cash equivalents carried forward	(861)	(348)	44,000	(4,538)	11

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## 11. ACCOUNTANTS' REPORT

### 7.0 R.H. PLANTATION SDN BHD (CONT'D)

#### 7.4 Cash Flow Statements (Cont'd)

	< -- Year Ended 31 August -- >			3-Month Period Ended 30 November	
	2003	2004	2005	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
				(unaudited)	
<b>Cash and cash equivalents comprise: -</b>					
Cash and bank balances	10	2	6,058	3	11
Fixed deposits	-	-	38,090	-	19
Bank overdrafts	(871)	(350)	(148)	(4,541)	-
	(861)	(348)	44,000	(4,538)	30
Less: Fixed deposits pledged for banking facilities	-	-	-	-	(19)
	(861)	(348)	44,000	(4,538)	11

\* *Analysis of purchase of property, plant and equipment: -*

	< -- Year Ended 31 August -- >			3-Month Period Ended 30 November	
	2003	2004	2005	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
				(unaudited)	
By way of cash	4,437	8,172	8,474	575	1,158
By way of hire purchase arrangements	329	378	232	-	-
<b>Total</b>	<b>4,766</b>	<b>8,550</b>	<b>8,706</b>	<b>575</b>	<b>1,158</b>

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**11. ACCOUNTANTS' REPORT****8.0 TIMREST SDN BHD****8.1 Income Statements**

	Year Ended 30 June 2003 RM'000	14-month Period Ended 31 Aug. 2004 RM'000	Year Ended 31 Aug. 2005 RM'000	3-Month Period Ended 30 November 2004 2005 RM'000 RM'000 (unaudited)	
Revenue	7,695	15,535	17,790	4,395	5,110
Less: Cost of sales	(7,011)	(10,846)	(14,389)	(3,585)	(3,929)
Gross profit	684	4,689	3,401	810	1,181
Profit before interest, depreciation amortisation and taxation	2,963	7,466	6,623	1,753	2,242
Interest expenses	(99)	(2,377)	(2,177)	(483)	(856)
Depreciation	(717)	(1,070)	(1,276)	(319)	(348)
Amortisation	(1,723)	(2,042)	(2,740)	(685)	(757)
Profit before taxation	424	1,977	430	266	281
Taxation	(169)	(639)	(393)	(239)	(112)
Profit after taxation	255	1,338	37	27	169
Number of ordinary shares of RM1.00 each in issue ('000)	10,000	10,000	12,500	12,500	12,500
Earnings per share (sen)					
- Gross	4.24	19.77	3.44	2.13	2.25
- Net	2.55	13.38	0.30	0.22	1.35
Effective tax rate (%)	39.86	32.32	91.40	89.85	39.86
Gross margin (%)	8.89	30.18	19.12	18.43	23.11
Pre-tax profit margin (%)	5.51	12.73	2.42	6.05	5.50
Interest coverage ratio (times)	1.18	1.75	1.18	1.51	1.33
Gross dividend rate (%)	-	-	-	-	-
After-tax return on shareholders' funds (%)	3.26	14.60	0.32	0.23	1.42

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## **11. ACCOUNTANTS' REPORT**

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### **8.0 TIMREST SDN BHD (CONT'D)**

#### **8.1 Income Statements (Cont'd)**

##### **8.1.1 Notes to the Income Statements**

- (a) TR experienced an uptrend in revenue for the periods/years under review. This was mainly due to the increased matured plantation hectareage which gave better harvest. The increasing trend in average CPO price in years 2003 to 2004 also contributed to the significant rise in revenue.
- (b) TR managed to achieve pre-tax profits in years 2003 and 2004 due to the better CPO price and increased matured plantation hectareage as mentioned above. The decrease in pre-tax profit in 2005 was due to higher plantation expenditure (especially higher amortisation charges) incurred.
- (c) The effective tax rates for the periods/years under review were higher than the statutory tax rate due to the disallowances of certain expenses for taxation purposes. The tax provisions for the periods/years under review were in respect of the origination and reversal of temporary differences, except for 2005 which included both current and deferred tax.

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## 11. ACCOUNTANTS' REPORT

### 8.0 TIMREST SDN BHD (CONT'D)

#### 8.2 Balance Sheets

	Note	As at 30 June 2003 RM'000	< - As at 31 August - > 2004 RM'000	2005 RM'000	As at 30 Nov. 2005 RM'000
Property, plant and equipment		53,120	63,555	63,477	63,325
Deferred tax assets		2,796	2,158	1,772	1,660
Current assets	(a)	502	1,895	43,481	43,352
Current liabilities	(b)	21,887	40,170	18,028	17,466
Net current assets/(liabilities)		(21,385)	(38,275)	25,453	25,886
		34,531	27,438	90,702	90,871
Financed by:					
Share capital		10,000	10,000	12,500	12,500
Accumulated losses		(2,173)	(835)	(798)	(629)
Shareholders' funds		7,827	9,165	11,702	11,871
Deferred and long term liabilities		26,704	18,273	79,000	79,000
		34,531	27,438	90,702	90,871
Net tangible assets (RM'000)		7,827	9,165	11,702	11,871
Net tangible assets per share (RM)		0.78	0.92	0.94	0.95
Current ratio (times)		0.02	0.05	2.41	2.48
Total borrowings (RM'000)		29,272	30,311	88,100	88,000
Gearing ratio (times)		3.74	3.31	7.53	7.41

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## 11. ACCOUNTANTS' REPORT

### 8.0 TIMREST SDN BHD (CONT'D)

### 8.2 Balance Sheets (Cont'd)

#### 8.2.1 Notes to the Balance Sheets

##### (a) Current Assets

	Note	As at 30 June 2003 RM'000	As at 31 August 2004 RM'000	2005 RM'000	As at 30 Nov. 2005 RM'000
Inventories	(i)	311	697	1,377	2,214
Trade receivables	(ii)	117	159	-	-
Other receivables		74	1,039	41,904	40,416
Fixed deposits		-	-	200	200
Cash and bank balances		-	-	-	522
		502	1,895	43,481	43,352

##### (i) Inventories

	As at 30 June 2003 RM'000	As at 31 August 2004 RM'000	2005 RM'000	As at 30 Nov. 2005 RM'000
At cost: -				
Sundry stores and consumables	311	697	1,377	2,214
% of stock to cost of goods sold	*	*	*	*
Stock turnover period (days)	*	*	*	*

\* *TR sold all FFB produced during the years/periods and did not hold any FFB as at year ends. Computation of percentage of stock to cost of goods sold and stock turnover period is not applicable to non-trading inventories.*

##### (ii) Trade receivables

	As at 30 June 2003 RM'000	As at 31 August 2004 RM'000	2005 RM'000	As at 30 Nov. 2005 RM'000
Trade receivables	117	159	-	-
Less: Allowance for doubtful debts	-	-	-	-
	117	159	-	-
% of trade debtors to turnover	1.52	1.02	N/A	N/A
Trade debtors' turnover period (days)	5.55	3.74	N/A	N/A

## 11. ACCOUNTANTS' REPORT

### 8.0 TIMREST SDN BHD (CONT'D)

### 8.2 Balance Sheets (Cont'd)

#### 8.2.1 Notes to the Balance Sheets (Cont'd)

##### (b) Current Liabilities

	Note	As at 30 June 2003 RM'000	As at 31 August 2004 RM'000	2005 RM'000	As at 30 Nov. 2005 RM'000
Trade payables	(i)	2,602	5,901	2,705	2,252
Other payables and accruals		16,717	22,231	6,216	6,207
Short-term borrowings		2,568	12,038	9,100	9,000
Provision for taxation		-	-	7	7
		<u>21,887</u>	<u>40,170</u>	<u>18,028</u>	<u>17,466</u>

##### (i) Trade payables

	As at 30 June 2003 RM'000	As at 31 August 2004 RM'000	2005 RM'000	As at 30 Nov. 2005 RM'000
Trade payables	<u>2,602</u>	<u>5,901</u>	<u>2,705</u>	<u>2,252</u>
Trade creditors' turnover period (days)	<u>179.36</u>	<u>190.08</u>	<u>86.66</u>	<u>76.64</u>

Details of ageing analysis of trade payables of TR as at 30 November 2005 are as follows: -

	0 - 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 120 days RM'000	> 120 days RM'000	Total RM'000
Trade payables	<u>437</u>	<u>682</u>	<u>234</u>	<u>482</u>	<u>417</u>	<u>2,252</u>
% of total trade creditors	<u>19.41</u>	<u>30.28</u>	<u>10.39</u>	<u>21.40</u>	<u>18.52</u>	<u>100.00</u>

The normal trade credit terms available to RHP range from 30 to 120 days from date of invoice.

- (c) The net current liabilities position of TR in years 2003 and 2004 was mainly due to the additional funds required by TR to finance its plantation development expenditure. As such, TR had to resort to borrow monies from the followings: -

- (i) Banks; and
- (ii) Other companies in which certain directors and shareholders of TR have beneficial interests.

## 11. ACCOUNTANTS' REPORT

### 8.0 TIMREST SDN BHD (CONT'D)

#### 8.3 Statements of Changes in Equity

	Note	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000
<b>Balance at 1 July 2002</b>				
- As previously reported		10,000	(5,393)	4,607
- Prior year adjustment	(a)	-	2,965	2,965
- As restated		10,000	(2,428)	7,572
Net profit for the year, as restated		-	255	255
<b>Balance at 30 June 2003</b>		10,000	(2,173)	7,827
Net profit for the period		-	1,338	1,338
<b>Balance at 31 August 2004</b>		10,000	(835)	9,165
Issuance of shares		2,500	-	2,500
Net profit for the year		-	37	37
<b>Balance at 31 August 2005</b>		12,500	(798)	11,702
Net profit for the period		-	169	169
<b>Balance at 30 November 2005</b>		12,500	(629)	11,871

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## 11. ACCOUNTANTS' REPORT

### 8.0 TIMREST SDN BHD (CONT'D)

### 8.3 Statements of Changes in Equity (Cont'd)

#### 8.3.1 Notes to the Statements of Changes in Equity

- (a) During the financial period ended 31 August 2004, TR adopted its accounting policy with respect to the provision for deferred tax to comply with MASB 25: *Income Taxes*.

Under MASB 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, TR has commenced recognition of deferred tax assets for all deductible temporary differences, when it is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

The change in accounting policy has been applied retrospectively and comparatives have been restated. The effects of the change in accounting policy are as follows: -

	Year Ended 30 June 2003 RM'000	Period Ended 31 August 2004 RM'000
<i>Effects on accumulated losses: -</i>		
At beginning of year/period, as previously stated	(5,393)	(4,969)
Effects of adopting MASB 25	2,965	2,796
At beginning of the year/period, as restated	(2,428)	(2,173)
<i>Effects on net profit for the year/period: -</i>		
Net profit for the year/period, as previous stated	424	1,338
Effects of adopting MASB 25	(169)	-
Net profit for the year/period, as restated	255	1,338

Comparative amount as at 30 June 2003 has been restated as follows: -

	As previously stated RM'000	As restated RM'000
Deferred tax assets	-	2,796

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## 11. ACCOUNTANTS' REPORT

### 8.0 TIMREST SDN BHD (CONT'D)

#### 8.4 Cash Flow Statements

	Year Ended 30 June 2003 RM'000	14-month Period Ended 31 Aug. 2004 RM'000	Year Ended 31 Aug. 2005 RM'000	3-Month Period Ended 30 November 2004 2005 RM'000 RM'000 (unaudited)	
<b>Cash Flows from Operating Activities</b>					
Profit before taxation	424	1,977	430	266	281
Adjustments for: -					
Amortisation of plantation development expenditure	1,723	2,042	2,740	685	757
Depreciation of property, plant and equipment	717	1,070	1,276	319	348
Finance costs	99	2,377	2,177	483	856
Profit on disposal of property, plant and equipment	-	-	(22)	-	-
Operating profit before working capital changes	2,963	7,466	6,601	1,753	2,242
Increase in inventories	(111)	(386)	(681)	(165)	(836)
(Increase)/decrease in trade receivables	1	(42)	-	-	-
(Increase)/decrease in other receivables and deposits	(68)	(964)	(40,706)	(2,209)	1,488
Increase/(decrease) in trade payables	1,299	3,298	(3,196)	455	(453)
Increase/(decrease) in other payables and accruals	2,897	5,514	(16,015)	1,473	(9)
Cash generated from/(absorbed by) operations	6,981	14,886	(53,997)	1,307	2,432
Finance costs paid	(105)	(2,641)	(2,336)	(483)	(856)
Net cash provided by/(used in) operating activities	6,876	12,245	(56,333)	824	1,576
<b>Cash Flows from Investing Activities</b>					
Plantation development expenditure incurred	(2,873)	(6,498)	(1,548)	(321)	-
Purchase of property, plant and equipment*	(962)	(6,272)	(2,361)	(250)	(954)
Proceeds from disposal of property, plant and equip.	-	-	152	-	-
Net cash used in investing activities	(3,835)	(12,770)	(3,757)	(571)	(954)
<b>Cash Flows from Financing Activities</b>					
Net of drawdown and payment of borrowings	-	(3,000)	(25,000)	-	-
Repayment of hire purchase liabilities	(157)	(273)	(556)	(71)	-
Proceeds from issuance of Islamic Securities	-	-	88,000	-	-
Proceeds from issuance of shares	-	-	2,500	2,500	-
Fixed deposits pledged for banking facilities	-	-	(200)	-	-
Net cash provided by/(used in) financing activities	(157)	(3,273)	64,744	2,429	-
Net increase/(decrease) in cash and cash equivalents	2,884	(3,798)	4,654	2,682	622
Cash and cash equivalents brought forward	(3,840)	(956)	(4,754)	(4,754)	(100)
Cash and cash equivalents carried forward	(956)	(4,754)	(100)	(2,072)	522

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## 11. ACCOUNTANTS' REPORT

### 8.0 TIMREST SDN BHD (CONT'D)

#### 8.4 Cash Flow Statements (Cont'd)

	Year Ended 30 June 2003 RM'000	14-month Period Ended 31 Aug. 2004 RM'000	Year Ended 31 Aug. 2005 RM'000	3-Month Period Ended 30 November 2004 2005 RM'000 RM'000 (unaudited)	
<b>Cash and cash equivalents comprise: -</b>					
Cash and bank balances	-	-	-	-	522
Fixed deposits	-	-	200	-	200
Bank overdrafts	(956)	(4,754)	(100)	(2,072)	-
	(956)	(4,754)	100	(2,072)	722
Less: Fixed deposits pledged for banking facilities	-	-	(200)	-	(200)
	(956)	(4,754)	(100)	(2,072)	522

\* Analysis of purchase of property, plant and equipment: -

	Year Ended 30 June 2003 RM'000	14-month Period Ended 31 Aug. 2004 RM'000	Year Ended 31 Aug. 2005 RM'000	3-Month Period Ended 30 November 2004 2005 RM'000 RM'000 (unaudited)	
By way of cash	962	6,272	2,361	250	954
By way of hire purchase arrangements	336	513	-	-	-
Total	1,298	6,785	2,361	250	954

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**11. ACCOUNTANTS' REPORT****9.0 RIMBUNAN SAWIT HOLDINGS BERHAD****9.1 Income Statements**

	Period From 23 Sept. 2004 to 31 August 2005 RM	3-Month Period Ended 30 November 2005 RM
Revenue	-	-
Loss before interest, depreciation amortisation and taxation	(2,960)	(507)
Interest expenses	-	-
Depreciation	-	-
Amortisation	-	-
Loss before taxation	(2,960)	(507)
Taxation	-	-
Loss after taxation	(2,960)	(507)
Number of ordinary shares of RM1.00 each in issue	2	2
Loss per share (RM)		
- Gross	(1,480.00)	(253.50)
- Net	(1,480.00)	(253.50)
Effective tax rate (%)	-	-
Gross margin (%)	N/A	N/A
Pre-tax loss margin (%)	N/A	N/A
Interest coverage ratio (times)	N/A	N/A
Gross dividend rate (%)	-	-
After-tax return on shareholders' funds (%)	N/A	N/A

N/A Not applicable

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## 11. ACCOUNTANTS' REPORT

### 9.0 RIMBUNAN SAWIT HOLDINGS BERHAD (CONT'D)

#### 9.2 Balance Sheets

	As at 31 August 2005 RM	As at 30 November 2005 RM
Investment in subsidiary company	2	2
Current assets	-	-
Current liabilities	2,960	3,467
Net current liabilities	(2,960)	(3,467)
	(2,958)	(3,465)
Financed by:		
Share capital	2	2
Accumulated losses	(2,960)	(3,467)
Shareholders' funds	(2,958)	(3,465)
Net liabilities (RM)	(2,958)	(3,465)
Net liabilities per share (RM)	(1,479.00)	(1,732.50)
Current ratio (times)	-	-
Total borrowing (RM)	-	-
Gearing ratio (times)	-	-

#### 9.3 Statements of Changes in Equity

	Share Capital RM	Accumulated Losses RM	Total RM
<b>Balance at 23 September 2004</b>	-	-	-
Subscribers' shares	2	-	2
Net loss for the period	-	(2,960)	(2,960)
<b>Balance at 31 August 2005</b>	2	(2,960)	(2,958)
Net loss for the period	-	(507)	(507)
<b>Balance at 30 November 2005</b>	2	(3,467)	(3,465)



## 11. ACCOUNTANTS' REPORT

### 9.0 RIMBUNAN SAWIT HOLDINGS BERHAD (CONT'D)

#### 9.4 Cash Flow Statements

	Period From 23 Sept. 2005 to 31 August 2005 RM	3-Month Period Ended 30 November 2005 RM
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(2,960)	(507)
Operating loss before working capital changes	(2,960)	(507)
Increase in other payables and accruals	2,960	507
Net cash provided by operating activities	-	-
<b>Cash Flows from Investing Activities</b>		
Purchase of investment in subsidiary	(2)	-
Net cash used in investing activities	(2)	-
<b>Cash Flows from Financing Activities</b>		
Proceeds from subscribers' shares	2	-
Net cash provided by financing activities	2	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents brought forward	-	-
Cash and cash equivalents carried forward	-	-
<b>Cash and cash equivalents comprise: -</b>		
Cash and bank balances	-	-

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**11. ACCOUNTANTS' REPORT****10.0 MIDAS PLANTATION SDN BHD****10.1 Income Statements**

	Period From 8 Nov. 2004 to 31 August 2005 RM	3-Month Period Ended 30 November 2005 RM
Revenue	-	-
Profit before interest, depreciation amortisation and taxation	1,492,728	2,052,064
Interest expenses	(1,496,211)	(2,062,320)
Depreciation	-	-
Amortisation	-	-
Loss before taxation	(3,483)	(10,256)
Taxation	-	-
Loss after taxation	(3,483)	(10,256)
Number of ordinary shares of RM1.00 each in issue	2	2
Loss per share (RM)		
- Gross	(1,741.50)	(5,128.00)
- Net	(1,741.50)	(5,128.00)
Effective tax rate (%)	-	-
Gross margin (%)	N/A	N/A
Pre-tax loss margin (%)	N/A	N/A
Interest coverage ratio (times)	N/A	N/A
Gross dividend rate (%)	-	-
After-tax return on shareholders' funds (%)	N/A	N/A

N/A Not applicable

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**11. ACCOUNTANTS' REPORT****10.0 MIDAS PLANTATION SDN BHD (CONT'D)****10.2 Balance Sheets**

	As at 31 August 2005 RM	As at 30 November 2005 RM
Current assets	20,025,553	21,976,122
Current liabilities	20,029,034	21,989,859
Net current liabilities	(3,481)	(13,737)
	<u>(3,481)</u>	<u>(13,737)</u>
Financed by:		
Share capital	2	2
Accumulated losses	(3,483)	(13,739)
Shareholders' funds	<u>(3,481)</u>	<u>(13,737)</u>
Net liabilities (RM)	(3,481)	(13,737)
Net liabilities per share (RM)	(1,740.50)	(6,868.50)
Current ratio (times)	1.00	1.00
Total borrowings (RM)	-	-
Gearing ratio (times)	-	-

**10.3 Statements of Changes in Equity**

	Share Capital RM	Accumulated Losses RM	Total RM
<b>Balance at 8 November 2004</b>	-	-	-
Subscribers' shares	2	-	2
Net loss for the period	-	(3,483)	(3,483)
<b>Balance at 31 August 2005</b>	2	(3,483)	(3,481)
Net loss for the period	-	(10,256)	(10,256)
<b>Balance at 30 November 2005</b>	2	(13,739)	(13,737)

## 11. ACCOUNTANTS' REPORT

### 10.0 MIDAS PLANTATION SDN BHD (CONT'D)

#### 10.4 Cash Flow Statements

	Period From 8 Nov. 2005 to 31 August 2005 RM	3-Month Period Ended 30 November 2005 RM
<b>Cash Flows from Operating Activities</b>		
Loss before taxation	(3,483)	(10,256)
Adjustments for: -		
Ijarah income	(1,496,211)	(2,062,320)
Return payments	1,496,211	2,062,320
Operating loss before working capital changes	(3,483)	(10,256)
(Increase)/decrease in other receivables	(4,184)	200
Increase in other payables and accruals	18,614,193	10,056
Cash generated from operations	18,606,526	-
Profits received	37,485	27,073
Net cash provided by operating activities	18,644,011	27,073
<b>Cash Flows from Financing Activities</b>		
Proceeds from subscribers' shares	2	-
Bank balances held on trust for Islamic Securities Investors	(36,261)	36,054
Islamic deposits held on trust for Islamic Securities Investors	(18,607,750)	(63,127)
Net cash used in financing activities	(18,644,009)	(27,073)
Net increase in cash and cash equivalents	2	-
Cash and cash equivalents brought forward	-	2
Cash and cash equivalents carried forward	2	2
<b>Cash and cash equivalents comprise: -</b>		
Cash and bank balances	36,263	209
Islamic deposits	18,607,750	18,670,877
	18,644,013	18,671,086
Less: Bank balances held on trust for Islamic Securities Investors	(36,261)	(207)
Islamic deposits held on trust for Islamic Securities Investors	(18,607,750)	(18,670,877)
	2	2

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## 11. ACCOUNTANTS' REPORT

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### 11.0 SUBSEQUENT EVENTS

The Company proposed a listing scheme which has been approved by the relevant authorities. Details of which are set out in Section 2.3 above.

Pursuant to and in connection with the listing of and quotation for the entire enlarged issued and fully paid-up share capital of RSB on the Main Board of Bursa Securities, the Company undertook the following exercises subsequent to the last balance sheet date: -

- (a) On 8 February 2006, the Company acquired the entire issued and paid-up share capital in RHP for a total purchase consideration of RM43,467,904 by issuing 86,935,808 new ordinary shares of RM0.50 each to the existing shareholders of RHP;
- (b) On 8 February 2006, the Company acquired the entire issued and paid-up share capital in TR for a total purchase consideration of RM11,665,443 by issuing 23,330,886 new ordinary shares of RM0.50 each to the existing shareholders of TR; and
- (c) On 13 February 2006, the Company acquired the entire issued and paid-up share capital in RHSB for a total purchase consideration of RM2 by cash.

### 12.0 AUDITED FINANCIAL STATEMENTS

No audited financial statements of the RSB Group have been prepared in respect of any period subsequent to 30 November 2005.

Yours faithfully



**HII & LEE**  
AF 0123  
Chartered Accountants



**WONG CHING YONG**  
1296/4/08(J)  
Partner