

10. FINANCIAL INFORMATION

10.1 PROFORMA CONSOLIDATED INCOME STATEMENTS

The following table is a summary of our proforma consolidated income statements for the past 3 financial years ended 31 August 2005 and 3-month financial periods ended 30 November 2004 and 2005, and are prepared on the assumption that we have been in existence throughout the periods under review. The proforma consolidated income statements are prepared for illustrative purpose only and should be read in conjunction with the accompanying notes and assumptions set out in the Reporting Accountants' letter on the proforma consolidated financial information as set in Section 10.4 of this Prospectus.

	FY2003 RM'000	FY2004 RM'000	FY2005 RM'000	3-month financial periods ended 30 November	
				2004 RM'000	2005 RM'000
Revenue	73,133	97,589	92,481	24,449	24,238
Gross profit	25,374	34,432	27,905	7,702	7,806
Earnings before interest, taxation, depreciation and amortisation	27,163	35,779	32,057	8,600	9,869
Interest expense	(1,464)	(3,955)	(4,163)	(856)	(1,934)
Depreciation	(3,794)	(5,274)	(5,891)	(1,495)	(1,517)
Amortisation	(3,765)	(4,083)	(4,781)	(1,195)	(1,268)
PBT	18,140	22,467	17,222	5,054	5,150
Taxation	(5,209)	(2,155)	(4,111)	(1,294)	(1,384)
PAT	12,931	20,312	13,111	3,760	3,766
MI	-	-	-	-	-
PAT and MI	12,931	20,312	13,111	3,760	3,766
No. of Shares assumed to be in issue (‘000)	110,267	110,267	110,267	110,267	110,267
Gross profit margin (%)	34.7	35.3	30.2	31.5	32.2
PBT margin (%)	24.8	23.0	18.6	20.7	21.2
PAT margin (%)	17.7	20.8	14.2	15.4	15.5
Effective tax rate (%)	28.7	9.6	23.9	25.6	26.9
Gross EPS (sen)	16.45	20.38	15.62	4.58	4.67
Net EPS (sen)	11.73	18.42	11.89	3.41	3.42
Gross dividend rate (%)	-	-	-	-	-

10. FINANCIAL INFORMATION

Notes to the Proforma Consolidated Income Statements

1. Basis of preparation:-

Our Proforma Consolidated Income Statements for the past 3 financial years ended 31 August 2005 and 3-month financial periods ended 30 November 2004 and 2005 are provided for illustrative purpose only and have been prepared:-

- (i) based on the audited financial statements of RSB, RHP, TR, RSHB and MP (except for the 3-month financial period ended 30 November 2004) after making such adjustments considered necessary and on the assumption that we have been in existence throughout the periods under review;
- (ii) in compliance with applicable approved accounting standards in Malaysia; and
- (iii) based on the accounting policies and bases which are consistent with those adopted by our Group in the preparation of our audited financial statements throughout the periods under review.

2. The number of Shares assumed to be in issue is based on our issued and paid-up share capital after the Acquisitions but before the Public Issue.

3. There were no exceptional or extraordinary items throughout the periods under review.

4. Our gross EPS and net EPS are calculated by dividing the PBT and PAT respectively by the number of Shares assumed in issue.

5. The financial year of TR was not coterminous with the financial year of our Company prior to FY2004.

6. Our audited financial statements for the past 3 financial years and 3-month financial period ended 30 November 2005 under review were reported without any audit qualifications.

7. Our financial statements for the 3-month financial period ended 30 November 2004 are not audited and are provided for comparison only.

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10. FINANCIAL INFORMATION

10.2 PROFORMA CONSOLIDATED CASHFLOW STATEMENTS

The proforma consolidated cashflow statements for the 3-month financial periods ended 30 November 2004 and 2005 as set out below are prepared to show the effects of the Listing Scheme on the assumption that it had been completed on 30 November 2005 and that we have been in existence throughout the periods under review. The proforma consolidated cashflow statements are prepared for illustrative purpose only and should be read in conjunction with the accompanying notes and assumptions set out in the Reporting Accountants' letter on the proforma consolidated financial information as set in Section 10.4 of this Prospectus.

	< -- Proforma Group -- >	
	3-month financial periods	
	ended 30 November	
	2004	2005
	RM'000	RM'000
Cashflows from Operating Activities		
PBT	5,054	5,150
Adjustments for:-		
- Amortisation of plantation development expenditure	1,195	1,268
- Depreciation of property, plant and equipment	1,473	1,517
- Finance costs	856	1,934
- Interest income	-	(928)
Operating profit before working capital changes	8,578	8,941
- Increase in inventories	(612)	(3,486)
- Decrease / (Increase) in trade receivables	183	(1,741)
(Increase) / Decrease in other receivables, deposits and prepayments	(15,173)	38,936
- Increase in trade payables	702	302
- Increase / (Decrease) in other payables and accruals	13,759	(3,656)
Cash generated from operations	7,437	39,296
- Tax paid	-	(639)
- Finance costs paid	(856)	-
- Interest/profits received	-	955
Net cashflows from operating activities	6,581	39,612
Cashflows from Investing Activities		
- Plantation development expenditure incurred	(321)	-
- Purchase of property, plant and equipment	(825)	(4,117)
- Proceeds from disposal of property, plant and equipment	-	1
Net cashflows used in investing activities	(1,146)	(4,116)

10. FINANCIAL INFORMATION

	< -- Proforma Group -- >	
	3-month financial periods	
	ended 30 November	
	2004	2005
	RM'000	RM'000
Cashflows from Financing Activities		
- Proceeds from the Public Issue	-	18,000
- Payment of listing expenses	-	(2,500)
- Net of drawdown and payment of borrowings	(9,311)	(3,015)
- Repayment of hire purchase liabilities	(130)	-
- Bank balances held on trust for Islamic Securities' investors	-	36
- Islamic deposits held on trust for Islamic Securities' investors	-	(63)
- Fixed deposits pledged for banking facilities	-	(19)
Net cashflows (used in) / from financing activities	<u>(9,441)</u>	<u>12,439</u>
Net (decrease) / increase in cash and cash equivalents	(4,006)	47,935
Cash and cash equivalents at the beginning of the period	(2,604)	43,900
Cash and cash equivalents at the end of the period	<u>(6,610)</u>	<u>91,835</u>
Cash and cash equivalents comprise: -		
Cash and bank balances	3	91,835
Fixed deposits	-	18,890
Bank overdrafts	(6,613)	-
	<u>(6,610)</u>	<u>110,725</u>
Less: Islamic deposits held on trust for Islamic Securities' investors	-	(18,671)
Fixed deposits pledged for banking facilities	-	(219)
	<u>(6,610)</u>	<u>91,835</u>

Notes to the Proforma Consolidated Cashflow Statements

Our Proforma Consolidated Cashflow Statements for the 3-month financial periods ended 30 November 2004 and 2005 are provided for illustrative purpose only and have been prepared:-

- (i) based on the audited financial statements of RSB, RHP, TR, RSHB and MP (except for the 3-month financial period ended 30 November 2004) after making such adjustments considered necessary and on the assumption that we have been in existence throughout the periods under review;
- (ii) in compliance with applicable approved accounting standards in Malaysia; and
- (iii) based on the accounting policies and bases which are consistent with those adopted by our Group in the preparation of our audited financial statements throughout the periods under review.

In addition, our consolidated cashflow statement for the 3-month financial period ended 30 November 2004 is not audited and is provided for comparison only.

10. FINANCIAL INFORMATION

10.3 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENT OF ASSETS AND LIABILITIES

The proforma consolidated balance sheets / statement of assets and liabilities as at 31 August 2005 and 30 November 2005 set out below are prepared to show the effects of the Listing Scheme on the assumption that it had been completed on 31 August 2005 and 30 November 2005 and that we have been in existence throughout the periods under review. The proforma consolidated balance sheets / statement of assets and liabilities are prepared for illustrative purpose only and should be read in conjunction with the accompanying notes and assumptions set out in the ensuing pages and in the Reporting Accountants' letter on the proforma consolidated financial information as set in Section 10.4 of this Prospectus.

	Company < ----- Proforma Group as at ----- > < ----- 30 November 2005 ----- > 31 August 2005			
	Audited RM'000	Proforma I After Acquisitions RM'000	Proforma II After Proforma I and IPO RM'000	After Proforma II RM'000
NON-CURRENT ASSETS				
Property, plant and equipment	-	122,425	122,425	123,099
CURRENT ASSETS				
Inventories	-	6,860	6,860	3,374
Trade debtors	-	2,724	2,724	983
Other debtors, deposit and prepayment	-	2,916	2,916	3,442
Fixed deposits	-	18,890	18,890	56,898
Cash and bank balances	#	76,335	91,835	55,937
	#	107,725	123,225	120,634
CURRENT LIABILITIES				
Trade creditors	-	11,011	11,011	10,709
Other creditors and accruals	77	9,657	9,657	8,379
Borrowings	-	15,000	15,000	18,263
Provision for taxation	-	7	7	7
	77	35,675	35,675	37,358
NET CURRENT (LIABILITIES) / ASSETS	(77)	72,050	87,550	83,276
DEFERRED / LONG-TERM LIABILITIES				
Borrowings	-	128,000	128,000	128,000
Deferred tax liabilities	-	7,466	7,466	7,629
	-	135,466	135,466	135,629
	(77)	59,009	74,509	70,746
CAPITAL AND RESERVES				
Share capital	#	55,133	64,133	64,133
Share premium	-	-	*6,500	*6,500
(Accumulated losses) / Retained profits	(77)	3,876	3,876	113
Shareholders' (deficit) / funds	(77)	59,009	74,509	70,746
(NL) / NTA	(77)	59,009	74,509	70,746
(NL) / NTA per Share (RM)	(729.24)	0.54	0.58	0.55

10. FINANCIAL INFORMATION

Notes:-

Denotes RM53.

* After deducting estimated listing expenses of RM2,500,000.

Notes to the Proforma Consolidated Balance Sheets

1. Basis of preparation:-

Our Proforma Consolidated Balance Sheets as at 31 August 2005 and 30 November 2005 are provided for illustrative purpose only and have been prepared:-

- (i) based on the audited financial statements of RSB, RHP, TR, RSHB and MP as at 31 August 2005 and 30 November 2005 after making such adjustments considered necessary, as set out below, and on the assumption that we have been in existence throughout the periods under review;
- (ii) in compliance with applicable approved accounting standards in Malaysia; and
- (iii) based on the accounting policies and bases which are consistent with those adopted by our Group in the preparation of our audited financial statements throughout the periods under review.

2. Our Proforma Consolidated Balance Sheets as at 31 August 2005 and 30 November 2005 are prepared on the basis as set out in Note 1 above after incorporating the following transactions on the assumptions that they have been effected on 31 August 2005 and 30 November 2005 respectively:-

Proforma I: The Acquisitions

Proforma I incorporates:-

- (i) The acquisition of the entire issued and paid-up share capital in RHP for a 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. The acquisition was completed on 8 February 2006.
- (ii) The acquisition of the entire issued and paid-up share capital in TR for a 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. The acquisition was completed on 8 February 2006.
- (iii) The acquisition of the entire issued and paid-up share capital in RSHB for a cash consideration of RM2.00. The acquisition was completed on 13 February 2006. RSHB has a wholly-owned subsidiary company, namely MP, which had in July 2005 issued the Islamic Securities comprising the following:-
 - RM93,000,000 under Sukuk Ijarah; and
 - RM50,000,000 under Sukuk Ijarah commercial papers ("CP") / medium term notes ("MTN").
- (iv) The acquisition by RHP from Suria Permata Sdn Bhd on 30 December 2005 of 2 adjoining 4-storey shophouses measuring approximately 422.2 sq. meter identified as Sublots 52 and 53 within Lots 650 and 520, Block 10, Sibul Town District, Sarawak for a cash consideration of RM2,005,000.

10. FINANCIAL INFORMATION

- (v) The payment of a final tax exempt dividend of 30% amounting to RM2,999,700 by RHP to its existing shareholders which was paid on 6 February 2006.
- (vi) Full cash settlement of all outstanding balances owed by our related parties to our Group amounting to approximately RM80.8 million.

Proforma II: The IPO

Proforma II is stated after Proforma I and incorporates the effects of the following:-

- (i) Offer for sale of 33,500,000 ordinary shares of RM0.50 each by way of private placement to Bumiputera investors approved by the MITI at an offer price of RM1.00 per share.
- (ii) Public issue of 18,000,000 new RSB Shares at an issue price of RM1.00 per ordinary share comprising:-
 - (a) 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;
 - (b) 7,000,000 new RSB Shares available for application by the Malaysian public; and
 - (c) 3,000,000 new RSB Shares available for application by our eligible Directors and employees.

The gross proceeds of RM18,000,000 which will be raised by us from the Public Issue will be utilised in the following manner:-

	RM'000
Working capital requirements for our Group	15,500
Estimated listing expenses	2,500
Total	18,000

3. Share Capital and Share Premium

The movements in our share capital and share premium as at 30 November 2005 after taking into account the above transactions are as follows:-

	Share Capital RM'000	Share Premium RM'000	Total RM'000
As at 30 November 2005	*	-	*
Arising pursuant to the Acquisitions	55,133	-	55,133
Proforma I	55,133	-	55,133
Public Issue	9,000	9,000	18,000
Estimated listing expenses	-	(2,500)	(2,500)
Proforma II	64,133	6,500	70,633

Note:-

* Represents RM53.00.

10. FINANCIAL INFORMATION

4. Proforma consolidated NTA and NTA per share

Based on our Proforma Consolidated Statement of Assets and Liabilities as at 30 November 2005, our proforma consolidated NTA and NTA per Share as at 30 November 2005 are set out below:-

	RM'000
Proforma consolidated NTA of RSB as at 30 November 2005	59,009
Add: Gross proceeds from the Public Issue	18,000
Less: Estimated listing expenses	<u>(2,500)</u>
Proforma consolidated NTA of RSB after the Listing	<u>74,509</u>
Number of RSB Shares in issue as at 30 November 2005	*
Add: Issuance of new RSB Shares pursuant to the Acquisitions ('000)	110,267
Add: Issuance of new RSB Shares pursuant to the Public Issue ('000)	18,000
Number of RSB Shares assumed to be in issue ('000)	<u>128,267</u>
Proforma consolidated NTA per RSB Share (RM)	<u>0.58</u>

* *Represents 106 Shares.*

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10. FINANCIAL INFORMATION

10.4 REPORTING ACCOUNTANTS' LETTER ON PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)



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

■ Address	■ Telephone	■ Facsimile	■ Email
2nd Floor, No. 1, Lorong Pahlawan 7A2 Jalan Pahlawan P. O. Box 505 96007 Sibul, Sarawak.	084-211777(4 lines)	084-216622	hii_lee@tm.net.my

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

RIMBUNAN SAWIT BERHAD PROFORMA CONSOLIDATED FINANCIAL INFORMATION

This report has been prepared for inclusion in the Prospectus to be dated 31 May 2006 in connection with the listing of and quotation for the entire enlarged issued and paid-up share capital of Rimbunan Sawit Berhad (hereinafter referred to as "RSB" or "the Company") comprising 128,266,800 ordinary shares of RM0.50 each on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), as follows: -

- (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"); and
- (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 by way of private placement to the identified investors, including 5,000,000 new ordinary shares of RM0.50 each to Bumiputera investors approved by the MITI;
 - (ii) 7,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public; and
 - (iii) 3,000,000 new ordinary shares of RM0.50 each reserved for eligible Directors and employees of the Company and its subsidiary companies (the "RSB Group" or the "Proforma Group").

We report on the Proforma Consolidated Financial Information (as defined below) of the RSB Group as set out below: -

- (a) The Proforma Consolidated Income Statements of the RSB Group for the past 3 financial years ended 31 August 2003, 2004 and 2005 and 3-month financial periods ended 30 November 2004 and 2005;

10. FINANCIAL INFORMATION

- (b) The Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities of the RSB Group as at 31 August 2005 and 30 November 2005; and
- (c) The Proforma Consolidated Cashflow Statements of the RSB Group for the 3-month financial periods ended 30 November 2004 and 2005.

(The above-mentioned are collectively known as the "Proforma Consolidated Financial Information").

The Proforma Consolidated Financial Information has been prepared for illustrative purposes only on the assumption that the RSB Group had been in existence throughout the financial periods/years under review. In addition, the Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities of the RSB Group as at 31 August 2005 and 30 November 2005 and the Proforma Consolidated Cashflow Statements of the RSB Group for the 3-month financial period ended 30 November 2005 have been prepared on the assumption that the listing scheme (as disclosed in Note 4.2 to the Proforma Consolidated Financial Information) had been completed on 31 August 2005 and 30 November 2005 respectively (where applicable).

In our opinion,

- (a) the Proforma Consolidated Financial Information has been properly prepared: -
 - (i) on the basis of preparation as stated in Note 4.4 to the Proforma Consolidated Financial Information and such basis is consistent with the accounting policies adopted by the RSB Group; and
 - (ii) based on the audited and unaudited (for the comparative interim results) financial statements of the RSB Group throughout the financial periods/years under review and such financial statements have been prepared in accordance with the applicable approved accounting standards issued by the Malaysian Accounting Standards Board; and
- (b) each material adjustment made to the information used in the preparation of the Proforma Consolidated Financial Information is appropriate for the purpose of preparing such financial information.

Yours faithfully



HII & LEE
AF 0123
Chartered Accountants



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

10. FINANCIAL INFORMATION

1.0 PROFORMA CONSOLIDATED INCOME STATEMENTS

The Proforma Consolidated Income Statements of the RSB Group for the past 3 financial years ended 31 August 2003 to 2005 and the 3-month financial periods ended 30 November 2004 and 2005 are set out below after making such adjustments as we considered necessary on the assumption that the RSB Group had been in existence throughout the financial periods/years under review.

	< ----- Proforma Group ----- >				
	< -- Year Ended 31 August -- >			3-Month Period	
	2003	2004	2005	*2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	73,133	97,589	92,481	24,449	24,238
Cost of sales	(47,759)	(63,157)	(64,576)	(16,747)	(16,432)
Gross profit	25,374	34,432	27,905	7,702	7,806
Other operating income	34	57	1,194	24	1,021
Distribution costs	(4,912)	(7,018)	(5,713)	(1,604)	(1,518)
Administrative and other expenses	(892)	(1,049)	(2,001)	(212)	(225)
Profit from operations	19,604	26,422	21,385	5,910	7,084
Finance costs	(1,464)	(3,955)	(4,163)	(856)	(1,934)
Profit before taxation	18,140	22,467	17,222	5,054	5,150
Taxation	(5,209)	(2,155)	(4,111)	(1,294)	(1,384)
Profit for the financial period/year	12,931	20,312	13,111	3,760	3,766
Earnings per share (sen)#					
- Gross	16.45	20.38	15.62	4.58	4.67
- Net	11.73	18.42	11.89	3.41	3.42

* The Proforma Consolidated Income Statement for the 3-month financial period ended 30 November 2004 is not audited and is included for comparison purpose only.

The Proforma earnings per share were computed based on 110,266,800 RSB Shares, being the number of issued and paid-up capital of RSB after the Acquisitions but before the Public Issue.

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10. FINANCIAL INFORMATION

1.0 PROFORMA CONSOLIDATED INCOME STATEMENTS (CONT'D)

1.1 Proforma Adjustments to the Proforma Consolidated Income Statements

Details of the Proforma adjustments made to the audited income statements of the RSB Group for the 3 financial years ended 31 August 2003 to 2005 and the 3-month financial periods ended 30 November 2004 and 2005 are set out below.

	< ----- Proforma Group ----- >				
	< -- Year Ended 31 August -- >			3-Month Period	
	2003	2004	2005	2004	2005
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Proforma consolidated results before Proforma I and II	80,828	113,124	110,271	28,844	29,348
Proforma adjustments ⁽¹⁾	(7,695)	(15,535)	(17,790)	(4,395)	(5,110)
Proforma consolidated results after Proforma I and II	<u>73,133</u>	<u>97,589</u>	<u>92,481</u>	<u>24,449</u>	<u>24,238</u>
Cost of sales					
Proforma consolidated results before Proforma I and II	55,454	78,692	82,366	21,142	21,542
Proforma adjustments ⁽¹⁾	(7,695)	(15,535)	(17,790)	(4,395)	(5,110)
Proforma consolidated results after Proforma I and II	<u>47,759</u>	<u>63,157</u>	<u>64,576</u>	<u>16,747</u>	<u>16,432</u>
Other operating income					
Proforma consolidated results before Proforma I and II	34	57	2,690	24	3,083
Proforma adjustments ⁽²⁾	-	-	(1,496)	-	(2,062)
Proforma consolidated results after Proforma I and II	<u>34</u>	<u>57</u>	<u>1,194</u>	<u>24</u>	<u>1,021</u>
Finance costs					
Proforma consolidated results before Proforma I and II	1,464	3,955	5,659	856	3,996
Proforma adjustments ⁽²⁾	-	-	(1,496)	-	(2,062)
Proforma consolidated results after Proforma I and II	<u>1,464</u>	<u>3,955</u>	<u>4,163</u>	<u>856</u>	<u>1,934</u>

Proforma I – After Acquisitions of RHP, TR and RSHB

Proforma II – After Proforma I and the Public Issue

Notes to the Proforma Adjustments: -

(1) Elimination of inter-company sales of fresh fruit bunches ("FFB").

(2) Elimination of Ijarah payments on Islamic Securities made to a fellow subsidiary company.

10. FINANCIAL INFORMATION

2.0 PROFORMA CONSOLIDATED CASH FLOW STATEMENTS

The Proforma Consolidated Cash Flow Statements of the RSB Group for the 3-month financial periods ended 30 November 2004 and 2005 are set out below on the assumption that the RSB Group had been in existence throughout the financial periods/years. In addition, the Proforma Consolidated Cash Flow Statement of the RSB Group for the 3-month financial period ended 30 November 2005 is set out on the assumption the listing scheme detailed in Note 4.2 to the Proforma Consolidated Financial Information had been completed on 30 November 2005.

	Proforma Group 3-Month Period Ended 30 November	
	*2004 RM'000	#2005 RM'000
Cash Flows from Operating Activities		
Profit before taxation	5,054	5,150
Adjustments for: -		
Amortisation of plantation development expenditure	1,195	1,268
Depreciation of property, plant and equipment	1,473	1,517
Finance costs	856	1,934
Interest income	-	(928)
Operating profit before working capital changes	8,578	8,941
Increase in inventories	(612)	(3,486)
(Increase)/decrease in trade receivables	183	(1,741)
(Increase)/decrease in other receivables, deposits & prepayments	(15,173)	38,936
Increase in trade payables	702	302
Increase/(decrease) in other payables and accruals	13,759	(3,656)
Cash generated from operations	7,437	39,296
Tax paid	-	(639)
Finance costs paid	(856)	-
Interest/profits received	-	955
Net cash provided by operating activities	6,581	39,612
Cash Flows from Investing Activities		
Plantation development expenditure incurred	(321)	-
Purchase of property, plant and equipment	(825)	(4,117)
Proceeds from disposal of property, plant and equipment	-	1
Net cash used in investing activities	(1,146)	(4,116)
Cash Flows from Financing Activities		
Proceeds from the public issue	-	18,000
Payment of listing expenses	-	(2,500)
Net of drawdown and payment of borrowings	(9,311)	(3,015)
Repayment of hire purchase liabilities	(130)	-
Bank balances held on trust for Islamic Securities Investors	-	36
Islamic deposits held on trust for Islamic Securities Investors	-	(63)
Fixed deposits pledged for banking facilities	-	(19)
Net cash provided by/(used in) financing activities	(9,441)	12,439

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2.0 PROFORMA CONSOLIDATED CASH FLOW STATEMENTS (CONT'D)

	Proforma Group 3-Month Period Ended 30 November	
	*2004 RM'000	#2005 RM'000
Net increase/(decrease) in cash and cash equivalents	(4,006)	47,935
Cash and cash equivalents at beginning of financial period	(2,604)	43,900
Cash and cash equivalents at end of financial period	(6,610)	91,835
Cash and cash equivalents comprise: -		
Cash and bank balances	3	91,835
Fixed deposits	-	18,890
Bank overdrafts	(6,613)	-
	(6,610)	110,725
Less: Islamic deposits held on trust for Islamic Securities Investors	-	(18,671)
Fixed deposits pledged for banking facilities	-	(219)
	(6,610)	91,835

* *The Proforma Consolidated Cashflow Statement for the 3-month financial period ended 30 November 2004 is not audited and is included for comparison purpose only.*

After Proforma I and II.

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10. FINANCIAL INFORMATION

3.0 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENTS OF ASSETS AND LIABILITIES

The Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities of the RSB Group as at 31 August 2005 and 30 November 2005 are set out below on the assumptions that the RSB Group had been in existence throughout the financial periods/years under review and that the listing scheme as detailed in Note 4.2 to the Proforma Consolidated Financial Information had been completed on 31 August 2005 and 30 November 2005, respectively.

	Notes	< ----- Proforma Group ----- >	
		As at 31 August 2005 RM'000	As at 30 November 2005 RM'000
Property, plant and equipment	4.6	123,099	122,425
<u>Current Assets</u>			
Inventories	4.7	3,374	6,860
Trade debtors	4.8	983	2,724
Other debtors, deposits and prepayments	4.9	3,442	2,916
Cash and bank balances	4.10	55,937	91,835
Fixed deposits	4.11	56,898	18,890
		<u>120,634</u>	<u>123,225</u>
<u>Current Liabilities</u>			
Trade creditors	4.12	10,709	11,011
Other creditors and accruals	4.13	8,379	9,657
Borrowings	4.14	18,263	15,000
Provision for taxation		7	7
		<u>37,358</u>	<u>35,675</u>
Net current assets		<u>83,276</u>	<u>87,550</u>
		<u>206,375</u>	<u>209,975</u>
Financed by:			
Share capital	4.15	64,133	64,133
Share premium	4.16	6,500	6,500
Retained profits		113	3,876
		<u>70,746</u>	<u>74,509</u>
<u>Deferred and Long Term Liabilities</u>			
Borrowings	4.14	128,000	128,000
Deferred tax liabilities	4.17	7,629	7,466
		<u>135,629</u>	<u>135,466</u>
		<u>206,375</u>	<u>209,975</u>
Net tangible assets		<u>70,746</u>	<u>74,509</u>
Net tangible assets per share (RM)		<u>0.55</u>	<u>0.58</u>

Notes: -

- (a) The Proforma Consolidated Balance Sheet / Statement of Assets and Liabilities of the RSB Group as at 30 November 2005 should be read in conjunction with the notes/details as set out in Note 4.0 to the Proforma Consolidated Financial Information below.
- (b) The Proforma Consolidated Balance Sheet / Statement of Assets and Liabilities of the RSB Group as at 31 August 2005 is included for comparison purpose only.

10. FINANCIAL INFORMATION**3.0 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)****3.1 Proforma Adjustments to the Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities**

Details of the Proforma adjustments made to the Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities of the RSB Group as at 31 August 2005 and 30 November 2005 are set out below.

3.1.1 As at 31 August 2005

	RSB Audited as at 31 August 2005	Subsidiaries Audited as at 31 August 2005	Consolidated Before Proforma I and II	Proforma I Adjustments	Proforma I After Acquisitions	Proforma II Adjustments	Proforma II After Proforma I and IPO
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	121,094	121,094	2,005 ⁽¹⁾	123,099		123,099
<u>Current Assets</u>							
Inventories	-	3,374	3,374		3,374		3,374
Trade debtors	-	983	983		983		983
Other debtors, deposits and prepayments	-	86,679	86,679	(83,237) ⁽²⁾	3,442		3,442
Cash and bank balances	#	6,094	6,094	34,343 ⁽³⁾	40,437	15,500 ⁽⁶⁾	55,937
Fixed deposits	-	56,898	56,898		56,898		56,898
	#	154,028	154,028		105,134		120,634
<u>Current Liabilities</u>							
Trade creditors	-	10,709	10,709		10,709		10,709
Other creditors and accruals	75	52,193	52,268	(43,889) ^{(2)(a)}	8,379		8,379
Borrowings	-	18,263	18,263		18,263		18,263
Provision for taxation	-	7	7		7		7
	75	81,172	81,247		37,358		37,358
	(75)	72,856	72,781		67,776		83,276
Net current assets/(liabilities)	(75)	193,950	193,875		190,875		206,375

10. FINANCIAL INFORMATION**3.0 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)****3.1 Proforma Adjustments to the Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities (Cont'd)****3.1.1 As at 31 August 2005 (Cont'd)**

	RSB Audited as at 31 August 2005	Subsidiaries Audited as at 31 August 2005	Consolidated Before Proforma I and II	Proforma I		Proforma II	
				Proforma I Adjustments	After Acquisitions	Proforma II Adjustments	After Proforma I and IPO
	RM'000	RM'000	RM'000	As at 31 August 2005 RM'000	As at 31 August 2005 RM'000	RM'000	RM'000
Financed by:							
Share capital	#	22,499	22,499	32,634 ⁽⁴⁾	55,133	9,000 ⁽⁷⁾	64,133
Share premium	-	-	-	-	-	6,500 ⁽⁸⁾	6,500
Retained profits/(accumulated losses)	(75)	35,822	35,747	(35,634) ⁽⁵⁾	113	-	113
	(75)	58,321	58,246		55,246		70,746
<u>Deferred & Long Term Liabilities</u>							
Borrowings	-	128,000	128,000		128,000		128,000
Deferred tax liabilities	-	7,629	7,629		7,629		7,629
	-	135,629	135,629		135,629		135,629
	(75)	193,950	193,875		190,875		206,375
Net tangible assets/(net liabilities)	(75)	58,321	58,246		55,246		70,746
Net tangible assets/(net liabilities) per share (RM)	(707.55)	N/A	N/A		0.50		0.55
#							

Denotes RM53.

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10. FINANCIAL INFORMATION**3.0 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)****3.1 Proforma Adjustments to the Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities (Cont'd)****3.1.2 As at 30 November 2005**

	RSB Audited as at 30 November 2005	Subsidiaries Audited as at 30 November 2005	Consolidated Before Proforma I and II	Proforma I		Proforma II	
				As at 30 November 2005 Adjustments	After Acquisitions	As at 30 November 2005 Adjustments	After Proforma I and IPO
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	120,420	120,420	2,005 ⁽¹⁾	122,425		122,425
<u>Current Assets</u>							
Inventories	-	6,860	6,860		6,860		6,860
Trade debtors	-	2,724	2,724		2,724		2,724
Other debtors, deposits and prepayments	-	129,118	129,118	(126,202) ⁽²⁾	2,916		2,916
Cash and bank balances	#	533	533	75,802 ⁽³⁾	76,335	15,500 ⁽⁶⁾	91,835
Fixed deposits	-	18,890	18,890		18,890		18,890
	#	158,125	158,125		107,725		123,225
<u>Current Liabilities</u>							
Trade creditors	-	11,011	11,011		11,011		11,011
Other creditors and accruals	77	54,975	55,052	(45,395) ⁽²⁾⁽⁶⁾	9,657		9,657
Borrowings	-	15,000	15,000		15,000		15,000
Provision for taxation	-	7	7		7		7
	77	80,993	81,070		35,675		35,675
	(77)	77,132	77,055		72,050		87,550
	(77)	197,552	197,475		194,475		209,975
Net current assets/(liabilities)							

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10. FINANCIAL INFORMATION**3.0 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)****3.1 Proforma Adjustments to the Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities (Cont'd)****3.1.2 As at 30 November 2005 (Cont'd)**

	RSB Audited as at 30 November 2005	Subsidiaries Audited as at 30 November 2005	Consolidated Before Proforma I and II	Proforma I		Proforma II	
				Adjustments	After Acquisitions	Adjustments	After Proforma I and IPO
	RM'000	RM'000	RM'000	As at 30 November 2005	RM'000	RM'000	RM'000
Financed by:							
Share capital	#	22,499	22,499	32,634 ⁽⁴⁾	55,133	9,000 ⁽⁷⁾	64,133
Share premium	-	-	-	-	-	6,500 ⁽⁸⁾	6,500
Retained profits/(accumulated losses)	(77)	39,587	39,510	(35,634) ⁽⁵⁾	3,876		3,876
	(77)	62,086	62,009		59,009		74,509
Deferred & Long Term Liabilities							
Borrowings	-	128,000	128,000		128,000		128,000
Deferred tax liabilities	-	7,466	7,466		7,466		7,466
	-	135,466	135,466		135,466		135,466
	(77)	197,552	197,475		194,475		209,975
Net tangible assets/(net liabilities)	(77)	62,086	62,009		59,009		74,509
Net tangible assets/(net liabilities) per share (RM)	(726.42)	N/A	N/A		0.54		0.58

Denotes RM53.

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10. FINANCIAL INFORMATION

3.0 PROFORMA CONSOLIDATED BALANCE SHEETS / STATEMENTS OF ASSETS AND LIABILITIES (CONT'D)

3.1 Proforma Adjustments to the Proforma Consolidated Balance Sheets / Statements of Assets and Liabilities (Cont'd)

Notes to the Proforma Adjustments: -

Proforma I: the Acquisitions

	<i>As at August 2005 RM'000</i>	<i>As at November 2005 RM'000</i>
(1) <i>Acquisition of property</i>	2,005	2,005
(2) (a) <i>Elimination of inter-company balances</i>	43,889	45,395
(b) <i>Settlement by related parties of non-trade debts</i>	39,348	80,807
	<u>83,237</u>	<u>126,202</u>
(3) <i>Cash received from/(paid for): -</i>		
(a) <i>Acquisition of property</i>	(2,005)	(2,005)
(b) <i>Settlement by related parties of non-trade debts</i>	39,348	80,807
(c) <i>Proposed final dividends paid to existing shareholders of RHP</i>	(3,000)	(3,000)
	<u>34,343</u>	<u>75,802</u>
(4) (a) <i>Acquisitions of RHP and TR by the issuance of new RSB Shares</i>	55,133	55,133
(b) <i>Elimination of cost of investments in subsidiaries</i>	(22,499)	(22,499)
	<u>32,634</u>	<u>32,634</u>
(5) (a) <i>Proposed final dividends paid to existing shareholders of RHP</i>	3,000	3,000
(b) <i>Elimination of pre-acquisition profits in subsidiaries</i>	32,634	32,634
	<u>35,634</u>	<u>35,634</u>

Proforma II: the Public Issue

(6) (a) <i>Gross proceeds received from the Public Issue</i>	18,000	18,000
(b) <i>Payment of estimated listing expenses</i>	(2,500)	(2,500)
	<u>15,500</u>	<u>15,500</u>
(7) <i>Public issue of 18,000,000 new RSB Shares</i>	<u>9,000</u>	<u>9,000</u>
(8) (a) <i>Share premium arising from the Public Issue</i>	9,000	9,000
(b) <i>Estimated listing expenses written off against share premium</i>	(2,500)	(2,500)
	<u>6,500</u>	<u>6,500</u>

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

4.1 General Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at No. 66-78, Pusat Suria Permata, Jalan Upper Lanang 12A, 96000 Sibu, Sarawak.

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiary companies are disclosed in Note 4.3.

The Proforma Group's consolidated financial information was compiled based on the listing scheme detailed below.

4.2 Listing Scheme

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

The details of the listing scheme are as follows: -

- (a) The acquisition of the entire issued and paid-up share capital in R.H. Plantation Sdn Bhd ("RHP") for a 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;

The acquisition was completed on 8 February 2006.

- (b) The acquisition of the entire issued and paid-up share capital in Timrest Sdn Bhd ("TR") for a 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;

The acquisition was completed on 8 February 2006.

- (c) The acquisition of the entire issued and paid-up share capital in Rimbunan Sawit Holdings Berhad ("RSHB") for a purchase consideration of RM2 wholly satisfied in cash.

The acquisition was completed on 13 February 2006.

- (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;

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10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.2 Listing Scheme (Cont'd)

- (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:-
- (i) 8,000,000 new ordinary shares of RM0.50 each by way of private placement to the identified investors, including 5,000,000 new ordinary shares of RM0.50 each to Bumiputera investors approved by the MITI;
 - (ii) 7,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public; and
 - (iii) 3,000,000 new ordinary shares of RM0.50 each available for application by eligible Directors and employees of the RSB Group
- (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.

Proforma I: The Acquisitions incorporates the transactions mentioned in a) to c) above and the followings: -

- The acquisition of property for a purchase consideration of RM2,005,000 to be wholly satisfied in cash, details of which are set out below: -
 - Property : Sublots 52 & 53 of Lots 650 & 520, Block 10, Sibul Town District with one unit each of four-storey commercial shophouse erected thereon
 - Vendor : Suria Permata Sdn Bhd
 - Purchaser : R.H. Plantation Sdn Bhd
- The settlement by related parties of non-trade debts amounting to RM39,347,690 and RM80,806,978 for the financial years ended 31 August 2005 and 30 November 2005, respectively.
- The payment of a tax exempt final dividend of 30% amounting to RM2,999,700 by RHP to the existing shareholders. The dividend was paid on 6 February 2006.

Proforma II: The Public Issue is stated after Proforma I and incorporates the transactions mentioned in d) to f) above and includes the proposed utilisation of proceeds from the Public Issue, as follows: -

	RM'000
Working capital requirements for the RSB Group	15,500
Estimated listing expenses	2,500
Total	18,000

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10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.3 The Proforma Group

Upon completion of the listing exercise detailed above and at the date of this report, the Company has interests in the following subsidiary companies: -

Name of Subsidiaries	Country of Incorporation	Effective Equity Interest Held (%)	Principal Activities
R.H. Plantation Sdn Bhd	Malaysia	100	Cultivation of oil palm and processing of palm oil
Timrest Sdn Bhd	Malaysia	100	Cultivation of oil palm
Rimbunan Sawit Holdings Berhad	Malaysia	100	Investment holding
Midas Plantation Sdn Bhd	Malaysia	100	Special purpose vehicle to facilitate the issuance of Islamic Securities

4.4 Basis of Preparation of the Proforma Consolidated Financial Information

The Proforma Consolidated Financial Information is provided for illustrative purposes only and has been prepared to illustrate the effects on: -

- (a) the financial results of the RSB Group for each of the three financial years ended 31 August 2003, 2004 and 2005 and the 3-month financial periods ended 30 November 2004 and 2005 had the group been in existence throughout the financial periods/years under review;
- (b) the financial position of the RSB Group as at 31 August 2005 and 30 November 2005 had the group been in existence on 31 August 2005 and 30 November 2005, respectively.
- (c) the cash flows of the RSB Group for the 3-month financial periods ended 30 November 2004 and 2005 had the group been in existence throughout the financial periods/years under review.

The Proforma Consolidated Financial Information has been prepared based on: -

- (a) the audited financial statements of: -
 - (i) RSB, RSHB and MP for the financial periods ended 31 August 2005 and 30 November 2005;
 - (ii) RHP for the financial years ended 31 August 2003, 2004 and 2005 and the financial period ended 30 November 2005; and
 - (iii) TR for the financial years ended 30 June 2003 and 31 August 2005 and the financial periods ended 31 August 2004 and 30 November 2005;
- (b) the management accounts of RHP and TR for the financial period ended 30 November 2004; and
- (c) the accounting policies and bases adopted by the RSB Group as set out below.

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**4.5 Significant Accounting Policies****(a) Basis of accounting**

The Proforma Consolidated Financial Information of the Proforma Group has been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies, and comply with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards issued by the Malaysian Accounting Standards Board (MASB).

(b) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of the subsidiaries are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve on consolidation.

Intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences, which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree, to the extent of their investment. Minority interest is separately disclosed in the financial statements

(c) Investments in subsidiaries

The Company's investments in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 4.5(h).

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

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.5 Significant Accounting Policies (Cont'd)

(d) 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 Note 4.5(h).
- (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.

(e) Assets acquired under hire purchase agreements

Assets acquired under hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Proforma 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.

(f) 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.

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.5 Significant Accounting Policies (Cont'd)

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) Islamic securities

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

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.5 Significant Accounting Policies (Cont'd)

(l) 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.

(m) 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.

(n) 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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10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)**4.5 Significant Accounting Policies (Cont'd)****(o) 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 Proforma 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.

(p) 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.

(q) 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.

(r) 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 Proforma 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.

10. FINANCIAL INFORMATION**4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4.6 Property, Plant and Equipment**

	Leasehold land RM'000	Plantation development expenditure RM'000	Buildings, drainage and roads RM'000	Equipment and furniture RM'000	Motor vehicles, plant and machinery RM'000	Capital work-in- progress RM'000	Total RM'000
Proforma Group							
Cost							
As at 1 September 2005	11,220	101,421	23,030	4,734	38,741	168	179,314
Additions	-	-	3,344	42	490	242	4,118
Disposals	-	-	-	(1)	-	-	(1)
Reclassification	-	-	337	-	-	(337)	-
As at 30 November 2005	11,220	101,421	26,711	4,775	39,231	73	183,431
Accumulated depreciation/amortisation							
As at 1 September 2005	280	25,073	10,632	2,666	19,570	-	58,221
Depreciation/amortisation Retirements	41	1,268	436	109	931	-	2,785
As at 30 November 2005	321	26,341	11,068	2,775	20,501	-	61,006
Net book value							
As at 30 November 2005	10,899	75,080	15,643	2,000	18,730	73	122,425

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10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.6 Property, Plant and Equipment (Cont'd)

Included in net book value of long leasehold land is an amount of RM3,385,000 which has been caveated by a subsidiary company under Ijarah arrangement for the issuance of Islamic securities (Note 4.14).

4.7 Inventories

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
At cost: -			
Fresh fruit bunches	-	159	159
Sundry stores and consumables	-	3,844	3,844
Processed inventories	-	2,857	2,857
	-	<u>6,860</u>	<u>6,860</u>
% of stock to cost of goods sold	N/A	11.05	11.05
Stock turnover period (days)	N/A	<u>10.05</u>	<u>10.05</u>

4.8 Trade Debtors

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Trade debtors	-	2,724	2,724
Less: Allowance for doubtful debts	-	-	-
	-	<u>2,724</u>	<u>2,724</u>
% of trade debtors to turnover	N/A	11.24	11.24
Trade debtors' turnover period (days)	N/A	<u>10.23</u>	<u>10.23</u>

Details of ageing analysis of trade receivables of the Proforma Group as at 30 November 2005 are as follows: -

	Proforma Group					Total RM'000
	0 - 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 120 days RM'000	> 120 days RM'000	
Trade debtors	<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 the Proforma Group range from 7 to 30 days from date of invoice.

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.9 Other Debtors, Deposits and Prepayments

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Other debtors	-	1,298	1,298
Deposits	-	2	2
Prepayments	-	1,616	1,616
	-	2,916	2,916

4.10 Cash and Bank Balances

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Cash and bank balances	#	76,335	76,335
Bank balances – Public issue	-	-	15,500
	#	76,335	91,835

Denotes RM53.

4.11 Fixed Deposits

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Fixed deposits with licensed banks	-	219	219
Islamic deposits	-	18,671	18,671
	-	18,890	18,890

Fixed deposits with licensed banks of the Proforma Group amounting to RM219,000 are pledged to banks for bank guarantee granted to subsidiary companies. Islamic deposits amounting to RM18,671,000 are held on trust for the benefits of the Islamic Securities Investors.

The interest rates on fixed deposits with licensed banks at the balance sheet date range from 2.50% to 3.00% per annum; the rates of return on Islamic deposits range from 2.70% to 2.80% per annum.

The maturities of fixed deposits with licensed banks at the end of the period range from 30 to 365 days; the maturity dates of Islamic Deposits range from 90 to 273 days.

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10. FINANCIAL INFORMATION**4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4.12 Trade Creditors**

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Trade creditors	-	11,011	11,011
Trade creditors' turnover period (days)	N/A	49.55	49.55

Details of ageing analysis of trade payables of the Proforma Group as at 30 November 2005 are as follows: -

	Proforma Group					Total RM'000
	0 - 30 days RM'000	31 - 60 days RM'000	61 - 90 Days RM'000	91 - 120 days RM'000	> 120 days RM'000	
Trade creditors	4,403	1,796	1,508	2,886	418	11,011
% of total trade creditors	39.99	16.31	13.69	26.21	3.80	100.00

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

4.13 Other Creditors and Accruals

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Other creditors	76	2,329	2,329
Accruals	1	7,328	7,328
	77	9,657	9,657

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10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.14 Borrowings

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Current Liabilities: -			
Islamic securities, secured			
- Sukuk Ijarah Commercial Papers ("CP")	-	15,000	15,000
Non-Current Liabilities: -			
Islamic securities, secured			
- Sukuk Ijarah		93,000	93,000
- Sukuk Ijarah Medium Term Notes ("MTN")	-	35,000	35,000
	-	128,000	128,000
Total Borrowings: -			
Islamic securities, secured			
- Sukuk Ijarah	-	93,000	93,000
- Sukuk Ijarah CP	-	15,000	15,000
- Sukuk Ijarah MTN	-	35,000	35,000
	-	143,000	143,000

Maturity of Islamic securities: -

	Proforma Group 2005 RM'000
Within one year	22,825
More than 1 year and less than 2 years	42,824
More than 2 years and less than 5 years	37,871
5 years or more	82,646
	186,166
Less: Return payments	(43,166)
	143,000

The Proforma Group entered into an arrangement for the issuance of RM143,000,000 Islamic securities under Sukuk Ijarah structure. The Sukuk Issue was structured under the Islamic principle of Ijarah or sale and leaseback and was issued via a special purpose vehicle, Midas Plantation Sdn Bhd.

The proceeds from the issuance of Islamic securities were used to refinance bank borrowings, part finance development costs and capital expenditure, defray issue expenses and part finance the working capital requirements of the subsidiary companies.

10. FINANCIAL INFORMATION**4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4.14 Borrowings (Cont'd)**

Details of the Sukuk Issue are as follows: -

(i) Sukuk Ijarah

Class	Rating	Amount RM'000	Maturity Date	Sukuk Ijarah Return % pa
Class A	AAA	23,000	27 June 2013	6.40
Class A	AAA	20,000	27 June 2012	6.20
Class B	AA2	10,000	27 June 2012	6.60
Class B	AA2	10,000	27 June 2011	6.40
Class C	A2	10,000	27 June 2011	7.90
Class C	A2	10,000	27 June 2010	7.70
Class D	A3	5,000	27 June 2009	7.80
Class D	A3	5,000	27 June 2008	7.50
		<u>93,000</u>		

(ii) Sukuk Ijarah CP/MTN

Type	Rating	Amount RM'000	Maturity Date	Rate of Return % pa
CP	P1(s)	15,000	27 June 2006	3.00
MTN	AA1(s)	35,000	27 June 2007	4.25
		<u>50,000</u>		

The Sukuk Ijarah Payments are payable semi-annually in arrears from the date of issue of each series of the Sukuk Ijarah.

The payment of the full nominal value of the Sukuk Ijarah CP is to be made on the maturity date.

The Sukuk Ijarah MTN Payments are payable semi-annually in arrears from the date of issue of the Sukuk Ijarah MTN.

The Islamic securities are secured by the plantation lands and oil mill currently owned and/or operated by the subsidiary companies. These assets are held on trust by Midas Plantation Sdn Bhd for the benefits of the Islamic Securities Investors and are redeemable at a nominal value of RM1 each on maturity.

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10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.15 Share Capital

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Authorised			
Ordinary shares of RM0.50 each	500,000	500,000	500,000
Issued and fully paid			
Ordinary shares of RM0.50 each			
- As at 1 September 2005	#	-	-
- Acquisitions	-	55,133	55,133
- Public issue	-	-	9,000
- As at 30 November 2005	#	55,133	64,133

Denotes RM53.

4.16 Share Premium

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Share premium arising from public issue	-	-	9,000
Less: Estimated listing expenses	-	-	(2,500)
	-	-	6,500

4.17 Deferred Tax Liabilities

	Company RM'000	Proforma I Group RM'000	Proforma II Group RM'000
Deferred Tax Liabilities: -			
As at 1 September 2005	-	9,401	9,401
Recognised in the income statement	-	(275)	(275)
As at 30 November 2005	-	9,126	9,126
Deferred Tax Assets: -			
As at 1 September 2005	-	(1,772)	(1,772)
Recognised in the income statement	-	112	112
As at 30 November 2005	-	(1,660)	(1,660)
Net Deferred Tax Liabilities	-	7,466	7,466
The balance comprises tax on the followings: -			
Excess of net book value of property, plant and equipment over tax written down value	-	23,398	23,398
Unused tax losses and unabsorbed agriculture and capital allowances	-	(15,932)	(15,932)
	-	7,466	7,466

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.18 Financial Risk Management Objectives and Policies

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

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

(a) Market risk

The Proforma 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 Proforma Group's primary interest rate risk relates to interest-bearing debts, as the Proforma Group had no substantial long-term interest-earning assets as at 30 November 2005. 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 Proforma Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings.

(c) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by limiting the Proforma Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis.

(d) Liquidity and cash flow risk

The Proforma 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 Proforma Group maintains sufficient levels of cash and to meet its working capital requirements. In addition, the Proforma Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Proforma 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.

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10. FINANCIAL INFORMATION**4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)****4.18 Financial Risk Management Objectives and Policies (Cont'd)****Fair values of financial instruments**

The carrying amounts and estimated fair values of financial instruments of the Proforma Group as at 30 November 2005 are as follows: -

	Company		Proforma I		Proforma II	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial assets						
Trade and other receivables	-	-	3,855	3,855	3,855	3,855
Cash and bank balances	#	#	76,335	76,335	91,835	91,835
Fixed deposits	-	-	18,890	18,890	18,890	18,890
	#	#	99,080	99,080	114,580	114,580

Financial liabilities

Trade and other payables	77	77	20,668	20,668	20,668	20,668
Borrowings						
- Islamic securities – Sukuk Ijarah	-	-	93,000	87,317	93,000	87,317
- Sukuk Ijarah CP	-	-	15,000	14,339	15,000	14,339
- Sukuk Ijarah MTN	-	-	35,000	32,843	35,000	32,843
	77	77	163,668	155,167	163,668	155,167

Denotes RM53.

10. FINANCIAL INFORMATION

4.0 NOTES TO THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D)

4.18 Financial Risk Management Objectives and Policies (Cont'd)

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

(a) Trade and other receivables and payables

The carrying amounts of receivables and payables approximate their fair values because of their short maturities.

(b) Cash and bank balances and fixed deposits

The carrying amounts of cash and bank balances and fixed deposits approximate their fair values due to the relatively short term maturity of these financial instruments.

(c) Borrowings

The carrying amounts of short-term borrowings approximate their fair values because of the short period to maturity of these instruments. The fair values of long-term borrowings are estimated by discounting the expected future cash flow using the current interest rates for borrowings with similar risk profiles.

10. FINANCIAL INFORMATION

10.5 MANAGEMENT'S DISCUSSION ON AND ANALYSIS OF PAST FINANCIAL PERFORMANCES AND RESULTS OF OPERATIONS

The following management's discussion on and analysis of our past financial performances and results of operations should be read in conjunction with our proforma consolidated financial information and the related notes thereon for the past 3 financial years ended 31 August 2005 and 3-month financial period ended 30 November 2005 included in Sections 10.1 to 10.4 of this Prospectus. This discussion and analysis contains data derived from the audited financial statements of our Group as well as forward-looking statements that involve risks and uncertainties. Our results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 4 of this Prospectus.

As at the Latest Practicable Date, to the best of our knowledge and belief, our financial conditions and operations have not been and are not expected to be affected by any of the following:-

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those disclosed below and in Sections 4.1, 6 and 10.9 of this Prospectus;
- (b) material commitment for capital expenditure save as disclosed in Section 10.5.10 of this Prospectus;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations save as disclosed below and in Section 4.1.9 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our revenue save for those that had been disclosed in this section; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of our future financial performance and position other than those disclosed below and in Section 4.1 of this Prospectus.

10.5.1 Overview of our operations

We are principally involved in the cultivation of oil palm and processing of palm oil activities. Our 2 subsidiaries, RHP and TR, collectively own approximately 13,663 Ha of plantation land in Miri, Sarawak. RHP and TR began their business operations in 1989 and 1993 respectively. A majority of our oil palm trees are not more than 12 years old (approximately 80% of the total area planted) and therefore, we are not expected to incur any significant cost in relation to replanting of oil palms for the existing estates at least for the next 10 years.

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We also own 1 palm oil mill in Miri, Sarawak which was built and completed in 1998 with an original installed capacity of 40 Mt of FFB per hour. In 2003, our mill's installed capacity was increased to 80 Mt of FFB per hour with 2 lines operating on an average of 20 hours daily in anticipation of increasing demand. Our mill is currently operating at approximately 56% of its capacity and is expected to operate at around 80% of its optimum capacity within the next 3 years. In addition, our mill presently has a storage capacity of up to 10,000 Mt of CPO. The entire FFB harvest from our estates is delivered to our mill for processing and presently the supply represents approximately 52% of the total FFB intakes of our mill whilst the remaining supply is sourced from other nearby plantation estates.

The end products of our milling operations are CPO and PK, and presently, the entire productions are sold to BEO which operates one of the major palm oil refineries in Sarawak.

The primary factors which have affected and are expected to continue to affect our revenue include but not limited to the following:-

- (a) Prices of CPO and PK - The prices of palm oil products fluctuate over time based on the demand and supply in global edible oils and fats market. The prices are highly susceptible to external market forces and changes in global demand and supply of other edible oils, which would correspondingly affect the prices of palm oil products, and such factors are really beyond our control.
- (b) Competition – Generally, palm oil industry in Malaysia faces competitions from the external and domestic players in the industry and other edible oil and fats products. The risk factors and industry overview relating to our competitions are further discussed in Sections 4.1.2 and 6.3.6 of this Prospectus respectively.
- (c) Extraction rates of CPO and PK – The amount of CPO and PK that we can extract from the FFB depends principally on, amongst others, the quality and freshness of the FFB. Our mill had consistently achieved higher OER and PK Rate for CPO and PK productions respectively against the industry average. The higher OER and PK Rate for CPO and PK productions respectively are also due to the efficiency of our milling operations.
- (d) Level / quality of FFB harvested – Oil palms usually take about 3.5 to 4 years from nursery stage to mature and begin bearing fruits, and are expected to reach peak production potential between 8 to 15 years after field planting. With improved planting method, proper and appropriate handling of oil palm, better fertiliser usage and good quality seeds, our trees could continue to bear fruits at a reasonable yield for at least another 10 years. In addition, there will be an expected increase in the yield as well, particularly with the relatively young and prime age profile of our oil palm trees. However, we are aware of certain external factors which may affect the amount or quality of FFB harvested such as labour related issues, pests and diseases and weather conditions for which we have taken appropriate and necessary mitigating actions.

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- (e) Availability of plantation lands – We own approximately 13,663 Ha of plantation land in Miri, Sarawak. We plan to develop and commence cultivation of oil palm on our existing plantable land bank of approximately 1,911 Ha in the second half of 2006. In addition, subject to availability of sufficient funds, we are actively sourcing for suitable land bank in Malaysia with the aim of increasing our plantation land bank for oil palm cultivation to supplement and increase the FFB supply to our palm oil mill and to reap the benefits of economies of scale.

Our business and financial prospects including significant recent trends in production, sales, costs and selling prices of FFB, CPO and PK are discussed below and in Sections 5.4.1 to 5.4.3, 5.4.11 and 6.5 of this Prospectus. In addition, further discussions on the overview of the palm oil industry, its prospects and outlook are elaborated in Sections 6.3 and 6.4 of this Prospectus.

10.5.2 Segmental analysis

The following is our segmental analysis for the past 3 financial years ended 31 August 2005 and 3-month financial periods ended 30 November 2004 and 2005 prepared based on our proforma consolidated results on the assumption that we have been in existence throughout the periods under review.

(a) Analysis of revenue by companies

Companies	FY2003 RM'000	FY2004 RM'000	FY2005 RM'000	3-month financial periods ended 30 November	
				2004 RM'000	2005 RM'000
RSB	-	-	-	-	-
RHP	73,133	97,589	92,481	24,449	24,238
TR	7,695	15,535	17,790	4,395	5,110
MP	-	-	-	-	-
RSHB	-	-	-	-	-
	80,828	113,124	110,271	28,844	29,348
Consolidation adjustments	(7,695)	(15,535)	(17,790)	(4,395)	(5,110)
Proforma consolidated	73,133	97,589	92,481	24,449	24,238

(b) Analysis of revenue by products

Products	FY2003 RM'000	FY2004 RM'000	FY2005 RM'000	3-month financial periods ended 30 November	
				2004 RM'000	2005 RM'000
CPO	65,275	86,141	78,919	21,517	20,463
PK	6,683	10,080	12,047	2,508	3,359
FFB	55	-	-	-	-
Transportation income	1,041	1,246	1,439	359	416
Sludge oil	79	122	76	65	-
Proforma consolidated	73,133	97,589	92,481	24,449	24,238

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(c) Analysis of PAT by companies

Companies	FY2003 RM'000	FY2004 RM'000	FY2005 RM'000	3-month financial periods ended 30 November	
				2004 RM'000	2005 RM'000
RSB	-	-	(75)	-	(2)
RHP	12,676	18,974	13,155	3,733	3,609
TR	255	1,338	37	27	169
MP	-	-	(3)	-	(10)
RSHB	-	-	(3)	-	-
Proforma consolidated	12,931	20,312	13,111	3,760	3,766

10.5.3 FY2003 vs FY2002

Revenue

We registered a 58.9% increase in revenue to RM73.1 million (FY2002 : RM46.0 million) on the back of the higher average CPO price and increase in CPO output.

According to the Review of the Malaysian Oil Palm Industry 2003, published by MPOB on 15 January 2004, the average prices of oil palm products strengthened in 2003 driven mainly by robust export demand, reduction in stock levels, sharp rise in soyabean oil prices and continued tightness in global oils and fats supplies. Amidst such favourable market conditions, we recorded higher average CPO and PK prices of RM1,442/Mt (FY2002 : RM1,115/Mt) and RM633/Mt (FY2002 : RM508/Mt) respectively.

Our average annual FFB yield also improved to 9.43 Mt/Ha from 8.81 Mt/Ha during the year as some of our plantation estates reached their prime age. To meet the increase in demand, our mill's installed capacity was increased to 80Mt of FFB per hour with 2 lines operating at approximately 20 hours daily during FY2003. As a result, our CPO production rose to 45,246 Mt (FY2002 : 35,702 Mt) while maintaining our average OER above 22%. Meanwhile, our PK production also increased from 8,235 Mt in FY2002 to 10,470 Mt in FY2003.

Gross Profit and gross profit margin

We posted a higher gross profit of 25.4 million (FY2002 : RM12.1 million) or a margin of 34.7% (FY2002 : 26.3%). The substantial improvement in gross profit margin was principally attributed to the strong performances of the oil palm industry in FY2003 during which our average CPO and PK prices respectively increased by 26.3% and 25.8% against the previous year.

PBT

The higher gross profit has correspondingly improved our PBT to RM18.1 million (FY2002 : RM6.9 million) or a PBT margin of 24.8% (FY2002 : 15.0%).

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PAT

In tandem with the higher revenue, our PAT increased by more than double to RM12.9 million (FY2002 : RM5.0 million). Our higher effective tax rate in FY2003 was due to certain expenses disallowed for tax purposes.

10.5.4 FY2004 vs FY2003

Revenue

With continuous improvements in CPO and PK prices as well as the increase in our CPO and PK productions, our revenue increased by over 33.5% to RM97.6 million (FY2003 : RM73.1 million).

According to the Review of the Malaysian Oil Palm Industry 2004, published by MPOB on 13 January 2005, the Malaysian palm oil industry recorded sterling performance in 2004 amidst shortage of world supply of other edible oils. CPO prices continued its upward momentum from the last quarter of 2003, which saw our average CPO and PK prices achieving RM1,646/Mt (FY2003 : RM1,442/Mt) and RM905/MT (FY2003 : RM633/Mt) respectively.

The average annual FFB yield of our plantation estates also improved to 10.51 Mt/Ha as compared to 9.43 Mt/Ha in FY2003. Coupled with the higher FFB intake from other nearby estates of 141,850 Mt (FY2003 : 112,311 Mt), our CPO and PK productions increased to 53,124 Mt (FY2003 : 45,246 Mt) and 11,426 Mt (FY2003: 10,470 Mt) respectively.

Gross Profit and gross profit margin

On the back of a higher revenue, our gross profits improved to RM34.4 million from RM25.4 million in FY2003. Despite the improvements in the CPO and PK prices during the year, we only achieved a marginal increase in gross profit margin of 35.3% (FY2003 : 34.7%) due to higher cost of fertilisers incurred as well as higher depreciation of our mill recorded during the year.

PBT

Our PBT increased by 24.3% to RM22.5 million from RM18.1 million recorded in FY2003. This was mainly due to the increase in our gross profit although the rise was partially offset by the increase in interest expense of RM4.0 million. The said increase in interest expense has also resulted in a lower PBT margin of 23.1% for FY2004 (FY2003 : 24.8%).

PAT

In tandem with the higher revenue and lower effective statutory tax rate due to the utilisation of reinvestment allowance, our PAT increased by 57.4% to RM20.3 million (FY2003 : RM12.9 million).

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10.5.5 FY2005 vs FY2004

Revenue

Notwithstanding a gradual improvement in CPO and PK productions over the financial year, we recorded a lower revenue of RM92.5 million for the year (FY2004 : RM97.6 million) on the back of a weaker average CPO prices observed during FY2005.

According to the Review of the Malaysian Oil Palm Industry 2005, published by MPOB on 19 January 2006, the overall prices of palm oil products in 2005 have retracted due to higher domestic stock levels in palm oil products amidst declining prices in soyabean oil in the world oil market. In addition, the Malaysian Government's move to lift the pegged exchange rate against the US dollar in July 2005 and market expectations that RM will strengthen against the US Dollar have affected the selling prices of palm oil products which are quoted in US Dollar in the world commodity market. In line with the general weakness in palm oil prices, our average CPO and PK prices have declined to RM1,353/Mt (FY2004 : RM1,646/Mt) and RM951/Mt (FY2004 : RM905/Mt) respectively.

Despite lower prices for palm oil products, we managed to achieve a higher average annual FFB yield of 13.83 Mt/Ha (FY2004 : 10.51 Mt/Ha) whilst our total CPO and PK outputs increased to 57,789 Mt (FY2004 : 53,124 Mt) and 12,406 Mt (FY2004 : 11,426 Mt) respectively.

Gross Profit and gross profit margin

We registered a lower gross profit and gross profit margin of RM27.9 million and 30.2% respectively in FY2005 as compared to RM34.4 million and 35.3% in FY2004 respectively, principally due to the weaker CPO prices observed during FY2005.

PBT

Our PBT reduced to RM17.2 million (FY2004 : RM22.5 million) and our PBT margin dropped to 18.6% (FY2004 : 23.1%) in tandem with the lower gross profit and gross profit margin achieved for FY2005. In addition, we also incurred an additional administrative expense in relation to the issuance of the Islamic Securities of RM0.9 million during the year.

PAT

In tandem with the weaker CPO prices and coupled with higher effective statutory tax rate due to certain expenses disallowed for tax purposes, we recorded a lower PAT of RM13.1 million (FY2004 : RM20.3 million) for the FY2005.

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10. FINANCIAL INFORMATION

10.5.6 3-month financial period ended 30 November 2005 vs 3-month financial period ended 30 November 2004

Revenue

We recorded a revenue of RM24.2 million for the 3-month period ended 30 November 2005, which was marginally lower as compared to the revenue of RM24.4 million for the previous corresponding period.

Gross Profit and gross profit margin

Our gross profit of RM7.8 million and the gross profit margin of 32.2% were consistent with those posted in the previous corresponding period.

PBT

We recorded a slight increase in PBT of RM5.2 million as compared to the PBT of RM5.1 million for the previous corresponding period. Our PBT was also higher at 21.2% from 20.7% in the same period.

PAT

Our PAT of RM3.8 million for the period under review is fairly consistent with the PAT for the previous corresponding period.

10.5.7 Liquidity and capital resources

Our primary sources of funds were mainly derived from the net cashflows generated internally from our operations as well as through bank or external borrowings. During the FY2005, we raised RM143 million in Islamic Securities to finance, inter-alia, our plantation and milling related activities as well as repayment of bank borrowings. In addition, we may raise additional capital/funds through debt or equity offerings in the future to part finance our expansion plans or to meet our financing requirements or should the need arise.

Our net cash and cash equivalents position as at 30 November 2005, on the assumption that the IPO had been completed on the same date, was approximately RM91.8 million.

Our Board is of the opinion that, after taking into account our present and forecast cashflows position and the gross proceeds to be raised from the Public Issue, we would have adequate working capital for our business operations for a period of 12 months from the date of this Prospectus.

A brief discussion on our proforma consolidated cashflow statement for the 3-month financial period ended 30 November 2005 is set out hereunder.

10. FINANCIAL INFORMATION

Net cashflows from the operating activities

For the 3-month financial period ended 30 November 2005, net cashflows generated from our operating activities was about RM39.6 million. Apart from our operating cashflows, the significant net cashflow from our operating activities was largely attributable to the cash settlement by our related parties in respect of the total outstanding amount due to us of approximately RM80.8 million. Nonetheless, this was partly offset by the advances amounted to about RM41.5 million given to other related companies.

Net cashflows used in the investing activities

For the 3-month financial period ended 30 November 2005, net cashflows used in our investing activities was approximately RM4.1 million. These were due primarily to the cash outflow of about RM2.0 million for the acquisition of our new 2 adjoining 4-storey shophouses and a total of approximately RM2.1 million for the construction of roads at our estates and purchase of plant and machinery to be used in our milling operations

Net cashflows from the financing activities

For the 3-month financial period ended 30 November 2005, net cashflows generated from the financing activities was about RM12.4 million. This was largely attributable to the gross proceeds arising from the Public Issue of RM18.0 million of which an amount of RM2.5 million is for the listing related expenses. In addition, we have also settled the outstanding bankers' acceptance amounting to RM3.0 million during the period.

10.5.8 Borrowings

As at the date of the Directors' Report, our total borrowings comprise solely the Islamic Securities, the details of which are set out below:-

	RM'000
Payable within 12 months	
Islamic Securities	15,000
Payable after 12 months	
Islamic Securities	128,000
Total	<u>143,000</u>

As at the date of the Directors' Report, we have not defaulted on payments of either principal sums, interest and/or *Ijarah* payments (under the Islamic Securities) in respect of any borrowing throughout the past financial year ended 31 August 2005 and the subsequent financial period thereof up to the date of the Directors' Report.

The net gearing position of our Group as at 31 August 2005 and 30 November 2005 (on a proforma basis and net of proforma cash and cash equivalents) were 0.74 and 0.69 times respectively.

10. FINANCIAL INFORMATION

Some of the salient terms of the Islamic Securities issued by MP on 27 June 2005 are set out below:-

Type and issue size	Facilities	Nominal amount RM'000
(a)	Class A Sukuk Ijarah	43,000
	Class B Sukuk Ijarah	20,000
	Class C Sukuk Ijarah	20,000
	Class D Sukuk Ijarah	10,000
	Sukuk Ijarah	93,000
(b)	Sukuk Ijarah CP / MTN	Up to 50,000
	Total	143,000

Issue price : 100% of the nominal value of RM1.00 each

Ranking of Islamic Securities	Islamic Securities	Ranking
	Class A Sukuk Ijarah	1
	Class B Sukuk Ijarah	2
	Class C Sukuk Ijarah	3
	Class D Sukuk Ijarah	4
	Sukuk Ijarah CP/MTN*	5

* *The Sukuk Ijarah CP/MTN shall constitute direct, unsubordinated and unconditional trust obligations of MP ranking pari passu in all respects without preference or priority among themselves.*

Minimum subscription level	Facilities	Minimum level of subscription
	Sukuk Ijarah	100%
	Sukuk Ijarah CP	10% of each issuance of Sukuk Ijarah CP
	Sukuk Ijarah MTN	100% of each issuance of Sukuk Ijarah MTN

Ratings, tenure and return rates of the Islamic Securities	Facilities	Rating	Tenure	Return rate (%)
	Class A	AAA	9.5	6.60
	Class A	AAA	8.5	6.40
	Class B	AA2	8.5	6.80
	Class B	AA2	7.5	6.60
	Class C	A2	7.5	8.10
	Class C	A2	6.5	7.90
	Class D	A3	5.5	8.00
	Class D	A3	4.5	7.70
	Sukuk Ijarah CP	P1(s)	7	3.00 ¹
	Sukuk Ijarah MTN	AA1(s)	7	4.25 ²

1. *To be revised after 12 months from the date of issue.*

2. *To be revised after 24 months from the date of issue.*

Form and denomination of Islamic Securities : The Sukuk Ijarah shall be in denomination of RM1,000,000 and multiples of RM1,000,000 in nominal value at the point of issuance, and shall be represented at all times by a permanent global certificates in bearer form (exchangeable for definitive certificates only in limited circumstances) to be deposited with the Bank Negara Malaysia.

10. FINANCIAL INFORMATION

The Sukuk Ijarah CP/MTN shall be in denomination of RM1,000,000 and multiples of RM1,000,000 in nominal value at the point of issuance, and shall be represented at all times by permanent global certificates in bearer form (exchangeable for definitive certificates only in limited circumstances) to be deposited with the depository agent.

Syariah principles	: Islamic principles Ijarah Sukuk	Purpose For the underlying Islamic transaction For the issuance of the Islamic Securities
Security	: Our palm oil mill and certain plantation lands details of which are set out in Section 5.7 of this Prospectus.	
Summary of rights conferred upon the holders of Islamic Securities	: MP shall declare a trust over the Security for the benefit of the Islamic Securities holders:- a. Beneficial rights to the Security; b. Rights under the Ijarah agreements and to the Ijarah payments; c. All designated accounts and monies standing in the accounts and permitted investments; and d. Put option on the Security.	
Return payment frequency and basis	: Facilities Sukuk Ijarah Sukuk Ijarah CP Sukuk Ijarah MTN	Frequency Semi-annually Depends on the maturity periods of each issue/ re-issue Semi-annually
		Basis Actual days/ Actual days Actual number of days elapsed and a year of 365 days Actual days/ Actual days
Events of default	: The events of default typical of such issuance shall include but not limited to the following:- - Non-payment; - Non-performance; - Breach of obligation; - Misrepresentation; - Appointment of receiver or any legal proceedings; - Court judgement; - Winding up; - Scheme of arrangement; - Revocation of licence; and - Cross default.	
Sinking funds/ Designated accounts	: • Sukuk proceeds account; • Sukuk service account; and • Sukuk reserve account.	
Governing law	: Malaysian laws and the sole jurisdiction of the Courts of Malaysia.	

10. FINANCIAL INFORMATION

10.5.9 Material Litigation and Contingent Liability

As at the Latest Practicable Date, we are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and we do not know of any proceeding pending or threatened or of any fact likely to give rise to any proceeding which might materially or adversely affect our financial position or business.

As at the date of the Directors' Report, there is no contingent liability which, upon becoming enforceable, may have material impact on our financial position or business.

10.5.10 Material Capital Commitments

Save as disclosed below, as at the Latest Practicable Date, there is no material commitment for capital expenditure contracted or known to be contracted by us which may have a material impact on our financial position or business:-

	RM'000
Approved and contracted for*	6,186
Approved but not contracted for #	510
	<u>6,696</u>

* The capital expenditure approved and contracted for comprises the following:-

- (a) remaining balance of land premium payable (including interest thereon) to the Sarawak Land and Surveys Department for the issuance of a PL in respect of Lot 65, Bok Land District, Miri, Sarawak of approximately RM1.564 million;
- (b) the balance cash consideration payable by RHP in respect of its acquisition of 2 adjoining 4-storey shophouses of about RM0.1 million.
- (c) cost of construction for staff quarters and office of approximately RM4.032 million; and
- (d) renovation cost for our head office of approximately RM0.490 million.

The capital expenditure approved but not contracted for is in respect of the renovation cost for our head office of approximately RM0.510 million.

The above material capital commitments would be funded from the proceeds raised from the issuance of the Islamic Securities.

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10. FINANCIAL INFORMATION

10.6 CONSOLIDATED PROFIT FORECAST

Our Directors forecast that the consolidated PAT for FY2006 will be as follows:-

Financial year ending 31 August 2006	RM'000
Revenue	110,495
Consolidated PBT	21,375
Less: Taxation	(6,198)
Consolidated PAT	15,177
Less: Pre-acquisition profit	(6,653)
Consolidated PAT attributable to shareholders	8,524
Weighted average number of RSB Shares in issue after Listing ('000)	*64,988
Net EPS (sen)	13.12
Net PE Multiple based on the Issue/Offer Price (times)	7.62

* The weighted average number of RSB Shares in issue is computed on the basis that the Acquisitions were completed on 8 February 2006 and on the assumption that the Public Issue is completed on 30 June 2006.

The principal bases and assumptions upon which the above consolidated profit forecast have been made are set out in Section 10.7 of this Prospectus (Reporting Accountants' letter on the consolidated profit forecast).

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10. FINANCIAL INFORMATION

10.7 REPORTING ACCOUNTANTS' LETTER ON CONSOLIDATED PROFIT FORECAST (Prepared for inclusion in this Prospectus)



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

■ Address	■ Telephone	■ Facsimile	■ Email
2nd Floor, No. 1, Lorong Pahlawan 7A2 Jalan Pahlawan P. O. Box 505 96007 Sibul, Sarawak.	084-211777(4 lines)	084-216622	hii_lee@tm.net.my

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

RIMBUNAN SAWIT BERHAD (“RSB”) CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2006

We have reviewed the consolidated profit forecast of Rimbunan Sawit Berhad and its subsidiaries (“the RSB Group”) for the financial year ending 31 August 2006 as set out in the accompanying statement (which we have stamped for the purpose of identification), in accordance with the professional standard in Malaysia -AI 3400- The Examination of Prospective Financial Information. The forecast have been prepared for inclusion in the Prospectus to be dated 31 May 2006 in connection with the following and should not be relied on for any other purposes: -

- i) The offer for sale of an aggregate 33,500,000 ordinary shares of RM0.50 each at an offer price of RM1.00 per share by way of private placement by the offerors to Bumiputera investors approved by the Ministry of International Trade and Industry (“MITI”); and
- ii) 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 following:-
 - (a) 8,000,000 new ordinary shares of RM0.50 each by way of private placement to the identified investors, including 5,000,000 new ordinary shares of RM0.50 each to Bumiputera investors approved by the MITI;
 - (b) 7,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public; and
 - (c) 3,000,000 new ordinary shares of RM0.50 each reserved for eligible Directors and employees of the RSB Group.
- iii) 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.

(Collectively known as the “Initial Public Offering” or “IPO”).

10. FINANCIAL INFORMATION

Our review has been undertaken to enable us to form an opinion as to whether the forecast are, in all material respects, properly prepared on the basis of the assumptions made by the Directors of the RSB Group as set out in the accompanying statement and are presented on a basis consistent with the accounting policies adopted and disclosed by the RSB Group. The Directors are solely responsible for the preparation and presentation of forecast and assumptions on which the forecast are based upon.

The forecast, in this context, mean prospective financial information prepared on the basis of assumptions as to future events which the management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which the forecast are based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variations could be material.

Subject to the matters stated in the preceding paragraphs:

- (a) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast of the RSB Group; and
- (b) in our opinion, the consolidated profit forecast of the RSB Group, so far as the calculations are concerned, are properly prepared on the basis of the assumptions made by the Directors of RSB and are presented on a basis consistent with the accounting policies adopted by the RSB Group.

Yours faithfully



HII & LEE
No. AF 0123
Chartered Accountants



WONG CHING YONG
No. 1296/4/08 (J)
Partner of the Firm

10. FINANCIAL INFORMATION**RIMBUNAN SAWIT BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE
FINANCIAL YEAR ENDING 31 AUGUST 2006**

The Directors forecast that, based on the underlying bases and assumptions, the consolidated profits after taxation forecast of the RSB Group for the financial year ending 31 August 2006 will be as follows:

	31.8.2006 RM'000
Revenue	<u>110,495</u>
Profit before taxation	21,375
Taxation	<u>(6,198)</u>
Profit after taxation	15,177
Less: Pre-acquisition profit ¹	<u>(6,653)</u>
Profit attributable to shareholders	<u>8,524</u>
Weighted average number of ordinary shares in issue *	64,988
Enlarged number of ordinary shares in issue after the acquisitions and Initial Public Offering	128,267
Gross Earnings Per Share (sen) #	22.65
Net Earnings Per Share (sen) ##	13.12
Gross PE Multiple based on the IPO price of RM1 per shares (times <)	4.41
Net PE Multiple based on the IPO price of RM1 per shares (times <<)	7.62

¹ The acquisitions of subsidiary companies were completed on 8 February 2006. As such, the pre-acquisition profit relates to the period from 1 September 2005 to 7 February 2006.

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identification only.
Hii & Lee (AF0123)
Chartered Accountants
Sibu, Sarawak

10. FINANCIAL INFORMATION

**RIMBUNAN SAWIT BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE
FINANCIAL YEAR ENDING 31 AUGUST 2006**

- * The weighted average number of ordinary shares in issue is calculated on the basis that the acquisitions of subsidiaries were completed on 8 February 2006 and on the assumption that the Initial Public Offering will be completed on 30 June 2006.
- # Calculated based on the consolidated profit before taxation and after pre-acquisition profit totaling RM14,722,000 and on the weighted average number of ordinary shares in issue of 64,988,249 RSB shares.
- ## Calculated based on the consolidated profit after taxation and after pre-acquisition profit totaling RM8,524,000 and on the weighted average number of ordinary shares in issue of 64,988,249 RSB shares.
- < Calculated based on the gross earnings per share and the IPO price of RM1.00 per share
- << Calculated based on the net earnings per share and the IPO price of RM1.00 per share

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Hil & Lee (AF0123)
Chartered Accountants
Sibu, Sarawak

10. FINANCIAL INFORMATION

RIMBUNAN SAWIT BERHAD CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 AUGUST 2006

Principal bases and assumptions upon which the consolidated profit forecast of RSB have been prepared, are as follows:

1. All the requisite approvals from RSB Group's shareholders and other relevant parties or authorities on the proposed listing scheme have been obtained.
2. The restructuring/listing scheme of RSB involves the following exercises:-
 - i) The acquisition of the entire issued and paid-up share capital in R.H. Plantation Sdn Bhd ("RHP") for a 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;
 - ii) The acquisition of the entire issued and paid-up share capital in Timrest Sdn Bhd ("TR") for a 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;
 - iii) The acquisition of the entire issued and paid-up share capital in Rimbunan Sawit Holdings Berhad ("RSHB") for a cash consideration of RM2. RSHB has a wholly-owned subsidiary company, namely Midas Plantation Sdn Bhd ("MP");
 - iv) 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; and
 - v) 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 following:-
 - (a) 8,000,000 new ordinary shares of RM0.50 each by way of private placement to the identified investors, including 5,000,000 new ordinary shares of RM0.50 each to Bumiputera investors approved by the MITI;
 - (b) 7,000,000 new ordinary shares of RM0.50 each available for application by the Malaysian public; and
 - (c) 3,000,000 new ordinary shares of RM0.50 each reserved for eligible Directors and employees of the RSB Group.
3. There will be no material changes in the structure and principal activities of the RSB Group other than those planned and incorporated in the forecast.
4. There will be no major industrial disputes or major breakdown in oil palm plantation industry or any other abnormal factors or changes, which may materially affect operations or sales at the forecast levels. There will be no major policy changes to the oil palm industry by the Government of Malaysia.
5. There will be no material changes in the present legislation or government regulations and guidelines of regulatory bodies affecting the respective companies or the markets in which they operate.

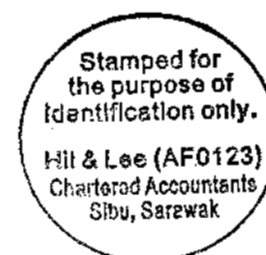
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Sibu, Sarawak

10. FINANCIAL INFORMATION**RIMBUNAN SAWIT BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE
FINANCIAL YEAR ENDING 31 AUGUST 2006**

6. The rates and bases of taxation applicable to the RSB group will not deviate substantially from the present level.
7. The RSB Group will be able to obtain financing facilities as and when necessary, at the prevailing interest rates.
8. There will be no significant fluctuation in the exchange rates of foreign currencies, which will adversely affect the performance and operations of the RSB Group.
9. The inflation rate will not change significantly from the present level, which will adversely affect the performance of the RSB Group.
10. There will be no significant incidence of bad debts.
11. There will be no material acquisition or disposal of property, plant and equipment other than those disclosed in the forecast.
12. The cost of materials, labour and overhead for the RSB Group's production will not change materially from the present levels.
13. There will be no significant variation in the following projected average selling prices and sales volume of the RSB Group from those used in the forecast, which will adversely affect the performance of the Group:-

	Forecast 2006	
	Selling Price RM/MT	Volume MT
Crude Palm Oil ("CPO")	1,367	68,860
Palm Kernel ("PK")	970	15,024

14. There will be no significant adverse changes in the current demand and the prevailing market conditions in Malaysia and overseas which will adversely affect the RSB Group's performance.
15. The RSB Group will be able to obtain the required quantum of supplies required for the Group's operations and the average cost of purchase of such supplies will not fluctuate materially from those used in the forecast.
16. There will be no significant variation to the average extraction rates of CPO and PK which will adversely affect the performance of the RSB Group. The forecast extraction rates for CPO and PK adopted are 22.0% and 4.8% respectively.
17. There will be no significant variation in the planned oil palm planting programme of the RSB Group and the programme will be implemented as scheduled.



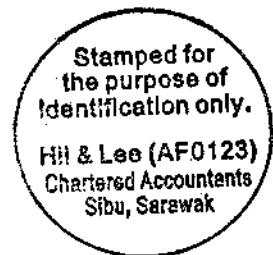
10. FINANCIAL INFORMATION

**RIMBUNAN SAWIT BERHAD
CONSOLIDATED PROFIT FORECAST FOR THE
FINANCIAL YEAR ENDING 31 AUGUST 2006**

18. There will be no unfavourable weather conditions, natural disasters or major disruption in the planting, harvesting and estate works arising from industrial disputes, labour shortage, or any abnormal circumstances that will adversely affect the production, yield, oil and kernel extraction of the RSB Group's fresh fruit bunches.
19. The gross proceeds of RM18,000,000 which will be received by RSB from the Initial Public Offering will be utilised in the following manner: -

	RM'000
Working capital requirements for the RSB Group	15,500
Estimated listing expenses	<u>2,500</u>
Total	<u>18,000</u>

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10. FINANCIAL INFORMATION

10.8 DIRECTORS' COMMENTS ON CONSOLIDATED PROFIT FORECAST

Our Directors have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast for FY2006 and are of the opinion that our consolidated profit forecast is fair and reasonable in light of the future prospects of the palm oil plantation industry in which we operate and the competitive strengths as well as our future plans and prospects and after taking into consideration our forecast gearing level, liquidity and working capital requirements.

10.9 SENSITIVITY ANALYSIS

The principal bases and assumptions upon which the sensitivity analysis on our consolidated profit forecast have been made are as follows:-

- (a) A variation of 5%, 10% or 15% in prices of CPO and PK.
- (b) A variation of 5%, 10% or 15% in production of CPO and PK.

Variations in prices of CPO and PK

Financial year ending 31 August 2006	RM'000
Actual consolidated forecast PAT	15,177
+5%	17,571
+10%	18,153
+15%	20,464
-5%	12,792
-10%	10,351
-15%	7,967

Variations in production of CPO and PK

Financial year ending 31 August 2006	RM'000
Actual consolidated forecast PAT	15,177
+5%	17,165
+10%	19,154
+15%	21,143
-5%	13,188
-10%	11,199
-15%	9,210

Based on the above assumptions, the sensitivity analysis demonstrated that we would continue to remain profitable in FY2006 despite a 5%, 10% or 15% downward variation in CPO and PK prices or productions for FY2006.

10. FINANCIAL INFORMATION

10.10 DIVIDEND FORECAST

It is our policy to recommend dividends to allow shareholders to participate in our profits as well as to leave adequate reserves for our future growth. In determining the size of any dividend recommendation, we will take into consideration a number of factors including but not limited to our financial performance, cashflow requirements, availability of distributable reserves and tax credits, future expansion plans and compliance with regulatory requirements.

Notwithstanding the above, we have full discretion not to propose any future dividend payment as and when deemed necessary, if it is in our best interest. Our intended appropriation of dividend from the consolidated forecast PAT for FY2006 is as follows:-

Financial year ending 31 August 2006

Tax-exempt dividend per Share ¹ (sen)	2.50
Dividend yield based on the Issue/Offer Price (%)	2.50
Net dividend cover ² (times)	4.73

Notes:-

- 1. Based on our enlarged issued and paid-up share capital upon our Listing comprising 128,266,800 Shares.*
- 2. Computed based on our consolidated forecast PAT over the net dividend.*

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