

GOLSTA SYNERGY BERHAD (484964-H)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PART A: EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

These condensed consolidated interim financial statements were unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 : Interim Financial Reporting issued by the Malaysian Accounting Standard Board and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

They do not include all of the information required for full annual financial statements. They should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010.

A2. Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2010.

A3. Seasonal or cyclical Factors

The Group's performance is not materially affected by any seasonal or cyclical factors but is affected by the major price fluctuation on natural rubber and palm oil.

A4. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the financial year-to-date.

A5. Changes in Estimates

There were no changes in estimates that have had any material effect on the financial year-to-date results

A6. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2011.

GOLSTA SYNERGY BERHAD (484964-H)
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A7. Dividend Paid

No dividend was paid during the financial period ended 30 September 2011.

A8. Segmental Information

The "Others" segment comprises the provision of management services, trading of waste materials, and, processing and trading of rubber.

RM'000	Industrial machine & engineering services	Seeds & seedlings	Others	Elimination	Group
<u>Results for 3 months ended 30 September 2011:</u>					
Revenues					
External sales	5,779	168	617	-	6,564
Inter-segment sales	294	-	26	(320)	-
Total revenue	<u>6,073</u>	<u>168</u>	<u>643</u>	<u>(320)</u>	<u>6,564</u>
Results					
Operating profit/(loss)	<u>783</u>	<u>(1,055)</u>	<u>1,924</u>	<u>-</u>	<u>1,652</u>
Finance costs					(135)
Profit/(Loss) before tax					<u>1,517</u>
<u>Results for 3 months ended 30 September 2010:</u>					
Revenues					
External sales	4,501	620	-	-	5,121
Inter-segment sales	57	-	19	(76)	-
Total revenue	<u>4,558</u>	<u>620</u>	<u>19</u>	<u>(76)</u>	<u>5,121</u>
Results					
Operating profit/(loss)	<u>358</u>	<u>(19)</u>	<u>(1,360)</u>	<u>-</u>	<u>(1,021)</u>
Finance costs					(165)
Profit/(Loss) before tax					<u>(1,186)</u>

GOLSTA SYNERGY BERHAD (484964-H)
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A8. Segmental Information (Continued)

<u>RM'000</u>	Industrial machine & engineering services	Seeds & seedlings	Others	Elimination	Group
<u>Results for 9 months ended 30 September 2011:</u>					
Revenues					
External sales	17,794	3,748	1,886	-	23,428
Inter-segment sales	806	-	79	(885)	-
Total revenue	<u>18,600</u>	<u>3,748</u>	<u>1,965</u>	<u>(885)</u>	<u>23,428</u>

Results

Operating profit/(loss)	<u>2,932</u>	<u>(1,251)</u>	<u>1,468</u>	<u>-</u>	<u>3,149</u>
Finance costs					(454)
Profit/(Loss) before tax					<u>2,695</u>

Results for 9 months ended 30 September 2010:

Revenues

External sales	12,883	3,500	-	-	16,383
Inter-segment sales	2,246	-	59	(2,305)	-
Total revenue	<u>15,129</u>	<u>3,500</u>	<u>59</u>	<u>(2,305)</u>	<u>16,383</u>

Results

Operating profit/(loss)	<u>1,629</u>	<u>332</u>	<u>(2,893)</u>	<u>-</u>	<u>(932)</u>
Finance costs					(512)
Profit/(Loss) before tax					<u>(1,444)</u>

A9. Material Events Subsequent to the End of Interim Period

There are no material events subsequent to 30 September 2011 that have not been reflected in the financial statements.

A10. Changes in composition of the Group

There are no changes in composition of the Group during the financial period ended 30 September 2011.

GOLSTA SYNERGY BERHAD (484964-H)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

A11. Changes in Contingent liabilities/Contingent assets

As at the reporting date, other than those disclosed below, there have been no changes in the contingent liabilities/assets since the last annual reporting date.

	RM'000
Trade purposes guarantee	<u>42</u>

A12. Capital commitment

There is no capital commitment not provided for in the interim financial statements as at the reporting date.

A13. Subsequent event

There is no material event subsequent to the end of the current quarter.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Performance Review

(a) 3 months quarter 2011 vs. 3 months quarter 2010

The Group's total revenue increased 28% compared to the corresponding quarter of preceding year. The increase was mainly due to increase of industrial machinery sales.

The Group achieved profits before taxation of RM1.5 million in 2011, comparing to loss before taxation of RM1.2 million in 2010. The profit attained was mainly attributed to recognition of approximately RM2 million unrealized foreign exchange gain due to weaker Ringgit against US Dollar and other major currencies. In the corresponding 2010 quarter, the Group suffered contradicting RM1.5 million unrealized loss on foreign exchange. The oil palm seedlings segment suffered RM1.0 million losses in the current quarter compares to corresponding 2010 quarter principally due to major upgrading expenditures incurred in the seeds garden.

(b) 9 months quarter 2011 vs. 9 months quarter 2010

The Group's revenue increased 43% principally attributed to the 38% and 7% increase in the sales of industrial machine and oil palm seedlings, respectively.

The Group attained RM2.7 million profit before tax contradicting to RM1.4 million loss in 2010. The profit was resulted from increase in revenue and recognition of foreign exchange gain.

GOLSTA SYNERGY BERHAD (484964-H)
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

B2. Material Change in Profit Before Tax of Current Quarter Compared with Preceding Quarter

The profit before tax of current quarter increased 78% compared with preceding quarter. The increase was principally due to recognition of unrealized gain from foreign exchange, despite 9% decrease in revenue.

The seedling sales and was significantly lower compared with the preceding quarter mainly due to Ramadan fasting month. Many customers had opted to defer shipments and planting them in the 4th quarter.

B3. Commentary on Prospects

Despite the recent economic crisis in a few European countries and political instability in Middle East which had drastically affected the global economy recovery, the demand for industrial processing machinery and production lines manufactured by the Group is still looking positive as the prices of agricultural commodities such as rubber, cocoa and palm oil are up-surging which have propelled the key players in these industries throughout the world to invest more on their new or replacement of their existing industrial processing plant and machinery. This continued expansion in demand both locally and overseas especially for African and ASEAN countries will auger well for the Group's businesses in the short run.

The proliferation of bio-fuel projects in developed and developing countries is expecting to indirectly boost the demand for oil palm seedlings. The Group will be expecting further positive growth in revenue and profits from its Indonesian subsidiary.

B4. Profit forecast or profit guarantee

The Group has not provided any profit forecast in a public document.

B5. Taxation

	<u>3 months ended</u>		<u>9 months ended</u>	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation	143	60	523	178
Foreign taxation	(270)	14	(159)	110
Deferred taxation	(92)	-	102	-
Provision/(Reversal)	<u>(219)</u>	<u>74</u>	<u>466</u>	<u>288</u>

The tax charged was lower during the current quarter due to reversal of provision made in previous quarters.

B6. Sales of Unquoted Securities or Properties

There were no sales of unquoted investments or properties in the current quarter except for a residential property held as investment was sold during the first quarter, resulting RM10,000 loss.

GOLSTA SYNERGY BERHAD (484964-H)
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

B7. Purchase or disposal of quoted securities

There were no purchase and disposal of quoted securities since the last annual reporting date.

B8. Corporate proposals

There were no corporate proposals announced but not completed as at the date of this report.

B9. Borrowings and Debt Securities

The Group's borrowings as at 30 September 2011.

	RM'000
(a) <u>Short Term (Secured)</u>	
- Bank overdraft	2,760
- Revolving credit and Bankers' acceptance	3,209
- Hire purchase	158
- Term loan	-
	6,127
(b) <u>Long Term (Secured)</u>	
- Hire Purchases	989
Total	7,116

All borrowings are denominated in Ringgit Malaysia

B10. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the reporting date.

B11. Changes in Material litigation

There was no material litigation against the Group as at the reporting date.

B12. Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

GOLSTA SYNERGY BERHAD (484964-H)
 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

B13. Earnings per share

	<u>3 Months Ended</u>		<u>9 Months Ended</u>	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
Profit/(loss) attributable to ordinary equity owners of the Company (RM'000)	1,971	(1,258)	2,552	(1,795)
Weighted average number of ordinary shares in issue ('000)	42,000	42,000	42,000	42,000
Basic earning/(loss) per share (sen)	4.69	(3.00)	6.08	(4.27)

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and which may dilute its basic earnings/(loss) per share.