RIVERVIEW RUBBER ESTATES, BERHAD (820-V)

INCORPORATED IN MALAYSIA

ANNUAL REPORT 2012

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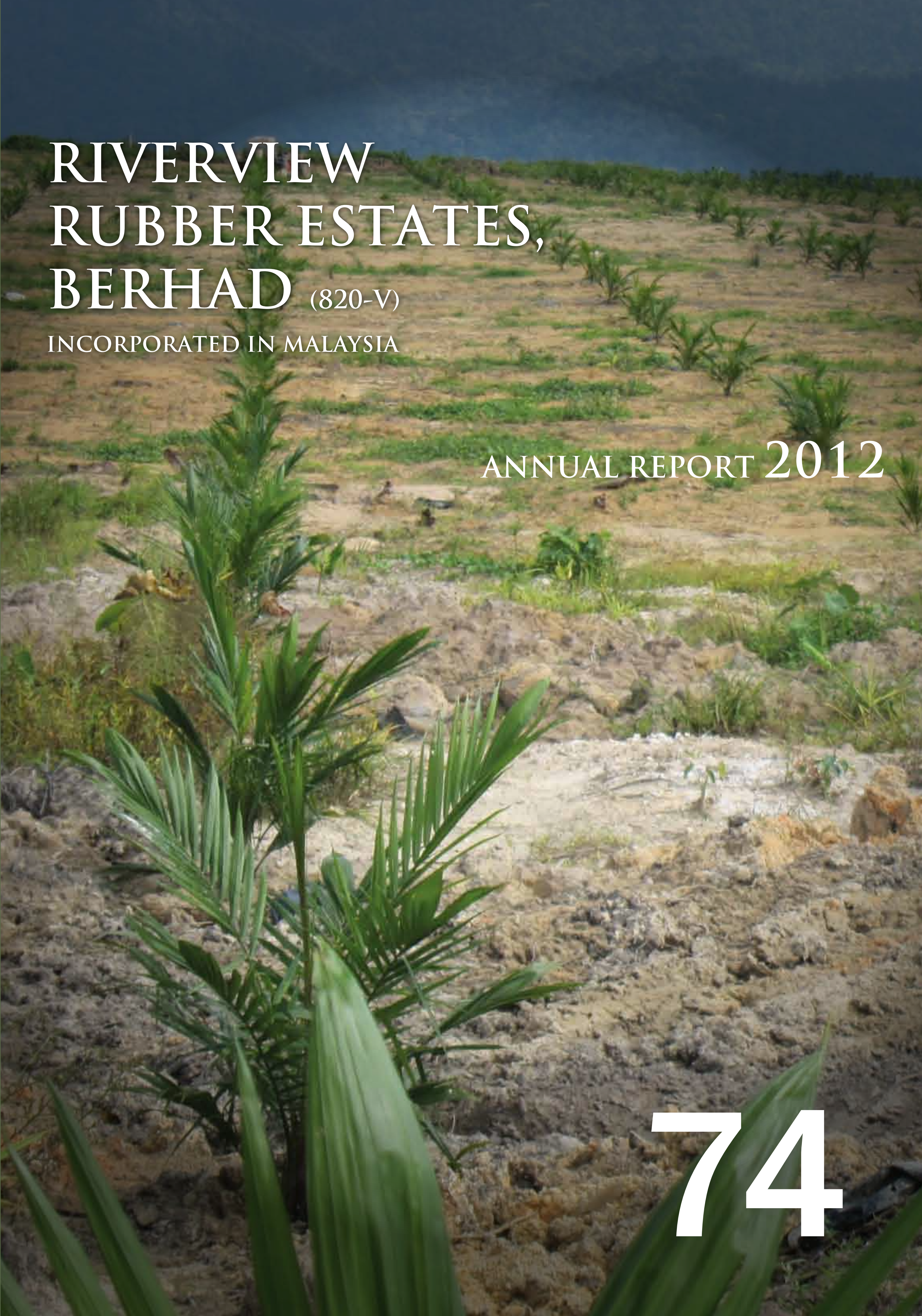

2012 Annual Report

74th Annual General Meeting

Riverview Rubber Estates, Berhad

Company No. 820-V — Incorporated In Malaysia

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventy Fourth Annual General Meeting of Riverview Rubber Estates, Berhad will be held at 33 (1st Floor) Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 21 June 2013 at 11.30 am for the purpose of considering and, if thought fit, passing the following resolutions:

AGENDA

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2012 together with the Directors' and Auditors' reports thereon. ***(Please refer to Note 5)***

2. To approve the increase of Directors fees totaling RM50,000 for the financial year ended 31 December 2013 **Resolution 1**

3. To approve the payment of Directors fees of RM330,000 for the financial year ended 31 December 2013 **Resolution 2**

4. To re-elect Stephen William Huntsman who retires by rotation in accordance with Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election. **Resolution 3**

5. To re-appoint Messrs. Sekhar & Tan as Auditors' of the Company for the ensuing financial year and to authorize the Directors to fix the Auditors' remuneration. **Resolution 4**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution:

6. **Authority to continue in office as Independent Non-Executive Director** **Resolution 5**

   "THAT authority be and is hereby given to Lim Hu Fang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012."

To consider and if thought fit, to pass the following Special Resolution

7. **Proposed Amendment to the Articles of Association** **Special Resolution**

   "THAT the proposed amendment to the Articles of Association of the Company as set out in **Appendix I** attached to this Notice be and hereby approved and in consequence thereof, the new set of Articles and Association incorporating the amendments be adopted AND THAT the Directors and Secretary be and are hereby authorized to carry out all necessary steps to give effect to the amendments."

By Order of the Board

Tsen Keng Yam
MIA 1476
Company Secretary

18 May 2013

Notice Of Annual General Meeting (continued)

Notes :
Proxy

1. *A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 33 (1st Floor), Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
5. *Item 1 of the Agenda is meant for discussion only, as the provision of Section169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*
6. *For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 14 June, 2013 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.*

EXPLANATORY NOTES ON SPECIAL BUSINESS:

Ordinary Resolution 5 – Authority to continue in office as Independent Non-Executive Director

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Lim Hu Fang who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years and recommended her to continue to act as an Independent Non-Executive Director of the Company based on the following justifications:

i. *She has fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board;*

ii. *Her experience in the industry enables her to provide the Board with a diverse set of experience, expertise, skills and competence;*

iii. *She has been with the Company for more than nine years and therefore understands the Company's business operations which enable her to participate actively and contribute during deliberations or at discussions at Audit Committee and Board Meetings;*

iv. *She has contributed sufficient time and effort and attended all the Audit Committee and Board Meetings as well visiting all the estates in order to obtain independent information required for balanced decision making; and*

v. *She has exercised due care during her tenure as an Independent Non-Executive Director of the Company and carried out her duties in the interest of the Company and its shareholders.*

Special Resolution – Proposed Amendments to the Articles of Association

The proposed Special Resolution, if passed, will enable the Company to comply with the amendment to Paragraph 7.21 of the Main Market Listing Requirements dated 22 September 2011.

Notice Of Annual General Meeting (continued)

APPENDIX I

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

The details of the proposed amendment to the Articles of Association of the Company are as set out below:

"THAT the existing Article 81A (Appointment of more than one proxy) be amended as follows:

Existing Article 81A

Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

New Article 81A

Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.

Rationale

Bursa Malaysia had, in a letter dated 22 September 2011, required listed issuers to amend its articles of association with regards the appointment of multiple proxies. The deadline to seek shareholders' approval for the said amendment is 31 December 2013.

Statement Accompanying Notice Of Annual General Meeting

Seven (6) Board Meetings were held during the year.

Date of Meeting	*Hour*	*Place*
24 February 2012	12.00 pm	Ipoh
27 April 2012	1.05 pm	Ipoh
22 June 2012	10.00 am	Ipoh
27 July 2012	11.00 am	Ipoh
25 October 2012	11.40 am	Ipoh
07 December 2012	10.35 am	Ipoh

Details of Directors' attendance at Board Meetings are as follows:

Names of Directors	*Number of meetings held*	*Number of meetings attended*
Roslan Bin Hamir	6	6
Tsen Keng Yam	6	6
Lim Hu Fang	6	6
Juliana Manohari Devadason	6	6
Stephen William Huntsman	6	6

Details of Director standing for re-election and re-appointment are as follows:

Stephen William Huntsman
Age 55. Malaysian. Non- Independent Non-Executive Director. Appointed to the Board in 2001. Attended all six Board Meetings in the financial year. Has a Masters in Business Administration and is an Associate Member of the Chartered Institute of Secretaries. Was a Manager of Plessey Plc from 1980 to 1986 and Manager of the Automobile Association from 1986 to 1996. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and is the son of William John Huntsman, a substantial shareholder of the Company. Has not been convicted for any offences within the past ten years. Stephen William Huntsman sits on both the Audit Committee and the Remuneration and Nomination Committee.

Lim Hu Fang
Age 62. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2002. Attended all six Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years. Lim Hu Fang is the Chairman of both the Audit Committee and the Remuneration and Nomination Committee.

Lim Hu Fang has served as an Independent Non-Executive Director for a cumulative term of more than nine years and has been recommended by the Board of Directors to continue to act as such.

Board Charter

As a plantation company with a history of more than 75 years, Riverview Rubber Estates, Berhad ("Riverview") ensures that it manages its business, operations and affairs in accordance with the laws and regulations of the jurisdictions in which it operates. In doing so, the Board is guided by the following principles:

- **Rights and equitable treatment of shareholders**

  To respect their rights and helping them to exercise those rights openly and effectively through communication of information and by encouraging participation at general meetings.

- **Interests of other stakeholders**

  Riverview recognises that they have legal, contractual, social, and market driven obligations to non-shareholder stakeholders, including employees, investors, creditors, suppliers, local communities, customers, and policy makers.

- **Role and responsibilities of the board**

  That it has sufficient relevant skills and understanding to review and challenge management performance and that it is of adequate size and displays appropriate levels of independence and commitment.

- **Integrity and ethical behaviour**

  That integrity be a fundamental requirement in choosing corporate officers and board members and that a code of conduct for the directors and executives which promotes ethical and responsible decision making is in place.

- **Disclosure and transparency**

  The roles and responsibilities of board and management are publicly made known to provide stakeholders with a level of accountability; and procedures to independently verify and safeguard the integrity of the company's financial reporting are implemented. Disclosure of material matters concerning the organization is timely and balanced to ensure that all investors have access to clear, factual information.

Corporate Information

BOARD OF DIRECTORS

Roslan Bin Hamir FCCA (UK), CA (M'sia) ***Chairman***
Tsen Keng Yam FCA (England & Wales), CA (M'sia)
Lim Hu Fang FCA (England & Wales), CA (M'sia)
Juliana Manohari Devadason Barrister-at-law (Grays Inn)
Stephen William Huntsman MBA (UK)

COMPANY SECRETARY

Tsen Keng Yam
MIA 1476

Telephone : 006 05 255 9013
Fax : 006 05 255 9016
Email : adrian.tsen@riverview.com.my

REGISTERED OFFICE

33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 255 9015
Fax : 006 05 255 9016

PRINCIPAL PLACE OF BUSINESS

Riverview Estate
31800 Tanjung Tualang
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 360 9201
Fax : 006 05 360 8426

SHARE REGISTRAR

33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 255 9015
Fax : 006 05 255 9016

Corporate Information (continued)

AUDITORS

Sekhar & Tan
Chartered Accountants
Suite 16 - 8, Level 16
Wisma UOA II
21 Jalan Pinang
50718 Kuala Lumpur

Telephone : 006 03 2170 2688
Fax : 006 03 2171 1987

AUDIT COMMITTEE
REMUNERATION COMMITTEE
NOMINATION COMMITTEE

Lim Hu Fang FCA (England & Wales), CA (M'sia) ***Chairman***
Roslan Bin Hamir FCCA (UK), CA (M'sia)
Stephen William Huntsman MBA (UK)

SENIOR INDEPENDENT DIRECTOR

Lim Hu Fang FCA (England & Wales), CA (M'sia)
Email : hufang.lim@riverview.com.my

BANKERS

HSBC Bank Malaysia Berhad
AmBank (M) Berhad
UBS AG
CIMB Bank Berhad
Standard Chartered Bank Malaysia Berhad
HSBC Bank Plc
Malayan Banking Berhad

SOLICITORS

Maxwell Kenion Cowdy & Jones

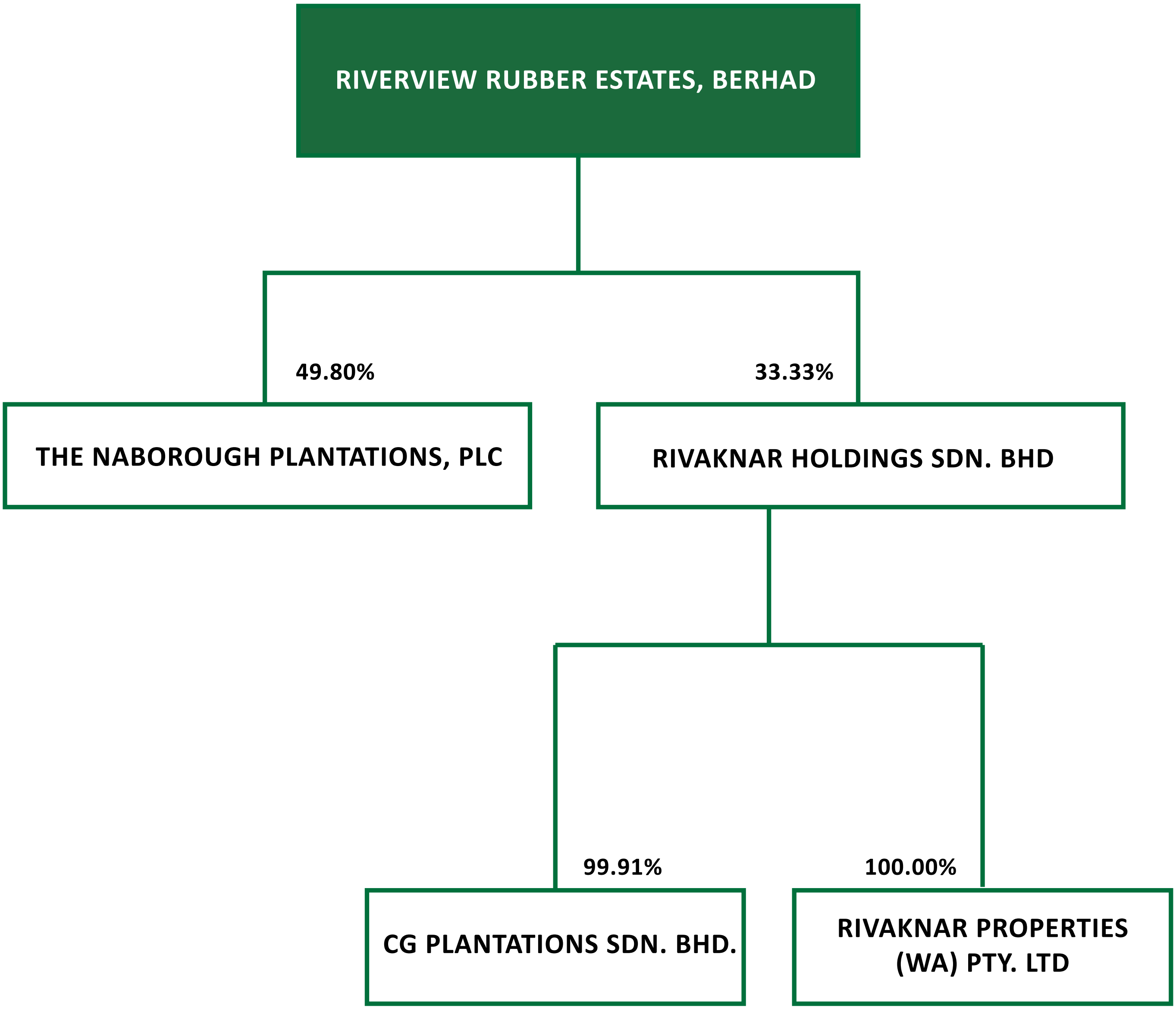
STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 2542
Stock Name : RVIEW

WEBSITE

www.riverview.com.my

Corporate Structure



Plantation Statistics

OIL PALM	2012	2011	2010	2009	2008
Average area in production (hectares)	1,760	1,760	1,759	1,759	1,759
Crop (tonnes FFB)	43,140	39,651	41,945	49,284	44,976
Yield per mature hectare (tonnes FFB)	26.71	24.78	25.92	28.69	25.57
Average price realised (RM per tonne of FFB)	581.12	698.15	569.98	445.22	585.50
Profit per mature hectare	10,072	11,997	10,778	8,811	10,599

AREA STATEMENT as at 31 December

Oil palm - mature	1,615	1,600	1,618	1,718	1,759
- immature	145	211	636	28	-
Total planted hectarage	1,760	1,760	1,759	1,759	1,759
Nursery	1	1	-	-	-
Buildings, sites, gardens, etc	26	26	27	27	27
Ravines and swamps	6	6	7	7	7
Total area (hectares)	1,793	1,793	1,793	1,793	1,793

Financial Calendar

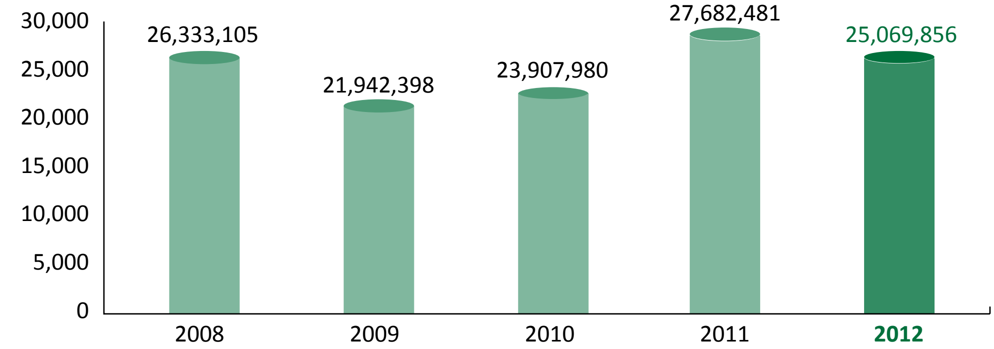
FINANCIAL YEAR END	**31 December 2012**		
ANNOUNCEMENT OF QUARTERLY RESULTS			
First Quarter	27 April 2012		
Second Quarter	27 July 2012		
Third Quarter	25 October 2012		
Fourth Quarter	25 February 2013		
PUBLISHED ANNUAL REPORT			
Despatch Date	18 May 2013		
GENERAL MEETING			
Seventy Fourth Annual General Meeting	21 June 2013		
DIVIDEND			
1st Interim of 10% under the Single Tier System	Decalaration date	-	21 May 2012
	Entitlement date	-	29 June 2012
	Payment date	-	27 July 2012
2nd Interim of 10% and Special of 5% under the Single Tier System	Decalaration date	-	9 November 2012
	Entitlement date	-	10 December 2012
	Payment date	-	7 January 2013

Financial Performance

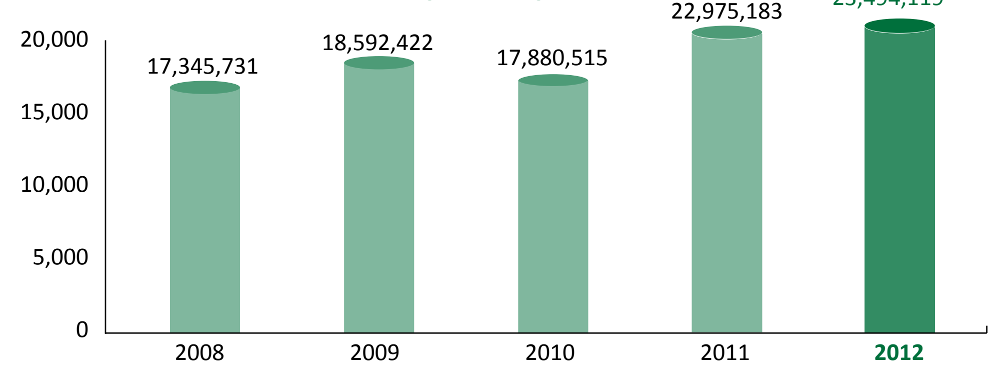
	1st Quarter RM '000	2nd Quarter RM '000	3rd Quarter RM '000	4th Quarter RM '000	2012 RM '000
Revenue	5,693	6,849	7,453	5,075	25,070
Operating profit	3,799	2,273	5,083	5,112	16,267
Profit before tax	4,425	5,522	5,509	8,038	23,494
Taxation	939	1,307	1,243	581	4,070
Profit attributable to shareholders	3,486	4,215	4,266	7,457	19,424
Earnings per share (sen)	5.38	6.50	6.58	11.50	29.95
Dividend per share (sen)	-	10.00	-	15.00	25.00
Net tangible assets per share (RM)	2.75	2.71	2.78	4.74	4.74

Financial Highlights

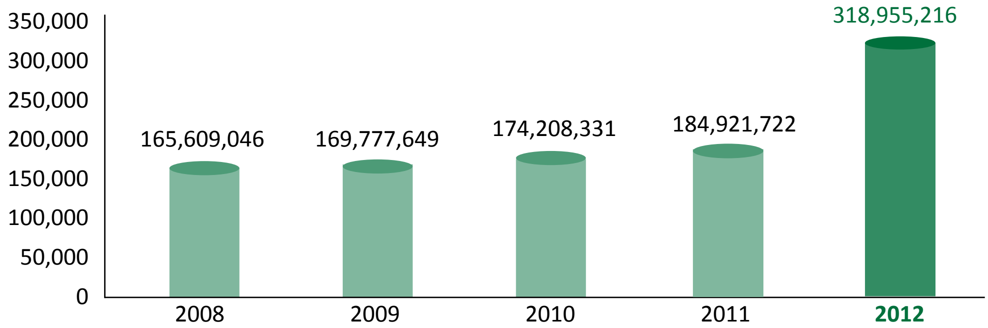
REVENUE

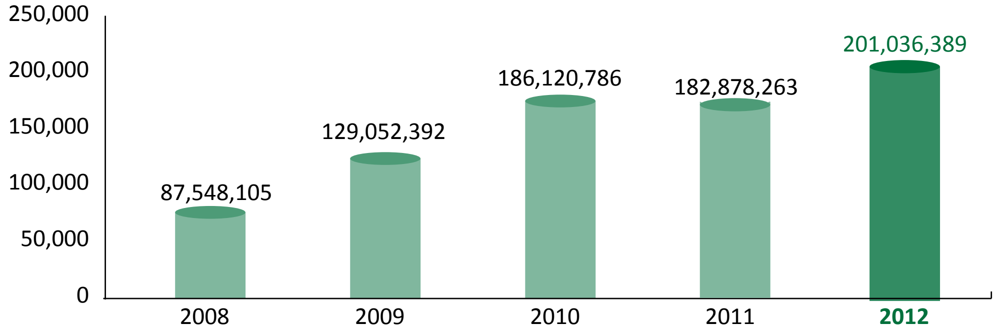


PROFIT BEFORE TAX

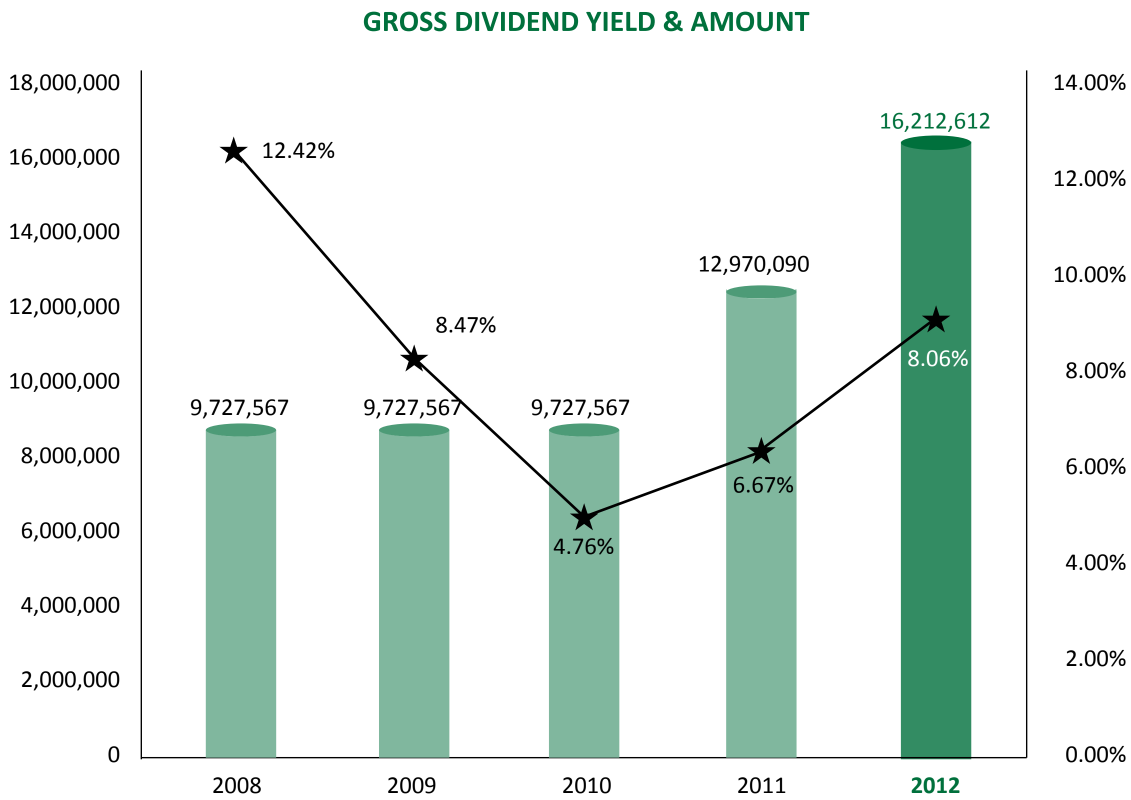


TOTAL ASSETS

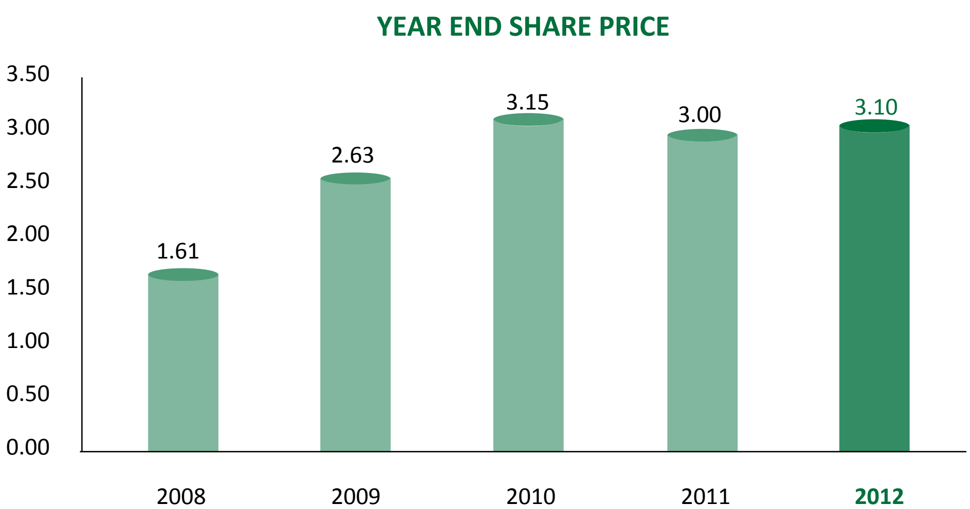




Financial Highlights (continued)



* Yield is based on the year end share price.



Analysis of Shareholdings

Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid	:	RM64,850,448
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per RM1.00 share

DISTRIBUTION OF SHAREHOLDINGS as at 03.05.2013

No. of Holders	Holdings	Total Holdings	%
30	less than 100	1,309	*
518	101 - 1,000	439,799	0.68%
1,531	1,001 - 10,000	6,492,438	10.01%
390	10,001 - 100,000	10,543,302	16.26%
27	101,000 - 1,515,408 **	6,513,508	10.04%
1	1,515,409 and above	40,860,092	63.01%
2,497		64,850,448	100.00%

SUBSTANTIAL SHAREHOLDERS IN THE COMPANY as at 03.05.2013

	No. of shares held			
	Direct	%	Deemed	%
Sungei Ream Holdings Sdn. Bhd. ("SRHSB")	40,860,092	63.00%	-	-
Buloh Akar Holdings Sdn. Bhd. ("BAHSB")	-	-	40,860,092 [1]	63.00%
William John Huntsman	6,000	0.01%	40,921,796 [2]	63.10%
Elizabeth Mary Huntsman	-	-	40,860,092 [3]	63.00%
Richard George Huntsman	-	-	40,860,092 [4]	63.00%
Stephen William Huntsman	67,300	0.10%	40,860,092 [5]	63.00%

DIRECTORS' SHAREHOLDINGS IN THE COMPANY as at 03.05.2013

	No. of shares held			
	Direct	%	Deemed	%
Roslan bin Hamir	1,000	*	-	-
Tsen Keng Yam	1,000	*	-	-
Lim Hu Fang	6,000	0.01%	-	-
Juliana Manohari Devadason	6,000	0.01%	-	-
Stephen William Huntsman	67,300	0.10%	40,860,092 [5]	63.00%

Notes :

1 Deemed interested by virtue of its substantial shareholdings in SRHSB. William John Huntsman and Stephen William Huntsman are deemed to be substantial shareholders of BHSB by virtue of the shares held bny Keniocowdy Nominees Sdn. Bhd. ("Keniocowdy") as custodian trsutees. Elizabeth Mary Huntsman and Richard George Huntsman are deemed to be substantial shareholders of BAHSB by virtue of the shares held jointly by OSK Trsutees Berhad ("OSK") and Juliana Manohari Devadason ("JMD") as custodian trustees. The shares held by the custodian trustees are in the following proportions:
"William's Share" : 458,013 shares in BAHSB held by Keniocowdy for William John Huntsman, his children and grandchildren
"Elizabeth's Share" : 458,013 shares in BAHSB held by OSK and JMD for Elizabeth Mary Huntsman, her children and grandchildren
"Richard's Share" : 457,914 shares in BAHSB held by OSK and JMD for Richard George Huntsman, his children and grandchildren

2 Deemed interested by virtue of his interest in William's Share and his substantial shareholdings in Thansmun Holdings Sdn. Bhd.

3 Deemed interested by virtue of her interest in Elizabeth's Share

4 Deemed interested by virtue of his interes in Richard's Share

5 Deemend interested by virtue of his interest in William's Share

* Negligible

** denotes 2.34% of the issued share capital

Analysis of Shareholdings (continued)

DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATIONS as at 03.05.2013

The Directors' shareholdings in related corporations are as diclosed in the Directors' Report on pages 68 to 69.

THIRTY LARGEST REGISTERED SHAREHOLDERS as at 03.05.2013

	Name	Holdings	%
1	SUNGEI REAM HOLDINGS SENDIRIAN BERHAD	40,860,092	63.01%
2	CITIGROUP NOMINEES (ASING) SDN BHD - EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	1,515,408	2.34%
3	NG BEH TONG	912,400	1.41%
4	YEO KHEE BEE	584,000	0.90%
5	YEOH CHIN HIN INVESTMENTS SDN BERHAD	403,100	0.62%
6	KAH HIN LOONG SDN BHD	214,600	0.33%
7	CHONG YEAN FONG	186,000	0.29%
8	CIMSEC NOMINEES (ASING) SDN BHD - EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD	181,000	0.28%
9	CHOW SOO HAR @ CHOW YIN KONG	160,000	0.25%
10	WONG LOKE SING	157,000	0.24%
11	GEMAS BAHRU ESTATES SDN BHD	153,000	0.24%
11	PARIN D/O LAFFA	153,000	0.24%
12	CHONG FA @ CHONG NAM YEN	150,600	0.23%
13	LIM BOON HOR	126,300	0.19%
14	CHONG MEOW CHONG	126,000	0.19%
15	CHUAH LEE SHYUN	123,800	0.19%
16	NAM CHOW MINES SDN BHD	123,000	0.19%
17	KARTAR SINGH A/L SANTA SINGH	120,000	0.19%
17	KWOK CHEE YAN	120,000	0.19%
17	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD - LIM & TAN SECURITIES PTE LTD FOR TEO YEOW LOO	120,000	0.19%
17	YANG YEN FANG	120,000	0.19%
18	LEE NGAN FAH	115,000	0.18%
18	SAI DEZHAO	115,000	0.18%
19	HSBC NOMINEES (ASING) SDN BHD - EXEMPT AN FOR UBS AG	110,000	0.17%
20	LIM KEAN MENG	108,000	0.17%
20	LIM WEI LI	108,000	0.17%
20	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD - PLEDGED SECURITIES ACCOUNT FOR ONG ENG HOE	108,000	0.17%
21	MIKDAVID SDN BHD	100,300	0.15%
	BALANCE C/F	47,373,600	73.09%

Analysis of Shareholdings (continued)

THIRTY LARGEST REGISTERED SHAREHOLDERS as at 03.05.2013 (continued)

	Name	Holdings	%
	BALANCE B/F	47,373,600	73.09%
22	HO SIM GUAN	100,000	0.15%
22	LEE SIEW PENG	100,000	0.15%
22	TEH LIAN KIM	100,000	0.15%
22	WONG PAK GOON	100,000	0.15%
23	LEE WEE LOONG	90,000	0.14%
23	LEE WEE YAN	90,000	0.14%
24	KOOI SOO LA	88,000	0.14%
25	HLIB NOMINEES (ASING) SDN BHD - EXEMPT AN FOR UOB KAY HIAN PTE LTD	84,000	0.13%
25	TAN TZE LIM	84,000	0.13%
26	WAN POH MINING COMPANY SDN BHD	83,800	0.13%
27	ROSA WOON AH MOI	81,600	0.13%
28	HSBC NOMINEES (ASING) SDN BHD - BNP PARIBAS SECS SVS PARIS FOR ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST PLC	80,200	0.12%
29	HLIB NOMINEES (TEMPATAN) SDN BHD - PLEDGED SECURITIES ACCOUNT FOR NA CHAING CHING (CCTS)	78,400 `	0.12%
30	PRETAM SINGH A/L CHANAN SINGH	77,000	0.12%
		48,610,600	74.96%

Profile of Directors

ROSLAN BIN HAMIR

Age 46. Malaysian. Independent Non-Executive Director and Chairman. Appointed to the Board in 2008 and elected Chairman in 2012. Attended all six Board Meetings in the financial year. Is an ACCA graduate with Bachelor of Arts (Honours) in Accounting and Finance. Was a Management Consultant and Auditor with Ernst & Young from 1993 until 1998. Currently serves as Group Managing Director of Kumpulan Fima Berhad and Fima Corporation Berhad, both of which are companies listed on Bursa Malaysia Securities Berhad. Also serves Chairman of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for any offences within the past ten years. Roslan bin Hamir sits on both the Audit Committee and the Remuneration and Nomination Committee.

TSEN KENG YAM

Age 63. Malaysian. Non- Independent Executive Director. Appointed to the Board in 2007. Also the Company Secretary. Attended all six Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants and a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants. Was a Partner of Arthur Andersen & Co from 1988 to June 2003. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom and as Chairman of Trinity Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for any offences within the past ten years.

LIM HU FANG

Age 62. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2002. Attended all six Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for any offences within the past ten years. Lim Hu Fang is the Chairman of both the Audit Committee and the Remuneration and Nomination Committee.

Profile of Directors (continued)

JULIANA MANOHARI DEVADASON

Age 63. Malaysian. Non-Independent Non-Executive Director. Appointed to the Board in 1987 and resigned as Chairman in 2012 . Attended all six Board Meetings in the financial year. Holds a Bachelor of Arts (Honours) Degree in Law and is a Barrister-at-Law, Grays Inn. Was a partner at Maxwell, Kenion, Cowdy & Jones from 1984 to 2003 and had been in practice as an advocate and solicitor for 28 years. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for any offences within the past ten years.

STEPHEN WILLIAM HUNTSMAN

Age 55. Malaysian. Non- Independent Non-Executive Director. Appointed to the Board in 2001. Attended all six Board Meetings in the financial year. Has a Masters in Business Administration and is an Associate Member of the Chartered Institute of Secretaries. Was a Manager of Plessey Plc from 1980 to 1986 and Manager of the Automobile Association from 1986 to 1996. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and is the son of William John Huntsman, a substantial shareholder of the Company. Has not been convicted for any offences within the past ten years. Stephen William Huntsman sits on both the Audit Committee and the Remuneration and Nomination Committee.

Chairman's Statement

Dear Shareholders,

This is my first year as Chairman of Riverview Rubber Estates, Berhad after assuming the role previously held by Mdm. Juliana Manohari Devadason on 7th December 2012 in compliance with Malaysian Code on Corporate Governance 2012 issued by the Securities Commission Malaysia. Juliana remains on the Board as a Non-Independent Non-Executive Director and I would like to take this opportunity to thank Juliana for her invaluable past service as Chairman.

On behalf of the Board of Directors, I am pleased to present the Seventy - Fourth Annual Report of Riverview Rubber Estates, Berhad for the financial year ended 31 December 2012.

Financial Performance

In a year where the global economy continued to be affected by uncertainty concerning the slowing of the Chinese economy, recovery in the United States of America and the debt crisis in Europe, I am pleased to announce that your Company has turned in another profitable year demonstrating our continued ability to maintain a disciplined approach in managing production efficiency and controlling costs.

■ *Infield – Sadang Estate*

Your Company registered revenue of RM25.07 million for this year, a decrease of 9.44%, and a gross profit of RM16.27 million, a decrease of 15.25%. The decrease in revenue is due to the decrease in the average selling price of fresh fruit bunches of palm oil ("FFB"). The average selling price obtained decreased from RM698.15 per metric ton last year to RM581.12 per metric ton this year, a decrease of RM117.03 per metric ton or by 16.76%, fortunately we have been able to partially offset the decrease in price by an increase in production of 3,489.12 metric tons or 8.80%.

Despite the overall increase in the costs of living, production costs have been maintained, with costs of sales increasing by RM0.32 million, which is mainly due to higher fertiliser cost, this was achieved by making cash and budget forecasting a priority of your Company.

Chairman's Statement (continued)

Financial Performance (continued)

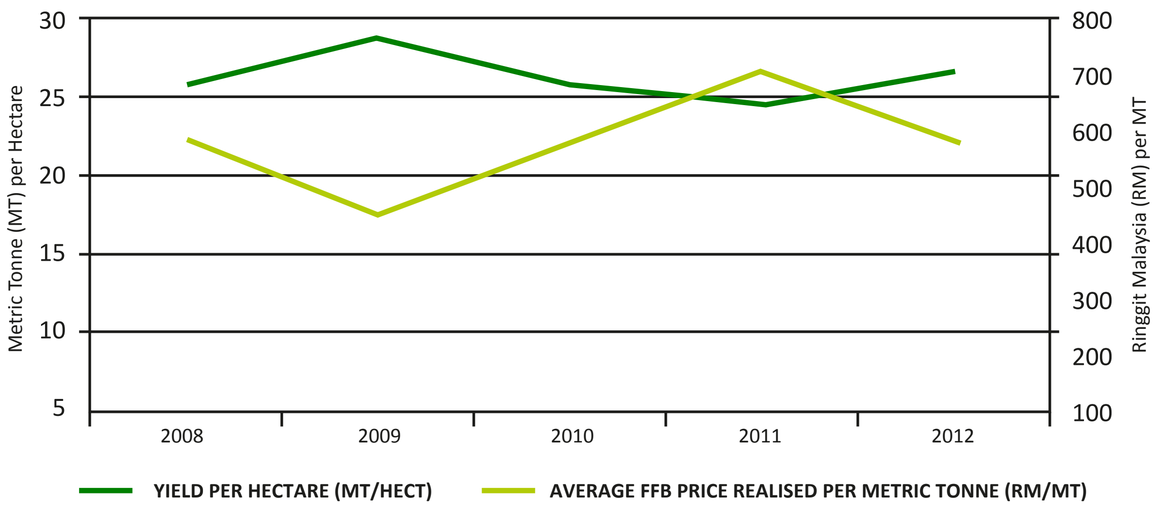
■ *Rivaknar Court Town Houses, Perth, Australia – Rivaknar Properties (WA) Pty. Ltd*

Your Company also recorded a pre-tax profit of RM23.50 million, an increase of 2.26%, this is due to our share in the fair value adjustment of RM3.60 million of the investment properties of our Australian Associate.

CPO was traded widely during 2012 with an average high of RM3,480.50 per metric ton and a low of RM2,050.00 per metric ton in December 2012. The average CPO price for 2012 was RM2,764.00 a decline of RM455.00 or 14.10% against RM3,219.00 in 2011. This in turn affected our turnover and gross profit margins

In line with the Group's policy to have its landed properties revalued every 5 years by accredited valuers, a revaluation on the landed properties was completed towards the end of 2012, resulting in a substantial increase in the value of your Company's Freehold Estate by RM103,250,690 as shown in Note 24 of Notes to the Financial Statements.

A graphical presentation of your Company's five (5) year yield per hectare and the average price of FFB obtained is presented below



Chairman's Statement (continued)

Financial Performance (continued)

We will be facing challenging times ahead with fluctuating Crude Palm Oil ("CPO") prices, uncertain weather patterns and rising costs of production from increases in labour costs, fertiliser prices to general costs of living. Malaysia has implemented a minimum wage of RM900 with effect from 1st January 2013, this is expected to have minimal impact, in 2010 revised our base salary and most of our employees are now earning above this amount.

■ *Recently completed Yokine Project, Perth, Australia – Rivaknar Properties (WA) Pty. Ltd*

Review of Operations

The results from the operations for the financial year under review are satisfactory given the factors benefiting the Company and the measures implemented to counter detrimental elements. However, the Company will continue practising its prudent approach in its operations as that adopted in the previous years as we must remain guarded against bearish condition of the world economy which is still struggling to recover.

In 2012 we re-commenced the replanting programme by replanting 45.17 hectares at Hibernia Estate and 94.30 hectares at Narborough Estate, felling began in June 2012 and planting commenced in October 2012. Replanting in 2013 will be extended in Hibernia Estate, and Narborough Estate.

■ *2012 Replanting by the "Makcik Geng" – Hibernia Estate*

Chairman's Statement (continued)

Review of Operations (continued)

The seedlings used for replanting came from our own nurseries; meticulous planning went into the selection of progeny/clones used, the preparation of the nursery, planning of roads, and into harvesting and collection methods, all these are expected to bring about better efficiencies in field management and increase future yields.

■ *Pre-nursery – Teja Estate*

The replanting progamme being carried out will be based on a schedule to replace palms that are more than 25 years old. With the establishment of a nursery to nurture palms from progeny that will be high yielding and hardy, your Board, together with the Agronomist, Planting Adviser and Senior Management will continuously review the need to replant, taking into account economic, agronomic and management factors.

■ *Directors' Visit, introduction of Mechanised Harvesting – Sadang Estate*

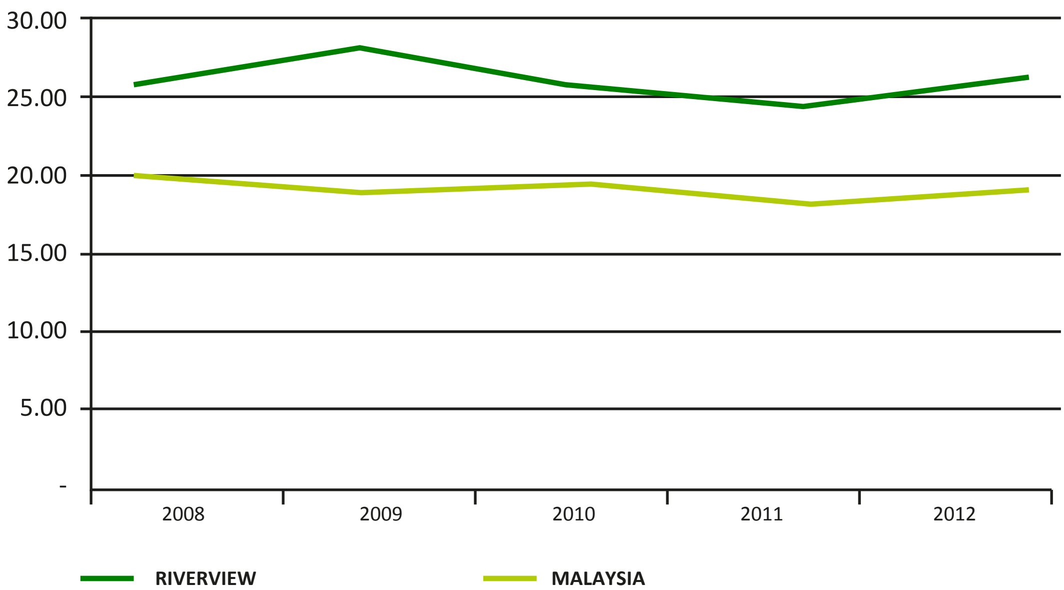
The Company has upgraded the living quarters of its employees and will maintain a programme to continuously upgrade and build new quarters, where necessary, to enhance their quality of life in line with the Company's continued commitment in its practise of corporate social responsibility.

Chairman's Statement (continued)

■ *Directors' Visit, – Jeta Estate*

Review of Operations (continued)

I am delighted to report that despite the replanting programme and young and immature palms, efforts to improved efficiency have been effective, we have managed to increase our FFB Yield to 26.71 metric tons per hectare, which is 41.39% higher than the national average of 18.89 metric tons per hectare. A graphical presentation of your Company's five (5) year yield against the national average is presented below.



Market Overview

The oil palm planted area in 2012 reached 5.08 million hectares, an increase of 1.5% against 5.00 million hectares recorded in 2011. This was mainly due to the increase in planted area in Sarawak, which recorded an increase of 5.3% or 54,651 hectares. Sabah is still the largest oil palm planted state, with 1.44 million hectares or 28.4% of total oil palm planted area, followed by Sarawak with 1.08 million hectares with 21.2%.

Production of CPO in 2012 declined marginally by 0.7% to 18.79 million tonnes, with Peninsular Malaysia was down marginally by 0.5% to 10.32 million tonnes, while Sabah declined by 5.1% to 5.54 million tonnes. Sarawak, on the other hand registered an increase of 8.4% to 2.92 million tonnes due to new areas coming into production

The average CPO price recorded for the year 2012 was RM2,764.00, a decline of RM455.00 or 14.1% against RM3,219.00 in the previous year. CPO prices traded firmer averaging at RM3,189.00 and RM3,197.00 per tonne during the first and second quarter of the year respectively, supported mainly by positive sentiments related to world supply tightness of vegetable oils, especially soyabean oil. However, CPO price declined to RM2,837.00 during the third quarter of the year mainly due to bearish market sentiments resulting from the unresolved Euro-zone financial crisis that lead to poor demand of oils and fats, coupled with the seasonal uptrend in palm oil production. Subsequently, CPO price was down to its lowest level in the year during the fourth quarter of 2012, averaging at RM2,181.00 on continued concerns over the build-up in palm oil stock levels reaching its highest level of 2.63 million tonnes in December, 2012.

(Source : The Malaysian Palm Oil Board)

■ *Directors' Visit, – Jeta Estate*

■ *Directors' Visit – Narborough Estate*

■ *Directors' Visit – Narborough Estate*

Chairman's Statement (continued)

Current Year's Prospects

Barring unforeseen events due to the world economy and adverse weather, the prospects of the palm oil industry looks bright with strong demand for edible oil and progress in biodiesel development and application.

The Company has built and will continue to build a solid foundation over the years to ensure the sustainability of the oil palms production potential. Notwithstanding unpredictable factors such as adverse weather conditions and pest attack, crop will be expected to increase in the foreseeable future with a slight drop in the intervening years of replanting. The Company should see another profitable year ahead given the continued increase in CPO price, improved cost efficiency through proper planning and favourable weather which will be beneficial to an increase in productivity of FFB.

■ *Before and After Renovation – Narborough Estate Office*

Chairman's Statement (continued)

Dividend

For the year ended 31 December 2012, the Company declared the following dividends.

On 21 May 2012, the Company announced a First Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045, this dividend was paid on 27 July 2012.

On 9 November 2012, the Company announced a Second Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045 and a Special Dividend of 5% under the Single Tier System amounting to RM3,242,523, these dividends were paid on 7th January 2013.

Appreciation

On behalf of the board, I would like to record our appreciation to the management and employees for their commitment, dedication and loyalty in achieving the results in the financial year under review.

I take this opportunity to thank our valued shareholders, business associates, customers, friends and authorities for their continued trust confidence support and guidance.

Finally, I also wish to record the sense of collective responsibility, commitment, professionalism and the wisdom of my fellow Directors on the Board.

ROSLAN BIN HAMIR
Chairman

■ *A view of City Skyline from Yokine Project Perth, Australia – Rivaknar Properties (WA) Pty. Ltd*

Chairman's Statement (continued)

■ *Lady Field Workers, "Ah So Gang" – 1954*

■ *Lady Field Workers, "Makcik Gang" – 2012*

"Women have always played an integral part in the success of the Company"

Corporate Governance Statement

The Board of Directors recognises the importance of ensuring high standards of corporate governance, as a public listed company, we are committed to corporate governance and comply with the principles and best practices of the Malaysian Code on Corporate Governance 2012 (the “Code”) and with the requirements of corporate governance set out on Bursa Malaysia Main Listing Requirements

The Board has put in place a framework for corporate governance which is appropriate for the Group to enable the Directors in discharging their responsibilities to protect stakeholders’ interests and to enhance shareholders’ value and the long term financial duties of the Group.

In doing so, the Board strives to adopt the substance behind the Code and not merely its form. The Board is pleased to present a statement on the application of the principles and the extent of compliance with the best practices as set out in the Code.

We have, in 2012, complied with the principles and recommendations of the Code, save for one of the recommendations that the tenure of an independent director should not exceed a cumulative term of nine years. In this respect, the Board of Directors, have via the Nomination Committee conducted an annual performance evaluation and assessment as well as provided justification and have recommended to the shareholders that the said director be retained as an independent director.

I. DIRECTORS

Size and Composition

The size and composition of the Board is appropriate given the nature and geographical spread of the Group’s business, and the significant time demands placed on the Non-Executive Directors who also serve as Members of Board Committees.

The 5 Members of the Board are individuals of ability and integrity who possess the necessary skills, knowledge, experience and expertise competencies to address the risks and issues of the Group with the requisite depth and quality in its deliberation and decision making.

The Directors are able to more than adequately deliberate and make decisions which involves reviewing and adopting a strategic plan for business performance, overseeing the proper conduct of the Group’s business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, reviewing the adequacy and integrity of the Internal control systems and Management information systems.

The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Group.

Balance

The Board consist five (5) members, comprising four (4) Non-Executive Directors, including the Chairman, and one (1) Executive Director. Two (2) of the Directors on the Board are independent. A profile of each Director is presented on pages 18 and 19.

Corporate Governance Statement (continued)

Balance (continued)

The presence of Two (2) Independent Non-Executive Directors, which represents more than one-third of the Board, facilitates the unbiased exercise of independent evaluation in Board deliberations and decision making and fulfills a central role in corporate accountability and serves to provide check and balance in the Board.

Independence

The concept of independence adopted by the Board is in line with the definition of an Independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad and PNN No. 13/2002. The main elements for fulfilling the criteria is the appointment of an Independent Director who is not a member of Management and free from any relationship which could interfere in the exercise of independent judgment or the ability to act in the best interest of the Company. The Board complies with paragraph 15.02 of the Bursa Malaysia Main Market Listing Requirements which requires that at least two Directors or one-third of the Board, whichever is higher, are independent Directors.

The Independent Non-Executive Directors do not participate in the daily management activities and bring an external perspective to constructively challenge as well as assist in developing strategies, scrutinising management performance and monitoring the risk profile of the business and the reporting of monthly business performance.

The Nomination Committee and Board have upon their annual assessment, concluded that each of the Independent Non-Executive Directors had demonstrated conduct and behavior which indicate independence and each of them continue to fulfill the definition of independence as set out in the Code and the Bursa Malaysia Main Market Listing Requirements.

The Code recommends that the tenure of an independent director should not exceed a cumulative term of nine years. However, the Nomination Committee and the Board, have determined at the annual assessment that Lim Hu Fang, who has served on the Board since 2002, remains impartial and independent when expressing her views during the participation of deliberations during decision making at the Board and Board Committees. The length of service does not affect with her exercise of independent judgment and ability to act in the best interest of the Group and its shareholders. She has been evidently independent in carrying out her role as Member of the Board and notable as Chairman of the Board Committees.

Senior Independent Director

Lim Hu Fang was the Senior Independent Director throughout the year and, as such, is available to shareholders should they have concerns that cannot be resolved through normal channels involving the Executive Director or Chairman. She can be contacted via email at *hufang.lim@riverview.com.my*

Ethics

As the business environment and laws continue to become more complex, a greater demand for reasonable competence amongst company directors has become increasingly important and this has resulted in a need to establish a standard of competence for corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity. This standard has been practiced long before the Code came to be.

Ethics (continued)

The guiding principles adopted by the Directors are based on moral duty sincerity, integrity and responsibility. The Directors observe a code of ethics in accordance with that expected from each of their respective professional bodies and the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.

These principles include:
- prohibitions on employees using their position for personal gain;
- prohibitions on improper business practices;
- a requirement for compliance with all internal approval and authorisation procedures and legal requirements; and
- a requirement to disclose potential conflicts of interest and potential related party contracts.

The Company Secretary is available for advice on any matter which may give rise to cause for concern in relation to the ethics.

Duties and Responsibilities

The Board of Directors is responsible for the long term success of the Group and must ensure that there is a framework of effective controls, which enables risk to be assessed and managed. While it is responsible for creating a framework within which the Group should be operating, Management is responsible for instituting compliance with laws and regulations including the achievement of the Group's corporate and social objectives. This demarcation of roles complements and reinforces the supervisory role of the Board.

The Board is specifically responsible for:
- approval of the Group's strategy and it budgetary and business plans;
- approval of significant investments and capital expenditure;
- approval of annual and interim results, accounting policies and subject to shareholder approval, the appointment and remuneration of the external auditors;
- declaration and payment of dividends;
- changes to the Group structure and the issue of any securities;
- establishing and maintaining the Group's risk appetite, system of internal control, governance and approval authorities;
- monitoring executive performance and succession planning;
- reviewing standards of ethics and policy in relation to health, safety, environment and community responsibilities; and
- continuous education programmes for the Directors, management and employees.

The Board entrusts and grants some of it authority to the Executive Director as well recognized Committees comprising Non-Executive Directors.

There is clear segregation of responsibilities between the Chairman, who is an Independent Non-Executive Director, and the Executive Director to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

Corporate Governance Statement (continued)

Duties and Responsibilities (continued)

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings to ensure no Board member dominates discussion and relevant opinions amongst Board members are presented. The Executive Director supported by the Management team, is responsible for day-to-day Management of the business as well as effective implementation of the strategic plan and policies established by the Board.

The Non-Executive Directors are independent of the Management. Their function is to constructively question the Management and monitor its ability to deliver on targets and business plans within the risk appetite set by the Board. They have free and open interaction with the Management at all levels, and they engage with the external and internal auditors on matters regarding the overseeing of the business and operations

The roles and responsibilities of Non-Executive Directors include the following:
- providing impartial (where the Director is also Independent) and objective views, appraisals and opinions in deliberations of the Board;
- safeguarding the principle of check and balance in proceedings of the Board;
- mitigating occurrences of conflict in interest in policy making and daily operations of the Group; and
- constructively challenging and contributing to the development of the Group.

Meetings

The Board meets a minimum of four (4) times a year and these meetings are scheduled in advance before the end of the current financial year in order to enable the Directors to have ample time to plan ahead; supplementary meeting are held as and when necessary.

Due notice is given of scheduled meetings, all meetings are minuted, including issues discussed and conclusions made. All proceedings are minuted and signed by the Chairman of the meetings.

During the financial year, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters, these include overall strategy and direction, approval of capital expenditure, consideration of financial matters, monitoring the financial and operating performance as well as annual operating and capital budgets.

The agenda for each Board meeting and papers relating to the agenda are disseminated to all Directors at least seven (7) days before the meeting, this is to ensure that meetings are properly structured and to provide the Directors sufficient review time, and seek clarifications, if any.

Details of the meeting attendance of each Director are as follows:

Directors		Number of meetings attended
Roslan Bin Hamir	Chairman, Independent, Non-Executive	6
Tsen Keng Yam	Non Independent, Executive	6
Lim Hu Fang	Independent, Non-Executive	6
Juliana Manohari Devadason	Non Independent, Non-Executive	6
Stephen William Huntsman	Non Independent, Non-Executive	6

Supply of Information

The Chairman in conjunction with the Group Secretary draws up the agenda, which is circulated together with the relevant support papers, at least seven (7) days prior to each meeting to enable the Directors to have full and timely access to all relevant information to aid their decision-making and to obtain further information, if necessary.

All Directors have unrestricted access to advice and services of the Company Secretary who ensures that the Board receives appropriate and timely information for its decision making, that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained.

The Board believes that the Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board and his removal from post, if contemplated, is a matter for consideration by the Board as a whole.

All Directors have full and immediate access to information relating to the Group's business and affairs in the discharge of their duties, there is nevertheless a formal procedure sanctioned by the Board in this regard. There is also a formal procedure, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in furtherance of the duties at the Group's expense.

The Audit, Remuneration and Nomination Committees play an important role in channeling pertinent operational, financial and assurance related issues to the Board. The Committees partly function as a filter to ensure that only salient matters are tabled at Board level.

Training and Induction

The Board, through the Committees, ensure a structured orientation and continuous education programme is in place for new and existing members of the Board. This includes, briefings, seminars and updates on issues relevant to the Group and the environment in which it operates.

All Directors have attended the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia Securities Berhad. The Directors continue to and are encouraged to attend Continuing Education Programme (CEP) and seminars to keep abreast with regulatory development and other development on the marketplace. The Company Secretary circulates updates periodically for the Board's reference.

For new Directors, in addition to the MAP, an induction programme provided. Overall, the aim of the induction programme is to introduce new Directors to the Group's business, its operations, time commitment required and its governance agreements. Such inductions typically include meetings with senior management, visits to the Group's business segments where they receive a thorough briefing on the business. Such inductions are monitored by the Chairman and supported by the Company Secretary, to ensure that new and recently appointed Directors gain sufficient knowledge about the Group to enable them to contribute to deliberations as soon as possible as well as be aware of the expectations required from them.

Directors also receive training throughout the year, both at internal conferences and by way of attendance at external seminars and courses.

Corporate Governance Statement (continued)

Training and Induction (continued)

During the financial year, the seminars attended by Directors are as follows:

Training Programme	Director
10 February 2012	
• Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Disclosure and Other Obligations	- Roslan Bin Hamir
• Corporate Disclosure Guide	
• Convergence with IFRS – How to Apply FRS 1	
7 March 2012	
• Accounting for Agriculture	- Lim Hu Fang
5 April 2012	
• MFRS 1 : Preparing your first MFRS Quarterly Report	- Lim Hu Fang
3 July 2012	
• 2012 Mid Year Global Economic Outlook	- Roslan Bin Hamir - Tsen Keng Yam - Lim Hu Fang - Juliana Manohari Devadason - Stephen William Huntsman
15 October 2012	
• Impact of Amendments to Listing Requirements of Bursa Malaysia & Malaysian Code on Corporate Governance 2012	- Tsen Keng Yam
20 -22 October 2012	
• Microbes : Nature's Fertliser • Mechanised Collection of FFB • Mechanised Harvesting of FFB • Field Upkeep and Management	- Roslan Bin Hamir - Tsen Keng Yam - Lim Hu Fang - Juliana Manohari Devadason - Stephen William Huntsman

Appointments and Re-election

The Nomination Committee established by the Board is responsible for assessing nominees for appointment and thereafter making its recommendations to the Board.

In accordance with Article 88 of the Articles of Association of the Company, any Director appointed shall retain office only until the next General Meeting and shall then be eligible for re¬election.

Re-appointments of an Independent Director who has served for a cumulative term of more than nine years to continue serving in the same capacity requires the Board of Directors to justify, recommend and seek shareholders' approval in order for that individual to continue as such.

Section 129(2) of the Companies Act, 1965 requires Directors over the age of 70 to retire at every Annual General Meeting and offer themselves for re-appointment to hold office until the next Annual General Meeting.

Appointments and Re-election (Cont'd)

Article 96 of the Articles of Association provide that at each Annual General Meeting, at least one Director shall retire from office, the Director to retire shall be the Director who has been longest in office provided always that all Directors retire once every three years.

To assist shareholders in their decision, sufficient information such as a personal profile and meeting attendance of each Director standing for re-election is furnished in a separate statement accompanying the Notice of the Annual General Meeting.

Remuneration

The Remuneration Committee carries out the annual review of the overall remuneration policy for the Executive Director, Management Officers and Staff and recommends this to the Board for approval.

In determining the remuneration packages and terms of service, the Remuneration Committee has had regard to the size and operations of the Group, the recruitment, retention and incentivisation of high quality Directors, Management and Staff. It must offer rewards which, on the basis of above average performance, offer rewards that are comparable to the industry.

I. BOARD COMMITTEES

The Board decides on all major aspects of the activities of the Company and in common with other listed companies of similar size and organization, it decides upon most such matters as full Board. The Board in discharging its duties is assisted by three Board committees, namely the Audit Committee, Remuneration Committee and Nomination Committee with written terms of reference which define their membership, authorities and responsibilities.

Audit Committee

The Audit Committee comprise exclusively of three (3) Non-Executive Directors, two (2) of which are Independent, as follows:

Lim Hu Fang ***Chairman***
Roslan Bin Hamir
Stephen William Huntsman

The Board has delegated to the Committee responsibility for overseeing the financial reporting, internal risk management and control functions for making recommendations to the Board in relation to the appointment of the Group's internal and external auditors.

In order to carry out its duties and responsibilities effectively, the Committee relies on information and support from management across the business. The full Audit Committee Report is presented from pages 42 to 46 and the full Terms of Reference of Audit Committee are presented from pages 47 to 49.

The Audit Committee meets at least four (4) times a year and meets with the External and Internal Auditor without the presence of the Executive Director at least once (1) a year.

Corporate Governance Statement (continued)

Audit Committee (continued)

The Committee has met four (4) for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

Details of the meeting attendance of each Director are as follows:

Directors	Number of meetings held	Number of meetings attended
Lim Hu Fang	4	4
Roslan Bin Hamir	4	4
Stephen William Huntsman	4	4

Remuneration Committee

The Remuneration Committee comprise exclusively of three (3) Non-Executive Directors, two (2) of which are Independent, as follows:

Lim Hu Fang ***Chairman***
Roslan Bin Hamir
Stephen William Huntsman

The Committee is responsible for developing the remuneration policy for the Executive Director, Management Officers and Staff, in doing so, the Committee carries out the annual review of the overall remuneration policy and recommends this to the Board for approval.

The terms of reference of the Remuneration Committee include:

- Determining and agreeing with the Board the policy for the remuneration of the Executive Director, Chairman, Management and such members of the staff that it chooses to consider;
- Reviewing remuneration trends across the Group including the salary increases proposed annually for all Group employees;
- Appointment and termination agreements for senior management;
- Determining targets for bonuses;

The Committee's aim is to ensure that the structure of executive remuneration supports the achievement of the Company's performance objectives and, in turn increases shareholder value. The Company's guiding policy on executive remuneration is as follows:

- Executive remuneration packages should take into account the linkage between pay, performance and nature of work by rewarding both effective management and by making the enhancement of shareholder value a critical success factor in setting of incentives, both short and long term; and
- The overall level of salary, incentives pension and other benefits should be competitive when compared with other companies of similar size and within the industry.

In setting salary level, the Committee considers experience, responsibilities and individual performance during the previous year; and takes account of salary levels with other companies of similar size, within the industry and the rates of increases of other employees.

Remuneration Committee (Cont'd)

Type	Description	Purpose
Base Salary	Cash salary based on individual contribution which is reviewed annually. Members of unions are paid in accordance with the respective Collective Agreements. The Base Salary adopted by the Group was last revised in 2010 where it was higher than the minimum wage of RM900 which became effective for the Malaysia on 1st January 2013	Reflects the competitive market salary level for the role and takes account of personal performance and contribution to corporate performance
Pension	15% of employee remuneration is contributed by the Company to the Employees Provident Fund. The prescribed statutory rate is 12%	Provides funds to be saved for retirement
Annual Bonus	Paid in cash based on the Company's annual financial performance and the individuals personal performance	Rewards the achievement of meeting annual financial targets.

In setting salary level, the Committee considers experience, responsibilities and individual performance during the previous year; and takes account of salary levels with other companies of similar size, within the industry and the rates of increases of other employees.

The Committee operates within agreed terms of reference and in respect of directors' remuneration, is responsible for making recommendations to the Board on the performance related packages for the Executive Director and Senior Management as well as directors.

The Executive Director plays no part in deciding his own remuneration. Directors' fees are tabled to the shareholders for approval at the Annual General Meeting prior to payment to the Director. The details of the remuneration of each Director of the Company during the financial year and the proposed fees for the ensuing year are as follows:

		2012		Proposed 2013
	Basic fee RM	Others RM	Total RM	Basic Fee RM
Executive				
Tsen Keng Yam	55,000	36,694	91,694	65,000
Non-Executive				
Juliana Manohari Devadason	60,000	-	60,000	65,000
Lim Hu Fang	55,000	-	55,000	65,000
Stephen William Huntsman	55,000	-	55,000	65,000
Roslan bin Hamir	55,000	-	55,000	70,000
Grand Total	280,000	36,694	316,694	330,000

Corporate Governance Statement (continued)

Remuneration Committee (continued)

The Remuneration Committee meets at least once (1) a year.

The Committee has met once (1) for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

Details of the meeting attendance of each Director are as follows:

Directors	Number of meetings held	Number of meetings attended
Lim Hu Fang	1	1
Roslan Bin Hamir	1	1
Stephen William Huntsman	1	1

Nomination Committee

The Nomination Committee comprise exclusively of three (3) Non-Executive Directors, two (2) of which are Independent, as follows:

Lim Hu Fang **Chairman**
Roslan Bin Hamir
Stephen William Huntsman

The Board has delegated to the Committee responsibility for reviewing and proposing appointments to the Board and for recommending any other changes to the composition of the Board or the Board Committees. The Committee ensures that there is clarity in respect of the role description and capabilities required for such appointments. The Committee is also responsible for the annual evaluation of the Board, its commitments and its Directors.

Appointments to the Board are made on merit, against objective criteria and with due regard for the benefits of diversity on the Board. This process is led by the Committee which, after evaluating the balance of skills, knowledge and experience of each Director, makes recommendations to the Board. The Board's appointments reinforce the Board's principle that appointments are made on merit, in line with its current and future requirements, and reflect the size of the Group. This policy also reflects the benefits of diversity, including gender diversity. The Board endorses the recognition of "Women on Boards" and has been at the forefront of exemplifying gender diversity in the boardroom.

An internal performance assessment was undertaken by the Board during the year, as the Board believes that it has the appropriate resources and experience to undertake such reviews. The Chairman acted as the sponsor of the evaluation process and each Director was required to conduct a qualitative assessment on each other based on pre-determined criteria. The Company Secretary acted as facilitator to the Board and issues arising from the process were evaluated and acted upon.

The evaluation prompted a discussion on the following:

- Lim Hu Fang's role as an Independent Director after having served for a cumulative period of more than nine (9) years; and
- The objectivity of a qualitative assessment based on pre-determined criteria; and

Nomination Committee (continued)

As a result of the evaluation, the Committee recommended, and the Board agreed, on the following:

- That Lim Hu Fang be retained as an Independent Director as until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012 based on the following justifications:
  - *i. She has fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirement of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgment to the Board;*
  - *ii. Her experience in the industry enables her to provide the Board with a diverse set of experience, expertise, skills and competence;*
  - *iii. She has been with the Board for more than nine years and therefore understands the Group's business operations which enable her to participate actively and contribute during deliberations or at discussions at Audit Committee and Board Meetings;*
  - *iv. She has contributed sufficient time and effort and attended all the Audit Committee and Board Meetings as well visiting all the estates in order to obtain independent information required for balanced decision making; and*
  - *v. She has exercised due care during her tenure as an Independent Non-Executive Director of the Company and carried out her duties in the interest of the Company and its shareholders.*
- For the ensuing year, an evaluation process which requires each Director to score a questionnaire for review by the Committee and the Board will be implemented.

The Board is satisfied about the balance, and effectiveness and commitment of each Director and that the Board is able to operate effectively. In particular the Board contributes valuably to strategy, has appropriate matters reserved to it for its decision and commits the necessary time to be effective.

The Nomination Committee meets at least once (1) a year.

The Committee has met once (1) for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

Details of the meeting attendance of each Director are as follows:

Directors	Number of meetings held	Number of meetings attended
Lim Hu Fang	1	1
Roslan Bin Hamir	1	1
Stephen William Huntsman	1	1

Corporate Governance Statement (continued)

III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board maintains a policy of keeping its shareholders and investors, irrespective of size, informed about the Group's activities and progress as the Directors value a constructive relationship with its shareholders and investors. Communication with shareholders and investors through timely announcements to Bursa Malaysia Securities Berhad are given high priority. In addition, quarterly report announcements, the financial statements and other required announcements are available at Bursa Malaysia's website or at the Company's own website at *www.riverview.com.my.* The Company's website contains vital information concerning the Company and is updated on a regular basis.

All members of the Board receive copies of reports of the Company which it is aware of. The Non-Executive Directors, having considered the Code with regard to relations with shareholders, are of the view that it is most appropriate for the stakeholders to have dialogue with the Executive Director. However, should shareholders have concerns, which they feel cannot be resolved through normal dialogue, the Chairman, Senior Independent Director and remaining Non-Executive Directors may be contacted upon request.

The principal forum for dialogue with shareholders remains at the Annual General Meeting ("AGM"). Notice of the Annual General Meeting and the Annual Report are sent to shareholders at least 21 days before the date of the meeting.

The presence of Board members, representatives of the External Auditors at each AGM demonstrates a high level of accountability and transparency as it enables an available response to queries regarding business operations and financial statements of the Company.

IV. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to present a balanced and meaningful assessment of the Group's performance, this is done primarily through the annual financial statements and quarterly announcement of results to Bursa Malaysia and on the Company's website.

A detailed formal budgeting process for the Group's business culminates in an annual budget which approved by the Board. Results for the Group are reported monthly against the budget to the Board and revised forecast are reviewed and amended half yearly.

Financial controls and accounting policies are set by the Board so as to meet appropriate levels of effective financial control. Compliance with these policies and controls is reviewed where necessary by external auditors.

The Chairman's statement and review of operations also highlight the financial and operational performance as well as the Group's prospects.

Corporate Governance Statement (continued)

Directors' Responsibility Statements In Respect Of The Preparation Of The Audited Financial Statements

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and accounting standards adopted by the Malaysian Accounting Standards Board. The Board is responsible to ensure that the accounting policies are consistently applied and the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. In addition, the Board is also assisted by the Audit Committee to oversee the Company's financial reporting process and the quality of its financial reporting.

A statement of the Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 71.

A statement of the Directors' responsibility in relation to the financial statements is set out on page 53.

Internal Control

The Board is aware of its responsibilities for the Group's system of Internal control covering not only financial but also operational and compliance controls as well as risk Management.

A statement on Risk Management and Internal Control of the Group is set out on pages 50 to 52.

Relationship with Auditors

The Company has established a transparent, active and formal relationship with the Auditors, both External and Internal, through the Audit Committee.

The Audit Committee meets with the External Auditors at least two (2) times a year and at least once (1) without the presence of the Executive Director. In addition, the External Auditors also to attend the Annual General Meeting of the Company and are available to answer questions from shareholders' with regards the conduct, preparation and contents of their audit report.

The amount of non-audit fees (excluding service tax and expenses) paid to the External Auditors by the Company during the financial year under review amounted to RM5,000.00.

The role of the Audit Committee in relation to the Auditors is set out in the Audit Committee Report on pages 42 to 46 of the Annual Report.

Corporate Social Responsibility

The Group is committed to sustainable development. Community responsibilities, environment, health and safety are absolutely essential to way we conduct our business. We recognize our obligation to our stakeholders which encompasses our commitment to deliver profits to enhance shareholder value and at the same time, make a positive contribution to our employees, stakeholders and to society in general.

The Corporate Social Responsibility Statement of the Group is set out on pages 54 to 64.

Audit Committee Report

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 December 2012.

Membership

The Audit Committee comprise exclusively of three (3) Non-Executive Directors, two (2) of which are Independent, as follows:

Lim Hu Fang ***Chairman, Independent***
Roslan Bin Hamir ***Independent***
Stephen William Huntsman ***Non Independent***

Each member of the Committee is financially literate and has extensive years of relevant industry experience, profile of each Director is presented on pages 18 to 19 of this Annual Report.

Term of Reference

The Committee was established on 13 September 1994 to act as a Committee of the Board of Directors, with the written terms of reference set out on pages 47 to 49 of this Annual Report.

Meetings

During the financial year, four (4) Audit Committee meetings were held and the details of the meeting attendance by each member are as follows:

Name of members	Number of meetings held	Number of meetings attended
Lim Hu Fang	4	4
Roslan bin Hamir	4	4
Stephen William Huntsman	4	4

The meetings were appropriately structured through use of agenda, which were distributed to members with sufficient notification.

The Executive Director and the Company Secretary was present by invitation at all meetings. Representatives of the External Auditors and Internal Auditors, Senior Management and other Board Members also attended the meetings, where appropriate, upon invitation of the Committee. The proceedings and minutes of all Committee Meetings are duly recorded and circulated to all members of the Board.

The Audit Committee Chairman continuously engages with members of Senior Management and with the Auditors by way of meetings, in order to be kept informed of matters affecting the Company. Through such engagements, relevant issues are brought to the attention of the Audit Committee in a timely manner.

Role of the Committee

The Board has delegated to the Committee responsibility for overseeing the financial reporting, internal risk management and control functions for making recommendations to the Board in relation to the appointment of the Group's internal and external auditors.

In accordance with its terms of reference, the Committee, which reports its finding to the Board, is authorised to:

- monitor the integrity of the annual and half-year results and interim management statements, including a review of the significant financial reporting judgements contained in them;
- review the Company's internal financial controls and internal control and risk management systems;
- monitor and review the effectiveness of the Company's internal audit function;
- establish and oversee the Company's relationship with the external auditors, including the monitoring of their independence; and
- monitor matters raised pursuant to the Company's whistleblowing arrangements.

To enable it to carry out its duties and responsibilities effectively, the Committee relies on information and support from management across the business.

Risk Management

The Audit Committee is responsible for the implementation for the Group's risk management policy through the risk management system. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable, but not absolute, assurance against material misstatement or loss.

It is the aim of the Group to promote a culture where, as a matter of good business practice, both risk and opportunity are identified and managed, thereby ensuring more informed and effective business decisions are made and that the Group achieves its objectives and targets. The Committee will review risk appetite to ensure it is calibrated to the Group's strategic objectives. Risk is assessed formally at business segment level through risk workshops and via the maintenance of risk registers. The updating of the risk registers is a continuous process involving the identification, evaluation and management of risks by individual managers. Risk exposure will be considered against risk appetite by profiling individual risks in respect of their potential impact and likelihood of occurrence, after consideration of mitigating and controlling actions that are in place.

Internal audit deliver a comprehensive risk-based combined assurance plan and regularly advise the Board of the effectiveness of the design and operation of the control environment. We are also committed to promoting a culture in which people will openly communicate risk to appropriate levels within the Group and in which information on risk, and the actions taken to manage risk, is shared openly through an effective communication process.

The table below lists the principal risks and uncertainties that may affect the Group and highlights the mitigating actions that are being taken and the opportunities that we aim to capture. The content of the table however, is not intended to be an exhaustive list of all the risks and uncertainties that may arise.

Audit Committee Report (continued)

Principal Risks	Action Plans
Recruitment of labour and staff	- increase quota for foreign labour; - revision of remuneration package; and - improve workers living condition.
Lag time in FFB collection	- review and centralize FFB collection points; - rearrange and review harvesting system; and - to mechanise collection methods.
Pilferage	- employ additional security to escort transportation of FFB; - rotate locks for gates
Escalating production costs	- review and study fertilizer application; - review and improve cash and budget forecasting;

The report and the risk register identify the principal risks to the business and assess the adequacy of controls and procedures in place to mitigate the likelihood and the impact of these risks. The risk reporting regime has created an environment for the development and improvement of risk management procedures across the Group. The Audit Committee reviews the reports and makes recommendations to improve risk management and internal control.

This process of risk identification, measurement and reporting provides a comprehensive on going assessment of the significant risks facing the Group and the mitigating actions taken in respect of those risks. This process ensures that the Group complies with relevant corporate governance best practice in relation to risk management, including the guidance issued under the Turnbull Guidance. The Group's internal audit function reports directly to the Audit Committee in relation to the maintenance of a sound control environment throughout the Group.

Training and Continuous Engagement
The training seminars attended by members of the Audit Committee are as follows:

Training Programme	Director
10 February 2012	
• Amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Disclosure and Other Obligations • Corporate Disclosure Guide • Convergence with IFRS – How to Apply FRS 1	- Roslan Bin Hamir
7 March 2012	
• Accounting for Agriculture	- Lim Hu Fang
5 April 2012	
• MFRS 1 : Preparing your first MFRS Quarterly Report	- Lim Hu Fang
3 July 2012	
• 2012 Mid Year Global Economic Outlook	- Roslan Bin Hamir - Lim Hu Fang - Stephen William Huntsman
20 -22 October 2012	
• Microbes : Nature's Fertliser • Mechanised Collection of FFB • Mechanised Harvesting of FFB • Field Upkeep and Management	- Roslan Bin Hamir - Lim Hu Fang - Stephen William Huntsman

Audit Committee Report (continued)

Summary of Activities during the Financial Year

The Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed the External Auditor's scope of work and audit plan for the financial year. Prior to the audit fieldwork, representatives from the External Auditor presented their audit strategy and plan to the Committee;
- Reviewed with the External Auditor the results of the final audit, the Management letter, including Management's response and the evaluation of the system of Internal controls, where applicable;
- Consideration and recommendation to the Board on the re-appointment of the External Auditor and for the approval of the audit fees payable to the External Auditor as disclosed in note 8 to the financial statements;
- Reviewed the independence, objectivity and effectiveness of the External Auditor and the services provided, including non-audit services. Non-audit fees totaling RM5,000 were paid to the External Auditors during the financial year for the review of the Statement of Internal Control.
- Met with the External Auditor twice (2) during the financial year without the presence of the Executive Director, to discuss problems and reservations arising from the and final audit, if any, or any other matter the Auditor may wish to discuss;
- Reviewed the Internal Auditors' requirements, adequacy of plan, functions and scope of work for the financial year under review;
- Reviewed the Internal audit programme, processes and reports, which highlighted audit issues, recommendations and Management's response. Discussed with Management and ensure appropriate actions were taken to improve the system of Internal controls based on improvement opportunities identified in the Internal audit reports;
- Review the performance and competency of the Internal Auditors;
- Review the risk management system, main risks and mitigating actions;
- Reviewed the quarterly un-audited financial announcements prior to recommending them to the Board for its consideration and approval. The review and discussions were conducted with the Executive Director and Senior Management;
- Reviewed the Annual Report and the Audited Financial Statements of the Company prior to submission to the Board for its consideration and approval. The review was to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards for entities other than private entities issued by the MASB. Any significant issues resulting from the audit of the financial statements by the External Auditor were deliberated.

Internal Audit Department

The Audit Committee is supported by outsourced internal audit service providers ("Internal Auditors") in the discharge of its duties and responsibilities. The Internal Auditors provide independent assurance on the adequacy and integrity of the risk management, internal control and governance processes. The Internal Auditors' purpose, authority are articulated in the Engagement Letter, Internal Audit Plan, Risk Management Engagement.

Audit Committee Report (continued)

Internal Audit Department (continued)

The Audit Committee is responsible for the regular review and appraisal of the effectiveness of the risk management, internal audit and governance process within the Economic Entity. The Audit Committee reviews and approves the internal audit plan, budget and other resource requirements to ensure that the Internal Auditors are adequately resourced.

In addition, several informal procedures undertaken by the Audit Committee include, regular field and office inspections by members of the Board and of the Audit Committee and the written reports submitted to the Board on the estate operations. The Audit Committee and the Board also review plantation visit reports submitted by an independent Planting Advisor twice a year.

A summary of the main activities undertaken by the Internal Auditors during the financial year is as follows:

- Prepared the annual risk based internal audit plan for the Audit Committee's approval;
- Conducted one (1) internal audit projects in accordance with the approved Internal Audit Plan. These internal audit projects cover the estate operations with particular focus the following:
  - Security, utilisation and upkeep of estate assets;
  - Replanting of crops and seedlings distribution;
  - Estate payroll and compliance with the applicable labour law and regulations;
  - Controls over electronic banking transactions.
- Issued audit reports to the Audit Committee, with copies extended to Management, identifying weaknesses and issues as well as highlighting improvement opportunities;

Internal audit fees of RM23,000 were paid to the Outsourced Internal Auditors for the financial year 2012.

Further details of the activities of the internal audit are set out in the Statement on Risk Management and Internal Control on pages 50 to 52.

Term of Reference of the Audit Committee

Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the activities of the Company:

- assess the company's process relating to its governance, risk and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes, including issues relating to the system of internal control, risk management and governance within the Company.

Composition

The Board shall elect and appoint an Audit Committee comprising at least three (3) Directors. All members of the Audit Committee shall be Non-Executive Directors, with a majority Independent. All members of the Audit Committee should be financially literate.

The Board shall at all times ensure that at least one (1) member of the Committee:

- must be a member of the Malaysian Institute of Accountants; or
- if not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and;
  - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the of the Accountants Act, 1967 ; or
- must have at least three (3) years' post qualification experience in accounting or finance;
  - has a degree/masters/doctorate in accounting or finance; or
  - is a member of one (1) of the professional accountancy organizations which has been admitted as a full member of the International Federation of Accountants; or
- must have at least seven (7) years experience being a chief financial officer of a corporation or having the function of being primarily responsible for the Management of the financial affairs of a corporation; or
- fulfils such other requirements as prescribed or approved by the Bursa Malaysia

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event, appoint new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed a member of the Committee.

The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once (1) every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

Term of Reference of the Audit Committee (continued)

Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, with each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

The Chairman of the Audit Committee shall engage continuously with Senior Management, such as the Executive Director, The Head of Finance, Representatives of the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

In order to form a quorum, the majority of the members present must be Independent Non- Executive Directors. In the absence of the Chairman, the members shall elect a Chairman for the meeting from amongst them.

The Company Secretary shall be appointed Secretary of the Committee ("the Secretary"). The Secretary in conjunction with the Chairman shall draw up the agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to members of the Committee. The Secretary shall be entrusted to record all proceedings and minutes of all meetings of the Committee and the circulation of the minutes to all Board members at each Board Meeting.

The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

The Head of Finance, Representatives of the Internal and External Auditors shall attend meetings upon invitation of the Committee. The Committee may, as when deemed necessary, invite other Board members and Senior Management members to attend the meetings.

The Committee shall meet at least twice (2) a year with the Internal and External Auditor or both, to discuss any matters with the Committee without the presence of the Executive Director and employees of the Company.

Authority

The Committee is authorised to investigate any matter within its terms of refence and all employees are directed to cooperate with any request made by the Committee.

The Committee shall have full and unrestricted access to any information pertaining to the Company. The Committee shall have direct communication channels with the Internal and External Auditors.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional or other advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a Breach of the Listing Requirements of Bursa Malaysia, the Committee shall promptly report such matter to Bursa Malaysia.

Term of Reference of the Audit Committee (continued)

Responsibilities and Duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review the quarterly results and the year-end financial statements, prior to approval by the Board, focusing particularly on:
  - changes in or implementation of accounting policies and practices;
  - significant adjustments or unusual events;
  - going concern assumption; and
  - compliance with accounting standards, regulatory and other legal requirements;
- Review with the External Auditor, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review with the External Auditor, the results of the audit and the Management's response thereto, including the status of previous audit recommendations;
- Review the assistance given by the Company's employees to the Auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- Review the appointment and performance of the External Auditor, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review with the External Auditor, its evaluations of the system of Internal controls;
- Review the adequacy of the Internal audit scope, functions, competency and resources of the Internal Auditors and that it has necessary authority to carry out its work;
- Review the Internal audit programme, processes and reports to evaluate the findings of Internal audit and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the Internal Auditors;
- Approve any appointment or termination of Internal Auditors and take cognizance of resignations and providing the resigning party an opportunity to submit reasons for resigning;
- Review any related party transaction and conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question on Management integrity;
- Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts; and
- Carry out any other activities, as authorised by the Board.

Statement On Risk Management And Internal Control

Introduction

Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its Annual Report a "statement about the state of internal controls of the listed issuer". The Board is committed to maintaining a sound system of internal control in the Economic Entity and is pleased to provide the following statement, which outlines the nature and scope of internal control and risk management of the Group.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound system of internal control and risk management process to safeguard shareholders' investment and the Group's assets and for reviewing its adequacy, effectiveness and integrity. The system of internal control covers not only financial controls but operational and compliance controls and risk management procedures. In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Economic Entity's corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Following the publication of the Statement of Internal Control : Guidance for Directors of Public Listed Companies (the "Internal Control Guidance") by the Task Force on Internal Control in June 2001, The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Economic Entity. The Board, through its Audit Committee, regularly reviews the results of this process. The Board confirms that this process is in place for the year under review and that it accords with the Internal Control Guidance.

The Board has established key policies on the Economic Entity's risk management and internal control systems, including those established in associated companies, for the purpose of this statement.

Risk Management Framework

The Board fully supports the contents of the Internal Control Guidance and with the assistance of an external service provider, continually review the adequacy and integrity of the risk management processes in place within the various operating businesses in Malaysia and Australia.

Management is responsible for the management of risks, including developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board.

The Board received assurance from the Executive Director and the management personnel in -charge of finance that the Group's risk management and internal control system is oprerating adequately and effectively, in all metarial aspects, based on the risk manemegemnt and internal control system of the Group.

Statement On Risk Management And Internal Control (continued)

Kay Risk Management Processes

The Board believes that maintaining a sound system of internal control is founded on a clear understanding and appreciation on the following key elements of the Group's risk management framework:

- A formal risk policy and guidelines, available in hard copy, have been established and communicated to all employees throughout the Group;
- A risk management structure which outlines the lines of reporting and responsibility at the Board, Audit Committee, Risk Management Committee, and Management levels have been established. The risk management structure enhances risk oversight and management, and integrates expectations on risk management into performance management reporting;
- Risk appetites (qualitative and quantitative) for the Group and individual business units have been articulated so as to gauge acceptability of risk exposure;
- The Risk Management Committee's implementation of a Group wide risk assessment process which identifies the key risks facing each business unit, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level.;
- The Risk Management Facilitator ensures that there is clear leadership, direction and coordination of the Group wide application of risk management; and
- Ongoing risks management education and training is provided at Management and staff levels.

Internal Audit

The Group has outsourced its internal audit to an external service provider, which provides assurance to the Audit Committee on the adequacy and integrity of internal control systems. The out-sourced internal audit function meets the requirements of the Guidelines on Internal Audit Function released by the Institute of Internal Auditors Malaysia.

The Internal audit reviews the internal audit control systems within the Group on the basis of a rolling two year internal audit strategy and a detailed annual internal audit plan presented to the Audit Committee for approval. The internal audit adopts a risk based approach and prepares its strategy and plan based on risk profiles of the Group.

Other Risk and Control Processes

Apart from risk management and internal audit, the Board has put in place an organizational structure with formally defined responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedure include establishing limits of authority and publication of the Rules Book and Standard Operating Procedures Handbook, copies of which can be viewed at each of the Group's business location, highlighting amongst others, policies and procedures on health and safety, training and development, equal employment opportunity, staff performance and handling misconduct.

There are also established procedures for human resource planning, capital expenditure and monitoring of the Group's business and performance.

Statement On Risk Management And Internal Control (continued)

Other Risk and Control Processes (continued)

These procedures are relevant across the Group and provide continuous assurance to increasingly higher levels of Management and, ultimately to the Board. The processes are reviewed by internal audit, which provides a degree of assurance as to operations and effectiveness of the system of internal controls. Planned corrective actions are independently monitored for timely completion.

The Executive Director reports to the Board on significant changes in the business, the external environment, performance information as well as quarterly financial information, which includes key financial and operational indicators. This includes, among others, the monitoring of results against budget, with variances being followed up and Management action taken, where necessary. Where areas of improvement in the system are identified, the Board considers recommendation made by both the Audit Committee and Management.

The Board's Commitment

The Board remains committed towards maintaining a sound system of internal control and believe that a balanced achievement of the Group's business objectives and operational efficiency can be attained. The Board is of the view that there were no material losses incurred during the financial year as a result of weaknesses in internal control. The Group continues to take measures to strengthen the internal control environment.

The External Auditors has reviewed this statement for inclusion in the Annual Report of the Economic Entity for the year ended 31 December 2012 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy, effectiveness and integrity of the risk management and internal control system.

Statement Of Directors' Responsibility

In Relation To The Financial Statements

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its results and its cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- the Company has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

This statement is prepared as required by the Bursa Malaysia Listing Requirements.

Corporate Social Responsibility Statement

Corporate Social Responsibility (CSR) is not new to your Company, being involved in the agriculture industry with a presence of more than 75 years, we recognize our obligation to our stakeholders. This encompasses our commitment to deliver profits, to enhance shareholder value and at the same time, make a positive contribution to our employees, stakeholders and to society in general.

In the recent years, claims indicating oil palm cultivation as the main cause towards deforestation in Malaysia have often made headlines globally. We wish to categorically state that we welcome environmental consciousness and view it as absolutely essential. Nevertheless, it has to be said that the most robust kind of development can only be carried out through the interchange of facts, which often have not been the case with such claims. In this regard, it is important to acknowledge that the pace of oil palm cultivation and expansion is disproportionate to deforestation caused by illegal logging.

We fully support the initiatives undertaken to ensure sustainable oil palm cultivation and the production of palm oil, we have a heritage of maintaining a high degree of commitment that is directed towards social well being and compassion for our employees, today such practices are known as CSR.

■ *Field Nursery – Narborough Estate*

Your Company is committed to build on practices which are sustainable and this pledge is exhibited in the execution of activities which assist our customers in reaching their goals, engages our employees, supports the local community and preserve the environment, all this we do with integrity and ethics in mind.

In assuming CSR, we recognise the benefits that have accrued to the business including the strengthening of our reputation, as well as enhancing employee motivation, which in turn contribute to the long term well being of your Company. Our CSR involvement primarily focuses with the direct community with which your Company operates. Past, present and ongoing CSR initiatives include the following:

WORKPLACE

Safety

To ensure a safe, productive and efficient work environment, our estates have a pictorial safety and awareness campaign to educate and train our workforce to operate with Occupational Safety And Health Act (“OSHA”) requirements.

Corporate Social Responsibility Statement (continued)

WORKPLACE (continued)

Safety (continued)

■ *Introduction of Mechanised Harvester – Sadang Estate*

■ *New Weighbridge – Buloh Akar Estate*

In the past year, all machinery and implements have undergone a process of review and inspection that resulted in major overhaul or purchase of new item. All FFB loading ramps have been converted to a chain block door system for added safety features.

Housing

A high degree of care is directed at toward the social well being of our employees. We provide housing amenities, places of worship, child care services, recreational facilities, transportation subsidies, utilities subsidies and subsidies for furniture and fittings for our employees.

In past two years, your Company has also been upgrading living quarters for our staff and workers, these upgrades include re-wiring, plumbing as well as engineering works, all upgrades comply with the relevant regulations and have received clearance from the relevant authorities as safe for occupation.

■ *Labour Lines & Staff Quarters under construction – Buloh Akar Estate*

Corporate Social Responsibility Statement (continued)

WORKPLACE (continued)

Housing (continued)

Your Company continues with its Employee Housing Refurbishment Programme to ensure that we provide comfortable and modern housing, the first phase of upgrading existing houses have been completed, we are now in the second phase, which is the construction of new houses. We have also donated towards the repair and maintenance of places of worship within the estates.

■ *Labour Lines & Staff Quarters under construction – Narborough Estate*

Medical

We provide full medical benefits to our employees and this benefit is extended to their immediate family members. We have also appointed additional Medical Doctors to our panel, one of whom is a qualified Occupational Health Physician.

Social Welfare

With effect from 2012, we have started providing all new foreign labour with sufficient food and cash to last them until they receive their first wages, this is to enable them to hold up and live comfortably until their first pay day.

We have also converted and upgraded the community halls with flat screen televisions to enable the workers to have some recreational time and down time.

The effort to improve "estate lives" for the workers is an on-going commitment and your Company will continue in its efforts towards enhancing employee motivation.

■ *One of our happy harvesters – Chendrong Estate*

Corporate Social Responsibility Statement (continued)

WORKPLACE (continued)

Training

■ *Group Executive Conference*

■ *Tree planting ceremony to officiate the opening of the new Buloh Akar Estate Office*

During the year, the Company conducted numerous courses in its effort to maintain a continuous training development programme for its staff, this include in house as well as external courses, for the second time, your Company conducted an Executive Conference for all Estate In-Charges and clerical staff to ensure that they remain up to-date on matters affecting their work and industry.

COMMUNITY

Rice and Cooking Oil Programme

This programme is a continuous programme adopted by your Company to feed the disadvantaged, it involves the distribution of rice and cooking oil to the needy, orphanages and children homes in Perak. To date with assistance of the local authorities among others, your company has identified more than 20 such families, to whom rice and cooking oil have been distributed. The distribution is carried out monthly by our employees, timely assessments will be carried out to ensure that only the needy receive such assistance.

We intend to expand this programme to include more families as well as the type of assistance, we have provided school uniforms and shoes and future plans include the reimbursement of transportation to schools.

Corporate Social Responsibility Statement (continued)

COMMUNITY (continued)


■ *La Salle – LEAD Programme*

LaSallian Education Programme

Once again we supported The LaSallian Expedition and Development ("LEAD"), a programme organised by the La Salle Centre and is a project of the De La Salle brothers in Malaysia focusing on the development and leadership training in Malaysia, with particular attention paid to disadvantaged youths.

The LEAD programme is an outdoor adventure camp for students and meant as a character and confidence building programme for its participants.

Your Company has continued to provide financial assistance to the La Salle Centre to carry out this programme and intends to continue providing such support as we subscribe to the principle of meeting the needs of future generations as young people are the nation's future.


■ *School Visit – Teja Estate*

School Visit

We organized and sponsored two field trips to one of our estates by 40 students and staff from St. Michaels Institution as we feel that it is important to introduce to the younger generation one of Malaysia's primary industries. We will continue to conduct such field trips on an annual basis.

COMMUNITY (continued)

British Battalion

File Picture – British Battalion

On 18th December 1941, the 2nd Battalion The East Surreys Regiment ("2nd Bn") and the 1st Battalion The Leicestershire Regiment (1st Bn"), paused at St Michael's Institution, Ipoh ("SMI") for a well needed rest after an almost continuous movement through Kedah and North Perak in the face of fierce attacks by the Japanese forces. They stayed until the early hours of 23rd December 1941.

The British Battalion was an ad hoc formation created on 20 December 1941 during the Battle of Malaya. It was amalgamated from the 2nd Bn and the 1st Bn.

While at SMI, the British troops were allowed by the Brothers to stay in the classrooms of the main block on all floors., and cooked in the Brothers' kitchen, years later after the war, the soldiers still remembered the warmth of the Brothers and grateful appreciation noted by the soldiers who cherished the simple gesture.

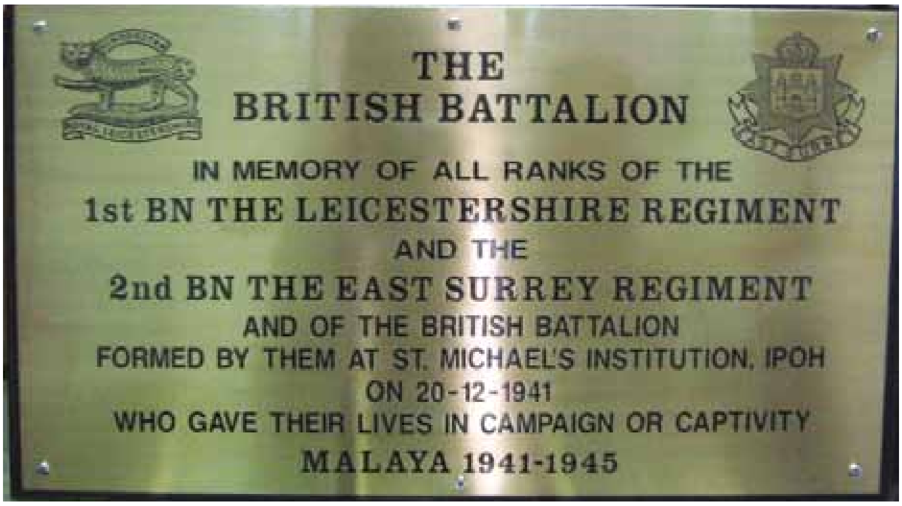
Knowing full well that they would have to face the Japanese Forces in a bitter battle soon, the Reverend Henry Babbs held a service for the Anglican soldiers in the chapel. The Catholic chaplain, a Father Ward gave the Catholic soldiers a General Absolution as there was no to time to hear them individually. There was also a mass for them in the chapel. The chapel figured significantly for the Christian soldiers and for many of them it would be the last time in a Christian sanctuary. Of the estimated 500 soldiers at the amalgamation, barely 130 survived the war.

Corporate Social Responsibility Statement (continued)

COMMUNITY (continued)

British Battalion (continued)

Your Company, together with the Malaysian Palm Oil Association, Perak Branch, organized a visit to SMI where a commemorative plaque was installed to mark the 70th Anniversary of the formation of the British Battalion, this event was graced by the British High Commissioner, His Excellency Mr. Simon Featherstone and his wife Mrs. Gail Featherstone.



■ *Commemorative Plaque – British Battalion*

La Salle Primary School

We are proud to have sponsored the refurbishment of the La Salle Ipoh Primary School. This was an extensive project to enable the school to offer a range of 21st century technology and media rich learning, teaching and researching environment, this involved the installation of furniture and equipment to enable the proper tracking of books and resources used by the students.

Donations

In addition to all the above initiatives undertaken by your Company towards supporting the Community, we also gave donations to the following organisations and causes:

- Sekolah Kebangsaan Tanjong Belanja, Selama;
- 1st Kinta Scouts Troop;
- La Salle Youth Convention;
- Yayasan Dermajaya Wanita;
- Sekolah Kebangsaan Rapat Setia;
- YWCA, Ipoh;
- Perak Society for promotion of Mental Health; and
- Perak Palliative Care Society.

Corporate Social Responsibility Statement (continued)

ENVIRONMENT (continued)

Land Clearing (continued)

■ *Trenches are dug, the palms are then felled, the felled palms are chipped and then buried in the trenches*

Corporate Social Responsibility Statement (continued)

■ *2012 Replanting – Hibernia Estate*

■ *EFB Mulching – Chendrong Estate*

Corporate Social Responsibility Statement (continued)

ENVIRONMENT (continued)

Land Clearing (continued)

We have a policy against open burning as this not only ensures that the air pollution is mimimised but also results in numerous advantages as well. The vestige debris is left to biodegrade, thus releasing nutrients and adding valuable organic matter to the soil, this reduces the use of inorganic fertlisers and also lowers carbon dioxide emission.

For the replanting programme, some of the felled trunks were chipped and buried, enableing the nutrients to be recycled and released into the grounds, it also reduces the use or in organic fertliser, thus preserving the soil.

Soil Fertility

To maintain soil fertility and reduce erosion, best practices through bio-engineering means via vegetation and plant succession on hilly terrain is used and encouraged at all our estates. Frond placement, cover crop, use of empty fruit bunch (EFB) mulching is used to enable organic matter intensity to build up.

Fertiliser Use

We have a policy of maximising organic manuring and minimising the use of inorganic fertlisers by a program of nutrient recycling of oil palm and palm oil by products such as EFB and decanter cakes which are recycled through the fields for mulching.

■ *Windrow Technique – Narborough Estate*

Corporate Social Responsibility Statement (continued)

ENVIRONMENT (continued)

Fertiliser Use (continued)

In addition to the trenching, chipping and burying technique, some estate adopted the windrowing technique where the felled trunks were chipped and stacked in rows in the open field and left to disintegrate.

When inorganic fertiliser are purchased, extra attention and care is paid to ensure that the fertilisers come from reliable sources that are mercury free. Your company has a policy of testing every batch of fertiliser to ensure that the required specifications are met.

Pest Management

We have a history of using of biological control to combat pests and diseases instead of chemical control. The use of barn owls and nectarfarious plants to combat rodents and bag worms infestation is a prime example of this practice which enables us to use chemical based pesticides as a last resort.

Efficient Water Use

Oil palms benefit from a good supply of water and we maintain a system to harvest rain water such as strategically placed silt pits and dams throughout the estates to for water retention.

■ *Preparation of drains during replanting – Hibernia Estate*

Properties Of The Company

Location	Description	Area (hectares)	Tenure	Date of Revaluation	Net Book Value at 31 December 2012 Estate land RM	Biological Assets RM	Total RM
1. Parit, Perak - Buloh Akar Estate	Oil Palm Plantation	818	Freehold	November 2012	59,063,954	23,858,136	82,922,090
2. Parit, Perak - Sadang Estate	Oil Palm Plantation	218	Freehold	November 2012	15,989,679	7,287,320	23,276,999
3. Selama, Perak - Hibernia Estate	Oil Palm Plantation	371	Freehold	November 2012	26,111,481	5,658,520	31,770,000
4. Tg. Tualang, Perak - Tejdrong Estate	Oil Palm Plantation	377	Freehold	November 2012	31,486,295	9,783,810	41,270,105
					132,651,409	46,587,786	179,239,194
5. Tg. Tualang, Perak - Teja Estate *	Oil Palm Plantation	9	Leasehold pending renewal	November 2012	-	-	-
					132,651,409	46,587,786	179,239,194
	Office Building		Freehold		398,685	-	398,685
					133,050,094	46,587,786	179,637,879

** revalued amount will be recognised upon renwal of leasehold land*

2012 Annual Report
74th Annual General Meeting

Directors' Report & Audited Financial Statements

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Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Economic Entity and of the Company for the financial year ended 31 December 2012.

Principal activity

The principal activity of the Company during the financial year is the cultivation of oil palm. There has been no significant change in the nature of the principal activity during the financial year.

Results

	Economic Entity RM	Company RM
Profit net of tax	19,423,850	13,159,468

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

In the opinion of the directors, the results of the operations of the Economic Entity and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid or declared by the Company since 31 December 2011 are as follows:

In respect of the financial year ended 31 December 2012:

	RM
First interim ordinary dividend of 10 sen per share under the single tier system on 64,850,448 ordinary shares, paid on 27 July 2012	6,485,045
Second interim ordinary dividend of 10 sen per share and a special dividend of 5 sen per share under the single tier system on 64,850,448 shares, payable on 7 January 2013	9,727,567

The directors do not recommend the payment of any final dividend in respect of the current financial year.

Directors' report (continued)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Roslan bin Hamir
Tsen Keng Yam
Lim Hu Fang
Juliana Manohari Devadason
Stephen William Huntsman

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
The Company	**At 1.1.2012**	**Bought**	**Sold**	**At 31.12.2012**
Direct interest				
Roslan bin Hamir	1,000	-	-	1,000
Tsen Keng Yam	1,000	-	-	1,000
Lim Hu Fang	6,000	-	-	6,000
Juliana Manohari Devadason	6,000	-	-	6,000
Stephen William Huntsman	67,300	-	-	67,300

Directors' interests (cont'd)

The Company	Number of ordinary shares of RM1 each At 1.1.2012	Bought	Sold	At 31.12.2012
Indirect interest				
Stephen William Huntsman	40,842,892	-	-	40,842,892
Sungei Ream Holdings Sdn Bhd (Immediate holding company)				
Indirect interest				
Stephen William Huntsman	11,739,022	-	-	11,739,022
Buloh Akar Holdings Sdn Bhd (Ultimate holding company)				
Indirect interest				
Stephen William Huntsman	1,373,940	-	-	1,373,940

Other Statutory Information

(a) Before the statements of comprehensive income and statements of financial position of the Economic Entity and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Economic Entity and of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Economic Entity and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Economic Entity and of the Company misleading or inappropriate.

Directors' report (continued)

Other Statutory Information (continued)

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Economic Entity and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

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

(ii) any contingent liability in respect of the Economic Entity or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Economic Entity or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2013.

Juliana Manohari Devadason **Tsen Keng Yam**

Ipoh, Perak Darul Ridzuan, Malaysia

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Juliana Manohari Devadason and Tsen Keng Yam, being two of the directors of Riverview Rubber Estates, Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 74 to 125 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 31 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 April 2013.

Juliana Manohari Devadason
Ipoh, Perak Darul Ridzuan, Malaysia

Tsen Keng Yam

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Tsen Keng Yam, the director primarily responsible for the financial management of Riverview Rubber Estates, Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 74 to 125 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
Tsen Keng Yam at Ipoh in the
State of Perak Darul Ridzuan
on 26 April 2013.

Tsen Keng Yam

Before me,

LETCHUMI DEVI A/P KUPUSAMY
No. A080
Commissioner for Oaths

Independent Auditors' Report

to the members of Riverview Rubber Estates, Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of Riverview Rubber Estates, Berhad, which comprise the statements of financial position as at 31 December 2012 of the Economic Entity and of the Company, and the statements of comprehensive income, statements of changes in equity and statement so cash flows of the Economic Entity and of the Company for the year then ended, anda summary of significant accounting policies and other explanatory notes, asset out on pages 74 to 125 .

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the provisions of the Companies Act, 1965 In Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report (continued)

to the members of Riverview Rubber Estates, Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

a) The financial statements of Riverview Rubber Estates, Berhad for the year ended 31 December 2011 were audited by another auditor who expressed an unmodified opinion on those statements on 27 April 2012.

b) The supplementary information set out in Note 31 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Sekhar & Tan
No. AF 092
Chartered Accountants

Siew Kah Toong
No. 1045/03/14 (J)
Chartered Accountant

Kuala Lumpur
Date: 26 Apirl 2013

Statements Of Comprehensive Income

For the financial year ended 31 December 2012

	Note	Economic Entity 2012 RM	Economic Entity 2011 RM	Company 2012 RM	Company 2011 RM
Revenue	4	25,069,856	27,682,481	25,069,856	27,682,481
Cost of sales		(8,802,822)	(8,487,564)	(8,802,822)	(8,487,564)
Gross profit		16,267,034	19,194,917	16,267,034	19,194,917
Other items of income					
Interest income	5	1,321,535	1,316,896	1,321,535	1,316,896
Dividend income	6	99,960	108,290	1,420,649	1,276,871
Other income	7	17,900	24,864	17,900	24,864
Other items of expense					
Replanting expenditure		(712,575)	(589,539)	(712,575)	(589,539)
Administrative expenses		(1,273,788)	(1,280,583)	(1,273,788)	(1,280,583)
Results from operating activities		15,720,066	18,774,845	17,040,755	19,943,426
Foreign exchange gain		188,982	287,422	188,982	287,422
Profit for the year		15,909,048	19,062,267	17,229,737	20,230,848
Share of profit from associates		7,585,071	3,912,916	-	-
Profit before tax	8	23,494,119	22,975,183	17,229,737	20,230,848
Taxation	10	(4,070,269)	(4,655,665)	(4,070,269)	(4,655,665)
Profit net of tax		19,423,850	18,319,518	13,159,468	15,575,183
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss					
Gain on fair value changes of available-for-sale financial assets		499,800	804,666	499,800	804,666
Share of associates' reserves					
- Foreign exchange translation		(126,974)	172,196	-	-
- Gain on fair value change of available-for-sale financial assets		44,134	61,158	-	-
		416,960	1,038,020	499,800	804,666

Statements Of Comprehensive Income (continued)

For the financial year ended 31 December 2012

	Note	Economic Entity 2012 RM	Economic Entity 2011 RM	Company 2012 RM	Company 2011 RM
Items that will not be reclassified subsequently to profit or loss					
Surplus on revaluation of property, plant and equipment		103,250,690	-	103,250,690	-
Reversal of deferred taxation on revaluation surplus		4,375	4,375	4,375	4,375
Share of associates' reserves				-	-
-Surplus on revaluation of properties and biological assets		28,004,110	606,271	-	-
- Deferred tax liability		(1,289,067)	(162,455)	-	-
		129,970,108	448,191	103,255,065	4,375
Other comprehensive income, net of tax		130,387,068	1,486,211	103,754,865	809,041
Total comprehensive income for the year		149,810,918	19,805,729	116,914,333	16,384,224
Profit attributable to:					
- Owners of the Company		19,423,850	18,319,518	13,159,468	15,575,183
Total comprehensive income attributable to:					
- Owners of the Company		149,810,918	19,805,729	116,914,333	16,384,224
Earnings per share attributable to owners of the Company (sen)					
Basic	11	29.95	28.25		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Financial Position

For the financial year ended 31 December 2012

		Economic Entity		Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	13	135,449,826	32,178,606	135,449,826	32,178,606
Biological assets	14	46,587,786	44,986,454	46,587,786	44,986,454
Prepaid land lease payments	15	-	17,500	-	17,500
Investment in associates	16	71,665,313	38,768,728	1,006,505	1,006,505
Investment securities	17	2,082,500	1,582,700	2,082,500	1,582,700
Deferred tax assets	18	-	92,225	-	92,225
		255,785,425	117,626,213	185,126,617	79,863,990
Current assets					
Deferred nursery expenditure		254,718	98,486	254,718	98,486
Inventories		142,313	491,094	142,313	491,094
Trade and other receivables	19	913,941	1,391,618	913,941	1,391,618
Other current assets - prepayments		11,044	13,583	11,044	13,583
Tax recoverable		3,729,262	1,831,942	3,729,262	1,831,942
Cash on hand and at banks	20	1,322,293	1,381,329	1,322,293	1,381,329
Deposits with financial institutions	20	56,796,220	62,087,457	56,796,220	62,087,457
		63,169,791	67,295,509	63,169,791	67,295,509
Total assets		318,955,216	184,921,722	248,296,408	147,159,499

Statements Of Financial Position (continued)

As at 31 December 2012

	Note	Economic Entity 2012 RM	Economic Entity 2011 RM	Company 2012 RM	Company 2011 RM
Equity and liabilities					
Current liabilities					
Trade and other payables	21	10,914,730	10,749,216	10,914,730	10,749,216
Provision for retirement benefits	22	9,765	11,140	9,765	11,140
		10,924,495	10,760,356	10,924,495	10,760,356
Net current assets		52,245,296	56,535,153	52,245,296	56,535,153
Non-current liabilities					
Deferred tax liabilities	18	262,669	-	262,669	-
Provision for retirement benefits	22	93,351	84,971	93,351	84,971
		356,020	84,971	356,020	84,971
Total liabilities		11,280,515	10,845,327	11,280,515	10,845,327
Net assets		307,674,701	174,076,395	237,015,893	136,314,172
Equity attributable to owners of the Company					
Share capital	23	64,850,448	64,850,448	64,850,448	64,850,448
Reserves	24	195,438,359	65,051,291	149,852,803	46,097,938
Retained profits	25	47,385,894	44,174,656	22,312,642	25,365,786
Total equity		307,674,701	174,076,395	237,015,893	136,314,172
Total equity and liabilities		318,955,216	184,921,722	248,296,408	147,159,499

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Changes In Equity

For the financial year ended 31 December 2012

		Non-distributable		Distributable			
	Share capital RM	Capital reserve RM	Fair value adjustment reserve RM	Capital reserve RM	General reserve RM	Retained profits RM	Total RM
Economic Entity							
At 1 January 2011	64,850,448	55,210,162	-	1,793,446	6,565,911	38,820,789	167,240,756
Profit or loss	-	-	-	-	-	18,319,518	18,319,518
Other comprehensive income	-	620,387	865,824	-	-	-	1,486,211
Total comprehensive income	-	620,387	865,824	-	-	18,319,518	19,805,729
Transfer to retained earnings	-	(4,439)	-	-	-	4,439	-
Transactions with owners							
- Dividends (Note 12)	-	-	-	-	-	(12,970,090)	(12,970,090)
At 31 December 2012	64,850,448	55,826,110	865,824	1,793,446	6,565,911	44,174,656	174,076,395
At 1 January 2012	64,850,448	55,826,110	865,824	1,793,446	6,565,911	44,174,656	174,076,395
Profit or loss	-	-	-	-	-	19,423,850	19,423,850
Other comprehensive income	-	129,843,134	543,934	-	-	-	130,387,068
Total comprehensive income	-	129,843,134	543,934	-	-	19,423,850	149,810,918
Transfer to retained earnings	-	-	-	-	-	-	-
Transactions with owners							
- Dividends (Note 12)	-	-	-	-	-	(16,212,612)	(16,212,612)
At 31 December 2012	64,850,448	185,669,244	1,409,758	1,793,446	6,565,911	47,385,894	307,674,701

Statements Of Changes In Equity (continued)

For the financial year ended 31 December 2012

		Non-distributable		Distributable			
	Share capital RM	Capital reserve RM	Fair value adjustment reserve RM	Capital reserve RM	General reserve RM	Retained profits RM	Total RM
Company							
At 1 January 2011	64,850,448	39,531,143	-	-	5,762,193	22,756,254	132,900,038
Profit or loss	-	-	-	-	-	15,575,183	15,575,183
Other comprehensive income	-	4,375	804,666	-	-	-	809,041
Total comprehensive income	-	4,375	804,666	-	-	15,575,183	16,384,224
Transfer to retained earnings	-	(4,439)	-	-	-	4,439	-
Transactions with owners							
Dividends (Note 12)	-	-	-	-	-	(12,970,090)	(12,970,090)
At 31 December 2011	64,850,448	39,531,079	804,666	-	5,762,193	25,365,786	136,314,172
At 1 January 2012	64,850,448	39,531,079	804,666	-	5,762,193	25,365,786	136,314,172
Profit or loss	-	-	-	-	-	13,159,468	13,159,468
Other comprehensive income	-	103,255,065	499,800	-	-	-	103,754,865
Total comprehensive income	-	103,255,065	499,800	-	-	13,159,468	116,914,333
Transactions with owners							
Dividends (Note 12)	-	-	-	-	-	(16,212,612)	(16,212,612)
At 31 December 2012	64,850,448	142,786,144	1,304,466	-	5,762,193	22,312,642	237,015,893

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements Of Cash Flows

For the financial year ended 31 December 2012

	Economic Entity 2012 RM	Economic Entity 2011 RM	Company 2012 RM	Company 2011 RM
Operating activities				
Profit before taxation	23,494,119	22,975,183	17,229,737	20,230,848
Adjustments for:				
Amortisation of prepaid land lease payments	17,500	17,500	17,500	17,500
Depreciation of property, plant and equipment	232,605	157,482	232,605	157,482
Gain on disposal of property, plant and equipment	-	(8,792)	-	(8,792)
Dividend income	(99,960)	(108,290)	(1,420,649)	(1,276,871)
Gain on foreign exchange	(188,982)	(287,422)	(188,982)	(287,422)
Interest income	(1,321,535)	(1,316,896)	(1,321,535)	(1,316,896)
Provision for retirement benefits	14,517	1,356	14,517	1,356
Share of profit from associates	(7,585,071)	(3,912,916)	-	-
Total adjustments	(8,930,926)	(5,457,978)	(2,666,544)	(2,713,643)
Operating profit before changes in working capital	14,563,193	17,517,205	14,563,193	17,517,205
Changes in working capital:				
Inventories	348,782	(463,745)	348,782	(463,745)
Receivables	480,216	(22,919)	480,216	(22,919)
Payables	(482,990)	633,873	(482,990)	633,873
Deferred nursery expenditure	(156,232)	(98,486)	(156,232)	(98,486)
Total changes in working capital	189,776	48,723	189,776	48,723
Cash flows from operation	14,752,969	17,565,928	14,752,969	17,565,928
Retirement benefits paid	(7,512)	-	(7,512)	-
Taxes paid	(5,583,330)	(5,710,217)	(5,583,330)	(5,710,217)
Net cash flows from operating activities	9,162,127	11,855,711	9,162,127	11,855,711
Investing activities				
Purchase of property, plant and equipment	(1,854,468)	(256,481)	(1,854,468)	(256,481)
Proceeds from disposal of property, plant and equipment	-	17,362	-	17,362
Interest received	1,321,535	1,316,896	1,321,535	1,316,896
Dividends received	1,395,659	1,249,798	1,395,659	1,249,798
Net cash flows from investing activities	862,726	2,327,575	862,726	2,327,575

Statements Of Cash Flows (continued)

For the financial year ended 31 December 2012

	Economic Entity		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Financing activity				
Dividends paid, representing net cash flows used in financing activity	(15,564,108)	(9,727,567)	(15,564,108)	(9,727,567)
Net (decrease)/increase in cash and cash equivalents	(5,539,255)	4,455,719	(5,539,255)	4,455,719
Effects of exchange rate changes	188,982	287,422	188,982	287,422
Cash and cash equivalents at beginning of year	63,468,786	58,725,645	63,468,786	58,725,645
Cash and cash equivalents at end of year	58,118,513	63,468,786	58,118,513	63,468,786
Cash and cash equivalents comprise:				
Cash on hand and at banks	1,322,293	1,381,329	1,322,293	1,381,329
Deposits with financial institutions	56,796,220	62,087,457	56,796,220	62,087,457
Cash and bank balances (Note 20)	58,118,513	63,468,786	58,118,513	63,468,786

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes To The Financial Statements

For the financial year ended 31 December 2012

1. Corporate information

Riverview Rubber Estates, Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at 33 (1st Floor) Jalan Dato' Maharajalela 30000 Ipoh, Perak Darul Ridzuan and Riverview Estate, 31800 Tg. Tualang, Perak Darul Ridzuan respectively.

The immediate and ultimate holding companies of the Company are Sungei Ream Holdings Sendirian Berhad and Buloh Akar Holdings Sendirian Berhad respectively, both of which are incorporated in Malaysia.

The principal activity of the Company is the cultivation of oil palm.

There has been no significant change in the nature of the principal activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2013.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Economic Entity and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

(I) (a) In year 2012, an associate changed its accounting policy for measuring its leasehold land and biological assets from cost model to revalued model. In prior year:

(i) the leasehold land was stated at cost less accumulated depreciation and any accumulated impairment losses. The leasehold land is now stated at revalued amount, which is the fair value at the date of the revaluation less accumulated depreciation and any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers. The directors believe that the change will result in a more appropriate presentation of the financial statements.

(ii) the amount of the biological assets which is attached to the leasehold land was previously included in the amount of leasehold land. It was not separately accounted for as it is impractical to segregate the cost of the biological assets from the leasehold land and the directors believe the amount is insignificant. As a consequence of the application of the revalued model, the revalued amount of the biological assets is now determinable and is therefore separately accounted for as a separate class of asset.

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

The change in accounting policy which is an initial application of a policy to revalue assets is dealt with as a revaluation in accordance with FRS 116 Property, Plant and Equipment and applied prospectively.

The change of accounting policy has resulted in a share of surplus on revaluation of properties and biological assets of associate and a corresponding increase in investment in associates by RM7,609,985.

(b) In 2012, an associate changed its accounting policy for measuring its investment properties from cost model to fair value model. In prior year, the investment properties were stated at cost less accumulated depreciation and any accumulated impairment losses. The investment properties are now stated at fair value. Fair value is determined from market-based evidence by appraisal that is undertaken by professional qualified valuers. The fair value of an investment property is an amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The directors believe that the change will result in a more appropriate presentation of the financial statements.

It is impractical to determine the fair value of the investment properties as at 31 December 2011 based on the similar basis used in current year valuation. Hence, the restatement of the comparative figures is impracticable and the change in accounting policy has been applied prospectively.

The change of accounting policy has resulted in an increase in share of associate profit and a corresponding increase in investment in associates by RM5,393,726.

On 1 January 2012, the Economic Entity and the Company adopted the following applicable new and amended FRS mandatory for annual financial periods beginning on or after the date stated below:

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
FRS 124 : Related Party Disclosures	1 January 2012

Adoption of the above did not have any effect on the financial performance or position of the Economic Entity and of the Company.

The following new and amended FRS and IC Interpretations were also be effective for annual periods beginning on or after the dates stated below:

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement	1 July 2011
Amendments to FRS 1 : Severe Hyperinflation and Removal of Fixed Dates for First -time Adopters	1 January 2012
Amendments to FRS 7 : Transfer to Financial Assets	1 January 2012

These are, however, not applicable to the Economic Entity or the Company.

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs, revised FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been applied by the Economic Entity and by the Company:

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
Amendment to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 10 : Consolidated Financial Statements	1 January 2013
FRS 11 : Joint Arrangements	1 January 2013
FRS 12 : Disclosure of Interests in Other Entities	1 January 2013
FRS 13 : Fair Value Measurement	1 January 2013
FRS 119 : Employee Benefits	1 January 2013
FRS 127 : Separate Financial Statements	1 January 2013
FRS 128 : Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7 : Disclosures - Offsetting Financial Assetsand Financial Liabilities	1 January 2013
Amendments to FRS 1 : Government Loans	1 January 2013
Amendments to FRS 10 : Transition Guidance	1 January 2013
Amendments to FRS 11 : Transition Guidance	1 January 2013
Amendments to FRS 12 : Transition Guidance	1 January 2013
Improvements to FRS (2009 - 2011)	
Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 : Financial Instruments	1 January 2015

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

FRS 9 : Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Company’s financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Company is in the process of making an assessment of the impact of adoption of FRS 9.

FRS 10 : Consolidated financial statements

FRS 10 replaces the portion of FRS 127 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. FRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 10 will require management to exercise signnificant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a perent, compared with the requirements that were in FRS 127.

The Company has re-evaluated its involvement with investees under the new control model. Based on its assessment, the Company concluded that it has had control over The Narborough Plantations, plc and Rivaknar Holdings Sdn. Bhd. of which the Company owns 49.8% and 33.3% respectively of the voting rights in the investees. Upon adoption of FRS 10, the Company will consolidate The Narborough Plantations, plc and Rivaknar Holdings Sdn. Bhd. from 1 January 2013 in accordance with the transitional provisions permitted by FRS 10.

FRS 12 : Disclosure of Interest in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Economic Entity's financial position or performance.

FRS 13 : Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted. The Company is currently assessing the impact of adoption of FRS 13.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Economic Entity and the Company falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Economic Entity and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Economic Entity and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

2.4 Foreign currency

a) Functional and presentation currency

The individual financial statements of each entity in the Economic Entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Economic Entity financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its associates and are recorded on initial recognition in the functional curriencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using exchange rates as at the dates of initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Summary of significant accounting policies (continued)

2.4 Foreign currency (continued)

b) Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Economic Entity's net investment in foreign operations. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in the profit or loss in the Company's separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity

2.5 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to initial recognition, property, plant and equipment except for freehold estate land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold estate land and building are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the reporting date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained profits. Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the assets.

2. Summary of significant accounting policies (continued)

2.5 Property, plant and equipment and depreciation (continued)

Freehold estate land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

- Buildings	2% - 5%
- Machinery	10% - 20%
- Vehicles	15% - 20%
- Furniture and fittings	10% - 25%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained profits.

2.6 Impairment of non-financial assets

The carrying amounts of non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

2. Summary of significant accounting policies (continued)

2.6 Impairment of non-financial assets (continued)

An impairment loss is recognised in the profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the acrrying amount that would have been detremined, net of deprecistion, had no impairmnet loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in shich case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.7 Associates

An associates is an entity, not being a subsidiary or a joint venture, in which the Economic Entity has significant influence. An associate is equity accounted for from the date the Economic Entity obtains its significant influence until the date the Economic Entity ceases to have significant influence.

The Economic Entity's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Economic Entity's share of net assets of the associate. Goodwill relating to associates is included in the carrying amount of the investments. Any excess of the Economic Entity's share of net value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Economic Entity's share of the associate's profit or loss for the period which the investment is acquired.

When the Economic Entity’s share of losses in an associate equals or exceeds its interest in the associate, the Economic Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Economic Entity determines whether it is necessary to recognise any additional impairment loss with respect to the Economic Entity’s net investment in its associates.The Economic Entity determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Economic Entity calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date of the Economic Entity. Where neccessary, adjustments are made to bring the accounting policies in line with those of the Economic Entity.

2. Summary of significant accounting policies (continued)

2.7 Associates (continued)

The Company's seprarate financial statements, investment in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included profit and loss.

2.8 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Economic Entity and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Economic Entity and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

b) Loans and receivables (continued)

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Economic Entity has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale and are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Economic Entity and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.8 Financial assets (continued)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Economic Entity and the Company commit to purchase or sell the asset.

2.9 Impairment of financial assets

The Economic Entity and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Economic Entity and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Economic Entity's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.9 Impairment of financial assets (continued)

b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.10 Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand and at banks and deposits at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Inventories

Inventories comprise stores and consumables and are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis

2.12 Provisions

Provisions are recognised when the Economic Entity has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (continued)

2.12 Provisions (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. if it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Economic Entity and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Economic Entity and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Economic Entity and the Company have not designated any financial liabilities as at fair value through profit or loss.

b) Other financial liabilities

The Economic Entity's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Economic Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2. Summary of significant accounting policies (continued)

2.13 Financial liabilities (continued)

b) Other financial liabilities (continued)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 Employee benefits

a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

b) Retirement benefits

The Company provides for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreements and/or employment agreements. Full provision has been made for retirement benefits payable to all eligible employees who have completed their qualifying period of between 5 to 10 years of service, based on the length of service to date and rates set out in the said agreements. Should an employee leave after completing their qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been conducted on the retirement benefits provision, as the directors are of the opinion that the amount is insignificant to the Company.

The Company also makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF") for employees that are not covered by the agreements.

2. Summary of significant accounting policies (continued)

2.15 Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Economic Entity and Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Recognition

a) As lessee

Finance leases, which transfer to the Economic Entity and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and the reduction of the lease liability so as to acheive a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there are no reasonable certainty that the Economic Entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Leases, where the Economic Entity and the Company do not assume substantially all the risks and rewards of ownership are classified as operating lease.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

b) As lessor

Leases where the Economic Entity retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2. Summary of significant accounting policies (continued)

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Economic Entity and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

a) Sale of goods

Revenue relating to sale of oil palm produce at invoice value is recognised when delivery has taken place and transfer of risks and rewards have been completed.

b) Interest income

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.17 Income taxes

The tax expense in the income statement comprises current and deferred tax. Current tax is the amount of taxes payable or receivable in respect of the taxable profit or loss for the period. Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities and assets are provided for, using the liability method, in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unabsorbed tax losses and capital allowances unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

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 reporting 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 reduction will be reversed to the extent of the taxable profit.

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

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (continued)

2.17 Income taxes (continued)

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

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

2.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.19 Deferred nursery expenditure

Deferred nursery expenditure is stated at cost and charged to profit or loss on replanting of crops.

2.20 Replanting expenditure

Replanting expenditure is charged to profit or loss as and when incurred.

2.21 Replanting cesses

Replanting cesses are taken to profit or loss as and when received.

2.22 Biological assets

Biological assets represent the expenditure on new planting of oil palm incurred from land clearing to the point of harvesting capitalised.

Subsequent to initial recognition, biological assets are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers and calculations based on the directors' best estimates. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any revaluation surplus is credited to the revaluation reserve included in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in the profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same assets and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

3. Significant accounting estimates and judgements

The preparation of the Economic Entity and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilitiues at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Economic Entity and the Company's accounting policies, the management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

a) Assessment of impairment of land and buildings

For the purpose of impairment testing of these assets, the recoverable amount is determined based on prevailing market value determined by professional valuers. At reporting date, the recoverable amount of land and buildings of the Company exceeds the carrying amount.

(b) Assessment of impairment of investment in associates

Investment in associates are assesed for impairment losses whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Such assessment required the directors to make estimates of the recoverable amount. Impairment loss is recognised for the amount by which the carrying amount of the assets exceed its recoverable amount, which is the higher of an asset's fair value less cost to sell and its value in use.

3.2 Key sources of estimation uncertainty

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

a) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the individual asset's useful life. Management estimates the useful life of plant and machinery to be 4 to 10 years while 20 to 50 years for building, based on the level of expected usage. Management also estimates that the machinery will have minimal residual values at the end of its useful life. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

3. Significant accounting estimates and judgements (continued)

3.2 Key sources of estimation uncertainty (continued)

b) Biological assets - Oil palm

The allocation of value from property, plant and equipment to biological assets was calculated as the present value of the estate's operating cash flows over the next ten years, based on the directors' best estimates of future selling prices of fresh fruit bunches. The major assumptions underlying the calculation were an assumed average CPO selling price of RM2,300 and average discount rate of 13.75% based on the Company's return on capital employed.

Changes in the underlying assumptions could impact the allocation made, therefore changing the carrying value of the biological assets.

4. Revenue

Revenue of the Company comprises sales of fresh fruit bunches of oil palm.

5. Interest income

	Economic Entity and Company	
	2012	2011
	RM	RM
Interest on fixed deposits	1,321,535	1,316,857
Interest on loans and receivables	-	39
	1,321,535	1,316,896

6. Dividend income

	Economic Entity		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Available-for-sale financial assets : equity instruments				
- quoted in Malaysia	99,960	108,290	99,960	108,290
Associate : equity instruments				
- quoted outside Malaysia	-	-	1,320,689	1,168,581
	99,960	108,290	1,420,649	1,276,871

7. Other income

	Economic Entity and Company	
	2012	2011
	RM	RM
Gain on disposal of property, plant and equipment	-	8,792
Miscellaneous	17,900	16,072
	17,900	24,864

8. Profit before tax

	Economic Entity		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
The following items have been included in arriving at profit before tax :				
Auditors' remuneration :				
- Statutory audit	45,000	40,000	45,000	40,000
- Other services	5,000	5,000	5,000	5,000
- Under provision in prior year	-	5,000	-	5,000
Amortisation of prepaid land lease payments	17,500	17,500	17,500	17,500
Depreciation	232,605	157,482	232,605	157,482
Directors' remuneration (Note 9)	280,000	280,000	280,000	280,000
Provision for retirement benefits	14,517	1,356	14,517	1,356
Staff costs (excluding remuneration of executive director)*	3,363,334	2,715,003	3,363,334	2,715,003
Unrealised gain on foreign exchange	(188,982)	(287,422)	(188,982)	(287,422)
Gain on disposal of property, plant and equipment	-	(8,792)	-	(8,792)

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

8. Profit before tax (continued)

*Staff costs (excluding remuneration of executive director) comprise:

	Economic Entity and Company	
	2012	2011
	RM	RM
Salaries and wages	3,162,135	2,523,413
Employees' Provident Fund contributions	187,929	175,408
Social Security Fund contributions	13,270	16,182
	3,363,334	2,715,003

9. Directors' remuneration

	Economic Entity and Company	
	2012	2011
	RM	RM
Executive:		
Fees	55,000	50,000
Non-Executive:		
Fees	225,000	250,000
Total	280,000	300,000

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

Executive director:		
RM50,001 – RM100,000	1	1
Non-executive directors:		
RM50,001 – RM100,000	4	4

10. Taxation

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are :

	Economic Entity		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Statement of comprehensive income:				
Current income tax :				
Malaysian income tax	3,711,000	4,905,433	3,711,000	4,905,433
Over provision in prior year	-	(163,908)	-	(163,908)
	3,711,000	4,741,525	3,711,000	4,741,525
Deferred income tax (Note 18):				
Origination and reversal of temporary differences	350,138	(110,713)	350,138	(110,713)
Under provision in prior year	9,131	24,853	9,131	24,853
	359,269	(85,860)	359,269	(85,860)
Income tax expense recognised in profit or loss	4,070,269	4,655,665	4,070,269	4,655,665

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

10. Taxation (continued)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Economic Entity		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit before taxation	23,494,119	22,975,183	17,229,737	20,230,848
Taxation at applicable rate	5,873,530	5,743,796	4,307,434	5,057,712
Effects of share of results of associates	(1,896,268)	(686,084)	-	-
Income not subject to tax	(11,785)	(285,588)	(341,957)	(285,588)
Unrealised gain on foreign exchange	(47,245)	(71,856)	(47,245)	(71,856)
Expenses not deductible for tax purposes	142,906	94,452	142,906	94,452
Under provision of deferred tax in prior year	9,131	24,853	9,131	24,853
Over provision of current tax in prior year	-	(163,908)	-	(163,908)
Tax expense for the year	4,070,269	4,655,665	4,070,269	4,655,665

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares during the the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2012 and 2011:

	Economic Entity and Company	
	2012 RM	2011 RM
Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share	19,423,850	18,319,518
Weighted average number of ordinary shares for basic earnings per share computation	64,850,448	64,850,448
Basic earnings per share (sen)	29.95	28.25

There is no dilutive effect on earnings per share as the Company has no potential issues of ordinary shares.

12. Dividends

	Dividends in respect of Year		Dividends recognised in Year	
	2012 RM	2011 RM	2012 RM	2011 RM
Recognised during the year:				
Interim dividend for 2011:				
6% under the single tier system on 64,850,448 ordinary shares (6.00 sen per ordinary share)	-	3,891,027	-	3,891,027
9% under the single tier system on 64,850,448 ordinary shares (9.00 sen per ordinary share)	-	5,836,540	-	5,836,540
Special dividend for 2011:				
5% under the single tier system on 64,850,448 ordinary shares (5.00 sen per ordinary share)	-	3,242,523	-	3,242,523
	-	12,970,090	-	12,970,090

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

12. Dividends (continued)

	Dividends in respect of Year		Dividends recognised in Year	
	2012 RM	2011 RM	2012 RM	2011 RM
Recognised during the year: (continued)				
Interim dividend for 2012:				
10% under the single tier system on 64,850,448 ordinary shares (10.00 sen per ordinary share)	6,485,045	-	6,485,045	-
10% under the single tier system on 64,850,448 ordinary shares (10.00 sen per ordinary share)	6,485,045	-	6,485,045	-
Special dividend for 2012:				
5% under the single tier system on 64,850,448 ordinary shares (5.00 sen per ordinary share)	3,242,522	-	3,242,522	-
	16,212,612	-	16,212,612	-
Total dividends	16,212,612	12,970,090	16,212,612	12,970,090

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

13. Property, plant and equipment

	Freehold estate land RM	Buildings RM	Machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
Economic Entity and Company						
Cost or valuation						
At 1 January 2012	31,002,052	961,186	1,263,798	1,624,581	646,664	35,498,281
Additions	-	1,359,365	324,505	99,096	71,502	1,854,468
Revaluation	101,649,357	-	-	-	-	101,649,357
At 31 December 2012	132,651,409	2,320,551	1,588,303	1,723,677	718,166	139,002,106
Representing:						
At cost	-	2,320,551	1,588,303	1,723,677	718,166	6,350,697
At valuation	132,651,409	-	-	-	-	132,651,409
	132,651,409	2,320,551	1,588,303	1,723,677	718,166	139,002,106
Accumulated depreciation						
At 1 January 2012	-	208,165	1,128,532	1,473,125	509,853	3,319,675
Charge for the year	-	59,466	68,997	67,662	36,480	232,605
At 31 December 2012	-	267,631	1,197,529	1,540,787	546,333	3,552,280
Net carrying amount						
At cost	-	2,052,920	390,774	182,890	171,833	2,798,417
At valuation	132,651,409	-	-	-	-	132,651,409
At 31 December 2012	132,651,409	2,052,920	390,774	182,890	171,833	135,449,826

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

13. Property, plant and equipment

	Freehold estate land RM	Buildings RM	Machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
Economic Entity and Company						
Cost or valuation						
At 1 January 2011	30,989,817	961,186	1,230,755	1,517,640	550,972	35,250,370
Additions	20,805	-	33,043	106,941	95,692	256,481
Disposals	(8,570)	-	-	-	-	(8,570)
At 31 December 2011	31,002,052	961,186	1,263,798	1,624,581	646,664	35,498,281
Representing:						
At cost	172,307	961,186	1,263,798	1,624,581	646,664	4,668,536
At valuation	30,829,745	-	-	-	-	30,829,745
	31,002,052	961,186	1,263,798	1,624,581	646,664	35,498,281
Accumulated depreciation						
At 1 January 2011	-	174,344	1,083,486	1,420,851	483,512	3,162,193
Charge for the year	-	33,821	45,046	52,274	26,341	157,482
At 31 December 2011	-	208,165	1,128,532	1,473,125	509,853	3,319,675
Net carrying amount						
At cost	172,307	753,021	135,266	151,456	136,811	1,348,861
At valuation	30,829,745	-	-	-	-	30,829,745
At 31 December 2011	31,002,052	753,021	135,266	151,456	136,811	32,178,606

13. Property, plant and equipment (continued)

Revaluation of freehold land and buildings

Freehold land and biological assets have been revalued during the year based on valuations performed by accredited independent valuers, Messrs. Asiapacific Sdn. Bhd., Chartered Surveyors. Details of independent professional valuation of property, plant and equipment are as follows:

Description	Date of valuation	Basis of valuation	RM
Freehold estate land	November 2012	Comparison method	179,239,195
Biological assets			
- oil palm (Note 14)			(46,587,786)
			132,651,409

The fair value of freehold estate land was determined by reference to the recent transactions and asking prices of similar properties in the locality, adjusted for differences in characteristics to arrive at the market value.

If the freehold land was measured using the cost model, the carrying amounts would be as follows:

	Economic Entity and Company	
	2012 RM	2011 RM
Freehold estate land	8,283,914	8,283,914

Included in the property, plant and equipment of the Economic Entity and of the Company are the following costs of fully depreciated assets which are still in use:

	Economic Entity and Company	
	2012 RM	2011 RM
Machinery	1,095,871	1,016,421
Motor vehicles	1,327,564	1,327,564
Office and furniture and fittings	423,718	407,028
	2,847,153	2,751,013

Property, plant and equipment of the Economic Entity and of the Company are acquired during the year by means of cash payments.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

14. Biological assets

	Economic Entity and Company 2012 RM	Economic Entity and Company 2011 RM
Oil palm		
Carrying value		
At 1 January	44,986,454	44,986,454
Valuation	1,601,332	-
At 31 December	46,587,786	44,986,454
At valuation	46,587,786	44,985,866
At cost	-	588
Total	46,587,786	44,986,454

Biological assets of the Economic Entity and of the Company comprise oil palm and are stated at valuation based on allocation of valuation of the freehold estate land of the Company as detailed in Note 13.

The allocation was calculated as the present value of the estate's operating cash flows over the next ten years, based on the directors' best estimates of future selling prices of fresh fruit bunches. The major assumptions underlying the calculation were an assumed average CPO selling price of RM2,300 and average discount rate of 13.75% based on the Company's return on capital employed.

15. Prepaid land lease payments

	Economic Entity and Company 2012 RM	Economic Entity and Company 2011 RM
At 1 January	35,000	52,500
Amortisation for the year	(17,500)	(17,500)
At 31 December	-	17,500
Analysed as:		
Short term leasehold land	-	17,500

16. Investments in associates

	Economic Entity 2012 RM	Economic Entity 2011 RM	Company 2012 RM	Company 2011 RM
Quoted shares outside Malaysia, at cost	698,105	698,105	698,105	698,105
Unquoted shares at cost	308,400	308,400	308,400	308,400
	1,006,505	1,006,505	1,006,505	1,006,505
Share of post-acquisition reserves	70,658,808	37,762,223	-	-
	71,665,313	38,768,728	1,006,505	1,006,505
Fair value of investment in an associate for which there is a published price quotation	26,866,283	25,998,920	26,866,283	25,998,920

Name of company	Country of incorporation	Principal activities	Proportion (%) of ownership interest Associate 2012	Associate 2011	Company 2012	Company 2011
The Narborough Plantations Plc *	England	Oil palm plantations	-	-	49.8	49.8
Rivaknar Holdings Sdn. Bhd. ^	Malaysia	Investment holding	-	-	33.3	33.3
Subsidiaries of Rivaknar Holdings Sdn. Bhd.						
Rivaknar Properties (W.A.) Pty. Ltd. *	Australia	Investment holding	100	100	-	-
CG Plantations Sdn. Bhd.	Malaysia	Oil palm plantations	99.9	99.9	-	-

* Not audited by Sekhar & Tan

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

16. Investments in associates (continued)

The summarised financial information of the associates, adjusted for the proportion of ownership interest held by the Company, is as follows

	2012 RM	2011 RM
Assets and liabilities		
Current assets	10,503,074	10,260,158
Non-current assets	67,139,535	31,924,206
Total assets	77,642,609	42,184,364
Current liabilities	3,899,509	3,171,421
Non-current liabilities	4,163,626	2,039,887
Total liabilities	8,063,135	5,211,308
Results		
Revenue	5,522,099	6,561,883
Profit for the year	8,789,340	3,912,916

17. Investment securities

	Economic Entity and Company			
	2012 RM		2011 RM	
	Carrying amount	Market value	Carrying amount *	Market value
Available-for-sale financial assets - Equity instruments : (quoted shares in Malaysia) At market value	2,082,500	2,082,500	1,582,700	1,582,700

18. Deferred taxation

	Economic Entity and Company 2012 RM	Economic Entity and Company 2011 RM
At 1 January	(92,225)	(1,990)
Recognised in profit or loss (Note 10)	359,269	(85,860)
Recognised in equity	(4,375)	(4,375)
At 31 December	262,669	(92,225)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	At 1 January RM	Recognised in equity RM	Recognised in profit or loss RM	At 31 December RM
Economic Entity and Company				
2012				
Deferred tax liabilities				
Revaluation surplus	4,906	(4,375)	(531)	-
Property, plant and equipment	89,622	-	198,826	288,448
	94,528	(4,375)	198,295	288,448
Deferred tax assets				
Provision for retirement benefits	(24,028)	-	(1,751)	(25,779)
Provision for maintenance	(162,725)	-	162,725	-
	(186,753)	-	160,974	(25,779)
	(92,225)	(4,375)	359,269	262,669
2011				
Deferred tax liabilities				
Dividend receivables	9,281	(4,375)	-	4,906
Property, plant and equipment	12,418	-	77,204	89,622
	21,699	(4,375)	77,204	94,528

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

18. Deferred taxation (continued)

	At 1 January RM	Recognised in equity RM	Recognised in profit or loss RM	At 31 December RM
Deferred tax assets				
Provision for retirement benefits	(23,689)	-	(339)	(24,028)
Provision for maintenance	-	-	(162,725)	(162,725)
	(23,689)	-	(163,064)	(186,753)
	(1,990)	(4,375)	(85,860)	(92,225)

19. Receivables

	Economic Entity and Company 2012 RM	Economic Entity and Company 2011 RM
Trade receivables	704,477	1,169,579
Other receivables	175,528	175,464
Deposits	33,936	46,575
Trade and other receivables	913,941	1,391,618
Add: Cash and cash equivalents (Note 20)	58,118,513	63,468,786
Total loan and receivables	59,032,454	64,860,404

Trade receivables are non-interest bearing and are generally on 30 days (2011 : 30 days) term. They are recognised at their original statement amounts and represent their fair values on initial recognition.

All trade receivables are neither past due nor impaired.

Trade receivables and other receivables are denominated in Ringgit Malaysia.

20. Cash and bank balances

	Economic Entity and Company	
	2012 RM	2011 RM
Cash on hand and at banks	1,322,293	1,381,329
Deposits with:		
- Licensed banks in Malaysia	45,146,197	50,635,120
- Foreign financial institutions	11,650,023	11,452,337
	56,796,220	62,087,457
	58,118,513	63,468,786

The currency exposure profile of deposits, cash and bank balances is as follows:

	Economic Entity and Company	
	2012 RM	2011 RM
- Ringgit Malaysia	44,998,049	50,557,914
- Pound Sterling	7,878,320	7,800,975
- Singapore	5,242,144	5,109,897
	58,118,513	63,468,786

20. Cash and bank balances (continued)

The following table set out the carrying amounts, the effective interest rates ("EIR") as at reporting date and the maturities of the Economic Entity's and the Company's financial instruments that are exposed to interest rate risk:

	Within 1 year RM	1 - 2 years RM	Total RM
At 31 December 2012			
Economic Entity and Company			
Fixed			
Deposits with licensed banks in Malaysia at the following EIR			
- 0.35%	1,470,441	-	1,470,441
- 2.95%	3,300,000	-	3,300,000
- 3.00%	8,200,000	-	8,200,000
- 3.05%	3,400,000	-	3,400,000
- 3.13%	9,710,756	-	9,710,756
- 3.15%	205,000	-	205,000
- 3.20%	10,000,000	-	10,000,000
- 3.25%	8,860,000	-	8,860,000
	45,146,197	-	45,146,197
Deposits with foreign financial institution at the following EIR			
- 0.028%	3,771,703	-	3,771,703
- 0.264%	7,878,320	-	7,878,320
	56,796,220	-	56,796,220
At 31 December 2011			
Economic Entity and Company			
Fixed			
Deposits with licensed banks in Malaysia at the following EIR			
- 0.40%	1,430,120	-	1,430,120
- 2.75%	1,700,000	-	1,700,000
- 2.95%	3,000,000	-	3,000,000
- 3.00%	6,200,000	205,000	6,405,000
- 3.05%	12,400,000	-	12,400,000
- 3.09%	15,700,000	-	15,700,000
- 3.10%	3,000,000	-	3,000,000
- 3.15%	7,000,000	-	7,000,000
	50,430,120	205,000	50,635,120

20. Cash and bank balances (continued)

	Within 1 year RM	1 - 2 years RM	Total RM
At 31 December 2011			
Deposits with foreign financial institution at the following EIR			
- 0.080%	3,679,777	-	3,679,777
- 0.655%	7,772,560	-	7,772,560
	61,882,457	205,000	62,087,457

21. Payables

	Economic Entity and Company 2012 RM	2011 RM
Trade payables	255,476	250,959
Payroll liabilities	-	475,465
Other payables	908,543	920,585
Dividend payable	9,727,567	9,079,063
Deposits refundable	23,144	23,144
	10,914,730	10,749,216

Trade payables are non-interest bearing and normally settled within 30 to 90 days (2011 : 30 - 90 days) terms and denominated in Ringgit Malaysia.

22. Provision for retirement benefits

	Economic Entity and Company 2012 RM	2011 RM
At 1 January	96,111	94,755
Additional provision	14,517	1,356
Payments made	(7,512)	-
At 31 December	103,116	96,111

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

22. Provision for retirement benefits (continued)

	Economic Entity and Company 2012 RM	Economic Entity and Company 2011 RM
Represented by:		
Current liabilities		
Payable not later than 1 year	9,765	11,140
Non-current liabilities		
Payable between more than 1 year and less than 5 years	27,277	29,713
Payable later than 5 years	66,074	55,258
	93,351	84,971
	103,116	96,111

23. Share capital

	Number of ordinary shares of RM1 each 2012	Number of ordinary shares of RM1 each 2011	Amount 2012 RM	Amount 2011 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid up	64,850,448	64,850,448	64,850,448	64,850,448

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

24. Reserves

	Economic Entity		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Non-distributable:				
Capital reserve	185,669,244	55,826,110	142,786,144	39,531,079
Fair value adjustment reserve	1,409,758	865,824	1,304,466	804,666
Distributable:				
Capital reserve	1,793,446	1,793,446	-	-
	188,872,448	58,485,380	144,090,610	40,335,745
General reserve	6,565,911	6,565,911	5,762,193	5,762,193
	195,438,359	65,051,291	149,852,803	46,097,938
Non-distributable capital reserve comprises:				
Exchange fluctuation	1,713,268	1,840,242	-	-
Asset revaluation	183,955,976	53,985,868	142,786,144	39,531,079
Fair value adjustment	1,409,758	865,824	1,304,466	804,666
Distributable capital reserve comprises:				
Asset realisation - Capital	1,793,446	1,793,446	-	-
	188,872,448	58,485,380	144,090,610	40,335,745
General reserve comprises:				
Gain on maturity of investments	23,678	23,678	23,678	23,678
Realised revaluation surplus	3,029,563	3,029,563	3,029,563	3,029,563
Asset realisation - General	717,951	717,951	417,826	417,826
Unappropriated retained earnings	2,794,719	2,794,719	2,291,126	2,291,126
	6,565,911	6,565,911	5,762,193	5,762,193

(a) The non-distributable capital reserves are not distributable by way of cash dividends

(b) Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

(c) Exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign associates whose functional currencies are different from that of the Economic Entity's presentation currency.

(d) The asset revaluation reserves represent increases in the fair value of freehold and leasehold estate land and biological assets, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

25. Retained earnings

The Company is able to distribute dividends out of its distributable reserves as at 31 December 2012 and 2011 under the single tier system.

26. Financial risk management policies

The Company's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions. The policy in respect of the major areas of treasury activity is set out as follows:

(a) Foreign currency exchange risk

The Company is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than Ringgit Malaysia. The Company's policy is to limit its exposure on foreign currency exchange risk by entering into foreign currency exchange transactions denominated in the Australian Dollar, Pound Sterling and Singapore Dollar, wherever possible.

The net unhedged financial assets of the Company that are not denominated in their functional currencies are disclosed in their respective notes.

Sensitivity analysis for foreign currency exchange risk

The Economic Entity and the Company expect that any fluctuation in foreign currency will have no significant material impact on the financial performance of the Economic Entity and the Company.

(b) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. As the Company does not have any borrowing, interest rate exposure arises solely from the Company's deposits, and is managed through the placement of fixed rate short-term deposits.

The information on maturity dates and interest rates of financial assets are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

The Economic Entity and the Company expect that any fluctuation in interest rate will have no significant material impact on the financial performance of the Economic Entity and the Company.

(c) Market risk

The Company does not face significant exposure from the risk of changes in market prices other than fluctuations in commodity prices.

26. Financial risk management policies (continued)

(d) Credit risk

Credit risk is controlled by ensuring that sales of products are made to customers with an appropriate credit history and appropriate monitoring procedures. The Company does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial instrument.

(e) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term deposits at call. As the Company seeks to invest cash assets safely and profitably, the operating cash flows ensure the availability of funding.

Analysis of financial instruments by remaining contractual maturities

The table below summaries the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2012 RM	2011 RM
On demand or within one year:		
- Trade and other payables, representing total undiscounted financial liabilities	10,914,730	10,749,216

27. Fair value of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Economic Entity and Company			
	Quoted price in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
2012 **RM**				
Financial assets:				
- Available-for-sale financial assets (Note 17)				
- Equity instruments (quoted shares in Malaysia)	2,082,500	-	-	2,082,500

27. Fair value of financial instruments (continued)

(a) Fair value of financial instruments that are carried at fair value (continued)

	Economic Entity and Company			
2011 RM	**Quoted price in active markets for identical instruments (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Financial assets:				
- Available-for-sale financial assets (Note 17)				
- Equity instruments (quoted shares in Malaysia)	1,582,700	-	-	1,582,700

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and liabilities carried at fair value in the statements of financial position as at 31 December 2012 and 2011 are as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no material transfers between Level 1, Level 2 and Level 3 during the current financial year.

The Economic Entity and the Company do not have any financial liabilities carried at fair value classified as above as at 31 December 2012 and 2011.

Determination of fair value

Quoted equity instruments - Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

27. Fair value of financial instruments (continued)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximately of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Economic Entity and Company Note
Trade and other receivables (current)	19
Trade and other payables (current)	21

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short term nature.

28. Segmental information

Economic Entity and Company

(a) Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Economic Entity or the Company if the Economic Entity or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Economic Entity or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the directors of the Group and the Company.

(b) Transactions with related parties are disclosed in note 6 and 9 to the financial statements.

29. Capital management

The Company operates in the agricultural segment in Malaysia. All sales are made within Malaysia. Since the Company operates in a single business geographic segment, no segmental analysis has been presented. The relevant financial information has been appropriately presented in the financial statements.

Notes To The Financial Statements (continued)

For the financial year ended 31 December 2012

30. Capital management

The Economic Entity considers its capital to comprise its ordinary share capital, retained profits and distributable reserves.

In managing its capital, the Economic Entity's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Economic Entity seeks to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Economic Entity to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the Economic Entity considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no other significant changes to the Economic Entity's capital management objectives, policies and processes in the year nor has there been any change in what the Economic Entity considers to be its capital.

The total amount of capital is as follows:

	Economic Entity		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Share capital	64,850,448	64,850,448	64,850,448	64,850,448
Retained profits	47,385,894	44,174,656	22,312,642	25,365,786
Distributable reserves	8,359,357	8,359,357	5,762,193	5,762,193
	120,595,699	117,384,461	92,925,283	95,978,427

31. Supplementary information - breakdown of retained profits into realised and unrealised

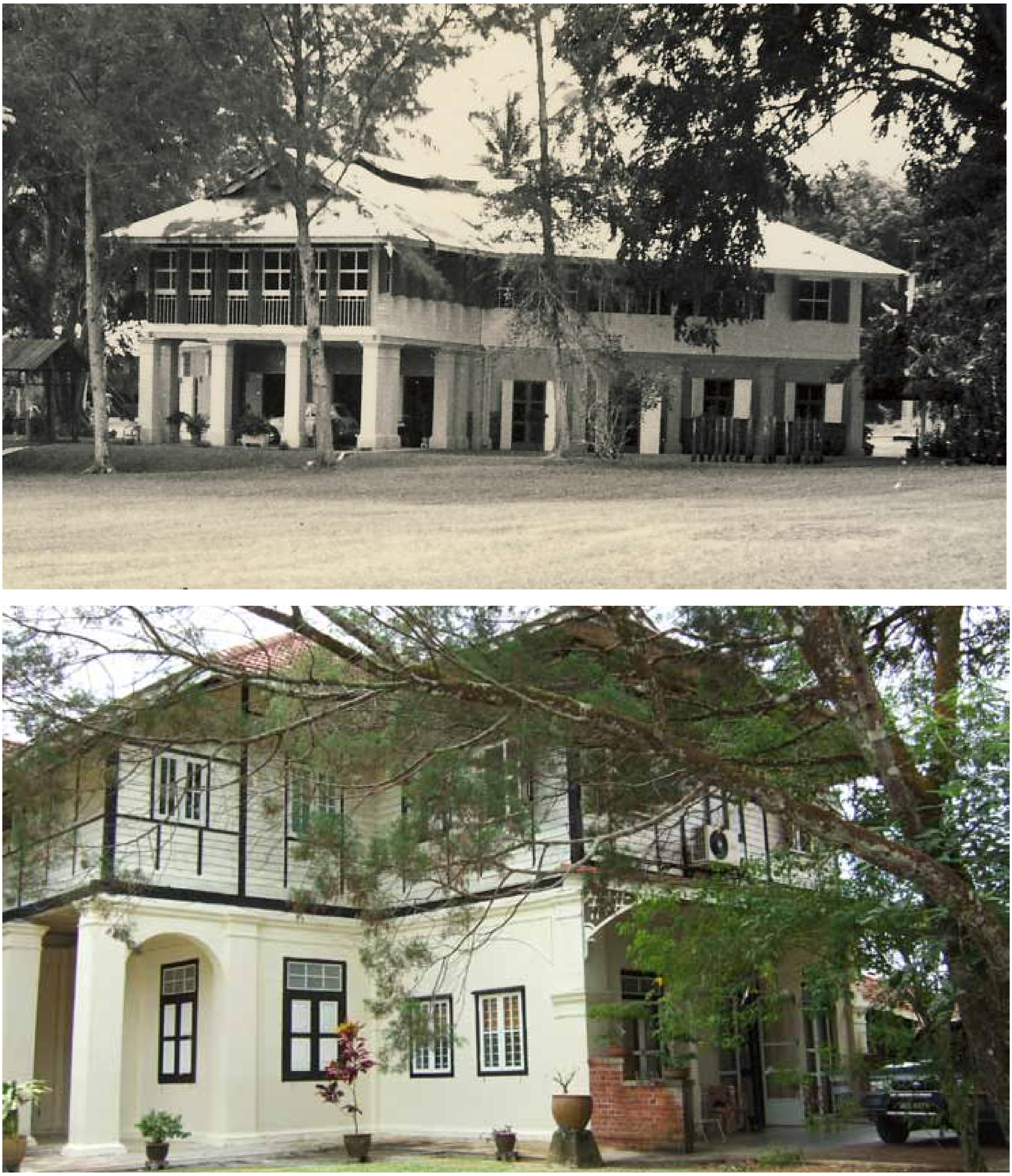
The breakdown of the retained profits of the Economic Entity and of the Company as at 31 December 2012 and 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Economic Entity		Company	
	2012	2011	2012	2011
Total retained profits	RM	RM	RM	RM
- Realised	23,977,870	27,147,849	23,977,870	27,147,849
- Unrealised	(1,665,228)	(1,782,063)	(1,665,228)	(1,782,063)
	22,312,642	25,365,786	22,312,642	25,365,786
Total share of retained profits from associates				
- Realised	19,639,366	18,756,501	-	-
- Unrealised	5,433,886	52,369	-	-
Retained profits as per financial statements	47,385,894	44,174,656	22,312,642	25,365,786

■ *Cleared Field Then and Now*

■ *Labour Quarters Then and Now*

■ *Staff Quarters Then and Now*



■ *Riverview Bungalow Then and Now*

■ *Harvesting Then and Now*

RIVERVIEW RUBBER ESTATES, BERHAD (820 – V)
(Incorporated in Malaysia)

FORM OF PROXY

Please read the Notice of Meeting and Explanatory Notes before completing this form.

I/We (FULLNAME IN BLOCK LETTERS) ____

of (FULL ADDRESS) ____

____

being a member of Riverview Rubber Estates, Berhad hereby appoint (FULL NAME IN BLOCK LETTERS)

(FULLNAME IN BLOCK LETTERS) ____

of (FULL ADDRESS) ____

____

as my / our proxy to vote for me / us on my / our behalf at the 74th Annual General Meeting of Riverview Rubber Estates, Berhad held at 33 (1st Floor) Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 21 June 2013 at 11.30 am and at any adjournment thereof.

If you want your proxy to vote in a certain way on the resolutions specified, please place a 'X' mark in the relevant boxes. The Vote withheld option is provided to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

		Yes	No	Withheld
(Please refer to Note 5)	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012.			
Resolution 1	To approve increase in Directors' Fees totalling RM50,000 for 2013			
Resolution 2	To approve the payment of Directors fees totalling RM330,000 for 2013			
Resolution 3	To re-elect Director : Stephen W. Huntsman.			
Resolution 4	To appoint Auditors of the Company for the ensuing year and to authorize the Directors to fix the remuneration.			
Resolution 5	To retain Lim Hu Fang as Independent Non- Executive Director			
Special Resolution	To approve amendment in the Articles of Association.			

Signed this ____________ day of ______________ 2013.   No. of shares ____________

Note:

Proxy

1. *A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 33 (1st Floor), Jalan Dato' Maharahjalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
5. *Item 1 of the Agenda is meant for discussion only, as the provision of Section169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*
6. *For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 14 June, 2013 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.*

STAMP

THE SECRETARY

RIVERVIEW RUBBER ESTATES, BERHAD
(Incorporated in Malaysia)
33 (1st Floor)
Jalan Dato' Maharajalela
30000 Ipoh
Perak Darul Ridzuan
Malaysia

RIVERVIEW RUBBER ESTATES, BERHAD (820-V)

33(1st Floor), Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia