Riverview Rubber Estates, Berhad
(Company No. 820-V)
(Incorporated in Malaysia)

Part A : Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation

The unaudited interim financial statements have been prepared under the historical cost convention and in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards ("FRS"), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

A2. Significant accounting policies

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

(I) (a) In year 2012, the Group 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.

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.

Riverview Rubber Estates, Berhad
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Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A2. Significant accounting policies (cont'd)

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

(I) (b) In 2012, the Group 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.

On 1 January 2012, the Group 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 Group 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:

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 Group.

Riverview Rubber Estates, Berhad
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Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A2. Significant accounting policies (cont'd)

At the date of authorisation of the 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 Group 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 Assets	1 January 2013
and 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)	1 January 2013
Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 9 : Financial Instruments	1 January 2015

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 Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

A2. Significant accounting policies (cont'd)

<u>FRS 10 : Consolidated financial statements</u>

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 significant judgement to determine which entities are controlled, and therefore, are required to be consolidated by a parent, 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.

<u>FRS 12 : Disclosure of Interest in Other Entities</u>

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 Group's financial position or performance.

<u>FRS 13 : Fair Value Measurement</u>

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.

<u>Malaysian Financial Reporting Standards (MFRS Framework)</u>

The Malaysian Accounting Standards Board (the Board) has decided to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the Malaysian Financial Reporting Standards (the MFRS Framework) for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or after 1 January 2014. This decision comes after an extensive deliberation by the Board and taking into account both local and international developments affecting these standards.

In November 2011, the Board published the MFRS Framework, an IFRS-compliant set of accounting standards applicable to all non-private entities with effect from 1 January 2012. However, the Board decided to give Transitioning Entities the option in 2012 to either apply the MFRS Framework or continue with the Financial Reporting Standards (FRS Framework) in view of the outstanding issues of both MFRS 141 and IC 15. The option was announced to be available to Transitioning Entities for one year and entities that elected for this option were required to apply the MFRS Framework for annual periods beginning on or after 1 January 2013. Transitioning Entities are entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and / or IC Interpretation 15 Agreements for the Construction of Real Estate (IC 15), including a parent, significant investor and venturer of such Transitioning Entity.

A2. Significant accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (Cont'd)

When the Board made the decision for the Transitioning Entities, it was based on the International Accounting Standards Board's (IASB) October 2011 work plan. At that time, the IASB planned that by second half of 2012, it would issue the new Revenue standard, following which IFRIC 15 would be withdrawn. They were also to finalise their decision on the Agenda Consultation of which a limited amendment to IAS 41 was listed as one of the project suggestions.

However, according to a recent IASB report, the new Revenue standard is now expected to be issued by mid-2013. In the report, the IASB noted the delays in completing the new Revenue standard are unfortunate but necessary to ensure that any changes are implementable.

As to the next step on the Agenda Consultation, the IASB in its May 2012 meeting supported giving priority to developing proposals for potential amendments to IAS 41 in relation to bearer crops. However, the Board notes that it is unlikely the potential amendments will be finalised prior to 2013.

In light of these developments and the revision of the project timeline at the IASB, the Board has decided that Transitioning Entities will be given an option of another one year to continue with the existing FRS Framework. In other words, Transitioning Entities will continue to have the option to either apply the MFRS Framework or the FRS Framework for annual periods beginning on or after 1 January 2013 and the adoption of the MFRS Framework will become mandatory for all companies for annual periods beginning on or after 1 January 2014.

According to the latest IASB's work plan as of 29 July 2013, the new Revenue Standard which was expected to be issued in the second quarter of 2013 has been delayed to the third quarter of 2013. As to the proposed limited-scope improvements to IAS 41 on bearer plants, the IASB published an Exposure Draft Agriculture: Bearer Plants in June 2013 with a 120-day comment period ending on 28 October 2013. The IASB will start the re-deliberation of the proposal on bearer plants in the first quarter of 2014.

In light of this development and the revisions of the project timelines by the IASB, the Board has decided to extend the transitional period for another year, i.e. the adoption of the MFRS Framework by all entities for annual periods beginning on or after 1 January 2015.

The Group 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 2015.** In presenting its first MFRS financial statements, the Group 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.

A3. Comparatives

The have been no material changes to the comparative figures.

In accordance with the transitions provided under FRS 10, retrospective adjustments are not made as the Group considers the deemed date of acquisition to be 1 January 2013, i.e., when this standard became effective.

Distinction between Group and Economic Entity is made in order to better enable comparison and understanding of the variances between the results of the current and previous financial period.

Disclosure of the Condensed Consolidated Statement of Financial Position as at 1st January 2013 is merely for illustration purposes in order to better enable the comparison of the financial position of the Group between the current financial period and the deemed date of acquisition.

A4. Seasonal or cyclical factors

Turnover is also dependent on price fluctuations of Crude Palm Oil ("CPO") which are not within the Company's control but are determined by the global supply and demand for edible oils.

Production of fresh fruits bunches of oil palms ("FFB") is affected by weather conditions, the age of the palms and seasonal biological stress.

A5. Items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A6. Change in estimates

There were no changes in estimates that have a material effect in the current quarter.

A7. Debt and equity securities

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities in the current quarter.

A8. Dividend paid

On 17th May 2013, the Company announced an Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045, this dividend was paid on 19 July 2013.

A9. Segment information

		Current Quarter		Cumulative Quarter	
		Group 30.09.13 RM '000	Economic Entity 30.09.12 RM '000	Group 30.09.13 RM '000	Economic Entity 30.09.12 RM '000
Revenue					
- Malaysia	: Plantation				
	- Company	5,956	7,453	13,054	19,995
	- Subsidiaries	2,424	-	5,627	-
- Australia	: Real Estate				
	- Rental income	448	-	1,315	-
		8,828	7,453	19,996	19,995
Profit before taxation					
- Malaysia	: Plantation				
	- Company	4,314	4,886	6,643	13,404
	- Subsidiaries	1,072	-	1,537	-
- Australia	: Real Estate				
	- Rental income	8	-	18	-
		5,394	4,886	8,198	13,404

A10. Related party transactions

There were no significant related party transactions of the Company for the current quarter.

A11. Changes in composition

There were no changes in the composition of the Company for the current quarter.

A12. Changes in contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets as at the last annual balance sheet date and the latest practicable date.

A13. Capital commitments

There are no material capital commitments as at 30 September 2013

Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A14. Property, plant and equipment

(i) Acquisitions and Disposals

During the current financial period, the Group acquired property, plant and equipment of RM2.58 million.

During the current financial period, the Company did not dispose any property, plant and equipment.

(ii) Impairment of property, plant and equipment

There were no impairment nor reversal of such impairment during the current three months financial period.

(iii) Valuations

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A15. Events subsequent to the balance sheet date

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statements under review.

Riverview Rubber Estates, Berhad
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Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Analysis of performance against corresponding preceding period

		Current Quarter		Cumulative Quarter	
		Group 30.09.13 RM '000	Group 30.09.12 RM '000	Group 30.09.13 RM '000	Group 30.09.12 RM '000
Revenue					
- Malaysia	: Plantation				
	- Company	5,956	7,453	13,054	19,995
	- Subsidiary	2,424	3,589	5,627	9,528
- Australia	: Real Estate				
	- Rental income	448	199	1,315	575
		8,828	11,241	19,996	30,098
Profit before taxation					
- Malaysia	: Plantation				
	- Company	4,314	4,886	6,643	13,404
	- Subsidiary	1,072	2,005	1,537	6,201
- Australia	: Real Estate				
	- Rental income	8	(182)	18	(549)
		5,394	6,709	8,198	19,056

Company

The Company registered revenue of RM13.05 million for the current financial period, a decrease of 34.71% as compared to the corresponding preceding period. The Company also recorded a gross profit of RM6.63 million for the current financial period, a decrease of 50.74% compared to the corresponding preceding period.

The decrease in revenue is due to the decrease in the average selling price of fresh fruit bunches of palm oil ("FFB") and decreased production as compared to the corresponding preceding period, details are as follows:

	Cumulative 9 months ended		
	30.09.13	30.09.12	Variance
Average FFB price per metric ton (RM)	483.55	636.86	(24.07%)
Production (MT)	26,996.07	31,396.00	(14.01%)

The Company also recorded a pre-tax profit in the current financial period of RM6.64 million against pre-tax profit of RM13.40 million, compared to the corresponding preceding period, a decrease of 50.44%. The lower pre-tax profit is due to lower revenue.

Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B1. Analysis of performance against corresponding preceding period (Cont'd)

Group

A comparison of the Group financial results would not provide a like with like analysis as the current results are prepared on a Group basis while the comparative results are prepared on an economic entity basis.

An overall analysis of the average FFB price and production of the plantation subsidiaries are as follows:

	Cumulative 9 months ended		
	30.09.13	**30.09.12**	**Variance**
Average FFB price per metric ton (RM)	485.54	646.15	(24.86%)
Production (MT)	11,589.91	14,745.92	(21.40%)

The Australian subsidiary is an investment holding real estate company that develops and rents out its properties. All properties owned by this company are fully tenanted as at 30 September 2013.

B2. Variation of results against preceding quarter

		3 months ended	
		Group	**Group**
		30.09.13	**30.06.13**
		RM '000	**RM '000**
Revenue			
- Malaysia	: Plantation		
	- Company	5,956	3,521
	- Subsidiary	2,424	1,631
		8,380	5,152
- Australia	: Real Estate		
	- Rental income	448	393
		8,828	5,545
Profit before taxation			
- Malaysia	: Plantation		
	- Company	4,314	1,014
	- Subsidiary	1,072	156
		5,386	1,170
- Australia	: Real Estate		
	- Rental income	8	2
		5,394	1,172

Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B2. Variation of results against preceding quarter (Cont'd)

Plantations

The current quarter's recorded pre-tax profit of RM5.39 million on revenue of RM8.38 million as compared to pre-tax profit of RM1.17 million on revenue of RM5.15 million posted in the immediate preceding quarter. The increase in the current quarter's revenue by RM3.23 million or 62.66% as compared to the preceding quarter is due to increases in the average selling price of and production of FFB as follows:

	3 months ended		
	30.09.13	**30.06.13**	**Variance**
Average FFB price per metric ton (RM)	492.14	482.72	1.95%
Production (MT)	17,027.29	10,673.92	59.52%

In addition to the higher revenue, the higher pre-tax profit for the current quarter as compared to the preceding quarter is also due to a higher unrealised foreign exchange gain of RM1.07 million in the current quarter as compared to RM0.29 the preceding quarter.

Real Estate Investment

The stronger results from the Australian subsidiary compared to the preceding quarter is primarily due to a weaker Ringgit against the Australian Dollar in the current quarter as compared to the preceding quarter as well as the timing of certain operating expenses which were incurred in the current quarter.

B3. Prospects

The directors expect reasonable performance from the Group for the remaining period of the year as indicated in the prospects of the business divisions below:

Plantation

The prospects are very much dependent on the global edible oil and its related markets, global economic conditions and how they impact CPO prices. Based on the current market trend and demand for CPO which augurs a favourable outlook for oil palm plantations, the Directors are optimistic that this division will be able to maintain its productivity and remain competitive.

Real Estate Investment

Barring any unforeseen circumstances, the Directors expect this division to be profitable and its performance for the remaining period of the year to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B5. Tax expense

	3 months ended	
	Group 30.09.2013 RM'000	Economic Entity 30.09.2012 RM'000
Taxation		
- Income tax	1,647	3,489
- Deferred tax	5	-
	1,652	3,489

The effective tax rate of the Group is lower than the statutory rate of taxation primarily due to certain income not being deductible for taxation purposes as well as the effects of changes in tax rates in different countries.

B6. Status of corporate proposal announced

There were no corporate proposals announced and not completed as at the latest practicable date.

B7. Borrowing and debt securities

The borrowings of the Group relate wholly to a term loan of AUD1,975,574 obtained by the Australian subsidiary for the development and construction of its investment properties and secured by legal charges over the said investment properties.

B8. Derivative financial instruments

There were no derivative financial instruments with off balance sheet risk as at the latest practicable date.

B9. Changes in material litigation

There was no pending material litigation as at the latest practicable date.

B10. Dividends

On 17th May 2013, the Company announced an Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045, this dividend was paid on 19 July 2013.

Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)

B11. Earnings per share

Basic earnings per share
The calculation of basic earnings per share for the financial year is based on the net profit attributable to ordinary shareholders of RM6.55 million and the weighted average number of ordinary shares in issue during the current quarter of 64,850,448 shares.

Diluted earnings per shares
Not applicable.

B12. Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 December 2012 was not qualified.

B13. Authorised for Issue

The interim financial statements were authorised for issue by the Board of Directors as resolved at the Board of Directors Meeting held on 24 October 2013.

Part C : Additional disclosure pursuant to Bursa Malaysia Securities Berhad's directive regarding Disclosure of Realised and Unrealised Profits/Losses

C1. Realised and Unrealised Profits/(Losses)

	Group		Economic Entity
	30.09.2013	**01.01.2013**	**30.12.2012**
	RM '000	**RM' 000**	**RM' 000**
Retained Earnings of the Company			
Realised	22,709	23,979	23,979
Unrealised	(947)	(1,665)	(1,665)
	21,762	22,314	22,314
Retained Earnings of the Subsidiaries /Economic Entity			
Realised	4,516	4,621	19,639
Unrealised	19,072	18,890	5,434
	23,588	23,511	25,073
Retained Earnings of the Group/ Economic Entity	45,350	45,825	47,387