

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 unless otherwise indicated in the significant accounting policies 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 2015. 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 2015.

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

On 1 January 2015, the Group and the Company adopted the following applicable new and amended FRS mandatory for annual financial years beginning on or after the dates stated below:

	Effective for financial years beginning on or after
FRS, Amendments to FRS and IC Interpretations	
Amendments to FRS 119 : Defined Benefit Plans : Employee Contributions	1 July 2014
Annual improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual improvements to FRSs 2011-2013 Cycle	1 July 2014

The adoption of these new revised FRS and IC Interpretations has no material effect on the financial statements of the Group and the Company.

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

	Effective for financial years beginning on or after
FRS, Amendments to FRS and IC Interpretations	
Amendments to FRS 10 and FRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 Investment Entities: Applying the Consolidation Exception	1 January 2016

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 were issued but not yet effective and have not been applied by the Group and by the Company:

	Effective for financial years beginning on or after
FRS, Amendments to FRS and IC Interpretations	
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101 Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119 Employee Contributions	1 January 2016
Amendments to FRS 127 Equity Method in Separate Financial Statements	1 January 2016
FRS 14 : Regulatory Deferral Accounts	1 January 2016
Annual Improvements to FRSs 2012 – 2014	1 January 2016
FRS 9 : Financial Instruments	1 January 2016

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

FRS 9 : Financial Instruments

FRS 9 replaces the guidance in FRS 139 Financial Instruments: Recognition and Measurement. FRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from FRS 139.

The Group and the Company are assessing the potential impact on their financial statements resulting from the application of FRS 9.

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 years beginning on or after 1 January 2012 and is to facilitate convergence with the International Financial Reporting Standards ["IFRS"]. Nevertheless, the Group and the Company are allowed by the MASB to defer the adoption of these new accounting standards to financial year ending 31 December 2018 as the Group and the Company are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15).

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

A2. Significant accounting policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) – cont'd

This would result in the Group and the Company preparing an opening MFRS statement of financial position as at 1 January 2017 which adjusts for differences between the classification and measurement bases in the exiting FRS framework versus that in the new MFRS framework. This would also result in a restatement of the financial performance for the financial year ending 31 December 2017 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 31 December 2018.

The impact on the financial position and performance of the Group and the Company have yet to be determined as the Group and the Company are in the process of assessing the financial effects of the differences between FRS and accounting standards under the MFRS Framework.

A3. Comparatives

There have been no material changes to the comparative figures.

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

No dividend was paid in the current quarter.

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

A9. Segment information

	Group	
	Cumulative Quarter	
	30.09.16	30.09.15
	RM '000	RM '000
Revenue		
- Malaysia : Plantation		
- Company	13,586	16,302
- Subsidiaries	7,468	7,012
	<u>21,054</u>	<u>23,314</u>
- Australia : Real Estate	1,134	1,291
	<u>22,188</u>	<u>24,605</u>
Profit before taxation		
- Malaysia : Plantation		
- Company	4,878	6,693
- Subsidiaries	2,470	2,761
	<u>7,348</u>	<u>9,454</u>
- Australia : Real Estate	453	418
	<u>7,801</u>	<u>9,872</u>

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 2016

Riverview Rubber Estates, Berhad
(Company No. 820-V)
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Part A : Explanatory Notes Pursuant to FRS 134 (Cont'd)

A14. Property, plant and equipment

(i) Acquisitions and Disposals

Details of acquisitions and disposals of the Group during the financial period are as follows:

Acquisition

	Cost RM '000
Property, plant and equipment	<u>750</u>

Disposals

	Book Value RM '000	Proceeds RM '000
Property, plant and equipment	<u>27</u>	<u>37</u>

(ii) Impairment of property, plant and equipment

There was no material impairment nor reversal of such impairment during the current three month 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.

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

B1. Analysis of performance against preceding year corresponding period

	Group Cumulative Quarter	
	30.09.16 RM '000	30.09.15 RM '000
Revenue		
- Malaysia : Plantation		
- Company	13,586	16,302
- Subsidiaries	<u>7,468</u>	<u>7,012</u>
	21,054	23,314
- Australia : Real Estate	<u>1,134</u>	<u>1,291</u>
	<u>22,188</u>	<u>24,605</u>
Profit before taxation		
- Malaysia : Plantation		
- Company	4,878	6,693
- Subsidiaries	<u>2,470</u>	<u>2,761</u>
	7,348	9,454
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	<u>7,801</u>	<u>9,872</u>

The Group registered revenue of RM22.19million in the current period, a decrease of 9.82% as compared to the preceding year corresponding period.

The decrease in revenue is primarily due a decrease in the production of fruit bunches of palm oil ("FFB"), however, this decrease was offset by to an increase in the average selling price of FFB compared to the preceding year corresponding period. Details are as follows:

	Cumulative 9 months ended 30.09.16	30.09.15	Variance %
Average FFB price per metric ton (RM)	588.68	469.76	25.32
Production (MT)	<u>35,764.47</u>	<u>49,621.29</u>	<u>(27.93)</u>

The Group also recorded a pre-tax profit in the current period of RM7.80 million against pre-tax profit of RM9.87 million compared to the preceding period, a decrease of 20.98%.

The lower pre-tax profit is due to primarily lower revenue and the lower unrealised foreign exchange gain compared to the preceding year corresponding period.

The Australian subsidiary is an investment holding real estate company that develops and rents out its properties. All properties owned by this company are substantially tenanted as at 30 September 2016.

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

B2. Variation of results against preceding quarter

	3 Months Ended	
	30.09.16	30.06.16
	RM '000	RM '000
Revenue		
- Malaysia : Plantation		
- Company	4,722	4,726
- Subsidiaries	2,743	2,332
	<u>7,465</u>	<u>7,058</u>
- Australia : Real Estate	392	347
	<u>7,857</u>	<u>7,405</u>
Profit before taxation		
- Malaysia : Plantation		
- Company	2,376	1,847
- Subsidiaries	1,329	577
	<u>3,705</u>	<u>2,424</u>
- Australia : Real Estate	156	165
	<u>3,861</u>	<u>2,589</u>

Plantations

The current quarter's recorded pre-tax profit of RM3.71 million on revenue of RM7.47 million as compared to pre-tax profit of RM2.4 million on revenue of RM7.06 million posted in the immediate preceding quarter. The increase in the current quarter's revenue by RM0.41 million or 5.77% as compared to the preceding quarter is primarily due to the increase in the average selling price of FFB and an increase in the production of FFB as follows:

	3 months ended		Variance
	30.09.16	30.06.16	
Average FFB price per metric ton (RM)	618.18	602.83	2.55
Production (MT)	<u>12,075.21</u>	<u>11,708.60</u>	<u>3.13</u>

Real Estate Investment

The Australian subsidiary is an investment holding real estate company that develops and rents out its properties. All properties owned by this company are substantially tenanted as at 30 September 2016.

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

B3. Prospects

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

Plantation

The prospects are very much dependent on weather conditions, the global edible oil and its related markets, global economic conditions and how they impact production of FFB and 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 coming period to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

	9 months ended	
	30.09.16	30.09.15
	RM'000	RM'000
Taxation		
- Income tax	1,970	2,047
- Deferred tax	(108)	(59)
	<u>1,862</u>	<u>1,988</u>

The effective tax rate of the Group is lower than the statutory rate of taxation primarily due to certain income not being taxable for taxation purposes.

B6. Status of corporate proposal announced

There is no corporate proposal as at the latest practicable date.

B7. Borrowing and debt securities

There are no borrowing and debt securities as at 30 September 2016

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.

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

B10. Dividends

No dividend was declared in the current quarter.

B11. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the financial period is based on the net profit attributable to equity holders of the Company of RM5.68 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 2015 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 2016.

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

	30.09.2016	31.12.2015
	RM' 000	RM' 000
Retained Earnings of the Company		
Realised	36,327	32,665
Unrealised	(495)	(495)
	<u>35,832</u>	<u>32,170</u>
Retained Earnings of the Subsidiaries		
Realised	21,708	19,152
Unrealised	2,940	3,480
	<u>24,648</u>	<u>22,632</u>
Retained Earnings of the Group	<u>60,480</u>	<u>54,802</u>