

Riverview Rubber Estates, Berhad

(Company No. 820-V)

(Incorporated in Malaysia)

Part A : Explanatory Notes Pursuant to FRS 134**A1. Basis of preparation**

The interim financial statements have been prepared under the historical cost convention.

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

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Economic Entity since the year ended 31 December 2010.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010, except for the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are issued but not yet effective and have not been applied.

	Effective for financial periods beginning on or after
FRSs, Amendments to FRSs and IC Interpretations	
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 : Business Combinations (revised)	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 : Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 : Service Concession Arrangements	1 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to FRS 132 : Classification of Rights Issues	1 March 2010
IC Interpretation 18 : Transfers of Assets from Customers	1 January 2011
Amendments to FRS 1 : Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	1 January 2011
IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
IC Interpretation 15 : Agreements for the Construction of Real Estate	1 January 2012
FRS 124 : Related Party Disclosures	1 January 2012

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A2. Significant accounting policies (Cont'd)

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the amendments to FRS 127, as well as the new disclosures required under the Amendments to FRS 7 and revised FRS 124, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes are described below.

Revised FRS 3 : Business Combinations and Amendments to FRS 127 Consolidated and Separate Financial Statements

The revised standards are effective for annual periods beginning on or after 1 July 2010. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments have been made to FRS 107 Statement of Cash Flows, FRS 112 Income Taxes, FRS 121 The Effects of Changes in Foreign Exchange Rates, FRS 128 Investments in Associates and FRS 131 Interests in Joint Ventures. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early adopted. However, the Economic Entity does not intend to early adopt.

Revised FRS 123 : Related Party Disclosures

The revised FRS 124 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 124 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Economic Entity and the Company are currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Economic Entity and the Company when implemented.

A3. Comparatives

The have been no material changes to the comparative figures.

A4. Seasonal or cyclical factors

The production of fresh fruits bunches of oil palms ("FFB") is dependent on weather conditions; hence is seasonal in nature. The turnover is also dependent on price fluctuations of Crude Palm Oil ("CPO").

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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 10th November 2010, the Company announced an Interim Dividend of 9% under the Single Tier System amounting to RM5,836,540.

This dividend was paid on 21 January 2011.

A9. Segment information

Segmental information is not presented as the principal activity of the Company is the cultivation of oil palm wholly carried out within Malaysia.

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 31 March 2010.

A14. Valuation of property, plant and equipment

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.

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Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**B1. Review of performance**

The Company registered revenue of RM6.94 million for the current financial quarter, an increase of 59.74% as compared to the corresponding quarter in the preceding year. The Company also recorded a gross profit of RM5.51 million for the current financial quarter, an increase of 80.10% compared to the corresponding quarter in the preceding year. This is due to an increase in the average price and production of fresh fruit bunches of palm oil ("FFB") as compared to the corresponding quarter in the preceding year.

The Company also recorded a pre-tax profit in the current financial quarter of RM6.59 million against pre-tax profit of RM1.72 million, compared to the corresponding quarter in the preceding year, an increase of 282.24%. The higher pre-tax profit is primarily attributable to higher revenue as well as a positive turn around in the foreign exchange position from an unrealised loss of RM1.34 million in the corresponding quarter in the preceding year to an unrealised gain of RM0.16 million in the current quarter.

B2. Variation of results against preceding quarter

The current quarter's recorded pre-tax profit of RM6.59 million on revenue of RM6.94 million as compared to pre-tax profit of RM5.75 million on revenue of RM6.76 million posted in the immediate preceding quarter. The higher revenue was mainly due to a higher average price of FFB in the current quarter as compared to the immediate preceding quarter. The higher pre-tax profit is primarily due higher revenue and a positive turn around in the foreign exchange position from a loss of RM0.20 million in the immediate preceding quarter as compared to a gain of RM0.16 million in the current quarter.

B3. Current year prospects

Barring any unforeseen circumstances, the directors expect the performance of the Company to be satisfactory in the coming financial year.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

	3 months ended	
	31.03.2011	31.03.2010
	RM'000	RM'000
Income Tax	1,352	737

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

B6. Unquoted investments and properties

There were no material sales of unquoted investments or properties for the current financial year to date.

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

B7. Quoted investments

There were no purchases or disposals of quoted securities for the current period to date.

B8. Status of corporate proposal announced

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

B9. Borrowing and debt securities

There were no borrowings and debt securities as at the end of the current quarter.

B10. Off balance sheet financial instruments

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

B11. Changes in material litigation

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

B12. Dividends

On 10th November 2010, the Company announced an Interim Dividend of 9% under the Single Tier System amounting to RM5,836,540.

This dividend was paid on 21 January 2011.

B13. 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 RM5.23 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.

B14. Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 December 2010 was not qualified.

B15. 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 22 April 2011.

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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)**

	31.03.2011	31.12.2010
	RM'000	RM'000
Retained Earnings of the Company		
Realised	26,829	24,574
Unrealised	158	(1,818)
	<u>26,987</u>	<u>22,756</u>
Retained Earnings of the Associates		
Realised	17,390	16,383
Unrealised	(318)	(318)
	<u>17,072</u>	<u>16,065</u>
Retained Earning of the Economic Entity	<u>44,059</u>	<u>38,821</u>