

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 2011. 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 2011.

The financial statements of the Economic Entity 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 significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011. On 1 January 2011, the Economic Entity and the Company adopted the following applicable new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after the dates shown below:

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
Amendments to FRS 132 : Classification of Rights Issues	1 March 2010
FRS 3 : Business Combinations (revised)	1 July 2010
Amendments to FRS 127 : Consolidated and Separate Financial Statements	1 July 2010
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives	1 July 2010
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

Adoption of the above did not have any effect on the financial performance or position of the Economic Entity and of the Company except as described below:

Amendments to FRS 7: Improving Disclosures about Financial Instruments

The amended standard requires enhanced disclosure about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy (Level 1, Level 2 and Level 3), by class, for all financial instruments recognised at fair value. A reconciliation between the beginning and ending balance for Level 3 fair value measurements is required. Any significant transfers between levels of the fair value hierarchy and the reasons for those transfers need to be disclosed. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in Note 27. The liquidity risk disclosures are not significantly impacted by the amendments.

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

A2. Significant accounting policies (Cont'd)

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
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 2 : Group Cash-settled Share-based Payment Transactions	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discounted Operations	1 July 2010
Amendments to FRS 138 : Intangible Assets	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 1 : Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1 : Additional Exemptions for Amendments to FRS 7 : Improving Disclosures about Financial Instruments for First-time Adopters	1 January 2011
IC Interpretation 4 : Determining Whether An Arrangement Contains a Lease	1 January 2011
IC Interpretation 18 : Transfers of Assets from Customers	1 January 2011

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

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:

FRSs, Amendments to FRSs 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 : Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 : Deferred tax : Recovery of Underlying Assets	1 January 2012
FRS 124 : Related Party Disclosures	1 January 2012

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

A2. Significant accounting policies (Cont'd)

FRSs, Amendments to FRSs and IC Interpretations	Effective for financial periods beginning on or after
Amendments 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 : Investment in Associate and Joint Venture	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 and Financial Liabilities	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 other standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as described below.

Amendments to FRS 7: Transfers of Financial Assets

The amendments require additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Company's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendments requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment affects disclosure only and has no impact on the Company's financial position or performance.

Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets

The amendments clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in FRS 140 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in FRS 116 to be always measured on a sale basis of that asset.

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

A2. Significant accounting policies (Cont'd)

Amendments to FRS 101 : Presentation of Items of Other Comprehensive Income

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Company's financial position or performance.

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 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.

FRS 11 : Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-controlled Entities – Non-monetary Contributions by Venturers.

FRS 11 removes the option to account for jointly controlled entities ("JCE") using proportionate consolidation. Instead, JCE that meet the definition of a joint venture must be accounted for using the equity method.

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.

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

A2. Significant accounting policies (Cont'd)

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 one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

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 2013. 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

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.

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

A8. Dividend paid

On 11 November 2011, the Company announced the following dividends

- i. Interim Dividend of 9% under the Single Tier System amounting to RM5,836,541; and
- ii. Special Dividend of 5% under the Single Tier System amounting to RM3,242,523.

This dividend was paid on 6 January 2012.

A9. Segment information

The Company operates solely in Malaysia and the Economic Entity's principal activities are the cultivation of oil palm which is within a single business segment. Therefore, segmental reporting is deemed not necessary.

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 2012

A14. Property, plant and equipment

(i) Acquisitions and Disposals

During the current three months financial period , the Company acquired property, plant and equipment of RM0.02 million.

During the current three months 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.

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

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. Analysis of performance

The Company registered revenue of RM5.69 million for the current financial period, a decrease of 17.96% as compared to the corresponding quarter in the preceding year. The Company also recorded a gross profit of RM3.80 million for the current financial period, a decrease of 30.98% compared to the corresponding quarter in the preceding year.

The decrease in revenue is primarily due to the decrease in the average selling price and production of fresh fruit bunches of palm oil (“FFB”) as compared to the corresponding quarter in the preceding year. The average selling price obtained decreased from RM816.96 in the corresponding quarter in the preceding year to RM677.99 in the current year, a decrease of RM138.97 or by 17.01%.

The increase in cost of sales of RM0.46 million is mainly due to higher estate expenditure and overhead as follows:

	Increase RM'000
Manuring	196
Repair and maintenance of roads and drains	84
Upkeep of field	26
Wages	104

The Company also recorded a pre-tax profit in the current financial period of RM4.43 million against pre-tax profit of RM6.59 million, compared to the corresponding quarter in the preceding year, a decrease of 32.81%. The lower pre-tax profit is primarily attributable to lower revenue, lower other items of income, higher cost of sales and lower unrealised foreign exchange gain.

B2. Variation of results against preceding quarter

The current quarter's recorded pre-tax profit of RM4.43 million on revenue of RM5.69 million as compared to pre-tax profit of RM4.07 million on revenue of RM6.64 million posted in the immediate preceding quarter. The decrease in the current quarter's revenue of RM0.95 million or 14.31% is mainly due to the lower average price of CPO as well as a decrease in production.

The higher pre-tax profit is mainly manuring, repair and maintenance work and wages in the current quarter as compared to the immediate preceding quarter.

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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)**B3. Prospects**

The Company's prospects are very much dependent on the global edible oil and its related markets, global economic conditions and how they impact on 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 the Company will be able to maintain its productivity and remain competitive.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

	3 months ended	
	31.03.2012 RM'000	31.03.2011 RM'000
Income Tax	<u>(939)</u>	<u>(1,352)</u>

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

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

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 11 November 2011, the Company announced the following dividends

- iii. Interim Dividend of 9% under the Single Tier System amounting to RM5,836,541; and
- iv. Special Dividend of 5% under the Single Tier System amounting to RM3,242,523.

This dividend was paid on 6 January 2012.

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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)

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 RM3.49 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 2011 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 27 April 2012.

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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)**

	31.03.2012	31.03.2011
	RM'000	RM'000
Retained Earnings of the Company		
Realised	29,942	26,829
Unrealised	<u>(1,782)</u>	<u>158</u>
	<u>28,160</u>	<u>26,987</u>
Retained Earnings of the Associates		
Realised	19,448	17,390
Unrealised	<u>52</u>	<u>(318)</u>
	<u>19,500</u>	<u>17,072</u>
Retained Earning of the Economic Entity	<u>47,660</u>	<u>44,059</u>