

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 2014. 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 2014.

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 2014, the Group adopted the following applicable new and amended FRS and IC Interpretations 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
Amendment to FRS 10, FRS 12 and FRS 127 (2011)	
- <i>Investment Entities</i>	1 January 2014
Amendments to FRS 132	
- <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136	
- <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139	
- <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 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.

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
Amendments to FRS 2 <i>Share-based Payment</i> *	1 July 2014
Amendments to FRS 3 <i>Business Combination</i> * ^α **	1 July 2014
Amendments to FRS 3 <i>Business Combination</i> **	1 July 2014
Amendments to FRS 8 <i>Operating Segments</i> *	1 July 2014
Amendments to FRS 13 <i>Fair Value Measurement</i> * ^α **	1 July 2014
Amendments to FRS 116 <i>Property, Plant and Equipment</i> *	1 July 2014
Amendments to FRS 119 <i>Employee Contributions</i>	1 July 2014
Amendments to FRS 124 <i>Related Party Disclosures</i> *	1 July 2014
Amendments to FRS 138 <i>Intangible Assets</i> *	1 July 2014
Amendments to FRS 140 <i>Investment Property</i> **	1 July 2014
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i> ***	1 January 2016
Amendments to FRS 7 <i>Financial Instruments: Disclosure</i> ***	1 January 2016
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011) <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 119 <i>Employee Contributions</i> ***	1 January 2016
Amendments to FRS 127 (2011) <i>Equity Method in Separate Financial Statements</i> ***	1 January 2016
Amendments to FRS 134 <i>Interim Financial Reporting</i> ***	1 January 2016
FRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 9 <i>Financial Instruments (2014)</i>	1 January 2018
Amendments to FRS 7 <i>Mandatory Effective Date of FRS 9 and Transition Disclosures</i>	1 January 2018
** Annual improvements to FRSs 2011-2013 Cycle	
*** Annual improvements to FRSs 2012-2014 Cycle	

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

A2. Significant accounting policies (cont'd)

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 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.

FRS 15 : Revenue from Contracts with Customers

FRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including FRS 118 Revenue, FRS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group and the Company are assessing the potential impact on their financial statements resulting from the application of FRS 9 and 15.

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 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 2015 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).

This would resulted in the Group and the Company preparing an opening MFRS statement of financial position as at 1 January 2014 which adjusts for differences between the classification ad 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 2014 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 31 December 2015.

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

The have been no material changes to the comparative figures.

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

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 declared nor paid in the current financial quarter.

A9. Segment information

		Current and Cumulative Quarter Group	
		31.03.15	31.03.14
		RM ‘000	RM ‘000
Revenue			
- Malaysia	: Plantation		
	- Company	4,002	5,453
	- Subsidiaries	2,068	2,306
		<u>6,070</u>	<u>7,759</u>
- Australia	: Real Estate		
	- Rental income	413	443
		<u>6,483</u>	<u>8,202</u>
Profit before taxation			
- Malaysia	: Plantation		
	- Company	1,459	2,962
	- Subsidiaries	501	1,033
		<u>1,960</u>	<u>3,995</u>
- Australia	: Real Estate		
	- Rental income	131	(54)
		<u>2,091</u>	<u>3,941</u>

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

A10. Related party transactions

There were no significant related party transactions of the Company for the current quarter except as disclosed in Note B6.

A11. Changes in composition

En. Roslan bin Hamir resigned as Independent, Non-Executive Director of the Company on 13th January 2015. His position on the Audit Committee was filled by Mr. Oliver John Harold Huntsman, a Non-Independent, Non-Executive Director.

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 2015

A14. Property, plant and equipment

(i) Acquisitions and Disposals

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

Acquisition		Cost RM '000
Property, plant and equipment		743
Purchase of additional shares in a subsidiary		<u>45,147</u>
Disposals		
	Book Value RM '000	Proceeds RM '000
Property, plant and equipment	<u>-</u>	<u>-</u>

(ii) Impairment of property, plant and equipment

There were no material 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.

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 year corresponding quarter

	Group Current and Cumulative Quarter	
	31.03.15	31.03.14
	RM '000	RM '000
Revenue		
- Malaysia : Plantation		
- Company	4,002	5,453
- Subsidiaries	2,068	2,306
	<u>6,070</u>	<u>7,759</u>
- Australia : Real Estate		
- Rental income	413	443
	<u>6,483</u>	<u>8,202</u>
Profit before taxation		
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- Australia : Real Estate		
- Rental income	131	(54)
	<u>2,091</u>	<u>3,941</u>

The Group registered revenue of RM6.48 million in the current quarter, decrease of 20.96% as compared to the preceding year corresponding quarter. The Company also recorded a gross profit of RM3.67 million in the current quarter, a decrease of 26.77% compared to the preceding year corresponding quarter.

The decrease in revenue is due to a decrease in the average selling price of fresh fruit bunches of palm oil ("FFB") and a decrease in production compared to the preceding year corresponding quarter. Details are as follows:

	Cumulative 3 months ended	Cumulative 3 months ended	Variance
	31.03.15	31.03.14	%
Average FFB price per metric ton (RM)	504.48	593.97	(15.07%)
Production (MT)	<u>12,032.74</u>	<u>13,063.01</u>	<u>(7.89%)</u>

The Group also recorded a pre-tax profit in the current quarter of RM2.09 million against pre-tax profit of RM3.94 million, compared to the preceding year corresponding quarter, a decrease of 46.93%. The lower pre-tax profit is primarily due to gross profit as well as the following:

	Cumulative 3 months ended	Cumulative 3 months ended	Variance
	31.03.15	31.03.14	RM '000
Interest income	141	334	(193)
Other income	15	65	(50)
Costs associated with purchase of additional share in The Narborough Plantations, PLC	84	3	(81)
Stamp duty, loan processing and legal costs	<u>134</u>	<u>-</u>	<u>(134)</u>

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 year corresponding quarter (contd)

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 31 March 2014. The decrease in profit is due to final interest charges as well as one off administrative costs incurred to repay the term loan.

B2. Variation of results against preceding quarter

	3 Months Ended	
	31.03.15	31.12.14
	RM '000	RM '000
Revenue		
- Malaysia : Plantation		
- Company	4,002	3,499
- Subsidiaries	2,068	2,013
	<u>6,070</u>	<u>5,512</u>
- Australia : Real Estate		
- Rental income	413	419
	<u>6,483</u>	<u>5,931</u>
Profit before taxation		
- Malaysia : Plantation		
- Company	1,459	506
- Subsidiaries	501	346
	<u>1,960</u>	<u>852</u>
- Australia : Real Estate		
- Rental income	131	621
	<u>2,091</u>	<u>1,473</u>

Plantations

The current quarter's recorded pre-tax profit of RM1.96 million on revenue of RM6.07 million as compared to pre-tax profit of RM0.85 million on revenue of RM5.51 million posted in the immediate preceding quarter. The increase in the current quarter's revenue by RM0.56 million or 10.12% as compared to the preceding quarter is due to a combination of an increase in the average selling price and in production of FFB as follows:

	3 months ended		Variance
	31.03.15	31.12.14	
Average FFB price per metric ton (RM)	504.48	466.19	8.21%
Production (MT)	<u>12,032.74</u>	<u>11,823.54</u>	1.77%

Real Estate Investment

Revenue from the Australian subsidiary compared to the preceding quarter is stable and the minor difference is primarily due changes in the foreign exchange rate between the Ringgit Malaysia against the Australian Dollar in the current quarter as compared to the preceding quarter.

The higher pre-tax profit is due to the fact that the annual recognition of changes in fair values of the investment properties is always carried out in the final quarter.

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

B3. Prospects

The directors expect reasonable performance from the Group for the coming year 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 year to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

	3 months ended	
	31.03.2015	31.03.2014
	RM'000	RM'000
Taxation		
- Income tax	525	903
- Deferred tax	-	-
	525	903

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 as well as the effects of changes in tax rates in different countries.

B6. Status of corporate proposal announced

Mandatory Cash Offer – The Narborough Plantations, PLC

On 22 December 2014, the Company announced that it would be make an unconditional mandatory offer (“Offer”) in cash for the 3,217,970 Ordinary Shares that it does not already own and agreed to acquire these shares at a price of £1.29 per Ordinary Share which valued the Ordinary Shares that are the subject of the Offer at £4.15 million and the whole of the Issued Ordinary Shares at £17.2 million

Under the terms of the Offer, Narborough shareholders were being offered the opportunity to elect to receive an offer price of either £1.29 or RM7.00 (Ringgit Malaysia).

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

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

B6. Status of corporate proposal announced (cont'd)

Mandatory Cash Offer – The Narborough Plantations, PLC

On 19 March 2015, the Company announced that valid acceptances have been received for in excess of 90 percent of the Shares to which the Offer relates and therefore Riverview will now commence the procedures available to it under section 979 of the Companies Act, United Kingdom to compulsorily acquire those Narborough Shares which it does not already own.

As at 11.00 am (London time) on 19 March 2015, the Company had received valid acceptances of the Offer in respect of 2,905,956 Narborough Shares, representing approximately 21.82 percent of the existing issued share capital of Narborough and 90.30 percent of the Offer Shares. Of the 2,905,956 valid acceptances received, 53,939 are in respect of persons acting in concert, or deemed to be acting in concert, with Riverview. The number of valid acceptances from Shareholders who elected to receive their consideration in Pounds Sterling was 1,727,209 Narborough Shares and the number of valid acceptances from Shareholders who elected to receive their consideration in Ringgit Malaysia was 1,178,747 Narborough Shares. Together with the existing holding of 10,098,600 Narborough Shares, Riverview now owns or has valid acceptances of the Offer in respect of 13,004,556 Narborough Shares, representing 97.66 percent of the issued share capital of Narborough.

The Offer will remain open for acceptances until the expiry of the compulsory purchase period.

Copies of the relevant documents can be found at the Company's website as follows:

www.riverview.com.my

B7. Borrowing and debt securities

On 12 December 2014, the Company had accepted a loan of RM10,000,000 from Sungei Ream Holdings Sdn Bhd ("SRHSB") a 62.5% shareholder in the Company (hereinafter referred to as "Financial Assistance" or "Loan").

The Loan is unsecured and bears an interest rate of 6.85% per annum, was made to the Company in connection with the financing of the Mandatory General Offer that the Company made for the shares in Narborough that it does not already own or had already agreed to acquire ("Offer").

The Financial Assistance will not have any impact on the issued and paid-up share capital as well as the substantial shareholders' shareholdings in the Company.

It will also not have any material effect on the Net Assets and Net Assets per share based on the latest audited financial statements of the Company as at 31 December 2013 as the Financial Assistance will be used for the acquisition of ordinary shares in Narborough that the Company does not already own.

The Financial Assistance is expected to increase the borrowings of the Group and is expected to contribute positively to the Group's earnings

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

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

No dividend was declared nor paid in the current financial quarter.

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 equity holders of the Company of RM1.48 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 2014 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 2015.

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

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)

	31.03.2015	31.12.2014
	RM' 000	RM' 000
Retained Earnings of the Company		
Realised	20,440	19,708
Unrealised	(17)	(394)
	<u>20,423</u>	<u>19,314</u>
Retained Earnings of the Subsidiaries		
Realised	32,201	26,796
Unrealised	1,219	3,970
	<u>33,420</u>	<u>30,766</u>
Retained Earnings of the Group	<u>53,843</u>	<u>50,080</u>