

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 2009. 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 2009.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations with effect from 1 January 2010.

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 4	: Insurance Contracts	1 January 2010
FRS 7	: Financial Instruments: Disclosures	1 January 2010
FRS 8	: Operating Segments	1 July 2009
FRS 101	: Presentation of Financial Statements	1 January 2010
FRS 123	: Borrowing Costs	1 January 2010
FRS 139	: Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	: First-time Adoption of Financial reporting Standards and Consolidated	1 January 2010
Amendments to FRS 2	: Share-based Payment : Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 7	: Financial Instruments : Disclosure	1 January 2010
Amendments to FRS 127	: Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	
Amendments to FRS 132	: Financial Instruments : Presentation	1 January 2010
Amendments to FRS 139	: Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 9 and Amendments to IC Interpretation 9	: Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	: Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	: FRS 2 – Group and Treasury Share Transactions	1 January 2010

Part A : Explanatory Notes Pursuant to FRS 134

A2. Significant accounting policies (Cont'd.)

FRSs and Interpretations	Effective for financial periods beginning on or after
IC Interpretation 13	: Customer Loyalty Programmes 1 January 2010
IC Interpretation 14	: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction 1 January 2010

Other than changes in the presentation of the financial statements that will arise from the adoption of FRS 101, the above FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC are not expected to have any significant impact on the interim financial statements of the Economic Entity.

The Economic Entity is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS 7 and FRS139.

(a) FRS 101 : Presentation of Financial Statements (“FRS 101”)

FRS 101 separates owner and non owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non owner changes in equity are presented as a single line labelled as total comprehensive income. This standard does not have any impact on the financial position and results of the Economic Entity

At the date of authorisation of these interim financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Economic Entity.

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 1	: First-time Adoption of Financial Reporting Standards 1 July 2010
FRS 3	: Business Combinations 1 July 2010
FRS 127	: Consolidated and Separate Financial Statements 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 138	: Intangible Assets 1 July 2010
IC Interpretation 12	: Service Concession Arrangements 1 July 2010
IC Interpretation 15	: Agreements for Construction of Real Estate 1 July 2010
IC Interpretation 16	: Hedges of Net Investment in a Foreign Operation 1 July 2010
IC Interpretation 17	: Distribution of Non Cash Assets to Owners 1 July 2010

A3. Comparatives

The have been no material changes to the comparative figures.

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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”).

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 12% less 25% taxation 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 except for the resignation of Mr. Jeraman @ Jayaraman a/l Narainan on 31st December 2010.

The announcement of Mr. Jeraman @ Jayaraman a/l Narainan’s resignation was made on 3rd January 2011.

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 December 2010.

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Part A : Explanatory Notes Pursuant to FRS 134

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 RM23.91 million for the current financial year, an increase of 9.00% as compared to the preceding year. The Company also recorded a gross profit of RM17.44 million for the current financial year, an increase of 15.21% compared to the preceding year. This is due to an increase in the average price of fresh fruit bunches of palm oil ("FFB") as compared to the preceding year.

The Company also recorded a pre-tax profit in the current financial year of RM17.88 million against pre-tax profit of RM18.59 million, compared to the preceding year, a decrease of 3.82%. The lower pre-tax profit is primarily attributable to unrealised foreign exchange losses of RM1.82 million in the current year as compared to gains of RM1.40 million in the preceding year.

B2. Variation of results against preceding quarter

The current quarter's recorded pre-tax profit of RM5.75 million on revenue of RM6.76 million as compared to pre-tax profit of RM6.75 million on revenue of RM7.16 million posted in the immediate preceding quarter. The lower revenue was mainly due to a lower production of FFB in the current quarter as compared to the immediate preceding quarter. The lower pre-tax profit is primarily due to lower revenue and an unrealised foreign exchange loss in the current quarter as compared to an unrealised gain in the immediate preceding 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

	12 months ended	
	30.12.2010	30.12.2009
	RM'000	RM'000
Income Tax	3,973	3,922
Deferred Tax	(15)	(555)
	<u>3,958</u>	<u>3,367</u>

The effective rate of taxation is higher than the applicable statutory tax rate primarily due to certain expenses which are not deductible 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 12% less 25% taxation 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 RM13.92 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 2009 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 25 February 2011.

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

C1. Realised and Unrealised Profits/(Losses)

	31.12.2010
	RM'000
Retained Earnings of the Company	
Realised	24,574
Unrealised	<u>(1,818)</u>
	<u>22,756</u>
Retained Earnings of the Associates	
Realised	16,383
Unrealised	<u>(318)</u>
	<u>16,065</u>
Retained Earning of the Economic Entity	<u><u>38,821</u></u>