

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 2012. 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 2012.

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 2013, 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 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 3: Business Combination (revised)	1 January 2013
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 : Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2012
Amendments to FRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1 : Government Loans	1 January 2013
Amendments to FRS 10 : Transition Guidance	1 January 2013
Amendments to FRS 11 : Transition Guidance	1 January 2013
Amendments to FRS 12 : Transition Guidance	1 January 2013
Improvements to FRS (2009 - 2011)	

The adoption of these new revised FRS and IC Interpretations has no material effect on the financial statements except for the adoption of FRS 10.

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

A2. Significant accounting policies (cont'd)

FRS 10 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 10, the Group reassessed its control over its investees at 1 January 2013. As a consequence, the Group has changed its control conclusion in respect of its investment in The Naborough Plantations, Plc and Rivaknar Holdings Sdn. Bhd., which were previously accounted for as associates using the equity method. Although the Group owns less than half of the voting power of the investees, management has determined that the Group has had control over the investees, on a de facto power basis. It is impracticable to measure the investees' assets, liabilities and non-controlling interests in these previously unconsolidated investees on the date of initial application as if that investees had been consolidated from the date when the investor obtained control of that investee. Accordingly, in accordance with the provisions of FRS 10, the Group applied acquisition accounting to the investments at 1 January 2013, which is the beginning of the earliest period for which the FRS 3 is practicable (deemed acquisition date).

The impact of change of accounting policy is shown in the Statement of Changes in Equity.

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
Amendment to FRS 10: Consolidated Financial Statements Investment Entities	1 January 2014
Amendments to FRS 12 : Disclosures of Interests in Other Entities : Investment Entities	1 January 2014
Amendments to FRS 127 : Separate Financial Statements : Investment Entities	1 January 2014
Amendments to FRS 132 : Financial Instruments: Presentation Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 139 : Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 : Levies	1 January 2014
FRS 9 : Financial Instruments	1 January 2015

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 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 Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption 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 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 result 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 and measurement bases in the existing 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

There have been no material changes to the comparative figures.

In accordance with the transitions provided under FRS 10, retrospective adjustments are not made as the Group considers the deemed date of acquisition to be 1 January 2013, i.e., when this standard became effective.

Distinction between Group and Economic Entity is made in order to better enable comparison and understanding of the variances between the results of the current and previous financial period.

Disclosure of the Condensed Consolidated Statement of Financial Position as at 1st January 2013 is merely for illustration purposes in order to better enable the comparison of the financial position of the Group between the current financial period and the deemed date of acquisition.

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

On 15th November 2013, the Company announced an Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045, this dividend was paid on 6th January 2014.

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

A9. Segment information

	Current Quarter		Cumulative Quarter	
	Group 31.12.13 RM '000	Economic Entity 31.12.12 RM '000	Group 31.12.13 RM '000	Economic Entity 31.12.12 RM '000
Revenue				
- Malaysia : Plantation				
- Company	6,292	5,075	19,346	25,070
- Subsidiaries	2,452	-	8,079	-
- Australia : Real Estate				
- Rental income	366	-	1,681	-
	<u>9,110</u>	<u>5,075</u>	<u>29,106</u>	<u>25,070</u>
Profit before taxation				
- Malaysia : Plantation				
- Company	4,067	2,505	10,710	15,909
- Subsidiaries	1,113	-	2,650	-
- Australia : Real Estate				
- Rental income *	3,357	-	3,375	-
	<u>8,537</u>	<u>2,505</u>	<u>16,735</u>	<u>15,909</u>

* Refer to Note B2 of Part B : Explanatory notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

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 December 2013

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 year are as follows:

Acquisition

	Cost RM '000
Property, plant and equipment	<u>3,395</u>

Disposals

	Book Value RM '000	Proceeds RM '000
Property, plant and equipment	261	470
Investment properties	<u>5,860</u>	<u>7,097</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 except for the recognition of the increase in fair value of the biological assets and investment as follows:

	Amount RM '000
Biological Assets	650
Investment Properties	<u>1,817</u>

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

	Current Quarter		Cumulative Quarter	
	Group 31.12.13 RM '000	Group 30.12.12 RM '000	Group 31.12.13 RM '000	Group 31.12.12 RM '000
Revenue				
- Malaysia : Plantation				
- Company	6,292	5,075	19,346	25,070
- Subsidiary	2,452	2,192	8,079	11,720
- Australia : Real Estate				
- Rental income	366	386	1,681	961
	<u>9,110</u>	<u>7,653</u>	<u>29,106</u>	<u>37,751</u>
Profit before taxation				
- Malaysia : Plantation				
- Company	4,067	2,505	10,710	15,909
- Subsidiary	1,113	893	2,650	6,094
- Australia : Real Estate				
- Rental income	3,357	14,254	3,375	14,705
	<u>8,537</u>	<u>17,652</u>	<u>16,735</u>	<u>36,708</u>

Company

The Company registered revenue of RM19.35 million in the current year, a decrease of 22.83% as compared to the preceding year. The Company also recorded a gross profit of RM10.64 million in the current year, a decrease of 35.60% compared to the preceding year.

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

	Cumulative 12 months ended		Variance
	31.12.13	31.12.12	
Average FFB price per metric ton (RM)	500.26	581.12	(13.92%)
Production (MT)	<u>38,672.04</u>	<u>43,140.31</u>	<u>(10.36%)</u>

The Company also recorded a pre-tax profit in the current year of RM10.71 million against pre-tax profit of RM15.91 million, compared to the preceding year, a decrease of 32.67%. The lower pre-tax profit is primarily due to lower revenue.

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

B1. Analysis of performance against corresponding year (Cont'd)

**Group
 Plantation**

A comparison of the Group financial results would not provide a like with like analysis as the current results are prepared on a Group basis while the comparative results are prepared on an economic entity basis.

An overall analysis of the average FFB price and production of the Group are as follows:

	Cumulative 12 months ended		
	31.12.13	31.12.12	Variance
Average FFB price per metric ton (RM)	500.34	585.35	(14.52%)
Production (MT)	<u>54,812.01</u>	<u>62,851.39</u>	<u>(12.79%)</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 fully tenanted as at 31 December 2013.

The decrease in profit is due to the recognition of fair value changes in investment properties amounting to RM14.39 million in 2012 as compared to RM1.82 million in 2013.

B2. Variation of results against preceding quarter

	12 months ended	
	Group 31.12.13 RM '000	Group 30.09.13 RM '000
Revenue		
- Malaysia : Plantation		
- Company	6,292	5,956
- Subsidiary	<u>2,452</u>	<u>2,424</u>
	8,744	8,380
- Australia : Real Estate		
- Rental income	<u>366</u>	<u>448</u>
	9,110	8,828
Profit before taxation		
- Malaysia : Plantation		
- Company	4,067	4,314
- Subsidiary	<u>1,113</u>	<u>1,072</u>
	5,180	5,386
- Australia : Real Estate		
- Rental income	<u>3,357</u>	<u>8</u>
	8,537	5,394

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

B2. Variation of results against preceding quarter (Cont'd)

Plantations

The current quarter's recorded pre-tax profit of RM5.18 million on revenue of RM8.74 million as compared to pre-tax profit of RM5.39 million on revenue of RM8.38 million posted in the immediate preceding quarter. The increase in the current quarter's revenue by RM0.36 million or 4.29% as compared to the preceding quarter is due to increases in the average selling price of and production of FFB as follows:

	3 months ended		Variance
	31.12.13	30.09.13	
Average FFB price per metric ton (RM)	538.85	492.36	9.44%
Production (MT)	<u>16,226.03</u>	<u>17,027.29</u>	<u>(4.71%)</u>

Real Estate Investment

The weaker revenue from the Australian subsidiary compared to the preceding quarter is primarily due to a stronger Ringgit against the Australian Dollar in the current quarter as compared to the preceding quarter.

The higher profit is due to the gain from disposal of an investment property and fair value increases of the remaining investment properties amounting to RM1.24 million and RM1.82 million respectively.

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.

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

B5. Tax expense

	3 months ended	
	Group 31.12.2013 RM'000	Economic Entity 31.12.2012 RM'000
Taxation		
- Income tax	2,930	3,711
- Deferred tax	920	359
	<u>3,850</u>	<u>4,070</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 as well as the effects of changes in tax rates in different countries.

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

The borrowings of the Group relate wholly to a term loan of AUD1,975,574 obtained by the Australian subsidiary for the development and construction of its investment properties and secured by legal charges over the said investment properties.

This amount was fully repaid in January 2014.

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 15th November 2013, the Company announced an Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045, this dividend was paid on 6th January 2014.

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)

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 RM10.69 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 2012 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 February 2014.

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)

	Group		Economic Entity
	31.12.2013	01.01.2013	30.12.2012
	RM '000	RM' 000	RM' 000
Retained Earnings of the Company			
Realised	19,739	23,979	23,979
Unrealised	(722)	(1,665)	(1,665)
	<u>19,017</u>	<u>22,314</u>	<u>22,314</u>
Retained Earnings of the Subsidiaries /Economic Entity			
Realised	5,241	4,621	19,639
Unrealised	19,149	18,890	5,434
	<u>24,390</u>	<u>23,511</u>	<u>25,073</u>
Retained Earnings of the Group/ Economic Entity	<u>43,407</u>	<u>45,825</u>	<u>47,387</u>