

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

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

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.

Riverview Rubber Estates, Berhad

(Company No. 820-V)

(Incorporated in Malaysia)

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

There is no dividend paid in the current quarter.

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.

Riverview Rubber Estates, Berhad

(Company No. 820-V)

(Incorporated in Malaysia)

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

A13. Capital commitments

There are no material capital commitments as at 31 December 2011.

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.

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.

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**B1. Analysis of performance**

The Company registered revenue of RM27.68 million for the current financial year, an increase of 15.79% as compared to the preceding year. The Company also recorded a gross profit of RM19.20 million for the current financial year, an increase of 10.06% compared to the preceding year. The increase in revenue is mainly attributed to a higher average price of fresh fruit bunches of palm oil (“FFB”) in the current year as compared to the preceding year.

The average selling price obtained increased from RM569.98 in the preceding year to RM698.15 in the current year, an increase of RM128.17 or by 22.49%.

The increase in cost of sales of RM2.02 million is mainly due to higher estate expenditure and overhead as follows:

	31.12.2011	31.12.2010
	RM'000	RM'000
Repair and maintenance of employee accommodation	1,244	11
Wages	1,973	1,811
Windfall profit tax (Oil Pam Fruits)	894	282
	<u>4,111</u>	<u>2,104</u>

The Company also recorded a pre-tax profit in the current financial period of RM22.98 million against pre-tax profit of RM17.88 million, compared to the preceding year, an increase of 28.49%. 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 RM1.82 million in the preceding year to an unrealised gain of RM0.29 million in the current year.

B2. Variation of results against preceding quarter

The current quarter's recorded pre-tax profit of RM4.07 million on revenue of RM6.64 million as compared to pre-tax profit of RM5.64 million on revenue of RM6.85 million posted in the immediate preceding quarter. The decrease in the current quarter's revenue was mainly due to the lower average price of CPO. The average price obtained decreased from RM650.29 in the immediate preceding quarter to RM621.27 in the current quarter, a decrease of RM29.02 or by 4.46%.

The lower profit is mainly due to additional field upkeep, extensive repair and maintenance work to employee accommodation during the current quarter as compared to the immediate preceding quarter.

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)**B3. Prospects**

The Company's prospects are very much dependent on the global edible oil and its related markets, global economic conditions and how their 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

	12 months ended	
	31.12.2011	31.12.2010
	RM'000	RM'000
Income Tax	4,746	3,973
Deferred Tax	(95)	(15)
	<u>4,651</u>	<u>3,958</u>

B6. Unquoted investments and properties

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

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. Derivative financial instruments

There were no derivative 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.

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)

B12. Dividends

There is no dividend paid in the current quarter.

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.

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 RM18.32 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 24 February 2012.

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)**

	31.12.2011	31.12.2010
	RM'000	RM'000
Retained Earnings of the Company		
Realised	27,153	24,543
Unrealised	<u>(1,782)</u>	<u>(1,787)</u>
	<u>25,371</u>	<u>22,756</u>
Retained Earnings of the Associates		
Realised	18,756	16,383
Unrealised	<u>52</u>	<u>(318)</u>
	<u>18,808</u>	<u>16,065</u>
Retained Earning of the Economic Entity	<u>44,179</u>	<u>38,821</u>