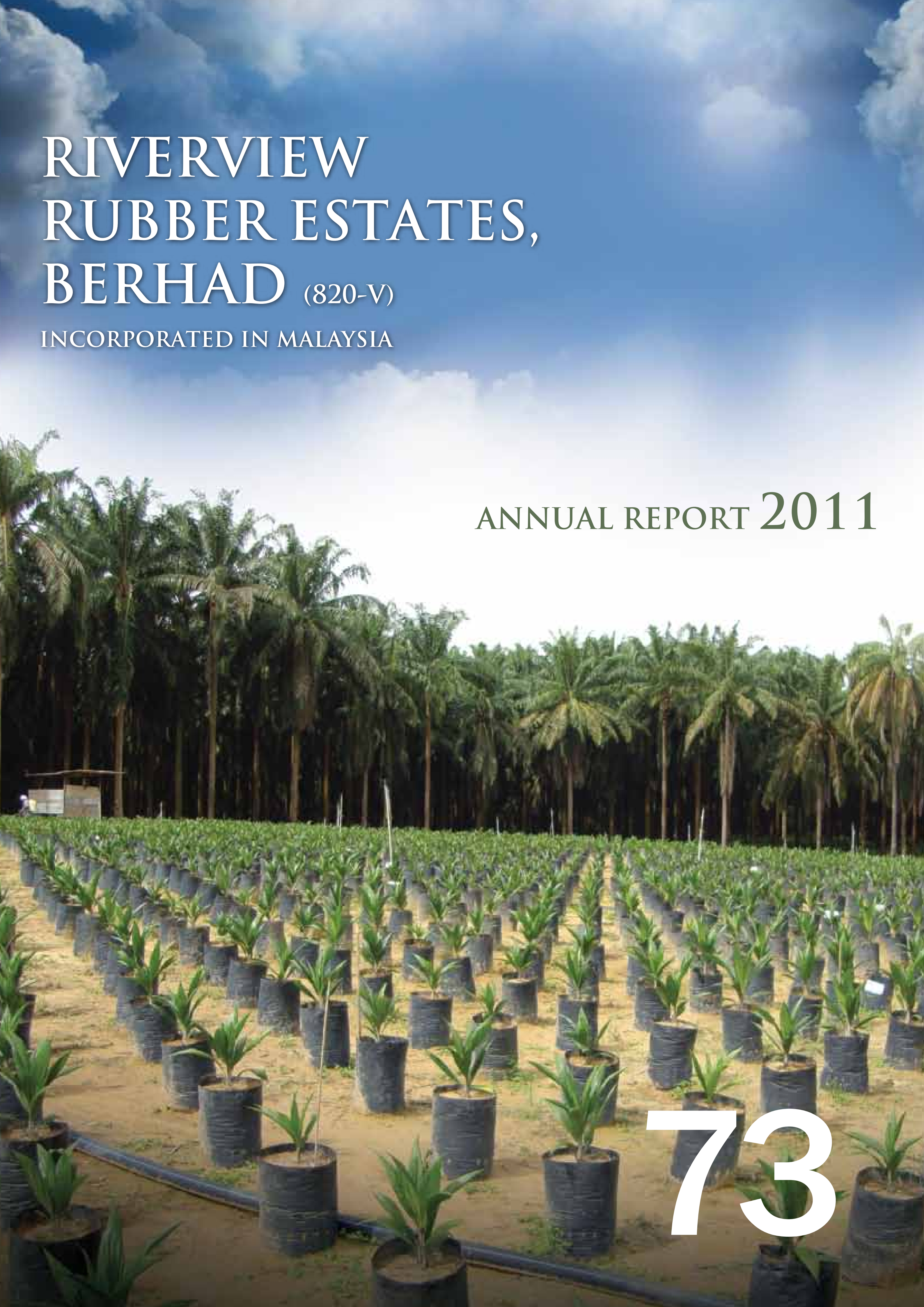
# RIVERVIEW RUBBER ESTATES, BERHAD (820-V)

INCORPORATED IN MALAYSIA

ANNUAL REPORT 2011



73

# 2011 Annual Report

## 73rd Annual General Meeting

# Riverview Rubber Estates, Berhad

### Company No. 820-V — Incorporated In Malaysia

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**Front cover:**
Nursery - Hibernia Estate

# Corporate Information

## DIRECTORS
Juliana Manohari Devadason ***Chairman***
Tsen Keng Yam
Lim Hu Fang
Stephen William Huntsman
Roslan Bin Hamir

## REGISTERED OFFICE / DOMICILE
33A Jalan Tun Sambanthan
30000 Ipoh
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 255 9015
Fax : 006 05 255 9016

## PRINCIPAL PLACE OF BUSINESS
Riverview Estate
31800 Tanjung Tualang
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 360 9201
Fax : 006 05 360 8426

## SECRETARY
Tsen Keng Yam
MIA 1476

## SHARE REGISTRAR
Business Process Outsourcing Sdn. Bhd.
33A Jalan Tun Sambanthan
30000 Ipoh
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 255 9015
Fax : 006 05 255 9016

▲ *Blast from the past*

# Corporate Information (continued)

## AUDITORS

Ernst & Young
AF : 0039
21 & 23 Jalan Hussein
30250 Ipoh
Perak Darul Ridzuan
Malaysia

Telephone : 006 05 255 6393
Fax : 006 05 254 1572

## AUDIT COMMITTEE

Lim Hu Fang ***Chairman***
Stephen William Huntsman
Roslan Bin Hamir

## REMUNERATION AND NOMINATION COMMITTEE

Lim Hu Fang ***Chairman***
Stephen William Huntsman
Roslan Bin Hamir

## BANKERS

HSBC Bank Malaysia Berhad
AmBank (M) Berhad
UBS AG
CIMB Bank Berhad
Standard Chartered Bank Malaysia Berhad
HSBC Bank Plc
Malayan Banking Berhad

## SOLICITORS

Maxwell Kenion Cowdy & Jones

## STOCK EXCHANGE LISTING

The Main Market
Bursa Malaysia Securities Berhad
Stock Code : 2542
Stock Name : RVIEW

▲ *Blast from the past*

# Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Seventy Third Annual General Meeting of Riverview Rubber Estates, Berhad will be held at 33 (1st Floor) Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 22 June 2012 at 11.30 am for the purpose of considering and, if thought fit, passing the following resolutions:

## AGENDA

| | |
|---|---|
| 1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2011 together with the Directors' and Auditors' reports thereon. | ***(Please refer to Note 5)*** |
| 2. To approve the payment of Directors fees totaling RM280,000 for the financial year ending 31 December 2012. | **Resolution 1** |
| 3. To re-elect Roslan bin Hamir who retires by rotation in accordance with Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election. | **Resolution 2** |
| 4. To appoint Auditors of the Company for the ensuing year and to authorize the Directors to fix the remuneration. | **Resolution 3** |

Notice of Nomination pursuant to Section 172 (11) of the Companies Act 1965, a copy of which is included in the Company's 2011 Annual Report has been received by the Company for the nomination of Messrs. Sekhar & Tan, who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:

"That Messrs. Sekhar & Tan be and are hereby appointed Auditors of the Company in place of retiring Auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Board of Directors."

By Order of the Board

**Tsen Keng Yam**
MIA 1476
Company Secretary

**22 May 2012**

# Notice Of Annual General Meeting (continued)

Notes :

1. *A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
5. *Item 1 of the Agenda is meant for discussion only, as the provision of Section169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*
6. *For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositor as at 15 June 2012 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.*

**EXPLANATORY NOTES ON RESOLUTIONS :**

**Ordinary Resolution 3 – Appointment of Auditors**
*Notice of Nomination has been received pursuant to Section 172 (11) of the Companies Act 1965, a copy of which in included in the 2011 Annual Report for the appointment of Messrs. Sekhar & Tan as Auditors in place of the retiring Auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.*

# Statement Accompanying Notice Of Annual General Meeting

### Seven (7) Board Meetings were held during the year.

| *Date of Meeting* | *Hour* | *Place* |
|---|---|---|
| 05 January 2011 | 11.30 am | Kuala Lumpur |
| 25 February 2011 | 02.30 pm | Ipoh |
| 22 April 2011 | 11.35 am | Ipoh |
| 24 June 2011 | 10.00 am | Ipoh |
| 29 July 2011 | 12.40 pm | Ipoh |
| 28 October 2011 | 12.00 pm | Ipoh |
| 09 December 2011 | 10.30 am | Tg. Tualang |

### Details of Directors' attendance at Board Meetings are as follows:

| *Names of Directors* | *Number of meetings held* | *Number of meetings attended* |
|---|---|---|
| Juliana Manohari Devadason | 7 | 7 |
| Tsen Keng Yam | 7 | 7 |
| Lim Hu Fang | 7 | 7 |
| Stephen William Huntsman | 7 | 7 |
| Roslan Bin Hamir | 7 | 6 |

### Details of Director standing for re-election and re-appointment are as follows:

**Roslan Bin Hamir**

Age 45. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2008. Attended six out of seven Board Meetings in the financial year. Is an ACCA graduate with Bachelor of Arts (Honours) in Accounting and Finance. Was a Management Consultant and Auditor with Ernst & Young from 1993 until 1998. Currently serves as Group Managing Director of Kumpulan Fima Berhad and Fima Corporation Berhad, both of which are companies listed on Bursa Malaysia Securities Berhad. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years. Roslan bin Hamir sits on both the Audit Committee and the Remuneration and Nomination Committee.

# Plantation Statistics

| OIL PALM | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Average area in production (hectares) | 1,760 | 1,759 | 1,759 | 1,759 | 1,759 |
| Crop (tonnes FFB) | 39,651 | 41,945 | 49,284 | 44,976 | 39,589 |
| Yield per mature hectare (tonnes FFB) | 24.78 | 25.92 | 28.69 | 25.57 | 22.51 |
| Average price realised (RM per tonne of FFB) | 698.15 | 569.98 | 445.22 | 585.50 | 528.84 |
| Profit per mature hectare | 11,997 | 10,778 | 8,811 | 10,599 | 8,327 |

## AREA STATEMENT as at 31 December

| | | | | | |
|---|---|---|---|---|---|
| Oil palm - mature | 1,600 | 1,618 | 1,718 | 1,759 | 1,759 |
| - immature | 160 | 141 | 41 | - | - |
| Total planted hectarage | 1,760 | 1,759 | 1,759 | 1,759 | 1,759 |
| Nursery | 1 | - | - | - | - |
| Buildings, sites, gardens, etc | 26 | 27 | 27 | 27 | 27 |
| Ravines and swamps | 6 | 7 | 7 | 7 | 7 |
| Total area (hectares) | 1,793 | 1,793 | 1,793 | 1,793 | 1,793 |

# Financial Calendar

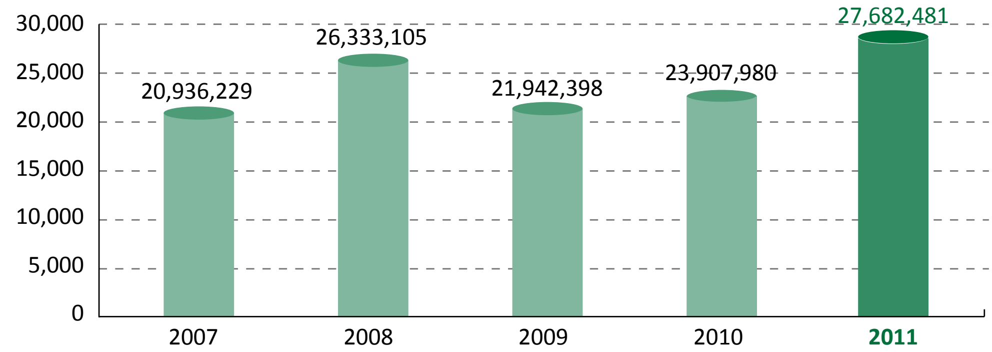
| | | | |
|---|---|---|---|
| **FINANCIAL YEAR END** | **31 December 2011** | | |
| **ANNOUNCEMENT OF QUARTERLY RESULTS** | | | |
| First Quarter | 22 April 2011 | | |
| Second Quarter | 29 July 2011 | | |
| Third Quarter | 28 October 2011 | | |
| Fourth Quarter | 24 February 2012 | | |
| **PUBLISHED ANNUAL REPORT** | | | |
| Despatch Date | 22 May 2012 | | |
| **GENERAL MEETING** | | | |
| Seventy Third Annual General Meeting | 22 June 2012 | | |
| **DIVIDEND** | | | |
| 1st Interim of 6% under the Single Tier System | Decalaration date | - | 13 May 2011 |
| | Entitlement date | - | 30 June 2011 |
| | Payment date | - | 29 July 2011 |
| 2nd Interim of 9% and Special of 5% under the Single Tier System | Decalaration date | - | 11 November 2011 |
| | Entitlement date | - | 9 December 2011 |
| | Payment date | - | 6 January 2012 |

# Financial Performance

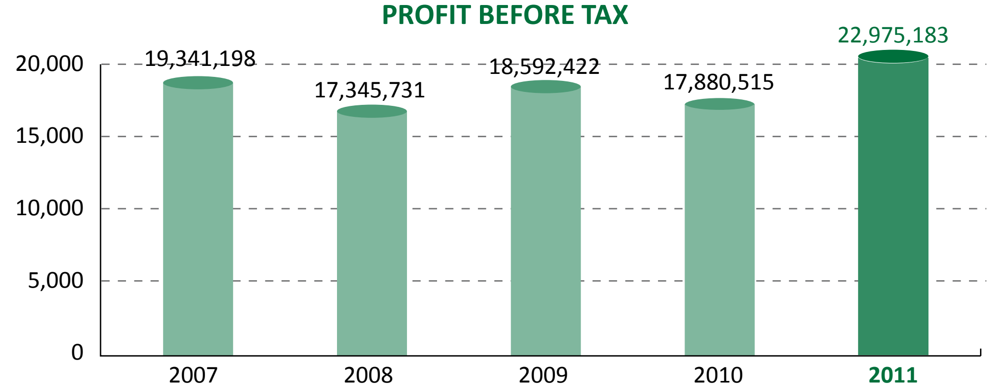
| | 1st Quarter RM '000 | 2nd Quarter RM '000 | 3rd Quarter RM '000 | 4th Quarter RM '000 | 2011 RM '000 |
|---|---|---|---|---|---|
| Revenue | 6,939 | 7,255 | 6,851 | 6,637 | 27,682 |
| Operating profit | 5,504 | 5,411 | 4,655 | 3,625 | 19,195 |
| Profit before tax | 6,586 | 6,679 | 5,640 | 4,070 | 22,975 |
| Taxation | (1,352) | (1,162) | (1,146) | 8,316 | 4,656 |
| Profit attributable to shareholders | 5,234 | 5,517 | 4,494 | 3,075 | 18,320 |
| Earnings per share (sen) | 8.07 | 8.51 | 6.93 | 4.74 | 28.25 |
| Dividend per share (sen) | - | 6.00 | - | 14.00 | 20.00 |
| Net tangible assets per share (RM) | 2.66 | 2.68 | 2.75 | 2.68 | 2.68 |

# Financial Highlights

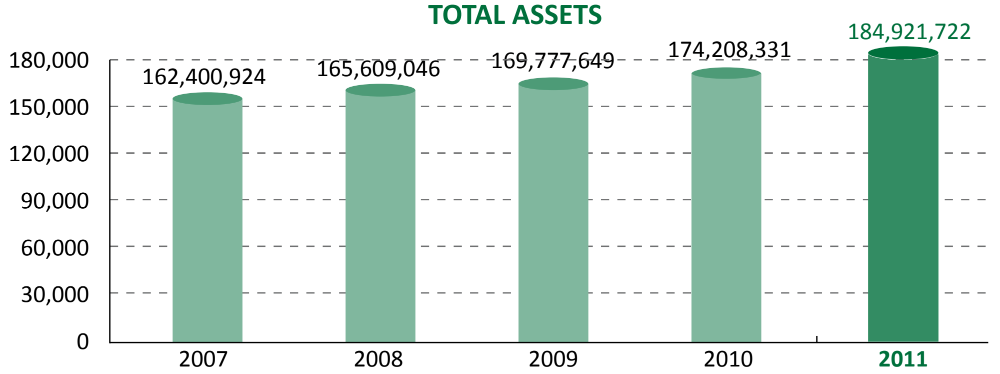
REVENUE



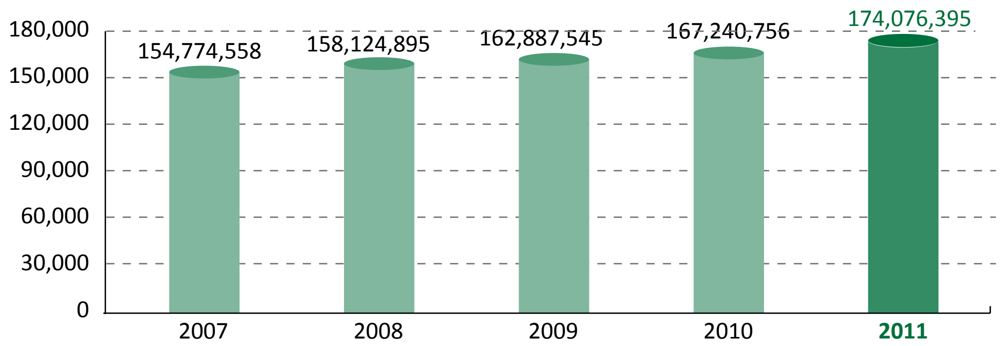

PROFIT BEFORE TAX




TOTAL ASSETS




SHAREHOLDERS' FUND



# Analysis of Shareholdings

| | | |
|---|---|---|
| Authorised Share Capital | : | RM100,000,000 |
| Issued and Fully Paid | : | RM64,850,448 |
| Class of Shares | : | Ordinary Shares of RM1.00 each |
| Voting Rights | : | One vote per RM1.00 share |

## DISTRIBUTION OF SHAREHOLDINGS as at 5th May 2012

| No. of Holders | Holdings | Total Holdings | % |
|---|---|---|---|
| 28 | less than 100 | 1,164 | * |
| 554 | 101 - 1,000 | 474,744 | 0.73% |
| 1,669 | 1,001 - 10,000 | 7,083,578 | 10.92% |
| 390 | 10,001 - 100,000 | 10,010,762 | 15.44% |
| 27 | 100,001 - 1,249,008 ** | 6,420,108 | 9.90% |
| 1 | 1,249,009 and above | 40,860,092 | 63.01% |
| 2,669 | | 64,850,448 | 100.00% |

## SUBSTANTIAL SHAREHOLDERS IN THE COMPANY as at 5th May 2012

| | No. of shares held | | | |
|---|---|---|---|---|
| | Direct | % | Deemed | % |
| Sungei Ream Holdings Sdn. Bhd. ("SRHSB") | 40,860,092 | 63.00% | - | - |
| Buloh Akar Holdings Sdn. Bhd. ("BAHSB") | - | - | 40,860,092[1] | 63.00% |
| William John Huntsman | 6,000 | 0.01% | 40,921,796[2] | 63.10% |
| Elizabeth Mary Huntsman | - | - | 40,860,092[3] | 63.00% |
| Richard George Huntsman | - | - | 40,860,092[4] | 63.00% |
| Stephen William Huntsman | 67,300 | 0.10% | 40,860,092[5] | 63.00% |

## DIRECTORS' SHAREHOLDINGS IN THE COMPANY as at 5th May 2012

| | No. of shares held | | | |
|---|---|---|---|---|
| | Direct | % | Deemed | % |
| Juliana Manohari Devadason | 6,000 | 0.01% | - | - |
| Tsen Keng Yam | 1,000 | * | - | - |
| Lim Hu Fang | 6,000 | 0.01% | - | - |
| Stephen William Huntsman | 67,300 | 0.10% | 40,860,092[5] | 63.00% |
| Roslan bin Hamir | 1,000 | * | - | - |

**Notes :**

[1] Deemed interested by virtue of its substantial shareholdings in SRHSB. William John Huntsman and Stephen William Huntsman are deemed to be substantial shareholders of BHSB by virtue of the shares held bny Keniocowdy Nominees Sdn. Bhd. ("Keniocowdy") as custodian trsutees. Elizabeth Mary Huntsman and Richard George Huntsman are deemed to be substantial shareholders of BAHSB by virtue of the shares held jointly by OSK Trsutees Berhad ("OSK") and Juliana Manohari Devadason ("JMD") as custodian trustees. The shares held by the custodian trustees are in the following proportions:

"William's Share" : 458,013 shares in BAHSB held by Keniocowdy for William John Huntsman, his children and grandchildren
"Elizabeth's Share" : 458,013 shares in BAHSB held by OSK and JMD for Elizabeth Mary Huntsman, her children and grandchildren
"Richard's Share" : 457,914 shares in BAHSB held by OSK and JMD for Richard George Huntsman, his children and grandchildren

[2] Deemed interested by virtue of his interest in William's Share and his substantial shareholdings in Thansmun Holdings Sdn. Bhd.
[3] Deemed interested by virtue of her interest in Elizabeth's Share
[4] Deemed interested by virtue of his interes in Richard's Share
[5] Deemend interested by virtue of his interest in William's Share
* Negligible
** Denotes 2% of the issued share capital

# Analysis of Shareholdings (continued)

## DIRECTORS' SHAREHOLDINGS IN RELATED CORPORATIONS as at 5th May 2012

The Directors' shareholdings in related corporations are as disclosed in the Directors' Report on page 49.

## THIRTY LARGEST REGISTERED SHAREHOLDERS as at 5th May 2012

| No. | Shareholder | Shareholdings | Percentage |
|---|---|---|---|
| 1. | SUNGEI REAM HOLDINGS SDN BHD | 40,860,092 | 63.01% |
| 2. | HSBC NOMINEES (ASING) SDN BHD | 1,249,008 | 1.93% |
| 3. | NG BEH TONG | 912,400 | 1.41% |
| 4. | YEO KHEE BEE | 584,000 | 0.90% |
| 5. | LIM SENG CHEE | 480,000 | 0.74% |
| 6. | LIM KEOW GNOH | 216,000 | 0.33% |
| 7. | HLG NOMINEE (ASING) SDN BHD | 204,200 | 0.31% |
| 8. | CIMSEC NOMINEES (ASING) SDN BHD | 181,000 | 0.28% |
| 9. | CHONG YEAN FONG | 175,000 | 0.27% |
| 10. | CHOW SOO HAR @ CHOW YIN KONG | 160,000 | 0.25% |
| 11. | GEMAS BAHRU ESTATES SDN. BHD. | 153,000 | 0.24% |
| 11. | PARIN D/O LAFFA | 153,000 | 0.24% |
| 12. | CHONG FA @ CHONG NAM YEN | 150,600 | 0.23% |
| 13. | MAYBANK NOMINEES (TEMPATAN) SDN BHD | 150,000 | 0.23% |
| 14. | WONG LOKE SING | 147,000 | 0.23% |
| 15. | CITIGROUP NOMINEES (ASING) SDN BHD | 136,800 | 0.21% |
| 16. | HSBC NOMINEES (ASING) SDN BHD | 129,600 | 0.20% |
| 17. | CHONG MEOW CHONG | 126,000 | 0.19% |
| 18. | CHUAH LEE SHYUN | 122,100 | 0.19% |
| 19. | KWOK CHEE YAN | 120,000 | 0.19% |
| 19. | MAYBANK SECURITIES NOMINEES (ASING) SDN BHD | 120,000 | 0.19% |
| 19. | YANG YEN FANG | 120,000 | 0.19% |
| 20. | SAI DEZHAO | 115,000 | 0.18% |
| 21. | MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD | 108,000 | 0.17% |
| 22. | HSBC NOMINEES (ASING) SDN BHD | 105,000 | 0.16% |
| 23. | KARTAR SINGH A/L SANTA SINGH | 102,000 | 0.16% |
| 24. | MIKDAVID SDN BHD | 100,300 | 0.15% |
| 25. | YEOH CHIN HIN INVESTMENTS SDN BERHAD | 100,100 | 0.15% |
| 26. | HO SIM GUAN | 100,000 | 0.15% |
| 26. | TEH LIAN KIM | 100,000 | 0.15% |
| 27. | LEE WEE YAN | 93,000 | 0.14% |
| 28. | WONG PAK GOON | 90,000 | 0.14% |
| 29. | JF APEX NOMINEES (TEMPATAN) SDN BHD | 87,500 | 0.13% |
| 30. | ROSA WOON AH MOI | 81,600 | 0.13% |
| | | 47,832,300 | 73.76% |

# Profile of Directors

### JULIANA MANOHARI DEVADASON

Age 62. Malaysian. Non-Independent Non-Executive Director and Chairman. Appointed to the Board in 1987 and elected Chairman in 2001. Attended all seven Board Meetings in the financial year. Holds a Bachelor of Arts (Honours) Degree in Law and is a Barrister-at-Law, Grays Inn. Was a partner at Maxwell, Kenion, Cowdy & Jones from 1984 to 2003 and had been in practice as an advocate and solicitor for 28 years. Also serves as Chairman of the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years.

### TSEN KENG YAM

Age 62. Malaysian. Non- Independent Executive Director. Appointed to the Board in 2007. Also the Company Secretary. Attended all seven Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants and a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants. Was a Partner of Arthur Andersen & Co from 1988 to June 2003. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom and as Chairman of Trinity Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years.

### LIM HU FANG

Age 61. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2002. Attended all seven Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years. Lim Hu Fang is the Chairman of both the Audit Committee and the Remuneration and Nomination Committee.

# Profile of Directors (continued)

### STEPHEN WILLIAM HUNTSMAN

Age 54. Malaysian. Non- Independent Non-Executive Director. Appointed to the Board in 2001. Attended all seven Board Meetings in the financial year. Has a Masters in Business Administration and is an Associate Member of the Chartered Institute of Secretaries. Was a Manager of Plessey Plc from 1980 to 1986 and Manager of the Automobile Association from 1986 to 1996. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and is the son of William John Huntsman, a substantial shareholder of the Company. Has not been convicted for offences within the past ten years. Stephen William Huntsman sits on both the Audit Committee and the Remuneration and Nomination Committee.

### ROSLAN BIN HAMIR

Age 45. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2008. Attended six out of seven Board Meetings in the financial year. Is an ACCA graduate with Bachelor of Arts (Honours) in Accounting and Finance. Was a Management Consultant and Auditor with Ernst & Young from 1993 until 1998. Currently serves as Group Managing Director of Kumpulan Fima Berhad and Fima Corporation Berhad, both of which are companies listed on Bursa Malaysia Securities Berhad. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years. Roslan bin Hamir sits on both the Audit Committee and the Remuneration and Nomination Committee

# Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Seventy - Third Annual Report of Riverview Rubber Estates, Berhad for the financial year ended 31 December 2011.

The year 2011 held special meaning, on 26th March 2011, your Company celebrated its 75th year of incorporation.

■ *Directors Visit - Buloh Akar Estate*

## Financial Performance

Another eventful year has gone by and I am pleased to report the progress your Company has made during this financial year in increasing its revenue and managing cost in the midst of fluctuating Crude Palm Oil ("CPO") prices, uncertain weather patterns and rising cost of production from increase in labour cost and fertiliser prices. Despite the vagaries of the operating environment, your company posted a higher gross profit of RM19.20 million.

■ *Hibernia Estate Nursery - Planting Of Germinated Seeds*

# Chairman's Statement (continued)

■ *Teja Estate - Clearing Of Swamp*

## Financial Performance (continued)

Your Company registered revenue of RM27.68 million this year, an increase of 15.79% as compared to last year. The higher revenue despite the drop in production of 5.47% is due to an increase in the average selling price of fresh fruit bunch ("FFB") of oil palm by 22.49%.

Your Company recorded a pre-tax profit of RM22.98 million this year, an increase of 28.49% as compared to last year. 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 previous year as compared to unrealised gains of 0.29 million in the current year, a positive turn around of RM2.11 million. The overall performance translated to an increase in earnings per share of 31.58% from 21.47 sen in 2010 to 28.25 sen in 2011.

## Review of Operations

The results from the operations for the financial year under review are satisfactory given the factors benefiting the Company and the measures implemented to counter detrimental elements. However, the Company will continue practising its prudent approach in its operations as that adopted in the previous years as we must remain guarded against bearish condition of the world economy which is still struggling to recover.

Replanting which began in July 2009 was fully completed in March 2010, a decision was made to modify the replanting programme which resulted in a one year hiatus from replanting, this enabled the Company to take opportunity and maximise profits from the high CPO prices, this decision proved to be the right one, as despite the drop in production, revenue and operating profits increased substantially. The replanting programme will resume in 2012 as it would be imprudent to delay replanting any further.

The 2012 replanting heralds a new era as all seedlings will be nurtured in our own nurseries, meticulous planning went into the preparation of the nursery, planning of roads, harvesting and collection methods and progeny/clones used, all these are expected to bring about better efficiencies in field management and increase future yields. The replanting progamme being carried out will be based on a schedule to replace trees that are more than 25 years old with the establishment of a nursery to nurture trees from progeny that will be high yielding and hardy.

# Chairman's Statement (continued)

■ *Directors Visit - Buloh Akar Estate*

■ *Directors Visit - Sadang Estate*

## Review of Operations (continued)

Your Board, together with the Agronomist, Planting Adviser and Senior Management will continuously review the need to replant, taking into account economic, agronomic and management factors.

The Company will also be upgrading the living quarters of the field workers to enhance their quality of life in line with the Company's continued commitment in its practise of corporate social responsibility.

Unusual weather conditions brought on by the La Nina effect had caused torrential rain and flooding had hampered collection of FFB in the fields, this, together with the age profile of our trees impacted our total production for 2011, yields dropped to 24.78 tons per mature hectare. Nevertheless our yields remain 25.85% higher than the national average of 19.69 tons per hectare

I am delighted to report that we have reached a new high in the profit per mature hectare, this is against our previous highs in 2008 and 2010.

## Market Overview

CPO production in 2011 increased by 11.3% to reach a record high of 18.91 million tons, Sarawak's CPO production increased by 23.7% to 2.7 million tons while Sabah and Peninsular Malaysia increased by 9.9% and 9.2% to 5.84 million tons and 10.37 million tons respectively. The increase in production was mainly due to the recovery in the FFB yield after experiencing two years of declining yield in 2009 and 2010 as more areas coming into peak production had also contributed to the increased production.

The average CPO price recorded for the year 2011 was the highest ever annual average price, reaching RM3,219 per ton, increased by RM518 or 19.2% against RM2,701 in the previous year.

# Chairman's Statement (continued)

## Market Overview (continued)

CPO prices traded firmer at RM3,659 per ton during the first quarter of the year, supported by positive sentiments related to world supply tightness of vegetable oils and low domestic palm oil stocks level during this period. Subsequently, during the second quarter of the year, bullish market sentiments supported by firmer crude oil price, coupled with world vegetable oils supply tightness, especially that of palm oil and soya bean oil supported positive price sentiments.

(Source : The Malaysian Palm Oil Board)

■ *Executive Conference - Cameron Highlands*

## Current Year's Prospects

Barring unforeseen events due to the world economy and adverse weather, the prospects of the palm oil industry looks bright with strong demand for edible oil and progress in biodiesel development and application.

The Company has built and will continue to build a solid foundation over the years to ensure the sustainability of the oil palms production potential.

■ *Directors Visit - Hibernia Estate*

■ *Teja Estate - Box System Nursery*

# Chairman's Statement (continued)

## Current Year's Prospects (continued)

Notwithstanding unpredictable factors such as adverse weather conditions and pest attack, crop will be expected to increase in the foreseeable future with a slight drop in the intervening years of replanting. The Company should see another profitable year ahead given the continued increase in CPO price, improved cost efficiency through proper planning and favourable weather which will be beneficial to an increase in productivity of FFB.

■ *Executive Conference - Cameron Highlands*

## Dividend

For the year ended 31 December 2011, the Company declared the following dividends.

1st Interim dividend of 6 sen under the Single Tier System on 64,850,448 ordinary shares, was paid on 29 July 2011.

2nd Interim dividend of 9 sen per share and a Special Dividend of 5 sen per share under the Single Tier System on 64,850,448 ordinary shares, was paid on 6 January 2012.

## Appreciation

On behalf of the board, I would like to record our appreciation to the management and employees for their commitment, dedication and loyalty in achieving the results in the financial year under review.

I take this opportunity to thank our valued shareholders, business associates, customers, friends and authorities for their continued trust confidence support and guidance

Finally, I also wish to record the sense of collective responsibility, commitment, professionalism and the wisdom of my fellow Directors on the Board.

**JULIANA MANOHARI DEVADASON**
Chairman

■ *Chendrong Estate*

# Corporate Governance Statement

The Board of Directors recognises the importance of ensuring high standards of corporate governance and is committed to comply with the principles and best practices of the Malaysian Code of Corporate Governance (the "Code").

The Board has put in place a framework for corporate governance which is appropriate for the Company to enable the Directors in discharging their responsibilities to protect stakeholders' interests and to enhance shareholders' value and the long term financial duties of the Company.

In doing so, the Board strives to adopt the substance behind the Code and not merely its form. The Board is pleased to present a statement on the application of the principles and the extent of compliance with the best practices as set out in Part 1 and 2 of the Code.

## I. DIRECTORS

### The Board

The Board has overall responsibility for the direction and control of the Company. The diverse professional expertise of Directors, spanning various fields including accounting, legal and business administration provide the Board with the requisite depth and quality in its deliberation and decision making which involves reviewing and adopting a strategic plan for business performance, overseeing the proper conduct of the Company's business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, reviewing the adequacy and integrity of the Internal control systems and Management information systems.

While the Board is responsible for creating a framework within which the Company should be operating, Management is responsible for instituting compliance with laws and regulations including the achievement of the Company's corporate and social objectives. This demarcation of roles complements and reinforces the supervisory role of the Board.

The Board has reserved certain specific matters for its collective review and decision. These include among others, the approval of annual and interim results, approval of annual budget, declaration of dividend and authorisation of major transactions. The Directors ensure that they have full and timely access to all relevant information to aid their decision making.

### Meetings

The Board meets at least four (4) times a year and as and when required for specific matters. Due notice is given of scheduled meetings, all meetings are minuted, including issues discussed and conclusions made. All proceedings are minuted and signed by the Chairman of the meetings.

During the financial year, the Board met on seven (7) occasions, where it deliberated upon and considered a variety of matters, these include overall strategy and direction, approval of capital expenditure, consideration of financial matters, monitoring the financial and operating performance as well as annual operating and capital budgets.

### Meetings (continued)

The agenda for each Board meeting and papers relating to the agenda are disseminated to all Directors at least five (5) days before the meeting, this is to ensure that meetings are properly structured and to provide the Directors sufficient review time, and seek clarifications, if any.

Details of the meeting attendance of each Director are as follows:

| Directors | | Number of meetings attended |
|---|---|---|
| Juliana Manohari Devadason | Chairman, Non Independent, Non Executive | 7 |
| Tsen Keng Yam | Non Independent, Executive | 7 |
| Lim Hu Fang | Independent, Non Executive | 7 |
| Stephen William Huntsman | Non Independent, Non Executive | 7 |
| Roslan Bin Hamir | Independent, Non Executive | 6 |

### Board Committees

The Board decides on all major aspects of the activities of the Company and in common with other listed companies of similar size and organization, it decides upon most such matters as full Board. The Board in discharging its duties is assisted by two Board committees, namely the Audit Committee and the Remuneration and Nomination Committee with written terms of reference which define their membership, authorities and responsibilities.

### Board Balance

The Board currently consist five (5) members, comprising four (4) Non-Executive Directors, including the Chairman, and one (1) Executive Director. Two (2) of the Directors on the Board are independent. A brief profile of each Director is presented on pages 13 and 14 of this Annual Report

The concept of independence adopted by the Board is in line with the definition of an Independent Director in Section 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad and PNN No. 13/2002. The main elements for fulfilling the criteria is the appointment of an Independent Director who is not a member of Management and free from any relationship which could interfere in the exercise of independent judgement or the ability to act in the best interest of the Company. The Board complies with paragraph 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad which requires that at least two Directors or one-third of the Board, whichever is higher, are independent Directors.

The presence of Two (2) Independent Non-Executive Directors, which represents more than one-third of the Board, facilitates the unbiased exercise of independent evaluation in Board deliberations and decision making and fulfills a central role in corporate accountability and serves to provide check and balance in the Board.

# Corporate Governance Statement (continued)

### Board Balance (continued)

There is clear segregation of responsibilities between the Chairman, who is a Non-Independent Non-Executive Director, and the Executive Director to ensure a balance of power and authority, such that no one individual has unfettered powers of decision.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board and acts as a facilitator at Board meetings to ensure no Board member dominates discussion and relevant opinions amongst Board members are forthcoming. The Executive Director supported by the Management team, is responsible for day-to-day Management of the business as well as effective implementation of the strategic plan and policies established by the Board.

The Chairman of the Audit Committee and the Remuneration and Nomination Committee, Madam Lim Hu Fang, is the Senior Independent Non-Executive Director of the Company.

The Board is satisfied that the current Board composition fairly reflects the interest of minority shareholders in the Company.

### Supply of Information

The Chairman in conjunction with the Company Secretary draws up the agenda, which is circulated together with the relevant support papers, at least five (5) days prior to each meeting to enable the Directors to have full and timely access to all relevant information to aid their decision-making and to obtain further information, if necessary.

The Audit Committee as well as the Remuneration and Nomination Committee play an important role in channeling pertinent operational, financial and assurance related issues to the Board. The Committees partly function as a filter to ensure that only salient matters are tabled at Board level.

All Directors have unrestricted access to advice and services of the Company Secretary who ensures that the Board receives appropriate and timely information for its decision making, that Board procedures are followed and all the statutory and regulatory requirements are met. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained. The Board believes that the Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board and his removal from post, if contemplated, is a matter for consideration by the Board as a whole.

All Directors have full and immediate access to information relating to the Company's business and affairs in the discharge of their duties, there is nevertheless a formal procedure sanctioned by the Board in this regard. There is also a formal procedure, whether as a full Board or in their individual capacity, to take independent advice, where necessary, in furtherance of the duties at the Company's expense.

## Appointments to the Board

### *Nomination Committee*

The Remuneration and Nomination Committee is currently made up of three (3) Non-Executive Directors, two (2) of which are Independent, as follows:

Lim Hu Fang ***Chairman***
Roslan Bin Hamir
Stephen William Huntsman

The Committee has met once for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

The Committee, empowered by the Board, keeps under review the composition of the Board, a profile of the required skills, attributes and experience and makes recommendations to the Board concerning new appointments and re-appointment of all directors. The Company Secretary will ensure that all appointments are properly made and that legal and regulatory obligations are met.

The Board, through this committee, believes that the Board possess the required mix of skills, experience and core competencies brought by Non-Executive Directors to the Board which enables it to discharge its duties.

### *Directors' Training*

The Board through the Remuneration and Nomination Committee, ensures a structured orientation and continuous education programme is in place for new and existing members of the Board. This includes, briefings, seminars and updates on issues relevant to the Company and the environment in which it operates.

All Directors have attended the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia Securities Berhad. During the financial year, the seminars attended by Directors are as follows:

| Training Programme | Director |
|---|---|
| **5 July 2011** | |
| • 2011 Mid Year Global Economic Outlook – UBS AG | - Juliana Manohari Devadason<br>- Tsen Keng Yam<br>- Lim Hu Fang<br>- Stephen William Huntsman<br>- Roslan Bin Hamir |
| **5 August 2011** | |
| • Deferred Taxation : Computation to Disclosure – MICPA | - Lim Hu Fang |

# Corporate Governance Statement (continued)

***Directors' Training (continued)***

| Training Programme | Director |
|---|---|
| **20 October 2011** | |
| • Fertilliser Application towards Yield Improvement – Company Agronomist | - Juliana Manohari Devadason |
| • Pest Control : Rhinoceros Beetles – Company Agronomist | - Tsen Keng Yam |
| • Field Management Techniques : Back to Basic – Company Planting Adviser | - Lim Hu Fang |
| • Upkeep of Field Equipment – Senior Estate Manager | - Stephen William Huntsman |
| | - Roslan Bin Hamir |

The Directors will continue to and are encouraged to attend Continuing Education Programme (CEP) and seminars to keep abreast with regulatory development and other development on the marketplace. The Company Secretary circulates updates periodically for the Board's reference.

***Re-election***

At the Annual General Meeting each year, at least one Director shall retire by rotation from office. All Directors, shall retire by rotation from office at least once in every three years. Directors who are appointed during the year shall retire at the following Annual General Meeting immediately after their appointment. The Directors who retire by rotation are the Directors who have been longest in office since their re-appointment. In any event, a Director, over seventy years old, retires annually.

To assist shareholders in their decision, sufficient information such as a personal profile and meeting attendance of each Director standing for re-election is furnished in a separate statement accompanying the Notice of the Annual General Meeting.

## II. REMUNERATION

### Remuneration Committee

The Remuneration and Nomination Committee is currently made up of three (3) Non-Executive Directors, two (2) of which are Independent, as follows:

Lim Hu Fang ***Chairman***
Roslan Bin Hamir
Stephen William Huntsman

The Committee has met once for the financial year under review, other members of the Board and relevant members of the Management, upon invitation of the Chairman of the Committee, attended the meetings.

The Committee operates within agreed terms of reference and in respect of directors' remuneration, is responsible for making recommendations to the Board on the performance related packages for the Executive Director and Senior Management as well as directors.

### Remuneration Committee (continued)

The Executive Director plays no part in deciding their own remuneration. In addition, the Committee makes recommendations to the Board regarding the annual fee for the Directors for each financial year. Directors' fees are tabled to the shareholders for approval at the Annual General Meeting prior to payment to the Director.

In its consideration of remuneration matters for the financial period under review, the Committee takes into account the compensation practices of other companies of comparable sizes, market sectors and business complexity and the performance of individual Directors. In ensuring continuing improvement in the performance of the Company, the overall remuneration policy is aimed at attracting, retaining and motivating high calibre Management. Consistent with this policy, the component parts of the remuneration package are designed to link rewards to individual and corporate performance in the case of senior management. For Directors, the fee levels are intended to commensurate with the experience and level of responsibilities of the concerned.

***Details of Directors' Remuneration***

The details of the remuneration of each Director of the Company during the financial year are as follows:

| | ← 2012 → | | | 2011 |
|---|---|---|---|---|
| | Basic fee RM | Others RM | Total RM | Total RM |
| **Executive** | | | | |
| Tsen Keng Yam | 55,000 | - | 55,000 | 55,000 |
| **Non-Executive** | | | | |
| Juliana Manohari Devadason | 60,000 | - | 60,000 | 60,000 |
| Lim Hu Fang | 55,000 | - | 55,000 | 55,000 |
| Stephen William Huntsman | 55,000 | - | 55,000 | 55,000 |
| Roslan bin Hamir | 55,000 | - | 55,000 | 55,000 |
| Grand Total | 280,000 | - | 280,000 | 280,000 |

## III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board maintains a policy of keeping its shareholders and investors, irrespective of size, informed about the Company's activities and progress as the Directors value a constructive relationship with its shareholders and investors. Communication with shareholders and investors through timely announcements to Bursa Malaysia Securities Berhad are given high priority. In addition, quarterly report announcements, the financial statements and other required announcements are available at Bursa Malaysia's website or at the Company's own website at www.riverview.com.my. The Company's website contains vital information concerning the Company and is updated on a regular basis and also contact details.

# Corporate Governance Statement (continued)

## III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (continued)

The principal forum for dialogue with shareholders remains at the Annual General Meeting ("AGM"). Notice of the Annual General Meeting and the Annual Report are sent to shareholders at least 21 days before the date of the meeting.

The presence of Board members, representatives of the External Auditors at each AGM demonstrates a high level of accountability and transparency as it enables an available response to queries regarding business operations and financial statements of the Company.

## IV. ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is committed to present a balanced and meaningful assessment of the Company's performance, this is done primarily through the annual financial statements and quarterly announcement of results to Bursa Malaysia and on the Company's website. The Chairman's statement and review of operations also highlight the financial and operational performance as well as the company's prospects.

Directors' Responsibility Statements In Respect Of The Preparation Of The Audited Financial Statements
The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and accounting standards adopted by the Malaysian Accounting Standards Board. The Board is responsible to ensure that the accounting policies are consistently applied and the financial statements of the Company present a balanced and understandable assessment of the state of affairs of the Company. In addition, the Board is also assisted by the Audit Committee to oversee the Company's financial reporting process and the quality of its financial reporting.

A statement of the Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 52 of the Annual Report.

A statement of the Directors' responsibility in relation to the financial statements is set out on page 38 of the Annual Report.

### Internal Control

The Board is aware of its responsibilities for the Company's system of Internal control covering not only financial but also operational and compliance controls as well as risk Management.

A statement on Internal Control of the Company is set out on pages 35 to 37 to the Annual Report

# Corporate Governance Statement (continued)

## Relationship with Auditors

The Company has established a transparent, active and formal relationship with the Auditors, both External and Internal, through the Audit Committee. The amount of non-audit fees (excluding service tax and expenses) paid to the External Auditors by the Company during the financial year under review amounted to RM5,000.00.

The role of the Audit Committee in relation to the Auditors is set out in the Audit Committee Report on pages 28 to 31 of the Annual Report.

## Corporate Social Responsibility

The Company is committed to sustainable development. Community responsibilities, environment, health and safety are absolutely essential to way we conduct our business. We recognize our obligation to our stakeholders which encompasses our commitment to deliver profits to enhance shareholder value and at the same time, make a positive contribution to our employees, stakeholders and to society in general.

The Corporate Social Responsibility Statement of the Company is set out on pages 39 to 45 to the Annual Report.

## Compliance Statement

The Company has complied throughout the financial year with all the Best Practices of Corporate Governance set out in Part 2 of the Code.

# Audit Committee Report

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 December 2011.

## Membership

The Audit Committee comprise the following Non-Executive Directors:

Lim Hu Fang ***(Chairman)*** - *Independent Non-Executive Director*

Roslan Bin Hamir - *Independent Non-Executive Director*

Stephen William Huntsman - *Non-Independent Non-Executive Director*

Each member of the Committee is financially literate and has extensive years of relevant industry experience, profile of each Director is presented on pages 13 to 14 of this Annual Report.

## Term of Reference

The Committee was established on 13 September 1994 to act as a Committee of the Board of Directors, with the written terms of reference set out on pages 32 to 34 of this Annual Report.

## Meetings

During the financial year, four (4) Audit Committee meetings were held and the details of the meeting attendance by each member are as follows:

| Name of members | Number of meetings held | Number of meetings attended |
|---|---|---|
| Lim Hu Fang | 4 | 4 |
| Roslan bin Hamir | 4 | 4 |
| Stephen William Huntsman | 4 | 4 |

The meetings were appropriately structured through use of agenda, which were distributed to members with sufficient notification.

The Executive Director and the Company Secretary was present by invitation at all meetings. Representatives of the External Auditors and Internal Auditors, Senior Management and other Board Members also attended the meetings, where appropriate, upon invitation of the Committee. The proceedings and minutes of all Committee Meetings are duly recorded and circulated to all members of the Board.

# Audit Committee Report (continued)

## Training and Continuous Engagement

The training seminars attended by members of the Audit Committee ar as follows:

| Training Programme | Director |
|---|---|
| **5 July 2011** | |
| • 2011 Mid Year Global Economic Outlook – UBS AG | - Lim Hu Fang<br>- Stephen William Huntsman<br>- Roslan Bin Hamir |
| **5 August 2011** | |
| • Deferred Taxation : Computation to Disclosure – MICPA | - Lim Hu Fang |
| **20 October 2011** | |
| • Fertilliser Application towards Yield Improvement – Company Agronomist<br>• Pest Control : Rhinoceros Beetles – Company Agronomist<br>• Field Management Techniques : Back to Basic – Company Planting Adviser<br>• Upkeep of Field Equipment – Senior Estate Manager | - Lim Hu Fang<br>- Stephen William Huntsman<br>- Roslan Bin Hamir |

During the financial year, the Audit Committee Chairman continuously engages with members of Senior Management by way of telephone conversations and meetings and with the Auditors by way of meetings, in order to be kept informed of matters affecting the Company. Through such engagements, relevant issues were brought to the attention of the Audit Committee in a timely manner.

## Summary of Activities during the Financial Year

The Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Committee were as follows:

- Reviewed the External Auditor's scope of work and audit plan for the financial year. Prior to the audit fieldwork, representatives from the External Auditor presented their audit strategy and plan to the Committee;

- Reviewed with the External Auditor the results of the final audit, the Management letter, including Management's response and the evaluation of the system of Internal controls, where applicable;

- Consideration and recommendation to the Board on the re-appointment of the External Auditor and for the approval of the audit fees payable to the External Auditor as disclosed in note 8 to the financial statements;

- Reviewed the independence, objectivity and effectiveness of the External Auditor and the services provided, including non-audit services. Non-audit fees totaling RM5,000 were paid to the External Auditors during the financial year for the review of the Statement of Internal Control.

# Audit Committee Report (continued)

## Summary of Activities during the Financial Year (continued)

- Met with the External Auditor twice (2) during the financial year without the presence of the Executive Director, to discuss problems and reservations arising from the and final audit, if any, or any other matter the Auditor may wish to discuss;

- Reviewed the Internal Auditors' requirements, adequacy of plan, functions and scope of work for the financial year under review;

- Reviewed the Internal audit programme, processes and reports, which highlighted audit issues, recommendations and Management's response. Discussed with Management and ensure appropriate actions were taken to improve the system of Internal controls based on improvement opportunities identified in the Internal audit reports;

- Review the performance and competency of the Internal Auditors;

- Reviewed the quarterly un-audited financial announcements prior to recommending them to the Board for its consideration and approval. The review and discussions were conducted with the Executive Director and Senior Management;

- Reviewed the Annual Report and the Audited Financial Statements of the Company prior to submission to the Board for its consideration and approval. The review was to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards for entities other than private entities issued by the MASB. Any significant issues resulting from the audit of the financial statements by the External Auditor were deliberated.

## Internal Audit Department

The Audit Committee is supported by outsourced internal audit service providers ("Internal Auditors") in the discharge of its duties and responsibilities. The Internal Auditors provide independent assurance on the adequacy and integrity of the risk management, internal control and governance processes. The Internal Auditors' purpose, authority are articulated in the Engagement Letter and Internal Audit Plan.

The Audit Committee is responsible for the regular review and appraisal of the effectiveness of the risk management, internal audit and governance process within the Economic Entity. The Audit Committee reviews and approves the internal audit plan, budget and other resource requirements to ensure that the Internal Auditors are adequately resourced.

In addition, several informal procedures undertaken by the Audit Committee include, regular field and office inspections by members of the Board and of the Audit Committee and the written reports submitted to the Board on the estate operations. The Audit Committee and the Board also review plantation visit reports submitted by an independent Planting Advisor twice a year.

# Audit Committee Report (continued)

### Internal Audit Department (continued)

A summary of the main activities undertaken by the Internal Auditors during the financial year is as follows:

- Prepared the annual risk based internal audit plan for the Audit Committee's approval;

- Conducted two (2) internal audit projects in accordance with the approved Internal Audit Plan. These internal audit projects cover the estate operations with particular focus the following:
  - Security, utilisation and upkeep of estate assets;
  - Replanting of crops and seedlings distribution;
  - Estate payroll and compliance with the applicable labour law and regulations;
  - Payment verification and approval;
  - Procurement, receipt, storage and issuance of plantation materials; and
  - Job contacting.

- Issued audit reports to the Audit Committee, with copies extended to Management, identifying weaknesses and issues as well as highlighting improvement opportunities;

Internal audit fees of RM23,000 were paid to the Outsourced Internal Auditors for the financial year 2011.

Further details of the activities of the internal audit are set out in the Statement of Internal Control on pages 35 to 37.

# Term of Reference of the Audit Committee

## Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the activities of the Company:

- assess the company's process relating to its governance, risk and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes, including issues relating to the system of internal control, risk Management and governance within the Company.

## Composition

The Board shall elect and appoint an Audit Committee comprising at least three (3) Directors. All members of the Audit Committee shall be Non-Executive Directors, with a majority Independent. All members of the Audit Committee should be financially literate.

The Board shall at all times ensure that at least one (1) member of the Committee:

- must be a member of the Malaysian Institute of Accountants; or
- if not a member of the Malaysian Institute of Accountants, must have at least three (3) years working experience and;
  - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  - must be a member of one of the associations of accountants specified in Part II of the First Schedule of the of the Accountants Act, 1967 ; or
- must have at least three (3) years' post qualification experience in accounting or finance;
  - has a degree/masters/doctorate in accounting or finance; or
  - is a member of one (1) of the professional accountancy organizations which has been admitted as a full member of the International Federation of Accountants; or
- must have at least seven (7) years experience being a chief financial officer of a corporation or having the function of being primarily responsible for the Management of the financial affairs of a corporation; or
- fulfils such other requirements as prescribed or approved by the Bursa Malaysia

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event, appoint new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed a member of the Committee.
Term of Reference of the Audit Committee (Contd.)

The Board shall review the terms of office and performance of the Audit Committee and each of its members at least once (1) every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with their terms of reference.

# Term of Reference of the Audit Committee (continued)

## Quorum and Committee's Procedures

Meetings shall be conducted at least four (4) times annually, with each meeting planned to coincide with key dates in the Company's financial reporting cycle, or more frequently as circumstances dictate.

The Chairman of the Audit Committee shall engage continuously with Senior Management, such as the Executive Director, The Head of Finance, Representatives of the Internal Auditors and the External Auditors in order to be kept informed of matters affecting the Company.

In order to form a quorum, the majority of the members present must be Independent Non- Executive Directors. In the absence of the Chairman, the members shall elect a Chairman for the meeting from amongst them.

The Company Secretary shall be appointed Secretary of the Committee ("the Secretary"). The Secretary in conjunction with the Chairman shall draw up the agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to members of the Committee. The Secretary shall be entrusted to record all proceedings and minutes of all meetings of the Committee and the circulation of the minutes to all Board members at each Board Meeting.

The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

The Head of Finance, Representatives of the Internal and External Auditors shall attend meetings upon invitation of the Committee. The Committee may, as when deemed necessary, invite other Board members and Senior Management members to attend the meetings.

The Committee shall meet at least twice (2) a year with the Internal and External Auditor or both, to discuss any matters with the Committee without the presence of the Executive Director and employees of the Company.

## Authority

The Committee is authorised to investigate any matter within its terms of refence and all employees are directed to cooperate with any request made by the Committee.

The Committee shall have full and unrestricted access to any information pertaining to the Company. The Committee shall have direct communication channels with the Internal and External Auditors.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional or other advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a Breach of the Listing Requirements of Bursa Malaysia, the Committee shall promptly report such matter to Bursa Malaysia.

# Term of Reference of the Audit Committee (continued)

## Responsibilities and Duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review the quarterly results and the year-end financial statements, prior to approval by the Board, focusing particularly on:
  - changes in or implementation of accounting policies and practices;
  - significant adjustments or unusual events;
  - going concern assumption; and
  - compliance with accounting standards, regulatory and other legal requirements;
- Review with the External Auditor, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review with the External Auditor, the results of the audit and the Management's response thereto, including the status of previous audit recommendations;
- Review the assistance given by the Company's employees to the Auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- Review the appointment and performance of the External Auditor, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review with the External Auditor, its evaluations of the system of Internal controls;
- Review the adequacy of the Internal audit scope, functions, competency and resources of the Internal Auditors and that it has necessary authority to carry out its work;
- Review the Internal audit programme, processes and reports to evaluate the findings of Internal audit and to ensure that appropriate and prompt remedial action is taken by Management on the recommendations of the Internal Auditors;
- Approve any appointment or termination of Internal Auditors and take cognizance of resignations and providing the resigning party an opportunity to submit reasons for resigning;
- Review any related party transaction and conflict of interest situation that may arise within the Company, including any transaction, procedure or course of conduct that raises question on Management integrity;
- Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts; and
- Carry out any other activities, as authorised by the Board.

# Statement Of Internal Control

## Introduction

Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of public listed companies to include in its Annual Report a "statement about the state of internal controls of the listed issuer". The Board is committed to maintaining a sound system of internal control in the Economic Entity and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Economic Entity during the financial year.

## Board Responsibility

The Board acknowledges its responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Economic Entity's assets and for reviewing its adequacy and integrity. The system of internal control covers not only financial controls but operational and compliance controls and risk management procedures. In view of the limitations inherent in any system of internal controls, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Economic Entity's corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

Following the publication of the Statement of Internal Control : Guidance for Directors of Public Listed Companies (the "Internal Control Guidance") by the Task Force on Internal Control in June 2001, The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Economic Entity. The Board, through its Audit Committee, regularly reviews the results of this process. The Board confirms that this process is in place for the year under review and that it accords with the Internal Control Guidance.

The Board has established key policies on the Economic Entity's risk management and internal control systems, including those established in associated companies, for the purpose of this statement.

## Risk Management Framework

The Board fully supports the contents of the Internal Control Guidance and with the assistance of an external service provider, continually review the adequacy and integrity of the risk management processes in place within the various operating businesses in Malaysia and Australia.

Management is responsible for the management of risks, including developing, operating and monitoring the system of internal control and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board.

The Board believes that maintaining a sound system of internal control is founded on a clear understanding and appreciation on the following key elements of the Economic Entity's risk management framework:

- A formal risk policy and guidelines, available in hard copy, have been established and communicated to all employees throughout the Economic Entity;

# Statement Of Internal Control (continued)

## Risk Management Framework (continued)

- A risk management structure which outlines the lines of reporting and responsibility at the Board, Audit Committee, Risk Management Committee, and Management levels have been established. The risk management structure enhances risk oversight and management, and integrates expectations on risk management into performance management reporting;

- Risk appetites (qualitative and quantitative) for the Economic Entity and individual business units have been articulated so as to gauge acceptability of risk exposure;

- The Risk Management Committee's implementation of an economic entity wide risk assessment process which identifies the key risks facing each business unit, the potential impact and likelihood of those risks occurring, the control effectiveness and the action plans being taken to manage those risks to the desired level. The risk profiles of the Economic Entity and individual business units are generated through the Risk Management Committee to the Audit Committee on a half yearly basis. The Chairman of the Audit Committee thereafter reports the significant risk and control issues to the Board for its consideration;

- The Risk Management Facilitator ensures that there is clear leadership, direction and coordination of the Economic Entity wide application of risk management; and

- Ongoing risks management education and training is provided at Management and staff levels.

## Internal Audit

The Economic Entity has outsourced its internal audit to an external service provider, which provides assurance to the Audit Committee on the adequacy and integrity of internal control systems. The out-sourced internal audit function meets the requirements of the Guidelines on Internal Audit Function released by the Institute of Internal Auditors Malaysia in July 2002.

The Internal audit reviews the internal audit control systems within the Economic Entity on the basis of a rolling two year internal audit strategy and a detailed annual internal audit plan presented to the Audit Committee for approval. The internal audit adopts a risk based approach and prepares its strategy and plan based on risk profiles of the Economic Entity.

## Other Risk and Control Processes

Apart from risk management and internal audit, the Board has put in place an organizational structure with formally defined responsibility and delegation of authority. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedure include establishing limits of authority and publication of the Rules Book and Standard Operating Procedures Handbook, copies of which can be viewed at each of the Economic Entity's business location, highlighting amongst others, policies and procedures on health and safety, training and development, equal employment opportunity, staff performance and handling misconduct. There are also established procedures for human resource planning, capital expenditure and monitoring of the Group's business and performance.

# Statement Of Internal Control (continued)

### Other Risk and Control Processes (continued)

These procedures are relevant across the Economic Entity and provide continuous assurance to increasingly higher levels of Management and, ultimately to the Board. The processes are reviewed by internal audit, which provides a degree of assurance as to operations and effectiveness of the system of internal controls. Planned corrective actions are independently monitored for timely completion.

The Executive Director reports to the Board on significant changes in the business, the external environment, performance information as well as quarterly financial information, which includes key financial and operational indicators. This includes, among others, the monitoring of results against budget, with variances being followed up and Management action taken, where necessary. Where areas of improvement in the system are identified, the Board considers recommendation made by both the Audit Committee and Management.

### The Board's Commitment

The Board remains committed towards maintaining a sound system of internal control and believe that a balanced achievement of the Economic Entity's business objectives and operational efficiency can be attained. The Board is of the view that there were no material losses incurred during the financial year as a result of weaknesses in internal control. The Economic Entity continues to take measures to strengthen the internal control environment.

Pursuant to paragraph 15.23 of the Listing Requirements of Bursa Malaysia, the external auditor has reviewed this statement for inclusion in the Annual Report of the Economic Entity for the year ended 31 December 2011 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

# Statement Of Directors' Responsibility

## In Relation To The Financial Statements

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of each financial year and of its results and its cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- the Company has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

This statement is prepared as required by the Bursa Malaysia Listing Requirements.

# Corporate Social Responsibility Statement

Corporate Social Responsibility (CSR) is not new to your Company, being involved in the agriculture industry with a presence of more than 75 years, we recognize our obligation to our stakeholders. This encompasses our commitment to deliver profits, to enhance shareholder value and at the same time, make a positive contribution to our employees, stakeholders and to society in general.

In the recent years, claims indicating oil palm cultivation as the main cause towards deforestation in Malaysia have often made headlines globally. We wish to categorically state that we welcome environmental consciousness and view it as absolutely essential. Nevertheless, it has to be said that the most robust kind of development can only be carried out through the interchange of facts, which often have not been the case with such claims. In this regard, it is important to acknowledge that the pace of oil palm cultivation and expansion is disproportionate to deforestation caused by illegal logging.

We fully support the initiatives undertaken to ensure sustainable oil palm cultivation and the production of palm oil, we have a heritage of maintaining a high degree of commitment that is directed towards social well being and compassion for our employees, today such practices are known as CSR.

In assuming CSR, we recognise the benefits that have accrued to the business including the strengthening of our reputation, as well as enhancing employee motivation, which in turn contribute to the long term well being of your Company. Our CSR involvement primarily focuses with the direct community with which your Company operates. Past, present and ongoing CSR initiatives and include the following:

## WORKPLACE

### Safety

To ensure a safe, productive and efficient work environment, our estates have a pictorial safety and awareness campaign to educate and train our workforce to operate with Occupational Safety And Health Act ("OSHA") requirements.

All FFB loading ramps have been converted to a chain block door system for added safety features.

■ *Safety - Tractor & Equipment In Compliance With OSHA Requirements*

# Corporate Social Responsibility Statement (continued)

### Housing

A high degree of care is directed at toward the social well being of our employees. We provide housing amenities, places of worship, child care services, recreational facilities, transportation subsidies, utilities subsidies and subsidies for furniture and fittings for our employees.

Your Company is half way through its Employee Housing Refurbishment Programme to ensure that we provide comfortable and modern housing. We have also donated towards the repair and maintenance of places of worship within the estates.

### Medical

We provide full medical benefits to our employees and this benefit is extended to their immediate family members. We have also appointed additional Medical Doctors to our panel, one of whom is a qualified Occupational Health Physician.

■ *Housing - Refurbished Labour Lines, Teja Estate*

■ *Housing - Refurbished Kitchen, Teja Estate*

■ *Housing - Refurbished Labour Lines, Chendrong Estate*

# Corporate Social Responsibility Statement (continued)

## COMMUNITY

**LaSallian Education Programme**

The LaSallian Expedition and Development ("LEAD") programme is organised by the La Salle Centre and is a project of the De La Salle brothers in Malaysia focusing on the development and leadership training in Malaysia, with particular attention paid to disadvantaged youths.

The LEAD programme is for students from financially disadvantaged or large families, and is an outdoor adventure camp meant as a character and confidence building programme for its participants.

Your Company has continued to provide financial assistance to the La Salle Centre to carry out this programme and intends to continue providing such support as we subscribe to the principle of meeting the needs of future generations as young people are the nation's future.

■ *LEAD - Sungai Taiping*

■ *LEAD - Malacca*

# Corporate Social Responsibility Statement (continued)

## COMMUNITY (continued)

### Rice and Cooking Oil Programme

This is a programme to distribute rice and cooking oil to the needy, orphanages and children homes in Perak. To date with assistance of the local authorities among others, your company has identified more than 20 such families, to whom rice and cooking oil have been distributed. The distribution is carried out monthly by our employees, timely assessments will be carried out to ensure that only the needy receive such assistance.

■ *Food & Rice*

We intend to expand this programme to include more families as well as the type of assistance, we have provided school uniforms and shoes and future plans include the reimbursement of transportation to schools.

This year, students from the St. Michaels Institution joined our employees on one such trip, this provided the students and opportunity to reach out, for some it was the first time they were involved in charity work of any sort. More of such activities are being planned to ensure that the young are inculcated with a sense of charity.

### Asrama Bintang Rumah Wanita Cacat

The Asrama Bintang is an orphanage for mentally and physically challenged women who were abandoned as infants or children. This orphanage is run by the Infant Jesus Sisters and is attached to the Main Convent School in Ipoh, Perak.

# Corporate Social Responsibility Statement (continued)

## COMMUNITY (continued)

■ *School Visit - Teja Estate*

### School Visit

We organized and sponsored two field trips to one of our estates by 40 students and staff from St. Michaels Institution as we feel that it is important to introduce to the younger generation one of Malaysia's primary industries. We will continue to conduct such field trips on an annual basis.

■ *School Visit - Teja Estate*

# Corporate Social Responsibility Statement (continued)

## ENVIRONMENT

### Land Clearing

We have a policy against open burning as this not only ensures that the air pollution is mimimised but also results in numerous advantages as well. The vestige debris is left to biodegrade, thus releasing nutrients and adding valuable organic matter to the soil, this reduces the use of inorganic fertlisers and also lowers carbon dioxide emission. The replanting programme did not involve any slash and burn methods and trunks of felled trees were chipped and re-used as organic material.

■ *Roadworks - Upgrade Of Field Road, Teja Estate*

### Soil Fertility

To maintain soil fertility and reduce erosion, best practices through bio-engineering means via vegetation and plant succession on hilly terrain is used and encouraged at all our estates. Frond placement, cover crop, use of empty fruit bunch (EFB) mulching is used to enable organic matter intensity to build up.

■ *Environment - Recycled Trunks Used For Bridge, Chendrong Estate*

■ *Environment - Organic Manuring, EFB Mulching*

■ *Environment - Organic Manuring, Application Of EFB*

# Corporate Social Responsibility Statement (continued)

## ENVIRONMENT (continued)

### Pest Management

We have a history of using of biological control to combat pests and diseases instead of chemical control.

The use of barn owls and nectarfarious plants to combat rodents and bag worms infestation is a prime example of this practice which enables us to use chemical based pesticides as a last resort.

### Fertiliser Use

We have a policy of maximising organic manuring and minimising the use of inorganic fertlisers by a program of nutrient recycling of oil palm and palm oil by products such as EFB and decanter cakes which are recycled through the fields for mulching.

When inorganic fertiliser are purchased, extra attention and care is paid to ensure that the fertilisers come from reliable sources that are mercury free. Your company has a policy of testing every batch of fertiliser to ensure that the required specifications are met.

### Efficient Water Use

Oil palms benefit from a good supply of water and we maintain a system to harvest rain water such as strategically placed silt pits and dams throughout the estates to for water retention.

■ *Pest Control, Beneficial Plants*

■ *Pest Control, Beneficial Plants*

■ *Pest Control - Rhinocerous Beetles Baited With Pheremone Traps*

# Properties Of The Company

| Location | Description | Area | Tenure | Date of Revaluation | Net Book Value at 31 December 2011 * RM |
|---|---|---|---|---|---|
| Buloh Akar Estate, Parit, Perak | Oil Palm Plantation | 1,041.78 hectares | Freehold | November 2007 | 42,862,187 |
| Hibernia Estate, Selama, Perak. | Oil Palm Plantation | 372.67 hectares | Freehold | November 2007 | 16,500,000 |
| Riverview Estate, Tanjung Tualang, Perak | Oil Palm Plantation | 376.97 hectares | Freehold | November 2007 | 16,626,319 |
| | | | | | 75,988,506 |
| | Oil Palm Plantation | 9.41 hectares | Leasehold - expiring 20.11.2012 | | 17,500 |
| | | | | | 76,006,006 |
| | Office Building | - | Freehold | | 408,177 |
| | | | | | 76,414,183 |

** Amount includes value of biological assets*

# 2011 Annual Report

## 73rd Annual General Meeting

## Directors' Report & Audited Financial Statements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# Directors' report

## Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Economic Entity and of the Company for the financial year ended 31 December 2011.

## Principal activity

The principal activity of the Company during the financial year is the cultivation of oil palm. There has been no significant change in the nature of the principal activity during the financial year.

## Results

| | Economic Entity RM | Company RM |
|---|---|---|
| Profit net of tax | 18,319,518 | 15,575,183 |

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Economic Entity and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## Dividends

The amount of dividends paid or declared by the Company since 31 December 2010 are as follows:

In respect of the financial year ended 31 December 2010:

| | RM |
|---|---|
| Second interim ordinary dividend of 9 sen per share under the single tier system on 64,850,448 shares, paid on 21 January 2011 | 5,836,540 |
| In respect of the financial year ended 31 December 2011: | |
| First interim ordinary dividend of 6 sen per share under the single tier system on 64,850,448 ordinary shares, paid on 29 July 2011 | 3,891,027 |
| Second interim ordinary dividend of 9 sen per share and a special dividend of 5 sen per share under the single tier system on 64,850,448 shares, paid on 6 January 2012 | 9,079,063 |

The directors do not recommend the payment of any final dividend in respect of the current financial year.

## Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Juliana Manohari Devadason
Tsen Keng Yam
Lim Hu Fang
Stephen William Huntsman
Roslan bin Hamir

## Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

| | Number of ordinary shares of RM1 each | | | |
|---|---|---|---|---|
| **The Company** | **At 1.1.2011** | **Bought** | **Sold** | **At 31.12.2011** |
| **Direct interest** | | | | |
| Juliana Manohari Devadason | 6,000 | - | - | 6,000 |
| Tsen Keng Yam | 1,000 | - | - | 1,000 |
| Lim Hu Fang | 6,000 | - | - | 6,000 |
| Stephen William Huntsman | 67,300 | - | - | 67,300 |
| Roslan bin Hamir | 1,000 | - | - | 1,000 |

# Directors' report (continued)

## Directors' interests (cont'd)

| The Company | Number of ordinary shares of RM1 each At 1.1.2011 | Bought | Sold | At 31.12.2011 |
|---|---|---|---|---|
| **Indirect interest** | | | | |
| Stephen William Huntsman | 40,842,892 | - | - | 40,842,892 |
| Sungei Ream Holdings Sdn Bhd (Immediate holding company) | | | | |
| **Indirect interest** | | | | |
| Stephen William Huntsman | 11,739,022 | - | - | 11,739,022 |
| Buloh Akar Holdings Sdn Bhd (Ultimate holding company) | | | | |
| **Indirect interest** | | | | |
| Stephen William Huntsman | 1,373,940 | - | - | 1,373,940 |

## Other Statutory Information

(a) Before the statements of comprehensive income and statements of financial position of the Economic Entity and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was necessary; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) the date of this report, the directors are not aware of any circumstances which would render:

(i) it necessary to write off any bad debts or to make any allowance for doubtful debts in respect of the financial statements of the Economic Entity and of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Economic Entity and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Economic Entity and of the Company misleading or inappropriate.

## Other Statutory Information (continued)

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Economic Entity and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

(i) any charge on the assets of the Economic Entity or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Economic Entity or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Economic Entity or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Economic Entity or of the Company for the financial year in which this report is made.

## Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2012

**Juliana Manohari Devadason** **Tsen Keng Yam**

Ipoh, Perak Darul Ridzuan, Malaysia

# Statement by Directors

## Pursuant to Section 169(15) of the Companies Act, 1965

We, Juliana Manohari Devadason and Tsen Keng Yam, being two of the directors of Riverview Rubber Estates, Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 48 to 103 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2011 and of the results and their financial performance and cash flows for the year then ended.

The information set out in Note 30 on page 103 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 April 2012

**Juliana Manohari Devadason** **Tsen Keng Yam**
Ipoh, Perak Darul Ridzuan, Malaysia

# Statutory Declaration

## Pursuant to Section 169(16) of the Companies Act, 1965

I, Tsen Keng Yam, the director primarily responsible for the financial management of Riverview Rubber Estates, Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 103 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed
Tsen Keng Yam at Ipoh in the
State of Perak Darul Ridzuan
on 27 April 2012

**Tsen Keng Yam**

Before me,

**MOHD YUSOF B HARON**, KPP, PNPBB, PJK
No. A112
Commissioner for Oaths

# Independent Auditors' Report

to the members of Riverview Rubber Estates, Berhad (Incorporated in Malaysia)

## Report on the financial statements

We have audited the financial statements of Riverview Rubber Estates, Berhad, which comprise the statements of financial position as at 31 December 2011 of the Economic Entity and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Economic Entity and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 103.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

# Independent Auditors' Report (continued)

to the members of Riverview Rubber Estates, Berhad (Incorporated in Malaysia)

***Report on other legal and regulatory requirements***

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

**Other matters**

The supplementary information set out in Note 30 on page 103 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Ernst & Young**
AF: 0039
Chartered Accountants

**Abraham Verghese a/l T.V. Abraham**
No. 1664/10/12 (J)
Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia
Date: 27 April 2012

# Statements Of Comprehensive Income

For the financial year ended 31 December 2011

| | Note | Economic Entity 2011 RM | Economic Entity 2010 RM | Company 2011 RM | Company 2010 RM |
|---|---|---|---|---|---|
| **Revenue** | 4 | 27,682,481 | 23,907,980 | 27,682,481 | 23,907,980 |
| Cost of sales | | (8,487,564) | (6,467,699) | (8,487,564) | (6,467,699) |
| **Gross profit** | | 19,194,917 | 17,440,281 | 19,194,917 | 17,440,281 |
| **Other items of income** | | | | | |
| Interest income | 5 | 1,316,896 | 1,017,023 | 1,316,896 | 1,017,023 |
| Dividend income | 6 | 108,290 | 41,761 | 1,276,871 | 1,021,251 |
| Other income | 7 | 24,864 | 155,769 | 24,864 | 155,769 |
| **Other items of expense** | | | | | |
| Replanting expenditure | | (589,539) | (786,388) | (589,539) | (786,388) |
| Administrative expenses | | (1,280,583) | (1,187,938) | (1,280,583) | (1,187,938) |
| **Results from operating activities** | | 18,774,845 | 16,680,508 | 19,943,426 | 17,659,998 |
| **Foreign exchange gain/(loss)** | | 287,422 | (1,820,276) | 287,422 | (1,820,276) |
| **Profit for the year** | | 19,062,267 | 14,860,232 | 20,230,848 | 15,839,722 |
| Share of profit from associates | | 3,912,916 | 3,020,283 | - | - |
| **Profit before tax** | 8 | 22,975,183 | 17,880,515 | 20,230,848 | 15,839,722 |
| Taxation | 10 | (4,655,665) | (3,957,480) | (4,655,665) | (4,050,200) |
| **Profit net of tax** | | 18,319,518 | 13,923,035 | 15,575,183 | 11,789,522 |
| **Other comprehensive income, net of tax** | | | | | |
| Reversal of deferred taxation on revaluation surplus | | 4,375 | 4,375 | 4,375 | 4,375 |
| Share of associates' reserves | | 616,012 | 153,368 | - | - |
| Gain on fair value changes | | 865,824 | - | 804,666 | - |
| | | 1,486,211 | 157,743 | 809,041 | 4,375 |
| **Total comprehensive income for the year** | | 19,805,729 | 14,080,778 | 16,384,224 | 11,793,897 |
| **Profit attributable to:** | | | | | |
| - Owners of the Company | | 18,319,518 | 13,923,035 | 15,575,183 | 11,789,522 |
| **Total comprehensive income attributable to:** | | | | | |
| - Owners of the Company | | 19,805,729 | 14,080,778 | 16,384,224 | 11,793,897 |
| **Earnings per share attributable to owners of the Company (sen)** | | | | | |
| Basic | 11 | 28.25 | 21.47 | | |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# Statements Of Financial Position

As at 31 December 2011

| | | Economic Entity | | Company | |
|---|---|---|---|---|---|
| | | 2011 | 2010 | 2011 | 2010 |
| | Note | RM | RM | RM | RM |
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | 32,178,606 | 32,088,177 | 32,178,606 | 32,088,177 |
| Biological assets | 14 | 44,986,454 | 44,986,454 | 44,986,454 | 44,986,454 |
| Prepaid land lease payments | 15 | 17,500 | 35,000 | 17,500 | 35,000 |
| Investment in associates | 16 | 38,768,728 | 35,347,223 | 1,006,505 | 1,006,505 |
| Investment securities | 17 | 1,582,700 | 778,034 | 1,582,700 | 778,034 |
| Deferred tax assets | 18 | 92,225 | 1,990 | 92,225 | 1,990 |
| | | 117,626,213 | 113,236,878 | 79,863,990 | 78,896,160 |
| **Current assets** | | | | | |
| Deferred nursery expenditure | | 98,486 | - | 98,486 | - |
| Inventories | | 491,094 | 27,349 | 491,094 | 27,349 |
| Trade and other receivables | 19 | 1,391,618 | 1,375,632 | 1,391,618 | 1,375,632 |
| Other current assets - prepayments | | 13,583 | 6,650 | 13,583 | 6,650 |
| Tax recoverable | | 1,831,942 | 836,177 | 1,831,942 | 836,177 |
| Cash on hand and at banks | 20 | 1,381,329 | 1,389,718 | 1,381,329 | 1,389,718 |
| Deposits with financial institutions | 20 | 62,087,457 | 57,335,927 | 62,087,457 | 57,335,927 |
| | | 67,295,509 | 60,971,453 | 67,295,509 | 60,971,453 |
| **Total assets** | | 184,921,722 | 174,208,331 | 147,159,499 | 139,867,613 |
| **Equity and liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 21 | 10,749,216 | 6,872,820 | 10,749,216 | 6,872,820 |
| **Net current assets** | | 56,546,293 | 54,098,633 | 56,546,293 | 54,098,633 |
| **Non-current liabilities** | | | | | |
| Provision for retirement benefits | 22 | 96,111 | 94,755 | 96,111 | 94,755 |
| **Total liabilities** | | 10,845,327 | 6,967,575 | 10,845,327 | 6,967,575 |
| **Net assets** | | 174,076,395 | 167,240,756 | 136,314,172 | 132,900,038 |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 23 | 64,850,448 | 64,850,448 | 64,850,448 | 64,850,448 |
| Reserves | 24 | 65,051,291 | 63,569,519 | 46,097,938 | 45,293,336 |
| Retained profits | 25 | 44,174,656 | 38,820,789 | 25,365,786 | 22,756,254 |
| **Total equity** | | 174,076,395 | 167,240,756 | 136,314,172 | 132,900,038 |
| **Total equity and liabilities** | | 184,921,722 | 174,208,331 | 147,159,499 | 139,867,613 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# Statements Of Changes In Equity

For the financial year ended 31 December 2011

| | | Non-distributable | | Distributable | | | |
|---|---|---|---|---|---|---|---|
| | Share capital RM | Capital reserve RM | Fair value adjustment reserve RM | Capital reserve RM | General reserve RM | Retained profits RM | Total RM |
| **Economic Entity** | | | | | | | |
| **At 1 January 2010** | 64,850,448 | 55,052,419 | - | 1,793,446 | 6,565,911 | 34,625,321 | 162,887,545 |
| **Total comprehensive income** | - | 157,743 | - | - | - | 13,923,035 | 14,080,778 |
| **Transactions with owners** | | | | | | | |
| - Dividends (Note 12) | - | - | - | - | - | (9,727,567) | (9,727,567) |
| **At 31 December 2010** | 64,850,448 | 55,210,162 | - | 1,793,446 | 6,565,911 | 38,820,789 | 167,240,756 |
| **At 1 January 2011** | 64,850,448 | 55,210,162 | - | 1,793,446 | 6,565,911 | 38,820,789 | 167,240,756 |
| **Total comprehensive income** | - | 620,387 | 865,824 | - | - | 18,319,518 | 19,805,729 |
| Transfer to retained earnings | - | (4,439) | - | - | - | 4,439 | - |
| **Transactions with owners** | | | | | | | |
| - Dividends (Note 12) | - | - | - | - | - | (12,970,090) | (12,970,090) |
| At 31 December 2011 | 64,850,448 | 55,826,110 | 865,824 | 1,793,446 | 6,565,911 | 44,174,656 | 174,076,395 |

# Statements Of Changes In Equity (continued)

For the financial year ended 31 December 2011

| | | Non-distributable | | Distributable | | | |
|---|---|---|---|---|---|---|---|
| | Share capital RM | Capital reserve RM | Fair value adjustment reserve RM | Capital reserve RM | General reserve RM | Retained profits RM | Total RM |
| **Company** | | | | | | | |
| **At 1 January 2010** | 64,850,448 | 39,526,768 | - | - | 5,762,193 | 20,694,299 | 130,833,708 |
| **Total comprehensive income** | - | 4,375 | - | - | - | 11,789,522 | 11,793,897 |
| **Transactions with owners** | | | | | | | |
| Dividends (Note 12) | - | - | - | - | - | (9,727,567) | (9,727,567) |
| **At 31 December 2010** | 64,850,448 | 39,531,143 | - | - | 5,762,193 | 22,756,254 | 132,900,038 |
| **At 1 January 2011** | 64,850,448 | 39,531,143 | - | - | 5,762,193 | 22,756,254 | 132,900,038 |
| **Total comprehensive income** | - | 4,375 | 804,666 | - | - | 15,575,183 | 16,384,224 |
| Transfer to retained earnings | - | (4,439) | - | - | - | 4,439 | - |
| **Transactions with owners** | | | | | | | |
| Dividends (Note 12) | - | - | - | - | - | (12,970,090) | (12,970,090) |
| **At 31 December 2011** | 64,850,448 | 39,531,079 | 804,666 | - | 5,762,193 | 25,365,786 | 136,314,172 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# Statements Of Cash Flows

For the financial year ended 31 December 2011

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| **Operating activities** | | | | |
| Profit before taxation | 22,975,183 | 17,880,515 | 20,230,848 | 15,839,722 |
| Adjustments for: | | | | |
| Amortisation of prepaid land lease payments | 17,500 | 17,500 | 17,500 | 17,500 |
| Depreciation of property, plant and equipment | 157,482 | 124,008 | 157,482 | 124,008 |
| Gain on disposal of property, plant and equipment | (8,792) | - | (8,792) | - |
| Dividend income | (108,290) | (41,761) | (1,276,871) | (1,021,251) |
| Unrealised (gain)/loss on foreign exchange | (287,422) | 1,820,276 | (287,422) | 1,820,276 |
| Interest income | (1,316,896) | (1,017,023) | (1,316,896) | (1,017,023) |
| Provision for retirement benefits | 1,356 | 9,001 | 1,356 | 9,001 |
| Share of profit from associates | (3,912,916) | (3,020,283) | - | - |
| Total adjustments | (5,457,978) | (2,108,282) | (2,713,643) | (67,489) |
| Operating profit before changes in working capital | 17,517,205 | 15,772,233 | 17,517,205 | 15,772,233 |
| Changes in working capital: | | | | |
| Inventories | (463,745) | (303) | (463,745) | (303) |
| Receivables | (22,919) | (9,582) | (22,919) | (9,582) |
| Payables | 633,873 | 88,758 | 633,873 | 88,758 |
| Total changes in working capital | 147,209 | 78,873 | 147,209 | 78,873 |
| **Cash flows from operation** | 17,664,414 | 15,851,106 | 17,664,414 | 15,851,106 |
| Retirement benefits paid | - | (2,825) | - | (2,825) |
| Taxes paid | (5,710,217) | (4,707,969) | (5,710,217) | (4,707,969) |
| **Net cash flows from operating activities** | 11,954,197 | 11,140,312 | 11,954,197 | 11,140,312 |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment | (256,481) | (218,764) | (256,481) | (218,764) |
| Proceeds from disposal of property, plant and equipment | 17,362 | - | 17,362 | - |
| Interest received | 1,316,896 | 890,401 | 1,316,896 | 890,401 |
| Dividends received | 1,249,798 | 1,033,746 | 1,249,798 | 1,033,746 |
| Deferred nursery expenditure | (98,486) | - | (98,486) | - |
| **Net cash flows from investing activities** | 2,229,089 | 1,705,383 | 2,229,089 | 1,705,383 |

# Statements Of Cash Flows (continued)

For the financial year ended 31 December 2011

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| **Financing activity** | | | | |
| Dividends paid, representing net cash flows used in financing activity | (9,727,567) | (9,727,567) | (9,727,567) | (9,727,567) |
| **Net increase in cash and cash equivalents** | 4,455,719 | 3,118,128 | 4,455,719 | 3,118,128 |
| **Effects of exchange rate changes** | 287,422 | (1,820,276) | 287,422 | (1,820,276) |
| **Cash and cash equivalents at beginning of year** | 58,725,645 | 57,427,793 | 58,725,645 | 57,427,793 |
| Cash and cash equivalents at end of year | 63,468,786 | 58,725,645 | 63,468,786 | 58,725,645 |
| Cash and cash equivalents comprise: | | | | |
| Cash on hand and at banks | 1,381,329 | 1,389,718 | 1,381,329 | 1,389,718 |
| Deposits with financial institutions | 62,087,457 | 57,335,927 | 62,087,457 | 57,335,927 |
| Cash and bank balances (Note 20) | 63,468,786 | 58,725,645 | 63,468,786 | 58,725,645 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# Notes To The Financial Statements

For the financial year ended 31 December 2011

## 1. Corporate information

Riverview Rubber Estates, Berhad is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at Riverview Estate, 31800 Tg. Tualang.

The immediate and ultimate holding companies of the Company are Sungei Ream Holdings Sdn Bhd and Buloh Akar Holdings Sdn Bhd respectively, both of which are incorporated in Malaysia.

The principal activity of the Company is the cultivation of oil palm.

There has been no significant change in the nature of the principal activity during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 April 2012

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements of the Economic Entity and of the Company have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies and comply with Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

At the beginning of the current financial year, the Economic Entity and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after the dates as described fully in Note 2.2.

The financial statements are presented in Ringgit Malaysia (“RM”).

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

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 |

## 2. Summary of significant accounting policies (continued)

### 2.2 Changes in accounting policies (continued)

| FRS, Amendments to FRS and IC Interpretations | Effective for financial periods beginning on or after |
|---|---|
| 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 disclosed 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 and are presented in Note 26(e).

The following new and amended FRS and IC Interpretations were also 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 |

2. **Summary of significant accounting policies (continued)**

**2.2 Changes in accounting policies (continued)**

| FRS, Amendments to FRS and IC Interpretations | Effective for financial periods beginning on or after |
|---|---|
| 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 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.

**2.3 Standards issued but not yet effective**

At the date of authorisation of these financial statements, the following new FRS, revised FRS, Amendments to FRS and IC Interpretations were issued but not yet effective and have not been applied by the Economic Entity and by the Company:

| FRS, Amendments to FRS 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 |
| 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 |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 2. Summary of significant accounting policies (continued)

### 2.3 Standards issued but not yet effective

| FRS, Amendments to FRS and IC Interpretations | Effective for financial periods beginning on or after |
|---|---|
| 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 Asset 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 standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed 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.

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.

## 2. Summary of significant accounting policies (continued)

### 2.3 Standards issued but not yet effective (continued)

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.

## 2. Summary of significant accounting policies (continued)

### 2.3 Standards issued but not yet effective (continued)

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 Economic Entity 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.

### 2.4 Foreign currency

#### a) Functional and presentation currency

The individual financial statements of each entity in the Economic Entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Economic Entity financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

#### b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its associates and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using exchange rates as at the dates of initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

## 2. Summary of significant accounting policies (continued)

### 2.4 Foreign currency (continued)

#### b) Foreign currency transactions (continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Economic Entity's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign exchange translation reserve in equity.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

### 2.5 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only, if it is probable that future economic benefits associated with the item will flow to the Economic Entity and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Economic Entity and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria is satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing revaluation surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the assets. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 2. Summary of significant accounting policies (continued)

### 2.5 Property, plant and equipment and depreciation (continued)

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight line basis over the estimated useful lives of the assets as follows:

- Buildings : 2% - 5%
- Machinery : 10% - 20%
- Vehicles : 15% - 20%
- Furniture and fittings : 10% - 25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

### 2.6 Impairment of non-financial assets

The Economic Entity and the Company assess at each reporting date whether there is an indication that any asset may be impaired. If such indication exists, or when an annual impairment assessment for an asset is required, the Economic Entity makes an estimate of the asset's recoverable amount of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units ("CGU"))

In assessing value in use, the estimated future cash flows expected to be generated by the assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units and then, to reduce the carrying amount of the other assets in the units or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previos revaluation.

## 2. Summary of significant accounting policies (continued)

### 2.6 Impairment of non-financial assets (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairmanet losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.7 Associates

An associates is an entity, not being a subsidiary or a joint venture, in which the Economic Entity has significant influence. An associate is equity accounted for from the date the Economy Entity obtains its significant influence until the date the Economic Entity ceases to have significant influence.

The Economic Entity's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Economic Entity's share of net assets of the associate. Goodwill relating to associates is included in the carrying amount of the investments. Any excess of the Economic Entity's share of net value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included a income in the determination of the Economic Entity's share of the associate's profit or loss for the period which the investment is acquired.

When the Economic Entity's share of losses in an associate equals or exceeds its interest in the associate, the Economic Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Economic Entity determines whether it is necessary to recognise any additional impairment loss with respect to the Economic Entity's net investment in its associates. The Economic Entity determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Economic Entity calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date of the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Economic Entity.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included in profit or loss.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 2. Summary of significant accounting policies (continued)

### 2.8 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Economic Entity and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Economic Entity and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

#### a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

## 2. Summary of significant accounting policies (continued)

### 2.8 Financial assets (continued)

#### c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Economic Entity has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

#### d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale and are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Economic Entity and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Economic Entity and the Company commit to purchase or sell the asset.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 2. Summary of significant accounting policies (continued)

### 2.9 Impairment of financial assets

The Economic Entity and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Economic Entity and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Economic Entity's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## 2. Summary of significant accounting policies (continued)

### 2.9 Impairment of financial assets (continued)

#### c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and deposits at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.11 Inventories

Inventories comprise stores and consumables and are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

### 2.12 Provisions

Provisions are recognised when the Economic Entity has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 2. Summary of significant accounting policies (continued)

### 2.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Economic Entity and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Economic Entity and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Economic Entity and the Company have not designated any financial liabilities as at fair value through profit or loss.

#### b) Other financial liabilities

The Economic Entity's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Economic Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## 2. Summary of significant accounting policies (continued)

### 2.14 Employee benefits

#### a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Company. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### b) Retirement benefits

The Company provides for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreements and/or employment agreements. Full provision has been made for retirement benefits payable to all eligible employees who have completed their qualifying period of between 5 to 10 years of service, based on the length of service to date and rates set out in the said agreements. Should an employee leave after completing their qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been conducted on the retirement benefits provision, as the directors are of the opinion that the amount is insignificant to the Company.

The Company also makes contributions to the statutory pension scheme, the Employees Provident Fund ("EPF") for employees that are not covered by the agreements.

### 2.15 Leases

#### a) As lessee

Finance leases, which transfer to the Economic Entity and the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there are no reasonable certainty that the Economic Entity will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 2. Summary of significant accounting policies (continued)

### 2.15 Leases (continued)

#### b) As lessor

Leases where the Economic Entity retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct cost incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

### 2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Economic Entity and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### a) Sale of goods

Revenue relating to sale of oil palm produce at invoice value is recognised when delivery has taken place and transfer of risks and rewards have been completed.

#### b) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield on the asset.

#### c) Dividend income

Dividend income is recognised when the right to receive payment is established.

### 2.17 Income taxes

#### a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

## 2. Summary of significant accounting policies (continued)

### 2.17 Income taxes (continued)

#### b) Deffered tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 2. Summary of significant accounting policies (continued)

### 2.17 Income taxes (continued)

#### b) Deffered tax (contniued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and same taxation authority.

### 2.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.19 Deferred nursery expenditure

Deferred nursery expenditure is stated at cost and charged to profit or loss on replanting of crops.

### 2.20 Replanting expenditure

Replanting expenditure is charged to profit or loss as and when incurred.

### 2.21 Replanting cesses

Replanting cesses are taken to profit or loss as and when received.

### 2.22 Biological assets

Biological assets represent the expenditure on new planting of oil palm incurred from land clearing to the point of harvesting capitalised.

Subsequent to recognition, biological assets are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers and calculations based on the directors' best estimates. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any revaluation surplus is credited to the revaluation reserve included in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in the profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same assets and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

## 2. Summary of significant accounting policies (continued)

### 2.23 Other investments/Investment securities

In the previous year, other investments are stated at cost less allowance for any decline other than temporary in value. Income arising from these investments is taken to profit or loss as and when received.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged or credited to profit or loss. Thereafter, in the event of gain arising from disposal, an equivalent amount is transferred from retained profits to general reserve. In the event of loss arising from disposal, the loss is charged to profit or loss. On the disposal of a revalued investment, the amounts in revaluation reserve relating to those investments are transferred directly to general reserve.

These other investments have been classified as available-for-sale financial assets in the current financial year and the accounting policies adopted are as described in Notes 2.8(d) and 2.9(c).

## 3. Significant accounting estimates and judgements

The preparation of the Economic Entity's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

### 3.1 Judgements made in applying accounting policies

In the process of applying the Economic Entity's and the Company's accounting policies, the management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

#### Assessment of impairment of land and buildings

For the purpose of impairment testing of these assets, the recoverable amount is determined based on prevailing market value determined by professional valuers. At reporting date, the recoverable amount of land and buildings of the Company exceeds the carrying amount.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 3. Significant accounting estimates and judgements

### 3.2 Key sources of estimation uncertainty (continued)

#### a) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over the individual asset's useful life. Management estimates the useful life of plant and machinery to be 5 to 10 years while 20 to 50 years for building, based on the level of expected usage. Management also estimates that the machinery will have minimal residual values at the end of its useful life. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

#### b) Biological assets - Oil palm

The allocation of value from property, plant and equipment to biological assets was calculated as the present value of the estate's operating cash flows over the next ten years, based on the directors' best estimates of future selling prices of fresh fruit bunches. The major assumptions underlying the calculation were an assumed average CPO selling price of RM2,000 and average discount rate of 10.30% based on the Company's return on capital employed.

Changes in the underlying assumptions could impact the allocation made, therefore changing the carrying value of the biological assets. Management is of the opinion that the current assumptions are still valid and therefore, no revision is required.

## 4. Revenue

Revenue of the Company comprises sales of fresh fruit bunches of oil palm.

## 5. Interest income

| | Economic Entity and Company | |
|---|---|---|
| | 2011 RM | 2010 RM |
| Interest on fixed deposits | 1,316,857 | 1,016,936 |
| Loans and receivables | 39 | 87 |
| | 1,316,896 | 1,017,023 |

## 6. Dividend income

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Available-for-sale financial assets : | | | | |
| equity instruments | | | | |
| - quoted in Malaysia | 108,290 | 41,761 | 108,290 | 41,761 |
| Associate : equity instruments | | | | |
| - quoted outside Malaysia | - | - | 1,168,581 | 979,490 |
| | 108,290 | 41,761 | 1,276,871 | 1,021,251 |

## 7. Other income

| | Economic Entity and Company | |
|---|---|---|
| | 2011 | 2010 |
| | RM | RM |
| Rental income | - | 2,887 |
| Gain on disposal of property, plant and equipment | 8,792 | - |
| Replanting subsidies and incentives | - | 142,886 |
| Miscellaneous | 16,072 | 9,996 |
| | 24,864 | 155,769 |

## 8. Profit before tax

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| The following items have been included in arriving at profit before tax : | | | | |
| Auditors' remuneration : | | | | |
| - Statutory audit | 40,000 | 20,000 | 40,000 | 20,000 |
| - Other services | 5,000 | 5,000 | 5,000 | 5,000 |
| - Under provision in prior year | 5,000 | - | 5,000 | - |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 8. Profit before tax (continued)

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| The following items have been included in arriving at profit before tax : (continued) | | | | |
| Amortisation of prepaid land lease payments | 17,500 | 17,500 | 17,500 | 17,500 |
| Depreciation | 157,482 | 124,008 | 157,482 | 124,008 |
| Directors' remuneration (Note 9) | 280,000 | 300,000 | 280,000 | 300,000 |
| Provision for retirement benefits | 1,356 | 9,001 | 1,356 | 9,001 |
| Staff costs (excluding remuneration of executive director)* | 2,715,003 | 2,933,393 | 2,715,003 | 2,933,393 |
| Unrealised (gain)/loss on foreign exchange - unrealised | (287,422) | 1,820,276 | (287,422) | 1,820,276 |
| Gain on disposal of property, plant and equipment | (8,792) | - | (8,792) | - |
| Rental income | - | (2,887) | - | (2,887) |

*Staff costs (excluding remuneration of executive director) comprise:

| | Economic Entity and Company | |
|---|---|---|
| | 2011 | 2010 |
| | RM | RM |
| Salaries and wages | 2,523,413 | 2,723,203 |
| Employees' Provident Fund contributions | 175,408 | 174,308 |
| Social Security Fund contributions | 16,182 | 14,615 |
| Other staff related expenses | - | 21,267 |
| | 2,715,003 | 2,933,393 |

## 9. Directors' remuneration

| | Economic Entity and Company | |
|---|---|---|
| | 2011 | 2010 |
| | RM | RM |
| Executive: | | |
| Fees | 55,000 | 50,000 |
| Non-Executive: | | |
| Fees | 225,000 | 250,000 |
| Total | 280,000 | 300,000 |

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

| | | |
|---|---|---|
| Executive director: | | |
| RM50,000 and below | - | 1 |
| RM50,001 – RM100,000 | 1 | - |
| Non-executive directors: | | |
| RM50,000 and below | - | 5 |
| RM50,001 – RM100,000 | 4 | - |

## 10. Taxation

**Major components of income tax expense**

The major components of income tax expense for the years ended 31 December 2011 and 2010 are :

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| **Statement of comprehensive income:** | | | | |
| Current income tax : | | | | |
| Malaysian income tax | 4,905,433 | 4,395,280 | 4,905,433 | 4,488,000 |
| Over provision in prior year | (163,908) | (422,722) | (163,908) | (422,722) |
| | 4,741,525 | 3,972,558 | 4,741,525 | 4,065,278 |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 10. Taxation (continued)

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Statement of comprehensive income: | | | | |
| Deferred income tax (Note 18): | | | | |
| Origination and reversal of temporary differences | (110,713) | (18,843) | (110,713) | (18,843) |
| Under provision in prior year | 24,853 | 3,765 | 24,853 | 3,765 |
| | (85,860) | (15,078) | (85,860) | (15,078) |
| Income tax expense recognised in profit or loss | 4,655,665 | 3,957,480 | 4,655,665 | 4,050,200 |

**Reconciliation between tax expense and accounting profit**

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 2010 are as follows:

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Profit before taxation | 22,975,183 | 17,880,515 | 20,230,848 | 15,839,722 |
| Taxation at applicable rate | 5,743,796 | 4,470,129 | 5,057,712 | 3,959,931 |
| Effects of share of results of associates | (686,084) | (602,918) | - | - |
| Income not subject to tax | (285,588) | (9,476) | (285,588) | (9,476) |
| Unrealised (gain)/loss on foreign exchange | (71,856) | 455,069 | (71,856) | 455,069 |
| Expenses not deductible for tax purposes | 94,452 | 63,633 | 94,452 | 63,633 |
| Under provision of deferred tax in prior year | 24,853 | 3,765 | 24,853 | 3,765 |
| Over provision of current tax in prior year | (163,908) | (422,722) | (163,908) | (422,722) |
| Tax expense for the year | 4,655,665 | 3,957,480 | 4,655,665 | 4,050,200 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the year.

## 11. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares during the the financial year.

The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December 2011 and 2010:

| | Economic Entity and Company | |
|---|---|---|
| | 2011 RM | 2010 RM |
| Profit net of tax attributable to owners of the Company used in the computation of basic earnings per share | 18,319,518 | 13,923,035 |
| Weighted average number of ordinary shares for basic earnings per share computation | 64,850,448 | 64,850,448 |
| Basic earnings per share (sen) | 28.25 | 21.47 |

There is no dilutive effect on earnings per share as the Company has no potential issues of ordinary shares.

## 12. Dividends

| | Dividends in respect of Year | | Dividends recognised in Year | |
|---|---|---|---|---|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| **Recognised during the year:** | | | | |
| Interim dividend for 2010: 8% less 25% taxation on 64,850,448 ordinary shares (6.00 sen per ordinary share) | - | 3,891,027 | - | 3,891,027 |
| 9% under the single tier system on 64,850,448 ordinary shares (9.00 sen per ordinary share) | - | 5,836,540 | - | 5,836,540 |
| | - | 9,727,567 | - | 9,727,567 |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 12. Dividends (continued)

| | Dividends in respect of Year | | Dividends recognised in Year | |
|---|---|---|---|---|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| **Recognised during the year: (continued)** | | | | |
| Interim dividend for 2011: | | | | |
| 6% under the single tier system on 64,850,448 ordinary shares (6.00 sen per ordinary share) | 3,891,027 | - | 3,891,027 | - |
| 9% under the single tier system on 64,850,448 ordinary shares (9.00 sen per ordinary share) | 5,836,540 | - | 5,836,540 | - |
| Special dividend for 2011: | | | | |
| 5% under the single tier system on 64,850,448 ordinary shares (5.00 sen per ordinary share) | 3,242,523 | - | 3,242,523 | - |
| | 12,970,090 | - | 12,970,090 | - |
| Total dividends | 12,970,090 | 9,727,567 | 12,970,090 | 9,727,567 |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 13. Property, plant and equipment

| | Freehold estate land RM | Buildings RM | Machinery RM | Vehicles RM | Furniture and fittings RM | Total RM |
|---|---|---|---|---|---|---|
| **Economic Entity and Company** | | | | | | |
| **Cost or valuation** | | | | | | |
| At 1 January 2011 | 30,989,817 | 961,186 | 1,230,755 | 1,517,640 | 550,972 | 35,250,370 |
| Additions | 20,805 | - | 33,043 | 106,941 | 95,692 | 256,481 |
| Disposals | (8,570) | - | - | - | - | (8,570) |
| At 31 December 2011 | 31,002,052 | 961,186 | 1,263,798 | 1,624,581 | 646,664 | 35,498,281 |
| Representing: | | | | | | |
| At cost | 172,307 | 961,186 | 1,263,798 | 1,624,581 | 646,664 | 4,668,536 |
| At valuation | 30,829,745 | - | - | - | - | 30,829,745 |
| | 31,002,052 | 961,186 | 1,263,798 | 1,624,581 | 646,664 | 35,498,281 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2011 | - | 174,344 | 1,083,486 | 1,420,851 | 483,512 | 3,162,193 |
| Charge for the year | - | 33,821 | 45,046 | 52,274 | 26,341 | 157,482 |
| At 31 December 2011 | - | 208,165 | 1,128,532 | 1,473,125 | 509,853 | 3,319,675 |
| **Net carrying amount** | | | | | | |
| At cost | 172,307 | 753,021 | 135,266 | 151,456 | 136,811 | 1,348,861 |
| At valuation | 30,829,745 | - | - | - | - | 30,829,745 |
| At 31 December 2011 | 31,002,052 | 753,021 | 135,266 | 151,456 | 136,811 | 32,178,606 |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 13. Property, plant and equipment

| | Freehold estate land RM | Buildings RM | Machinery RM | Vehicles RM | Furniture and fittings RM | Total RM |
|---|---|---|---|---|---|---|
| **Economic Entity and Company** | | | | | | |
| **Cost or valuation** | | | | | | |
| At 1 January 2010 | 30,922,915 | 948,796 | 1,109,811 | 1,517,640 | 532,444 | 35,031,606 |
| Additions | 66,902 | 12,390 | 120,944 | - | 18,528 | 218,764 |
| At 31 December 2010 | 30,989,817 | 961,186 | 1,230,755 | 1,517,640 | 550,972 | 35,250,370 |
| Representing: | | | | | | |
| At cost | 151,502 | 961,186 | 1,230,755 | 1,517,640 | 550,972 | 4,412,055 |
| At valuation | 30,838,315 | - | - | - | - | 30,838,315 |
| | 30,989,817 | 961,186 | 1,230,755 | 1,517,640 | 550,972 | 35,250,370 |
| **Accumulated depreciation** | | | | | | |
| At 1 January 2010 | - | 140,749 | 1,052,259 | 1,378,402 | 466,775 | 3,038,185 |
| Charge for the year | - | 33,595 | 31,227 | 42,449 | 16,737 | 124,008 |
| At 31 December 2010 | - | 174,344 | 1,083,486 | 1,420,851 | 483,512 | 3,162,193 |
| **Net carrying amount** | | | | | | |
| At cost | 151,502 | 786,842 | 147,269 | 96,789 | 67,460 | 1,249,862 |
| At valuation | 30,838,315 | - | - | - | - | 30,838,315 |
| At 31 December 2010 | 30,989,817 | 786,842 | 147,269 | 96,789 | 67,460 | 32,088,177 |

## 13. Property, plant and equipment (continued)

Revaluation of freehold land and buildings

Freehold land and buildings have been revalued at the reporting date based on valuations performed by accredited independent valuers. Details of independent professional valuation of property, plant and equipment are as follows:

| Description | Year of valuation | Basis of valuation | RM |
|---|---|---|---|
| Freehold estate land | 2007 | Investment method | 75,865,000 |
| Building | 2007 | Cost method | 2,650,000 |
| | | | 78,515,000 |
| Biological assets - oil palm (Note 14) | | | (44,985,866) |
| | | | 33,529,134 |
| Less: Disposal in 2009 | | | (2,690,819) |
| Less: Disposal in 2011 | | | (8,570) |
| | | | 30,829,745 |

If the freehold land and buildings were measured using the cost model, the carrying amounts would be as follows:

| | Economic Entity and Company | |
|---|---|---|
| | 2011 RM | 2010 RM |
| Freehold estate land | 8,283,914 | 8,288,045 |

Included in the property, plant and equipment of the Economic Entity and of the Company are the following costs of fully depreciated assets which are still in use:

| | Economic Entity and Company | |
|---|---|---|
| | 2011 RM | 2010 RM |
| Machinery | 1,016,421 | 1,015,771 |
| Motor vehicles | 1,327,564 | 1,327,564 |
| Office and furniture and fittings | 407,028 | 403,236 |
| | 2,751,013 | 2,746,571 |

Property, plant and equipment of the Economic Entity and of the Company are acquired during the year by means of cash payments.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 14. Biological assets

| | Economic Entity and Company | |
|---|---|---|
| | 2011 | 2010 |
| | RM | RM |
| **Oil palm** | | |
| **Carrying value** | | |
| At 1 January and 31 December | 44,986,454 | 44,986,454 |
| At valuation | 44,985,866 | 44,985,866 |
| At cost | 588 | 588 |
| Total | 44,986,454 | 44,986,454 |

Biological assets of the Economic Entity and of the Company comprise oil palm and are stated at valuation based on allocation of valuation of the freehold estate land of the Company as detailed in Note 13.

The allocation was calculated as the present value of the estate's operating cash flows over the next ten years, based on the directors' best estimates of future selling prices of fresh fruit bunches. The major assumptions underlying the calculation were an assumed average CPO selling price of RM2,000 and average discount rate of 10.30% based on the Company's return on capital employed.

## 15. Prepaid land lease payments

| | Economic Entity and Company | |
|---|---|---|
| | 2011 | 2010 |
| | RM | RM |
| At 1 January | 35,000 | 52,500 |
| Amortisation for the year | (17,500) | (17,500) |
| At 31 December | 17,500 | 35,000 |
| Analysed as: | | |
| Short term leasehold land | 17,500 | 35,000 |

## 16. Investments in associates

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Quoted shares outside Malaysia, at cost | 698,105 | 698,105 | 698,105 | 698,105 |
| Unquoted shares at cost | 308,400 | 308,400 | 308,400 | 308,400 |
| | 1,006,505 | 1,006,505 | 1,006,505 | 1,006,505 |
| Share of post-acquisition reserves | 37,762,223 | 34,340,718 | - | - |
| | 38,768,728 | 35,347,223 | 1,006,505 | 1,006,505 |
| Fair value of investment in an associate for which there is a published price quotation | 25,998,920 | 24,410,991 | 25,998,920 | 24,410,991 |

| Name of company | Country of incorporation | Principal activities | Proportion (%) of ownership interest 2011 | Proportion (%) of ownership interest 2010 |
|---|---|---|---|---|
| The Narborough Plantations Plc * | England | Oil palm plantations | 49.8 | 49.8 |
| Rivaknar Holdings Sdn. Bhd. ^ | Malaysia | Investment holding | 33.3 | 33.3 |

* Audited by BDO LLP, United Kingdom

^ Audited by Ernst & Young, Malaysia

The summarised financial information of the associates, adjusted for the proportion of ownership interest held by the Company, is as follows

| | 2011 | 2010 |
|---|---|---|
| | RM | RM |
| **Assets and liabilities** | | |
| Current assets | 10,260,158 | 10,537,142 |
| Non-current assets | 31,924,206 | 28,263,706 |
| Total assets | 42,184,364 | 38,800,848 |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 16. Investments in associates (cont'd)

| | 2011 RM | 2010 RM |
|---|---|---|
| Current liabilities | 3,171,421 | 3,389,144 |
| Non-current liabilities | 2,039,887 | 79,877 |
| Total liabilities | 5,211,308 | 3,469,021 |
| **Results** | | |
| Revenue | 6,561,883 | 5,039,248 |
| Profit for the year | 3,912,916 | 3,020,283 |

## 17. Investment securities

| | Economic Entity and Company | | | |
|---|---|---|---|---|
| | 2011 RM | | 2010 RM | |
| | Carrying amount | Market value | Carrying amount * | Market value |
| Available-for-sale financial assets - Equity instruments : (quoted shares in Malaysia) At market value | 1,582,700 | 1,582,700 | 778,034 | 1,424,430 |

* Prior to 1 January 2011, the investment securities were carried at lower of cost and market value, determined on an aggregate basis. Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

## 18. Deferred taxation

| | Economic Entity and Company | |
|---|---|---|
| | 2011 RM | 2010 RM |
| At 1 January | (1,990) | 17,463 |
| Recognised in profit or loss (Note 10) | (85,860) | (15,078) |
| Recognised in equity | (4,375 | (4,375) |
| At 31 December | (92,225) | (1,990) |

## 18. Deferred taxation (continued)

| | Economic Entity and Company 2011 RM | Economic Entity and Company 2010 RM |
|---|---|---|
| Presented after appropriate offsetting as follows: | | |
| Deferred tax liabilities | 94,528 | 21,699 |
| Deferred tax assets | (186,753) | (23,689) |
| | (92,225) | (1,990) |

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

| | At 1 January RM | Recognised in equity RM | Recognised in profit or loss RM | At 31 December RM |
|---|---|---|---|---|
| **Economic Entity and Company** | | | | |
| **2011** | | | | |
| **Deferred tax liabilities** | | | | |
| Revaluation surplus | 9,281 | (4,375) | - | 4,906 |
| Property, plant and equipment | 12,418 | - | 77,204 | 89,622 |
| | 21,699 | (4,375) | 77,204 | 94,528 |
| **Deferred tax assets** | | | | |
| Provision for retirement benefits | (23,689) | - | (339) | (24,028) |
| Provision for maintenance | - | - | (162,725) | (162,725) |
| | (23,689) | - | (163,064) | (186,753) |
| | (1,990) | (4,375) | (85,860) | (92,225) |
| **2010** | | | | |
| **Deferred tax liabilities** | | | | |
| Dividend receivables | 3,123 | - | (3,123) | - |
| Revaluation surplus | 13,656 | (4,375) | - | 9,281 |
| Property, plant and equipment | 22,829 | - | (10,411) | 12,418 |
| | 39,608 | (4,375) | (13,534) | 21,699 |

## 18. Deferred taxation (continued)

| | At 1 January RM | Recognised in equity RM | Recognised in profit or loss RM | At 31 December RM |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Provision for retirement benefits | (22,145) | - | (1,544) | (23,689) |
| | 17,463 | (4,375) | (15,078) | (1,990) |

## 19. Receivables

| | Economic Entity and Company 2011 RM | 2010 RM |
|---|---|---|
| Trade receivables | 1,169,579 | 1,194,684 |
| Other receivables | 175,464 | 147,577 |
| Deposits | 46,575 | 33,371 |
| | 1,391,618 | 1,375,632 |
| Add: Cash and bank balances | 63,468,786 | 58,725,645 |
| | 64,860,404 | 60,101,277 |

Trade receivables are non-interest bearing and are generally on 30 days (2010 : 30 days) term. They are recognised at their original statement amounts and represent their fair values on initial recognition.

All trade receivables are neither past due nor impaired.

Trade receivables and other receivables are denominated in Ringgit Malaysia.

## 20. Cash and bank balances

| | Economic Entity and Company 2011 RM | 2010 RM |
|---|---|---|
| Cash on hand and at banks | 1,381,329 | 1,389,718 |
| Deposits with: | | |
| - Licensed banks in Malaysia | 50,635,120 | 46,239,746 |
| - Foreign financial institutions | 11,452,337 | 11,096,181 |
| | 62,087,457 | 57,335,927 |
| | 63,468,786 | 58,725,645 |

## 20. Cash and bank balances (continued)

The currency exposure profile of deposits, cash and bank balances is as follows:

| | Economic Entity and Company 2011 RM | Economic Entity and Company 2010 RM |
|---|---|---|
| - Ringgit Malaysia | 50,557,914 | 46,154,495 |
| - Pound Sterling | 7,800,975 | 7,591,496 |
| - Australian Dollar | - | 1,385,008 |
| - Euro | - | 1,697,522 |
| - Singapore | 5,109,897 | 1,897,124 |
| | 63,468,786 | 58,725,645 |

The following table set out the carrying amounts, the effective interest rates ("EIR") as at reporting date and the maturities of the Economic Entity's and the Company's financial instruments that are exposed to interest rate risk:

| | Within 1 year RM | 1 - 2 years RM | Total RM |
|---|---|---|---|
| **At 31 December 2011** | | | |
| **Economic Entity and Company** | | | |
| **Fixed** | | | |
| Deposits with licensed banks in Malaysia at the following EIR | | | |
| - 0.40% | 1,430,120 | - | 1,430,120 |
| - 2.75% | 1,700,000 | - | 1,700,000 |
| - 2.95% | 3,000,000 | - | 3,000,000 |
| - 3.00% | 6,200,000 | 205,000 | 6,405,000 |
| - 3.05% | 12,400,000 | - | 12,400,000 |
| - 3.09% | 15,700,000 | - | 15,700,000 |
| - 3.10% | 3,000,000 | - | 3,000,000 |
| - 3.15% | 7,000,000 | - | 7,000,000 |
| | 50,430,120 | 205,000 | 50,635,120 |
| Deposits with foreign financial institution at the following EIR | | | |
| - 0.080% | 3,679,777 | - | 3,679,777 |
| - 0.655% | 7,772,560 | - | 7,772,560 |
| | 61,882,457 | 205,000 | 62,087,457 |

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 20. Cash and bank balances (continued)

| | Within 1 year RM | 1 - 2 years RM | Total RM |
|---|---|---|---|
| **At 31 December 2010** | | | |
| **Economic Entity and Company** | | | |
| **Fixed** | | | |
| Deposits with licensed banks in Malaysia at the following EIR | | | |
| - 1.20% | 49,738 | - | 49,738 |
| - 2.55% | 7,800,000 | - | 7,800,000 |
| - 2.70% | 12,300,000 | - | 12,300,000 |
| - 2.75% | 9,000,000 | 205,000 | 9,205,000 |
| - 2.80% | 10,200,000 | - | 10,200,000 |
| - 2.85% | 1,000,000 | - | 1,000,000 |
| - 2.90% | 4,300,000 | - | 4,300,000 |
| - 4.25% | 1,385,008 | - | 1,385,008 |
| | 46,034,746 | 205,000 | 46,239,746 |
| Deposits with foreign financial institution at the following EIR | | | |
| - 0.046% | 1,847,386 | - | 1,847,386 |
| - 0.204% | 7,551,273 | - | 7,551,273 |
| - 0.227% | 1,697,522 | - | 1,697,522 |
| | 57,130,927 | 205,000 | 57,335,927 |

## 21. Payables

| | Economic Entity and Company | |
|---|---|---|
| | 2011 RM | 2010 RM |
| Trade payables | 250,959 | 75,415 |
| Payroll liabilities | 475,465 | 557,487 |
| Other payables | 920,585 | 373,894 |
| Dividend payable | 9,079,063 | 5,836,540 |
| Deposits refundable | 23,144 | 29,484 |
| | 10,749,216 | 6,872,820 |

The amounts are non-interest bearing and normally settles within 30 to 90 days (2010 : 30 - 90 days) terms and denominated in Ringgit Malaysia.

The carrying amount of payables approximate to their fair values.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 22. Provision for retirement benefits

| | Economic Entity and Company 2011 RM | Economic Entity and Company 2010 RM |
|---|---|---|
| At 1 January | 94,755 | 88,579 |
| Additional provision | 1,356 | 9,001 |
| Payments made | - | (2,825) |
| At 31 December | 96,111 | 94,755 |
| Represented by: | | |
| Payable not later than 1 year | 11,140 | 7,198 |
| Payable between more than 1 year and less than 5 years | 29,713 | 30,698 |
| Payable later than 5 years | 55,258 | 56,859 |
| | 96,111 | 94,755 |

## 23. Share capital

| | Number of ordinary shares of RM1 each | | Amount | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 RM | 2010 RM |
| Authorised | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| Issued and fully paid up | 64,850,448 | 64,850,448 | 64,850,448 | 64,850,448 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 24. Reserves

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | RM | RM | RM | RM |
| Non-distributable: | | | | |
| Capital reserve | 55,826,110 | 55,210,162 | 39,531,079 | 39,531,143 |
| Fair value adjustment reserve | 865,824 | - | 804,666 | - |
| Distributable: | | | | |
| Capital reserve | 1,793,446 | 1,793,446 | - | - |
| | 58,485,380 | 57,003,608 | 40,335,745 | 39,531,143 |
| General reserve | 6,565,911 | 6,565,911 | 5,762,193 | 5,762,193 |
| | 65,051,291 | 63,569,519 | 46,097,938 | 45,293,336 |
| Non-distributable capital reserve comprises: | | | | |
| Exchange fluctuation | 1,840,242 | 1,606,886 | - | - |
| Asset revaluation | 53,985,868 | 53,603,276 | 39,531,079 | 39,531,143 |
| Fair value adjustment | 865,824 | - | 804,666 | - |
| Distributable capital reserve comprises: | | | | |
| Asset realisation - Capital | 1,793,446 | 1,793,446 | - | - |
| | 58,485,380 | 57,003,608 | 40,335,745 | 39,531,143 |
| General reserve comprises: | | | | |
| Gain on maturity of investments | 23,678 | 23,678 | 23,678 | 23,678 |
| Realised revaluation surplus | 3,029,563 | 3,029,563 | 3,029,563 | 3,029,563 |
| Asset realisation - General | 717,951 | 717,951 | 417,826 | 417,826 |
| Unappropriated retained earnings | 2,794,719 | 2,794,719 | 2,291,126 | 2,291,126 |
| | 6,565,911 | 6,565,911 | 5,762,193 | 5,762,193 |

(a) The non-distributable capital reserves are not distributable by way of cash dividends.

(b) Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed or impaired.

(c) Exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign associates whose functional currencies are different from that of the Economic Entity's presentation currency

(d) The asset revaluation reserve represents increases in the fair value of freehold estate land, net of tax, and decreases to the extent that such decrease relate to an increase on the same asset previously recognised in other comprehensive income.

## 25. Retained earnings

The Company is able to distribute dividends out of its distributable reserves as at 31 December 2011 and 2010 under the single tier system.

## 26. Financial risk management policies

The Company's activities expose it to a variety of financial risks, including foreign currency exchange risk, interest rate risk, market risk, credit risk, liquidity and cash flow risk. The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its risks. The Company operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions. The policy in respect of the major areas of treasury activity is set out as follows:

### (a) Foreign currency exchange risk

The Company is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than Ringgit Malaysia. The Company's policy is to limit its exposure on foreign currency exchange risk by entering into foreign currency exchange transactions denominated in the Australian Dollar and Pound Sterling, wherever possible.

The net unhedged financial assets of the Company that are not denominated in their functional currencies are disclosed in their respective notes.

Sensitivity analysis for foreign currency exchange risk

The Economic Entity and the Company expect that any fluctuation in foreign currency will have no significant material impact on the financial performance of the Economic Entity and the Company.

### (b) Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. As the Company does not have any borrowing, interest rate exposure arises solely from the Company's deposits, and is managed through the placement of fixed rate short-term deposits.

The information on maturity dates and interest rates of financial assets are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

The Economic Entity and the Company expect that any fluctuation in interest rate will have no significant material impact on the financial performance of the Economic Entity and the Company.

### (c) Market risk

The Company does not face significant exposure from the risk of changes in market prices other than fluctuations in commodity prices.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 26. Financial risk management policies (cont'd)

### (d) Credit risk

Credit risk is controlled by ensuring that sales of products are made to customers with an appropriate credit history and appropriate monitoring procedures. The Company does not have any significant exposure to any individual customer nor does it have any major concentration of credit risk related to any financial instrument.

### (e) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash and short-term deposits at call. As the Company seeks to invest cash assets safely and profitably, the operating cash flows ensure the availability of funding.

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | 2011 RM | 2010 RM |
|---|---|---|
| On demand or within one year: | | |
| - Trade and other payables, representing total undiscounted financial liabilities | 10,749,216 | 6,872,820 |

## 27. Fair value of financial instruments

### (a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| | Economic Entity and Company 2011 RM | | | |
|---|---|---|---|---|
| | Quoted price in active markets for identical instruments (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| Financial assets: | | | | |
| - Available-for-sale financial assets (Note 17) | | | | |
| - Equity instruments (quoted shares in Malaysia) | 1,582,700 | - | - | 1,582,700 |

## 27. Fair value of financial instruments (continued)

### (a) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The fair value measurement hierarchies used to measure financial assets and liabilities carried at fair value in the statements of financial position as at 31 December 2011 are as follows:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no material transfers between Level 1, Level 2 and Level 3 during the current financial year.

The Economic Entity and the Company do not have any financial liabilities carried at fair value classified as above as at 31 December 2011 and 2010.

**Determination of fair value**

Quoted equity instruments - Fair value is determined by direct reference to their bid price quotations in an active market at the end of the reporting period.

### (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximately of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | Economic Entity and Company Note |
|---|---|
| Trade and other receivables (current) | 19 |
| Trade and other payables (current) | 21 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, due to their short term nature.

# Notes To The Financial Statements (continued)

For the financial year ended 31 December 2011

## 28. Segmental information

The Company operates in the agricultural segment in Malaysia. All sales are made within Malaysia. The relevant financial information has been appropriately presented in the financial statements.

## 29. Capital management

The Economic Entity considers its capital to comprise its ordinary share capital, retained earnings and distributable reserves.

In managing its capital, the Economic Entity's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Economic Entity seeks to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Economic Entity to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the Economic Entity considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no other significant changes to the Economic Entity's capital management objectives, policies and processes in the year nor has there been any change in what the Economic Entity considers to be its capital.

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 RM | 2010 RM | 2011 RM | 2010 RM |
| Share capital | 64,850,448 | 64,850,448 | 64,850,448 | 64,850,448 |
| Retained profits | 44,174,656 | 38,820,789 | 25,365,786 | 22,756,254 |
| Distributable reserves | 8,359,357 | 8,359,357 | 5,762,193 | 5,762,193 |
| | 117,384,461 | 112,030,594 | 95,978,427 | 93,368,895 |

## 30. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Economic Entity and of the Company as at 31 December 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

| | Economic Entity | | Company | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| **Total retained profits** | RM | RM | RM | RM |
| - Realised | 27,147,849 | 24,542,756 | 27,147,849 | 24,542,756 |
| - Unrealised | (1,782,063) | (1,786,502) | (1,782,063) | (1,786,502) |
| | 25,365,786 | 22,756,254 | 25,365,786 | 22,756,254 |
| Total share of retained profits from associates | | | | |
| - Realised | 18,756,501 | 16,382,504 | - | - |
| - Unrealised | 52,369 | (317,969) | - | - |
| Retained profits as per financial statements | 44,174,656 | 38,820,789 | 25,365,786 | 22,756,254 |

# Notice Of Nomination Of Auditors

**SUNGEI REAM HOLDINGS SENDIRIAN BERHAD (100500-V)**
(INCORPORATED IN MALAYSIA)

33A Jalan Tun Sambanthan
30000 Ipoh Perak
Malaysia

Phone +605 255 9015
Fax +605 255 9016

9 May 2012

The Board of Directors
Riverview Rubber Estates, Berhad
33A Jalan Tun Sambanthan
30000 Ipoh, Perak

Dear Sirs

**NOTICE OF NOMINATION OF SEKHAR & TAN AS AUDITORS**

We hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of our nomination of **Sekhar & Tan** as auditors of the Company in place of the retiring auditors, **Ernst & Young**, and our intention to propose the following resolution as an ordinary resolution at the next 73rd Annual General Meeting of the Company:-

**CHANGE OF AUDITORS**

"THAT **Sekhar & Tan** be and are hereby appointed as auditors of the Company in place of the retiring auditors, **Ernst & Young**, to hold office until the conclusion of the next annual general meeting and that the directors be authorised to determine their remuneration."

Thank you.

Yours faithfully
**SUNGEI REAM HOLDINGS SDN BHD**

Rajan A/L Applasamy
Director

**RIVERVIEW RUBBER ESTATES, BERHAD (820 – v)**
(Incorporated in Malaysia)

# FORM OF PROXY

**Please read the Notice of Meeting and Explanatory Notes before completing this form.**

I/We (FULLNAME IN BLOCK LETTERS) ______________________________

of (FULL ADDRESS) ______________________________

______________________________

being a member of Riverview Rubber Estates, Berhad hereby appoint (FULL NAME IN BLOCK LETTERS)

______________________________

of (FULL ADDRESS) ______________________________

______________________________

as my / our proxy to vote for me / us on my / our behalf at the 73rd Annual General Meeting of Riverview Rubber Estates, Berhad held at 33 (1st Floor) Jalan Dato' Maharajalela, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 22 June 2012 at 11.30 am and at any adjournment thereof.

*If you want your proxy to vote in a certain way on the resolutions specified, please place a 'X' mark in the relevant boxes. The Vote withheld option is provided to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.*

| | | Yes | No | Withheld |
|---|---|---|---|---|
| **(Please refer to Note 5)** | To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2011. | | | |
| **Resolution 1** | To approve the payment of Directors fees. | | | |
| **Resolution 2** | To re-elect Director : Roslan Bin Hamir. | | | |
| **Resolution 3** | To appoint Auditors of the Company for the ensuing year and to authorize the Directors to fix the remuneration. | | | |

Signed this ____________day of _____________ 2012.

**Note:**
**Proxy**

1. *A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*
5. *Item 1 of the Agenda is meant for discussion only, as the provision of Section169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.*
6. *For shares listed on the Bursa Malaysia, only a depositor whose name appears on the Record of Depositors as at 15 June, 2012 shall be entitled to attend the said meeting or appoint a proxy or proxies to attend and/or vote on his/her behalf.*

***Ordinary Resolution 3 – Appointment of Auditors***

*Notice of Nomination has been received pursuant to Section 172 (11) of the Companies Act 1965, a copy of which in included in the 2011 Annual report for the appointment of Messrs. Sekhar & Tan as Auditors in place of the retiring Auditors, Messrs. Ernst & Young, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.*

STAMP

**THE SECRETARY**

**RIVERVIEW RUBBER ESTATES, BERHAD**
(Incorporated in Malaysia)
33A Jalan Tun Sambanthan
30000 Ipoh
Perak Darul Ridzuan
Malaysia

■ *Roadworks - Upgrade Of Field Road, Buloh Akar Estate*

■ *Immature Palm - Hibernia Estate*

■ *Housing - Refurbished Labour Lines, Narborough Estate*

■ *Narborough Estate Nursery*

■ *Housing - Refurbished Labour Lines, Teja Estate*

■ *Housing - Refurbished Labour Lines, Jeta Estate*

■ *Housing - Refurbished Labour Lines, Chendrong Estate*

■ *Directors Visit - Sadang Estate*

■ *Pest Control - Rhinocerous Beetles Baited With Pheremone Traps*

■ *Matured Palm - Teja Estate*

**RIVERVIEW RUBBER ESTATES, BERHAD** (820-V)

33A, JALAN TUN SAMBANTHAN, 30000 IPOH, PERAK DARUL RIDZUAN, MALAYSIA.