

**Part A : Explanatory Notes Pursuant to FRS 134**

**A1. Basis of preparation**

The unaudited interim financial statements have been prepared under the historical cost convention and in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

These financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Economic Entity since the year ended 31 December 2011.

The financial statements of the Economic Entity have been prepared in accordance with Financial Reporting Standards ("FRS"), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

**A2. Significant accounting policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011. 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:

	<b>Effective for financial periods beginning on or after</b>
<b>FRS, Amendments to FRS and IC Interpretations</b>	
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
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 described 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.

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

**A2. Significant accounting policies (Cont'd)**

The following new and amended FRS and IC Interpretations were also be effective for annual periods beginning on or after the dates stated below:

<b>FRS, Amendments to FRS and IC Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
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
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 Amendments to FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
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.

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

<b>FRSs, Amendments to FRSs and IC Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
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

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

**A2. Significant accounting policies (Cont'd)**

<b>FRSs, Amendments to FRSs and IC Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
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
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 Assets 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 other standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as described 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.

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

**A2. Significant accounting policies (Cont'd)**

**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.

**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.

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

**A2. Significant accounting policies (Cont'd)**

**Malaysian Financial Reporting Standards (MFRS Framework)**

The Malaysian Accounting Standards Board (the Board) has decided to allow agriculture and real estate companies (Transitioning Entities) to defer the adoption of the Malaysian Financial Reporting Standards (the MFRS Framework) for another year. MFRS will therefore be mandated for all companies for annual periods beginning on or **after 1 January 2014**. **This decision** comes after an extensive deliberation by the Board and taking into account both local and international developments affecting these standards.

In November 2011, the Board published the MFRS Framework, an IFRS-compliant set of accounting standards applicable to all non-private entities with effect from 1 January 2012. However, the Board decided to give Transitioning Entities the option in 2012 to either apply the MFRS Framework or continue with the Financial Reporting Standards (FRS Framework) in view of the outstanding issues of both MFRS 141 and IC 15. The option was announced to be available to Transitioning Entities for one year and entities that elected for this option were required to apply the MFRS Framework for annual periods beginning on or after 1 January 2013. Transitioning Entities are entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and / or IC Interpretation 15 Agreements for the Construction of Real Estate (IC 15), including a parent, significant investor and venturer of such Transitioning Entity.

When the Board made the decision for the Transitioning Entities, it was based on the International Accounting Standards Board's (IASB) October 2011 work plan. At that time, the IASB planned that by second half of 2012, it would issue the new Revenue standard, following which IFRIC 15 would be withdrawn. They were also to finalise their decision on the Agenda Consultation of which a limited amendment to IAS 41 was listed as one of the project suggestions.

However, according to a recent IASB report, the new Revenue standard is now expected to be issued by mid-2013. In the report, the IASB noted the delays in completing the new Revenue standard are unfortunate but necessary to ensure that any changes are implementable.

As to the next step on the Agenda Consultation, the IASB in its May 2012 meeting supported giving priority to developing proposals for potential amendments to IAS 41 in relation to bearer crops. However, the Board notes that it is unlikely the potential amendments will be finalised prior to 2013.

In light of these developments and the revision of the project timeline at the IASB, the Board has decided that Transitioning Entities will be given an option of another one year to continue with the existing FRS Framework. In other words, Transitioning Entities will continue to have the option to either apply the MFRS Framework or the FRS Framework for annual periods beginning on or after 1 January 2013 and the adoption of the MFRS Framework will become mandatory for all companies for annual periods beginning on or after 1 January 2014.

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 2014. In presenting its first MFRS financial statements, the Group 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.

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

**A3. Comparatives**

The have been no material changes to the comparative figures.

**A4. Seasonal or cyclical factors**

Turnover is also dependent on price fluctuations of Crude Palm Oil ("CPO") which are not within the Company's control but are determined by the global supply and demand for edible oils.

Production of fresh fruits bunches of oil palms ("FFB") is affected by weather conditions, the age of the palms and seasonal biological stress.

**A5. Items affecting assets, liabilities, equity, net income or cash flows**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

**A6. Change in estimates**

There were no changes in estimates that have a material effect in the current quarter.

**A7. Debt and equity securities**

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities in the current quarter.

**A8. Dividend paid**

On 9<sup>th</sup> November 2012, the Company announced the following dividends:

- i. Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045; and
- ii. Special Dividend of 5% under the Single Tier System amounting to RM3,242,523

These dividends were paid on 7<sup>th</sup> January 2013.

**A9. Segment information**

The Company operates solely in Malaysia and the Economic Entity's principal activities are the cultivation of oil palm which is within a single business segment. Therefore, segmental reporting is deemed not necessary.

**A10. Related party transactions**

There were no significant related party transactions of the Company for the current quarter.

**A11. Changes in composition**

There were no changes in the composition of the Company for the current quarter.

**A12. Changes in contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at the last annual balance sheet date and the latest practicable date.

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

**A13. Capital commitments**

There are no material capital commitments as at 31 December 2013

**A14. Property, plant and equipment**

**(i) Acquisitions and Disposals**

During the current financial year, the Company acquired property, plant and equipment of RM1.85 million.

During the current financial year, the Company did not dispose any property, plant and equipment.

**(ii) Impairment of property, plant and equipment**

There were no impairment nor reversal of such impairment during the current three months financial period.

**(iii) Valuations**

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements except for the implementation and incorporation of the revaluation surplus of RM103,250,689 arising from the revaluation of estate land and biological assets in the current quarter.

**A15. Events subsequent to the balance sheet date**

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statements under review.

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

**B1. Analysis of performance**

The Company registered revenue of RM25.07 million for the current financial year, a decrease of 9.44% as compared to the preceding year. The Company also recorded a gross profit of RM16.27 million for the current financial period, a decrease of 15.25% compared to the preceding year.

The decrease in revenue is due to the decrease in the average selling price of fresh fruit bunches of palm oil ("FFB") as compared to the preceding year. The average selling price obtained decreased from RM698.15 per metric ton in the in the preceding year to RM581.12 per metric ton in the current year, a decrease of RM117.03 per metric ton or by 16.76%. This was partially offset by increased production of 3,489.12 metric tons or 8.80% in the current financial year as compared to the preceding year.

The increase in cost of sales of RM0.32 million is mainly due to higher fertiliser costs.

The Company also recorded a pre-tax profit in the current financial year of RM23.50 million against pre-tax profit of RM22.98 million, compared to the preceding year, an increase of 2.26%. The higher pre-tax profit is due to the higher share of profit from the Australian associate which resulted from a fair value adjustment of its investment properties which amounted to RM3.60 million

**B2. Variation of results against preceding quarter**

The current quarter's recorded pre-tax profit of RM8.04 million on revenue of RM5.08 million as compared to pre-tax profit of RM5.51 million on revenue of RM7.45 million posted in the immediate preceding quarter. The decrease in the current quarter's revenue by RM2.38 million or 31.91% is mainly due to the a decrease in average selling price from RM583.35 to RM432.12 by RM151.23 per metric ton or 25.92% as well as a decrease in production by 1,031.72 metric tons or 8.08% in the current quarter as compared to the immediate preceding quarter, this however was offset by an increase in share of profits from associates in the current quarter as compared to the immediate preceding quarter.

**B3. Prospects**

The Company's prospects are very much dependent on the global edible oil and its related markets, global economic conditions and how they impact CPO prices. Based on the current market trend and demand for CPO which augurs a favourable outlook for oil palm plantations, the Directors are optimistic that the Company will be able to maintain its productivity and remain competitive.

**B4. Profit forecast**

Not applicable as no profit forecast was published.



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

**B5. Tax expense**

	<b>12 months ended</b>	
	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Taxation		
- Income tax	3,711	4,741
- Deferred tax	359	(86)
	<u>4,070</u>	<u>4,655</u>

**B6. Status of corporate proposal announced**

There were no corporate proposals announced and not completed as at the latest practicable date.

**B7. Borrowing and debt securities**

There were no borrowings and debt securities as at the end of the current quarter.

**B8. Derivative financial instruments**

There were no derivative financial instruments with off balance sheet risk as at the latest practicable date.

**B9. Changes in material litigation**

There was no pending material litigation as at the latest practicable date.

**B10. Dividends**

On 9<sup>th</sup> November 2012, the Company announced the following dividends:

- i. Interim Dividend of 10% under the Single Tier System amounting to RM6,485,045; and
- ii. Special Dividend of 5% under the Single Tier System amounting to RM3,242,523

These dividends were paid on 7<sup>th</sup> January 2013.

**B11. Earnings per share**

***Basic earnings per share***

The calculation of basic earnings per share for the financial year is based on the net profit attributable to ordinary shareholders of RM19.42 million and the weighted average number of ordinary shares in issue during the current quarter of 64,850,448 shares.

***Diluted earnings per shares***

Not applicable.

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

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

**B12. Auditor's report on preceding annual financial statements**

The auditor's report on the audited annual financial statements for the year ended 31 December 2011 was not qualified.

**B13. Authorised for Issue**

The interim financial statements were authorised for issue by the Board of Directors as resolved at the Board of Directors Meeting held on 25 February 2013.

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

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

**C1. Realised and Unrealised Profits/(Losses)**

	<b>30.12.2012</b>	<b>30.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Retained Earnings of the Company</b>		
Realised	23,978	27,148
Unrealised	(1,665)	(1,782)
	<u>22,313</u>	<u>25,366</u>
<b>Retained Earnings of the Associates</b>		
Realised	19,639	18,757
Unrealised	5,434	52
	<u>25,073</u>	<u>18,809</u>
<b>Retained Earning of the Economic Entity</b>	<u>47,386</u>	<u>44,175</u>