

Part A : Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation

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

These financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

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

A2. Significant accounting policies

On 1 January 2013, the Group adopted the following applicable new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after the date stated below:

FRS, Amendments to FRS and IC Interpretations	Effective for financial periods beginning on or after
Amendment to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 3: Business Combination (revised)	1 January 2013
FRS 10 : Consolidated Financial Statements	1 January 2013
FRS 11 : Joint Arrangements	1 January 2013
FRS 12 : Disclosure of Interests in Other Entities	1 January 2013
FRS 13 : Fair Value Measurement	1 January 2013
FRS 119 : Employee Benefits	1 January 2013
FRS 127 : Separate Financial Statements	1 January 2013
FRS 128 : Investments in Associates and Joint Ventures	1 January 2013
IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2012
Amendments to FRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1 : Government Loans	1 January 2013
Amendments to FRS 10 : Transition Guidance	1 January 2013
Amendments to FRS 11 : Transition Guidance	1 January 2013
Amendments to FRS 12 : Transition Guidance	1 January 2013
Improvements to FRS (2009 - 2011)	

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

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

A2. Significant accounting policies (cont'd)

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

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

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

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

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

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

A2. Significant accounting policies (cont'd)

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as disclosed below:

FRS 9 : Financial Instruments

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of this first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012 and is to facilitate convergence with the International Financial Reporting Standards ["IFRS"]. Nevertheless, the Group and the Company are allowed by the MASB to defer the adoption of these new accounting standards to financial year ending 31 December 2015 as the Group and the Company are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15).

This would result in the Group and the Company preparing an opening MFRS statement of financial position as at 1 January 2014 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the financial performance for the financial year ending 31 December 2014 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 31 December 2015.

The impact on the financial position and performance of the Group and the Company have yet to be determined as the Group and the Company are in the process of assessing the financial effects of the differences between FRS and accounting standards under the MFRS Framework.

A3. Comparatives

There have been no material changes to the comparative figures.

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

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.

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

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

No dividend was declared or paid in the current quarter.

A9. Segment information

		Group Cumulative Quarter	
		31.12.14	31.12.13
		RM '000	RM '000
Revenue			
- Malaysia	: Plantation		
	- Company	19,322	19,346
	- Subsidiaries	9,149	8,079
		<u>28,471</u>	<u>27,425</u>
- Australia	: Real Estate		
	- Rental income	1,617	1,681
		<u>30,088</u>	<u>29,106</u>
Profit before taxation			
- Malaysia	: Plantation		
	- Company	8,698	10,710
	- Subsidiaries	2,613	2,650
		<u>11,311</u>	<u>13,360</u>
- Australia	: Real Estate		
	- Rental income	1,149	3,375
		<u>12,460</u>	<u>16,735</u>

A10. Related party transactions

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

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

A11. Changes in composition

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

A12. Changes in contingent liabilities and contingent assets

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

A13. Capital commitments

There are no material capital commitments as at 31 December 2014

A14. Property, plant and equipment

(i) Acquisitions and Disposals

Details of acquisitions and disposals of the Group during the financial year are as follows:

Acquisition

	Cost RM '000
Property, plant and equipment	<u>2,759</u>

Disposals

	Book Value RM '000	Proceeds RM '000
Property, plant and equipment	<u>22</u>	<u>130</u>

(ii) Impairment of property, plant and equipment

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

(iii) Valuations

In the current financial year, we were informed by the authorities that our application to renew 9.31 Hectares of leasehold land of the Company was approved. This piece of property was revalued in November 2012, however the revalued amount was not recognised then as approval of the application was pending. The revalued amount of RM759,395 and the premium of RM19,400 has now been recognised in the financial statements

A15. Events subsequent to the balance sheet date

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

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

B1. Analysis of performance against corresponding year

	Current Quarter		Cumulative Quarter	
	31.12.14 RM '000	31.12.13 RM '000	31.12.14 RM '000	31.12.13 RM '000
Revenue				
- Malaysia : Plantation				
- Company	3,499	6,292	19,322	19,346
- Subsidiaries	2,013	2,452	9,149	8,079
	<u>5,512</u>	<u>8,744</u>	<u>28,471</u>	<u>27,425</u>
- Australia : Real Estate				
- Rental income	419	366	1,617	1,681
	<u>5,931</u>	<u>9,110</u>	<u>30,088</u>	<u>29,106</u>
Profit before taxation				
- Malaysia : Plantation				
- Company	506	4,067	8,698	10,710
- Subsidiaries	346	1,113	2,613	2,650
	<u>852</u>	<u>5,180</u>	<u>11,311</u>	<u>13,360</u>
- Australia : Real Estate				
- Rental income	621	3,357	1,149	3,375
	<u>1,473</u>	<u>8,537</u>	<u>12,460</u>	<u>16,735</u>

The Group registered revenue of RM30.09 million for the current financial year, an increase of 3.38% compared to the preceding year.

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

	Cumulative 12 months ended		Variance
	31.12.14	31.12.13	
Average FFB price per metric ton (RM)	524.70	500.34	4.87%
Production (MT)	<u>54,261.56</u>	<u>54,812.01</u>	<u>(1.00%)</u>

The Group also recorded a pre-tax profit for the current financial year of RM12.46 million against pre-tax profit of RM16.74 million, compared to the preceding year, a decrease of 25.55%. The lower-tax profit of RM4.28 million is primarily due to the certain expenses/charges which off-set the improved revenue, these expenses/charges are as follows:

	Cumulative 12 months ended		Difference RM '000
	31.12.14 RM '000	31.12.13 RM '000	
Professional fees - Mandatory Cash Offer of The Narborough Plantations, PLC	(1,045)	-	(1,045)
Gain on disposal of investment property	-	1,237	(1,237)
Fair value changes in investment properties	466	1,817	(1,351)
Unrealised foreign exchange loss/gain	(43)	1,201	(1,244)
	<u>(622)</u>	<u>4,255</u>	<u>(4,877)</u>

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

B2. Variation of results against preceding quarter

	3 Months Ended	
	31.12.14	30.09.14
	RM '000	RM '000
Revenue		
- Malaysia : Plantation		
- Company	3,499	5,216
- Subsidiaries	2,013	2,507
	<u>5,512</u>	<u>7,723</u>
- Australia : Real Estate		
- Rental income	419	337
	<u>5,931</u>	<u>8,060</u>
Profit before taxation		
- Malaysia : Plantation		
- Company	506	2,286
- Subsidiaries	346	750
	<u>852</u>	<u>3,036</u>
- Australia : Real Estate		
- Rental income	621	226
	<u>1,473</u>	<u>3,262</u>

Plantations

The current quarter's recorded pre-tax profit of RM0.85 million on revenue of RM5.51 million as compared to pre-tax profit of RM3.04 million on revenue of RM7.72 million posted in the immediate preceding quarter. The decrease in the current quarter's revenue by RM2.21 million or 28.62% as compared to the preceding quarter is due to a combination of a decrease in the average selling price and a decrease in production of FFB as follows:

	3 months ended		Variance
	31.12.14	30.09.14	
Average FFB price per metric ton (RM)	466.19	472.77	(1.39%)
Production (MT)	<u>11,823.54</u>	<u>16,334.21</u>	(27.61%)

The decrease in the pre-tax profit of RM2.19 million compared to the immediate preceding quarter is primarily due to the following:

	3 months ended		Difference
	31.12.14	30.09.14	
	RM '000	RM '000	RM '000
Professional fees - Mandatory Cash Offer of The Narborough Plantations, PLC	(1,045)	-	(1,045)
Gain on disposal of investment property	-	1,237	(1,237)
	<u>(1,045)</u>	<u>1,237</u>	<u>(2,282)</u>

Real Estate Investment

The slightly stronger revenue from the Australian subsidiary compared to the preceding quarter is primarily due to a slightly weaker Ringgit against the Australian Dollar as compared to the preceding quarter. The higher pre-tax profit is due to the fact that the annual recognition of changes in fair values of the investment properties are always carried out in the final quarter.

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

B3. Prospects

The directors expect reasonable performance from the Group for the coming year as indicated in the prospects of the business divisions below:

Plantation

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

Real Estate Investment

Barring any unforeseen circumstances, the Directors expect this division to be profitable and its performance for the coming year to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

	12 months ended	
	31.12.2014	31.12.2013
	RM'000	RM'000
Taxation		
- Income tax	3,346	2,931
- Deferred tax	(318)	919
	<u>3,028</u>	<u>3,850</u>

The effective tax rate of the Group is lower than the statutory rate of taxation primarily due to certain non-taxable income.

B6. Status of corporate proposal announced

Mandatory Cash Offer – The Narborough Plantations, PLC

On 4 December 2014 the Company announced that it had agreed to acquire 3,466,260 ordinary shares of 10 pence each (“Ordinary Shares”) of The Narborough Plantations, PLC (“Narborough”) from Puan Sri Datin Hamidah Bt Abdul Rahman (“Share Acquisition”), this represented 26.03 percent of the issued ordinary share capital of Narborough (“Issued Ordinary Shares”). The Share Acquisition was at a price of RM7.00 (Ringgit Malaysia) per share which equates to £1.29 per Ordinary Share.

On completion of the Share Acquisition, Riverview and persons acting in concert with it will hold 10,158,569 Ordinary Shares representing 76.29 percent of the Issued Ordinary Shares.

Under Rule 9 of the United Kingdom Takeover Code, the Company was required to make an offer for all of the Ordinary Shares of Narborough that it does not already own.

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)

B6. Status of corporate proposal announced - Continued

Mandatory Cash Offer – The Narborough Plantations, PLC

On 22 December 2014, the Company announced that it would be make an unconditional mandatory offer (“Offer”) in cash for the 3,217,970 Ordinary Shares that it does not already own and agreed to acquire these shares at a price of £1.29 per Ordinary Share which valued the Ordinary Shares that are the subject of the Offer at £4.15 million and the whole of the Issued Ordinary Shares at £17.2 million

Under the terms of the Offer, Narborough shareholders were being offered the opportunity to elect to receive an offer price of either £1.29 or RM7.00 (Ringgit Malaysia).

The Offer would initially remain open for acceptance until 1.00 pm on 9 February 2015. Upon expiration of the initial offer, the offer was then extended until 1.00 pm on 23 February 2015. The offer has since been extended and will remain open for acceptances until 1.00 pm on 16 March 2015.

As at 1.00 pm (London time) on 23 February 2015, the Company had received valid acceptances of 2,807,936 shares, representing approximately 21.09 percent of the existing issued share capital of Narborough and 87.26 percent of the Offer Shares. Together with the existing holding of 10,098,600 shares, the Company now owns or has valid acceptances of 12,906,536 shares, representing 96.92 percent of the issued share capital of Narborough.

Copies of the relevant documents can be found at the Company’s website as follows:

www.riverview.com.my

B7. Borrowing and debt securities

On 12 December 2014, the Company had accepted a loan of RM10,000,000 from Sungei Ream Holdings Sdn Bhd (“SRHSB”) a 62.5% shareholder in the Company (hereinafter referred to as “Financial Assistance” or “Loan”).

The Loan is unsecured and bears an interest rate of 6.85% per annum, was made to the Company in connection with the financing of the Mandatory General Offer that the Company made for the shares in Narborough that it does not already own or had already agreed to acquire (“Offer”).

The Financial Assistance will not have any impact on the issued and paid-up share capital as well as the substantial shareholders’ shareholdings in the Company.

It will also not have any material effect on the Net Assets and Net Assets per share based on the latest audited financial statements of the Company as at 31 December 2013 as the Financial Assistance will be used for the acquisition of ordinary shares in Narborough that the Company does not already own.

The Financial Assistance is expected to increase the borrowings of the Group and is expected to contribute positively to the Group’s earnings.

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

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

No dividend was declared or paid in the current quarter.

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 equity holders of the Company of RM7.84 million and the weighted average number of ordinary shares in issue during the current quarter of 64,850,448 shares.

Diluted earnings per shares

Not applicable.

B12. Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 December 2013 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 2015.

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

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

C1. Realised and Unrealised Profits/(Losses)

	31.12.2014	31.12.2013
	RM' 000	RM' 000
Retained Earnings of the Company		
Realised	19,708	19,739
Unrealised	(394)	(723)
	<u>19,314</u>	<u>19,016</u>
Retained Earnings of the Subsidiaries		
Realised	29,726	25,585
Unrealised	1,041	4,130
	<u>30,767</u>	<u>29,715</u>
Retained Earnings of the Group	<u>50,081</u>	<u>48,731</u>