



**Annual Report 2008**

# RIVERVIEW RUBBER ESTATES, BERHAD

(820-V)

Incorporated in Malaysia

**70**

# 2008 ANNUAL REPORT

## 70<sup>th</sup> ANNUAL GENERAL MEETING

RIVERVIEW RUBBER ESTATES, BERHAD

Company No. 820-V — Incorporated In Malaysia

### **CONTENTS**

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*page*

<b>2 - 3</b>	<b>Corporate Information</b>
<b>4</b>	<b>Notice Of Annual General Meeting</b>
<b>5</b>	<b>Statement Accompanying Notice Of Annual General Meeting</b>
<b>6</b>	<b>Plantation Statistics</b>
<b>7</b>	<b>Financial Calendar</b>
<b>8</b>	<b>Financial Performance</b>
<b>9</b>	<b>Financial Highlights</b>
<b>10 - 11</b>	<b>Analysis Of Shareholdings</b>
<b>12 - 14</b>	<b>Profile Of Directors</b>
<b>15 - 17</b>	<b>Chairman's Statement</b>
<b>18 - 22</b>	<b>Corporate Governance Statement</b>
<b>23 - 25</b>	<b>Audit Committee Report</b>
<b>26 - 27</b>	<b>Statement On Internal Control</b>
<b>28</b>	<b>Statement Of Directors' Responsibility In Relation To The Financial Statements</b>
<b>29 - 32</b>	<b>Corporate Social Responsibility</b>
<b>33</b>	<b>Properties Of The Company</b>
<b>35 - 89</b>	<b>Financial Statements</b>
	<b>Form Of Proxy</b>

# CORPORATE INFORMATION

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**BOARD OF DIRECTORS** Juliana Manohari Devadason *Non-Independent Non-Executive Director*  
**Chairman**  
Adrian Tsen Keng Yam *Executive Director*  
Lim Hu Fang *Independent Non-Executive Director*  
Stephen William Huntsman *Non-Independent Non-Executive Director*  
Jeraman @ Jayaraman a/l Narainan *Independent Non-Executive Director*  
Roslan bin Hamir *Independent Non-Executive Director*

**AUDIT COMMITTEE** Lim Hu Fang **Chairman**  
Jeraman @ Jayaraman a/l Narainan  
Stephen William Huntsman  
Roslan bin Hamir

**REMUNERATION AND  
NOMINATION  
COMMITTEE** Lim Hu Fang **Chairman**  
Jeraman @ Jayaraman a/l Narainan  
Roslan bin Hamir

**SECRETARY** Adrian Tsen Keng Yam

**REGISTERED OFFICE** 33A Jalan Tun Sambanthan  
30000 Ipoh  
Perak Darul Ridzuan  
Malaysia  
Tel: 05-255 9015  
Fax: 05-255 9016

**PRINCIPAL PLACE OF  
BUSINESS** Riverview Estate  
31800 Tanjung Tualang  
Perak Darul Ridzuan  
Malaysia  
Tel: 05-360 9201  
Fax: 05-360 8426

## CORPORATION INFORMATION (CONTINUED)

**REGISTRAR** Business Process Outsourcing Sdn Bhd  
33A Jalan Tun Sambanthan  
30000 Ipoh  
Perak Darul Ridzuan  
Malaysia  
Tel: 05-255 9015  
Fax: 05-255 9016

**AUDITORS** Ernst & Young

**PRINCIPAL 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 Board  
Bursa Malaysia Securities Berhad  
Stock Code: 2542  
Stock Name: RVIEW

# NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that the Seventieth Annual General Meeting of the Company will be held at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia, on Friday, 19 June 2009 at 11.00 a.m. for the following purposes:-

## AGENDA

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2008 and the Directors' and Auditors' reports thereon. **Resolution 1**
2. To approve the payment of directors fees of RM50,000 each for the financial year ending 31 December 2009. **Resolution 2**
3. To re-elect Roslan bin Hamir who retires as Director of the Company in accordance with Article 88 of the Company's Articles of Association. **Resolution 3**
4. To re-elect Stephen William Huntsman who retires as Director of the Company in accordance with Article 96 of the Company's Articles of Association. **Resolution 4**
5. To re-appoint Messrs Ernst & Young as the auditors and to authorise the Directors to fix their remuneration. **Resolution 5**
6. To transact any other business appropriate to an Annual General Meeting.

By Order of the Board

**ADRIAN TSEN KENG YAM**

Secretary

Ipoh  
20 May 2008

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.28 (2) OF THE LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD)

The Seventieth Annual General Meeting ("AGM") will be held at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on 19 June 2009 at 11.00 a.m. The Directors standing for re-election at the AGM are as follows:

- i. Roslan bin Hamir  
(Pursuant to Article 88 of the Company's Articles of Association)
  
- ii. Stephen William Huntsman  
(Pursuant to Section 96 of the Company's Articles of Association)

The profile of the above Directors are set out on pages 12 to 14 of the Annual Report. The Directors' shareholdings in the Company are set out on pages 10 and 38 of the Annual Report.

The details of attendance of Directors at Board Meetings held during the Directors' tenure in office for the financial year ended 31 December 2008 are set out in the Corporate Governance Statement on page 19 of the Annual Report.

During the financial year under review there are no material contracts involving Directors and major shareholders.

## PLANTATION STATISTICS

	2008	2007	2006	2005	2004
<b>OIL PALM</b>					
Average area in production (hectares)	1,759	1,759	1,664	1,599	1,494
Crop (tonnes FFB)	44,976	39,589	43,651	38,379	39,452
Yield per hectare (tonnes FFB)	25.56	22.5	26.2	24.0	26.4
Average price realized (RM per tonne FFB)	585.50	528.84	302.81	288	328
Profit per mature hectare (RM)	10,599	8,327	3,812	3,750	5,627

### AREA STATEMENT as at 31 December

Oil palm – mature	1,759	1,759	1,664	1,598	1,492
– immature	–	–	95	157	261
Total planted hectarage	<u>1,759</u>	<u>1,759</u>	<u>1,759</u>	<u>1,759</u>	<u>1,754</u>
Buildings, sites, gardens, etc	27	27	27	18	18
Ravines and swamps	<u>7</u>	<u>7</u>	<u>7</u>	<u>19</u>	<u>24</u>
Total area (hectares)	<u><u>1,793</u></u>	<u><u>1,793</u></u>	<u><u>1,793</u></u>	<u><u>1,796</u></u>	<u><u>1,796</u></u>

# FINANCIAL CALENDAR

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## FINANCIAL YEAR END

31 December 2008

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## ANNOUNCEMENT OF QUARTERLY RESULTS

First Quarter	25 April 2008
Second Quarter	28 July 2008
Third Quarter	29 October 2008
Fourth Quarter	27 February 2009

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## PUBLISHED ANNUAL REPORT

Despatch Date	26 May 2009
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## GENERAL MEETING

Seventieth Annual General Meeting	19 June 2009
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## DIVIDEND

1st Interim & 1st Special	Declaration date	-	9 May 2008
	Entitlement date	-	13 June 2008
	Payment date	-	18 July 2008
2nd Interim & 2nd Special	Declaration date	-	31 October 2008
	Entitlement date	-	5 December 2008
	Payment date	-	16 January 2009

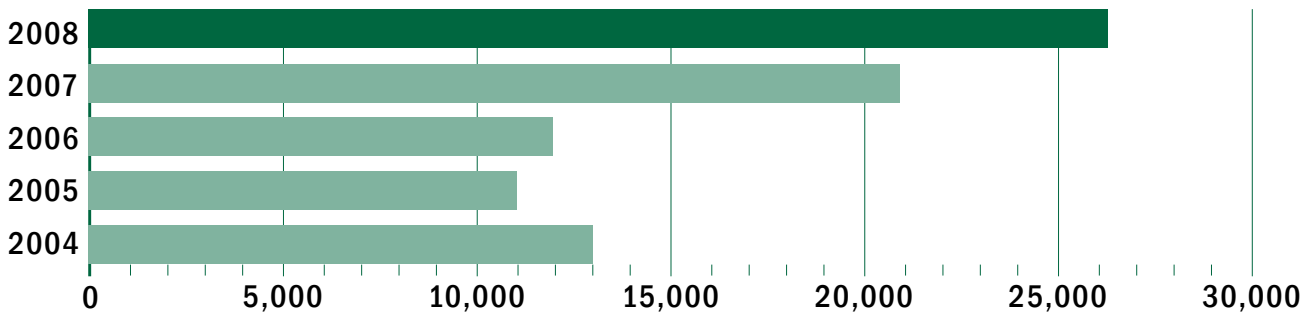


## FINANCIAL PERFORMANCE

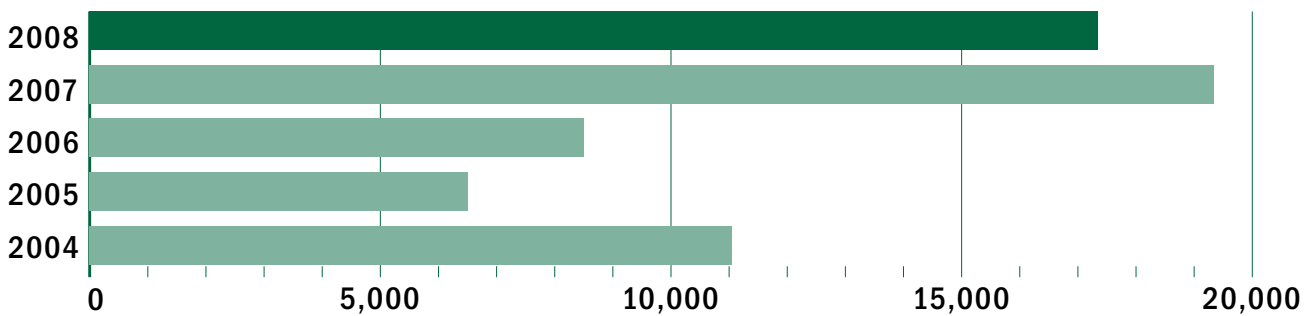
	1st Quarter RM '000	2nd Quarter RM '000	3rd Quarter RM '000	4th Quarter RM '000	2008 RM '000
Revenue	7,904	7,468	6,833	4,128	26,333
Operating profit	6,303	5,428	5,081	1,832	18,644
Profit before tax	7,027	6,455	4,389	(526)	17,345
Taxation	(1,565)	(1,579)	(1,210)	(966)	(5,320)
Profit attributable to shareholders	5,462	4,876	3,179	(1,491)	12,026
Earnings per share (sen)	8.42	7.52	4.90	(2.30)	18.54
Dividend per share (sen)	-	5.92	-	8.88	14.80
Net tangible assets per share (RM)	2.45	2.46	2.51	2.44	2.44

# FINANCIAL HIGHLIGHTS

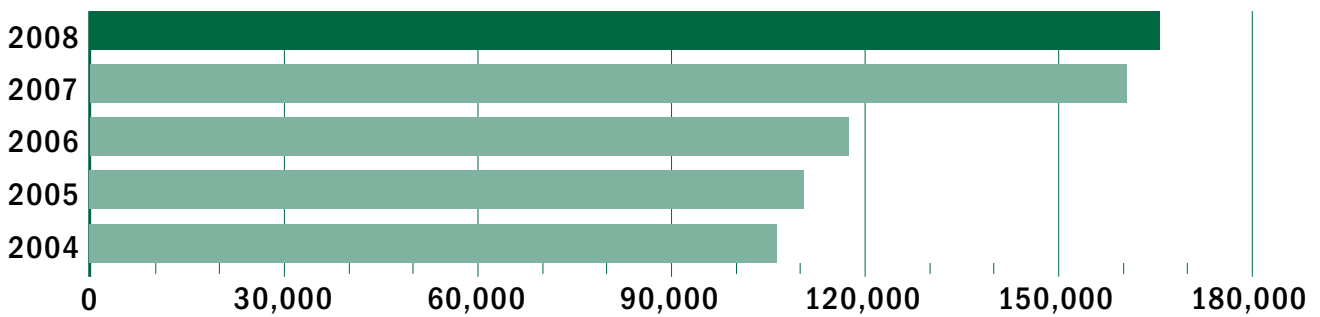
## REVENUE (RM '000)



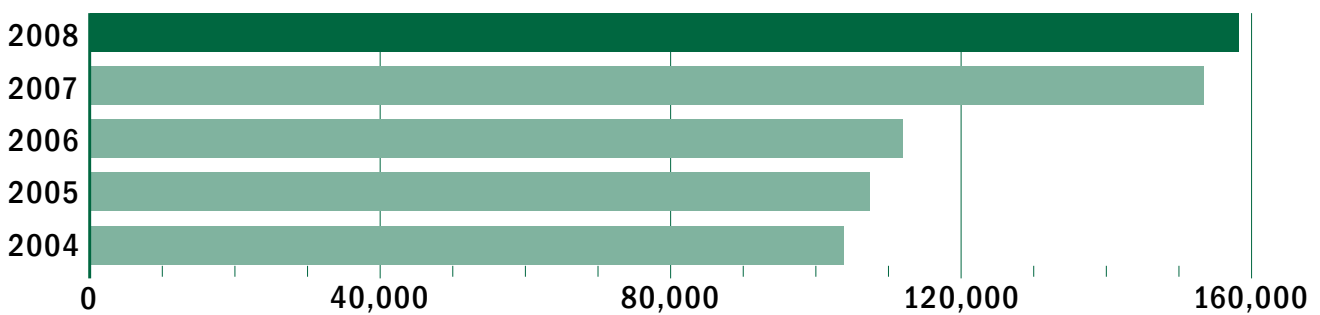
## PROFIT BEFORE TAX (RM '000)



## TOTAL ASSETS (RM '000)



## SHAREHOLDERS' FUND (RM '000)



## 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 8 May 2009

No. of Holders	Holdings	Total Holdings	%
25	less than 100	1,173	*
662	101 - 1,000	572,489	0.88
1,943	1,001 - 10,000	8,258,688	12.73
403	10,001 - 100,000	9,416,498	14.52
25	100,001 - 1,249,008 **	5,741,508	8.85
1	1,249,009 and above	40,860,092	63.01
3,059		64,850,448	100.00

\*\* Denotes 2% of the issued capital      \* Negligible

### SUBSTANTIAL SHAREHOLDERS IN THE COMPANY as at 8 May 2009

	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 <sup>1</sup>	63.00
William John Huntsman	6,000	0.01	40,921,796 <sup>2</sup>	63.10
Elizabeth Mary Huntsman	-	-	40,860,092 <sup>3</sup>	63.00
Richard George Huntsman	-	-	40,860,092 <sup>4</sup>	63.00
Stephen William Huntsman	67,300	0.10	40,860,092 <sup>5</sup>	63.00

### DIRECTORS' SHAREHOLDINGS IN THE COMPANY as at 8 May 2009

	No. of shares held			
	Direct	%	Deemed	%
Juliana Manohari Devadason	6,000	0.01	-	-
Stephen William Huntsman	67,300	0.10	40,860,092 <sup>5</sup>	63.00
Lim Hu Fang	6,000	0.01	-	-
Jeraman @ Jayaraman a/l Narainan	10,000	0.01	-	-
Tsen Keng Yam	1,000	**	-	-
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 BAHSB by virtue of the shares held by Keniocowdy Nominees Sdn. Bhd. ("Keniocowdy") as custodian trustees. Elizabeth Mary Huntsman and Richard George Huntsman are deemed to be substantial shareholders of BAHSB by virtue of the shares held by OSK Trustees 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 interest in Richard's Share

5 Deemed interested by virtue of his interest in William's Share.

\*\* Negligible

## ANALYSIS OF SHAREHOLDINGS (CONTINUED)

### Directors' Shareholdings In Related Corporations as at 8 May 2009

The Directors' shareholdings in related corporations are as disclosed in the Directors' Report on page 38.

### Thirty Largest Registered Shareholders as at 8 May 2009

	Name	Shareholdings	%
1	Sungei Ream Holdings Sendirian Berhad	40,860,092	63.01
2	HSBC Nominees (Asing) Sdn Bhd	1,249,008	1.93
3	Lim Seng Chee	899,500	1.39
4	Yeo Khee Bee	602,000	0.93
5	Lim Keow Gnoh	216,000	0.33
6	CIMSEC Nominees (Asing) Sdn Bhd	187,000	0.29
7	Citigroup Nominees (Asing) Sdn Bhd	177,600	0.27
8	Chong Yean Fong	170,000	0.26
9	Chow Soo Har @ Chow Yin Kong	169,000	0.26
10	JF Apex Nominees (Tempatan) Sdn Bhd	162,000	0.25
11	Parin d/o Laffa	153,000	0.24
12	Ang Jwee Lee	137,200	0.21
13	Chong Fa @ Chong Nam Yen	129,800	0.20
14	HSBC Nominees (Asing) Sdn Bhd	129,600	0.20
15	Chuah Lee Shyun	122,100	0.19
16	HDM Nominees (Asing) Sdn Bhd	120,200	0.19
17	Chong Meow Chong	120,000	0.19
18	Kwok Chee Yan	120,000	0.19
19	Mayban Securities Nominees (Asing) Sdn Bhd	120,000	0.19
20	HLG Nominee (Asing) Sdn Bhd	116,400	0.18
21	Sai Dezhao	115,000	0.18
22	Khaw Siang Hee	109,000	0.17
23	Malaysia Nominees (Tempatan) Sendirian Berhad	108,000	0.17
24	Public Nominees (Tempatan) Sdn Bhd	105,200	0.16
25	Chong Yean Kiong	102,900	0.16
26	Wong Loke Sing	101,000	0.16
27	Ho Sim Guan	100,000	0.15
28	Seah Mok Khoon	100,000	0.15
29	Yang Yen Fang	100,000	0.15
30	Rosa Woon Ah Moi	81,600	0.13
	<b>Total</b>	<b>46,983,200</b>	<b>72.45</b>

## **PROFILE OF DIRECTORS**

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### **JULIANA MANOHARI DEVADASON**

#### **Chairman / Non-Independent Non-Executive Director**

Malaysian, aged 59. She was appointed to the Board on 12 November 1987 and has been the Chairman of the Board since 1 January 2001. She is currently the Chairman of The Narborough Plantations, Public Limited Company, a company listed on the London Stock Exchange.

She holds a Bachelor of Arts (Honours) degree in Law and is a Barrister-at-Law. She was a Partner at Maxwell, Kenion, Cowdy & Jones from 1984 to 2003. She had been in practice as an advocate and solicitor for 28 years.

She is not related to any Director or major shareholder of the Company. She has not entered into any transaction which has a conflict of interest with the Company. She has no conviction for any offences within the past 10 years.

### **ADRIAN TSEN KENG YAM**

#### **Executive Director**

Malaysian, aged 59. He was appointed to the Board on 26 February 2007. He is also the Company Secretary at the Company. He is currently a Director of Talam Corporation Berhad, a company listed on the Main Board of the Bursa Malaysia Securities Berhad and also a Director in The Narborough Plantations, Public Limited Company, a company listed on the London Stock Exchange.

He is a Fellow of the Institute of Chartered Accountants (England and Wales) and a member of Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. In 1978, he joined Hanafiah Raslan & Mohamed as a consultant and was subsequently promoted to Senior Consultant in 1980. He was a principal of Hanafiah Raslan & Mohamed from 1984 to 1987 and was a partner of Arthur Andersen & Co. for more than 14 years from 1988 to 2003.

He is neither related to any Director or major shareholder of the Company nor has entered into any transaction which has a conflict of interest with the Company. He has no conviction for any offences within the past 10 years.

## PROFILE OF DIRECTORS (CONTINUED)

### **LIM HU FANG**

#### **Independent Non-Executive Director**

Malaysian, aged 59. She was appointed to the Board on 22 June 2002. She is the Chairman of the Audit Committee as well as the Remuneration and Nomination Committee of the Board.

She is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

She is neither related to any Director or major shareholder of the Company nor has entered into any transaction which has a conflict of interest with the Company. She has no conviction for any offences within the past 10 years.

### **STEPHEN WILLIAM HUNTSMAN**

#### **Non-Independent Non-Executive Director**

Malaysian, aged 51. He was appointed to the Board on 1 August 2001. He is a member of the Audit Committee. He is also a Director of The Narborough Plantations, Public Limited Company.

He has a Master in Business Administration from Henley Management College and Brunell University. He is an Associate Member of the Chartered Institute of Secretaries. He joined the Company in 1997 as a Manager and was appointed General Manager of the Company in 2000 until his appointment to the Board of the Company. Prior to joining the Company, he was employed by The Automobile Association, UK as a Manager from 1986 to 1996. He was employed by Plessey PLC, UK as a Manager from 1980 to 1986.

He is the son to William John Huntsman, a substantial shareholder of the Company. He has not entered into any transaction which has a conflict of interest with the Company. He has no conviction for any offences within the past 10 years.

## PROFILE OF DIRECTORS (CONTINUED)

### **JERAMAN @ JAYARAMAN A/L NARAINAN** **Independent Non-Executive Director**

Malaysian, aged 61. He was appointed to the Board on 1 January 2005. He is a member of the Audit Committee and Remuneration and Nomination Committee of the Board. He is also a Director of The Narborough Plantations, Public Limited Company.

He has a Master in Business Administration from The Kensington College and University and holds a Bachelor of Science (1st Class Honours) degree in Agriculture from Tamil Nadu Agricultural University in Coimbatore. He is also an Associate Member of The Incorporated Society of Planters. He was the Plantation Management Executive of National Land Finance Cooperative Society from 1972 to 1992. He joined Plantation Agency Sdn Bhd as Planting Adviser in 1993 and was appointed as Managing Director in 2001.

Presently, he is a panel member of the Industrial Court representing the employers (1 January 2007 to 31 December 2009), appointed by the Minister of Human Resources, Malaysia. He is also a Council Member at the Malaysia Agricultural Producers Association (MAPA) and Malaysian Oil Palm Association (MPOA).

He is neither related to any Director or major shareholder of the Company nor has entered into any transaction which has a conflict of interest with the Company. He has no conviction for any offences within the past 10 years.

### **ROSLAN BIN HAMIR** **Independent Non-Executive Director**

Malaysian, age 42. He was appointed to the Board on 25 July 2008. He is a member of the Audit Committee and the Remuneration and Nomination of the Board. He is currently the Managing Director of Kumpulan Fima Berhad and Fima Corporation Berhad, both of which are listed on the Main Board of the Bursa Securities Berhad. He is also a Director in the Narborough Plantations, Public Limited Company, a company listed on the London Stock Exchange.

He is an ACCA graduate with Bachelor of Arts (Honours) in Accounting and Finance and a member of the Malaysian Institute of Accountants. He was previously with Ernst & Young Consultants Sdn Bhd in Malaysia as an auditor as well as a management consultant from 1993 until 1998.

He is neither related to any Director or major shareholder of the Company nor has entered into any transaction which has a conflict of interest with the Company. He has no conviction for any offences within the past 10 years.

# CHAIRMAN'S STATEMENT

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Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the Seventieth Annual Report and Audited Financial Statements of Riverview Rubber Estates, Berhad for the financial year ended 31 December 2008.

## Financial Performance

The Company registered revenue of RM26.33 million for the current financial year, an increase of 25.78% as compared to the preceding year. The Company also recorded a gross profit of RM18.64 million for the current financial year, an increase of 27.28% compared to the preceding year. The higher revenue is due to an increase in yield and an increase in the average selling price of fresh fruit bunch of oil palm ("FFB").

The Company also recorded a pre-tax profit in the financial year to date of RM17.35 million against pre-tax profit of RM19.34 million in the preceding year. The lower pre-tax profit is mainly attributable to unrealised foreign exchange losses of RM4.12 million in the current year as compared to losses of RM0.62 million in the preceding year and also due to lower share of profits from associate of RM2.34 million as compared to a share of profit of RM2.96 million in the preceding year.

The overall performance has translated to decrease in earnings per share from 24 sen in 2007 to 19 sen in 2008.

## Review of Operations

Year 2008 has been an eventful year for the Company and the world in general. The commodity industry has seen extreme volatility in commodity prices, adverse unpredictable weather conditions and mass speculation in the commodity exchanges which have driven the price of commodities such as Crude Palm Oil (CPO) to unprecedented highs. However, such high prices could not be sustained and the sharp decline was evident in the final six months of the financial year.

Despite the sharp decline in CPO price in the second half of 2008, our revenue was buffeted by the increase in our FFB yield, our FFB yield for 2008 of 25.56 tonnes per hectare increased by 13.6% from 22.50 tonnes per hectare in 2007.

In comparison, the national average FFB yield increased by 6% to 20.18 tonnes per hectare as against 19.03 tonnes per hectare achieved in 2007.

(Source : Malaysian Palm Oil Board)



## CHAIRMAN'S STATEMENT (CONTINUED)

### Market Overview

The Malaysian palm oil industry recorded a satisfactory performance in 2008. Crude palm oil (CPO) production recovered sharply by 12.1%, while palm oil stocks remained high close to 2.0 million tonnes at the end of the year. Export earnings of oil palm products rose to record RM 65.2 billion. The local daily average traded CPO price declined by 66% within a span of eight months from a high of RM 4,179.00 in early March 2008 to a low of RM 1,403.00 in late November 2008

The year 2009 is expected to be a challenging one for the industry in view of the high prevailing palm oil stocks, set-back in prices and concerns of a global recession. The Malaysian Government has taken various measures to stabilize palm oil prices at remunerative levels. Among the measures are the Oil Palm Replanting Incentive Scheme to accelerate replanting and reduce CPO production in the near term, the implementation of the 5% biodiesel mandate in the transport and industrial sector starting with government vehicles in February 2009 and increasing exports under the CPO export duty free scheme. In view of the prevailing CPO prices, the average price in 2009 is expected to soften compared to last year.

(Sources : Malaysian Palm Oil Board)

### Current Year's Prospects

While the average price for CPO in 2009 is expected to soften, we continue expect the performance of the Company to be satisfactory, as, barring any unforeseen circumstances our yields are expected to remain satisfactory.

### Dividend

For the financial year ended 31 December 2008, the Company declared the following dividends.

Interim ordinary dividend of 5 sen per share and a special dividend of 3 sen per share on 64,850,448 ordinary shares, less income tax, paid on 18 July 2008.

Interim ordinary dividend of 5 sen per share and a special dividend of 7 sen per share on 64,850,448 ordinary shares, less income tax, paid on 16 January 2009.

### Changes in Directorate and Company

On 25 July 2008, Mr. William John Huntsman retired from the board. He first joined in 1967 and was our Chairman from 1987 to 2000. He is largely credited for the prosperity and growth of the Company. His immense experience and contribution is duly acknowledged, furthermore, his knowledge of Malaysia, stretching back over very many years of life and experience is profound and it is pleasing to know that this will still be available to the other directors as he remains as our Senior Advisor.

I would like to take this opportunity to welcome En. Roslan bin Hamir who joined the Board on 25 July 2008, he has been a director of our associate, The Narborough Plantations, Berhad since 2002.

On 1 December 2008, the London Stock Exchange ("LSE") announced that securities of the Company had been cancelled from admission to trading on the LSE. This was pursuant to the Company's circular to its shareholders dated 31 October 2008 and the decision taken at its Extraordinary General Meeting held on 24 November 2008.

The Directors recommended the cancellation of the Company's secondary listing on the official list of the United Kingdom Listing Authority and the LSE as the ordinary shares of the Company have been traded on the LSE since 1957 and in recent years, trading in the ordinary shares on the LSE has been negligible; there has been only one such trade in the last four years and the total number of Ordinary Shares on the UK register represented less than 0.5% of the total number of Ordinary Shares in issue. Accordingly the Board has concluded that the costs of maintaining the secondary UK listing in these circumstances are no longer justified.

Although shareholder approval was not required, the Board has decided that the Cancellation should be conditional upon the approval of the shareholders' of the Company at an Extraordinary General Meeting.

### Appreciation

On behalf of the Board of Directors, I would like to record our appreciation particularly to Mr William John Huntsman, management and staff at all levels for their commitment, dedication and loyalty in the year under review. I also wish to record the sense of collective responsibility, professionalism and the wisdom of my fellow directors on the Board.

Finally, I would like to thank our valued shareholders, business associates, customers, friends and authorities for their continued trust, confidence, support and guidance.

**JULIANA MANOHARI DEVADASON**

*Chairman*

# CORPORATE GOVERNANCE STATEMENT

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## THE BOARD'S COMMITMENT

The Board of Directors is committed to comply with the principles and best practices of the Malaysian Code of Corporate Governance (the "Code") to ensure that high standards of corporate governance are practiced. 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 and enhance shareholders' value and the long term financial duties of the Company.

The composition of the Board is continuously reviewed to ensure that there is an effective mix of Executive as well as Independent and Non Independent Directors. The diverse professional expertise of Directors, spanning various fields including accounting, legal, business administration and agriculture, provide the Board with the requisite depth and quality in its deliberation and decision making.

## THE BOARD

The Board has overall responsibility for the direction and control of the Company.

### Composition and Responsibilities

The Board currently consist six (6) members, comprising five (5) Non-Executive Directors, including the Chairman, and one (1) Executive Director. Three (3) of the Directors on the Board are independent. A General Manager oversees field operations. 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 presence of three (3) Independent Non-Executive Directors facilitates the unbiased exercise of independent evaluation in Board deliberations and decision making, taking into account the interest of all stakeholders and also fulfill a central role in corporate accountability and serves to provide check and balance in the Board. The Independent Directors are individuals of credibility and have the necessary skill and experience to bring an independent judgment to bear on issues of strategy, performance, resources and standard of conduct. The Board has identified Madam Lim Hu Fang, as a Senior Independent Non-Executive Director to whom concerns may be conveyed. The profile of each Director is presented on pages 12 to 14 of the Annual Report.

The Board meets at least four (4) times a year and as and when required for specific matters to discuss the Company's affairs and all important business decisions are formally discussed and documented. The Board has reserved certain specific matters for its collective review and decision. These include 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.

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.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

During the financial year ended 31 December 2008, six (6) Board of Directors' Meetings were held and the details of the meeting attendance of each Director are as follows:

<b>Names of Directors</b>	<b>Number of meetings held</b>	<b>Number of meetings attended</b>
Juliana Manohari Devadason	6	6
Stephen William Huntsman	6	6
Lim Hu Fang	6	6
Jeraman @ Jayaraman a/l Narainan	6	6
Tsen Keng Yam	6	6
Roslan bin Hamir <sup>#</sup>	6	3

<sup>#</sup> joined on 25 July 2008.

### **Re-election**

At the Annual General Meeting each year, at least one Director shall retire from office. All Directors, shall retire 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. In any event, a Director, over seventy years old, retires annually.

### **Supply of Information**

The Board has full and timely access to all relevant information to aid their decision-making. Each Director receives a notice of meeting, agenda and board papers containing information relevant to the business of the meeting prior to each Board Meeting. This issued in sufficient time to enable the Directors to obtain further information, if necessary.

The Board is regularly updated by the Company Secretary on the relevant statutory and regulatory requirements and has access to the advice and services of and independent professional advice at the Company's expense, if necessary.

### **Directors' Training**

All Directors have attended the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia Securities Berhad. The Directors are encouraged to attend Continuing Education Programme (CEP) and seminars to keep abreast with regulatory development and other development on the marketplace.

During the financial year, the audit committee made it mandatory for all Directors to attended a session on "Investor Relations" organised by Malaysian Investor Relations Association.

### **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.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

### Audit Committee

The Audit Committee, consisting of three (4) Non-Executive Directors who are Madam Lim Hu Fang (Chairman), Mr. Stephen William Huntsman, Mr. Jeraman @ Jayaraman a/l Narainan, and En. Roslan bin Hamir majority of whom are independent, meets at least four times a year. The Committee is responsible for reviewing a wide range of financial matters before their submission to the Board and monitoring the controls that are in place to ensure the integrity of the financial information reported to the shareholders.

The Audit Committee also reviews annually the terms of appointment of the auditors to ensure that an objective, professional and cost-effective relationship is maintained.

The terms of reference and responsibilities of this Committee are more particularly set out in the Audit Committee Report on pages 23 to 25 of the Annual Report.

### Remuneration and Nomination Committee

The Remuneration and Nomination Committee is currently made up of three (3) Independent Non-Executive Directors.

The Committee 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.

In respect of remuneration, the function of the Committee is to determine the remuneration packages of the Executive Director and Senior Management. The Executive Director plays no part in deciding his 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 Directors.

The Committee has met once for the financial year under review.

## DIRECTORS' REMUNERATION

The Remuneration and Nomination Committee ("the Committee") comprises entirely of Independent Non-Executive Directors, namely Madam Lim Hu Fang (Chairman), Mr. Jeraman @ Jayaraman a/l Narainan and En. Roslan bin Hamir. 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 General Manager and senior management as well as Directors.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 General Manager. For Directors, the fee levels are intended to commensurate with the experience and level of responsibilities of the concerned.

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

	<b>Basic salary/fee RM</b>	<b>Bonus RM</b>	<b>Other benefits RM</b>	<b>Total 2008 RM</b>	<b>Total 2007 RM</b>
<b>Executive</b>					
Tsen Keng Yam	50,000	-	-	50,000	50,000
<b>Non-Executive</b>					
Juliana Manohari Devadason	50,000	-	-	50,000	50,000
Lim Hu Fang	50,000	-	-	50,000	50,000
Stephen William Huntsman	50,000	-	-	50,000	124,383
Jeraman @ Jayaraman a/l Narainan	50,000	-	-	50,000	50,000
Roslan bin Hamir #	20,833	-	-	20,833	-
William John Huntsman ##	29,200	-	-	29,200	50,000
	250,033	-	-	250,033	324,383
<b>Grand Total</b>	<b>300,033</b>	<b>-</b>	<b>-</b>	<b>300,033</b>	<b>374,383</b>

# joined on 25 July 2008.

## retired on 25 July 2008.

### 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 progresses 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.

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.

## CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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. Other than queries to the Chairman, stakeholders may convey their questions or concerns to Madam Lim Hu Fang, the Senior Independent Non-Executive Director of the Company.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

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 41 of the Annual Report.

A Statement of the Directors' responsibility in relation to the financial statements is set out on page 28 of the Annual Report.

#### Internal Control

A Statement on Internal Control of the Company is set out on pages 26 to 27 to the Annual Report.

#### 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 role of the Audit Committee in relation to the auditors is set out in the Audit Committee report on pages 23 to 25 of the Annual Report.

#### Non-audit Fees

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.

# AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 December 2008.

## Membership

The members of the Audit Committee as at the date of this report are as follows:

- Lim Hu Fang (Chairman)  
*(Independent non-executive director)*
- Jeraman @ Jayaraman a/l Narainan  
*(Independent non-executive director)*
- Stephen William Huntsman  
*(Non-independent non-executive director)*
- Roslan bin Hamir  
*(Independent non-executive director)*

## Meetings

During the financial year ended 31 December 2008, four (4) Audit Committee meetings were held and the details of the meeting attendance by each member are as follows:

<b>Name of members</b>	<b>Number of meetings held</b>	<b>Number of meetings attended</b>
Lim Hu Fang	6	6
Stephen William Huntsman	6	6
Jeraman @ Jayaraman a/l Narainan	6	6
Roslan bin Hamir #	6	3

# joined on 25 July 2008.

## Composition

The Audit Committee comprises at least three (3) non-executive director (who are not alternate directors), a majority of whom shall be independent directors. At least one member of the Audit Committee shall be member of the Malaysian Institute of Accountants. The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

## Vacancy, Retirement and Resignation

All members, including the Chairman, hold office only as long as they serve as directors of the Company. If for any reason the membership of the Audit Committee fails to comply with the membership requirements, the Board shall within three (3) months of the event, appoint such number of new member as may be required to fill the vacancy.

## Powers and Authority

In carrying out its functions, the Audit Committee will in principle have full, free and unrestricted access to all the Company's records, properties and personnel.



## AUDIT COMMITTEE REPORT (CONTINUED)

### Purposes of the Audit Committee

The Audit Committee shall:

- a) Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and reporting practices of the Company.
- b) Maintain, through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as internal auditors.
- c) Act upon the Board's request to investigate and report on any issue or concerns in regard to management of the Company.
- d) Obtain independent professional or other advice, wherever necessary and reasonable for performance of its duties.
- e) Convene meetings with the internal and external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.
- f) Prepare an Audit Committee Report for the consideration of the Board at the end of each financial year for inclusion in the Annual Report of the Company.
- g) Report to the Bursa Malaysia when it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Listing Requirements.

### Functions of the Audit Committee

The Audit Committee shall review, appraise and report to the Board on:

- a) The quality and effectiveness of the entire accounting, financial reporting and internal control system within the Company.
- b) The scope of the internal and external auditors' audit plan, their evaluation of the system of internal control and the audit reports of the financial statements.
- c) The propriety of accounting policies and practices adopted by Management and accepted by the external auditors, where alternatives are also acceptable.
- d) The adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Company.
- e) Any significant difficulties encountered or material discoveries made by the external auditors or internal auditors.
- f) The effects of any changes in accounting principles or any developments emanating from the accounting profession or any statutory authority.
- g) The adequacy of the scope, functions and resources of the internal audit functions, if any and that it has the necessary authority to carry out its work.
- h) The internal audit programme, processes, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

## AUDIT COMMITTEE REPORT (CONTINUED)

- i) The quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:
  - Changes in or implementation of major accounting policy changes;
  - Significant and unusual events; and
  - Compliance with accounting standards and other legal requirements.
- j) 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 questions of management integrity.
- k) The nomination, appointment and re-appointment of external auditors and their remuneration, and any questions of their resignation or dismissal.

### Summary of activities of the Audit Committee

A summary of activities of the Audit Committee during the year under review are as follows:

1. Reviewed the quarterly unaudited financial results and recommend to the Board for approval prior to release to the Bursa Malaysia;
2. Reviewed the scope of work and audit plan of the internal and external auditors;
3. Reviewed the audited financial statement and the Annual Report;
4. Review of the field reports on the business operations;
5. Review the internal audit report, which highlighted the audit issues and findings, recommendations and Management's responses thereto;
6. Conducted informal high-level risk assessment; and
7. Prepared the Audit Committee report for inclusion in the Annual Report.

### Internal Audit Function

The Internal Auditors support the Audit Committee in discharging its duties. The Internal Auditors' role in conducting systematic reviews on the system of internal control and the effectiveness of the processes that are in place to identify, manage and report risk, in doing so the Internal Auditors are able to independently and objectively evaluate and report on the adequacy, integrity and effectiveness of the Company's overall system of internal control. Results of such reviews are reported to the Audit Committee.

The scope of work of the Internal Auditors is planned according to an assessment of the key processes and executed with the prior approval of the Audit Committee. In addition, the Internal Auditors may also conduct ad hoc reviews at the request of the Management with approval from the Audit Committee. In conducting their independent audit, the Internal Auditors placed emphasis on a risk-based auditing approach. The audit findings and recommendations, which also highlight areas of non compliance with the Companies policies, procedures, guideline and Rule Book, were communicated to the Audit Committee to enable a timely evaluation of the adequacy and integrity of the Company's internal control system.

# STATEMENT ON INTERNAL CONTROL

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In compliance with Section 9 of the Capital Markets and Services Act 2007, the Board of Directors is pleased to present the Statement on Internal Control with regard to the financial year under review.

## INTRODUCTION

The Board acknowledges its overall responsibility for the Company's system of internal control and for reviewing its effectiveness in safeguarding shareholders' investment and the Company's assets from inappropriate use or from loss and fraud, and ensuring that liabilities are identified and managed. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

## RISK MANAGEMENT

The directors are responsible for identification and evaluation of key risks applicable to the business. These risks are assessed on a continual basis as they may be associated with a variety of internal or external factors. These issues are regularly reviewed and discussed in order to form a basis for determining how risks should be managed.

## REVIEW OF THE SYSTEM OF INTERNAL CONTROL

The Executive Director is delegated with the responsibility to monitor and review strategies, operational, financial and internal control matters, In this respect, the Executive Director is supported by the General Manager. Significant issues are brought to the Board's attention regularly during Board meetings.

The key elements of the procedures include the following:

### Organisation

The Company has a defined organizational structure with clear lines of responsibility and specific delegation of authority for planning, executing, controlling and monitoring business operations in order to achieve Company's objectives.

### Information and Communication

The Board undertakes periodical strategic reviews, including the consideration of long term objectives and evaluation of business alternatives. Management prepares annual budget and monthly management accounts for submission to the Board for approval. The directors meet regularly to undertake reviews to evaluate the performance of the operations and gauge against approved budgets.

Through these mechanisms, the Company's performance is continually monitored, risks identified in a timely manner, their financial implications assessed and corrective actions agreed and implemented.

## STATEMENT ON INTERNAL CONTROL (CONTINUED)

### **Control Procedures**

The Company has adequate control procedures designed to ensure complete and accurate accounting for transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties, reviews by the directors and management, internal auditors and external audit to the extent necessary to arrive at their audit opinion

### **Monitoring and Corrective Action**

The Board regularly reviews the overall operations of the Company. The Audit Committee is tasked to review the assurance procedures to obtain the level of assurance required and reports to the Board.

### **Internal Audit Function**

The Internal Auditors' supports the Audit Committee in discharging its duties. The Internal Auditors' role conducts systematic reviews on the system of internal control and the effectiveness of the processes that are in place to identify, manage and report errors and irregularities, in doing so the Internal Auditors are able to independently and objectively evaluate and report on the adequacy, integrity and effectiveness of the Company's overall system of internal control. Results of such reviews are reported to the Audit Committee.

The scope of work of the Internal Auditors is planned according to an assessment of the key processes and executed with the approval of the Audit Committee. In addition, the Internal Auditors may also conduct ad hoc reviews at the request of the Management with approval from the Audit Committee. In conducting their independent audit, the Internal Auditors placed emphasis on a risk-based auditing approach. The audit findings and recommendations, which also highlight areas of non compliance with the Companies policies, procedures, guideline and Rule Book, were communicated to the Audit Committee to enable a timely evaluation of the adequacy and integrity of the Company's internal control system.

In addition, several informal procedures undertaken by the Audit Committee include, regular field and office inspections by a member of the Audit Committee and the written reports are submitted to the Board on the effectiveness and control procedures of estate operations. The Audit Committee and the Board also review the plantation visit reports submitted by the independent Visiting Agent twice a year.

The external auditors have reviewed this Statement pursuant to paragraph 15.24 of the Bursa Malaysia Listing Requirements and have reported that it appropriately reflects the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal control.

### **Weaknesses in internal controls that resulted in material losses**

There were no material losses incurred during the financial year ended 31 December 2008 as a result of weaknesses in internal control. Nonetheless, Management continues to take measures to strengthen the control environment.

## **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 judgements 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 the Company, being involved in the oil palm industry with a presence of over 70 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 and not through altercation laced with emotions, which regrettably, has often 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 towards 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 contributes to the long term well-being of the Company. Our CSR involvement primarily focuses with the direct community with which the Company operates. Past, present and ongoing CSR initiatives and include the following:



*FFB ramps using chain block door system*

## WORKPLACE

### Safety

To ensure a safe, productive and efficient work environment, our estates had previously launched a pictorial safety and awareness campaign to educate and train our workforce to operate with OSHA requirements. During the year, the Company completed the retrofitting of all FFB ramps using the chain block door system.

### Housing

A high degree of dedication and devotion continues to be directed at toward the social well-being of our employees, initiatives to this end include housing amenities, places of worship for our employees, child care services, transportation subsidies, utilities subsidies and subsidies for furniture and fittings.

### Medical

On one of our estates, we have a trained resident Hospital Assistant who assists in medical treatment. Private and public medical support are made available to our employees during the year the Company appointed an OSHA specialist to our panel of doctors.



## COMMUNITY

### Land for Workers House Ownership Scheme

Riverview and the National Union of Plantation Workers entered into discussions which in 2004 resulted in an agreement to provide amenities for the workers of Riverview's Buloh Akar 1 Estate by helping them own homes through the provision of land via a Workers House Ownership Scheme. The designated site was a portion of Riverview's estates situated along the Parit-Bruas Road at the town of Simpang Tiga. This site was chosen primarily due to its accessibility to public transport, electricity and water.



*Workers quarters at the Chenderong Division*

Riverview assigned approximately 3 hectares of its land which was ultimately sub-divided to 41 titles. Between 2006 and 2008, with the assistance of Riverview and no cost to the workers, the titles were transferred to the workers and/or their family members. Legal fees, fees related to the sub-division and transfer and fees relating to the preparation and submission of the layout plan and planning report were borne by Riverview.

Our Director, Mr. Stephen W. Huntsman was actively involved with this process and was directly involved in the negotiations and discussions with the Workers House Ownership Scheme Committee.

### Contribution: Rebuilding a New House

In late 2008, The Star carried an article of two mentally handicapped brothers aged 72 and 63. These brothers no longer have any surviving relatives to care for them and have been living in a dilapidated shack for more than 20 years.

With the help of locals, there have been efforts to raise funds to rebuild the house. Riverview and its associates have donated half of the required amount. We are pleased to note that in early 2009, The Star carried an article indicating the completion of the house.

### LaSallian Education Programme

The LaSallian Expedition and Development ("LEAD") programme is organised by the La Salle Centre, the La Salle Centre is a project of the De La Salle Brothers in Malaysia focusing on the development and leadership training, 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. Currently students are only selected from La Salle Schools, we have been informed that this programme will be extended to include non La Salle Schools.

Riverview has provided financial assistance to the La Salle Centre to carry out this programme and intends to continue providing such support as Riverview believes in investing in the future of the country via its children.

#### **Persatuan Wanita Perak untuk Wanita ("PWW")**

The PWW is a registered NGO set up in 2003 to enhance the status and lives of women in Perak. Riverview recognises the need to raise awareness concerning violence, and to provided assistance and support for women and children.

To that effort, Riverview and its associates provided financial assistance to the PWW to support its efforts to set up a training and relief centre in Ipoh, which will be used to carry out its activities in advocating mutual respect and gender equality.

#### **Distribution of Rice and Cooking Oil**

This is a programme by Riverview to distribute rice and cooking oil to the needy. To date, with the assistance of the local authorities among other, Riverview has identified 18 such families, to whom rice and cooking oil have been distributed. The distribution are carried out monthly by employees of the Riverview; timely assessments will also be carried out to ensure that only the needy receive such assistance.

Riverview intends to expand this programme to include more such families as well as the mode of assistance provided; future plans include the reimbursement of cost to send children to school as well as to determine the adequacy of the existing assistance provided. School-going children from such families were also provided shoes and school uniforms.

The Board of Riverview strongly believes in giving back to society and continues to be vigilant in identifying areas where it can contribute

### **ENVIRONMENT**

#### **Land Clearing**

We have a zero tolerance policy towards open burning as this not only ensures that air pollution is mimimised but also results in numerous advantages as well. The vestige debris comprising brushes are left to biodegrade, thus releasing nutrients and adding valuable organic matter to the soil. This reduces the use of inorganic fertilisers and also lowers carbon dioxide emission.



*EFB being mulched in the field*

#### **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.



**Pest Management**

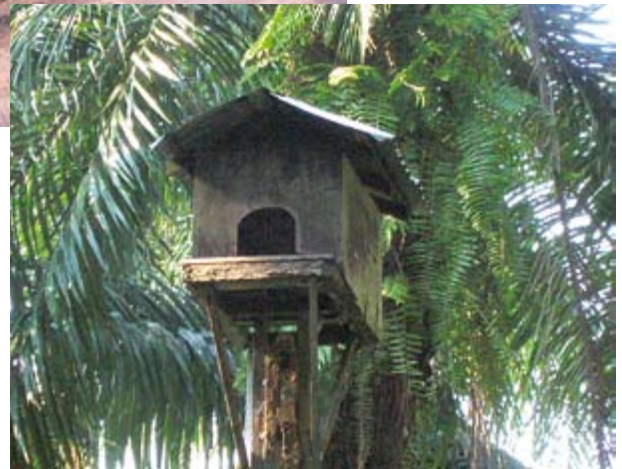
We have a history of utilising biological control to combat pests and rodents instead of chemical control. The use of barn owls and tunera plants to combat rodents and bag worms infestation is a prime example. Such understanding enables us to ensure that the environmental hazards of chemical-based pesticides are kept to a minimum and only used as a last resort.



*Tunera plants*

**Fertiliser Use**

We have a policy of maximising organic manuring and to reduce dependence on inorganic and chemical-based fertilisers. This is conducted through a programme of nutrient recycling and the utilisation of oil palm and palm oil by-products such as EFB and decanter cakes which are recycled through the fields for mulching.



*Barn for owls*

**Efficient Water Use**

This includes the setting-up of an effective and sufficient system to use and harvest rainwater such as strategically placed silt pits throughout the estates to enable water retention.

## PROPERTIES OF THE COMPANY

Location	Description	Area	Tenure	Date of Revaluation	Approximate Age of Buildings	Net Book Value at 31 December 2008* RM
Buloh Akar Estate, Parit, Perak	Rubber/oil palm estate land used as plantation	1,041.78 hectares	Freehold	November 2007	–	42,784,000
Hibernia Estate, Selama, Perak	Oil palm estate land used as plantation	372.67 hectares	Freehold	November 2007	–	16,500,000
Riverview Estate, Tanjung Tualang, Perak	Rubber/oil palm estate used land as plantation	376.97 hectares	Freehold	November 2007	–	16,665,000
	Office building	–	Freehold	–		436,656
	Oil palm estate land used as plantation	9.41 hectares	Leasehold – expiring 20.11.2012	–	–	70,000
3 Leboh Perusahaan Klebang 9, Chemor, Perak	Factory land and building for rental	8,400 sq. metres	Leasehold – expiring 17.10.2089	–	12 years	3,260,906
						79,716,562

\* Amount includes value of biological assets

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# 2008 ANNUAL REPORT

## 70<sup>th</sup> ANNUAL GENERAL MEETING

RIVERVIEW RUBBER ESTATES, BERHAD

Company No. 820-V — Incorporated In Malaysia

### **DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS**

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*page*

<b>36 - 40</b>	<b>Directors' Report</b>
<b>41</b>	<b>Statement By Directors</b>
<b>41</b>	<b>Statutory Declaration</b>
<b>42-43</b>	<b>Independent Auditors' Report</b>
<b>44</b>	<b>Income Statements</b>
<b>45 - 46</b>	<b>Balance Sheets</b>
<b>47 - 49</b>	<b>Statements Of Changes In Equity</b>
<b>50 - 51</b>	<b>Cash Flow Statements</b>
<b>52 - 89</b>	<b>Notes To The Financial Statements</b>

# 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 2008.

## 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 for the year	<u>12,025,650</u>	<u>10,372,589</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Economic Entity and of the Company during the 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 2007 are as follows:

	RM
In respect of the financial year ended 31 December 2007:	
Interim ordinary dividend of 5 sen per share and a special dividend of 7 sen per share on 64,850,448 ordinary shares, less income tax, paid on 20 February 2008	<u>5,680,899</u>
In respect of the financial year ended 31 December 2008:	
First interim ordinary dividend of 5 sen per share and a special dividend of 3 sen per share on 64,850,448 ordinary shares, less income tax, paid on 18 July 2008	<u>3,839,147</u>
Second interim ordinary dividend of 5 sen per share and a special dividend of 7 sen per share on 64,850,448 ordinary shares, less income tax, paid on 16 January 2009	<u>5,758,720</u>

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

## DIRECTORS' REPORT (CONTINUED)

### 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  
Lim Hu Fang  
Stephen William Huntsman  
Jeraman @ Jayaraman A/L Narainan  
Tsen Keng Yam  
Roslan bin Hamir - appointed on 25.07.2008  
William John Huntsman - retired on 25.07.2008

### 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 6 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' REPORT (CONTINUED)

### 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			At 31.12.2008
	At 1.1.2008	Bought	Sold	
<b>The Company</b>				
<b>Direct interest</b>				
Juliana Manohari Devadason	6,000	-	-	6,000
Stephen William Huntsman	67,300	-	-	67,300
Lim Hu Fang	6,000	-	-	6,000
Jeraman @ Jayaraman A/L Narainan	1,000	9,000	-	10,000
Tsen Keng Yam	1,000	-	-	1,000
Roslan bin Hamir	1,000	-	-	1,000
<b>Indirect interest</b>				
Stephen William Huntsman	40,842,892	-	-	40,842,892
<b>Sungei Ream Holdings Sdn Bhd (Immediate holding company)</b>				
<b>Indirect interest</b>				
Stephen William Huntsman	11,739,022	-	-	11,739,022
<b>Buloh Akar Holdings Sdn Bhd (Ultimate holding company)</b>				
<b>Indirect interest</b>				
Stephen William Huntsman	1,373,940	-	-	1,373,940

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets 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) At 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.
- (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;
  - (ii) and 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.



## DIRECTORS' REPORT (CONTINUED)

### 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 24 April 2009.

**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 44 to 89 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 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 2008 and of the results and the cash flows of the Economic Entity and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 24 April 2009.

**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 44 to 89 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 24 April 2009.

**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 balance sheets as at 31 December 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 89.

## **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## **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 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 judgment, 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 and fair presentation of the financial statements 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.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### 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 2008 and of their financial performance and cash flows for the year then ended.

### 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

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

#### **LEONG CHOOI MAY**

No. 1231/03/11 (J)

Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia

Date: 24 April 2009

## INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Economic Entity		Company	
		2008 RM	2007 RM (Restated)	2008 RM	2007 RM
Revenue	4	26,333,105	20,936,229	26,333,105	20,936,229
Cost of sales		<u>(7,689,195)</u>	<u>(6,289,318)</u>	<u>(7,689,195)</u>	<u>(6,289,318)</u>
Gross profit		18,643,910	14,646,911	18,643,910	14,646,911
Other operating income		1,974,959	3,317,487	2,904,548	5,013,558
Replanting expenditure		-	(7,727)	-	(7,727)
Administrative expenses		(1,497,492)	(961,150)	(1,497,492)	(961,150)
Other operating expenses		(4,116,603)	(616,594)	(4,116,603)	(616,594)
Share of profit of associates		<u>2,340,957</u>	<u>2,962,271</u>	<u>-</u>	<u>-</u>
Profit before taxation	5	17,345,731	19,341,198	15,934,363	18,074,998
Taxation	7	<u>(5,320,081)</u>	<u>(3,846,618)</u>	<u>(5,561,774)</u>	<u>(4,323,118)</u>
Profit for the year		<u>12,025,650</u>	<u>15,494,580</u>	<u>10,372,589</u>	<u>13,751,880</u>
Earnings per share attributable to equity holders of the Company (sen)	8	<u>18.54</u>	<u>23.89</u>		

The accompanying notes form an integral part of the financial statements.

## BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	Economic Entity		Company	
		2008 RM	2007 RM (Restated)	2008 RM	2007 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	10	34,653,952	34,674,375	34,653,952	34,674,375
Biological assets	11	44,985,866	44,985,866	44,985,866	44,985,866
Prepaid land lease payments	12	733,906	816,312	733,906	816,312
Investments in associates	13	31,677,234	29,123,211	1,006,505	1,006,505
Other investment	14	2,515,522	2,515,522	2,515,522	2,515,522
		<u>114,566,480</u>	<u>112,115,286</u>	<u>83,895,751</u>	<u>83,998,580</u>
<b>Current assets</b>					
Inventories, at cost		36,240	20,328	36,240	20,328
Receivables	15	1,249,479	2,741,535	1,249,479	2,741,535
Tax recoverable		843,180	–	843,180	–
Cash and bank balances	16	48,913,667	47,523,775	48,913,667	47,523,775
		<u>51,042,566</u>	<u>50,285,638</u>	<u>51,042,566</u>	<u>50,285,638</u>
<b>TOTAL ASSETS</b>		<u>165,609,046</u>	<u>162,400,924</u>	<u>134,938,317</u>	<u>134,284,218</u>

The accompanying notes form an integral part of the financial statements.

## BALANCE SHEETS

AS AT 31 DECEMBER 2008 (CONTINUED)

	Note	Economic Entity		Company	
		2008 RM	2007 RM (Restated)	2008 RM	2007 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	17	64,850,448	64,850,448	64,850,448	64,850,448
Reserves	18	63,749,932	62,048,552	45,387,863	43,860,465
Retained earnings	19	29,524,515	27,875,558	17,215,855	17,946,939
<b>Total equity</b>		<u>158,124,895</u>	<u>154,774,558</u>	<u>127,454,166</u>	<u>126,657,852</u>
<b>Non-current liabilities</b>					
Provision for retirement benefits	20	81,957	82,870	81,957	82,870
Deferred taxation	21	724,231	1,008,451	724,231	1,008,451
		<u>806,188</u>	<u>1,091,321</u>	<u>806,188</u>	<u>1,091,321</u>
<b>Current liabilities</b>					
Payables	22	6,677,963	6,527,120	6,677,963	6,527,120
Tax payable		–	7,925	–	7,925
		<u>6,677,963</u>	<u>6,535,045</u>	<u>6,677,963</u>	<u>6,535,045</u>
<b>Total liabilities</b>		<u>7,484,151</u>	<u>7,626,366</u>	<u>7,484,151</u>	<u>7,626,366</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>165,609,046</u>	<u>162,400,924</u>	<u>134,938,317</u>	<u>134,284,218</u>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Share capital RM	Non-distributable		Distributable		Total equity RM
			Capital reserve RM	Capital reserve RM	General reserve RM	Retained earnings RM	
<b>Economic entity</b>							
<b>At 1 January 2007</b>							
As previously stated		64,850,448	20,358,735	1,526,294	4,342,154	20,902,327	111,979,958
Prior year adjustment	26	-	1,157,034	-	300,125	-	1,457,159
<b>As restated</b>							
Revaluation surplus		64,850,448	21,515,769	1,526,294	4,642,279	20,902,327	113,437,117
Reversal of deferred taxation on revaluation surplus		-	27,687,099	-	-	-	27,687,099
Exchange fluctuation		-	1,910,000	-	-	-	1,910,000
Revaluation surplus		-	187,719	(122,309)	-	-	65,410
Deferred tax recognised on revaluation surplus		-	4,277,601	-	-	-	4,277,601
Share of reserves of associates		-	442,152	(18,052)	-	-	424,100
Profit for the year, representing total recognised income and expense for the year		-	4,907,472	(140,361)	-	-	4,767,111
Dividends for the financial year ended 31 December 2007	9	-	-	-	-	(8,521,349)	(8,521,349)
<b>At 31 December 2007 (as restated)</b>							
		64,850,448	56,020,340	1,385,933	4,642,279	27,875,558	154,774,558



STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

	Note	Non-distributable		Distributable			Total equity RM
		Share capital RM	Capital reserve RM	Capital reserve RM	General reserve RM	Retained earnings RM	
<b>Economic entity</b>							
<b>At 1 January 2008</b>							
As previously stated		64,850,448	52,659,055	1,385,933	4,342,154	30,048,894	153,286,484
Prior year adjustment	26	-	3,361,285	-	300,125	(2,173,336)	1,488,074
<b>As restated</b>		64,850,448	56,020,340	1,385,933	4,642,279	27,875,558	154,774,558
Reversal of deferred taxation on revaluation surplus		-	21,592	-	-	-	21,592
Realisation on disposal of property, plant and equipment		-	(726,980)	-	-	726,980	-
Revaluation surplus		-	123,497	-	-	-	123,497
Exchange fluctuation		-	369,952	407,513	-	-	777,465
Share of reserves of associates		-	(233,531)	407,513	-	726,980	900,962
Transfer		-	-	-	1,505,806	(1,505,806)	-
Profit for the year, representing total recognised income and expense for the year		-	-	-	-	12,025,650	12,025,650
Dividends for the financial year ended 31 December 2008	9	-	-	-	-	(9,597,867)	(9,597,867)
<b>At 31 December 2008</b>		64,850,448	55,808,401	1,793,446	6,148,085	29,524,515	158,124,895

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

Company	Note	Share capital RM	Non-distributable		Distributable		Total equity RM
			Capital reserve RM	General reserve RM	Retained earnings RM		
<b>At 1 January 2007</b>		64,850,448	10,424,805	3,838,561	12,716,408		91,830,222
Revaluation surplus		-	27,687,099	-	-		27,687,099
Reversal of deferred taxation on revaluation surplus		-	1,910,000	-	-		1,910,000
Profit for the year, representing total recognised income and expense for the year		-	-	-	13,751,880		13,751,880
Dividends for the financial year ended 31 December 2007	9	-	-	-	(8,521,349)		(8,521,349)
<b>At 31 December 2007</b>		64,850,448	40,021,904	3,838,561	17,946,939		126,657,852
Reversal of deferred taxation on revaluation surplus		-	21,592	-	-		21,592
Transfer		-	-	1,505,806	(1,505,806)		-
Profit for the year, representing total recognised income and expense for the year		-	-	-	10,372,589		10,372,589
Dividends for the financial year ended 31 December 2008	9	-	-	-	(9,597,867)		(9,597,867)
<b>At 31 December 2008</b>		64,850,448	40,043,496	5,344,367	17,215,855		127,454,166

The accompanying notes form an integral part of the financial statements.

## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	Economic Entity		Company	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
<b>Cash flows from operating activities</b>				
Profit before taxation	17,345,731	19,341,198	15,934,363	18,074,998
Adjustments for:				
Amortisation of prepaid land lease payments	82,406	14,987	82,406	14,987
Depreciation	337,620	370,591	337,620	370,591
Dividend income	(127,926)	(94,325)	(1,057,515)	(1,790,396)
Gain on disposal of property, plant and equipment	-	(40,374)	-	(40,374)
Gain on disposal of other investments	-	(1,505,806)	-	(1,505,806)
Loss on foreign exchange – unrealised	4,116,603	616,594	4,116,603	616,594
Interest income	(1,708,529)	(1,541,546)	(1,708,529)	(1,541,546)
Provision for retirement benefits	19,323	11,682	19,323	11,682
Share of profit of associates	(2,340,957)	(2,962,271)	-	-
Operating profit before working capital changes	17,724,271	14,210,730	17,724,271	14,210,730
Changes in working capital:				
Receivables	966,908	(580,371)	966,908	(580,371)
Inventories	(15,912)	(1,653)	(15,912)	(1,653)
Payables	73,023	208,751	73,023	208,751
Cash generated from operating activities	18,748,290	13,837,457	18,748,290	13,837,457
Retirement benefits paid	(20,236)	(2,337)	(20,236)	(2,337)
Taxes paid	(6,675,505)	(4,106,713)	(6,675,505)	(4,106,713)
Net cash generated from operating activities	12,052,549	9,728,407	12,052,549	9,728,407

## CASH FLOW STATEMENTS (CONTINUED)

	Economic Entity		Company	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(317,197)	(129,732)	(317,197)	(129,732)
Purchase of other investments	-	(1,584,333)	-	(1,584,333)
Proceeds from disposal of property, plant and equipment	-	46,000	-	46,000
Proceeds from disposal of other investments	-	4,405,876	-	4,405,876
Proceeds from disposal of short term investments	-	15,532	-	15,532
Interest received	1,530,146	1,451,790	1,530,146	1,451,790
Dividends received	1,761,043	1,046,443	1,761,043	1,046,443
Net cash generated from investing activities	<u>2,973,992</u>	<u>5,251,576</u>	<u>2,973,992</u>	<u>5,251,576</u>
<b>Cash flows from financing activity</b>				
Dividends paid, representing net cash used in financing activity	<u>(9,520,046)</u>	<u>(5,175,066)</u>	<u>(9,520,046)</u>	<u>(5,175,066)</u>
<b>Net increase in cash and cash equivalents</b>	5,506,495	9,804,917	5,506,495	9,804,917
<b>Effects of exchange rate changes</b>	(4,116,603)	(616,594)	(4,116,603)	(616,594)
<b>Cash and cash equivalents at beginning of financial year</b>	<u>47,523,775</u>	<u>38,335,452</u>	<u>47,523,775</u>	<u>38,335,452</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>48,913,667</u>	<u>47,523,775</u>	<u>48,913,667</u>	<u>47,523,775</u>
Cash and cash equivalents comprise:				
Cash on hand and at banks	926,118	980,968	926,118	980,968
Deposits with financial institutions	<u>47,987,549</u>	<u>46,542,807</u>	<u>47,987,549</u>	<u>46,542,807</u>
	<u>48,913,667</u>	<u>47,523,775</u>	<u>48,913,667</u>	<u>47,523,775</u>

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

## 1. Corporate information

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 Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia. The principal place of business of the Company is located at Riverview Estate, 31800 Tanjung Tualang, Perak Darul Ridzuan, Malaysia.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2009.

## 2. 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.

**2. Financial risk management policies (contd.)**

**(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.

**(c) Market risk**

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

**(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.

**3. Significant accounting policies**

**3.1 Basis of preparation**

The financial statements of the Economic Entity comprise the Company and the Company's interest in its associates (together referred to as the Economic Entity).

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

During the financial year, the Economic Entity and the Company had also adopted new and revised Financial Reporting Standards ("FRSs") as described in Note 3.3.

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

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies**

**(a) Associates**

Associates are entities in which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the Economic Entity financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the Economic Entity balance sheet at cost adjusted for post-acquisition changes in the Company's share of net assets of the associate. The Company's share of the net profit or loss of the associate is recognised in the Economic Entity income statement. Where there has been a change recognised directly in the equity of the associate, the Economic Entity recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Company and the associate are eliminated to the extent of the Company's interest in the associate. After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in the associate. The associate is equity accounted for from the date the Company obtains significant influence until the date the Company ceases to have significant influence over the associate.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Company's net investment in the associate, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Company in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Company, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

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 is included in the income statement.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(b) Other investments**

Other investments are stated at cost less allowance for any decline other than temporary in value. Income arising from these investments is taken to the income statement 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 the income statement. 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 income statement. On the disposal of a revalued investment, the amounts in revaluation reserve relating to those investments are transferred directly to general reserve.

**(c) Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Economic Entity and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.



**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(c) Property, plant and equipment and depreciation (contd.)**

Freehold land and buildings are stated at cost or valuation. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement 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 asset and the balance is thereafter recognised in the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to general reserve.

Freehold estate land are not depreciated.

Other property, plant and equipment are depreciated on a straight-line basis to write off the cost or revalued amount of each asset to its residual value over its estimated useful life at the following annual rates:

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to general reserve.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(d) 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 balance sheet 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 the income statement, in which case the increase is recognised in the income statement 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 the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

**(e) Impairment of non-financial assets**

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows 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.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(e) Impairment of non-financial assets (contd.)**

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

**(f) 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.

**(g) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(g) Income tax (contd.)**

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

**(h) Employee benefits**

**(i) 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.

**(ii) 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.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(i) Foreign currencies**

**(i) 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.

**(ii) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (“foreign currencies”) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Economic Entity’s net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Company’s net investment in foreign operation are recognised in the income statement in the Company’s separate financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement 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.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(j) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

**(i) 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.

**(ii) Interest income**

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

**(iii) Dividend income**

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

**(k) Deferred nursery expenditure**

Deferred nursery expenditure is stated at cost and charged to the income statement on replanting of crops.

**(l) Replanting expenditure**

Replanting expenditure is charged to the income statement as and when incurred.

**(m) Replanting cesses**

Replanting cesses are taken to the income statement as and when received.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(n) Financial instruments**

**(i) Financial instruments recognised in the balance sheet**

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**(a) Cash and cash equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include 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.

**(b) Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(c) Payables**

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

**(d) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**3. Significant accounting policies (contd.)**

**3.2 Summary of significant accounting policies (contd.)**

**(n) Financial instruments (contd.)**

**(ii) Fair value estimation for disclosure purposes**

The carrying amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

**(o) Leases**

**(i) Classification**

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

**(ii) Operating leases - the Company as lessee**

In the case of a lease of land, the up-front payments made represent prepaid lease payments and are amortised on a straight-line basis over the lease term.



**3. Significant accounting policies (contd.)**

**3.3 Effects arising from adoption of new and revised FRSs**

On 1 January 2008, the Economic Entity and the Company adopted the following applicable new and revised FRSs which are effective for financial periods beginning on or after 1 July 2007:

- FRS 107 : Cash flow statements
- FRS 112 : Income taxes
- FRS 118 : Revenue
- FRS 134 : Interim financial reporting
- FRS 137 : Provisions, contingent liabilities and contingent assets
- Amendment to FRS 121 : The effects of changes in foreign exchange rates – Net Investment in a foreign operation

The adoption of the revised FRS 107, 112, 118, 134, 137 and amendment to FRS 121 had no effect on the financial statements of the Economic Entity and the Company.

**3.4 Standards and interpretations issued but not yet effective**

At the date of authorisation of these financial statements, the following FRSs and IC interpretations were issued but not yet effective and have not been applied by the Economic Entity and the Company.

<b>FRSs and IC Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
FRS 8 : Operating segments	1 July 2009
FRS 4 : Insurance contracts	1 January 2010
FRS 7 : Financial instrument : Disclosures	1 January 2010
FRS 139 : Financial instrument : Recognition and measurement	1 January 2010
IC Interpretation 9 : Reassessment of embedded derivatives	1 January 2010
IC Interpretation 10 : Interim financial reporting and impairment	1 January 2010

The Economic Entity and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and 139.

FRS 4 and 8 and the above IC interpretations are not relevant to the Economic Entity's and the Company's operations.

**3. Significant accounting policies (contd.)**

**3.5 Changes in estimates**

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Company has not revised the residual values of its property, plant and equipment as management is of the view that the current estimates are reasonable.

**3.6 Significant accounting estimates and judgements**

**(a) Critical judgements made in applying accounting policies**

The following are the judgements made by the management in the process of applying the Company's accounting policies that 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 balance sheet date, the recoverable amount of land and buildings of the Company exceeds the carrying amount.

**(b) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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:

**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.

**3. Significant accounting policies (contd.)**

**3.6 Significant accounting estimates and judgements (contd.)**

**(b) Key sources of estimation uncertainty (contd.)**

**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 7.88% 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 comprise of sales of fresh fruit bunches of oil palm.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Profit before taxation

	Economic Entity		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit before taxation is stated after charging/(crediting):				
Auditors' remuneration				
Statutory audit	20,000	20,000	20,000	20,000
Other services	5,000	5,000	5,000	5,000
Under/(over) provision in prior year	(1,000)	5,000	(1,000)	5,000
Amortisation of prepaid land lease payments	82,406	14,987	82,406	14,987
Depreciation	337,620	370,591	337,620	370,591
Directors' remuneration (Note 6)	250,033	421,163	250,033	421,163
Provision for retirement benefits	19,323	11,682	19,323	11,682
Staff costs (excluding remuneration of executive director) *	2,407,173	2,393,724	2,407,173	2,393,724
Loss on foreign exchange – unrealised	4,116,603	616,594	4,116,603	616,594
Gain on disposal of other investments	–	(1,505,806)	–	(1,505,806)
Gain on disposal of property, plant and equipment	–	(40,374)	–	(40,374)
Gross dividends :				
- other investment	(127,926)	(94,325)	(127,926)	(94,325)
- associate quoted outside Malaysia	–	–	(929,589)	(1,696,071)
Interest income	(1,708,529)	(1,541,165)	(1,708,529)	(1,541,165)
Interest income – tax exempt	–	(381)	–	(381)
Rental income	(132,000)	(132,000)	(132,000)	(132,000)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Profit before taxation (contd.)

	Economic Entity and Company	
	2008	2007
	RM	RM
*Staff costs (excluding remuneration of executive director) comprise:		
Salaries and wages	2,237,030	2,223,283
Employees' Provident Fund contributions	100,491	97,943
Social Security Fund contributions	12,197	7,664
Other staff related expenses	57,455	64,834
	<u>2,407,173</u>	<u>2,393,724</u>

6. Directors' remuneration

	Economic Entity and Company	
	2008	2007
	RM	RM
Executive:		
Salaries and other emoluments	–	105,000
Employees' Provident Fund contribution	–	16,163
Benefits-in-kind	–	3,220
Fees	50,000	50,000
	<u>50,000</u>	<u>174,383</u>
Non-Executive:		
Fees - current year	250,033	250,000
Fees - over provided in prior year	(50,000)	–
	<u>200,033</u>	<u>250,000</u>
Total	<u>250,033</u>	<u>424,383</u>
Total excluding benefits-in-kind	<u>250,033</u>	<u>421,163</u>
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	–	–
RM100,001 – RM150,001	–	1
RM150,001 – RM200,000	–	–
Non-executive directors:		
RM50,000 and below	5	5

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**7. Taxation**

	Economic Entity		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
		(Restated)		
Current tax:				
Current year provision	5,384,308	3,843,399	5,626,001	4,319,899
Under/(Over) provision in prior year	198,401	(200,232)	198,401	(200,232)
	<u>5,582,709</u>	<u>3,643,167</u>	<u>5,824,402</u>	<u>4,119,667</u>
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	(196,651)	265,770	(196,651)	265,770
Relating to reduction in Malaysian income tax rate	(30,114)	(22,677)	(30,114)	(22,677)
Over provision in prior year	(35,863)	(39,642)	(35,863)	(39,642)
	<u>(262,628)</u>	<u>203,451</u>	<u>(262,628)</u>	<u>203,451</u>
Tax expense for the year	<u>5,320,081</u>	<u>3,846,618</u>	<u>5,561,774</u>	<u>4,323,118</u>

Domestic current income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% in subsequent years of assessment. The computation of deferred tax as at 31 December 2008 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**7. Taxation (Contd.)**

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Economic Entity and of the Company is as follows:

	<b>2008 RM</b>	<b>2007 RM (Restated)</b>
<b>Economic Entity</b>		
Profit before taxation	<u>17,345,731</u>	<u>19,341,198</u>
Taxation at applicable rate	4,509,890	5,222,123
Effects of share of results of associates	(608,649)	(818,374)
Effect of changes in deferred tax rate	(30,114)	(22,677)
Effects of different tax rates	7,884	-
Income not subject to tax	(13,563)	(406,588)
Expenses not deductible for tax purposes	1,292,095	112,008
Over provision of deferred tax in prior year	(35,863)	(39,642)
Under/(Over) provision of current tax in prior year	<u>198,401</u>	<u>(200,232)</u>
Tax expense for the year	<u>5,320,081</u>	<u>3,846,618</u>
<b>Company</b>		
Profit before taxation	<u>15,934,363</u>	<u>18,074,998</u>
Taxation at applicable rate	4,142,934	4,880,249
Effect of changes in deferred tax rate	(30,114)	(22,677)
Effects of different tax rates	7,884	-
Income not subject to tax	(13,563)	(406,588)
Expenses not deductible for tax purposes	1,292,095	112,008
Over provision of deferred tax in prior year	(35,863)	(39,642)
Under/(Over) provision of current tax in prior year	<u>198,401</u>	<u>(200,232)</u>
Tax expense for the year	<u>5,561,774</u>	<u>4,323,118</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**8. Earnings per share**

**(a) Basic**

The basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	<b>Economic Entity</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to ordinary equity holders of the Company	<u>12,025,650</u>	<u>15,494,580</u>
Weighted average number of ordinary shares in issue	<u>64,850,448</u>	<u>64,850,448</u>
Basic earnings per share (sen) for:		
Profit for the year	<u>18.54</u>	<u>23.89</u>

**(b) Diluted**

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



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Dividends

	Dividends in respect of Year		Dividends recognised in Year	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Recognised during the year:</b>				
Interim dividend for 2007:				
3% less 27% taxation on 64,850,448 ordinary shares (2.19 sen per ordinary share)	-	1,420,225	-	1,420,225
5% less 27% taxation on 64,850,448 ordinary shares (3.65 sen per ordinary share)	-	2,367,041	-	2,367,041
Special dividend for 2007:				
3% less 27% taxation on 64,850,448 ordinary shares (2.19 sen per ordinary share)	-	1,420,225	-	1,420,225
7% less 27% taxation on 64,850,448 ordinary shares (5.11 sen per ordinary share)	-	3,313,858	-	3,313,858
Interim dividend for 2008:				
5% less 26% taxation on 64,850,448 ordinary shares (3.70 sen per ordinary share)	2,399,467	-	2,399,467	-
5% less 26% taxation on 64,850,448 ordinary shares (3.70 sen per ordinary share)	2,399,467	-	2,399,467	-
Special dividend for 2008:				
3% less 26% taxation on 64,850,448 ordinary shares (2.22 sen per ordinary share)	1,439,680	-	1,439,680	-
7% less 26% taxation on 64,850,448 ordinary shares (5.18 sen per ordinary share)	3,359,253	-	3,359,253	-
	<u>9,597,867</u>	<u>8,521,349</u>	<u>9,597,867</u>	<u>8,521,349</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Property, plant and equipment

	Land and buildings* RM	Machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
<b>Economic Entity and Company</b>					
<b>At 31 December 2008</b>					
<b>Cost or valuation</b>					
At 1 January 2008					
At cost	798,468	1,095,871	1,327,564	517,907	3,739,810
At valuation	33,529,134	–	–	–	33,529,134
	34,327,602	1,095,871	1,327,564	517,907	37,268,944
Additions	210,010	1,460	94,127	11,600	317,197
At 31 December 2008	34,537,612	1,097,331	1,421,691	529,507	37,586,141
Representing:					
At cost	1,008,478	1,097,331	1,421,691	529,507	4,057,007
At valuation	33,529,134	–	–	–	33,529,134
At 31 December 2008	34,537,612	1,097,331	1,421,691	529,507	37,586,141
<b>Accumulated depreciation</b>					
At 1 January 2008	79,720	938,363	1,163,432	413,054	2,594,569
Charge for the year	81,864	77,703	143,116	34,937	337,620
At 31 December 2008	161,584	1,016,066	1,306,548	447,991	2,932,189
<b>Net carrying amount</b>					
At cost	899,894	81,265	115,143	81,516	1,177,818
At valuation	33,476,134	–	–	–	33,476,134
At 31 December 2008	34,376,028	81,265	115,143	81,516	34,653,952

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Property, plant and equipment (contd.)

	Land and buildings* RM	Machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
<b>Economic Entity and Company</b>					
<b>At 31 December 2007 (Restated)</b>					
<b>Cost or valuation</b>					
At 1 January 2007					
At cost	752,908	1,026,071	1,496,295	503,535	3,778,809
At valuation	51,043,531	-	-	-	51,043,531
	51,796,439	1,026,071	1,496,295	503,535	54,822,340
Additions	45,560	69,800	-	14,372	129,732
Disposal	-	-	(168,731)	-	(168,731)
Revaluation surplus in respect of land	27,571,469	-	-	-	27,571,469
Reversal of revaluation surplus in respect of building	(100,000)	-	-	-	(100,000)
Transfer to biological assets (Note 11)	(44,985,866)	-	-	-	(44,985,866)
At 31 December 2007	34,327,602	1,095,871	1,327,564	517,907	37,268,944
Representing:					
At cost	798,468	1,095,871	1,327,564	517,907	3,739,810
At valuation	33,529,134	-	-	-	33,529,134
At 31 December 2007	34,327,602	1,095,871	1,327,564	517,907	37,268,944
<b>Accumulated depreciation</b>					
Revaluation surplus	216,670	865,624	1,151,211	369,209	2,602,714
Charge for the year	78,680	72,739	175,327	43,845	370,591
Disposal	-	-	(163,106)	-	(163,106)
Reversal of accumulated depreciation on revaluation	(215,630)	-	-	-	(215,630)
At 31 December 2007	79,720	938,363	1,163,432	413,054	2,594,569
<b>Net carrying amount</b>					
At cost	718,748	157,508	164,132	104,853	1,145,241
At valuation	33,529,134	-	-	-	33,529,134
At 31 December 2007	34,247,882	157,508	164,132	104,853	34,674,375

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Property, plant and equipment (contd.)

\*Land and building

	Freehold estate land RM	Buildings RM	Office building RM	Total RM
<b>Economic Entity and Company</b>				
<b>At 31 December 2008</b>				
<b>Cost or valuation</b>				
At 1 January 2008				
At cost	–	323,843	474,625	798,468
At valuation	30,879,134	2,650,000	–	33,529,134
	30,879,134	2,973,843	474,625	34,327,602
Additions	84,600	125,410	–	210,010
At 31 December 2008	30,963,734	3,099,253	474,625	34,537,612
Representing:				
At cost	84,600	449,253	474,625	1,008,478
At valuation	30,879,134	2,650,000	–	33,529,134
At 31 December 2008	30,963,734	3,099,253	474,625	34,537,612
<b>Accumulated depreciation</b>				
At 1 January 2008	–	51,243	28,477	79,720
Charge for the year	–	72,372	9,492	81,864
At 31 December 2008	–	123,615	37,969	161,584
<b>Net carrying amount</b>				
At cost	84,600	378,638	436,656	899,894
At valuation	30,879,134	2,597,000	–	33,476,134
At 31 December 2008	30,963,734	2,975,638	436,656	34,376,028

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Property, plant and equipment (contd.)

	Freehold estate land RM	Buildings RM	Office building RM	Total RM
<b>Economic Entity and Company</b>				
<b>At 31 December 2007</b>				
<b>Cost or valuation</b>				
At 1 January 2007				
At cost	–	278,283	474,625	752,908
At valuation	48,293,531	2,750,000	–	51,043,531
	<u>48,293,531</u>	<u>3,028,283</u>	<u>474,625</u>	<u>51,796,439</u>
Additions	–	45,560	–	45,560
Revaluation surplus in respect of land	27,571,469	–	–	27,571,469
Reversal of revaluation surplus in respect of building	–	(100,000)	–	(100,000)
Transfer to biological assets (Note 11)	(44,985,866)	–	–	(44,985,866)
At 31 December 2007	<u>30,879,134</u>	<u>2,973,843</u>	<u>474,625</u>	<u>34,327,602</u>
Representing:				
At cost	–	323,843	474,625	798,468
At valuation	30,879,134	2,650,000	–	33,529,134
At 31 December 2007	<u>30,879,134</u>	<u>2,973,843</u>	<u>474,625</u>	<u>34,327,602</u>
<b>Accumulated depreciation</b>				
At 1 January 2007	–	197,686	18,984	216,670
Charge for the year	–	69,187	9,493	78,680
Reversal of accumulated depreciation on revaluation	–	(215,630)	–	(215,630)
At 31 December 2007	<u>–</u>	<u>51,243</u>	<u>28,477</u>	<u>79,720</u>
<b>Net carrying amount</b>				
At cost	–	272,600	446,148	718,748
At valuation	30,879,134	2,650,000	–	33,529,134
At 31 December 2007	<u>30,879,134</u>	<u>2,922,600</u>	<u>446,148</u>	<u>34,247,882</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**10. Property, plant and equipment (contd.)**

- (a) Details of independent professional valuation of property, plant and equipment are as follows:

<b>Description</b>	<b>Year of valuation</b>	<b>Basis of valuation</b>	<b>RM</b>
Freehold estate land	2007	Investment method	75,865,000
Building	2007	Cost method	2,650,000
			<u>78,515,000</u>
Biological assets - oil palm (Note 11)			(44,985,866)
			<u>33,529,134</u>

Had the revalued freehold land and building been carried at historical cost less accumulated depreciation, the net book value of each class of property, plant and equipment that would have been included in the financial statements of the Economic Entity and of the Company would be as follows:

	<b>Economic Entity and Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Freehold estate land	8,392,319	8,307,719
Buildings	2,798,349	2,745,101
	<u>11,190,668</u>	<u>11,052,820</u>

- (b) 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:

	<b>Economic Entity and Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Machinery	894,286	673,988
Motor vehicles	1,042,064	627,424
Furniture and fittings	376,295	266,406
	<u>2,312,645</u>	<u>1,567,818</u>

- (c) 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)

**11. Biological assets**

	<b>Economic Entity and Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
<b>Oil palm</b>		
<b>At valuation</b>		
At 1 January	44,985,866	–
Transfer from property, plant and equipment (Note 10)	–	44,985,866
At 31 December	<u>44,985,866</u>	<u>44,985,866</u>

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 10.

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 7.88% based on the Company's return on capital employed.

**12. Prepaid land lease payments**

	<b>Economic Entity and Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
At 1 January	816,312	831,299
Amortisation for the year	<u>(82,406)</u>	<u>(14,987)</u>
At 31 December	<u>733,906</u>	<u>816,312</u>
Analysed as:		
Short term leasehold land	70,000	144,151
Long term leasehold land	<u>663,906</u>	<u>672,161</u>
	<u>733,906</u>	<u>816,312</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. Investments in associates

	Economic Entity		Company	
	2008 RM	2007 RM (Restated)	2008 RM	2007 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
	<u>1,006,505</u>	<u>1,006,505</u>	<u>1,006,505</u>	<u>1,006,505</u>
Share of post-acquisition reserves	30,670,729	28,116,706	-	-
	<u>31,677,234</u>	<u>29,123,211</u>	<u>1,006,505</u>	<u>1,006,505</u>
Market value of quoted shares outside Malaysia	<u>21,555,105</u>	<u>21,700,685</u>	<u>21,555,105</u>	<u>21,700,685</u>

Details of the associates are as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2008	2007	
The Narborough Plantations Plc	England	49.8	49.8	Oil palm plantations
Rivaknar Holdings Sdn. Bhd.	Malaysia	33.3	33.3	Investment holding

The financial statements of the above associates are coterminous with those of the Company.

The summarised financial information representing the Company's interest in the associates are as follows:

	2008 RM	2007 RM (Restated)
<b>Assets and liabilities</b>		
Current assets	7,506,891	5,778,043
Non-current assets	24,545,186	31,461,862
Total assets	<u>32,052,077</u>	<u>37,239,905</u>
Current liabilities	321,723	7,586,335
Non-current liabilities	86,415	564,212
Total liabilities	<u>408,138</u>	<u>8,150,547</u>



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**13. Investments in associates (contd.)**

The summarised financial information representing the Company's interest in the associates are as follows (contd.):

	<b>2008</b> <b>RM</b>	<b>2007</b> <b>RM</b> <b>(Restated)</b>
Results		
Revenue	5,807,123	5,571,759
Profit for the year	<u>2,340,957</u>	<u>2,962,271</u>

**14. Other investment**

	<b>Economic Entity and Company</b>	
	<b>2008</b> <b>RM</b>	<b>2007</b> <b>RM</b>
Quoted shares in Malaysia, at cost	<u>2,515,522</u>	<u>2,515,522</u>
Market value of quoted shares	<u>2,748,900</u>	<u>3,422,650</u>

**15. Receivables**

	<b>Economic Entity and Company</b>	
	<b>2008</b> <b>RM</b>	<b>2007</b> <b>RM</b>
Trade receivables	694,550	1,569,110
Other receivables	398,861	1,117,025
Deposits	47,733	31,131
Prepayments	108,335	24,269
	<u>1,249,479</u>	<u>2,741,535</u>

The Economic Entity's and the Company's normal trade credit term does not exceed 30 days.

Trade receivables and other receivables are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Cash and bank balances

	<b>Economic Entity and Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
Cash on hand and at banks	926,118	980,968
Deposits with:		
licensed banks in Malaysia	36,450,338	31,841,368
a foreign financial institution	11,537,211	14,701,439
	<u>47,987,549</u>	<u>46,542,807</u>
	<u>48,913,667</u>	<u>47,523,775</u>

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

- Ringgit Malaysia	35,426,118	30,586,742
- Pound Sterling	11,537,211	14,701,439
- Australian Dollar	1,950,338	2,235,594
	<u>48,913,667</u>	<u>47,523,775</u>

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

<b>At 31 December 2008</b>	<b>Within 1 year</b>	<b>1 - 2 years</b>	<b>Total</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Economic Entity and Company</b>			
<b>Fixed</b>			
Deposits with licensed banks in Malaysia at the following EIR			
- 2.80%	2,000,000	-	2,000,000
- 3.00%	1,674,244	-	1,674,244
- 3.10%	10,700,000	-	10,700,000
- 3.20%	8,700,000	-	8,700,000
- 3.25%	1,800,000	-	1,800,000
- 3.30%	8,000,000	-	8,000,000
- 3.45%	1,200,000	-	1,200,000
- 3.70%	-	1,400,000	1,400,000
- 7.00%	976,094	-	976,094
	<u>35,050,338</u>	<u>1,400,000</u>	<u>36,450,338</u>
Deposits with foreign financial institution at			
- 5.53%	7,731,141	-	7,731,141
- 6.02%	3,806,070	-	3,806,070
	<u>46,587,549</u>	<u>1,400,000</u>	<u>47,987,549</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**16. Cash and bank balances (contd.)**

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

<b>At 31 December 2007</b>	<b>Within 1 year RM</b>	<b>1 - 2 years RM</b>	<b>Total RM</b>
<b>Economic Entity and Company</b>			
<b>Fixed</b>			
Deposits with licensed banks in Malaysia at the following EIR			
- 2.90%	–	200,000	200,000
- 3.20%	14,600,000	–	14,600,000
- 3.25%	7,800,000	–	7,800,000
- 3.45%	5,005,774	–	5,005,774
- 3.70%	–	2,000,000	2,000,000
- 5.60%	1,117,830	–	1,117,830
- 5.80%	1,117,764	–	1,117,764
	<u>29,641,368</u>	<u>2,200,000</u>	<u>31,841,368</u>
Deposits with foreign financial institution at 4.90%	14,701,439	–	14,701,439
	<u>44,342,807</u>	<u>2,200,000</u>	<u>46,542,807</u>

**17. Share capital**

	<b>Number of ordinary shares of RM1 each</b>		<b>Amount</b>	
	<b>2008</b>	<b>2007</b>	<b>2008 RM</b>	<b>2007 RM</b>
Authorised	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid up	<u>64,850,448</u>	<u>64,850,448</u>	<u>64,850,448</u>	<u>64,850,448</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Reserves

	Economic Entity		Company	
	2008 RM	2007 RM (Restated)	2008 RM	2007 RM
Non-distributable:				
Capital reserve	55,808,401	56,020,340	40,043,496	40,021,904
Distributable:				
Capital reserve	1,793,446	1,385,933	-	-
	<u>57,601,847</u>	<u>57,406,273</u>	<u>40,043,496</u>	<u>40,021,904</u>
General reserve	6,148,085	4,642,279	5,344,367	3,838,561
	<u>63,749,932</u>	<u>62,048,552</u>	<u>45,387,863</u>	<u>43,860,465</u>
Non-distributable capital reserve comprises:				
Exchange fluctuation reserves	1,737,499	1,367,547	-	-
Surplus on revaluation of property, plant and equipment	54,070,902	54,652,793	40,043,496	40,021,904
Distributable capital reserve comprises:				
Reserves realised on disposal of assets	1,793,446	1,385,933	-	-
	<u>57,601,847</u>	<u>57,406,273</u>	<u>40,043,496</u>	<u>40,021,904</u>
General reserve comprises:				
Gain on maturity of investments	23,678	23,678	23,678	23,678
Surplus on revaluation realised on disposal of properties	3,029,563	1,523,757	3,029,563	1,523,757
Reserves realised on disposal of assets	300,125	300,125	-	-
Unappropriated retained earnings	2,794,719	2,794,719	2,291,126	2,291,126
	<u>6,148,085</u>	<u>4,642,279</u>	<u>5,344,367</u>	<u>3,838,561</u>

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

**19. Retained earnings**

Prior to year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2008 and 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2008, the Company has tax exempt profits available for distribution of tax exempt dividends of approximately RM2,468,000 (2007: RM2,468,000).

The Company has sufficient tax exempt profits and tax credit under Section 108 of the Income Tax Act 1967 to pay dividends amounting to RM21,959,637 (2007 : RM21,785,500) out of its distributable reserves as at 31 December 2008. The Company may distribute the balance of the distributable reserves of RM600,585 (2007 : RMNil) as dividends under single tier system.

**20. Provision for retirement benefits**

	<b>Economic Entity and Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
At 1 January	82,870	73,525
Additional provision	19,323	11,682
Payments made	(20,236)	(2,337)
At 31 December	81,957	82,870
Represented by:		
Payable not later than 1 year	–	13,326
Payable between more than 1 year and less than 5 years	21,740	19,989
Payable later than 5 years	60,217	49,555
	81,957	82,870

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**21. Deferred taxation**

	<b>Economic Entity and Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
At 1 January	1,008,451	2,715,000
Recognised in income statement (Note 7)	(262,628)	203,451
Recognised in equity	(21,592)	(1,910,000)
At 31 December	<u>724,231</u>	<u>1,008,451</u>

Presented after appropriate offsetting as follows:

Deferred tax liabilities	744,720	1,029,997
Deferred tax assets	(20,489)	(21,546)
	<u>724,231</u>	<u>1,008,451</u>

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

	<b>At 1.1.2008 RM</b>	<b>Recognised in equity RM</b>	<b>Recognised in income statement RM</b>	<b>At 31.12.2008 RM</b>
<b>Deferred tax liabilities</b>				
Dividend receivables	264,777	-	(254,671)	10,106
Revaluation surplus	189,632	(21,592)	(2,064)	165,976
Property, plant and equipment	575,588	-	(6,950)	568,638
	<u>1,029,997</u>	<u>(21,592)</u>	<u>(263,685)</u>	<u>744,720</u>
<b>Deferred tax assets</b>				
Provision for retirement benefits	(21,546)	-	1,057	(20,489)
	<u>1,008,451</u>	<u>(21,592)</u>	<u>(262,628)</u>	<u>724,231</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**21. Deferred taxation (contd.)**

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

	<b>At 1.1.2007 RM</b>	<b>Recognised in equity RM</b>	<b>Recognised in income statement RM</b>	<b>At 31.12.2007 RM</b>
<b>Deferred tax liabilities</b>				
Dividend receivables	17,439	-	247,338	264,777
Revaluation surplus	2,099,632	(1,910,000)	-	189,632
Property, plant and equipment	617,781	-	(42,193)	575,588
	<u>2,734,852</u>	<u>(1,910,000)</u>	<u>205,145</u>	<u>1,029,997</u>
<b>Deferred tax assets</b>				
Provision for retirement benefits	(19,852)	-	(1,694)	(21,546)
	<u>2,715,000</u>	<u>(1,910,000)</u>	<u>203,451</u>	<u>1,008,451</u>

**22. Payables**

	<b>Economic Entity and Company</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
Trade payables	107,458	136,629
Payroll liabilities	590,154	506,360
Other payables	159,147	140,748
Dividend payable	5,758,720	5,680,899
Deposits refundable	62,484	62,484
	<u>6,677,963</u>	<u>6,527,120</u>

Credit terms of trade payables granted to the Economic Entity and to the Company range from 30 to 90 days

Payables are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**23. Capital commitment**

	2008 RM	2007 RM
Approved but not contracted for:		
Property, plant and equipment	–	94,127

**24. Significant related party disclosure**

	2008 RM	2007 RM
Sale of motor vehicle to a director	–	46,000

**25. 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.

**26. Prior year adjustments**

The prior year adjustments of the Economic Entity are as follows:

- (a) Share of reserve of RM1,488,074 of an associate, comprising non-distributable capital reserve and distributable general reserve, was previously not recognised.
- (b) Adjustment of RM2,173,336 due to the adoption of different accounting policies between the Economic Entity and an overseas associate upon adoption of IAS 41 Agriculture by the overseas associate.

	2007 RM
Effects on equity:	
At 1 January (as previously stated)	111,979,958
Effects of adjustment (a)	1,457,159
At 1 January (as restated)	113,437,117



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**26. Prior year adjustments (contd.)**

Effects on share of reserves of associates:

	<b>As previously stated RM</b>	<b>Effects of adjustment</b>		<b>As restated RM</b>
		<b>(a) RM</b>	<b>(b) RM</b>	
At 1 January 2007				
Exchange fluctuation	43,665	21,745	–	65,410
Revaluation surplus	2,086,105	18,160	2,173,336	4,277,601
Deferred tax recognised on revaluation surplus	433,090	(8,990)	–	424,100
	<u>2,562,860</u>	<u>30,915</u>	<u>2,173,336</u>	<u>4,767,111</u>
				<b>2007 RM</b>

Effects on profit for the year:

Profit before prior year adjustments	17,667,916
Effects of adjustment (b)	<u>(2,173,336)</u>
Profit for the year	<u>15,494,580</u>

Comparative amounts as at 31 December 2007 have been restated as follows:

	<b>As previously stated RM</b>	<b>Adjustments RM</b>	<b>As restated RM</b>
<b>Balance sheets</b>			
Investment in associates	27,635,137	1,488,074	29,123,211
Reserves	58,387,142	3,661,410	62,048,552
Retained earnings	30,048,894	(2,173,336)	27,875,558
<b>Income statements</b>			
Share of profit of associates	5,135,607	(2,173,336)	2,962,271
<b>Statements of changes in equity</b>			
Non-distributable capital reserve	52,659,055	3,361,285	56,020,340
Distributable general reserve	4,342,154	300,125	4,642,279
Retained earnings	30,048,894	(2,173,336)	27,875,558
<b>Cash flow statements</b>			
Profit before taxation	21,514,534	(2,173,336)	19,341,198

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**27. Comparative figures**

The following comparatives as at 31 December 2007 have also been restated to conform with the presentation under FRS 101 Presentation of financial statements:

	<b>As previously stated RM</b>	<b>Adjustments RM</b>	<b>As restated RM</b>
<b>Economic Entity and Company</b>			
<b>Balance sheets</b>			
Property, plant and equipment	79,660,241	(44,985,866)	34,674,375
Biological assets	-	44,985,866	44,985,866
	<u>                    </u>	<u>                    </u>	<u>                    </u>

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I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Riverview Rubber Estates, Berhad, hereby appoint \_\_\_\_\_

\_\_\_\_\_

of \_\_\_\_\_

or failing him/her, \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Seventieth Annual General Meeting of the Company, to be held at the 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on 19 June 2009 at 11.00 a.m. and at any adjournment thereof.

With reference to the Agenda set forth in the Notice of Annual General Meeting, please indicate with an "X" in the appropriate space how you wish your votes to be cast, in the absence of any specific directions, your proxy will vote as he/she thinks fit.

		Against	For	Withheld
<b>Resolution 1</b>	Adoption of financial statements and reports			
<b>Resolution 2</b>	Approval of Payment of Directors' Fees			
<b>Resolution 3</b>	Re-election of Roslan bin Hamir			
<b>Resolution 4</b>	Re-election of Stephen William Huntsman			
<b>Resolution 5</b>	Re-appointment of auditors			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

No. of shares held	
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Signature \_\_\_\_\_

**Note:**

- i) 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 provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- ii) This instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- iii) This 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.

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THE SECRETARY

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

33A Jalan Tun Sambanthan,

30000 Ipoh,

Perak Darul Ridzuan,

Malaysia.

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stamp

**Riverview Rubber Estates, Berhad** (820-V)  
33A Jalan Tun Sambanthan  
30000 Ipoh  
Perak Darul Ridzuan  
Malaysia