

RIVERVIEW
RUBBER ESTATES,
BERHAD (820-V)
INCORPORATED IN MALAYSIA

**ANNUAL
REPORT
2009**

71

2009 ANNUAL REPORT

71ST ANNUAL GENERAL MEETING

RIVERVIEW RUBBER ESTATES, BERHAD

COMPANY NO. 820-V — INCORPORATED IN MALAYSIA

CONTENTS

page	
2 - 3	Corporate Information
4	Notice Of Annual General Meeting
5	Statement Accompanying Notice Of Annual General Meeting
6	Plantation Statistics
7	Financial Calendar
8	Financial Performance
9	Financial Highlights
10 - 11	Analysis Of Shareholdings
12 - 13	Profile Of Directors
14 - 18	Chairman's Statement
19 - 27	Corporate Governance Statement
28 - 31	Audit Committee Report
32 - 34	Term of Reference Of The Audit Committee
35 - 37	Statement On Internal Control
38	Statement Of Directors' Responsibility To The Financial Statements
39 - 45	Corporate Social Responsibility
46	Properties Of The Company
47	Financial Statements
	Electronic Dividend Payment
	Form Of Proxy



The last rubber tree found in the estates

Front cover: Replanted field at Hibernia Estate

CORPORATE INFORMATION

DIRECTORS

Juliana Manohari Devadason **Chairman**
Tsen Keng Yam
Lim Hu Fang
Stephen William Huntsman
Jeraman @ Jayaraman A/L Narainan
Roslan Bin Hamir

REGISTERED OFFICE / DOMICILE

33A Jalan Tun Sambanthan
30000 Ipoh
Perak Darul Ridzuan
Malaysia

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

PRINCIPAL PLACE OF BUSINESS

Riverview Estate
31800 Tanjung Tualang
Perak Darul Ridzuan
Malaysia

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

SECRETARY

Tsen Keng Yam
MIA 1476

SHARE REGISTRAR

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

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

CORPORATION INFORMATION

(CONTINUED)

AUDITORS

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

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

AUDIT COMMITTEE

Lim Hu Fang **Chairman**
Stephen William Huntsman
Jeraman @ Jayaraman A/L Narainan
Roslan Bin Hamir

REMUNERATION AND NOMINATION COMMITTEE

Lim Hu Fang **Chairman**
Jeraman @ Jayaraman A/L Narainan
Roslan Bin Hamir

BANKERS

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

SOLICITORS

Maxwell Kenion Cowdy & Jones

STOCK EXCHANGE LISTING

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventy-First Annual General Meeting of the Company will be held at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Friday, 18 June 2010 at 11.30 am for the following purposes:

AGENDA

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2009 together with the Directors' and Auditors' reports thereon.
2. To approve the payment of Directors fees of RM50,000 each for the financial year ending 31 December 2009 **Resolution 1**
3. To re-elect Juliana Manohari Devadason who retires by rotation in accordance with Article 96 of the Company's Articles of Association and, being eligible, offers herself for re-election. **Resolution 2**
4. To re-elect Tsen Keng Yam who retires by rotation in accordance with Article 96 of the Company's Articles of Association and, being eligible, offers himself for re-election. **Resolution 3**
5. To re-appoint the retiring, Messrs Ernst & Young as the Auditors of the Company and to authorize the Directors to fix their remuneration **Resolution 4**

By Order of the Board

TSEN KENG YAM

MIA 1476

Company Secretary

20 May 2010

Notes :

1. *A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.*

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27 (2) OF THE LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD)

Five (5) Board Meetings were held during the year.

<i>Date of Meeting</i>	<i>Hour</i>	<i>Place</i>
23 February 2009	2.00 pm	Ipoh, Perak
24 April 2009	3.40 pm	Ipoh, Perak
24 July 2009	12.00 pm	Ipoh, Perak
23 October 2009	12.00 pm	Ipoh, Perak
7 December 2009	12.00 pm	Ipoh, Perak

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

<i>Names of Directors</i>	<i>Number of meetings held</i>	<i>Number of meetings attended</i>
Juliana Manohari Devadason	5	5
Tsen Keng Yam	5	5
Lim Hu Fang	5	5
Stephen William Huntsman	5	5
Jeraman @ Jayaraman a/l Narainan	5	5
Roslan Bin Hamir	5	5

Details of Directors' standing for re-election and re-appointment are as follows:

Juliana Manohari Devadason

Age 60. Malaysian. Non-Independent Non-Executive Director and Chairman. Appointed to the Board in 1987 and elected Chairman in July 1995. Attended all five Board Meetings in the financial year. Holds a Bachelor of Arts (Honours) Degree in Law and is a Barrister-at-Law, Grays Inn. Was a partner at Maxwell, Kenion, Cowdy & Jones from 1984 to 2003 and had been in practice as an advocate and solicitor for 28 years. Also serves the Chairman of the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years.

Tsen Keng Yam

Age 60. Malaysian. Non-Independent Executive Director since February 2007. Also the Company Secretary. Attended all five Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants and a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants. Was a Partner of Arthur Andersen & Co from 1988 to June 2003. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom and as Chairman of Talam Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years.

PLANTATION STATISTICS

	2009	2008	2007	2006	2005
OIL PALM					
Average area in production (hectares)	1,759	1,759	1,759	1,664	1,599
Crop (tonnes FFB)	49,284	44,976	39,589	43,651	38,379
Yield per hectare (tonnes FFB)	28.02	25.56	22.5	26.2	24.0
Average price realized (RM per tonne FFB)	445.22	585.50	528.84	302.81	288
Profit per mature hectare (RM)	8,811	10,599	8,327	3,812	3,750

AREA STATEMENT as at 31 December

Oil palm – mature	1,718	1,759	1,759	1,664	1,598
– immature	41	–	–	95	157
Total planted hectarage	<u>1,759</u>	<u>1,759</u>	<u>1,759</u>	<u>1,759</u>	<u>1,759</u>
Buildings, sites, gardens, etc	27	27	27	27	18
Ravines and swamps	7	7	7	7	19
	<u>1,793</u>				
Total area (hectares)	<u><u>1,793</u></u>	<u><u>1,793</u></u>	<u><u>1,793</u></u>	<u><u>1,793</u></u>	<u><u>1,796</u></u>

FINANCIAL CALENDAR

FINANCIAL YEAR END

31 December 2009

ANNOUNCEMENT OF QUARTERLY RESULTS

First Quarter	27 April 2009
Second Quarter	24 July 2009
Third Quarter	23 October 2009
Fourth Quarter	23 February 2010

PUBLISHED ANNUAL REPORT

Despatch Date	21 May 2010
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GENERAL MEETING

Seventy-First Annual General Meeting	18 June 2010
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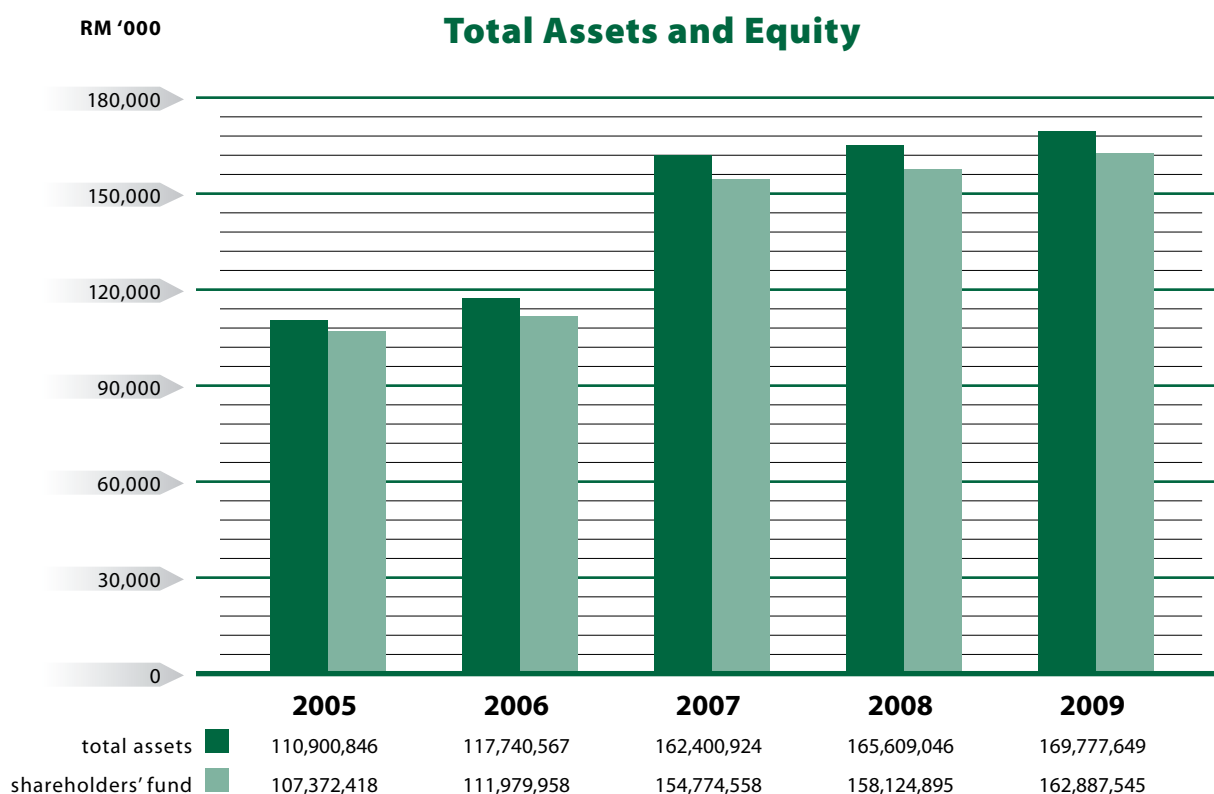
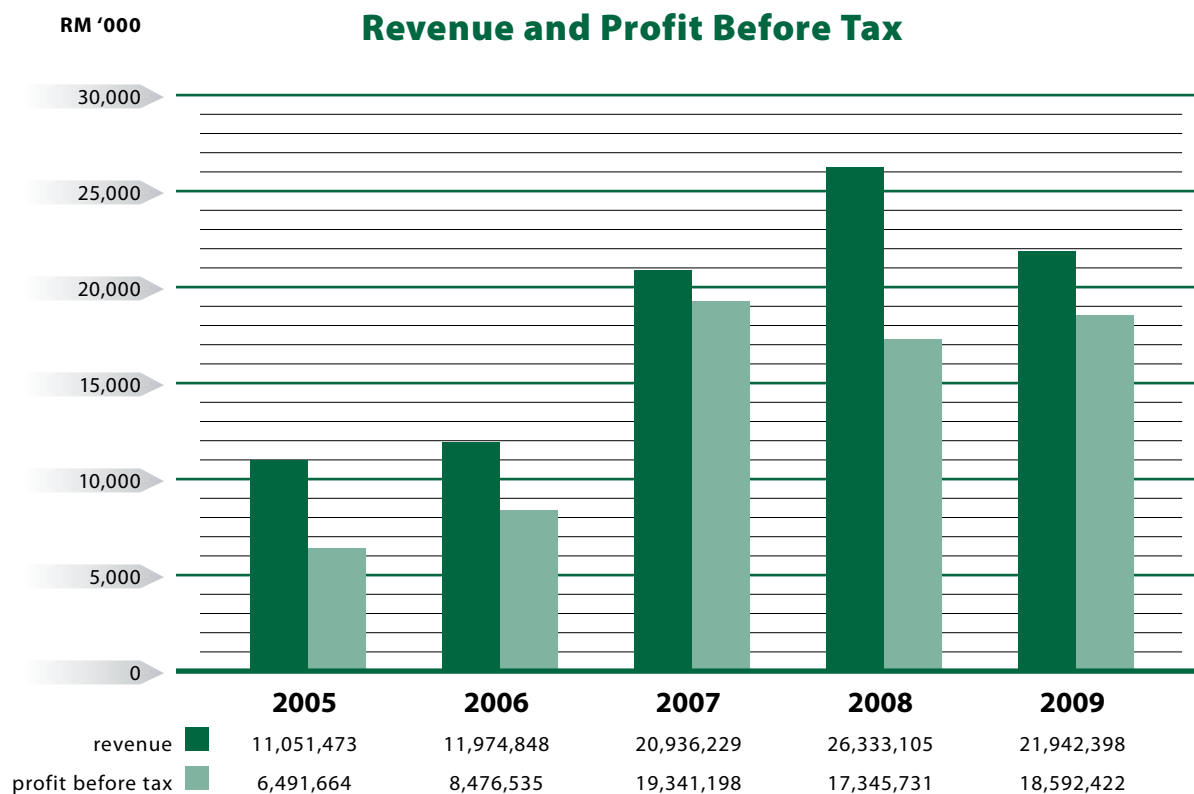
DIVIDEND

1st Interim & 1st Special	Decalaration date	–	25 May 2009
	Entitlement date	–	26 June 2009
	Payment date	–	31 July 2009
2nd Interim & 2nd Special	Decalaration date	–	30 October 2009
	Entitlement date	–	4 December 2009
	Payment date	–	15 January 2010

FINANCIAL PERFORMANCE

	1st Quarter RM '000	2nd Quarter RM '000	3rd Quarter RM '000	4th Quarter RM '000	2009 RM '000
Revenue	4,156	6,341	6,203	5,242	21,942
Operating profit	2,796	4,376	4,497	3,468	15,137
Profit before tax	3,929	7,339	4,337	2,987	18,592
Taxation	(717)	(1,170)	(1,117)	(363)	(3,367)
Profit attributable to shareholders	3,212	6,169	3,220	2,624	15,225
Earnings per share (sen)	4.95	9.51	4.97	4.05	23.48
Dividend per share (sen)	–	6.00	–	9.00	15.00
Net tangible assets per share (RM)	2.49	2.52	2.57	2.51	2.51

FINANCIAL HIGHLIGHTS



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 5 May 2010

No. of Holders	Holdings	Total Holdings	%
28	less than 100	1,249	*
620	101 - 1,000	536,031	0.83%
1,867	1,001 - 10,000	7,877,206	12.15%
385	10,001 - 100,000	9,748,762	15.03%
25	100,001 - 1,249,008 **	5,827,108	8.99%
1	1,249,009 and above	40,860,092	63.01%
2,926		64,850,448	100.00%

** Denotes 2% of the issued capital * Negligible

SUBSTANTIAL SHAREHOLDERS IN THE COMPANY as at 5 May 2010

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

DIRECTORS' SHAREHOLDINGS IN THE COMPANY as at 5 May 2010

	No. of shares held			
	Direct	%	Deemed	%
Juliana Manohari Devadason	6,000	0.01	-	-
Stephen William Huntsman	67,300	0.10	40,860,092 ⁵	63.00
Lim Hu Fang	6,000	0.01	-	-
Jeraman @ Jayaraman a/l Narainan	15,000	0.02	-	-
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 5 May 2010

The Directors' shareholdings in related corporations are as disclosed in the Directors' Report on page 50.

Thirty Largest Registered Shareholders as at 5 May 2010

Name	Shareholdings	%
1 Sungei Ream Holding Ssendirian Berhad	40,860,092	63.01
2 HSBC Nominees (Asing) Sdn Bhd	1,249,008	1.93
3 Lim Seng Chee	856,000	1.32
4 Yeo Khee Bee	605,000	0.93
5 Ng Beh Tong	234,500	0.36
6 Lim Keow Gnoh	216,000	0.33
7 CIMSEC Nominees (Asing) Sdn Bhd	184,000	0.28
8 Chong Yean Fong	170,000	0.26
9 Chow Soo Har @ Chow Yin Kong	169,000	0.26
10 Gemas Bahru Estates Sdn Bhd	153,000	0.24
11 Parin D/O Laffa	153,000	0.24
12 Mayban Nominees (Tempatan) Sdn Bhd	150,000	0.23
13 Chong Fa @ Chong Nam Yen	144,800	0.22
14 Citigroup Nominees (Asing) Sdn Bhd	136,800	0.21
15 HSBC Nominees (Asing) Sdn Bhd	129,600	0.20
16 Seah Mok Khoon	125,000	0.19
17 Chuah Lee Shyun	122,100	0.19
18 HDM Nominees (Asing) Sdn Bhd	120,200	0.19
19 Chong Meow Chong	120,000	0.19
20 Kwok Chee Yan	120,000	0.19
21 Mayban Securities Nominees (Asing) Sdn Bhd	120,000	0.19
22 HLG Nominee (Asing) Sdn Bhd	116,400	0.18
23 Sai Dezhao	115,000	0.18
24 Malaysia Nominees (Tempatan) Sendirian Berhad	108,000	0.17
25 HSBC Nominees (Asing) Sdn Bhd	105,000	0.16
26 Chong Yean Kiong	104,700	0.16
27 Citigroup Nominees (Tempatan) Sdn Bhd	100,000	0.15
28 Ho Sim Guan	100,000	0.15
29 Wong Loke Sing	100,000	0.15
30 Yang Yen Fang	100,000	0.15
Total	47,087,200	72.61

PROFILE OF DIRECTORS

Juliana Manohari Devadason

Age 60. Malaysian. Non-Independent Non-Executive Director and Chairman. Appointed to the Board in 1987 and elected Chairman in 2001. Attended all five Board Meetings in the financial year. Holds a Bachelor of Arts (Honours) Degree in Law and is a Barrister-at-Law, Grays Inn. Was a partner at Maxwell, Kenion, Cowdy & Jones from 1984 to 2003 and had been in practice as an advocate and solicitor for 28 years. Also serves as Chairman of the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years.

Tsen Keng Yam

Age 60. Malaysian. Non-Independent Executive Director. Appointed to the Board in 2007. Also the Company Secretary. Attended all five Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants and a Certified Public Accountant under the Malaysian Institute of Certified Public Accountants. Was a Partner of Arthur Andersen & Co from 1988 to June 2003. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom and as Chairman of Talam Corporation Berhad, a company listed on Bursa Malaysia Securities Berhad. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years.

Lim Hu Fang

Age 60. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2002. Attended all five Board Meetings in the financial year. A Fellow of the Institute of Chartered Accountants in England & Wales, a Chartered Accountant under the Malaysian Institute of Accountants. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years. Lim Hu Fang is the Chairman of both the Audit Committee and the Remuneration and Nomination Committee.

Stephen William Huntsman

Age 52. Malaysian. Non-Independent Non-Executive Director. Appointed to the Board in 2001. Attended all five Board Meetings in the financial year. Has a Masters in Business Administration and is an Associate Member of the Chartered Institute of Secretaries. Was a Manager of Plessey PLC from 1980 to 1986 and Manager of the Automobile Association from 1986 to 1996. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and is the son of William John Huntsman, a substantial shareholder of the Company. Has not been convicted for offences within the past ten years. Stephen William Huntsman sits on the Audit Committee.

PROFILE OF DIRECTORS

(CONTINUED)

Jeraman @ Jayaraman a/l Narainan

Age 62. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2005. Attended all five Board Meetings in the financial year. Has a Master in Business Administration from The Kensington College and University, a Bachelor of Science (1st Class Honours) Degree in Agriculture from Tamil Nadu Agricultural University in Coimbatore and is an Associate Member of The Incorporated Society of Planters. Was a Plantation Management Executive of National Land Finance Co-operative Society from 1972 to 1992. Served as a Panel Member of the Industrial Court representing the Employers (1st January 2007 to 31st December 2009), appointed by the Minister of Human Resources, Malaysia. Currently serves as Managing Director of Plantation Agencies Sdn. Bhd., as a Council Member of the Malaysian Agricultural Producers Association (MAPA) and Malaysian Palm Oil Association (MPOA). Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years. Jeraman @ Jayaraman a/l Narainan sits on both the Audit Committee and the Remuneration and Nomination Committee.

Roslan Bin Hamir

Age 43. Malaysian. Independent Non-Executive Director. Appointed to the Board in 2008. Attended all five Board Meetings in the financial year. Is an ACCA graduate with Bachelor of Arts (Honours) in Accounting and Finance. Was a Management Consultant and Auditor with Ernst & Young from 1993 until 1998. Currently serves as Managing Director of Kumpulan Fima Berhad and Fima Corporation Berhad, both of which are companies listed on Bursa Malaysia Securities Berhad. Also serves on the Board of The Narborough Plantations, PLC, a company listed on the London Stock Exchange in the United Kingdom. No conflict of interest with the Company and has no family relationship with any other Director or major shareholder of the Company. Has not been convicted for offences within the past ten years. Roslan bin Hamir sits on both the Audit Committee and the Remuneration and Nomination Committee.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to report that the Company has turned in another profitable year as a result of proactive improvement activities and stronger production. In spite of the challenges brought on by the lingering effects of a weak global economy, we continued to make positive strides by building upon our culture of sustainable progress and reliability. On behalf of your Board of Directors, I am pleased to present the Seventy-first Annual Report of Riverview Rubber Estates, Berhad for the financial year ended 31 December 2009.



FFB being loaded onto ramp

Financial Performance

Your Company's performance in 2009 was impacted by fluctuations in operating margins and volatility in Crude Palm Oil ("CPO") prices. Despite the vagaries of the operating environment, your company posted a higher net income after tax of RM15.37 million. I am delighted to report that this is your Company's second highest ever profit per mature hectare, against our historical high in 2008.

The Company registered revenue of RM21.94 million this year, a decrease of 16.68% as compared to last year. The lower revenue despite the increase in production of 9.60% is due to a decrease in the average selling price of fresh fruit bunch ("FFB") of oil palm by 23.96%.

The Company recorded a pre-tax profit in 2009 of RM18.59 million against pre-tax profit of RM17.35 million, an increase of 7.18% compared to 2008. The higher pre-tax profit is primarily attributable to unrealised foreign exchange gains of RM1.40 million in this year as compared to losses of RM4.12 million for last year. The overall performance translated to an increase in earnings per share of 27.83% from 18.54 sen in 2008 to 23.70 sen in 2009.



Panoramic view of a field

CHAIRMAN'S STATEMENT

(CONTINUED)

Review of Operations

2009 was a challenging year for the Company, the commodity industry remained volatile with CPO prices fluctuating between the 1st and 2nd half of the year. Our results were supported by improved production and a positive turn around in our foreign exchange position.

Despite the drop in CPO prices, our revenue was buffeted by the increase in FFB yield. Our average FFB yield of 28.02 tonnes per hectare in 2009 increased by 9.62% from 25.56 tonnes per hectare in 2008. In comparison, the national average FFB yield dropped by 4.86% from 20.18 tonnes per hectare in 2008 to 19.20 tonnes per hectare in 2009.

The Company's application to the Malaysian Palm Oil Board ("MPOB") Replanting Incentive Scheme which was offered by the Government of Malaysia had been approved and we were eligible for an incentive of RM1,000 for every hectare of replanting.

Replanting began in July 2009 on 41.24 hectares at the Hibernia Estate with oil palms that were 30 years old and was fully completed in March 2010. Replanting will be extended to the Sadang Estate on 25.58 hectares and the Buloh Akar Estate on 74.05 hectares.

Although the yields from these fields were still high yielding, the height of the palms necessitated replanting.



New palms at the Hibernia Estate



**Harvested FFB awaiting collection
– Directors' Estate Visit**



**Inspection of Chain Block Ramps
– Directors' Estate Visit**

CHAIRMAN'S STATEMENT

(CONTINUED)

Market Overview

The Industry faced many challenges in the Year 2009 mainly due to the lingering effects of a weak global economy and sustainability and environmental issues associated with oil palm cultivation. Crude Palm Oil ("CPO") prices recovered in the 1st half of the financial year, however declined in the 2nd half mostly due to bearish sentiments brought on by lower crude oil and vegetable oils prices.

CPO prices traded at RM2,241.50 per tonne during the first half of the year, supported by positive sentiments related to higher crude oil prices and supply tightness of vegetable oils. However, during the second-half of the year bearish sentiments prevailed in the market influenced by the sharp decline in both crude oil prices as well as that of other vegetable oils, coupled with high palm oil stocks and fears of a continued global recession. This resulted in the monthly average CPO price declining below the RM2,200 per tonne level since September, 2009. Palm oil prices traded quite widely during the year, with the highest monthly average CPO price recorded in May at RM2,744 per tonne and the lowest attained in January at RM1,842 per tonne.

CPO production is forecasted to rise in 2010 because of a recovery in FFB yields and an expansion in matured area. The outlook for palm oil prices continues to remain strong in view of the global oils and fats tightness, coupled with the increase in vegetable oils demand amid improving global economic situation.

(Sources : The Malaysian Palm Oil Board)



Field Inspection, Buloh Akar Estate – Directors' Estate Visit

CHAIRMAN'S STATEMENT

(CONTINUED)

Current Year's Prospects

Production for 2010 will be affected by the replanting exercise, nevertheless we have adopted a disciplined approach towards replanting and are working on a five year replanting programme and such an approach will enable us to achieve and maintain a sustained performance.



Hibernia Estate Replanting site – Directors' Estate Visit

Dividend

For the year ended 31 December 2009, the Company declared the following dividends.

1st Interim dividend of 6 sen per share and 1st Special dividend of 2 sen per share on 64,850,448 ordinary shares, less income tax, paid on 31 July 2009.

2nd Interim dividend of 6 sen per share and 2nd Special dividend of 6 sen per share on 64,850,448 ordinary shares, less income tax, paid on 15 January 2010.



Manager of Hibernia Estate holding a watermelon used as inter-crop

CHAIRMAN'S STATEMENT

(CONTINUED)

Appreciation

On behalf of the board, I would like to record our appreciation to the management and employees for their commitment, dedication and loyalty in achieving the results in the financial year under review. I also wish to record the sense of collective responsibility, professionalism and the wisdom of my fellow Directors on the Board.

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

JULIANA MANOHARI DEVADASON
Chairman



Reservoir at the Narborough Estate, our associate company



Panoramic view of the Buloh Akar Estate



Bungalow at the Tejdrong Estate

CORPORATE GOVERNANCE STATEMENT

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

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

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

I. DIRECTORS

The Board

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

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

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

Meetings

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

During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters, these include overall strategy and direction, approval of capital expenditure, consideration of financial matters, monitoring the financial and operating performance as well as annual operating and capital budgets.

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Meetings (continued)

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

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

Directors		Number of meetings attended
Juliana Manohari Devadason	Chairman, Non Independent, Non Executive	5
Tsen Keng Yam	Non Independent, Executive	5
Lim Hu Fang	Independent, Non Executive	5
Stephen William Huntsman	Non Independent, Non Executive	5
Jeraman @ Jayaraman a/l Narainan	Independent, Non Executive	5
Roslan Bin Hamir	Independent, Non Executive	5

Board Committees

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

Board Balance

The Board currently consist 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 brief profile of each Director is presented on pages 12 to 13 of this Annual Report

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

The presence of Three (3) Independent Non-Executive Directors, which represents half of the Board, facilitates the unbiased exercise of independent evaluation in Board deliberations and decision making and fulfills a central role in corporate accountability and serves to provide check and balance in the Board.

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Board Balance (continued)

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

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

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

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

Supply of Information

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Appointments to the Board

Nomination Committee

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

Lim Hu Fang **Chairman**
Jeraman @ Jayaraman A/L Narainan
Roslan Bin Hamir

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

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

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

Directors' Training

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

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

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Directors' Training (continued)

Training Programme

Director

10 February 2009

Financial Reporting During Financial Turbulence:
Malaysian Institute of Accountants

Lim Hu Fang

26 March 2009

Agriculture for Accounting: Biological Assets Covering
Plantation Crops and Animals: Malaysian Institute of
Accountants

Stephen William Huntsman

9 – 10 June 2009

Financial Instruments: Recognition, Measurement,
Presentation and Disclosure: Ernst & Young

Lim Hu Fang

6 July 2009

Main Market Listing Requirements: Bursa Malaysia
Securities Berhad

Lim Hu Fang

21 July 2009

Directors And Officers Face Higher Risk Under
The Amended Companies Act, 1965: CPA Australia

Juliana Manohari Devadason
Tsen Keng Yam
Lim Hu Fang
Stephen William Huntsman
Jeraman @ Jayaraman a/l Narainan
Roslan Bin Hamir

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

Re-election

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

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

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

II. REMUNERATION

Remuneration Committee

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

Lim Hu Fang **Chairman**
Jeraman @ Jayaraman A/L Narainan
Roslan Bin Hamir

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

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

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

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

Details of Directors' Remuneration

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

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Details of Directors' Remuneration (continued)

	Basic salary/ fee	Bonus	Other benefits	Total 2009	Total 2008
	RM	RM	RM	RM	RM
Executive					
Tsen Keng Yam	50,000	–	–	50,000	50,000
Non-Executive					
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	50,000
Jeraman @ Jayaraman a/l Narainan	50,000	–	–	50,000	50,000
Roslan bin Hamir *	50,000	–	–	50,000	20,833
	250,000	–	–	250,000	220,833
Grand Total	300,000	–	–	300,000	270,833

* appointed on 25 July 2008

III. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

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

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

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

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

IV. ACCOUNTABILITY AND AUDIT

Financial Reporting

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

Directors' Responsibility Statements In Respect Of The Preparation Of The Audited Financial Statements

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

A statement of the Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 53 of the Annual Report.

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

Internal Control

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

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

CORPORATE GOVERNANCE STATEMENT

(CONTINUED)

Relationship with Auditors

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

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

Corporate Social Responsibility

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

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

Compliance Statement

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

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee Report for the financial year ended 31 December 2009.

Membership

The Audit Committee comprise the following Non-Executive Directors:

Lim Hu Fang (**Chairman**) – *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*

Each member of the Committee is financially literate and has extensive years of relevant industry experience, profile of each Director is presented on pages 12 to 13 of this Annual Report.

Term of Reference

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

During the financial year, the Board reviewed and revised the terms of reference of the Committee to conform to regulatory requirements.

Meetings

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

Name of members	Number of meetings held	Number of meetings attended
Lim Hu Fang	4	4
Stephen William Huntsman	4	4
Jeraman @ Jayaraman A/L Narainan	4	4
Roslan bin Hamir	4	4

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

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

AUDIT COMMITTEE REPORT

(CONTINUED)

Training and Continuous Engagement

The training seminars and programmes attended by members of the Audit Committee are as follows:

Training Programme	Director
<i>10 February 2009</i> Financial Reporting During Financial Turbulence: Malaysian Institute of Accountants	Lim Hu Fang
<i>26 March 2009</i> Agriculture for Accounting: Biological Assets Covering Plantation Crops and Animals: Malaysian Institute of Accountants	Stephen William Huntsman
<i>9 – 10 June 2009</i> Financial Instruments: Recognition, Measurement, Presentation and Disclosure: Ernst & Young	Lim Hu Fang
<i>6 July 2009</i> Main Market Listing Requirements: Bursa Malaysia Securities Berhad	Lim Hu Fang
<i>21 July 2009</i> Directors And Officers Face Higher Risk Under The Amended Companies Act, 1965: CPA Australia	Lim Hu Fang Stephen William Huntsman Jeraman @ Jayaraman a/l Narainan Roslan Bin Hamir

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

Summary of Activities during the Financial Year

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

- Reviewed the External Auditor's scope of work and audit plan for the financial year. Prior to the audit fieldwork, representatives from the External Auditor presented their audit strategy and plan to the Committee;
- Reviewed with the External Auditor the results of the final audit, the Management letter, including Management's response and the evaluation of the system of Internal controls;
- Consideration and recommendation to the Board on the re-appointment of the External Auditor and for the approval of the audit fees payable to the External Auditor as disclosed in note 5 to the financial statements;

AUDIT COMMITTEE REPORT

(CONTINUED)

Summary of Activities during the Financial Year (continued)

- Reviewed the independence, objectivity and effectiveness of the External Auditor and the services provided, including non-audit services. Non-audit fees totaling RM9,000 were paid to the External Auditors during the financial year for the review of the Statement of Internal Control, and corporate tax compliance;
- Met with the External Auditor twice (2) during the financial year without the presence of the Executive Director, to discuss problems and reservations arising from the and final audit, if any, or any other matter the Auditor may wish to discuss;
- Reviewed the Internal Auditors' requirements, adequacy of plan, functions and scope of work for the financial year under review;
- Reviewed the Internal audit programme, processes and reports, which highlighted audit issues, recommendations and Management's response. Discussed with Management and ensure appropriate actions were taken to improve the system of Internal controls based on improvement opportunities identified in the Internal audit reports;
- Reviewed the performance and competency of the Internal Auditors;
- Reviewed the quarterly unaudited financial announcements prior to recommending them to the Board for its consideration and approval. The review and discussions were conducted with the Executive Director and Senior Management;
- Reviewed the Annual Report and the Audited Financial Statements of the Company prior to submission to the Board for its consideration and approval. The review was to ensure that the Audited Financial Statements were drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards for entities other than private entities issued by the MASB. Any significant issues resulting from the audit of the financial statements by the External Auditor were deliberated.

Internal Audit Department

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

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

AUDIT COMMITTEE REPORT

(CONTINUED)

Internal Audit Department (continued)

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 submitted to the Board on the estate operations. The Audit Committee and the Board also review plantation visit reports submitted by an independent Planting Advisor twice a year.

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

- Prepared the annual risk based internal audit plan for the Audit Committee's approval;
- Conducted three (3) internal audit projects in accordance with the approved Internal Audit Plan. These internal audit projects cover the estate operations with particular focus the following:
 - control environment;
 - payroll and compliance;
 - job contracting;
 - payment verification and approval; and
 - procurement, receipt, storage and issuance of plantation materials.
- Issued audit reports to the Audit Committee, with copies extended to Management, identifying weaknesses and issues as well as highlighting improvement opportunities;

Internal audit fees of RM21,000 were paid to the Outsourced Internal Auditors for the financial year 2009.

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

TERM OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

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

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

Composition

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

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

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

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

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board shall be appointed a member of the Committee.

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

TERM OF REFERENCE OF THE AUDIT COMMITTEE

(CONTINUED)

Quorum and Committee's Procedures

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

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

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

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

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

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

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

Authority

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

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

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

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

TERM OF REFERENCE OF THE AUDIT COMMITTEE

(CONTINUED)

Responsibilities and Duties

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

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

STATEMENT ON INTERNAL CONTROL

Introduction

Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of Public Listed Companies to include in its Annual Report a “statement about the state of internal controls of the listed issuer”. The Board of Directors is pleased to present its Statement on Internal Control with regard to the financial year under review.

Board Responsibility

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.

Pursuant to the Statement of Internal Control : Guidance for Directors of Public Listed Companies (the “Internal Control Guidance”) by the Task Force on Internal Control in June 2001, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Company. The Board confirms that this process is in place for the year under review and that it accords with the Internal Control Guidance. The primary platforms used by the Board in doing so are Board and Audit Committee Meetings.

The Board has established key policies on the Company’s Management and internal control systems, including those established in associated companies, for the purpose of this statement.

Risk Management Framework

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.

STATEMENT ON INTERNAL CONTROL

(CONTINUED)

Review of the System of Internal Control (continued)

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 the 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.

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. A process of hierarchical reporting has been established which provides for documented and auditable trail of accountability. The procedures include establishing limits of authority and the publication of the Rule Book, highlighting amongst others, policies and procedures on health and safety, training and development, employee rights, staff performance and Management and operational issues.

Measures taken include physical controls, segregation of duties, reviews by the directors and Management, Internal Auditors and External Auditors 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' 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.

STATEMENT ON INTERNAL CONTROL

(CONTINUED)

Internal Audit Function (continued)

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 Company's policies, procedures, guideline and Rule Book, are 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 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 Planting Adviser twice a year.

The Board's Commitment

The Board remains committed towards maintaining a sound system of internal control and believes that a balanced achievement of the Company's business goals and operational efficiency can be attained. There were no material losses incurred during the financial year ended 31 December 2009 as a result of weaknesses in internal control. Nonetheless, Management continues to take measures to strengthen the control environment.

The External Auditors have reviewed this Statement pursuant to paragraph 15.23 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.

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 your 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.



Flowers found throughout the various estates

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 of 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 a 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 your Company. Our CSR involvement primarily focuses with the direct community with which your Company operates. Past, present and ongoing CSR initiatives and include the following:

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

(CONTINUED)

Workplace

Safety

To ensure a safe, productive and efficient work environment, our estates have a pictorial safety and awareness campaign to educate and train our workforce to operate with OSHA requirements.

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



FFB Ramp using 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.

Your Company is currently undergoing a process to renovate staff quarters to ensure that field workers are provided comfortable and modern housing. We have also donated towards the repair and maintenance of places of worship within the estates.



Temple on estate grounds

Medical

On one of our estates, we have a trained resident Hospital Assistant who assists in medical treatment. we have also appointed additional Medical Doctors to our panel, one of whom is a qualified Occupational Health Physician.

Training

During the year your Company organized and paid for a seminar entitled "An Introductory Understanding of The Employment Act 1955 & Industrial relations Act 1967", this was an in-house training programme conducted by The Malayan Agricultural Producers Association for all staff.



Staff Quarters

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

(CONTINUED)

Community

Land Ownership

To ensure that our neighbours and that the community around our Buloh Akar Estate have peace of mind and ownership of their land, we have assisted them in the sub-division of land due to them and further transfers to their family members, all legal fees were borne by the Company with respect to this exercise.

School

We had build a school on our Buloh Akar Estate, all infrastructure costs, furnishing and fittings were borne by the Company and we continue bear the cost of utilities for the school.

LaSallian Education Programme

The LaSallian Expedition and Development ("LEAD") programme is organized 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.

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



Flowers found throughout the various estates

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

(CONTINUED)

Community (continued)

Rice and Cooking Oil Programme

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

We intend to expand this programme to include more families as well as the mode of assistance, we have sponsored school uniforms and shoes and future plans include the reimbursement of transportation of schools, books and other education related costs.



Flowers found throughout the various estates

Perak Palliative Care Society (“PPCS”)

PPCS is an NGO, that primarily relies on volunteers to provide care for those with life threatening illness where cure is no longer possible, particular focus is given to terminally ill cancer patients.

Persatuan Wanita Perak untuk Wanita (“PWW”)

PWW is an NGO set up to enhance the status and lives of women in Perak, focusing on raising awareness concerning violence as well as to provide support for women and their children.

The Perak Academy

Perak Academy is an NGO established to galvanise and rekindle interest and activity in making Perak as a Centre of Excellence in Thought, Culture and Technology, in addition to other potential that it may have.

Sungei Siput Remembrance Monument

We contributed towards the construction of a monument and gallery commemorating planters, miners, police and British & Commonwealth troops who rallied to the support of this country in its efforts to curb communism.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

(CONTINUED)

Community (continued)

Asrama Bintang Rumah Wanita Cacat

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



Presentation of cheque to Sr. Henrietta is Asrama Bintang

Environment

Land Clearing

We have a zero tolerance policy towards open burning as this not only ensures that the air pollution is minimised 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. The replanting programme did not involve any burning and trunks of felled trees were chipped and re-used as organic material.



Replanting at the Hibernia Estates, using zero burn method

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

(CONTINUED)

Environment (continued)

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 of 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.



EFB awaiting application



Frond Mulching



Tunera Plant along the estate entrance



Rat skull found at base of Barn Owl Nest



Wasp & Tunera

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

(CONTINUED)

Environment (continued)

Fertiliser Use

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

Efficient Water Use

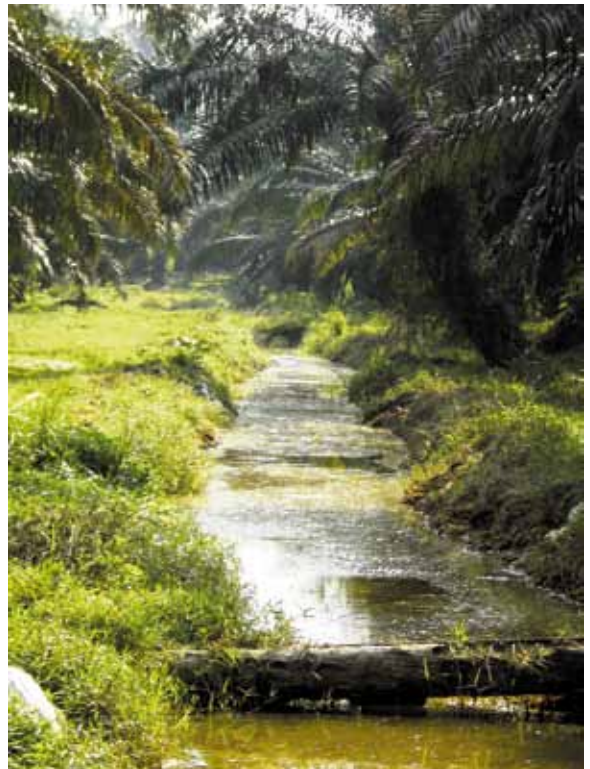
This includes the setting up of an effective and sufficient system to use and harvest rainwater such as strategically placed silt pits throughout the estates to enable water retention.



EFB being applied in the field



Silt pit at the side of field road



Irrigation, part of water management efforts

PROPERTIES OF THE COMPANY

Location	Description	Area	Tenure	Date of Revaluation	Net Book Value at 31 December 2009* RM
Buloh Akar Estate, Parit, Perak	Oil Palm Plantation	1,041.78 hectares	Freehold	November 2007	42,784,000
Hibernia Estate, Selama, Perak	Oil Palm Plantation	372.67 hectares	Freehold	November 2007	16,500,000
Riverview Estate, Tanjung Tualang, Perak	Oil Palm Plantation	376.97 hectares	Freehold	November 2007	16,625,369
					75,909,369
	Oil Palm Plantation	9.41 hectares	Leasehold – expiring 20.11.2012		52,500
					75,961,869
	Office Building	–	Freehold		427,163
					<u>76,389,032</u>

* Amount includes value of biological assets

2009 ANNUAL REPORT

71ST ANNUAL GENERAL MEETING

RIVERVIEW RUBBER ESTATES, BERHAD
COMPANY NO. 820-V — INCORPORATED IN MALAYSIA

DIRECTORS' REPORT & AUDITED FINANCIAL STATEMENTS

page

48 - 52	Directors' Report
53	Statement By Directors
53	Statutory Declaration
54 - 55	Independent Auditors' Report
56	Income Statements
57 - 58	Balance Sheets
59 - 61	Statements Of Changes In Equity
62 - 63	Cash Flow Statements
64 - 99	Notes To The Financial Statements

DIRECTORS' REPORT

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Economic Entity and of the Company for the financial year ended 31 December 2009.

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>15,225,054</u>	<u>13,602,692</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 2008 are as follows:

In respect of the financial year ended 31 December 2009:

	RM
First interim ordinary dividend of 6 sen per share and a special dividend of 2 sen per share on 64,850,448 ordinary shares, less income tax, paid on 31 July 2009	<u>3,891,027</u>
Second interim ordinary dividend of 6 sen per share and a special dividend of 6 sen per share on 64,850,448 ordinary shares, less income tax, payable on 15 January 2010	<u>5,836,540</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

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:

The Company	Number of ordinary shares of RM1 each			At 31.12.2009
	At 1.1.2009	Bought	Sold	
Direct interest				
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	10,000	5,000	–	15,000
Tsen Keng Yam	1,000	–	–	1,000
Roslan bin Hamir	1,000	–	–	1,000
Indirect interest				
Stephen William Huntsman	40,842,892	–	–	40,842,892
Sungei Ream Holdings Sdn Bhd (Immediate holding company)				
Indirect interest				
Stephen William Huntsman	11,739,022	–	–	11,739,022
Buloh Akar Holdings Sdn Bhd (Ultimate holding company)				
Indirect interest				
Stephen William Huntsman	1,373,940	–	–	1,373,940

DIRECTORS' REPORT

(CONTINUED)

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.

DIRECTORS' REPORT

(CONTINUED)

Other statutory information (contd.)

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Economic Entity or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Economic Entity or of the Company for the financial year in which this report is made.

Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 23 April 2010.

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 56 to 99 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 2009 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 23 April 2010.

JULIANA MANOHARI DEVADASON
Ipoh, Perak Darul Ridzuan, Malaysia

TSEN KENG YAM

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 56 to 99 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 23 April 2010

TSEN KENG YAM

Before me,

MOHD YUSOF BIN 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 2009, 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 56 to 99.

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)

Riverview Rubber Estates, Berhad (contd.)

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 2009 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

ABRAHAM VERGHESE A/L T.V. ABRAHAM

No. 1664/10/10 (J)

Chartered Accountant

Ipoh, Perak Darul Ridzuan, Malaysia

Date: 23 April 2010

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Economic Entity		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	4	21,942,398	26,333,105	21,942,398	26,333,105
Cost of sales		(6,805,228)	(7,689,195)	(6,805,228)	(7,689,195)
Gross profit		15,137,170	18,643,910	15,137,170	18,643,910
Other operating income		1,577,287	1,974,959	2,510,299	2,904,548
Replanting expenditure		(202,498)	–	(202,498)	–
Administrative expenses		(1,627,163)	(1,497,492)	(1,627,163)	(1,497,492)
Unrealised gain/(loss) on foreign exchange		1,401,324	(4,116,603)	1,401,324	(4,116,603)
Share of profit of associates		2,306,302	2,340,957	–	–
Profit before taxation	5	18,592,422	17,345,731	17,219,132	15,934,363
Taxation	7	(3,367,368)	(5,320,081)	(3,616,440)	(5,561,774)
Profit for the year		15,225,054	12,025,650	13,602,692	10,372,589
Earnings per share attributable to equity holders of the Company (sen)	8	23.48	18.54		

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

BALANCE SHEETS

AS AT 31 DECEMBER 2009

	Note	Economic Entity		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Assets					
Non-current assets					
Property, plant and equipment	10	31,993,421	34,653,952	31,993,421	34,653,952
Biological assets	11	44,986,454	44,985,866	44,986,454	44,985,866
Prepaid land lease payments	12	52,500	733,906	52,500	733,906
Investments in associates	13	33,060,342	31,677,234	1,006,505	1,006,505
Other investment	14	778,034	2,515,522	778,034	2,515,522
		<u>110,870,751</u>	<u>114,566,480</u>	<u>78,816,914</u>	<u>83,895,751</u>
Current assets					
Inventories, at cost		27,046	36,240	27,046	36,240
Receivables	15	1,258,573	1,249,479	1,258,573	1,249,479
Tax recoverable		193,486	843,180	193,486	843,180
Cash and bank balances	16	57,427,793	48,913,667	57,427,793	48,913,667
		<u>58,906,898</u>	<u>51,042,566</u>	<u>58,906,898</u>	<u>51,042,566</u>
Total assets		<u>169,777,649</u>	<u>165,609,046</u>	<u>137,723,812</u>	<u>134,938,317</u>

BALANCE SHEETS

AS AT 31 DECEMBER 2009 (CONTINUED)

	Note	Economic Entity		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	17	64,850,448	64,850,448	64,850,448	64,850,448
Reserves	18	63,411,776	63,749,932	45,288,961	45,387,863
Retained earnings	19	34,625,321	29,524,515	20,694,299	17,215,855
Total equity		<u>162,887,545</u>	<u>158,124,895</u>	<u>130,833,708</u>	<u>127,454,166</u>
Non-current liabilities					
Provision for retirement benefits	20	85,421	81,957	85,421	81,957
Deferred taxation	21	17,463	724,231	17,463	724,231
		<u>102,884</u>	<u>806,188</u>	<u>102,884</u>	<u>806,188</u>
Current liabilities					
Payables	22	6,784,062	6,677,963	6,784,062	6,677,963
Provision for retirement benefits	20	3,158	–	3,158	–
		<u>6,787,220</u>	<u>6,677,963</u>	<u>6,787,220</u>	<u>6,677,963</u>
Total liabilities		<u>6,890,104</u>	<u>7,484,151</u>	<u>6,890,104</u>	<u>7,484,151</u>
Total equity and liabilities		<u>169,777,649</u>	<u>165,609,046</u>	<u>137,723,812</u>	<u>134,938,317</u>

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

Note	Share capital RM	Non-distributable		Distributable		Total equity RM
		Capital reserve RM	reserve RM	General reserve RM	Retained earnings RM	
Economic entity						
At 1 January 2008	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	-	-	-	-	(9,597,867)	(9,597,867)
At 31 December 2008	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 2009 (CONTINUED)

Note	Share capital RM	Non-distributable		Distributable		Total equity RM
		Capital reserve RM	Capital reserve RM	General reserve RM	Retained earnings RM	
Economic entity						
At 1 January 2009	64,850,448	55,808,401	1,793,446	6,148,085	29,524,515	158,124,895
Reversal of deferred taxation on revaluation surplus	-	152,320	-	-	-	152,320
Realisation on disposal of property, plant and equipment	-	(21,145)	-	-	21,145	-
Revaluation surplus	-	37,024	-	-	-	37,024
Exchange fluctuation	-	(276,278)	-	-	-	(276,278)
Share of reserves of associates	-	(239,254)	-	-	-	(239,254)
Transfer	-	-	-	417,826	(417,826)	-
Impairment loss	-	(647,903)	-	-	-	(647,903)
Profit for the year, representing total recognised income and expense for the year	-	-	-	-	15,225,054	15,225,054
Dividends for the financial year ended 31 December 2009	-	-	-	-	(9,727,567)	(9,727,567)
At 31 December 2009	64,850,448	55,052,419	1,793,446	6,565,911	34,625,321	162,887,545

9

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009 (CONTINUED)

Company	Note	Share capital RM	Non-distributable Capital reserve RM	Distributable		Total equity RM
				General reserve RM	Retained earnings RM	
At 1 January 2008		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 2009	9	-	-	-	(9,597,867)	(9,597,867)
At 31 December 2008		64,850,448	40,043,496	5,344,367	17,215,855	127,454,166
Reversal of deferred taxation on revaluation surplus		-	152,320	-	-	152,320
Realisation of revaluation reserves		-	(21,145)	-	21,145	-
Transfer		-	-	417,826	(417,826)	-
Impairment loss		-	(647,903)	-	-	(647,903)
Profit for the year, representing total recognised income and expense for the year		-	-	-	13,602,692	13,602,692
Dividends for the financial year ended 31 December 2009	9	-	-	-	(9,727,567)	(9,727,567)
At 31 December 2009		64,850,448	39,526,768	5,762,193	20,694,299	130,833,708

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Economic Entity		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Cash flows from operating activities				
Profit before taxation	18,592,422	17,345,731	17,219,132	15,934,363
Adjustments for:				
Amortisation of prepaid land lease payments	25,068	82,406	25,068	82,406
Depreciation	207,579	337,620	207,579	337,620
Dividend income	(44,650)	(127,926)	(977,662)	(1,057,515)
Impairment of property, plant and equipment	456,852	–	456,852	–
Gain on disposal of property, plant and equipment	(38,881)	–	(38,881)	–
Gain on disposal of other investments	(357,800)	–	(357,800)	–
(Gain)/Loss on foreign exchange – unrealised	(1,401,324)	4,116,603	(1,401,324)	4,116,603
Interest income	(993,694)	(1,708,529)	(993,694)	(1,708,529)
Provision for retirement benefits	6,622	19,323	6,622	19,323
Share of profit of associates	(2,306,302)	(2,340,957)	–	–
Operating profit before working capital changes	14,145,892	17,724,271	14,145,892	17,724,271
Changes in working capital:				
Receivables	(85,122)	966,908	(85,122)	966,908
Inventories	9,194	(15,912)	9,194	(15,912)
Payables	28,279	73,023	28,279	73,023
Cash generated from operating activities	14,098,243	18,748,290	14,098,243	18,748,290
Retirement benefits paid	–	(20,236)	–	(20,236)
Taxes paid	(3,521,193)	(6,675,505)	(3,521,193)	(6,675,505)
Net cash generated from operating activities	10,577,050	12,052,549	10,577,050	12,052,549

CASH FLOW STATEMENTS

(CONTINUED)

	Economic Entity		Company	
	2009 RM	2008 RM (Restated)	2009 RM	2008 RM
Cash flows from investing activities				
Purchase of property, plant and equipment	(136,284)	(317,197)	(136,284)	(317,197)
Purchase of biological asset	(588)	–	(588)	–
Proceeds from disposal of property, plant and equipment	2,179,700	–	2,179,700	–
Proceeds from disposal of other investments	2,095,288	–	2,095,288	–
Interest received	1,041,791	1,530,146	1,041,791	1,530,146
Dividends received	1,005,592	1,761,043	1,005,592	1,761,043
Net cash generated from investing activities	<u>6,185,499</u>	<u>2,973,992</u>	<u>6,185,499</u>	<u>2,973,992</u>
Cash flows from financing activity				
Dividends paid, representing net cash used in financing activity	<u>(9,649,747)</u>	<u>(9,520,046)</u>	<u>(9,649,747)</u>	<u>(9,520,046)</u>
Net increase in cash and cash equivalents	7,112,802	5,506,495	7,112,802	5,506,495
Effects of exchange rate changes	1,401,324	(4,116,603)	1,401,324	(4,116,603)
Cash and cash equivalents at beginning of financial year	<u>48,913,667</u>	<u>47,523,775</u>	<u>48,913,667</u>	<u>47,523,775</u>
Cash and cash equivalents at end of financial year	<u>57,427,793</u>	<u>48,913,667</u>	<u>57,427,793</u>	<u>48,913,667</u>
Cash and cash equivalents comprise:				
Cash on hand and at banks	1,154,152	926,118	1,154,152	926,118
Deposits with financial institutions	<u>56,273,641</u>	<u>47,987,549</u>	<u>56,273,641</u>	<u>47,987,549</u>
	<u>57,427,793</u>	<u>48,913,667</u>	<u>57,427,793</u>	<u>48,913,667</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

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 Market 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 23 April 2010.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 asset's 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (contd.)

3.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations and Amendments to IC Interpretations

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

FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations	Effective for financial periods beginning on or after
FRS 1 : First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 : Business Combinations	1 July 2010
FRS 4 : Insurance Contracts	1 January 2010
FRS 7 : Financial Instruments: Disclosures	1 January 2010
FRS 8 : Operating Segments	1 July 2009
FRS 101 : Presentation of Financial Statements	1 January 2010
FRS 123 : Borrowing Costs	1 January 2010
FRS 127 : Consolidated and Separate Financial Statements	1 July 2010
FRS 139 : Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1 : First-time adoption of Financial Reporting Standards and FRS 127 : Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2 : Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2 : Share-based Payment	1 July 2010
Amendments to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 132 : Financial Instruments: Presentation	1 January 2010
Amendments to FRS 132 : Financial Instruments: Presentation	1 March 2010
Amendments to FRS 138 : Intangible Assets	1 July 2010
Amendments to FRS 139 : Financial Instruments: Recognition and Measurement, FRS 7 : Financial Instruments: Disclosures and IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010
Amendments to FRSs contained in document entitled "Improvements to FRSs (2009)"	1 January 2010
IC Interpretation 9 : Reassessment of Embedded Derivatives	1 January 2010

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (contd.)

3.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs, Amendments to FRSs, Issues Committee ("IC") Interpretations and Amendments to IC Interpretations (contd.)

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

FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations	Effective for financial periods beginning on or after
IC Interpretation 10 : Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 : FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 : Service Concession Arrangements	1 July 2010
IC Interpretation 13 : Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 : FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 : Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 : Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 : Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 : Reassessment of Embedded Derivatives	1 July 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)	1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011

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

Other than changes in the presentation of the financial statements that will arise from the adoption of FRS 101, the above FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretations are not expected to have any significant impact on the financial statements of the Company upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (contd.)

3.4 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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

3. Significant accounting policies (contd.)

3.4 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 10.30% based on the Company's return on capital employed.

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

4. Revenue

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

5. Profit before taxation

	Economic Entity		Company	
	2009	2008	2009	2008
	RM	RM	RM	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
Over provision in prior year	–	(1,000)	–	(1,000)
Amortisation of prepaid land lease payments	25,068	82,406	25,068	82,406
Depreciation	207,579	337,620	207,579	337,620
Directors' remuneration (Note 6)	300,000	250,033	300,000	250,033
Provision for retirement benefits	6,622	19,323	6,622	19,323
Staff costs (excluding remuneration of executive director) *	2,428,386	2,407,173	2,428,386	2,407,173
(Gain)/Loss on foreign exchange – unrealised	(1,401,324)	4,116,603	(1,401,324)	4,116,603
Gain on disposal of other investments	(357,800)	–	(357,800)	–
Gain on disposal of property, plant and equipment	(38,881)	–	(38,881)	–
Impairment of property, plant and equipment	456,852	–	456,852	–
Gross dividends :				
– other investment	(44,650)	(127,926)	(44,650)	(127,926)
– associate quoted outside Malaysia	–	–	(933,012)	(929,589)
Interest income	(993,694)	(1,708,529)	(993,694)	(1,708,529)
Rental income	(123,062)	(132,000)	(123,062)	(132,000)

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

5. Profit before taxation (contd.)

	Economic Entity and Company	
	2009	2008
	RM	RM
* Staff costs (excluding remuneration of executive director) comprise:		
Salaries and wages	2,291,631	2,237,030
Employees' Provident Fund contributions	99,759	100,491
Social Security Fund contributions	7,059	12,197
Other staff related expenses	29,937	57,455
	2,428,386	2,407,173

6. Directors' remuneration

	Economic Entity and Company	
	2009	2008
	RM	RM
Executive:		
Fees	50,000	50,000
Non-Executive:		
Fees – current year	250,000	250,033
Fees – over provided in prior year	–	(50,000)
	250,000	200,033
Total	300,000	250,033

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	1
RM50,001 – RM100,000	–	–
RM100,001 – RM150,000	–	–
RM150,001 – RM200,000	–	–

Non-executive directors:

RM50,000 and below	5	5
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NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

7. Taxation

	Economic Entity		Company	
	2009 RM	2008 RM (Restated)	2009 RM	2008 RM
Current tax:				
Current year provision	4,191,747	5,384,308	4,440,819	5,626,001
(Over)/Under provision in prior year	(269,930)	198,401	(269,930)	198,401
	3,921,817	5,582,709	4,170,889	5,824,402
Deferred tax (Note 21):				
Relating to origination and reversal of temporary differences	(571,534)	(196,651)	(571,534)	(196,651)
Relating to reduction in Malaysian income tax rate	–	(30,114)	–	(30,114)
Under/(Over) provision in prior year	17,085	(35,863)	17,085	(35,863)
	(554,449)	(262,628)	(554,449)	(262,628)
Tax expense for the year	3,367,368	5,320,081	3,616,440	5,561,774

Domestic current income tax is calculated at the statutory tax rate of 25% (2008 : 26%) of the estimated assessable profit for the year.

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:

	2009	2008
	RM	RM
Economic Entity		
Profit before taxation	<u>18,592,422</u>	<u>17,345,731</u>
Taxation at applicable rate	4,648,106	4,509,890
Effects of share of results of associates	(592,395)	(608,649)
Effect of changes in deferred tax rate	–	(30,114)
Effects of different tax rates	–	7,884
Income not subject to tax	(158,709)	(13,563)
Unrealised gain/(loss) on foreign exchange	(350,331)	1,029,151
Expenses not deductible for tax purposes	73,542	262,944
Under/(Over) provision of deferred tax in prior year	17,085	(35,863)
(Over)/Under provision of current tax in prior year	<u>(269,930)</u>	<u>198,401</u>
Tax expense for the year	<u>3,367,368</u>	<u>5,320,081</u>
Company		
Profit before taxation	<u>17,219,132</u>	<u>15,934,363</u>
Taxation at applicable rate	4,304,783	4,142,934
Effect of changes in deferred tax rate	–	(30,114)
Effects of different tax rates	–	7,884
Income not subject to tax	(158,709)	(13,563)
Unrealised gain/(loss) on foreign exchange	(350,331)	1,029,151
Expenses not deductible for tax purposes	73,542	262,944
Under/(Over) provision of deferred tax in prior year	17,085	(35,863)
(Over)/Under provision of current tax in prior year	<u>(269,930)</u>	<u>198,401</u>
Tax expense for the year	<u>3,616,440</u>	<u>5,561,774</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.

	Economic Entity	
	2009 RM	2008 RM
Profit attributable to ordinary equity holders of the Company	<u>15,225,054</u>	<u>12,025,650</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>23.48</u>	<u>18.54</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	
	2009	2008	2009	2008
	RM	RM	RM	RM
Recognised during the year:				
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
Interim dividend for 2009:				
6% less 25% taxation on 64,850,448 ordinary shares (4.50 sen per ordinary share)	2,918,270	–	2,918,270	–
6% less 25% taxation on 64,850,448 ordinary shares (4.50 sen per ordinary share)	2,918,270	–	2,918,270	–
Special dividend for 2009:				
2% less 25% taxation on 64,850,448 ordinary shares (1.50 sen per ordinary share)	972,757	–	972,757	–
6% less 25% taxation on 64,850,448 ordinary shares (4.50 sen per ordinary share)	2,918,270	–	2,918,270	–
	<u>9,727,567</u>	<u>9,597,867</u>	<u>9,727,567</u>	<u>9,597,867</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

10. Property, plant and equipment

Economic Entity and Company	Land and buildings* RM	Machinery RM	Vehicles RM	Furniture and fittings RM	Total RM
At 31 December 2009					
Cost or valuation					
At 1 January 2009					
At cost	1,008,478	1,097,331	1,421,691	529,507	4,057,007
At valuation	33,529,134	–	–	–	33,529,134
	34,537,612	1,097,331	1,421,691	529,507	37,586,141
Additions	24,918	12,480	95,949	2,937	136,284
Disposals	(2,690,819)	–	–	–	(2,690,819)
At 31 December 2009	31,871,711	1,109,811	1,517,640	532,444	35,031,606
Representing:					
At cost	1,033,396	1,109,811	1,517,640	532,444	4,193,291
At valuation	30,838,315	–	–	–	30,838,315
At 31 December 2009	31,871,711	1,109,811	1,517,640	532,444	35,031,606
Accumulated depreciation					
At 1 January 2009	161,584	1,016,066	1,306,548	447,991	2,932,189
Charge for the year	80,748	36,193	71,854	18,784	207,579
Impairment loss					
– recognised in equity	515,212	–	–	–	515,212
– recognised in income statements	363,288	–	–	–	363,288
Disposals	(980,083)	–	–	–	(980,083)
At 31 December 2009	140,749	1,052,259	1,378,402	466,775	3,038,185
Net carrying amount					
At cost	892,647	57,552	139,238	65,669	1,155,106
At valuation	30,838,315	–	–	–	30,838,315
At 31 December 2009	31,730,962	57,552	139,238	65,669	31,993,421

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
Economic Entity and Company					
At 31 December 2008					
Cost or valuation					
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
	<u>34,327,602</u>	<u>1,095,871</u>	<u>1,327,564</u>	<u>517,907</u>	<u>37,268,944</u>
Additions	210,010	1,460	94,127	11,600	317,197
At 31 December 2008	<u>34,537,612</u>	<u>1,097,331</u>	<u>1,421,691</u>	<u>529,507</u>	<u>37,586,141</u>
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	<u>34,537,612</u>	<u>1,097,331</u>	<u>1,421,691</u>	<u>529,507</u>	<u>37,586,141</u>
Accumulated depreciation					
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	<u>161,584</u>	<u>1,016,066</u>	<u>1,306,548</u>	<u>447,991</u>	<u>2,932,189</u>
Net carrying amount					
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	<u>34,376,028</u>	<u>81,265</u>	<u>115,143</u>	<u>81,516</u>	<u>34,653,952</u>

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
Economic Entity and Company				
At 31 December 2009				
Cost or valuation				
At 1 January 2009				
At cost	84,600	449,253	474,625	1,008,478
At valuation	30,879,134	2,650,000	–	33,529,134
	<u>30,963,734</u>	<u>3,099,253</u>	<u>474,625</u>	<u>34,537,612</u>
Additions	–	24,918	–	24,918
Disposals	(40,819)	(2,650,000)	–	(2,690,819)
At 31 December 2009	<u>30,922,915</u>	<u>474,171</u>	<u>474,625</u>	<u>31,871,711</u>
Representing:				
At cost	84,600	474,171	474,625	1,033,396
At valuation	30,838,315	–	–	30,838,315
At 31 December 2009	<u>30,922,915</u>	<u>474,171</u>	<u>474,625</u>	<u>31,871,711</u>
Accumulated depreciation				
At 1 January 2009	–	123,615	37,969	161,584
Charge for the year	–	71,255	9,493	80,748
Impairment loss				
– recognised in equity	–	515,212	–	515,212
– recognised in income statements	–	363,288	–	363,288
Disposals	–	(980,083)	–	(980,083)
At 31 December 2009	<u>–</u>	<u>93,287</u>	<u>47,462</u>	<u>140,749</u>
Net carrying amount				
At cost	84,600	380,884	427,163	892,647
At valuation	30,838,315	–	–	30,838,315
At 31 December 2009	<u>30,922,915</u>	<u>380,884</u>	<u>427,163</u>	<u>31,730,962</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

10. Property, plant and equipment (contd.)

*Land and building (contd.)

	Freehold estate land RM	Buildings RM	Office building RM	Total RM
Economic Entity and Company				
At 31 December 2008				
Cost or valuation				
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
Accumulated depreciation				
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
Net carrying amount				
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.)

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

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

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:

	Economic Entity and Company	
	2009 RM	2008 RM
Freehold estate land	8,372,645	8,392,319
Buildings	–	2,798,349
	8,372,645	11,190,668

- (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:

	Economic Entity and Company	
	2009 RM	2008 RM
Machinery	928,441	894,286
Motor vehicles	1,207,564	1,042,064
Furniture and fittings	394,340	376,295
	2,530,345	2,312,645

- (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

	Economic Entity and Company	
	2009	2008
	RM	RM
Oil palm		
At valuation		
At 1 January	44,985,866	44,985,866
Addition	588	–
At 31 December	44,986,454	44,985,866
At valuation	44,985,866	44,985,866
At cost	588	–
Total	44,986,454	44,985,866

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 10.30% based on the Company's return on capital employed.

12. Prepaid land lease payments

	Economic Entity and Company	
	2009	2008
	RM	RM
At 1 January	733,906	816,312
Amortisation for the year	(25,068)	(82,406)
Impairment loss		
– recognised in equity	(132,691)	–
– recognised in income statements	(93,564)	–
Disposal	(430,083)	–
At 31 December	52,500	733,906
Analysed as:		
Short term leasehold land	52,500	70,000
Long term leasehold land	–	663,906
	52,500	733,906

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

13. Investments in associates

	Economic Entity		Company	
	2009 RM	2008 RM	2009 RM	2008 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	32,053,837	30,670,729	–	–
	<u>33,060,342</u>	<u>31,677,234</u>	<u>1,006,505</u>	<u>1,006,505</u>
Market value of quoted shares outside Malaysia	<u>13,861,591</u>	<u>21,555,105</u>	<u>13,861,591</u>	<u>21,555,105</u>

Details of the associates are as follows:

Name of company	Country of incorporation	Effective interest (%)		Principal activities
		2009	2008	
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:

	2009 RM	2008 RM
Assets and liabilities		
Current assets	8,940,912	7,506,891
Non-current assets	24,522,606	24,545,186
Total assets	<u>33,463,518</u>	<u>32,052,077</u>
Current liabilities	361,265	321,723
Non-current liabilities	75,206	86,415
Total liabilities	<u>436,471</u>	<u>408,138</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.):

	2009 RM	2008 RM
Results		
Revenue	4,099,745	5,807,123
Profit for the year	<u>2,306,302</u>	<u>2,340,957</u>

14. Other investment

	Economic Entity and Company	
	2009 RM	2008 RM
Quoted shares in Malaysia, at cost	<u>778,034</u>	<u>2,515,522</u>
Market value of quoted shares	<u>1,136,212</u>	<u>2,748,900</u>

15. Receivables

	Economic Entity and Company	
	2009 RM	2008 RM
Trade receivables	955,046	694,550
Other receivables	239,954	398,861
Deposits	59,367	47,733
Prepayments	4,206	108,335
	<u>1,258,573</u>	<u>1,249,479</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

	Economic Entity and Company	
	2009	2008
	RM	RM
Cash on hand and at banks	1,154,152	926,118
Deposits with:		
licensed banks in Malaysia	43,412,198	36,450,338
a foreign financial institution	12,861,443	11,537,211
	56,273,641	47,987,549
	57,427,793	48,913,667
The currency exposure profile of deposits, cash and bank balances is as follows:		
– Ringgit Malaysia	43,254,152	35,426,118
– Pound Sterling	8,621,764	11,537,211
– Australian Dollar	1,312,198	1,950,338
– Euro	4,239,679	–
	57,427,793	48,913,667

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:

	Within 1 year	1 – 2 years	Total
	RM	RM	RM
At 31 December 2009			
Economic Entity and Company			
Fixed			
Deposits with licensed banks in Malaysia at the following EIR			
– 1.80%	19,100,000	–	19,100,000
– 2.00%	10,000,000	–	10,000,000
– 2.10%	8,800,000	–	8,800,000
– 2.12%	1,000,000	–	1,000,000
– 2.45%	2,000,000	–	2,000,000
– 2.50%	–	1,200,000	1,200,000
– 2.70%	1,312,198	–	1,312,198
	42,212,198	1,200,000	43,412,198
Deposits with foreign financial institution at the following EIR			
– 0.68%	4,239,679	–	4,239,679
– 1.08%	8,621,764	–	8,621,764
	55,073,641	1,200,000	56,273,641

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.):

	Within 1 year RM	1 – 2 years RM	Total RM
At 31 December 2008			
Economic Entity and Company			
Fixed			
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
	35,050,338	1,400,000	36,450,338
Deposits with foreign financial institution at the following EIR			
– 5.53%	7,731,141	–	7,731,141
– 6.02%	3,806,070	–	3,806,070
	46,587,549	1,400,000	47,987,549

17. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2009	2008	2009 RM	2008 RM
Authorised	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid up	64,850,448	64,850,448	64,850,448	64,850,448

The holders of ordinary shares are entitled to receive dividends as 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	
	2009 RM	2008 RM	2009 RM	2008 RM
Non-distributable:				
Capital reserve	55,052,419	55,808,401	39,526,768	40,043,496
Distributable:				
Capital reserve	1,793,446	1,793,446	–	–
	<u>56,845,865</u>	<u>57,601,847</u>	<u>39,526,768</u>	<u>40,043,496</u>
General reserve	6,565,911	6,148,085	5,762,193	5,344,367
	<u>63,411,776</u>	<u>63,749,932</u>	<u>45,288,961</u>	<u>45,387,863</u>
Non-distributable capital reserve comprises:				
Exchange fluctuation reserves	1,460,048	1,737,499	–	–
Surplus on revaluation of property, plant and equipment	53,592,371	54,070,902	39,526,768	40,043,496
Distributable capital reserve comprises:				
Reserves realised on disposal of assets	1,793,446	1,793,446	–	–
	<u>56,845,865</u>	<u>57,601,847</u>	<u>39,526,768</u>	<u>40,043,496</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	3,029,563	3,029,563	3,029,563
Reserves realised on disposal of assets	717,951	300,125	417,826	–
Unappropriated retained earnings	2,794,719	2,794,719	2,291,126	2,291,126
	<u>6,565,911</u>	<u>6,148,085</u>	<u>5,762,193</u>	<u>5,344,367</u>

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

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

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 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007.

As at 31 December 2009, the Company has tax exempt profits available for distribution of tax exempt dividends of approximately RM2,468,000 (2008 : 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 RM12,314,098 (2008 : RM21,959,637) out of its distributable reserves as at 31 December 2008. The Company may distribute the balance of the distributable reserves of RM14,142,394 (2008 : RM600,585) as dividends under single tier system.

20. Provision for retirement benefits

	Economic Entity and Company	
	2009 RM	2008 RM
At 1 January	81,957	82,870
Additional provision	6,622	19,323
Payments made	–	(20,236)
At 31 December	<u>88,579</u>	<u>81,957</u>
Represented by:		
Payable not later than 1 year	3,158	–
Payable between more than 1 year and less than 5 years	35,040	21,740
Payable later than 5 years	<u>50,381</u>	<u>60,217</u>
	<u>88,579</u>	<u>81,957</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

21. Deferred taxation

	Economic Entity and Company	
	2009	2008
	RM	RM
At 1 January	724,231	1,008,451
Recognised in income statement (Note 7)	(554,448)	(262,628)
Recognised in equity	(152,320)	(21,592)
At 31 December	17,463	724,231

Presented after appropriate offsetting as follows:

Deferred tax liabilities	39,608	744,720
Deferred tax assets	(22,145)	(20,489)
	17,463	724,231

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

	At 1.1.2009 RM	Recognised in equity RM	Recognised in income statement RM	At 31.12.2009 RM
Deferred tax liabilities				
Dividend receivables	10,106	–	(6,983)	3,123
Revaluation surplus	165,976	(152,320)	–	13,656
Property, plant and equipment	568,638	–	(545,809)	22,829
	744,720	(152,320)	(552,792)	39,608
Deferred tax assets				
Provision for retirement benefits	(20,489)	–	(1,656)	(22,145)
	724,231	(152,320)	(554,448)	17,463

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.):

	At 1.1.2008 RM	Recognised in equity RM	Recognised in income statement RM	At 31.12.2008 RM
Deferred tax liabilities				
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
	1,029,997	(21,592)	(263,685)	744,720
Deferred tax assets				
Provision for retirement benefits	(21,546)	–	1,057	(20,489)
	1,008,451	(21,592)	(262,628)	724,231

22. Payables

	Economic Entity and Company	
	2009	2008
	RM	RM
Trade payables	83,824	107,458
Payroll liabilities	650,823	590,154
Other payables	133,391	159,147
Dividend payable	5,836,540	5,758,720
Deposits refundable	79,484	62,484
	6,784,062	6,677,963

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.

23. 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.

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RIVERVIEW RUBBER ESTATES, BERHAD (820-V)

(INCORPORATED IN MALAYSIA)

Estate : Riverview Rubber Estates
31800 Tanjung Tualang
Perak Malaysia

Phone : +605 360 9201
Fax : +605 360 8426

Secretariat : 33A Jalan Tun Sambanthan
30000 Ipoh
Perak, Malaysia

Phone : +605 255 9015
Fax : +605 255 9016

20 May 2010

Dear Shareholder

ELECTRONIC DIVIDEND PAYMENT (“eDIVIDEND”)

We are pleased to inform you that Riverview Rubber Estates, Berhad (“the Company”) will be providing eDividend services to the shareholders of the Company to be implemented by the third quarter of 2010. eDividend refers to the payment of cash dividends by a listed issuer to its shareholders by directly crediting the shareholders’ cash dividend entitlement into their respective bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the dividend payment system which is aligned to the national agenda of migrating to electronic payment.

1. Benefits of eDividend

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad (“listed issuers”) and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques, and unauthorised deposit of dividend cheques.
- 1.2 You need to register for eDividend to enjoy the following additional benefits:-
 - (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
 - (b) the option to consolidate the dividends from all your Central Depository System (“CDS”) accounts into one bank account for better account management.

2. Registration for eDividend

- 2.1 Registration for eDividend has commenced on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”) through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained from your stock broker’s office where your CDS account is maintained, or downloaded from Bursa Malaysia’s website at <http://www.bursamalaysia.com>.
- 2.2 You need to submit to your stock broker’s office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-
 - (a) Individual depositor: Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker’s verification;

Corporate depositor: Certified true copy of the Certificate of Incorporation/Certificate of Registration; and
 - (b) Copy of your bank statement/bank savings book/details of your bank account obtained from your banks website that has been certified by your bank/copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker’s verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

- 2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealers' Representative, a notary public and an Authorised Officer of the Malaysian Embassy/High Commission.

3. Notification of eDividend payment after registration

- 3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and e-mail address, if any. This is to enable the Company to issue electronic notification to you either via e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

- 4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website: http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer

- | | |
|---------------------------------------|--|
| 1. Affin Bank Berhad | 12. EON Bank Berhad |
| 2. Alliance Bank Malaysia Berhad | 13. Hong Leong Bank Berhad |
| 3. AmBank (M) Berhad | 14. HSBC Bank Malaysia Berhad |
| 4. Bank Islam Malaysia Berhad | 15. Malayan Banking Berhad |
| 5. Bank Muamalat Malaysia Berhad | 16. OCBC Bank (Malaysia) Berhad |
| 6. Bank Kerjasama Rakyat Malaysia Bhd | 17. Public Bank Berhad |
| 7. Bank of America | 18. RHB Bank Berhad |
| 8. Bank Simpanan Nasional | 19. Standard Chartered Bank Malaysia Bhd |
| 9. CIMB Bank Berhad | 20. The Royal Bank of Scotland Berhad |
| 10. Citibank Berhad | 21. United Overseas Bank (Malaysia) Bhd |
| 11. Deutsche Bank Berhad | |

- 4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure in writing. For eDividend purposes, you will be authorising disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

- 4.3 Once you have registered for eDividend, any cash dividend entitlement of which the books closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders.

Thank you.

ADRIAN TSEN KENG YAM
Director

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 Seventy-first Annual General Meeting of the Company, to be held at the 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on 18 June 2010 at 11.30 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
Resolution 1	Adoption of financial statements and reports			
Resolution 2	Approval of Payment of Directors' Fees			
Resolution 3	Re-election of Juliana Manohari Devadason			
Resolution 4	Re-election of Tsen Keng Yam			
Resolution 5	Re-appointment of auditors			

Signed this _____ day of _____ 2010.

No. of shares held	
--------------------	--

Signature _____

Note:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall not be entitled to appoint more than two (2) proxies. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 33A Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

THE SECRETARY

RIVERVIEW RUBBER ESTATES, BERHAD (820-V)

33A Jalan Tun Sambanthan,

30000 Ipoh,

Perak Darul Ridzuan,

Malaysia.

stamp

RIVERVIEW RUBBER ESTATES, BERHAD (820-V)
33A Jalan Tun Sambanthan
30000 Ipoh
Perak Darul Ridzuan
Malaysia

