

Riverview Rubber Estates, Berhad

(Company No. 820-V)

(Incorporated in Malaysia)

Notes to the interim financial statements**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134, Interim Financial Reporting and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2004. There was no qualification in the audited financial statements for the year ended 31 December 2004.

The accounting policies and methods of computation adopted by the Company in the interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2004.

A2. Seasonal or cyclical factors

The production of fresh fruits bunches (“FFB”) is dependent on weather conditions; hence is seasonal in nature.

A3. Items affecting assets, liabilities, equity, net income or cash flows

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

A4. Change in estimates

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

A5. Debt and equity securities

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

A6. Dividend paid

A final dividend of 2.16 sen per share less income tax amounted to RM1,400,770 in respect of the financial year ended 31 December 2004 as reported in the Directors’ Report was paid on 19 July 2005.

An interim dividend of 2.16 sen per share less income tax amounted to RM1,400,770 in respect of the financial year ending 31 December 2005 was paid on 15 November 2005.

A7. Segment information

Segmental information is not presented as the principal activity of the Company is the cultivation of oil palm wholly carried out within Malaysia.

A8. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A9. Capital commitments

There are no capital commitments as at 31 December 2005.

A10. Events subsequent to the balance sheet date

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

A11. Changes in composition

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

A12. Changes in contingent liabilities and contingent assets

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

A13. Related party transactions

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

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Additional information required by Bursa Malaysia Securities Berhad's Listing Requirements

B1. Review of performance

The Company registered revenue of RM11.05 million for the current financial year, a decrease of 15.11% as compared to the preceding year. The Company also recorded a pre-tax profit in the financial year of RM6.99 million against pre-tax profit of RM11.02 million in the preceding year. The lower revenue was mainly due to a lower average commodities price and a decrease in production. In addition to the lower revenue which contributed to the lower profit, the result was also affected by the loss on foreign exchange translation of RM1.08 million.

B2. Variation of results against preceding quarter

The current quarter's recorded pre-tax profit of RM1.75 million on revenue of RM2.15 million as compared to pre-tax profit of RM1.74 million on revenue of RM3.23 million posted in the immediate preceding quarter. The higher pre-tax profit despite lower revenue in the current quarter was mainly due to increase in other operating income.

B3. Current year prospects

Barring any unforeseen circumstances, the directors expect the performance of the Company for the financial year 2006 to be satisfactory.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

| | <u>2005</u> | <u>2004</u> |
|---|---------------|---------------|
| | RM'000 | RM'000 |
| Current tax expense | 1,870 | 2,504 |
| Deferred tax expense | 75 | 493 |
| Under-provision in respect of prior years | 11 | 39 |
| | <u>1,956</u> | <u>3,036</u> |

The effective rate of taxation of the Company is lower than the statutory rate of taxation for the current financial year to date principally due to certain income not subject to tax, despite certain expenses not allowable for tax deduction.

B6. Unquoted investments and properties

There were no sales of unquoted investments or properties for the current financial year to date except for the following:

On 14 January 2005, the Company disposed of its long lease property in the United Kingdom for consideration of RM2,463,520. The carrying value of the property in the books of the Company was RM1,621,692.

B7. Quoted investments

There were no purchases or disposals of quoted securities for the current financial year to date except for the following:

| | 3 months ended 31.12.2005 RM'000 | 12 months ended 31.12.2005 RM'000 |
|---------------------------------------|---|--|
| Purchase consideration on acquisition | <u>-</u> | <u>6,305</u> |
| Investment in quoted securities: | | |
| At cost | | 6,305 |
| At book value | | 6,305 |
| At market value | | <u>6,342</u> |

B8. Status of corporate proposal announced

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

B9. Borrowing and debt securities

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

B10. Off balance sheet financial instruments

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

B11. Changes in material litigation

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

B12. Dividends

A final dividend of 2.16 sen per share less income tax amounted to RM1,400,770 in respect of the financial year ended 31 December 2004 as reported in the Directors' Report was paid on 19 July 2005.

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B13. Earnings per share***Basic earnings per share***

The calculation of basic earnings per share for the financial year is based on the net profit attributable to ordinary shareholders of RM5.04 million and the weighted average number of ordinary shares in issue during the current quarter of 64,850,448 shares.

Diluted earnings per shares

Not applicable.

B14. Financial assistance in the ordinary course of business

The outstanding amount of financial assistance provided in the form of loan to the FFB transporter contractors as at the end of the current quarter was RM335,700. The financial assistance provided has no financial impact on the Company.

By Order of the Board

Adrian Tsen
Company Secretary

Dated: 24 February 2006