

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 2005. There was no qualification in the audited financial statements for the year ended 31 December 2005.

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 2005 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 January 2006.

| | |
|---------|--|
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 128 | Investment in Associates |
| FRS 132 | Financial Instruments : Disclosure and Presentation |
| FRS 133 | Earnings per shares |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |

The adoption of FRS 128 has resulted in prior year adjustments as discussed below

FRS 128 : Investment in Associates

The adoption of FRS 128 has resulted in the Company recognising its share of results from its associates, previously the share of results of the associates were not equity accounted as the entity level financial statements were not prepared and the effect on the income statement and investment in associates had the equity method been adopted were disclosed by way of a note in the audited financial statements.

The adoption of FRS 128 has been applied retrospectively and comparatives have been restated. The effects of the change are as follows:

| | 2006 | 2005 |
|--|----------------|----------------|
| | RM ‘000 | RM ‘000 |
| Effect on retained profits | | |
| At 1 January – as previously stated | 9,273 | 7,087 |
| Effects of adopting FRS 128 | 7,352 | 7,378 |
| At 1 January – as restated | <u>16,625</u> | <u>14,465</u> |
| Effect on net profit for the year | | |
| Net profit before changes in accounting policy | 5,818 | 4,979 |
| Effects of adopting FRS 128 | 820 | (401) |
| Net profit for the year | <u>6,638</u> | <u>4,578</u> |

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

There was no dividend paid in the current quarter.

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 2006

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 RM11.98 million for the current financial year to date, an increase of 8.36% as compared to the preceding year corresponding period. The Company also recorded a pre-tax profit in the financial year to date of RM7.17 million against pre-tax profit of RM6.05 million in the preceding year corresponding period. The higher revenue was mainly due to an increase in production as well as improved commodity prices as compared to the preceding year corresponding period.

B2. Variation of results against preceding quarter

The current quarter's recorded pre-tax profit of RM1.64 million on revenue of RM2.70 million as compared to pre-tax profit of RM4.36 million on revenue of RM4.79 million posted in the immediate preceding quarter. The reduced revenue was mainly due to a decrease in production in the current quarter as compared to the immediate preceding quarter.

B3. Current year prospects

Barring any unforeseen circumstances, the directors expect the performance of the Company for the financial year 2007 to be good.

B4. Profit forecast

Not applicable as no profit forecast was published.

B5. Tax expense

| | <u>31.12.2006</u> | <u>31.12.2005</u> |
|---------------------|-------------------|-------------------|
| | <u>RM'000</u> | <u>RM'000</u> |
| Current tax expense | | |
| - of the company | 1,879 | 1,991 |
| - of the associates | 952 | 315 |
| | <u>2,831</u> | <u>2,306</u> |

The effective rate of taxation of the Company is higher than the statutory rate of taxation for the current financial year to date principally due to certain expenses which are not tax deductible.

B6. Unquoted investments and properties

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

B7. Quoted investments

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

| | 3 months ended 31.12.2006 RM'000 | 12 months ended 31.12.2006 RM'000 |
|---------------------------------------|---|--|
| Purchase consideration on acquisition | 3,731 | 3,731 |
| Net proceeds from disposal | - | 6,586 |
| Net gain / (loss) from disposal | - | - |
| Investment in quoted securities: | | |
| At cost | | 3,831 |
| At book value | | 3,831 |
| At market value | | 4,349 |

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

The directors recommended an interim dividend of 5% less 28% taxation for the current financial year.

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 RM6.64 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 transport contractors as at the end of the current quarter was RM249,500. The financial assistance provided has no financial impact on the Company.

By Order of the Board

Adrian Tsen
Company Secretary

Dated: 26 February 2007