

**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 2007. There was no qualification in the audited financial statements for the year ended 31 December 2007.

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 2007 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for the financial period beginning 1 January 2008.

|                      |  |
|----------------------|--|
| FRS 139              | : Financial Instruments - Recognition and Measurement  |
| FRS 107              | : Cash Flow Statements   |
| FRS 111              | : Construction Contracts   |
| FRS 112              | : Income Taxes   |
| FRS 118              | : Revenue  |
| FRS 120              | : Accounting for Government Grants and Disclosure of Government Assistance   |
| FRS 134              | : Interim Financial Reporting  |
| FRS 137              | : Provisions, Contingent Liabilities and Contingent Assets   |
| Amendment to FRS 121 | : The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation                             |
| IC Interpretation 1  | : Changes in Existing Decommissioning, Restoration and Similar Liabilities   |
| IC Interpretation 2  | : Members' Shares in Co-operative Entities and Similar Instruments   |
| IC Interpretation 5  | : Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds                 |
| IC Interpretation 6  | : Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment              |
| IC Interpretation 7  | : Applying the Restatement Approach under FRS 129 <sup>2004</sup> - Financial Reporting in Hyperinflationary Economies |
| IC Interpretation 8  | : Scope of FRS 2   |

The above new and revised FRSs, amendment to FRS and IC Interpretations are expected to have no significant impact on the financial statements of the Company upon their initial application.

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

**A2. Seasonal or cyclical factors**

The production of fresh fruits bunches of oil palms (“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.

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**Notes to the interim financial statements**

**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**

An interim ordinary dividend of 5 sen per share and a special dividend of 3 sen per share on 64,850,448 ordinary shares, less income tax respectively in respect of the financial year ended 31 December 2008 was paid on 18 July 2008.

**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 30 September 2008.

**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**

On 25 July 2008, the changes in composition of the Company were as follows:

- i. Mr. William John Hunstman retired as a Director
- ii. En. Roslan bin Hamir was appointed as a Director and as a member to both the Audit and Remuneration and Nomination Committees

**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 RM22.26 million for the current financial period, an increase of 64.69% as compared to the preceding year corresponding period. The Company also recorded a pre-tax profit in the financial year to date of RM17.92 million against pre-tax profit of RM14.49 million in the preceding year corresponding period. The higher revenue to-date is mainly due to an increase in yield and selling price of fresh fruit bunch of palm oil ("FFB")

**B2. Variation of results against preceding quarter**

The current quarter's recorded pre-tax profit of RM4.39 million on revenue of RM6.88 million as compared to pre-tax profit of RM6.45 million on revenue of RM7.47 million posted in the immediate preceding quarter. The lower revenue was mainly due to a decrease in the selling price of fresh fruit bunches of oil palms in the current quarter as compared to the immediate preceding quarter. The lower pre-tax profit is also due to lower other operating income, unrealised foreign exchange losses and the lower contributions from the associate companies in the current quarter as compared to the immediate preceding quarter.

**B3. Current year prospects**

The first half of 2008 saw record prices for CPO, nevertheless this was set off by bearish sentiment in the third quarter.

Downward corrections in fuel oil prices, defaults in CPO contracts, the reduction of biofuel usage targets in the EU, bearish trends in the energy market coupled with large Malaysian CPO inventories have all exerted downward pressure.

The Company's production of FFB for the financial year has improved as compared to the preceding year corresponding period, barring any unforeseen circumstances, the directors expect the performance of the Company for the financial year to be satisfactory, nevertheless price of crude palm oil is expected to be lower for the rest of the financial year.

**B4. Profit forecast**

Not applicable as no profit forecast was published.

**B5. Tax expense**

|                     | 9 months ended |            |
|---------------------|----------------|------------|
|                     | 30.09.2008     | 31.09.2007 |
|                     | RM'000         | RM'000     |
| Current tax expense |                |            |
| - of the company    | 4,354          | 2,082      |

**B6. Unquoted investments and properties**

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

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**B7. Quoted investments**

There were no purchases or disposals of quoted securities for the current period

**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 do not recommend any payment of dividend for the current financial period.

**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 RM13.57 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 RM109,000. The financial assistance provided has no financial impact on the Company.

By Order of the Board

Adrian Tsen  
Company Secretary

Dated: 29 October 2008