

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

Consolidated Statement Of Comprehensive Income
For the Financial Period Ended 31 December 2011
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Year to Date 6 months ended	
		31.12.11 RM'000	31.12.10 RM'000	31.12.11 RM'000	31.12.10 RM'000
Revenue	4	2,290	2,639	4,179	3,960
Other Income		1	1	1	1
Changes in Inventories		(5)	(224)	(3)	(12)
Staff Costs		(113)	(160)	(233)	(342)
Depreciation		(8)	(9)	(15)	(15)
Subcontract Labour Costs, Fertilizer and Chemical Costs		(338)	(409)	(954)	(617)
Foreign Exchange (Loss) / Gain		(55)	475	(797)	1,260
Other Expenses		(350)	(217)	(741)	(758)
Profit from Operations	4	1,422	2,096	1,437	3,477
Share of (Loss) / Profit of Associates		(293)	1,788	(443)	4,974
Profit before tax		1,129	3,884	994	8,451
Income tax expense	20	(224)	(154)	(423)	(319)
Profit after tax		905	3,730	571	8,132
<u>Other Comprehensive Income</u>					
Available-for-sale investments: (Loss) / Gain on fair value changes		(2,160)	500	(6,976)	5,093
Foreign currency translation		(48)	51	2,225	(2,233)
Share of other comprehensive (expenses) / income of Associates		(21)	8,240	(18,641)	3,873
Other comprehensive (loss) / income for the period, net of tax		(2,229)	8,791	(23,392)	6,733
Total comprehensive (loss) / income for the period		(1,324)	12,521	(22,821)	14,865
Earnings per share attributable to equity holders holders:					
Basic (Sen)	25(a)	1.50	6.20	0.95	13.51
Diluted (Sen)	25(b)	1.50	6.20	0.95	13.51

The consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)

(Incorporated in Malaysia)

Consolidated Statement of Financial Position**As at 31 December 2011**

	(Unaudited) As at 31.12.11 RM'000	(Audited) As at 30.6.2011 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	73,700	73,713
Biological assets	336	336
Investment in associates	219,079	238,954
Available-for-sale investments	33,456	36,096
	<u>326,571</u>	<u>349,099</u>
Current assets		
Inventories	15	18
Trade and other receivables	686	455
Tax recoverable	-	36
Cash and bank balances	43,283	44,112
	<u>43,984</u>	<u>44,621</u>
TOTAL ASSETS	<u>370,555</u>	<u>393,720</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,191	60,191
Reserves	308,192	331,690
	<u>368,383</u>	<u>391,881</u>
Non-current liabilities		
Deferred tax liability	11	11
Provision for retirement benefits	85	80
	<u>96</u>	<u>91</u>
Current liabilities		
Trade and other payables	1,967	1,748
Tax payable	109	-
	<u>2,076</u>	<u>1,748</u>
Total liabilities	<u>2,172</u>	<u>1,839</u>
TOTAL EQUITY AND LIABILITIES	<u>370,555</u>	<u>393,720</u>

The consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)

(Incorporated in Malaysia)

**Consolidated Statement of Changes in Equity
For the Financial Period Ended 31 December 2011**

(The figures have not been audited)

	← Non-Distributable →				← Distributable →				Total Equity RM'000
	Share Capital RM'000	Capital Reserves RM'000	Share of associated companies reserve RM'000	Fair Value Reserve RM'000	Foreign Exchange Fluctuation Reserves RM'000	Cultivation and Replacement Reserves RM'000	General Reserve RM'000	Retained Earnings RM'000	
Opening balance at 1 July 2011	60,191	25,710	188,769	19,712	(5,054)	2,307	10,000	90,246	391,881
Total comprehensive income / (loss) for the period	-	-	(18,641)	(6,976)	2,225	-	-	571	(22,821)
Dividends	-	-	-	-	-	-	-	(677)	(677)
Closing balance at 31 December 2011	60,191	25,710	170,128	12,736	(2,829)	2,307	10,000	90,140	368,383
Opening balance at 1 July 2010	60,191	25,710	189,565	15,189	(1,997)	2,307	10,000	75,888	376,853
Total comprehensive income / (loss) for the period	-	-	3,873	5,093	(2,233)	-	-	8,132	14,865
Dividend	-	-	-	-	-	-	-	(451)	(451)
Closing balance at 31 December 2010	60,191	25,710	193,438	20,282	(4,230)	2,307	10,000	83,569	391,267

The consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

Consolidated Statement of Cash Flows
For the Financial Period Ended 31 December 2011
(The figures have not been audited)

	6 months period	
	31.12.11	31.12.10
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	994	8,451
Adjustments for:		
Depreciation	15	15
Provision for retirement benefit	5	23
Dividend income	(668)	(1,129)
Interest income	(184)	(161)
Share of loss / (profit) of associates	443	(4,974)
Unrealised foreign exchange loss / (gain)	797	(1,260)
Operating cash flows before working capital changes	1,402	965
Receivables	43	138
Inventories	3	12
Payables	219	416
Cash flows from operations	1,667	1,531
Retirement benefit paid	-	(500)
Taxes refunded	-	625
Taxes paid	(279)	(171)
Net cash flows from operating activities	1,388	1,485
INVESTING ACTIVITIES		
Dividends received	1,217	851
Interest received	153	155
Purchase of property, plant and equipment	(2)	(11)
Purchase of available-for-sale investments	(2,832)	(851)
Cash flows (used in) / from investing activities	(1,464)	144
FINANCING ACTIVITY		
Dividends paid	(677)	(451)
Net cash used in financing activity	(677)	(451)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(753)	1,178
EFFECTS OF EXCHANGE RATE CHANGES	(76)	440
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	44,112	42,615
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	43,283	44,233

The consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements have been prepared on a historical cost basis, except for freehold land included within property, plant and equipment, investment properties and available-for-sale investments that have been measured at their fair values.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 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 Group for the year ended 30 June 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 June 2011.

2. Significant accounting policies

Except as described below, the significant accounting policies adopted in the unaudited interim financial statements are consistent with those adopted in the Group's audited financial statements for the financial year ended 30 June 2011.

(a) Adoption of New and Revised FRSs, IC Interpretations and Amendments to FRS

FRSs, Amendments to FRS and IC Interpretations

Amendments to FRS 1:	Limited exemption for comparatives FRS 7: Disclosures for First-time Adopters
Amendments to FRS 1:	Additional exemptions for First-time Adopters
Amendments to FRS 2:	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7:	Improving Disclosures about Financial Instruments
IC Interpretation 4:	Determining whether an Arrangement contains a Lease
IC Interpretation 18:	Transfers of Assets from Customers
Improvements to FRSs issued in 2010	
IC Interpretation 19:	Extinguishing Financial Liabilities with Equity Investments
Amendments to IC Interpretation 14:	Prepayments of a Minimum Funding Requirement

Except for the new disclosures required under the Amendments to FRS 7, the application of new FRSs, Amendments to FRSs and interpretations that are effective for the financial statements commencing on 1 July 2011 did not result in any significant changes in the accounting policies and presentation of financial results of the Group.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

Part A - Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (cont'd)

(b) Revised FRS and IC Interpretation issued and not yet effective

The Group has not early adopted the following revised FRS and IC Interpretation which have been issued as at the date of authorisation of these financial statements and will be effective for the financial periods as stated below:

	Effective date for financial periods beginning on or after
Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 January 2012
Amendments to FRS 7: Transfers of Financial Assets	1 January 2012
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets	1 January 2012
FRS 124 Related Party Disclosures	1 January 2012
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
FRS 9 Financial Instruments	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
(Incorporated in Malaysia)

Part A - Explanatory Notes Pursuant to FRS 134

2. Significant Accounting Policies (cont'd)

(b) Revised FRS and IC Interpretation issued and not yet effective (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework) (cont'd)

The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2011 was not qualified.

4. Segmental Information

	6 months ended	
	31.12.11	31.12.10
	RM'000	RM'000
Segment Revenue		
Plantation	3,327	2,670
Investment	852	1,290
Total	<u>4,179</u>	<u>3,960</u>
Segment results		
Plantation	2,088	1,734
Investment	48	2,537
	<u>2,136</u>	<u>4,271</u>
Unallocated corporate expenses	(699)	(794)
Profit from operations	<u>1,437</u>	<u>3,477</u>
Segment assets		
Plantation	77,051	78,606
Investment	293,504	314,884
	<u>370,555</u>	<u>393,490</u>
Unallocated corporate asset	-	127
Total assets	<u>370,555</u>	<u>393,617</u>

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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Part A - Explanatory Notes Pursuant to FRS 134

5. Unusual Items due to their Nature, Size or Incidence

There were no other unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 31 December 2011.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter and year-to-date results.

7. Comments about Seasonal or Cyclical Factors

The revenue and earnings are impacted by the production of fresh fruit bunches and volatility of the selling price of crude palm oil. The production of fresh fruit bunches is influenced by weather conditions, production cycle and age of palms.

8. Dividend Paid

The amount of dividends paid during the financial period ended 31 December 2011 were as follows:-

In respect of the financial year ended 30 June 2011, as reported in the directors' report of that year:

	Amount RM	Net dividend per share Sen
Final dividend of 1% less 25% taxation	451,437	0.750
Bonus dividend of 0.5% less 25% taxation	<u>225,718</u>	<u>0.375</u>
	<u><u>677,155</u></u>	<u><u>1.125</u></u>

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter and 6 months to-date.

10. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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Part A - Explanatory Notes Pursuant to FRS 134

11. Capital Commitments

There are no commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2011.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2011.

13. Related Party Transactions

Transactions with related parties are as follows:

	3 months ended		6 months ended	
	31.12.11	31.12.10	31.12.11	31.12.10
	RM'000	RM'000	RM'000	RM'000
Estate agency fee payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih, has an interest	73	24	111	52
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest	110	175	260	295

14. Subsequent Events

There were no material events subsequent to the end of the current quarter.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

15. Performance Review

The Group's revenue for the current quarter of RM2.29 million was lower than the corresponding quarter ended 31 December 2010 by RM349,000. This was mainly due to lower dividend income. Interest income and crop sales were higher, the latter due to higher tonnage harvested.

For the fiscal first half, the Group's revenue was RM4.18 million, up 5.5% year-on-year. This was due to higher crop sales on account of higher FFB prices, higher tonnage harvested and higher interest income. Dividend income was however lower by RM461,000.

The Group posted after-tax profit of RM905,000 and RM571,000 for the current quarter and period-to-date respectively. These were significantly lower than last year's corresponding quarter's RM3.73 million and period-to-date's RM8.13 million, mainly due to:-

- 1) Share of associates' financial results for the current quarter and period-to-date were losses of RM293,000 and RM443,000 respectively while last year's corresponding quarter and period-to-date were profits of RM1.79 million and RM4.97 million respectively.
- 2) Negative turn around in the foreign exchange positions from unrealised gains of RM475,000 and RM1.26 million reported for last year's corresponding quarter and period ended 31 December 2010 respectively to unrealised losses of RM55,000 and RM797,000 for the current quarter and period ended 31 December 2011.

**16. Comment on Material Change in Profit Before Taxation for the Current Quarter as
Compared with the Immediate Preceding Quarter**

For the quarter under review, the Group's revenue of RM2.29 million was higher than the immediate preceding quarter of RM1.89 million despite lower crop sales on account of lower FFB prices and tonnage harvested. This was mainly due to dividend income of RM668,000 received during the current quarter while there was none during the immediate preceding quarter.

The Group achieved a pre-tax profit of RM1.13 million for the current quarter as compared to the immediate preceding quarter's pre-tax loss of RM135,000. This was due to:-

- 1) Higher revenue achieved for the current quarter.
- 2) The unrealised exchange difference was a loss of RM55,000 for the current quarter. This was lower than the immediate preceding quarter's RM742,000.
- 3) Lower operating expenses incurred for the current quarter.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

17. Commentary on Prospects

The price of crude palm oil ("CPO") is expected to remain around RM3,000 per ton for the rest of the financial year ending 30 June 2012. However, the Group's plantation performance is expected to achieve satisfactory levels of profitability as FFB production is expected to increase in the coming months.

The results of the associated companies may be further affected by the market valuation of their investments and currency fluctuations.

18. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

19. Profit before tax

Profit for the period is arrived after charging/(crediting):

	Current Quarter RM'000	Year- To-Date RM'000
Interest income	(94)	(184)
Other income including investment income	(669)	(669)
Interest expense	n/a	n/a
Depreciation and amortization	8	15
Provision for and write off of receivables	n/a	n/a
Provision for and write off of inventories	n/a	n/a
Gain or loss on disposal of quoted or unquoted investments or properties	n/a	n/a
Impairment of assets	n/a	n/a
Foreign exchange gain or loss	55	797
(Gain)/Loss on derivatives	n/a	n/a
Exceptional items	n/a	n/a

n/a : Not applicable

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

20. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended		6 months ended	
	31.12.11	31.12.10	31.12.11	31.12.10
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	<u>224</u>	<u>154</u>	<u>423</u>	<u>319</u>
Total income tax expense	<u>224</u>	<u>154</u>	<u>423</u>	<u>319</u>

The effective tax rates for the current quarter, last year's corresponding quarter and period-to-date were lower than the statutory tax rates applicable in Malaysia as certain income are not subject to tax. The effective tax rate for current period-to-date was higher as certain expenses were not deductible for tax purposes.

21. Corporate Proposals

There was no corporate proposal announced by the Company as at the date of the issue of this quarterly report.

22. Borrowings

There were no borrowings and debt securities as at 31 December 2011.

23. Changes in Material Litigation

There was no pending material litigation as at the date of the issue of this quarterly report.

24. Dividend Payable

The directors do not recommend any dividend for the current quarter under review.

KLUANG RUBBER COMPANY (MALAYA) BERHAD (3441-K)
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

25. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the period attributable to ordinary equity holders by the weighted average number of ordinary shares in issue during the period.

	Individual Quarter		Year-To-Date	
	3 months ended		6 months ended	
	31.12.11	31.12.10	31.12.11	31.12.10
Profit attributable to ordinary equity holders (RM'000)	<u>905</u>	<u>3,730</u>	<u>571</u>	<u>8,132</u>
Weighted average number of ordinary shares in issue	<u>60,191</u>	<u>60,191</u>	<u>60,191</u>	<u>60,191</u>
Basic earnings per share (Sen)	<u>1.50</u>	<u>6.20</u>	<u>0.95</u>	<u>13.51</u>

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there is no dilutive potential ordinary shares outstanding as at 31 December 2011.

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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of
Bursa Malaysia Securities Berhad**

26. Disclosure of Realised and Unrealised Retained Profits / (Losses)

The disclosure of realised and unrealised profits mentioned above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

The breakdown of retained profits of the Group, pursuant to the format prescribed by Bursa Malaysia, is as follows:

	As at 31.12.11 RM'000	As at 31.12.10 RM'000
Total retained (losses) / profits of the Group and its subsidiaries:		
- Realised	42,215	39,244
- Unrealised	(2,243)	(2,657)
	39,972	36,587
Total share of retained profits from associated companies:		
- Realised	41,579	38,548
- Unrealised	16,169	14,438
	57,748	52,986
	97,720	89,573
Less: Consolidation adjustments	(7,580)	(6,004)
	<u>90,140</u>	<u>83,569</u>

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 February 2012.