

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

Consolidated Statement Of Comprehensive Income
For the Financial Period Ended 31 December 2012
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Year to Date 6 months ended	
		31.12.12 RM'000	31.12.11 RM'000	31.12.12 RM'000	31.12.11 RM'000
Revenue	4	2,140	2,290	3,754	4,179
Other Income		1	1	1	1
Changes in Inventories		(3)	(5)	3	(3)
Staff Costs		(222)	(113)	(376)	(233)
Depreciation		(10)	(8)	(18)	(15)
Subcontract Labour Costs, Fertilizer and Chemical Costs		(253)	(338)	(826)	(954)
Foreign Exchange Gain / (Loss)		30	(55)	455	(797)
Other Expenses		(480)	(350)	(871)	(741)
Profit from Operations	4	1,203	1,422	2,122	1,437
Share of Profit / (Loss) of Associates		829	(293)	3,147	(443)
Profit before tax		2,032	1,129	5,269	994
Income tax expense	21	(128)	(224)	(269)	(423)
Profit after tax		1,904	905	5,000	571
<u>Other Comprehensive Income</u>					
Available-for-sale investments: Gain / (Loss) on fair value changes		475	(2,160)	2,828	(6,976)
Foreign currency translation		(61)	(48)	(1,797)	2,225
Share of other comprehensive income of Associates		3,601	(21)	17,512	(18,641)
Other comprehensive income for the period, net of tax		4,015	(2,229)	18,543	(23,392)
Total comprehensive income for the period		5,919	(1,324)	23,543	(22,821)
Earnings per share attributable to equity holders:					
Basic (Sen)	26(a)	3.16	1.50	8.31	0.95
Diluted (Sen)	26(b)	3.16	1.50	8.31	0.95

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 2012**

	(Unaudited) As at 31.12.12 RM'000	(Audited) As at 30.6.2012 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	73,730	73,704
Biological assets	336	336
Investment in associates	252,667	232,654
Available-for-sale investments	39,106	36,952
	<u>365,839</u>	<u>343,646</u>
Current assets		
Inventories	14	11
Trade and other receivables	1,183	381
Prepayments	9	44
Tax recoverable	309	68
Cash and bank balances	44,187	44,373
	<u>45,702</u>	<u>44,877</u>
TOTAL ASSETS	<u>411,541</u>	<u>388,523</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,191	60,191
Reserves	349,290	326,424
	<u>409,481</u>	<u>386,615</u>
Non-current liabilities		
Deferred tax liability	11	11
Provision for retirement benefits	91	92
	<u>102</u>	<u>103</u>
Current liabilities		
Trade and other payables	1,958	1,805
	<u>1,958</u>	<u>1,805</u>
Total liabilities	<u>2,060</u>	<u>1,908</u>
TOTAL EQUITY AND LIABILITIES	<u>411,541</u>	<u>388,523</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 2012
(The figures have not been audited)

	← Non-Distributable →					← Distributable →			
	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	Total Equity RM'000
Opening balance at 1 July 2012	60,191	25,711	178,589	16,068	(2,586)	2,307	10,000	96,335	386,615
Total comprehensive income for the period	-	-	17,512	2,828	(1,797)	-	-	5,000	23,543
Dividends	-	-	-	-	-	-	-	(677)	(677)
Closing balance at 31 December 2012	60,191	25,711	196,101	18,896	(4,383)	2,307	10,000	100,658	409,481
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 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

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 2012
(The figures have not been audited)

	6 months ended	
	31.12.12	31.12.11
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	5,269	994
Adjustments for:		
Depreciation	18	15
Provision for retirement benefit	5	5
Dividend income	(791)	(668)
Interest income	(192)	(184)
Share of (profit) / loss of associates	(3,147)	443
Unrealised foreign exchange (gain) / loss	(458)	797
Operating cash flows before working capital changes	704	1,402
Receivables	123	5
Prepayments	35	38
Inventories	(3)	3
Payables	152	219
Cash flows from operations	1,011	1,667
Retirement benefit paid	(5)	-
Taxes paid	(511)	(279)
Net cash flows from operating activities	495	1,388
INVESTING ACTIVITIES		
Dividends received	543	1,217
Interest received	162	153
Purchase of property, plant and equipment	(44)	(2)
Purchase of available-for-sale investments	(543)	(2,832)
Cash flows from / (used in) investing activities	118	(1,464)
FINANCING ACTIVITY		
Dividends paid	(677)	(677)
Net cash used in financing activity	(677)	(677)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(64)	(753)
EFFECTS OF EXCHANGE RATE CHANGES	(122)	(76)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	44,373	44,112
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	44,187	43,283

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 2012. 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 2012.

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 2012.

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

FRSS, Amendments to FRS and IC Interpretations

Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7: Transfers of Financial Assets
Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
FRS 124 Related Party Disclosures
Amendments to FRS 101: Presentation of Items of Other Comprehensive Income

The adoption of the new FRSS, Amendments to FRSS and IC Interpretations that are effective for the financial statements commencing on 1 July 2012 does not result in any significant financial position, results and presentation of financial statements 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
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
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 Consolidated Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guideline	1 January 2013
Improvement to FRSs (2012)	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Liabilities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

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 be 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").

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)

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional two years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

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 2015. 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 2012 was not qualified.

4. Segmental Information

	6 months ended	
	31.12.12 RM'000	31.12.11 RM'000
Segment Revenue		
Plantation	2,771	3,327
Investment	983	852
Total	<u>3,754</u>	<u>4,179</u>
Segment results		
Plantation	1,651	2,088
Investment	1,412	48
	<u>3,063</u>	<u>2,136</u>
Unallocated corporate expenses	(941)	(699)
Profit from operations	<u>2,122</u>	<u>1,437</u>
Segment assets		
Plantation	77,128	77,051
Investment	334,104	293,504
	<u>411,232</u>	<u>370,555</u>
Unallocated corporate asset	309	-
Total assets	<u>411,541</u>	<u>370,555</u>

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

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 2012.

6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter 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 on 20 December 2012 were as follows:-

In respect of the financial year ended 30 June 2012, as reported in the directors' report of that year:

	Amount RM	Net dividend per share Sen
Final dividend of 1% less 25% taxation	451,436	0.750
Bonus dividend of 0.5% less 25% taxation	225,718	0.375
	<u>677,154</u>	<u>1.125</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.

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 2012.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2012.

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

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	3 months ended		3 months ended	
	31.12.12	31.12.11	31.12.12	31.12.11
	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	46	73	101	111
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest	167	110	287	260
Administration and support services payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih, has an interest	10	-	20	-
	<u>10</u>	<u>-</u>	<u>20</u>	<u>-</u>

14. Subsequent Events

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

15. Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31.12.12				
Available-for-sale financial assets	<u>10,647</u>	<u>28,459</u>	<u>-</u>	<u>39,106</u>
30.06.12				
Available-for-sale financial assets	<u>10,237</u>	<u>26,715</u>	<u>-</u>	<u>36,952</u>

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current interim financial period and the comparative period. There were no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

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**

16. Performance Review

The Group's revenue for the current quarter of RM2.14 million and period-to-date of RM3.75 million were lower than the corresponding quarter and period-to-date ended 31 December 2011 by RM150,000 and RM425,000 respectively despite higher dividend and interest income. These shortfalls were due to lower crop sales arising from lower FFB prices although fresh fruit bunches productions were higher for the fiscal first half year.

For the current quarter and 6 months to-date, the Group's after-tax profit of RM1.90 million and RM5.0 million were improvements from last year's corresponding quarter's RM905,000 and period-to-date's RM571,000. These were due to:-

- 1) The unrealised exchange difference for the current quarter and period-to-date were gains of RM30,000 and RM455,000 respectively while losses of RM55,000 and RM797,000 were recorded for last year's corresponding quarter and period-to-date respectively.
- 2) Share of associates' financial results was a profit of RM829,000 for the current quarter and RM3.15 million for the period-to-date while the corresponding quarter and period-to-date a year ago were losses of RM293,000 and RM443,000 respectively.

**17. 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 RM2.14 million was higher than the immediate preceding quarter's RM1.61 million despite lower crop sales. This was due to the dividend income of RM791,000 received during the current quarter while there was none during the immediate preceding quarter.

The Group reported a pre-tax profit of RM2.03 million for the current quarter which was lower than the immediate preceding quarter's RM3.24 million despite higher revenue. This was mainly due to:-

- 1) The unrealised foreign exchange gain of RM30,000 for the current quarter was lower than the immediate preceding quarter's RM425,000.
- 2) Share of profit of associates for the current quarter was only RM829,000 as compared to the immediate preceding quarter's RM2.32 million.

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

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

18. Commentary on Prospects

The performance for the rest of the financial year is expected not to be better than last year due to the following reasons:-

- 1) The yield of fresh fruit bunches are normally expected to be low between February to May.
- 2) The labour cost is expected to increase as the Government has implemented the minimum wage policy with effect from January 2013.
- 3) Demand for palm oil worldwide has been slow and therefore CPO prices are expected to remain low.

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

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Profit / (Loss) before tax

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

	Individual Quarter		Year-To-Date	
	31.12.12 RM'000	31.12.11 RM'000	31.12.12 RM'000	31.12.11 RM'000
Interest income	(96)	(94)	(192)	(184)
Other income including investment income	(792)	(669)	(792)	(669)
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	10	8	18	15
Provision for and write off of receivables	n/a	n/a	n/a	n/a
Provision for and write off of inventories	n/a	n/a	n/a	n/a
Gain or loss on disposal of quoted or unquoted investments or properties	n/a	n/a	n/a	n/a
Impairment of assets	n/a	n/a	n/a	n/a
Foreign exchange (gain) / loss	(30)	55	(455)	797
(Gain) / Loss on derivatives	n/a	n/a	n/a	n/a
Exceptional items	n/a	n/a	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**

21. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended		6 months ended	
	31.12.12	31.12.11	31.12.12	31.12.11
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	128	224	269	423
Total income tax expense	<u>128</u>	<u>224</u>	<u>269</u>	<u>423</u>

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

22. Corporate Proposals

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

23. Borrowings

There were no borrowings and debt securities as at 31 December 2012.

24. Changes in Material Litigation

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

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

25. Dividend Payable

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

26. Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year 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	
	31.12.12	31.12.11	31.12.12	31.12.11
Profit attributable to ordinary equity holders (RM'000)	<u>1,904</u>	<u>905</u>	<u>5,000</u>	<u>571</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>3.16</u>	<u>1.50</u>	<u>8.31</u>	<u>0.95</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 2012.

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**

27. 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 31.12.12 RM'000	As at 30.06.12 RM'000
Total retained (losses) / profits of the Group and its subsidiaries:		
- Realised	44,360	42,994
- Unrealised	(2,074)	(1,861)
	42,286	41,133
Total share of retained profits from associated companies:		
- Realised	46,843	44,760
- Unrealised	19,165	18,101
	66,008	62,861
	108,294	103,994
Less: Consolidation adjustments	(7,636)	(7,659)
	<u>100,658</u>	<u>96,335</u>

28. 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 28 February 2013.