

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

Consolidated Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2013
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Year to Date 3 months ended	
		30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Revenue	4	1,810	1,614	1,810	1,614
Changes in Inventories		80	6	80	6
Staff Costs		(89)	(154)	(89)	(154)
Depreciation		(16)	(8)	(16)	(8)
Subcontract Labour Costs, Fertilizer and Chemical Costs		(629)	(573)	(629)	(573)
Foreign Exchange Gain / (Loss)		283	425	283	425
Other Expenses		(521)	(391)	(521)	(391)
Profit from Operations	4	918	919	918	919
Share of Profit of Associates		2,338	2,318	2,338	2,318
Profit before tax		3,256	3,237	3,256	3,237
Income tax expense	21	(127)	(141)	(127)	(141)
Profit after tax		3,129	3,096	3,129	3,096
<u>Other Comprehensive Income</u>					
Available-for-sale investments: Gain on fair value changes		1,575	2,353	1,575	2,353
Foreign currency translation		1,029	(1,736)	1,029	(1,736)
Share of other comprehensive income of Associates		8,609	13,911	8,609	13,911
Other comprehensive income for the period, net of tax		11,213	14,528	11,213	14,528
Total comprehensive income for the period		14,342	17,624	14,342	17,624
Earnings per share attributable to equity holders:					
Basic (Sen)	26(a)	5.20	5.14	5.20	5.14
Diluted (Sen)	26(b)	5.20	5.14	5.20	5.14

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 30 September 2013**

	(Unaudited) As at 30.09.13 RM'000	(Audited) As at 30.6.2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,055	73,991
Biological assets	336	336
Investment in associates	271,245	260,298
Available-for-sale investments	36,204	33,954
	<u>381,840</u>	<u>368,579</u>
Current assets		
Inventories	81	1
Trade and other receivables	474	260
Prepayments	33	45
Tax recoverable	197	303
Cash and bank balances	45,059	44,274
	<u>45,844</u>	<u>44,883</u>
TOTAL ASSETS	<u>427,684</u>	<u>413,462</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	60,191	60,191
Reserves	366,409	352,068
	<u>426,600</u>	<u>412,259</u>
Non-current liabilities		
Deferred tax liability	21	21
Provision for retirement benefits	71	70
	<u>92</u>	<u>91</u>
Current liabilities		
Trade and other payables	992	1,112
	<u>992</u>	<u>1,112</u>
Total liabilities	<u>1,084</u>	<u>1,203</u>
TOTAL EQUITY AND LIABILITIES	<u>427,684</u>	<u>413,462</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 30 September 2013
(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 2013	60,191	25,710	198,124	12,689	(2,830)	2,307	10,000	106,067	412,258
Total comprehensive income for the period	-	-	8,609	1,575	1,029	-	-	3,129	14,342
Closing balance at 30 September 2013	60,191	25,710	206,733	14,264	(1,801)	2,307	10,000	109,196	426,600
Opening balance at 1 July 2012	60,191	25,710	178,589	16,068	(2,586)	2,307	10,000	96,335	386,614
Total comprehensive income / (loss) for the period	-	-	13,911	2,353	(1,736)	-	-	3,096	17,624
Closing balance at 30 September 2012	60,191	25,710	192,500	18,421	(4,322)	2,307	10,000	99,431	404,238

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 30 September 2013
(The figures have not been audited)

	3 months ended	
	30.09.13	30.09.12
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	3,256	3,237
Adjustments for:		
Depreciation	16	8
Provision for retirement benefit	2	2
Dividend income	(270)	-
Interest income	(134)	(96)
Share of profit of associates	(2,338)	(2,318)
Unrealised foreign exchange gain	(283)	(427)
Operating cash flows before working capital changes	249	406
Receivables	(213)	(58)
Prepayments	12	2
Inventories	(80)	(6)
Payables	(120)	(195)
Cash flows (used in) / from operations	(152)	149
Retirement benefit paid	(2)	-
Taxes paid	(21)	(313)
Net cash flows used in operating activities	(175)	(164)
INVESTING ACTIVITIES		
Dividends received	270	-
Interest received	133	96
Purchase of property, plant and equipment	(80)	-
Cash flows from investing activities	323	96
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	148	(68)
EFFECTS OF EXCHANGE RATE CHANGES	637	(138)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	44,274	44,373
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	45,059	44,167

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 2013.

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 2013.

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

FRSs, Amendments to FRS and IC Interpretations

FRS 10 Consolidated Financial Statements
FRS 11 Joint Arrangements
FRS 12 Disclosure of interests in Other Entities
FRS 13 Fair Value Measurement
FRS 119 Employee Benefits
FRS 127 Separate Financial Statements
FRS 128 Investment in Associate and Joint Ventures
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 1 Government Loan
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and
Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12 Consolidated Financial Statements,
Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
Improvement to FRSs (2012)

The adoption of the new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial statements commencing on 1 July 2013 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
Amendments to FRS 132: Offsetting Financial Assets and Financial 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').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2016. 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 2013 was not qualified.

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

4. Segmental Information

	3 months ended	
	30.09.13	30.09.12
	RM'000	RM'000
Segment Revenue		
Plantation	1,406	1,518
Investment	404	96
Total	<u>1,810</u>	<u>1,614</u>
Segment results		
Plantation	620	794
Investment	669	515
	<u>1,289</u>	<u>1,309</u>
Unallocated corporate expenses	(371)	(390)
Profit from operations	<u>918</u>	<u>919</u>
Segment assets		
Plantation	77,468	77,325
Investment	350,019	328,391
	<u>427,487</u>	<u>405,716</u>
Unallocated corporate asset	197	239
Total assets	<u>427,684</u>	<u>405,955</u>

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

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2013.

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

No dividend was paid since the last quarter.

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

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities in the current quarter.

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 30 September 2013.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2013.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	3 months ended		3 months ended	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Share of corporate advisory fee receivable from Sungei Bagan Rubber (Malaya) Berhad, a company in which a director, Lee Chung-Shih has an interest (non-recurrent)	15	-	15	-
Estate agency fee payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	57	55	57	55
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	144	120	144	120
Administration and support services payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	11	10	11	10

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Part A - Explanatory Notes Pursuant to FRS 134

14. Subsequent Events

On 4 November 2013, the Company announced its Dividend Reinvestment Scheme with the listing of and quotation for 2,980,427 new ordinary shares of par value RM1.00 each on the Main Market of Bursa Malaysia Securities Berhad and this was completed on 6 November 2013.

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
30.09.13				
Available-for-sale financial assets	<u>10,057</u>	<u>26,147</u>	<u>-</u>	<u>36,204</u>
30.06.13				
Available-for-sale financial assets	<u>9,603</u>	<u>24,351</u>	<u>-</u>	<u>33,954</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.

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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 achieved for the 1st quarter of the financial year ending 30 June 2014 was RM1.81 million. This was higher than the revenue of RM1.61 million reported a year ago, mainly due to higher dividend and interest income. Crop sales was lower despite a 16% increase in the production of fresh fruit bunches ("FFB") as FFB prices have fallen by about 20%.

The Group posted an after-tax profit of RM3.13 million for the current quarter ended 30 September 2013, which was higher than the profit of RM3.10 million reported a year ago.

**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 RM1.81 million was higher than the immediate preceding quarter of RM1.33 million. This was due to higher crop sales, dividend and interest income.

The Group achieved a pre-tax profit of RM3.26 million for the current quarter. This was lower than the immediate preceding quarter's profit of RM6.11 million despite higher profit from Operations, mainly due to the share of associates' profit for the current quarter of RM2.34 million was lower than the share of profit of RM6.1 million in the immediate preceding quarter.

18. Commentary on Prospects

For the rest of the financial year ending 30 June 2014, the Group's production of FFB is expected to increase. However, palm trees of different age group will respond differently to the climatic changes.

The price of CPO is expected to remain at current levels despite the main palm oil producer Indonesia has been encouraging the use of bio-diesel. The conversion of CPO to bio-diesel depends very much on the price of crude petroleum.

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.

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

20. Profit / (Loss) before tax

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

	Individual Quarter		Year-To-Date	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Interest income	(134)	(96)	(134)	(96)
Other income including investment income	(270)	-	(270)	-
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	16	8	16	8
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	(283)	(425)	(283)	(425)
(Gain) / Loss on derivatives	n/a	n/a	n/a	n/a
Exceptional items	n/a	n/a	n/a	n/a
	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>

n/a : Not applicable

21. Income Tax Expense

	Individual Quarter		Year-To-Date	
	3 months ended	3 months ended	3 months ended	3 months ended
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	117	141	117	141
Under provision of Malaysian income tax in prior years	10	-	10	-
	<u>127</u>	<u>141</u>	<u>127</u>	<u>141</u>
Total income tax expense	<u>127</u>	<u>141</u>	<u>127</u>	<u>141</u>

The effective tax rate for the current quarter and last year's corresponding quarter were lower than the statutory tax rates applicable in Malaysia as certain income are not subject to tax.

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**

22. Corporate Proposals

On 22 March 2013, the Company announced the proposed Dividend Reinvestment Scheme ("DRS") that will provide shareholders the option to elect to reinvest in whole or in part of their cash dividend which includes interim, final, special or any other cash dividend in new ordinary share(s) of RM1.00 each in the Company.

The Company's shareholders approved the proposed DRS at the Extraordinary General Meeting held on 3 July 2013.

On 19 September 2013, the Company announced that the DRS will be implemented for the special dividend of 24.25 sen per ordinary share of RM1.00 each less 25% income tax in respect of the financial year ended 30 June 2013 which was paid on 4 November 2013. The Company also announced that the issue price of the new shares to be issued pursuant to the DRS for the special dividend was fixed on the same day at RM2.75 per new share. On 6 November 2013, 2,980,427 new shares were issued and listed.

23. Borrowings

There were no borrowings and debt securities as at 30 September 2013.

24. Changes in Material Litigation

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

25. Dividend Payable

On 19 September 2013, the Company announced a special dividend of 24.25 sen per ordinary share less 25% income tax, totalling RM10,947,338 in respect of the financial year ended 30 June 2013 on 60,191,550 ordinary shares. This was paid on 4 November 2013. (2012: Nil).

The following dividend in respect of the financial year ended 30 June 2013 on 63,171,977 ordinary shares has been approved by the shareholders at the Annual General Meeting on 28 November 2013:

	Amount	Net dividend
	RM	per share
		Sen
Final dividend of 1% less 25% taxation	<u>473,790</u>	<u>0.75</u>

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

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		3 months ended	
	30.09.13	30.09.12	30.09.13	30.09.12
Profit attributable to ordinary equity holders (RM'000)	<u>3,129</u>	<u>3,096</u>	<u>3,129</u>	<u>3,096</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>5.20</u>	<u>5.14</u>	<u>5.20</u>	<u>5.14</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 30 September 2013.

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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 30.09.13 RM'000	As at 30.06.13 RM'000
Total retained (losses) / profits of the Group and its subsidiaries:		
- Realised	45,063	44,556
- Unrealised	(1,205)	(1,899)
	43,858	42,657
Total share of retained profits from associated companies:		
- Realised	50,666	48,658
- Unrealised	23,288	22,958
	73,954	71,616
	117,812	114,273
Less: Consolidation adjustments	(8,616)	(8,205)
	<u>109,196</u>	<u>106,068</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 November 2013.