

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

Consolidated Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2014

(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Year to Date 3 months ended	
		30.09.14 RM'000	30.09.13 (Restated) RM'000	30.09.14 RM'000	30.09.13 (Restated) RM'000
Revenue	4	5,245	6,062	5,245	6,062
Other Income		2	3	2	3
Changes in Inventories		295	679	295	679
Staff Costs		(291)	(258)	(291)	(258)
Depreciation		(27)	(22)	(27)	(22)
Subcontract Labour Costs, Fertilizer and Chemical Costs		(1,643)	(1,125)	(1,643)	(1,125)
Foreign Exchange (Loss) / Gain		(1,499)	1,040	(1,499)	1,040
Other Expenses		(1,815)	(1,907)	(1,815)	(1,907)
Profit from Operations	4	267	4,472	267	4,472
Share of Profit of Associates		5,420	2,244	5,420	2,244
Profit before tax		5,687	6,716	5,687	6,716
Income tax expense	21	(337)	(448)	(337)	(448)
Profit after tax		5,350	6,268	5,350	6,268
<u>Other Comprehensive Income</u>					
Available-for-sale investments: Gain on fair value changes		20,862	9,368	20,862	9,368
Foreign currency translation		4,707	12,333	4,707	12,333
Share of other comprehensive income of Associates		(3,212)	1,159	(3,212)	1,159
Other comprehensive income for the period, net of tax		22,357	22,860	22,357	22,860
Total comprehensive income for the period		27,707	29,128	27,707	29,128
Profit attributable to:					
Owners of the parent		2,226	3,133	2,226	3,133
Non-controlling interest		3,124	3,135	3,124	3,135
		5,350	6,268	5,350	6,268
Total comprehensive income attributable to:					
Owners of the parent		12,231	14,050	12,231	14,050
Non-controlling interest		15,476	15,078	15,476	15,078
		27,707	29,128	27,707	29,128
Earnings per share attributable to owners of the parent:					
Basic (Sen)	26(a)	3.52	5.21	3.52	5.21
Diluted (Sen)	26(b)	3.52	5.21	3.52	5.21

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

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

(Incorporated in Malaysia)

Consolidated Statement of Financial Position**As at 30 September 2014**

	(Unaudited)	
	As at 30.09.14 RM'000	As at 30.6.2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	75,273	75,252
Biological assets	885	885
Investment properties	61,318	60,565
Investment in associates	92,126	88,790
Available-for-sale investments	422,761	400,703
Deferred tax asset	53	53
	<u>652,416</u>	<u>626,248</u>
Current assets		
Inventories	354	59
Trade and other receivables	1,348	1,008
Prepayments	132	188
Tax recoverable	54	9
Cash and bank balances	221,802	220,604
	<u>223,690</u>	<u>221,868</u>
TOTAL ASSETS	<u>876,106</u>	<u>848,116</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	63,172	63,172
Reserves	394,060	381,829
	<u>457,232</u>	<u>445,001</u>
Non-controlling interests	413,597	398,121
Total equity	<u>870,829</u>	<u>843,122</u>
Non-current liabilities		
Deferred tax liability	1,521	1,521
Provision for retirement benefits	373	364
	<u>1,894</u>	<u>1,885</u>
Current liabilities		
Trade and other payables	3,304	3,075
Tax payable	79	34
	<u>3,383</u>	<u>3,109</u>
Total liabilities	<u>5,277</u>	<u>4,994</u>
TOTAL EQUITY AND LIABILITIES	<u>876,106</u>	<u>848,116</u>

The consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the 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 2014**

(The figures have not been audited)

	← Non distributable →					← Distributable →						
	Equity, Total RM'000	Equity Attributable to Owners of the Parent, total RM'000	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Foreign Exchange Reserves RM'000	Cultivation and Replacement Reserves RM'000	Property and Investment Reserve RM'000	General Reserve RM'000	Retained Earnings RM'000	Non- controlling interests RM'000
Opening balance at 1 July 2014	843,122	445,001	63,172	5,216	73,334	133,900	7,611	4,862	5,285	17,233	134,388	398,121
Total comprehensive income / (loss) for the period	27,707	12,231	-	-	(1,394)	8,887	2,512	-	-	-	2,226	15,476
As at 30 September 2014	870,829	457,232	63,172	5,216	71,940	142,787	10,123	4,862	5,285	17,233	136,614	413,597
Opening balance at 1 July 2013 (restated)	748,066	405,057	60,191	-	72,611	102,992	4,503	4,862	5,285	17,233	137,380	343,009
Total comprehensive income / (loss) for the period	64,988	26,141	-	-	(3,062)	19,227	(274)	-	-	-	10,250	38,847
As at 30 September 2013	813,054	431,198	60,191	-	69,549	122,219	4,229	4,862	5,285	17,233	147,630	381,856

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

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

Consolidated Statement of Cash Flows
For the Financial Period Ended 30 September 2014
(The figures have not been audited)

	3 months ended	
	30.09.14	30.09.13
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before taxation	5,687	6,716
Adjustments for:		
Depreciation	27	22
Provision for retirement benefit	9	9
Dividend income	(1,211)	(2,210)
Interest income	(547)	(429)
Share of profit of associates	(5,420)	(2,244)
Unrealised foreign exchange loss / (gain)	1,505	(1,042)
	<hr/>	<hr/>
Operating cash flows before working capital changes	50	822
Receivables	(280)	(543)
Prepayments	56	56
Inventories	(295)	(679)
Payables	229	(449)
	<hr/>	<hr/>
Cash flows used in operations	(240)	(793)
Retirement benefit paid	-	(2)
Taxes (paid) / refunded	(337)	57
	<hr/>	<hr/>
Net cash flows used in operating activities	<u>(577)</u>	<u>(738)</u>
INVESTING ACTIVITIES		
Dividends received	1,215	2,209
Interest received	484	459
Purchase of property, plant and equipment	(48)	(80)
	<hr/>	<hr/>
Cash flows from investing activities	<u>1,651</u>	<u>2,588</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,074	1,850
EFFECTS OF EXCHANGE RATE CHANGES	124	4,299
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	220,604	212,795
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u><u>221,802</u></u>	<u><u>218,944</u></u>

The consolidated statement of cash flows should be read in conjunction with the accompanying explanatory notes attached to the 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 2014. 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 2014.

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 2014.

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

FRSs, Amendments to FRS and IC Interpretations

Amendment to FRS 101 (Improvements to FRSs-2012)
Amendment to FRS 116 (Annual Improvements to FRSs 2010-2012 Cycle)
Amendment to FRS 132 (Improvements to FRSs -2012)
Amendment to FRS 134 (Improvements to FRSs -2012)
Amendments to FRS 10, FRS 12, and FRS 127: Investment Entities
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21 Levies
Amendments to FRS 119: Defined Benefit Plans Employee Contributions
Annual Improvements to FRSs 2010-2012 Cycle
Annual Improvements to FRSs 2011-2013 Cycle

The adoption of the new FRSs, Amendments to FRSs and IC Interpretations that are effective for the financial statements commencing on 1 July 2014 does not result in any significant effect on the 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 14 Regulatory Deferral Accounts	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to FRS 116 and FRS 138: Property, Plant and Equipment and Intangible Assets)	1 January 2016
Amendments to FRS 11: Joint Arrangements	1 January 2016
FRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018

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 and may in the alternative, apply Financial Reporting Standards ("FRS") as its financial reporting framework until the MFRS is mandatory for annual periods beginning on or after 1 January 2017.

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 when the MFRS Framework is mandated by MASB. 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 2014 was not qualified.

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

Part A - Explanatory Notes Pursuant to FRS 134

4. Segmental Information

	3 months ended	
	30.09.14	30.09.13
		Restated
	RM'000	RM'000
Segment Revenue		
Plantation	3,287	3,223
Investment	1,958	2,839
Total	<u>5,245</u>	<u>6,062</u>
Segment results		
Plantation	1,180	1,661
Investment	338	5,018
	<u>1,518</u>	<u>6,679</u>
Unallocated corporate expenses	(1,251)	(2,207)
Profit from operations	<u>267</u>	<u>4,472</u>
Segment assets		
Plantation	129,675	127,406
Investment	746,321	653,770
	<u>875,996</u>	<u>781,176</u>
Unallocated corporate asset	110	370
Total assets	<u>876,106</u>	<u>781,546</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 2014.

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 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 financial statements as at 30 September 2014.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2014.

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Year-To-Date	
	3 months ended		3 months ended	
	30.09.14	30.09.13	30.09.14	30.09.13
		Restated		Restated
	RM'000	RM'000	RM'000	RM'000
Rental income from Ice Cold Beer Pte. Ltd., a company in which a director, Lee Chung-Shih has an interest (recurrent)	199	199	199	199
Estate agency fee payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	118	131	118	131
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	396	336	396	336
Administration and support services payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih, has an interest (recurrent)	194	32	194	32

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

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
30.09.14				
Available-for-sale financial assets	<u>373,753</u>	<u>-</u>	<u>-</u>	<u>373,753</u>
30.06.14				
Available-for-sale financial assets	<u>352,639</u>	<u>-</u>	<u>-</u>	<u>352,639</u>

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current 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 recorded revenue of RM5.25 million for the 1st quarter of financial year ending 30 June 2015. This was lower than the revenue of RM6.06 million reported for the corresponding quarter of a year ago despite higher interest income and higher crop sales on account of the 8% increase in tonnage harvested. The lower revenue was due to lower dividend income as only RM1.21 million was received for the current quarter while RM2.21 million was received during last year's corresponding quarter.

For the current quarter, the Group reported an after-tax profit of RM5.35 million. This was lower than last year's corresponding quarter's RM6.27 million despite share of associates' profit of RM5.42 million was more than doubled last year's corresponding quarter's share of RM2.24 million. This was due to:-

- 1) Higher operating expenses.
- 2) The foreign exchange difference was a loss of RM1.50 million while it was a gain of RM1.04 million for the corresponding quarter of 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 RM5.25 million slid about 49% from the immediate preceding quarter of RM10.25 million despite higher interest income. This was mainly due to lower dividend income as only RM1.21 million was received as compared to the receipt of RM5.89 million during the immediate preceding quarter ended 30 June 2014. Revenue from crop sales was lower despite the 9% increase in the production of fresh fruit bunches ("FFB"), mainly due to the 18% decrease in FFB prices.

The Group reported a pre-tax profit of RM5.68 million for the current quarter. This was significantly lower than the immediate preceding quarter's RM9.52 million despite share of financial results of its associates was a profit of RM5.42 million while the immediate preceding quarter's share was a loss of RM5.52 million. This was mainly due to:-

- 1) Lower revenue due to weaker FFB prices and lower dividend income.
- 2) The foreign exchange difference was a loss of RM1.50 million while it was a gain of RM697,000 for the immediate preceding quarter.
- 3) During the immediate preceding quarter, fair value gain of RM7.50 million arising from the revaluation of the Group's investment properties was recorded while there was none for the current quarter.

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

For the following 2nd quarter, the yield of FFB is not expected to increase significantly due to the current flood situation which will affect the harvesting and collection activities. For the rest of the financial year ending 30 June 2015, the yield of FFB will be influenced by the weather patterns while crop revenue by FFB prices.

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 before tax

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

	Individual Quarter		Year-To-Date	
	30.09.14	30.09.13	30.09.14	30.09.13
		Restated		Restated
	RM'000	RM'000	RM'000	RM'000
Interest income	(547)	(429)	(547)	(429)
Other income including investment income	(1,413)	(2,413)	(1,413)	(2,413)
Fair value (gain) / loss on Investment properties	-	-	-	-
Interest expense	n/a	n/a	n/a	n/a
Depreciation and amortization	27	22	27	22
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	1,499	(1,040)	1,499	(1,040)
(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 3 months ended		Year-To-Date 3 months ended	
	30.09.14	30.09.13 Restated	30.09.14	30.09.13 Restated
	RM'000	RM'000	RM'000	RM'000
Current tax:				
Malaysian income tax	268	379	268	379
Foreign tax	69	59	69	59
	<u>337</u>	<u>438</u>	<u>337</u>	<u>438</u>
Under provision of Malaysian income tax in prior years	-	10	-	10
	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
Total income tax expense	<u>337</u>	<u>448</u>	<u>337</u>	<u>448</u>

The effective tax rates 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.

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 30 September 2014.

24. Changes in Material Litigation

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

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. 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 period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter		Year-To-Date	
	3 months ended		3 months ended	
	30.09.14	30.09.13	30.09.14	30.09.13
		Restated		Restated
Profit attributable to owners of the parent (RM'000)	<u>2,226</u>	<u>3,133</u>	<u>2,226</u>	<u>3,133</u>
Weighted average number of ordinary shares in issue	<u>63,172</u>	<u>60,191</u>	<u>63,172</u>	<u>60,191</u>
Basic earnings per share (Sen)	<u>3.52</u>	<u>5.21</u>	<u>3.52</u>	<u>5.21</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 2014.

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 30.09.14	As at 30.06.14
	RM'000	RM'000
Total retained (losses) / profits of the Group and its subsidiaries:		
- Realised	124,260	121,246
- Unrealised	24,258	24,724
	148,518	145,970
Less: Consolidation adjustments	(11,904)	(11,582)
	<u>136,614</u>	<u>134,388</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 27 November 2014.