

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

Consolidated Statement Of Comprehensive Income
For the Financial Period Ended 30 September 2019
(The figures have not been audited)

	Note	Individual Quarter 3 months ended		Change (Unfavourable)/ Favourable		Period-to-Date 3 months ended		Change (Unfavourable)/ Favourable	
		30.09.19 RM'000	30.09.18 RM'000	RM'000	%	30.09.19 RM'000	30.09.18 RM'000	RM'000	%
Revenue	4	4,957	4,921	36	1	4,957	4,921	36	1
Other income		5	1	4	400	5	1	4	400
Changes in inventories		437	743	(306)	-41	437	743	(306)	-41
Staff costs		(926)	(1,076)	150	14	(926)	(1,076)	150	14
Depreciation		(621)	(179)	(442)	-247	(621)	(179)	(442)	-247
Subcontract labour costs, fertilizer and chemical costs		(3,175)	(1,099)	(2,076)	-189	(3,175)	(1,099)	(2,076)	-189
Foreign exchange (loss)/gain		(3,020)	430	(3,450)	-802	(3,020)	430	(3,450)	-802
Other expenses		(2,221)	(2,673)	452	17	(2,221)	(2,673)	452	17
Finance lease expense		(38)	-	(38)	N.M	(38)	-	(38)	N.M
Fair value gain on biological assets		33	24	9	38	33	24	9	38
Fair value loss on investments		(48)	(1,668)	1,620	97	(48)	(1,668)	1,620	97
(Loss)/Profit from operations	4	(4,617)	(576)	(4,041)	-702	(4,617)	(576)	(4,041)	-702
Share of loss of associates		(1,809)	(3,482)	1,673	48	(1,809)	(3,482)	1,673	48
Loss before tax	20	(6,426)	(4,058)	(2,368)	-58	(6,426)	(4,058)	(2,368)	-58
Income tax expense	21	(45)	(55)	10	18	(45)	(55)	10	18
Loss after tax		(6,471)	(4,113)	(2,358)	-57	(6,471)	(4,113)	(2,358)	-57
Other comprehensive (loss)/income									
Investments:									
- Fair value loss		(43,307)	(23,324)	(19,983)	-86	(43,307)	(23,324)	(19,983)	-86
Share of other comprehensive income of associates		194	-	194	N.M	194	-	194	N.M
Foreign currency translation		754	16,642	(15,888)	-95	754	16,642	(15,888)	-95
Other comprehensive loss for the period, net of tax		(42,359)	(6,682)	(35,677)	-534	(42,359)	(6,682)	(35,677)	-534
Total comprehensive loss for the period		(48,830)	(10,795)	(38,035)	-352	(48,830)	(10,795)	(38,035)	-352
Loss attributable to:									
Owners of the parent		(3,611)	(2,406)	(1,205)	-50	(3,611)	(2,406)	(1,205)	-50
Non-controlling interest		(2,860)	(1,707)	(1,153)	-68	(2,860)	(1,707)	(1,153)	-68
		(6,471)	(4,113)	(2,358)	-57	(6,471)	(4,113)	(2,358)	-57
Total comprehensive loss attributable to:									
Owners of the parent		(22,211)	(4,751)	(17,460)	-368	(22,211)	(4,751)	(17,460)	-368
Non-controlling interest		(26,619)	(6,044)	(20,575)	-340	(26,619)	(6,044)	(20,575)	-340
		(48,830)	(10,795)	(38,035)	-352	(48,830)	(10,795)	(38,035)	-352
Loss per share attributable to owners of the parent:									
Basic (Sen)	26(a)	(5.72)	(3.81)			(5.72)	(3.81)		
Diluted (Sen)	26(b)	(5.72)	(3.81)			(5.72)	(3.81)		

N.M = Not meaningful

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

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

(Incorporated in Malaysia)

**Consolidated Statement of Financial Position
As at 30 September 2019**

	(Unaudited) As at 30.9.2019 RM'000	(Audited) As at 30.6.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	302,954	302,836
Bearer plants	38,827	39,010
Right-of-use asset	3,201	-
Investment properties	66,606	66,429
Investment in associates	95,870	96,500
Investments	425,084	453,411
	<u>932,542</u>	<u>958,186</u>
Current assets		
Inventories	456	19
Biological assets	263	230
Trade and other receivables	1,643	1,926
Prepayments	423	835
Tax recoverable	580	657
Cash and bank balances	248,654	267,951
	<u>252,019</u>	<u>271,618</u>
TOTAL ASSETS	<u>1,184,561</u>	<u>1,229,804</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	68,388	68,388
Reserves	585,867	608,078
	<u>654,255</u>	<u>676,466</u>
Non-controlling interests	489,828	516,447
Total equity	<u>1,144,083</u>	<u>1,192,913</u>
Non-current liabilities		
Deferred tax liabilities	31,009	31,014
Other payables	745	725
Provision for retirement benefits	65	61
Lease rent liabilities	2,843	-
	<u>34,662</u>	<u>31,800</u>
Current liabilities		
Trade and other payables	5,355	4,874
Tax payable	211	217
Lease rent liabilities	250	-
	<u>5,816</u>	<u>5,091</u>
Total liabilities	<u>40,478</u>	<u>36,891</u>
TOTAL EQUITY AND LIABILITIES	<u>1,184,561</u>	<u>1,229,804</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 2019**

(The figures have not been audited)

	← Non distributable →							Distributable		Non- Controlling Interests RM'000
	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 Fluctuation Reserves RM'000	Equity Interest in the Company held by subsidiaries RM'000	Retained Earnings RM'000	
Opening balance at 1 July 2019	1,192,913	676,466	68,388	-	198,114	146,772	61,606	-	201,586	516,447
Total comprehensive (loss)/income for the period	(48,830)	(22,211)	-	-	84	(19,476)	792	-	(3,611)	(26,619)
As at 30 September 2019	1,144,083	654,255	68,388	-	198,198	127,296	62,398	-	197,975	489,828
Opening balance at 1 July 2018	1,236,418	684,976	63,172	5,216	198,114	165,368	53,256	(25,813)	225,663	551,442
Total comprehensive (loss)/income for the period	(10,795)	(4,751)	-	-	-	(10,226)	7,881	-	(2,406)	(6,044)
As at 30 September 2018	1,225,623	680,225	63,172	5,216	198,114	155,142	61,137	(25,813)	223,257	545,398

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)
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Consolidated Statement of Cash Flows
For the Financial Period Ended 30 September 2019
(The figures have not been audited)

	3 months ended	
	30.09.19	30.09.18
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before taxation	(6,426)	(4,058)
Adjustments for:		
Depreciation	621	179
Provision for retirement benefit	4	3
Dividend income	(1,445)	(1,428)
Interest income	(937)	(686)
Finance lease expense	38	-
Share of loss of associates	1,809	3,482
Fair value gain on biological assets	(33)	(24)
Fair value loss on other investments	48	1,668
Unrealised foreign exchange loss/(gain)	3,015	(444)
Operating cash flows before working capital changes	(3,306)	(1,308)
Receivables	(210)	82
Prepayments	224	226
Inventories	(437)	(743)
Payables	510	671
Cash flows used in operations	(3,219)	(1,072)
Taxes refunded	168	-
Taxes paid	(142)	(235)
Net cash flows used in operating activities	(3,193)	(1,307)
INVESTING ACTIVITIES		
Dividends received	1,445	1,428
Interest received	1,453	1,034
Uplift of/(placement in) fixed deposits	10,677	(1,800)
Purchase of investments	(16,624)	-
Purchase of property, plant and equipment	(234)	(715)
Addition to bearer plants	(281)	(1,562)
Cash flows used in investing activities	(3,564)	(1,615)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,757)	(2,922)
EFFECTS OF EXCHANGE RATE CHANGES	(1,864)	5,467
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	135,924	120,526
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD (Note 27)	127,303	123,071

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 MFRS 134

1. Basis of Preparation

The interim financial statements of the Group for the financial period ended 30 September 2019 are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), including MFRS 16: Leases.

The interim financial statements have been prepared on a historical cost basis, investment properties, certain investments and biological assets that have been measured at their fair values.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

2. Significant accounting policies

Changes in accounting policies

During the financial period, the Group has considered the new accounting policies in the preparation of the financial statements, as follows:

Amendments to MFRS 9: Prepayment Features with Negative Compensation

MFRS 16 Leases

MFRS 17 Insurance Contracts

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

IC Interpretation 23 Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015–2017 Cycle: Amendments to MFRS 3,
MFRS 11, MFRS 112 and MFRS 123

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 30 June 2019 was not qualified.

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

Part A - Explanatory Notes Pursuant to MFRS 134

4. Segmental Information

	3 months ended	
	30.09.19	30.09.18
	RM'000	RM'000
Segment Revenue		
Plantation	2,178	2,407
Investment	2,779	2,514
	<u>4,957</u>	<u>4,921</u>
Segment results		
Plantation	(2,352)	441
Investment	(325)	938
	<u>(2,677)</u>	<u>1,379</u>
Unallocated corporate expenses	(1,940)	(1,955)
Loss from operations	<u>(4,617)</u>	<u>(576)</u>
Segment assets		
Plantation	372,744	379,985
Investment	811,194	869,501
	<u>1,183,938</u>	<u>1,249,486</u>
Unallocated corporate asset	623	559
Total assets	<u>1,184,561</u>	<u>1,250,045</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 2019.

6. Changes in Estimates

There were no changes in estimates that have had a material effect on 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.

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

Part A - Explanatory Notes Pursuant to MFRS 134

8. Dividend Paid

No dividend was paid during the current quarter.

9. Debt and Equity Securities

There were no issuance, repurchase and repayment of debts and equity securities for the financial period ended 30 September 2019.

10. Changes in Composition of the Group

There were no changes in the composition of the Group for the financial period ended 30 September 2019.

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 2019.

12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2019.

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

13. Related Party Transactions

Transactions with related parties are as follows:

	Individual Quarter		Period-To-Date	
	3 months ended		3 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
	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 Justin has an interest (recurrent)	236	233	236	233
Estate agency fee payable to Kluang Estates (1977) Sdn Bhd, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	-	64	-	64
Administration and accounting support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	586	585	586	585
Administration and support services payable to Estate & Trust Agencies (1927) Limited, a company in which a director, Lee Chung-Shih Justin, has an interest (recurrent)	87	98	87	98
Land lease rental payable to Kuala Pergau Rubber Plantations Plc, a company in which a director, Lee Chung-Shih Justin, has an interest and Balaraman A/L Annamaly is a common director (recurrent)	63	63	63	63

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 A - Explanatory Notes Pursuant to MFRS 134

15. Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of all assets and liabilities carried at fair value:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
30.09.19				
Investments in financial instruments	341,464	42,000	-	383,464
Investment in precious metal	25,018	-	-	25,018
Investment properties	-	-	66,606	66,606
Biological assets	-	-	263	263
	<u>366,482</u>	<u>42,000</u>	<u>66,869</u>	<u>475,351</u>
30.06.19				
Investments in financial instruments	388,374	41,595	-	429,969
Investment in precious metal	23,442	-	-	23,442
Investment properties	-	-	66,429	66,429
Biological assets	-	-	230	230
	<u>411,816</u>	<u>41,595</u>	<u>66,659</u>	<u>520,070</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 was 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 RM4.96 million for the 1st quarter of financial year ending 30 June 2020. This was slightly higher than last year's corresponding quarter of RM4.92 million despite lower crop sales on account of decrease in average price of fresh fruit bunches ("FFB"). The higher revenue was mainly due to higher dividend and interest income. Interest income from the investment in bonds was RM75,000 while there was none during last year's corresponding quarter.

For the current quarter, the Group recorded an after-tax loss of RM6.47 million which was higher than last year corresponding's quarter's after-tax loss of RM4.11 million. This was mainly due to:-

- 1) Depreciation was higher due to the amortisation of the Bearer Plants from the Kuala Pergau plantation and amortisation from Right-of-use asset which commenced on 1 July 2019.
- 2) Subcontract costs of RM3.18 million was substantially higher than last year corresponding's quarter's costs of RM1.10 million due to increased use of fertilizers on newly matured plants.
- 3) The foreign exchange difference for the current quarter was a loss of RM3.02 million while it was a gain of RM430,000 a year ago.

However, share of loss of the associates of RM1.81 million for the current quarter was lower than last year corresponding's quarter's loss of RM3.48 million. In addition, fair value loss on the Group's investment of RM48,000 for the current quarter was lower than last year's corresponding quarter's loss of RM1.67 million.

The Group's total other comprehensive loss for the current period was RM42.36 million while last year's period was RM6.68 million. The higher loss was due to:-

- 1) Fair value revaluation on investment at FVTOCI was a loss of RM43.31 million for the current period. This was higher than last year's RM23.32 million due to the adverse market conditions.
- 2) Foreign currency translation for the current quarter was a gain of RM754,000 but was lower than last year's corresponding quarter's gain of RM16.64 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

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

	Current Quarter 30.09.19 RM'000	Preceding Quarter 30.06.19 RM'000	Change (Unfavourable)/Favourable	
			RM'000	%
Revenue	4,957	10,614	(5,657)	-53
Operating (loss)/profit	(4,617)	5,953	(10,570)	-178
Share of (loss)/profit of associates	(1,809)	612	(2,421)	-396
(Loss)/Profit before tax	(6,426)	6,565	(12,991)	-198
Loss after tax	(6,471)	(6,826)	355	5
Loss attributable to:				
Owners of the parent	(3,611)	(4,163)	552	13
Non-controlling interest	(2,860)	(2,663)	(197)	-7
	<u>(6,471)</u>	<u>(6,826)</u>		

For the current quarter under review, the Group's revenue of RM4.96 million was significantly lower than the immediate preceding quarter's RM10.61 million. This was mainly due to the receipt of dividend income of RM1.45 million for the current quarter was lower than the immediate preceding quarter's RM7.58 million. However, crop sales of RM2.18 million for the current quarter was higher than immediate preceding quarter's RM1.80 million on the account of higher tonnage harvested and higher FFB prices.

The Group posted a pre-tax loss of RM6.43 million for the current quarter as compared to the immediate preceding quarter's pre-tax profit of RM6.57 million. This was mainly due to:-

- 1) Revenue achieved for the current quarter was lower than the immediate preceding quarter.
- 2) The increase in the subcontract labour, fertilizer and chemical costs of RM3.18 million as compared to the immediate preceding quarter's RM1.95 million.
- 3) The foreign exchange loss of RM3.02 million for the current quarter was significantly higher than the immediate preceding quarter's loss of RM844,000.
- 4) Share of the associates' financial results was a loss of RM1.81 million for the current quarter while it was a profit of RM612,000 for the immediate preceding 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

18. Commentary on Prospects

For the remaining nine (9) months period of financial year ending 30 June 2020 (October 2019 - June 2020), the Group expects FFB production for the current financial year to be higher than the financial year ended 30 June 2019.

Challenges faced by the plantation operation include adverse weather conditions, supply of labour, pest attacks and FFB prices.

The Group's results are also dependent on dividend income receivable from its investments, market valuation of its publicly listed investments and the effect of currency fluctuations.

The results of the associated companies may be affected by the market valuations of its investments and currency fluctuations.

19. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee.

20. Loss before tax

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

	Individual Quarter		Period-To-Date	
	30.09.19	30.09.18	30.09.19	30.09.18
	RM'000	RM'000	RM'000	RM'000
Interest income	(937)	(686)	(937)	(686)
Other income including investment income	(1,847)	(1,829)	(1,847)	(1,829)
Fair value loss on investment	48	1,668	48	1,668
Fair value gain on biological assets	(33)	(24)	(33)	(24)
Depreciation	621	179	621	179
Foreign exchange loss/(gain)	3,020	(430)	3,020	(430)

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		Period-To-Date 3 months ended	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Current tax:				
Malaysian income tax	3	40	3	40
Foreign tax	50	50	50	50
	<u>53</u>	<u>90</u>	<u>53</u>	<u>90</u>
Over provision of income tax in prior years				
prior years				
Foreign tax	(8)	(35)	(8)	(35)
	<u>(8)</u>	<u>(35)</u>	<u>(8)</u>	<u>(35)</u>
Total income tax expense	<u>45</u>	<u>55</u>	<u>45</u>	<u>55</u>

The income tax expenses for the current quarter and last year's corresponding quarter were due to the non-deductible expenses and disallowed losses even though the Group is in a loss position.

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 2019.

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

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**

26. Loss Per Share

(a) Basic

Basic loss per share amounts are calculated by dividing loss 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		Period-To-Date	
	3 months ended		3 months ended	
	30.09.19	30.09.18	30.09.19	30.09.18
Loss attributable to owners of the parent (RM'000)	<u>(3,611)</u>	<u>(2,406)</u>	<u>(3,611)</u>	<u>(2,406)</u>
Weighted average number of ordinary shares in issue ('000)	<u>63,172</u>	<u>63,172</u>	<u>63,172</u>	<u>63,172</u>
Basic loss per share (Sen)	<u>(5.72)</u>	<u>(3.81)</u>	<u>(5.72)</u>	<u>(3.81)</u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as there are no dilutive potential ordinary shares outstanding as at 30 September 2019.

27. Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following:

	30.09.19	30.09.18
	RM'000	RM'000
Cash and bank balances	248,654	269,768
Less: Short-term deposits with a licensed bank with maturities more than 90 days	<u>(121,351)</u>	<u>(146,697)</u>
Cash and cash equivalents	<u><u>127,303</u></u>	<u><u>123,071</u></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 2019.