



Condensed Consolidated Statement of Comprehensive Income
For The Period Ended 30 September 2011

	Note	3 months Ended		3 months Ended	
		30.09.11 RM'000	30.09.10 RM'000	30.09.11 RM'000	30.09.10 RM'000
Revenue	4	359,851	268,458	359,851	268,458
Cost of Sales		(311,987)	(228,393)	(311,987)	(228,393)
Gross Profit		47,864	40,065	47,864	40,065
Other Items of Income					
Interest Income		205	163	205	163
Other Operating Income		1,136	978	1,136	978
Other Items of Expenses					
Selling Expenses		(10,413)	(6,820)	(10,413)	(6,820)
Administrative Expenses		(9,024)	(12,751)	(9,024)	(12,751)
Finance Costs		(5,310)	(7,811)	(5,310)	(7,811)
Profit Before Tax		24,458	13,824	24,458	13,824
Income Tax Expense	19	(4,110)	(6,250)	(4,110)	(6,250)
Profit For The Period	4	20,348	7,574	20,348	7,574
Other Comprehensive Profit/(Loss):					
Gain on Fair Value Changes in Derivatives		41	442	41	442
Foreign Currency Translation		11,143	(8,574)	11,143	(8,574)
		11,184	(8,132)	11,184	(8,132)
Total Comprehensive Profit/(Loss) For The Period		31,532	(558)	31,532	(558)
Profit For The Period Attributable To:					
Owners of the Company		20,403	7,702	20,403	7,702
Non-controlling Interests		(55)	(128)	(55)	(128)
Profit For The Period		20,348	7,574	20,348	7,574
Total Comprehensive Profit/(Loss) Attributable To:					
Owners of the Company		31,587	(430)	31,587	(430)
Non-controlling Interests		(55)	(128)	(55)	(128)
Total Comprehensive Profit/(Loss) For The Period		31,532	(558)	31,532	(558)
Earnings Per Share Attributable to Owners Of The Company (Sen Per Share):					
Basic	28 (a)	6.55	2.47	6.55	2.47
Diluted	28 (b)	6.55	2.43	6.55	2.43

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Financial Position
As At 30 September 2011

	Note	As at 30.09.11 RM'000	As at 30.06.11 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	9	1,035,403	1,012,870
Biological assets	9	637,334	635,996
Investment properties		9,732	9,732
Land use rights		16,444	15,167
Deferred tax assets		1,789	1,789
Other receivables		17,444	17,444
		1,718,146	1,692,998
Current Assets			
Inventories		170,618	235,171
Derivative assets		41	4,413
Trade receivables		78,293	79,177
Other receivables		20,076	17,211
Tax recoverable		8,784	5,807
Cash and bank balances		78,015	118,884
		355,827	460,663
TOTAL ASSETS		2,073,973	2,153,661
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		155,839	155,839
Share premium		53,727	53,727
Retained earnings	23	357,272	336,869
Other reserves		669,218	658,034
		1,236,056	1,204,469
Non-controlling interests		399	454
Total Equity		1,236,455	1,204,923
Non-Current Liabilities			
Borrowings	24	175,423	178,664
Deferred tax liabilities		113,299	113,799
		288,722	292,463
Current Liabilities			
Borrowings	24	497,439	544,014
Trade payables		40,234	88,196
Other payables		11,123	24,065
		548,796	656,275
Total Liabilities		837,518	948,738
TOTAL EQUITY AND LIABILITIES		2,073,973	2,153,661
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The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity
For The Period Ended 30 September 2011

	← Non-Distributable		Distributable		← Attributable to Owners of the Company			→		
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Other Reserves Total RM'000	Asset Revaluation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Equity Attributable to Owners of the Company, Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2010	155,839	53,727	251,426	501,060	500,201	-	859	962,052	437	962,489
Effects of adopting FRS 139	-	-	220	-	-	-	-	220	-	220
As restated	155,839	53,727	251,646	501,060	500,201	-	859	962,272	437	962,709
Total comprehensive income	-	-	7,702	(8,132)	-	442	(8,574)	(430)	(128)	(558)
At 30 September 2010	155,839	53,727	259,348	492,928	500,201	442	(7,715)	961,842	309	962,151

	← Non-Distributable		Distributable		← Attributable to Owners of the Company			→		
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Other Reserves Total RM'000	Asset Revaluation Reserve RM'000	Fair Value Adjustment Reserve RM'000	Foreign Currency Translation Reserve RM'000	Equity Attributable to Owners of the Company, Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 July 2011	155,839	53,727	336,869	658,034	658,973	4,193	(5,132)	1,204,469	454	1,204,923
Total comprehensive income	-	-	20,403	11,184	-	41	11,143	31,587	(55)	31,532
At 30 September 2011	155,839	53,727	357,272	669,218	658,973	4,234	6,011	1,236,056	399	1,236,455

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

Kwantas Corporation Berhad

(Company No: 356602-W)



**Condensed Consolidated Statement of Cash Flows
For The Period Ended 30 September 2011**

	3 months Ended	
	30.09.11	30.09.10
	RM'000	RM'000
Net cash generated from operating activities	30,808	10,371
Net cash used in investing activities	(7,952)	(7,459)
Net cash used in financing activities	(49,816)	(518)
Net (decrease)/increase in cash and cash equivalents	(26,960)	2,394
Effects of exchange rate differences	(13,909)	5,096
Cash and cash equivalents at beginning of year	118,884	53,417
Cash and cash equivalents at end of year	<u>78,015</u>	<u>60,907</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 30 June 2011 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared under the historical cost convention except for the revaluation of land, buildings and plantation infrastructure included within property, plant and equipment and biological assets.

The condensed consolidated 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2011. These explanatory notes attached to the condensed consolidated 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 financial year ended 30 June 2011.

2. Significant Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2011, except for the adoption of the following IC Interpretation and Amendments to IC Interpretation:

On 1 July 2011, the Group adopted the following IC Interpretation and Amendments to IC Interpretation mandatory for annual financial periods beginning on or after 1 July 2011.

Effective for financial periods beginning on or after 1 July 2011

- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirements

The adoption of the above IC Interpretation and Amendments to IC Interpretation do not have any significant financial impacts on the results and the financial position of the Group for the current quarter.

3. Auditors' Report on Preceding Annual Financial Statements

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

4. Segmental Information

Segmental information for the current financial period ended 30 September 2011 is as followed:

	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.9.2011</i>	<i>30.9.2010</i>	<i>30.9.2011</i>	<i>30.9.2010</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Segment Revenue				
Oil palm plantations and palm product processing	300,894	213,715	300,894	213,715
Trading of industrial products	1,280	1,779	1,280	1,779
Biomass energy	1,170	930	1,170	930
Oleochemical products	58,957	54,743	58,957	54,743
Total revenue including inter-segment sales	362,301	271,167	362,301	271,167
Elimination of inter-segment sales	(2,450)	(2,709)	(2,450)	(2,709)
Total	359,851	268,458	359,851	268,458

Segment Results

Oil palm plantations and palm product processing	23,117	13,034	23,117	13,034
Trading of industrial products	44	15	44	15
Biomass energy	12	(442)	12	(442)
Oleochemical products	(2,769)	(5,460)	(2,769)	(5,460)
	20,404	7,147	20,404	7,147
Eliminations	(56)	427	(56)	427
Total	20,348	7,574	20,348	7,574

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 2011.

6. Changes in Estimates

There were no material changes in estimates that have had material effects in the current quarter results.

7. Comments About Seasonal or Cyclical Factors

The seasonal or cyclical factors affecting the results of the operations of the Group are general climatic conditions, age profile of oil palms and the cyclical nature of annual production.

8. Dividend Paid

At the forthcoming Annual General Meeting, a first and final single tier dividend of 10 sen per ordinary share of RM0.50 each which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967 will be proposed for shareholders' approval. The proposed dividend if approved amounting to RM31,167,726.40. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2012.

9. Carrying Amount of Revalued Assets

The valuations of land, buildings and plantation infrastructure included within property, plant and equipment and biological assets have been brought forward without amendment from the financial statements for the financial year ended 30 June 2011.

10. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 September 2011.

11. Changes in Composition of the Group

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

12. Capital Commitments

The amount of capital commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 30 September 2011 is as follows:

Approved and contracted for	<i>RM'000</i> <u>24,991</u>
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13. Changes in Contingent Liabilities and Contingent Assets

Unsecured

The Company has provided corporate guarantees to secure banking facilities granted to the company and its subsidiary companies. The amount utilised and outstanding as at 30 September 2011 amounted to approximately RM326 million.

14. Subsequent Events

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

15. Performance Review

For the quarter under review, revenue of the Group has increased by RM91,393,000 or 34% from RM268,458,000 in Q1 FYE2011 to RM359,851,000 in Q1 FYE2012. The increase was mainly due to the increase in unit selling price of palm products. The Group's CPO continued to register healthy sales volume during the quarter on rising demand for agricultural commodities especially in Asia. The average CPO price traded for current quarter was RM2,998 per MT as compared to RM2,580 per MT in Q1 FYE2011.

Revenue from the Group's China operations for the current quarter has increased by RM15,870,000 or 22% to RM86,662,000 in Q1 FYE2012 as compared to RM70,792,000 in Q1 FYE2011. The increase was also mainly due to the increase in unit selling price of oleochemical products.

16. Comment on Material Change in Profit Before Taxation

During the quarter, profit before taxation of the Group has increased by RM10,634,000 or 77% from RM13,824,000 in Q1 FYE2011 to RM24,458,000 in Q1 FYE2012. The increase was mainly due to the increased in CPO prices and better products margin.

17. Commentary on Prospects

Based on the strong prices of palm products, the Board of Directors expects the results of the Group for the current financial year to be encouraging.

18. Profit Forecast or Profit Guarantee

The disclosure requirements for explanatory notes for the variance of actual profit and forecast profit and for the shortfall in profit guarantee are not applicable.

19. Income Tax Expense

	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.9.2011</i>	<i>30.9.2010</i>	<i>30.9.2011</i>	<i>30.9.2010</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
- Malaysian income tax	(4,610)	(6,500)	(4,610)	(6,500)
Deferred tax	500	250	500	250
Total income tax expense	<u>(4,110)</u>	<u>(6,250)</u>	<u>(4,110)</u>	<u>(6,250)</u>

The effective tax rate for the current quarter was lower than the statutory income tax rate principally due to the availability of capital, agricultural and reinvestment allowances and double tax deduction of certain subsidiary companies for set-off against the current period's taxable profit for its plantations and palm product processing operations, and certain expenses which are not deductible for tax purposes.

20. Sales of Unquoted Investments and Properties

There were no sales of unquoted investments and properties for the current quarter.

21. Quoted Securities

There was no purchase or disposal of marketable securities for the current quarter.

22. Corporate Proposals

There are no corporate proposals announced but not completed as at 24 November 2011.

23. Retained Earnings

The breakdown of retained profits of the Group as at 30 September 2011 is as follows:

	<i>As at 30.9.2011 RM'000</i>	<i>As at 30.6.2011 RM'000 (Audited)</i>
Total retained earnings of the Company and its subsidiaries:		
- Realised	592,639	608,110
- Unrealised	(71,138)	(71,638)
	<hr/> 521,501	<hr/> 536,472
Less: Consolidation adjustments	(164,229)	(199,603)
Total group retained earnings as per consolidated accounts	<hr/> 357,272	<hr/> 336,869

24. Borrowings

The Group borrowings, which is secured, was as follows:

Short term borrowings		
- Secured	497,439	544,014
Long term borrowings		
- Secured	175,423	178,664
	<hr/> 672,862	<hr/> 722,678

Included in long term secured borrowings are RM40 million and RM135 million nominal value of Sukuk Ijarah and term loan respectively.

Borrowings denominated in foreign currency:

	USD '000	RMB '000	RM'000 equivalent
United States Dollars	136,912	-	417,685
Renminbi	-	28,000	14,060
Total	<u>136,912</u>	<u>28,000</u>	<u>431,745</u>

25. Off Balance Sheet Financial Instruments

*Notional amount
as at
30.09.2011
RM '000*

Contingent liabilities

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Credit risk, or the risk of counterparties defaulting, is controlled by limiting the Group's association to creditworthy financial institutions in Malaysia.

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Exposure to market risk may be reduced through offsetting on and off balance sheet positions.

There are no significant credit and market risks posed by the above off balance sheet financial instruments.

26. Material Litigation

- i) In response to a claim by Palm Energy Sdn. Bhd. (PESB), a wholly owned subsidiary of the Group for liquidated damages, loss of revenue and refurbishment costs totalling approximately RM8 million, the contractor counter claimed the balance of the original contract sum amounting to approximately RM1 million and variation order works totalling approximately RM1 million. The arbitration commenced on 10 October 2007 and completed in November 2008.

The Arbitrator delivered his award on 15 July 2009 and in his final award he found both parties were guilty of breaches of contract, the consequences of which both must accordingly bear according to its relative seriousness. The contractor has been awarded a counterclaim of RM420,087.25 whereby PESB is entitled to forfeit the remainder of the contract sum of RM950,000. PESB has decided to file a motion to the high court to set aside certain award given to the contractor pursuant to Section 24 (2) of the Arbitration Act, 1952 (the Act) or alternatively certain paragraph of the award be remitted for the reconsideration of the Learned Arbitrator pursuant to Section 23 (1) of the Act.

- ii) DMGZ, a subsidiary of the Group, is defending a claim of 500 metric tonnes of palm oil product (market value about RM2.1 million) from a third party who is claiming ownership of the cargo from a DMGZ's buyer. DMGZ contending that the cargo in question is no longer available as it has already been released earlier to the buyer.

- iii) An import/export agent filed a claim on 26 May 2009 against DMGZ, a subsidiary of the Group, for releasing 4,500 metric tonnes of RBD OLN with market value about RM16.44 million without their consent. DMGZ contended that proper authorisation has been received for the release of goods. On 30 November 2010, judgement was awarded to DMGZ but the plaintiff filed his appeal on 16 December 2010. Legal proceeding is now in progress.
- iv) On 15 April 2010, a subsidiary of the Group, Dongma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd. (DMGZ), received a claim to deliver 1,700 metric tonnes of refined palm oil product with market value of RM8.4 million (RMB14.5 million) from the customer. The customer also claiming for interest loss due to non-delivery of goods amounting to approximately RM1.21 million (RMB2.5 million) calculated up to the date of affidavit. The plaintiff claimed that his agent stored the oil in DMGZ's tank but DMGZ contended that the oil stored by his agent has already been despatched to their customers based on the said agent's instruction. Legal proceeding is now in progress.

Other than the above, there were no material changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 30 June 2011.

27. Dividend Payable

No interim dividend has been declared for the financial year ended 30 June 2012.

28. Earnings Per Share

(a) Basic

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

	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.9.2011</i>	<i>30.9.2010</i>	<i>30.9.2011</i>	<i>30.9.2010</i>
Profit for the period attributable to owners of the Company (RM'000)	20,403	7,702	20,403	7,702
Weighted average number of ordinary shares in issue ('000)	311,677	311,677	311,677	311,677
Basic earnings per share (sen)	6.55	2.47	6.55	2.47

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares and shares options granted to employees.

	<i>3 months ended</i>		<i>3 months ended</i>	
	<i>30.9.2011</i>	<i>30.9.2010</i>	<i>30.9.2011</i>	<i>30.9.2010</i>
Profit for the period attributable to owners of the Company (RM'000)	20,403	7,702	20,403	7,702
Weighted average number of ordinary shares in issue ('000):	311,677	311,677	311,677	311,677
Effect of dilution: Share options	-	5,087	-	5,087
Adjusted weighted average number of ordinary shares in issue and issuable	311,677	316,764	311,677	316,764
Diluted earnings per share (sen)	6.55	2.43	6.55	2.43

29. Authorisation for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 November 2011.