



**Condensed Consolidated Income Statements
For The Period Ended 31 March 2010**

	Note	3 months Ended		9 months Ended	
		31.3.10 RM'000	31.3.09 RM'000	31.3.10 RM'000	31.3.09 RM'000
REVENUE	3	369,779	227,970	941,199	1,176,239
COST OF SALES		(340,217)	(227,505)	(878,670)	(1,174,116)
GROSS PROFIT		29,562	465	62,529	2,123
OTHER INCOME		543	(1,087)	2,934	10,508
ADMINISTRATIVE EXPENSES		(6,662)	(8,799)	(28,171)	(26,527)
SELLING EXPENSES		(6,909)	(13,220)	(27,800)	(48,626)
FINANCE COSTS		(7,598)	(7,528)	(21,760)	(23,612)
PROFIT/(LOSS) BEFORE TAX		8,936	(30,169)	(12,268)	(86,134)
INCOME TAX EXPENSE	18	(4,802)	(7,501)	(5,302)	(7,485)
PROFIT/(LOSS) FOR THE PERIOD	3	4,134	(37,670)	(17,570)	(93,619)
ATTRIBUTABLE TO:					
Equity holders of the parent		4,191	(30,538)	(12,139)	(78,547)
Minority interests		(57)	(7,132)	(5,431)	(15,072)
		4,134	(37,670)	(17,570)	(93,619)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT (SEN):					
		31.3.10	31.3.09	31.3.10	31.3.09
Basic	26 (a)	1.34	(9.80)	(3.89)	(25.20)
Diluted	26 (b)	1.32	(9.63)	(3.82)	(24.67)

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Balance Sheet
As At 31 March 2010

	Note	As at 31.3.10 RM'000	As at 30.6.09 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	532,351	577,703
Biological assets	8	429,167	426,490
Prepaid land lease payments	8	310,251	313,914
Investment properties	8	9,712	9,701
Other receivables		18,784	18,701
Goodwill on consolidation		39,373	-
Deferred tax assets		10,667	7,667
		<u>1,350,305</u>	<u>1,354,176</u>
Current Assets			
Inventories		122,418	105,672
Trade receivables		116,670	216,184
Other receivables		111,663	111,463
Cash and bank balances		113,321	50,025
		<u>464,072</u>	<u>483,344</u>
TOTAL ASSETS		<u><u>1,814,377</u></u>	<u><u>1,837,520</u></u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		155,839	155,839
Share premium		53,727	53,727
Other reserves		386,866	408,644
Retained earnings		273,593	291,965
		<u>870,025</u>	<u>910,175</u>
Minority interests		<u>518</u>	<u>47,344</u>
Total Equity		<u><u>870,543</u></u>	<u><u>957,519</u></u>
Non-Current Liabilities			
Borrowings	22	80,000	88,448
Deferred tax liabilities		68,900	68,900
		<u>148,900</u>	<u>157,348</u>
Current Liabilities			
Borrowings	22	698,567	611,964
Trade payables		62,417	50,508
Other payables		33,950	60,181
		<u>794,934</u>	<u>722,653</u>
Total Liabilities		<u><u>943,834</u></u>	<u><u>880,001</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>1,814,377</u></u>	<u><u>1,837,520</u></u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.



Condensed Consolidated Statement of Changes in Equity
For The Period Ended 31 March 2010

	Attributable to Equity Holders of the Parent					Total RM'000	Minority Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Assets Revaluation Reserve RM'000	Translation Reserve RM'000	Distributable Retained Earnings RM'000			
At 1 July 2008	155,839	53,727	202,712	9,034	372,877	794,189	79,597	873,786
Foreign exchange differences	-	-	-	27,164	-	27,164	-	27,164
Loss for the period	-	-	-	-	(78,547)	(78,547)	(15,072)	(93,619)
Dividend paid to minorities	-	-	-	-	-	-	(16,644)	(16,644)
At 31 March 2009	<u>155,839</u>	<u>53,727</u>	<u>202,712</u>	<u>36,198</u>	<u>294,330</u>	<u>742,806</u>	<u>47,881</u>	<u>790,687</u>
At 1 July 2009	155,839	53,727	381,242	27,402	291,965	910,175	47,344	957,519
Foreign exchange differences	-	-	-	(21,778)	-	(21,778)	-	(21,778)
Acquisition of shares	-	-	-	-	-	-	(41,395)	(41,395)
Loss for the period	-	-	-	-	(12,139)	(12,139)	(5,431)	(17,570)
Dividend paid	-	-	-	-	(6,233)	(6,233)	-	(6,233)
At 31 March 2010	<u>155,839</u>	<u>53,727</u>	<u>381,242</u>	<u>5,624</u>	<u>273,593</u>	<u>870,025</u>	<u>518</u>	<u>870,543</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

Kwantas Corporation Berhad

(Company No: 356602-W)

**Condensed Consolidated Cash Flow Statement
For The Period Ended 31 March 2010**

	9 months Ended	
	31.3.10 RM'000	31.3.09 RM'000
Net cash generated from/(used in) operating activities	68,274	(33,325)
Net cash used in investing activities	(85,855)	(34,702)
Net cash generated from financing activities	78,155	4,612
Net increase/(decrease) in cash and cash equivalents	60,574	(63,415)
Effects of exchange rate differences	2,722	(4,466)
Cash and cash equivalents at beginning of period	50,025	144,344
Cash and cash equivalents at end of period	113,321	76,463

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 30 June 2009 and the accompanying explanatory notes attached to the interim financial statements.

1. Basis of Preparation

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

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 for the financial year ended 30 June 2009. 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 financial year ended 30 June 2009.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2009 was not qualified.

3. Segmental Information

Segmental information for the current financial period ended 31 March 2010 is as followed:

	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>31.3.2010</i>	<i>31.3.2009</i>	<i>31.3.2010</i>	<i>31.3.2009</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Segment Revenue				
Oil palm plantations and palm and soya bean product processing	462,149	287,674	1,284,759	1,492,966
Trading of industrial products	1,720	1,353	4,914	7,272
Biomass energy	2,617	2,504	6,806	10,895
Oleochemical products	32,261	13	65,912	7,962
Total revenue including inter-segment sales	498,747	291,544	1,362,391	1,519,095
Elimination of inter-segment sales	(128,968)	(63,574)	(421,192)	(342,856)
Total	369,779	227,970	941,199	1,176,239

Segment Results

Oil palm plantations and palm and soya bean product processing	9,090	(37,889)	1,154	(95,402)
Trading of industrial products	15	9	45	63
Biomass energy	116	308	211	1,992
Oleochemical products	(5,087)	(98)	(18,980)	(272)
	4,134	(37,670)	(17,570)	(93,619)
Eliminations	-	-	-	-
Total	4,134	(37,670)	(17,570)	(93,619)

4. 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 31 March 2010.

5. Changes in Estimates

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

6. Comments About Seasonal or Cyclical Factors

The production of fresh fruit bunches is seasonal in nature and normally peak in the second half of the year.

7. Dividend Paid

At the Fourteenth Annual General Meeting held on 30 December 2009, the shareholders approved a first and final single tier dividend of 2 sen per ordinary share of RM0.50 each, amounting to RM6,233,545 paid on 29 March 2010 in respect of the financial year ended 30 June 2009.

8. Carrying Amount of Revalued Assets

The valuations of buildings and plantation infrastructure included within property, plant and equipment, biological assets and prepaid land lease payments have been brought forward without amendment from the financial statements for the financial year ended 30 June 2009.

9. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 31 March 2010.

10. Changes in Composition of the Group

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

11. Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2010 is as follows:

Approved and contracted for

RM'000
15,203

12. Changes in Contingent Liabilities and Contingent Assets

Unsecured

The Company has provided corporate guarantees to secure banking facilities granted to subsidiary companies. The amount utilised and outstanding as at 31 March 2010 amounted to approximately RM410 million.

13. Subsequent Events

There were no material events subsequent to the end of the current quarter, except as disclosed in Note 21.

14. Performance Review

For the period under review, revenue of the Group has increased by RM141,809,000 or 62% from RM227,970,000 in Q3 FYE2009 to RM369,779,000 in Q3 FYE2010. The increase was mainly due to the improvement in sales volume and prices of refined products in Q3 FYE2010 as compare to Q3 FYE2009 where customer defaulted and decreased in palm products prices occurred. The average CPO price traded for Q3 FYE2009 was RM2,028 per MT as compared to RM2,489 per MT in Q3 FYE2010.

Revenue from the Group's China operations for the 9-months period under review has increased by RM37,237,000 or 30% to RM159,905,000, as compared to RM122,668,000 in 9-months period ended FYE2009. The increase was mainly due to the sales contributed from oleochemical products.

15. Comment on Material Change in Profit/(Loss) Before Taxation

The Group's profit before taxation in the current quarter was RM8,936,000 as compared to a loss of RM30,169,000 in the same period in Q3 FYE2009. The improvement was mainly due to the increase in CPO prices and normalisation of palm oil trading conditions.

16. Commentary on Prospects

With the Group's on going implementation of rationalisation exercise, performance enhancement and cost control initiative, its performance is expected to improve further going forward.

17. 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.

18. Income Tax Expense

	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>31.3.2010</i>	<i>31.3.2009</i>	<i>31.3.2010</i>	<i>31.3.2009</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Current income tax:				
Malaysian income tax	5,177	8,001	8,302	7,985
Deferred tax	(375)	(500)	(3,000)	(500)
Total income tax expense	<u>4,802</u>	<u>7,501</u>	<u>5,302</u>	<u>7,485</u>

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

19. Sales of Unquoted Investments and Properties

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

20. Quoted Securities

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

21. Corporate Proposals

There are no corporate proposals announced but not completed as at 25 May 2010, except that the Board of Directors of the Company, had on 4 February 2010, announced that the Company, through its wholly owned subsidiary Aman Bersatu Sdn. Bhd. ("ABSB"), entered into a sale and purchase agreement with Dataran Indah Jaya Sdn. Bhd. ("DIJSB"), wherein DIJSB shall sell and ABSB shall purchase a leasehold land held under Country Lease No. 095327147 in the District of Kinabatangan, Sabah of a total area measuring 1,360 hectares for a total cash consideration of RM83.30 million ("Proposed Acquisition").

The Proposed Acquisition is subject to and conditional upon approvals being obtained from the following:

- (i) the shareholders of the Company at a forthcoming extraordinary general meeting to be convened;
- (ii) consent from the relevant authorities; and
- (iii) any other relevant parties, if required.

The Company had obtained the shareholders approval at an extraordinary general meeting convened on 12 May 2010 and the Proposed Acquisition is now only pending for the consent to be obtained from the relevant authorities.

The Proposed Acquisition is not conditional upon any corporate exercise undertaken or to be undertaken by the Company and is expected to be completed in the fourth quarter of FYE2010.

22. Borrowings

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

	<i>As at 31.3.2010 RM'000</i>	<i>As at 30.6.2009 RM'000</i>
Short term borrowings		
- Secured	<u>698,567</u>	<u>611,964</u>
Long term borrowings		
- Secured	<u>80,000</u>	<u>88,448</u>
	<u>778,567</u>	<u>700,412</u>

Included in long term secured borrowings are RM80 million nominal value of Sukuk Ijarah.

Borrowings denominated in foreign currency:

	USD '000	RM '000 equivalent
United States Dollars	<u>7,313</u>	<u>23,934</u>

23. Off Balance Sheet Financial Instruments

	<i>Notional amount as at 31.3.2010 RM '000</i>
Contingent liabilities	<u>5,000</u>

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.

The related accounting policy for the off balance sheet financial instruments disclosed in the financial statements for the period ended 31 March 2010 is as follows:

Off balance sheet financial instruments are not recognised in the financial statements on inception.

Forward Foreign Exchange Contracts:

The forward foreign exchange contracts entered into by the Group as at 3 May 2010 (being a date not earlier than 7 days from the date of this report) were as follows:

	<u>Currency</u>	<u>Contract Amount</u> ‘000	<u>Equivalent Amount</u> RM ‘000	<u>Mature within One Year</u> RM ‘000
Forward foreign exchange contract used to hedge anticipated sales	USD	40,416	129,411	129,411

The forward foreign exchange contracts were entered into by the Group as hedges for committed sales denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments. Any gains or losses arising from forward contracts are recognised in the income statement upon maturity.

There is minimal credit risk for the forward foreign exchange contracts because these contracts are entered into with licensed financial institutions.

24. Material Litigation

- i) The Group is disputing a claim amounting to approximately RM5 million from a commercial bank on foreign currency forward contract alleged to have been entered into by a subsidiary company. Legal proceedings are in progress and the outcome is yet to be determined. The Company’s lawyers are of the opinion that the Group has a good prospect of succeeding in defending the claim.
- ii) 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.

- iii) A subsidiary of the Group, Dongma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd. (DMGZ), a bulking tank operator in China, is disputing the demand for delivery 2500mt of refined palm oil product with market value of RM12 million (RMB24.8 million) from a customer, as DMGZ contending that the customer has no legal right to claim as the relevant sales contract has been cancelled earlier. On 29 June 2009, judgement was given in favour of the Plaintiff and DMGZ is in the process of filing its appeal.

- iv) A buyer filed a claim against DMGZ, a subsidiary of the Group, for a sum being deposit of RMB3,189,000. DMGZ has deemed the buyer default the contracts earlier and forfeited these deposits, the buyer on the other hand claimed that the contracts are cancelled and demanded DMGZ to return the paid deposit. On 11 May 2009, the court has awarded the case in favour of the Plaintiff and DMGZ is in the process of filing its appeal.
- v) DMGZ, a subsidiary of the Group, is challenging a claim of 500mt of palm oil product (market value about RM1 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.
- vi) An import/export agent filed a claim on 26 May 2009 against DMGZ, a subsidiary of the Group, for releasing 4,500mt of RBD OLN without their authorisation. However, DMGZ contended that proper authorisation has been received for the release of goods. Legal proceeding is now in progress.
- vii) On 15 April 2010, a subsidiary of the Group, Dongma Oils & Fats (Guangzhou Free Trade Zone) Co. Ltd. (DMGZ), received a claim to deliver 1,700mt of refined palm oil product with market value of RM8 million (RMB17.46 million) from the customer. The customer also claiming for interest loss due to non-delivery of goods amounting to approximately RM1 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 other customers based on the said agent's instruction. Legal proceeding is now in progress.

Other than the above, there were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 30 June 2009.

25. Dividend Payable

No interim dividend has been declared for the financial year ended 30 June 2010.

26. Earnings/(Loss) Per Share

(a) Basic

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	<i>3 months ended</i>		<i>9 months ended</i>	
	<i>31.3.2010</i>	<i>31.3.2009</i>	<i>31.3.2010</i>	<i>31.3.2009</i>
Profit/(loss) for the period attributable to ordinary equity holders of the parent (RM'000)	4,191	(30,538)	(12,139)	(78,547)
Weighted average number of ordinary shares in issue ('000)	311,677	311,677	311,677	311,677
Basic earnings/(loss) per share (sen)	1.34	(9.80)	(3.89)	(25.20)

(b) Diluted

For the purpose of calculating diluted earnings/(loss) per share, the profit/(loss) for the period attributable to ordinary equity holders of the parent 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>9 months ended</i>	
	<i>31.12.2010</i>	<i>31.3.2009</i>	<i>31.3.2010</i>	<i>31.3.2009</i>
Profit/(loss) for the period attributable to ordinary equity holders of the parent (RM'000)	4,191	(30,538)	(12,139)	(78,547)
Weighted average number of ordinary shares in issue ('000):	311,677	311,677	311,677	311,677
Effect of dilution: Share options	5,555	5,491	5,798	6,656
Adjusted weighted average number of ordinary shares in issue and issuable	<u>317,232</u>	<u>317,168</u>	<u>317,475</u>	<u>318,333</u>
Diluted earnings/(loss) per share (sen)	<u>1.32</u>	<u>(9.63)</u>	<u>(3.82)</u>	<u>(24.67)</u>

27. 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 12 May 2010.