Kwantas Corporation Berhad
(Company No: 356602-W)

Condensed Consolidated Income Statements
For The Year Ended 30 June 2009

	Note	3 months Ended 30.6.09 RM'000	3 months Ended 30.6.08 RM'000	12 months Ended 30.6.09 RM'000	12 months Ended 30.6.08 RM'000 (Audited)
REVENUE	3	399,721	1,054,303	1,575,960	3,452,163
COST OF SALES		(387,253)	(968,246)	(1,561,369)	(3,062,241)
GROSS PROFIT		12,468 ##	86,057 ##	14,591 ##	389,922
OTHER INCOME		6,155	9,415	16,663	17,899
ADMINISTRATIVE EXPENSES		(7,612)	(16,155)	(34,139)	(36,826)
SELLING EXPENSES		(13,879)	(25,562)	(62,505)	(127,111)
FINANCE COSTS		(6,488)	(9,116)	(30,100)	(30,584)
(LOSS)/PROFIT BEFORE TAX		(9,356)##	44,639 ##	(95,490)##	213,300
INCOME TAX EXPENSE	18	14,795	(1,143)	7,310	(22,151)
PROFIT/(LOSS) FOR THE PERIOD/YEAR	3	5,439 ##	43,496 ##	(88,180)##	191,149
ATTRIBUTABLE TO:					
Equity holders of the parent		8,035	35,527	(70,512)	150,839
Minority interests		(2,596)	7,969	(17,668)	40,310
		5,439 ##	43,496 ##	(88,180)##	191,149

EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT (SEN):		3 months Ended 30.6.09	3 months Ended 30.6.08	12 months Ended 30.6.09	12 months Ended 30.6.08
Basic	26	2.58	11.40	(22.62)	48.48
Diluted	26	2.53	11.13	(22.16)	47.27

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

Kwantas Corporation Berhad
(Company No: 356602-W)

Condensed Consolidated Balance Sheet
As At 30 June 2009

	Note	As at 30.6.09 RM'000	As at 30.6.08 RM'000 (Audited)
ASSETS			
Non-Current Assets			
Property, plant and equipment	8	577,452	546,580
Plantation development expenditure	8	424,117	246,523
Prepaid lease payments	8	313,672	315,041
Investment properties		9,701	9,691
Other receivables		12,898	-
Deferred tax assets		6,142	2,616
		1,343,982	1,120,451
Current Assets			
Inventories		103,674	307,815
Trade receivables		216,504	209,082
Other receivables		120,668	117,718
Cash and bank balances		49,954	144,344
		490,800	778,959
TOTAL ASSETS		1,834,782	1,899,410
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		155,839	155,839
Share premium		53,727	53,727
Other reserves		411,494	211,746
Retained earnings		286,782	372,877
		907,842	794,189
Minority interests		46,368	79,597
Total Equity		954,210	873,786
Non-Current Liabilities			
Borrowings	22	119,217	143,623
Deferred tax liabilities		68,687	76,522
		187,904	220,145
Current Liabilities			
Borrowings	22	584,349	540,245
Trade payables		48,078	188,291
Other payables		60,241	76,943
		692,668	805,479
Total Liabilities		880,572	1,025,624
TOTAL EQUITY AND LIABILITIES		1,834,782	1,899,410

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 30 June 2008 and the accompanying explanatory notes attached to the interim financial statements.

Kwantas Corporation Berhad
(Company No: 356602-W)

Condensed Consolidated Statement of Changes in Equity
For The Year Ended 30 June 2009

	Attributable to Equity Holders of the Company						Minority Interests	Total Equity
		Non-Distributable			Distributable			
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000	RM'000	RM'000
At 1 July 2007								
As previously stated	155,339 ##	53,372 ##	200,222 ##	251	236,339	645,523	49,138	694,661
Effects of adopting FRS112	-	-	-	-	7,049	7,049	-	7,049
At 1 July 2007 (restated)	155,339	53,372	200,222	251	243,388	652,572	49,138	701,710
Issue of shares - Employees' Share Option Scheme	500	355	-	-	-	855	-	855
Foreign exchange differences arising during the year	-	-	-	8,783	-	8,783	-	8,783
Disposal of subsidiary	-	-	-	-	-	-	(5,723)	(5,723)
Changes in tax rates on deferred tax	-	-	2,490	-	-	2,490	-	2,490
Dividend paid	-	-	-	-	(21,350)	(21,350)	-	(21,350)
Dividend paid to minority interests	-	-	-	-	-	-	(4,128)	(4,128)
Profit for the year	-	-	-	-	150,839	150,839	40,310	191,149
At 30 June 2008	155,839	53,727	202,712	9,034	372,877	794,189	79,597	873,786
At 1 July 2008	155,839 ##	53,727 ##	202,712 ##	9,034	372,877	794,189	79,597	873,786
Foreign exchange differences arising during the year	-	-	-	18,311	-	18,311	-	18,311
Acquisition of subsidiaries	-	-	-	-	-	-	1,083	1,083
Revaluation surplus	-	-	181,437	-	-	181,437	-	181,437
Dividend paid	-	-	-	-	(15,583)	(15,583)	-	(15,583)
Dividend paid to minority interests	-	-	-	-	-	-	(16,644)	(16,644)
Loss for the year	-	-	-	-	(70,512)	(70,512)	(17,668)	(88,180)
At 30 June 2009	155,839	53,727	384,149	27,345	286,782	907,842	46,368	954,210

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 30 June 2008 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 Year Ended 30 June 2009

	12 months ended	
	30.6.09	**30.6.08**
	RM'000	**RM'000**
		(Audited)
Net cash used in operating activities	(81,011)	(41,326)
Net cash used in investing activities	(51,388)	(92,541)
Net cash generated from financing activities	#N/A	168,665
Net (decrease)/increase in cash and cash equivalents	#N/A ##	34,798
Effects of exchange rate changes	18,311	2,104
Cash and cash equivalents at beginning of year	#N/A	107,442
Cash and cash equivalents at end of year	#N/A	144,344

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statemen year ended 30 June 2008 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 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 2008. 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 2008.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2008 was not qualified.

3. Segmental Information

Segmental information for the current financial year ended 30 June 2009 is as followed:

	3 months ended		***12 months ended***	
	30.6.2009	***30.6.2008***	***30.6.2009***	***30.6.2008***
	RM'000	***RM'000***	***RM'000***	***RM'000***
Segment Revenue				
Oil palm plantations and palm and soya bean product processing	543,858	1,377,021	2,044,748	4,623,609
Trading of industrial products	1,705	3,576	8,977	11,853
Biomass energy	2,217	2,684	13,112	11,086
Others	12	12	50	50
Total revenue including inter-segment sales	547,792	1,383,293	2,066,887	4,646,598
Elimination of inter-segment sales	(148,071)	(328,990)	(490,927)	(1,194,435)
Total	399,721	1,054,303	1,575,960	3,452,163
Segment Results				
Oil palm plantations and palm and soya bean product processing	6,651	43,428	(88,751)	189,255
Trading of industrial products	23	59	86	135
Biomass energy	(1,147)	24	845	2,046
Others	(88)	(15)	(360)	(287)
	5,439	43,496	(88,180)	191,149
Eliminations	-	-	-	-
Total	5,439	43,496	(88,180)	191,149

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 year ended 30 June 2009.

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 Thirteenth Annual General Meeting held on 30 December 2008, the shareholders approved a first and final single tier dividend of 5 sen per ordinary share of RM0.50 each, amounting to RM15,583,863 paid on 27 March 2009 in respect of the financial year ended 30 June 2008.

8. Carrying Amount of Revalued Assets

During the current quarter, the Group has performed its latest revaluation on its property, plant and equipment and plantation development expenditure to conform with the Group policy and the revaluation increase has been credited to equity as revaluation surplus.

9. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter ended 30 June 2009.

10. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter, except as follow:

During the quarter, the Company subscribed 2,375,000 ordinary shares of USD1.00 each (RM8,348,125), representing 95% equity interest in PT Kinabalu Invesdag Indonesia (PT Kinabalu), a company incorporated in Indonesia.

PT Kinabalu acquired 95% interests each in PT Kalsum Pratama Perkasa and PT Gerbang Meranti Agrobisnis, both companies are incorporated in Indonesia, for a total cash consideration of RM12,253,137.

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 30 June 2009 is as follows:

	RM'000
Approved and contracted for	20,390

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 30 June 2009 amounted to approximately RM359 million.

13. Subsequent Events

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

14. Performance Review

For the year under review, the revenue of the Group has decreased by RM1,876,203,000 or 54% from RM3,452,163,000 in FYE2008 to RM1,575,960,000 in FYE2009. This was mainly due to the decrease in palm products prices and sales volume in the current year compared to FYE2008. The average CPO price traded for FYE2008 was RM2,831 per MT as compared to RM1,886 per MT in FYE2009.

Revenue from the Group's China operations for the year under review has decreased by RM686,042,000 or 81% to RM165,638,000, as compared to RM851,680,000 in FYE2008. The significant decrease was mainly due to poor market demand that resulted the significant reduction of sales in palm oil products, shortening/margarine products and refined soya bean oil produced by the subsidiary's oils and fats processing facilities in Guangzhou.

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

The Group's incurred a loss before taxation of RM9,356,000 in current quarter from a profit of RM44,639,000 in Q4 FYE2008. The decrease of RM53,995,000 or 121% was mainly due to the decrease in CPO prices, reduction in sales volume and margins.

16. Commentary on Prospects

The performance of the Group is expected to be stabilised and to turnaround in the following year. With the on going implementation of performance enhancement and cost control initiative by the Group, it is expected to weather through the economic downturn.

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

	3 months ended		*12 months ended*	
	30.6.2009 RM'000	***30.6.2008 RM'000***	***30.6.2009 RM'000***	***30.6.2008 RM'000***
Current income tax:				
Malaysian income tax	(1,771)	2,395	6,214	23,703
Foreign tax	-	20	-	20
Deferred tax	(13,024)	(1,272)	(13,524)	(1,572)
Total income tax expense	(14,795)	1,143	(7,310)	22,151

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 August 2009.

22. Borrowings

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

	As at 30.6.2009 RM'000	***As at 30.6.2008 RM'000***
Short term borrowings		
- Secured	584,349	540,245
Long term borrowings		
- Secured	119,217	143,623
	703,566	683,868

Included in long term secured borrowings are RM115 million nominal value of Sukuk Ijarah.

Borrowings denominated in foreign currency:

	USD ‘000	RM ‘000 equivalent
United States Dollars	12,263	43,097

23. Off Balance Sheet Financial Instruments

	Notional amount as at 30.6.2009 RM ‘000
Contingent liabilities	5,000

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 year ended 30 June 2009 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 7 August 2009 (being a date not earlier than 7 days from the date of this report) were as follows:

	Currency	**Contract Amount ‘000**	**Equivalent Amount RM ‘000**	**Mature within One Year RM ‘000**
Forward foreign exchange contract used to hedge anticipated sales	USD	34,000	108,310	108,310

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) The Group's 51% owned subsidiary, 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 current market value of RM8 million (RMB15.5 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 to the Plaintiff and DMGZ is in the process of filing its appeal.

iv) On 19 August 2008, an import/export agent filed a claim of RM30 million (RMB64.2 million) against DMGZ, a 51% owned subsidiary of the Group, alleging that the DMGZ had released goods without their authorization, DMGZ on the other hand contending that they have received the appropriate authorization for the release of goods. The hearing date of this case has yet to be fixed.

v) A buyer filed a claim against DMGZ, the Group's 51% owned subsidiary, for a sum 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 to the Plaintiff and DMGZ is in the process of filing its appeal.

vi) DMGZ, the Group's 51% owned subsidiary, is challenging a claim of 500mt of palm oil product (current 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.

vii) An import/export agent filed a claim on 26 May 2009 against DMGZ, the Group's 51% owned subsidiary, 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.

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 2008.

25. Dividend Payable

No interim dividend has been declared for the financial year ended 30 June 2009.

26. Earnings/(Loss) Per Share

(a) Basic

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

	3 months ended		***12 months ended***	
	30.6.2009	***30.6.2008***	***30.6.2009***	***30.6.2008***
Profit/(loss) for the period/year attributable to ordinary equity holders of the parent (RM'000)	8,035	35,527	(70,512)	150,839
Weighted average number of ordinary shares in issue ('000)	311,677	311,677	311,677	311,120
Basic earnings/(loss) per share (sen)	2.58	11.40	(22.62)	48.48

(b) Diluted

For the purpose of calculating diluted earnings/(loss) per share, the profit/(loss) for the period/year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period/year have been adjusted for the dilutive effects of all potential ordinary shares and shares options granted to employees.

	3 months ended		***12 months ended***	
	30.6.2009	***30.6.2008***	***30.6.2009***	***30.6.2008***
Profit/(loss) for the period/year attributable to ordinary equity holders of the parent (RM'000)	8,035	35,527	(70,512)	150,839
Weighted average number of ordinary shares in issue ('000):	311,677	311,677	311,677	311,120
Effect of dilution: Share options	5,873	7,550	6,458	7,977
Adjusted weighted average number of ordinary shares in issue and issuable	317,550	319,227	318,135	319,097
Diluted earnings/(loss) per share (sen)	2.53	11.13	(22.16)	47.27

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 28 August 2009.