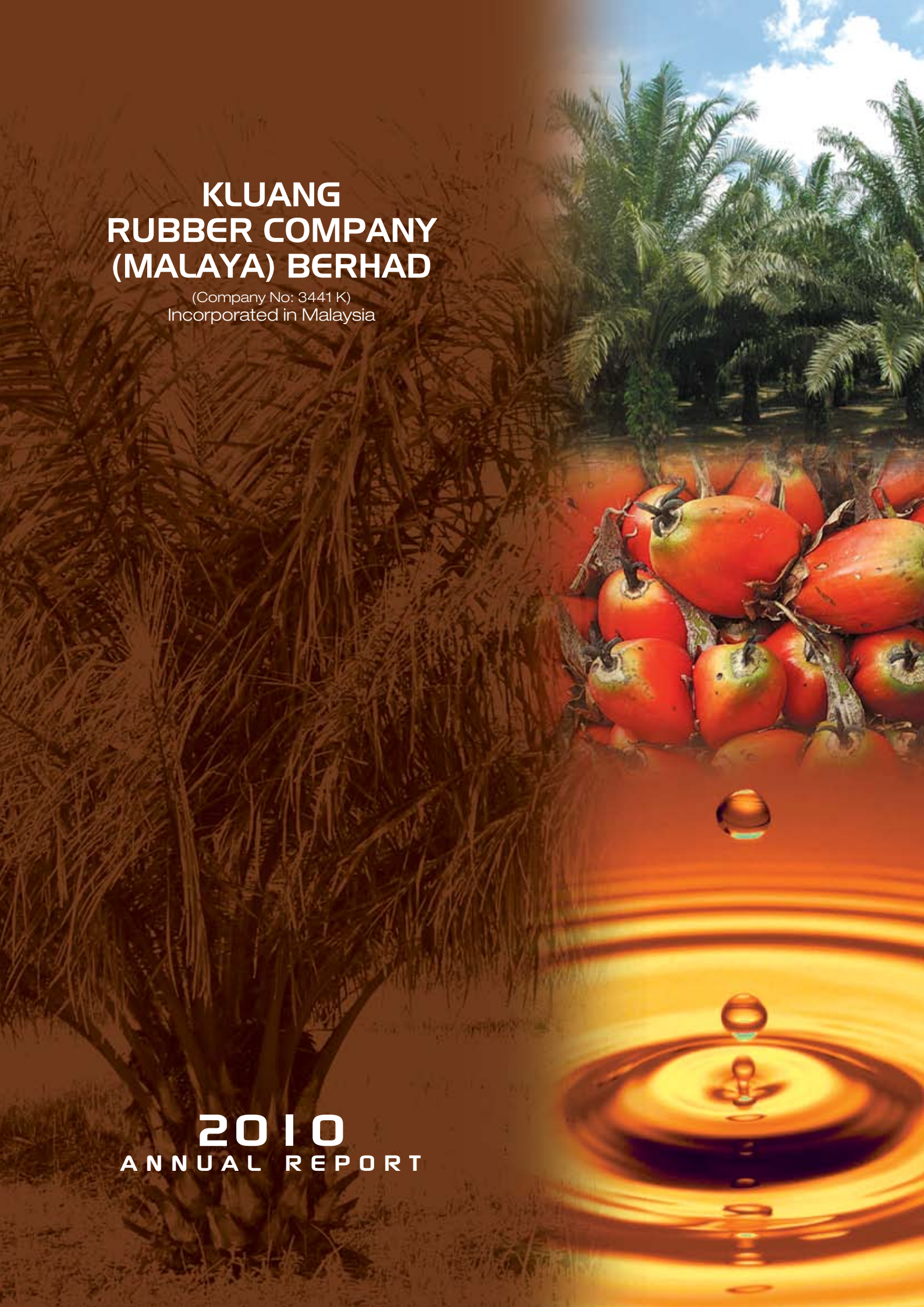


# KLUANG RUBBER COMPANY (MALAYA) BERHAD

(Company No: 3441 K)  
Incorporated in Malaysia

**2010**  
ANNUAL REPORT



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

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Fifty-First Annual General Meeting of KLUANG RUBBER COMPANY (MALAYA) BERHAD will be held Sri Panti 2, 2nd Floor, Mutiara Johor Bahru, Jalan Dato Sulaiman, Taman Century, 80990 Johor Bahru, Johor, Malaysia on Monday, 29 November 2010 at 11.00 a.m. to transact the following businesses:-

### Agenda

#### ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2010 together with the Directors' and Auditors' Reports thereon. **RESOLUTION 1**
  
2. To approve the payment of a first and final dividend of 1% less 25% income tax for the financial year ended 30 June 2010. **RESOLUTION 2**
  
3. To approve the payment of Directors' Fees of up to the maximum amount of RM350,000 for the financial year ending 30 June 2011. **RESOLUTION 3**
  
4. To re-elect the following Directors who retire during the year in accordance with the Company's Article of Association and being eligible, offer themselves for re-election :
  - a) Lee Chung-Shih - Article 85
  - b) Liew Chuan Hock - Article 85**RESOLUTION 4**  
**RESOLUTION 5**
  
5. To consider, and if thought fit, to pass the following resolution:

**"THAT** pursuant to Section 129(6) of the Companies Act, 1965, Cecil V R Wong be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting."

**RESOLUTION 6**
  
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorize the Directors to fix their remuneration. **RESOLUTION 7**

#### SPECIAL BUSINESS

7. To consider and, if thought fit, to pass the following Ordinary Resolutions:

##### ORDINARY RESOLUTION 1

##### AUTHORITY TO ALLOT SHARES - SECTION 132D

**"THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**RESOLUTION 8**

##### ORDINARY RESOLUTION 2

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

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH KLUANG ESTATE (1977) SDN. BHD., PURSUANT TO PARAGRAPH 10.09 OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**RESOLUTION 9**

“**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and/or its subsidiary be and is hereby authorized to enter into and give effect to recurrent related party transactions of a revenue and trading nature with Kluang Estate (1977) Sdn. Bhd., as set out in section 2.1.1 of the Circular to Shareholders dated 29 October 2010 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.”

**ORDINARY RESOLUTION 3**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE FOR KLUANG RUBBER COMPANY (MALAYA) BERHAD AND GROUP'S DAY-TO-DAY OPERATIONS ENTERED INTO WITH THE NYALAS RUBBER ESTATES LIMITED, PURSUANT TO PARAGRAPH 10.09 OF THE LISTING REQUIREMENTS OF THE BURSA MALAYSIA SECURITIES BERHAD**

**RESOLUTION 10**

“**THAT** pursuant to Paragraph 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and/or its subsidiary be and is hereby authorized to enter into and give effect to recurrent related party transactions of a revenue and trading nature with The Nyalas Rubber Estates Limited, as set out in section 2.1.1 of the Circular to Shareholders dated 29 October 2010 provided that such transactions are necessary for the day-to-day operations and undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and not prejudicial to the shareholders of the Company **AND THAT** such approval, unless revoked or varied by the Company in general meeting, shall continue in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company following this AGM at which such mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier.”

**SPECIAL RESOLUTION**

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

**AMENDMENTS TO ARTICLES OF ASSOCIATION**

**RESOLUTION 11**

“**THAT** the proposed alterations, modifications, amendments or deletions to the Articles of Association of the Company as contained in Appendix A be hereby approved.”

8. To transact any other business of which due notice has been given.

**NOTICE OF DIVIDEND ENTITLEMENT**

**FIRST AND FINAL DIVIDEND OF 1% LESS 25% INCOME TAX**

**NOTICE IS HEREBY GIVEN THAT** subject to the approval of the shareholders at the Fifty-First Annual General Meeting, the first and final dividend of 1% less 25% income tax respect of the financial year ended 30 June 2010 will be payable on 22 December 2010 to Depositors registered in the Record of Depositors at the close of business on 10 December 2010.

A Depositor shall qualify for entitlement only in respect of:-

- a) Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 8 December 2010 in respect of shares which are exempted from mandatory deposits;
- b) Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 10 December 2010 in respect of transfers; and
- c) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

CHIN NGEOK MUI (MAICSA NO. 7003178)  
LEONG SIEW FOONG (MAICSA NO. 7007572)  
Company Secretaries  
Johor Bahru  
29 October 2010

**NOTES :**

- a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.
- b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
- d. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
- f. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.

**EXPLANATORY NOTES ON SPECIAL BUSINESS:**

**(i) Ordinary Resolution 1**

The Ordinary Resolution 1, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

This authority will, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting.

**(ii) Ordinary Resolutions 2 and 3**

Please refer to the Circular to Shareholders dated 29 October 2010.

**(iii) Special Resolution**

This Resolution is to amend the Company's Articles of Association in line with the amendments in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**APPENDIX A**

**DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES**

In compliance with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company proposes to implement the amendments to the Articles of Association of the Company (for which additions are underlined and deletions are strike through below under the columns “Existing Article” and “Amended Article” respectively) in the following manner: -

Article No.	Existing Article	New Article
Article 2 – Definition for Approved Market Place	A Stock Exchange which is specified to be an Approved Market Place in the Securities Industry (Central Depositories) (Exemption) (No. 2) Order 1998 or any statutory modification, amendment or re-enactment thereof for the time being in force.	To be deleted entirely.
Article 6 (2)	<p>Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened in each of the following circumstances: -</p> <p>(a) when the dividend or part of the dividend on the shares is in arrears for more than six (6) months;</p> <p>(b) on a proposal to reduce the Company’s share capital;</p> <p>(c) on a proposal for the disposal of the whole of the Company’s property, business and undertaking;</p> <p>(d) on a proposal that affects rights attached to the share;</p> <p>(e) on a proposal to wind up the Company; and</p> <p>(f) during the winding up of the Company.</p>	<p>Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited <del>accounts</del> <u>financial statements</u>, and attending general meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened in each of the following circumstances: -</p> <p>(a) when the dividend or part of the dividend on the shares is in arrears for more than six (6) months;</p> <p>(b) on a proposal to reduce the Company’s share capital;</p> <p>(c) on a proposal for the disposal of the whole of the Company’s property, business and undertaking;</p> <p>(d) on a proposal that affects rights attached to the share;</p> <p>(e) on a proposal to wind up the Company; and</p> <p>(f) during the winding up of the Company.</p>
Article 31	The transfer books and registers of Members and debenture holders and debenture stock holders (if any) may be closed during such time as the Directors think fit not exceeding in the whole thirty (30) days in each year. Any notice of intention to fix a books closing date and the reason therefor shall be published or advertised in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and shall also be given to the Stock Exchange; such notice shall state the books closing date, which	The transfer books and registers of Members and debenture holders and debenture stock holders (if any) may be closed during such time as the Directors think fit not exceeding in the whole thirty (30) days in each year. Any notice of intention to fix a books closing date and the reason therefor shall be published or advertised in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and shall also be given to the Stock Exchange; such notice shall state the books closing date, which shall be at least ten (10) <del>clear</del> market

**APPENDIX A (Cont'd)**

Article No.	Existing Article	New Article
	<p>shall be at least ten (10) clear market days or such other period as may be prescribed by the Exchange from time to time after the date of notification to the Stock Exchange, and the address of share registry at which documents will be accepted for registration. At least three (3) market day prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) market days prior notice shall be given to the Central Depository.</p>	<p>days or such other period as may be prescribed by the Exchange from time to time after the date of notification to the Stock Exchange, and the address of share registry at which documents will be accepted for registration. <del>At least three (3) market day prior notice shall be given to the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) market days prior notice shall be given to the Central Depository.</del> <u>In relation to the closure, the Company shall give written notice, in accordance with the Rules of Depository, to the Depository to prepare the appropriate Record of Depositors.</u></p>
Article 59	<p>The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders and any other persons as authorised under the provisions of these Articles entitled to receive such notice from the Company at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting of every such meeting, shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. The accidental omission to give notice to or the non-receipt of a notice by any person entitled thereto shall not invalidate the proceedings at the general meeting.</p>	<p>The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders and any other persons as authorised under the provisions of these Articles entitled to receive such notice from the Company at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice or twenty one (21) days' notice in the case where any special resolution is proposed or where it is the annual general meeting of every such meeting, <del>shall</del> <u>must</u> be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. The accidental omission to give notice to or the non-receipt of a notice by any person entitled thereto shall not invalidate the proceedings at the general meeting.</p>

**APPENDIX A (Cont'd)**

Article No.	Existing Article	New Article
Article 60 (b)	The Company shall also request Central Depository in accordance with the Rules of Depository to issue a Record of Depositors, as at a date not less than three (3) market days or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time before the general meeting (hereinafter referred to as the “General Meeting Record of Depositors”).	The Company shall also request Central Depository in accordance with the Rules of Depository to issue a Record of Depositors, as at a date not less than three (3) market days or such other period may be prescribed under the Listing Requirements or by the Exchange from time to time before the general meeting ( <del>hereinafter referred to as the</del> “General Meeting Record of Depositors”).
Article 61	Subject always to the provisions of Section 151 of the Act no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, the consideration of the accounts, balance-sheets and the report of the Directors and auditors, the election of Directors, Directors’ fees, re-appointment of Directors pursuant to Section 129 of the Act and the appointment and fixing of the remuneration of the auditors.	Subject always to the provisions of Section 151 of the Act no business shall be transacted at an extraordinary general meeting except business of which notice has been given in the notice convening the meeting and no business shall be transacted at an annual general meeting other than business of which notice has been given aforesaid, with the exception of declaring a dividend, <del>the consideration of the accounts, balance-sheets and the report of the Directors and auditors;</del> the election of Directors, Directors’ fees, re-appointment of Directors pursuant to Section 129 of the Act and the appointment and fixing of the remuneration of the auditors.
Article 87	No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the registered office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days’ notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.	No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the registered office of the Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, PROVIDED THAT in the case of a person recommended by the Directors for election, nine (9) clear days’ notice only shall be necessary, and notice of each and every candidature for election to the Board of Directors shall be served on the registered holders of shares at least seven (7) days <del>prior to</del> <u>before</u> the meeting at which the election is to take place.



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

**APPENDIX A (Cont'd)**

Article No.	Existing Article	New Article
Article 103 (c)	Subject to the provisions of the Act and the Listing Requirements, the Directors shall not acquire or dispose of an undertaking or property of a substantial value or dispose of a substantial portion of the Company's undertaking or property without the approval of the Company in general meeting.	Subject to the provisions of the Act and the Listing Requirements, the Directors shall not <del>acquire or dispose</del> <u>carry into effect any proposal or execute any transaction for the acquisition</u> of an undertaking or property of a substantial value, <del>or the disposal or dispose</del> of a substantial portion of <u>or a controlling interest in the</u> Company's undertaking or property without the approval of the Company in general meeting.
Article 158	On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by shareholders. The amount of such payment shall be notified to all shareholders at least seven (7) days prior to the meeting at which it is to be considered.	On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been ratified by shareholders. The amount of such payment shall be notified to all shareholders at least seven (7) days <del>prior</del> <u>to before</u> the meeting at which it is to be considered.

**CORPORATE INFORMATION**

**DIRECTORS**

CECIL V R WONG  
LEE CHUNG-SHIH  
LEE SOO HOON  
LIEW CHUAN HOCK  
HUANG YUAN CHIANG

**SECRETARIES**

CHIN NGEOK MUI  
LEONG SIEW FOONG

**AUDIT COMMITTEE MEMBERS**

LEE SOO HOON  
*Chairman*  
*Independent Non-Executive Director*

CECIL V R WONG  
*Independent Non-Executive Director*

LIEW CHUAN HOCK  
*Independent Non-Executive Director*

HUANG YUAN CHIANG  
*Independent Non-Executive Director*

**NOMINATION COMMITTEE MEMBERS**

HUANG YUAN CHIANG  
*Chairman*  
*Independent Non-Executive Director*

LEE SOO HOON  
*Independent Non-Executive Director*

CECIL V R WONG  
*Independent Non-Executive Director*

LIEW CHUAN HOCK  
*Independent Non-Executive Director*

**REMUNERATION COMMITTEE MEMBERS**

LIEW CHUAN HOCK  
*Chairman*  
*Independent Non-Executive Director*

CECIL V R WONG  
*Independent Non-Executive Director*

LEE SOO HOON  
*Independent Non-Executive Director*

HUANG YUAN CHIANG  
*Independent Non-Executive Director*

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

**INVESTMENT COMMITTEE MEMBERS**

HUANG YUAN CHIANG

*Chairman*

*Independent Non-Executive Director*

LEE CHUNG-SHIH

*Executive Director*

LIEW CHUAN HOCK

*Independent Non-Executive Director*

**AUDITORS**

ERNST & YOUNG

*Chartered Accountants*

**REGISTERED OFFICE**

SUITE 6.1A, LEVEL 6, MENARA PELANGI,  
JALAN KUNING, TAMAN PELANGI,  
80400 JOHOR BAHRU, JOHOR  
TEL: 07-3323536 FAX: 07-3324536

**SHARE REGISTRAR**

SYMPHONY SHARE REGISTRARS SDN BHD (Company No. 378993-D)  
LEVEL 6, SYMPHONY HOUSE,  
PUSAT DAGANGAN DANA 1,  
JALAN PJU 1A/46,  
47301 PETALING JAYA, SELANGOR.  
TEL: 03-78418000 FAX: 03-78418008

**BANKER**

OCBC BANK (MALAYSIA) BERHAD

**STOCK EXCHANGE**

MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

**WEBSITE**

[www.kluangrubber.com](http://www.kluangrubber.com)

## **CHAIRMAN'S STATEMENT**

On behalf of the Board of Directors, I have great pleasure in presenting to you the Annual Report of the Group and the Company for the financial year ended 30 June 2010.

### **Overview**

The Group's total revenue of RM6,409,734 for the financial year ended 30 June 2010 was lower as compared to RM6,765,560 for 2009 despite higher crop sales from the Estate Operations. This was due to lower dividend and interest income.

The higher contributions from the Estate Operations were on account of the 7% increase of Fresh Fruit Bunches ("FFB") prices.

The Group achieved after-tax profit of RM8,510,369 for the current financial year ended 30 June 2010 as compared to the after-tax loss of RM5,039,442 suffered during 2009. This was mainly due to the share of associates' result was a profit of RM7,472,746 for the current financial year as compared to the share of associates' loss of RM5,725,010 for last financial year.

### **Prospects**

The performance of the plantation for the next financial year ending 30 June 2011 is not expected to improve significantly as a result of the La Nina weather patterns that the region is currently experiencing. For the 1st half of the next financial year, we reported earlier that the effect of La Nina was likely to have a major impact on oil palm production as heavier rainfall typically hampers harvesting. However, to-date, it is still too early to gauge the full extent of the impact of La Nina on production at the plantation.

For the 2nd half of the financial year ending 30 June 2011, production is expected to increase as La Nina recedes while prices are expected to remain stable.

The results of the associated companies may be further affected by the market valuation of their investments and currency fluctuations.

### **Dividend**

The Board proposes a first and final dividend of 1% less tax on 60,191,550 ordinary shares for the year ended 30 June 2010 subject to the approval of shareholders at the forthcoming Annual General Meeting.

### **Acknowledgement**

On behalf of the Board of Directors, I would like to take this opportunity to thank all the Directors, the management and staff at all levels for their continuing efforts and immense contributions during the year.

We also wish to thank our customers, suppliers and valued shareholders for their unwavering and continuous support.

On behalf of the Board of Directors

**CECIL V R WONG**  
Chairman

## **STATEMENT OF CORPORATE GOVERNANCE**

### **THE CODE OF CORPORATE GOVERNANCE**

The Board of Directors (“the Board”) of Kluang Rubber Company (Malaya) Berhad (“the Company”) recognizes the practice of good corporate governance is fundamental to the Company’s and its subsidiary’s (“the Group”) continued success. The Board remains fully committed to ensuring the highest standards of corporate governance are applied in all aspects of the Group’s business with the objective of safeguarding and enhancing long-term shareholders value and investors’ interests.

The Board is pleased to report on the application of the principles of corporate governance contained in the Malaysian Code of Corporate Governance (“the Code”) and the extent of compliance with the best practices of the Code as required under the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) by the Group. These principles and best practices have been applied by the Group throughout the financial year ended 30 June 2010.

The only area of non-compliance with the Code is with regards to recommended disclosure of details of the remuneration of each director. Details of the Directors’ remuneration are set out in Note 6 to the financial statements by applicable bands of RM50,000, which complies with the disclosure requirements under the Bursa Securities’ Listing Requirements. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to Directors’ remuneration are appropriately served by the band disclosure made.

### **DIRECTORS**

#### **The Board**

The Board’s responsibilities are for setting the strategic direction of the Group, establishing goals for the management and continuously improving its performance so as to protect and enhance shareholders’ value in the Company. They are hence responsible for the overall standards of conduct, risk management, succession planning, strategic planning as well as the system of internal controls within the Group.

#### **Board Composition and Balance**

The Board comprises five (5) members; of whom one (1) is Executive Director and four (4) are Independent Non-Executive Directors. The Board composition complies with the Listing Requirements of Bursa Securities that requires a minimum of 2 or 1/3 of the Board to be Independent Directors. A brief profile of each Director is presented on pages 26 to 29 of the Annual Report.

The Board has a good balance of members who are Executive and Non-Executive Independent Directors such that no one individual or a small group of individuals can dominate the Board’s decision-making process. With their different backgrounds and specialization, the Directors bring along a wide range of experience, expertise and perspective in discharging their responsibilities and duties in managing the business affairs of the Group

#### **Board Committees**

To assist the Board in fulfilling its roles, the Board has four (4) committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Investment Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective functions and terms of reference of the Board committees as well as authority delegated to these Board committees have been defined by the Board. The Committees report and make recommendations to the Board on matters delegated to them for deliberation. The ultimate responsibility for the final decisions on all matters lies with the Board.

#### **Audit Committee**

Details of Audit Committee are presented on pages 22 to 25.

### **Nomination Committee**

The Board has established a Nomination Committee which is to ensure that the Directors of the Board bring characters to the Board which should provide a required mix of responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis the appropriate balance and size of Non-Executive participation and in establishing procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, and contribution of each individual Director including Independent Non-Executive Directors and Committee of the Board. Such assessment has been properly documented and recorded.

Where a vacancy exists or when it is considered that the Board would benefit from the services of a new Director with particular skills, the Nomination Committee will select one or more candidates with the appropriate expertise and experience.

The Nomination Committee that was set up on 18 February 2002, consist of at least two (2) members and shall exclusively comprise Non-Executive Directors with a majority of Independent Directors.

The members are as follows:

#### **Chairman**

Huang Yuan Chiang

#### **Members**

Cecil V R Wong

Liew Chuan Hock

Lee Soo Hoon

The responsibilities of the Nomination Committee are as follows:

- (a) Examine the size of the Board with a view to determine the number of Directors on the Board in relation to its effectiveness.
- (b) Recommend suitable orientation, educational and training programmes to continuously train and equip the existing and new Directors.
- (c) Assess annually the effectiveness of the Board as a whole, the committee of the Board and the contribution of each individual Director based on the process implemented by the Board.
- (d) Assess and recommend to the Board, the re-election by rotation or re-appointment of Directors in accordance with the Company's Articles of Association or other prevailing law.

The Nomination Committee met two (2) times for the financial year ended 30 June 2010. All its members attended the meetings.

### **Remuneration Committee**

The Board has established a Remuneration Committee which is responsible in assessing the appropriate remuneration of the senior management. The Remuneration Committee that was set up on 18 February 2002, consists of at least three (3) members, all of which are Independent Non-Executive Directors.

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The members are as follows:

**Chairman**

Liew Chuan Hock

**Members**

Cecil V R Wong

Lee Soo Hoon

Huang Yuan Chiang

The responsibilities of Remuneration Committee are as follows:

- (a) Review and recommend to the Board the remuneration of the Executive and Non-Executive Directors, and key senior management.
- (b) Assist the Board in assessing the responsibility and commitment undertaken by the Board membership.
- (c) Assist the Board in ensuring the remuneration of the Directors reflects the responsibility and commitment of the Director concerned.

The Remuneration Committee met two (2) times during the financial year ended 30 June 2010. All its members attended the meetings.

**Investment Committee**

The Investment Committee was set up on 3 December 2007. The primary objective is to oversee the Company's investment transactions, management, policies and guidelines, including review of investment manager selection, establishment of investment benchmarks, review of investment performance and oversight of investment risk management exposure policies and guidelines.

The members are as follows:

**Chairman**

Huang Yuan Chiang

**Members**

Liew Chuan Hock

Lee Chung-Shih

The Investment Committee consisting of two (2) Independent Non-Executive Directors and one (1) Executive Director, met four (4) times during the financial year ended 30 June 2010. Except for Mr Lee Chung-Shih who attended three (3) times, all other members attended all the meetings.

Amongst the responsibilities of Investment Committee, Investment Committee shall review any investment of the Company, policies and guidelines governing the Company's investment portfolio and monitor compliance with the policies.

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### **Board Meetings**

Board meetings are scheduled for every quarter with additional meetings to be convened as and when required. During the financial year under review, the Board met a total of five (5) times. The attendance record of each Director since the last financial year is as follows:

<b>Name of Directors</b>	<b>Attendance of meetings</b>
Cecil V R Wong	5/5
Lee Chung-Shih	4/5
Lee Soo Hoon	5/5
Han Teng Juan *	5/5
Liew Chuan Hock	5/5
Huang Yuan Chiang	5/5

\* Retired on 8 October 2010.

### **Supply of Information**

Prior to each Board meeting, all Directors will receive a full set of Board papers with due notice of issues to be discussed, in a timely manner. Relevant Directors will provide explanation to pertinent issues when necessary. Company Secretary attends all board meetings whereby all proceedings and conclusions from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 156 of the Companies Act, 1965.

All Directors have unrestricted access to all information and the advice as well as services of the Company Secretaries and external auditors whether as a full Board or in their individual capacity, in the furtherance of their duties. They may obtain independent professional advice at their discretion at the Company's expense.

### **Appointment to the Board**

The Company has a transparent and formal procedure for the appointment of new Directors to the Board.

The Nomination Committee of the Company comprises four (4) Independent Non-Executive Directors. The Nomination Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

The Board, through the Nomination Committee annually reviews its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors bring to the Board.

The Board has implemented a process, to be carried out by the Nomination Committee annually, for assessing the effectiveness of the Board as a whole, the Committees of the Board, and for assessing the contribution of each individual member of the Board. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions are properly documented.

### **Re-election**

In accordance with the Company's Articles of Association, the newly appointed Directors will retire at the first Annual General Meeting ("AGM") and are eligible for re-election by shareholders. The Articles also provide that at least one third of the Board including Executive Directors is subject to re-election annually and each Director shall stand for re-election at least once every 3 (three) years.



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**Directors' Training**

All Directors have completed the Mandatory Accreditation Programme and Continuing Education Programme prescribed by Bursa Securities. Training needs as deemed appropriate by individual Board members are provided. Board members keep abreast with general economic, industry and technical developments by their attendances at various appropriate conferences, seminars and briefings.

During the financial year, all the Directors have attended the following training to keep themselves abreast with relevant changes whilst discharging their duties: -

<b>Date</b>	<b>Seminar/Workshop</b>	<b>Conducted by</b>	<b>Attended by</b>
19 May 2010	GST Awareness and IAS41	Ernst & Young	All Directors except Mr Huang Yuan Chiang
25 May 2010	Understanding the Regulatory Environment in Singapore: What Every Director Ought To Know	Singapore Exchange Ltd and Singapore Institute of Directors	Mr Huang Yuan Chiang

**DIRECTORS' REMUNERATION**

The Remuneration Committee, consisting of four (4) Independent Non-Executive Directors, ascertains and recommends the remuneration packages of Executive Directors to the Board for its approval. Fees for Directors are determined by the full Board with the approval from shareholders at the AGM. Although there is no formal directors' remuneration framework for executive directors being put in place, the Board considers their remuneration is within the reasonable level based on the performance of the Group.

Details of the remuneration of each Director for the financial year are as follows:

(i) Aggregate remuneration of Directors categorised into appropriate components:

	<u>Salaries and Allowances</u> RM	<u>Fees</u> RM	<u>Total</u> RM
Executive Directors	416,535	50,000	466,535
Non-Executive Directors	-	223,000	223,000
<b>Total</b>	<b>416,535</b>	<b>273,000</b>	<b>689,535</b>

The remuneration of the Executive Directors was remunerated according to their performance whilst the fees paid to all Directors were approved in advance by the shareholders at the Annual General Meeting.

(ii) Number of Directors whose remuneration falls into the following bands:

<u>Range of remuneration</u>	<u>Number of Directors</u>	
	<u>Executive</u>	<u>Non-Executive</u>
RM50,001 to RM100,000	-	4
RM150,001 to RM200,000	1	-
RM250,001 to RM300,000	1	-

## **SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS POLICY**

### **Dialogue Between the Company and Investors**

The Board recognizes the importance of accurate and timely dissemination of information to shareholders on all material business affecting the Group. The Company makes quarterly announcements of the financial results of the Company and the Group within the time frame prescribed in the Listing Requirements of Bursa Securities, accompanied by a balanced and comprehensive assessment of the performance and position of the Company and the Group. The Company's Annual Report, containing the Financial Statements of the Company and the Group for the financial year, also contains other pertinent information and disclosures to enable shareholders and investors to have a better understanding of the Group's business and performance.

### **Annual General Meeting**

The AGM is the principal forum of dialogue with shareholders. Shareholders are notified of the meeting and provided with a copy of the Notice of the AGM and the Company's Annual Report at least 21 days before the date of the meeting. Shareholders are encouraged to attend and participate in the AGM. Besides the normal agenda for the AGM, shareholders are given the opportunities to seek clarification on any matters pertaining to the Group's affairs and performance as the Directors and the representatives of the external auditors are present to answer any questions that they may have.

## **ACCOUNTABILITY AND AUDIT**

### **Directors' Responsibility for Preparing the Annual Audited Financial Statements**

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and the provisions of the Act. The Board of Directors is responsible for taking reasonable steps to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company, and of their results and cash flows for the financial year under review.

In preparing the financial statements of the Group and the Company for the year ended 30 June 2010, the Board of Directors has adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable that are reasonable and prudent and ensured that applicable accounting standards have been followed.

The Directors have ensured that the Group and Company keep proper accounting and other records that will disclose with reasonable accuracy at any time the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

### **Financial Reporting**

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects and ensures that the financial results are released to Bursa Securities well within the stipulated time frame and the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the Audit Committee.

The Audit Committee assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal control of the Group. The Audit Committee comprises four (4) Directors, all of whom are Independent Non-Executive. The term of references and activities of the Audit Committee are detailed in the Audit Committee Report of pages 22 to 25 of this Annual Report.

### **Internal Control**

The Directors acknowledge their responsibility to maintain a sound system of internal controls to safeguard the shareholders' investment and the Company's assets. The Board also recognises its overall responsibility for continuous reviewing and maintenance of the system of internal controls of the Group.

The Statement of Internal Control in this Annual Report herein details the state of internal controls within the Company.

### **Relationship with Auditors**

The Board of Directors has established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The Audit Committee communicated directly and independently with the auditors once (1) a quarter where necessary and without the presence of the Executive Directors at twice (2) a year.

The role of the Audit Committee in relation to the external auditors is stated on pages 23 to 24.

### **CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

The Group is committed to Corporate Social Responsibility (“CSR”) by integrating it into the way the business is run.

The Group continues to focus on safety and health of our employees and workers by conducting regular briefings on safety and health. Recreational activities were organised for the employees and community. The Group also provides its employees and families in our estates with quality facilities and amenities to live and work comfortably. Small plots of land were allocated for employees and workers to do vegetable and fruit tree farming.

The Group is aware of the importance of conserving and preserving our natural environment. To minimise chemical sprayings, *turnera sabulata* are planted to prevent predators of bagworms which eat plants and tree leaves. *Mucuna brateata* plants are used as cover crops preventing soil erosion, conserving moisture, reducing weed growth and the slow decomposition of these plants will increase the fertility of surface soil.

### **ADDITIONAL COMPLIANCE INFORMATION**

#### **Disclosure of Recurrent related party transactions**

The details of the shareholders’ mandate are reflected in the Circular to Shareholders dated 29 October 2010.

#### **Utilisation of Proceeds**

There were no issuance of new shares and rights issue carried out during the financial year ended 30 June 2010 to raise any cash proceeds.

#### **Share Buy-Backs**

There was no share buy-back by the Company during the financial year under review.

#### **Exercise of Options, Warrants or Convertible Securities**

There were no other options, warrants or convertible securities exercised in respect of the financial year ended 30 June 2010.

#### **Depository Receipt Programme**

The Company did not sponsor any Depository Receipt Programmes for the financial year ended 30 June 2010.

#### **Sanctions and/or Penalties**

The Company and its subsidiary, Directors and management have not been imposed with any sanctions and/or penalties during the financial year.

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**Non-Audit Fees**

The amount of non-audit fees for services provided by the external auditors to the Group and the Company for the financial year amounted to RM46,000.

**Variation in Results**

There is no material variance between the results for the financial year ended 30 June 2010 and the unaudited results previously announced by the Company.

**Profit Guarantee, Profit Estimate, Forecast or Projection**

During the financial year, there was no Profit Guarantee, Profit Estimate, Forecast or Projection given by the Company.

**Revaluation of Landed Properties**

The Group had adopted a policy of revaluing its property at least once every 5 years.

**Material Contracts**

There is no material contract involving the Company and its subsidiary with Directors and major shareholders of the Company either still subsisting at the end of the financial year ended 30 June 2010 or entered into since the end of that financial year.

**Contracts Relating to Loan**

There were no contracts relating to loan by the Company and its subsidiaries during the financial year.

## **STATEMENT ON INTERNAL CONTROL**

### **Introduction**

The Board of Directors is pleased to present the Statement on Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, which outlines the Group’s key elements of internal control system for the financial year ended 30 June 2010.

### **Board Responsibility**

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders’ investment and the Group’s assets, and for reviewing the adequacy and integrity of the system. However, the Board recognizes that reviewing of the Group’s system of internal controls is a concerted and on-going process whereby such system is designed to manage rather than eliminate the risk of failure to achieve the Group’s business objectives. In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

### **Risk Management Framework**

The Board regards risk management as an integral part of the business operations. The Board confirms that there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group’s business objectives on an informal basis via its Board and Audit Committee meetings with the assistance of the outsourced Internal Auditors.

No major internal controls weaknesses were identified during the financial year under review that requires disclosure in the Group’s Annual Report.

### **Internal Audit**

The Audit Committee with the assistance of the outsourced Internal Auditors annually reviews the Group’s system of internal controls to address the related internal control weaknesses. The Internal Audit team independently reviews the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported to the Audit Committee

### **Other Key Elements of Internal Control**

Other key elements of the system of internal control of the Group are as follows:-

- The Group has an appropriate organizational structure, which enables adequate monitoring of the activities and ensures effective flow of information across the Group.
- Responsibilities are clearly defined and delegated to the committees of the Board.
- Key processes of the Group are governed by policies and procedures.
- The estate prepares budgets for the coming year which are approved by the Board.
- Information covering the financial performance against the budget of the estate is provided to the Board on quarterly basis together with key operational performance indicators.
- Quarterly and annual financial statements with detailed analysis of financial results are reviewed by the Audit Committee who then recommended to the Board for approval prior to submission to Bursa Securities.
- The Investment Committee was set up to oversee the Group’s investment transactions, management, policies and guidelines, including review of investment manager selection, establishment of investment benchmarks, review of investment performance and oversight of investment risk management exposure policies and guidelines. The Investment Committee ultimately reports the overall investment results to the Board

**Board's Conclusion**

Overall, the Board is satisfied that the process of identifying, evaluating and managing significant risks that may affect achievement of the Group's business objectives is in place to provide reasonable assurance. The Group will strive to ensure that the system of internal controls will be continuously enhanced and will seek regular assurance on the effectiveness and soundness of the internal control systems through appraisals by the internal as well as external auditors.

In consideration of the Internal Auditors' report, the Board is pleased to report that there were no significant internal control deficiencies for areas that have been reviewed.

In addition, in accordance with the paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement of Internal Control and reported that nothing has come to their attention that causes them to believe that the contents of this Statement is inconsistent with their understanding of the actual processes carried out in the Group.

## **AUDIT COMMITTEE REPORT**

### **MEMBERS**

#### **Chairman**

Lee Soo Hoon

#### **Members**

Cecil V R Wong

Liew Chuan Hock

Huang Yuan Chiang

### **COMPOSITION AND TERMS OF REFERENCE**

#### **Membership**

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfils the following requirements:-

- a) the audit committee must be composed of no fewer than 3 members of whom a majority of the Audit Committee must be Independent Directors;
- b) all members of the Audit Committee should be Non-Executive Directors and financially literate; and
- c) at least one (1) member of the Committee;
  - i) must be a member of the Malaysian Institute of Accountants; or
  - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
  - iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

#### **Procedure of the Audit Committee meetings**

- a) The members of the Committee shall elect a Chairman from among their numbers who is an Independent Director.
- b) The Company Secretary shall be the Secretary to the Committee. The Secretary shall circulate minutes of the Committee meeting to all members of the Board.
- c) The Committee shall meet not less than four (4) times a year and report to the Board of Directors.

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- d) Written notice of the meeting together with the agenda shall be given to the members of the Committee; the external auditors and any other person invited to attend the meeting, where applicable.
- e) The quorum for meetings of the Committee shall be two (2) members and shall comprise of Independent Directors.
- f) A representative of the external and internal auditors and the Senior Finance Manager should normally attend meetings. Any other Directors, employees and any other persons, where applicable, shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.
- g) The Chairman shall convene a meeting of the Committee if requested to do so in writing by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee.
- h) The Committee should meet with the external auditors without Executive Board members present at least twice a year.

**Rights of the Committee**

The Committee shall:

- (a) have explicit authority to investigate any matter within its term of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external auditors, the internal auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

**Function of the Committee**

The functions of the Audit Committee shall be:

- (a) To review the following and report the same to the Board of Directors -
  - (i) with the external auditors, the audit plan;
  - (ii) with the external auditors, his evaluation of the system of internal controls;
  - (iii) with the external auditors, his audit report;
  - (iv) the assistance given by the employees of the Company to the external auditors;
  - (v) the quarterly results and the year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
    - changes in or the implementation of major accounting policy changes;
    - significant and unusual events;
    - compliance with accounting standards and other legal requirements;



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- (vi) any related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (vii) any letter of resignation including the written explanations of the resignation from the external auditors of the Company; and
  - (viii) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
- (b) To do the following, in relation to the internal audit function:-
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - review any appraisal or assessment of the performance of members of the internal audit function;
  - approve any appointment or termination of senior staff members of the internal audit function; and
  - take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (c) To recommend the nomination of a person or persons as external auditors and the external audit fee.
- (d) To carry out other function that may be mutually agreed upon by the Committee and the Board which would be beneficial to the Company and ensure the effective discharge of the Company's duties and responsibilities.
- (e) To verify the criteria for allocation of options pursuant to a share scheme for employee.

***Summary Of Activities Of The Audit Committee For The Financial Year***

During the financial year ended 30 June 2010, the main activities undertaken by the Audit Committee were as follows:

1. Reviewed the unaudited quarterly financial results of the Group prior to the Board's approval and subsequent announcements.
2. Reviewed the external auditors' scope of work and their audit plan and discuss results of their examination and recommendations.
3. Reviewed with the external auditors the audited financial statements for the financial year ended 30 June 2010, the results of the audit, audit report and recommendation prior to the approval of the Board and subsequent announcements.
4. Reviewed and discussed the new developments on accounting standards issued by the Malaysian Accounting Standards Board and its adoption and impact to the Group's and Company's financial statements.
5. Reviewed the internal audit plan and programme for the financial year under review.
6. Reviewed the reports prepared by the outsourced internal auditors on the state of internal controls of the Group.
7. Reviewed the related party transactions and conflict of interest situations that arose within the Group for compliance with the Listing Requirements of Bursa Securities.
8. Reviewed the extent of the Group's compliance with the relevant provisions set out under the Malaysian Code on Corporate Governance for the purpose of preparing the Corporate Governance Statement and Statement on Internal Control pursuant to the Listing Requirements of Bursa Securities.

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***Meetings and Minutes***

The Committee shall meet not less than four times a year and report to the Board of Directors. The Committee's meetings shall be planned to coincide with the audit cycle and the timing of publication of financial statements. In addition, the Chairman shall convene a meeting of the Committee if requested to do so by any member, the management, or the internal or external auditors to consider any matters within the scope and responsibilities of the Committee. Prior to each Audit Committee meeting, all Directors are given a full set of Audit Committee papers with due notice of issues to be discussed, in a timely manner. All meetings are attended by the Company Secretary whereby all proceedings and conclusion from the Audit Committee Meetings are minuted and signed by the Chairman. The quorum for meetings of the Committee shall be two (2).

The Committee in carrying out its duties and responsibilities has in principle full, free and unrestricted access to the Company's records, properties and personnel. The Committee in the course of investigation of any matter is permitted to use the services of professional firm, seek independent professional advice or request attendance of an outsider with relevant experience at the expense of the Company.

A representative of the external and internal auditors and the Senior Finance Manager should normally attend meetings. However, the Committee may invite any person to be in attendance to assist in its deliberations. Any other Directors and employees shall attend any particular Committee meeting only at the Committee's invitation, specific to the relevant meeting.

The auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

Upon the request of the auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the auditors believe should be brought to the attention of the Directors or shareholders.

The Committee may regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

During the financial year ended 30 June 2010, five (5) Audit Committee meetings were held. The record of attendance of its members during their membership was as follows:

<b>Name of Audit Committee Members</b>	<b>Attendance of meetings</b>
Lee Soo Hoon	5/5
Cecil V R Wong	5/5
Liew Chuan Hock	5/5
Huang Yuan Chiang	5/5

The details of training attended by the Audit Committee who are also the Board members are set out on page 16 of the Annual Report.

***Internal Audit Function***

The Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control and this is performed with impartiality, proficiency and due professional care.

An independent professional firm has been engaged to handle this function and would report directly to the Audit Committee. Their report has been received by the Committee, discussed and recommendations implemented, where necessary and appropriate, to tighten the Company's internal control procedures. The internal audit fee for services provided by the outsourced internal auditors for the financial year amounted to RM16,000.

## PROFILE OF DIRECTORS

### CECIL V R WONG

Position	Independent Non-Executive Chairman
Age	88
Nationality	Singaporean
Work Experience/Occupation	a) Partner, Public Accounting Firm, Singapore (1953 - 1983) b) Director, Public Limited Companies listed on the Bursa Securities and SGX (1969 to present)
Qualification	a) F.C.A., Institute of Chartered Accountants of England & Wales b) C.P.A., Singapore
Date of Appointment	29 November 1969
Details of any board committee to which Director belongs	a) Member of Audit Committee b) Member of Remuneration Committee c) Member of Nomination Committee
Directorship in other listed companies	a) British & Malayan Trustees Limited b) Bukit Sembawang Estates Limited c) CK Tang Limited d) Pan-United Corporation Ltd e) Venture Manufacturing (Singapore) Ltd f) Kuchai Development Berhad g) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2010)	Direct interest of 300,000 shares equivalent to 0.50%
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

### LEE CHUNG-SHIH

Position	Executive Director
Age	48
Nationality	Singaporean
Work Experience/Occupation	a) Managing Director, The Emerald Hill Group of Companies b) Executive Director, Public Unlisted Real Estate Investment Company c) Director, Public Unlisted Licenced Trust Company
Qualification	B. Sc., International Business
Date of Appointment	19 February 1990
Details of any board committee to which Director belongs	Member of Investment Committee

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Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2010)	Direct interest of 30,000 shares and deemed interest of 29,536,200 shares in the Company equivalent to 0.05% and 49.07% respectively
Relationship with other Directors and/or substantial shareholders	Son of Lee Thor Seng and brother of Lee Yung-Shih
Conflict of interest with the Company	Nil

**LEE SOO HOON**

Position	Independent Non-Executive Director
Age	68
Nationality	Malaysian
Work Experience/Occupation	a) Partner of Ernst & Young, Singapore (1978 - 1997) b) Independent Director of Singapore Public Companies c) Provides management and financial consultancy services
Qualification	a) F.C.A. Institute of Chartered Accountants in England and Wales b) Member of Singapore Institute of Certified Public Accountants c) Member of Malaysian Institute of Certified Public Accountants d) Member of Malaysian Institute of Accountants e) Member of Singapore Institute of Directors
Date of Appointment	19 October 2001
Details of any board committee to which Director belongs	a) Chairman of Audit Committee b) Member of Remuneration Committee c) Member of Nomination Committee
Directorship in other listed companies	a) IPC Corporation Ltd b) CSE Global Ltd c) Transview Holdings Limited d) Kuchai Development Berhad e) Sungei Bagan Rubber Company (Malaya) Berhad f) G.K. Goh Holdings Limited
Securities holding in the Company (as at 30 June 2010)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

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**LIEW CHUAN HOCK**

Position	Independent Non-Executive Director
Age	49
Nationality	Malaysian
Work Experience/Occupation	a) Vice President Institutional Sales, HwangDBS Investment Bank Berhad Holds dealers representative licence b) Executive Director, Britac Bhd c) Head of Institutional Sales, Sime Securities Sdn Bhd d) Head of Institutional Sales, HLG Securities Bhd
Qualification	a) Masters in Business Administration, University of Manchester b) B.Sc. (Eng.) Hons
Date of Appointment	18 November 2002
Details of any board committee to which Director belongs	a) Chairman of Remuneration Committee b) Member of Audit Committee c) Member of Nomination Committee d) Member of Investment Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad
Securities holding in the Company (as at 30 June 2010)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

**HUANG YUAN CHIANG**

Position	Independent Non-Executive Director
Age	51
Nationality	Malaysian
Work Experience/Occupation	Mr Huang is a lawyer by training and was an investment banker by vocation. His career in investment banking spanned 13 years and he has held senior management positions with various international banks including Standard Chartered Bank, HSBC, Bankers Trust and Deutsche Bank. His last position at Bankers Trust was Managing Director, overseeing the Mergers & Acquisitions Division of Bankers Trust for Singapore, Malaysia, Thailand, Indonesia, Philippines and India
Qualification	a) Bachelor of Laws (LL.B) Monash University b) Bachelor of Economics (B.Ec) Monash University
Date of Appointment	18 November 2003

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

Details of any board committee to which Director belongs	a) Chairman of Investment Committee b) Chairman of Nomination Committee c) Member of Audit Committee d) Member of Remuneration Committee
Directorship in other listed companies	a) Kuchai Development Berhad b) Sungei Bagan Rubber Company (Malaya) Berhad c) MTQ Corporation Limited d) Mercator Lines (Singapore) Limited e) Omega Navigation Enterprises Inc
Securities holding in the Company (as at 30 June 2010)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil

## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2010.

### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities.

The principal activity of the subsidiary is described in Note 11 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the year	<u>8,510,369</u>	<u>394,414</u>
Attributable to :		
Equity holders of the Company	<u>8,510,369</u>	<u>394,414</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

The amount of dividend paid by the Company since 30 June 2009 was as follows :

In respect of the financial year ended 30 June 2009 :

	<b>Amount RM</b>	<b>Net dividend per share Sen</b>
In respect of the financial year ended 30 June 2009 on 60,191,550 ordinary shares, declared on 30 October 2009 and paid on 22 December 2009 :		
First and final ordinary dividend of 1% less 25% taxation	<u>451,437</u>	<u>0.8</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2010 of 1% less 25% taxation on 60,191,550 ordinary shares, amounting to a dividend payable of RM451,437 (0.8 sen per ordinary share), will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriate of retained earnings in the financial year ending 30 June 2011.

## DIRECTORS' REPORT

### DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Cecil V R Wong  
Lee Chung-Shih  
Lee Soo Hoon  
Liew Chuan Hock  
Huang Yuan Chiang  
Han Teng Juan (retired on 8 October 2010)

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 25 to the financial statements.

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	←— Number of Ordinary Shares of RM1 Each—→			
	1 July 2009	Bought	Sold	30 June 2010
<b>Direct interest</b>				
Cecil V R Wong	300,000	-	-	300,000
<b>Deemed interest</b>				
Lee Chung-Shih				
- Direct interest	30,000	-	-	30,000
- Indirect interest	29,536,200	-	-	29,536,200

Lee Chung-Shih by virtue of his interest in the Company is also deemed interested in the shares of the Company's subsidiary to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.



## **DIRECTORS' REPORT**

### **OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and no provision for doubtful debts was required; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors :
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### **AUDITORS**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2010.

Cecil V R Wong

Lee Chung-Shih

**KLUANG RUBBER COMPANY (MALAYA) BERHAD** <sup>(3441-K)</sup>  
*(Incorporated in Malaysia)*

**STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Cecil V R Wong and Lee Chung-Shih, being two of the directors of Kluang Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 70 are drawn up in accordance with applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 October 2010.

Cecil V R Wong

Lee Chung-Shih

**STATUTORY DECLARATION  
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Corinna Foo Kim Joke, being the officer primarily responsible for the financial management of Kluang Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 70 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed Corinna Foo Kim Joke at )  
Johor Bahru in the State of Johor on )  
8 October 2010. )

Corinna Foo Kim Joke

Before me,

No. J075  
Hj Bahari Hj Mahadi  
Pesuruhjaya Sumpah  
Johor Bahru

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
KLUANG RUBBER COMPANY (MALAYA) BERHAD  
(Incorporated in Malaysia)**

**Report on the financial statements**

We have audited the financial statements of Kluang Rubber Company (Malaya) Berhad, which comprise the balance sheets as at 30 June 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 70.

*Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2010 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

**KLUANG RUBBER COMPANY (MALAYA) BERHAD** <sup>(3441-K)</sup>  
*(Incorporated in Malaysia)*

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
KLUANG RUBBER COMPANY (MALAYA) BERHAD  
(Incorporated in Malaysia)**

(c) The auditors' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

**Other matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF : 0039  
Chartered Accountants

Abraham Verghese A/L T.V. Abraham  
1664/10/10(J)  
Chartered Accountant

Johor Bahru, Malaysia  
8 October 2010

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

**INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	3	<b>6,409,734</b>	6,765,560	<b>6,577,518</b>	7,275,296
Other income		<b>104,140</b>	1,200	<b>104,140</b>	1,200
Changes in inventories		<b>(4,283)</b>	9,205	<b>(4,283)</b>	9,205
Employee benefits expenses	4	<b>(645,168)</b>	(760,090)	<b>(645,168)</b>	(760,090)
Depreciation		<b>(83,275)</b>	(71,036)	<b>(83,275)</b>	(71,036)
Subcontract labour cost, fertilizer and chemical costs		<b>(1,946,610)</b>	(2,345,755)	<b>(1,946,610)</b>	(2,345,755)
Foreign exchange (loss)/gain		<b>(1,234,859)</b>	(1,253,956)	<b>(1,895,196)</b>	1,930,585
Other expenses		<b>(1,365,996)</b>	(1,359,639)	<b>(1,344,313)</b>	(1,346,262)
Profit from operations	5	<b>1,233,683</b>	985,489	<b>762,813</b>	4,693,143
Share of profit/(loss) of associates	12	<b>7,472,746</b>	(5,725,010)	-	-
Profit/(loss) before taxation		<b>8,706,429</b>	(4,739,521)	<b>762,813</b>	4,693,143
Income tax expense	7	<b>(196,060)</b>	(299,921)	<b>(368,399)</b>	(656,069)
Profit/(loss) for the year		<b>8,510,369</b>	(5,039,442)	<b>394,414</b>	4,037,074
Attributable to: Equity holders of the Company		<b>8,510,369</b>	(5,039,442)	<b>394,414</b>	4,037,074
Earnings/(loss) per share (Sen)					
Basic	8(a)	<b>14.1</b>	(8.4)		
Diluted	8(b)	<b>14.1</b>	(8.4)		

*The accompanying notes form an integral part of the financial statements.*

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

**BALANCE SHEETS  
AS AT 30 JUNE 2010**

	Note	Group 2010 RM	2009 RM	Company 2010 RM	2009 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	73,727,168	73,806,535	73,727,168	73,806,535
Biological assets	10	336,079	336,079	336,079	336,079
Investment in subsidiary	11	-	-	5	5
Investment in associates	12	230,516,994	190,625,415	1,893,891	1,893,891
Available-for-sale investments	13	27,344,657	20,377,446	5,124,819	4,477,614
Due from subsidiary	14	-	-	16,344,993	17,644,993
Deferred tax asset	15	127,000	144,000	127,000	144,000
		<b>332,051,898</b>	285,289,475	<b>97,553,955</b>	98,303,117
<b>Current assets</b>					
Inventories	16	32,344	36,627	32,344	36,627
Trade and other receivables	17	3,788,136	515,788	7,937,006	8,519,957
Tax recoverable		568,239	368,898	568,239	368,898
Cash and bank balances	18	42,614,670	47,011,870	20,768,035	19,263,890
		<b>47,003,389</b>	47,933,183	<b>29,305,624</b>	28,189,372
<b>Total assets</b>		<b>379,055,287</b>	333,222,658	<b>126,859,579</b>	126,492,489
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	20	60,191,550	60,191,550	60,191,550	60,191,550
Reserves	21 & 22	316,661,229	270,731,318	64,497,884	64,022,323
		<b>376,852,779</b>	330,922,868	<b>124,689,434</b>	124,213,873
<b>Non-current liabilities</b>					
Provision for retirement benefits	23	550,032	549,639	550,032	549,639
		<b>550,032</b>	549,639	<b>550,032</b>	549,639
<b>Current liabilities</b>					
Trade and other payables	19	1,652,476	1,750,151	1,620,113	1,728,977
		<b>1,652,476</b>	1,750,151	<b>1,620,113</b>	1,728,977
<b>Total liabilities</b>		<b>2,202,508</b>	2,299,790	<b>2,170,145</b>	2,278,616
<b>Total equity and liabilities</b>		<b>379,055,287</b>	333,222,658	<b>126,859,579</b>	126,492,489

*The accompanying notes form an integral part of the financial statements.*



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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	←----- Non-distributable -----→	Share of associated companies reserves Note 21(b) RM	Fair value reserve Note 21(c) RM	Foreign exchange fluctuation reserve RM	Cultivation and replacement reserves Note 21(d) RM	Distributable -----→	Retained earnings RM	General reserve Note 21(e) RM	Total equity RM
<b>2010</b>									
<b>At 1 July 2009</b>	60,191,550	25,825,342	156,628,671	7,511,358	630,796	2,706,909	10,000,000	67,428,242	330,922,868
Transfer to/(from) reserves :									
- Replanting expenses	-	-	-	-	(399,759)	-	-	399,759	-
Foreign currency translation	-	-	-	(2,628,097)	-	-	-	-	(2,628,097)
Share of associates' reserves	-	-	32,935,850	-	-	-	-	-	32,935,850
Revaluation deficits	-	(114,621)	-	-	-	-	-	-	(114,621)
Fair value gain :									
- Available-for-sale investments	-	-	-	7,677,847	-	-	-	-	7,677,847
Net income and expense recognised directly in equity	-	(114,621)	32,935,850	7,677,847	(2,628,097)	(399,759)	-	399,759	37,870,979
Profit for the year	-	-	-	-	-	-	-	8,510,369	8,510,369
Total recognised income and expense for the year	-	(114,621)	32,935,850	7,677,847	(2,628,097)	(399,759)	-	8,910,128	46,381,348
Dividend (Note 24)	-	-	-	-	-	-	-	(451,437)	(451,437)
<b>At 30 June 2010</b>	60,191,550	25,710,721	189,564,521	15,189,205	(1,997,301)	2,307,150	10,000,000	75,886,933	376,852,779

*The accompanying notes form an integral part of the financial statements.*



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

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	Share capital RM	Capital reserve Note 21(a) RM	Fair value reserve Note 21(c) RM	Foreign exchange fluctuation reserve RM	Cultivation and replacement reserves Note 21(d) RM	General reserve Note 21(e) RM	Retained earnings RM	Total equity RM
	<----- Non-distributable ----->		<----- Distributable ----->					
<b>2009</b>								
<b>At 1 July 2008</b>	60,191,550	25,825,342	5,889,545	2,664,972	3,109,475	10,000,000	15,083,546	122,764,430
Transfer (from)/to reserves :								
- Replanting expenses	-	-	-	-	(402,566)	-	402,566	-
Fair value loss:								
- Available-for-sale investments	-	-	(1,459,040)	-	-	-	-	(1,459,040)
Net income and expense recognised directly in equity	-	-	(1,459,040)	-	(402,566)	-	402,566	(1,459,040)
Profit for the year	-	-	-	-	-	-	4,037,074	4,037,074
Total recognised income and expense for the year	-	-	(1,459,040)	-	(402,566)	-	4,439,640	2,578,034
Dividends (Note 24)	-	-	-	-	-	-	(1,128,591)	(1,128,591)
<b>At 30 June 2009</b>	60,191,550	25,825,342	4,430,505	2,664,972	2,706,909	10,000,000	18,394,595	124,213,873

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

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2010**

	←----- Non-distributable -----→	Foreign exchange fluctuation reserve	Fair value reserve Note 21(c)	Cultivation and replacement reserves Note 21(d)	Distributable -----→		
Share capital	Capital reserve Note 21(a)	RM	RM	RM	General reserve Note 21(e)	Retained earnings	Total equity
2010	RM	RM	RM	RM	RM	RM	RM
<b>At 1 July 2009</b>	60,191,550	25,825,342	4,430,505	2,706,909	10,000,000	18,394,595	124,213,873
Transfer (from)/to reserves :							
- Replanting expenses	-	-	-	(399,759)	-	399,759	-
Revaluation deficits	-	(114,621)	-	-	-	-	(114,621)
Fair value gain :							
- Available-for-sale investments	-	-	647,205	-	-	-	647,205
Net income and expense recognised directly in equity	-	(114,621)	647,205	(399,759)	-	399,759	532,584
Profit for the year	-	-	-	-	-	394,414	394,414
Total recognised income and expense for the year	-	(114,621)	647,205	(399,759)	-	794,173	926,998
Dividend (Note 24)	-	-	-	-	-	(451,437)	(451,437)
<b>At 30 June 2010</b>	60,191,550	25,710,721	5,077,710	2,307,150	10,000,000	18,737,331	124,689,434

*The accompanying notes form an integral part of the financial statements.*

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

**CASH FLOWS STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
<b>Cash flows from operating activities</b>				
Profit/(loss) before taxation	8,706,429	(4,739,521)	762,813	4,693,143
Adjustments for :				
Depreciation	83,275	71,036	83,275	71,036
Plant and equipment written off	1	-	1	-
Write back of provision for retirement benefit	(11,355)	-	(11,355)	-
Provision for retirement benefits	22,248	55,486	22,248	55,486
Dividend income	(833,619)	(929,525)	(1,039,916)	(1,789,624)
Interest income	(370,683)	(809,101)	(332,170)	(458,738)
Share of (profit)/loss of associates	(7,472,746)	5,725,010	-	-
Unrealised foreign exchange loss/(gain)	689,094	1,244,416	1,890,906	(1,940,125)
Operating profit before working capital changes	812,644	617,801	1,375,802	631,178
Receivables	(3,353,143)	17,542	(84,228)	12,119
Inventories	4,283	(9,205)	4,283	(9,205)
Payables	(96,935)	(43,934)	(109,684)	(42,934)
Cash (used in)/generated from operations	(2,633,151)	582,204	1,186,173	591,158
Retirement benefits paid	(10,500)	(200,000)	(10,500)	(200,000)
Tax refunded	-	36,582	-	36,582
Taxes paid	(378,400)	(986,385)	(378,400)	(986,385)
Net cash (used in)/generated from operating activities	(3,022,051)	(567,599)	797,273	(558,645)
<b>Cash flows from investing activities</b>				
Dividends received	1,350,637	1,997,970	867,576	1,433,476
Interest received	451,456	776,925	409,263	426,155
Purchase of property, plant and equipment	(118,530)	(20,930)	(118,530)	(20,930)
Purchase of investment	(483,060)	(564,494)	-	-
Net cash generated from investing activities	1,200,503	2,189,471	1,158,309	1,838,701

**KLUANG RUBBER COMPANY (MALAYA) BERHAD** <sup>(3441-K)</sup>  
*(Incorporated in Malaysia)*

**CASH FLOWS STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2010**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>RM</b>	RM	<b>RM</b>	RM
<b>Cash flows from financing activity</b>				
Dividends paid	(451,437)	(1,128,591)	(451,437)	(1,128,591)
Net cash used in financing activity	(451,437)	(1,128,591)	(451,437)	(1,128,591)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(2,272,985)	493,281	1,504,145	151,465
Effects of exchange rate changes	(2,124,215)	346,524	-	-
<b>Cash and cash equivalents at beginning of year</b>	47,011,870	46,172,065	19,263,890	19,112,425
<b>Cash and cash equivalents at end of year (Note 18)</b>	42,614,670	47,011,870	20,768,035	19,263,890

*The accompanying notes form an integral part of the financial statements.*

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**1. CORPORATE INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 6-1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor. The principal place of business is located at Suite 233, 2nd Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru.

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities. The principal activity of the subsidiary is described in Note 11. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 October 2010.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new Financial Reporting Standards ("FRS") which are mandatory for financial periods beginning on or after 1 July 2009 as described fully in Note 2.3.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis, except for freehold land included within property, plant and equipment and available-for-sale investments that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM).

**2.2 Summary of significant accounting policies**

**(a) Subsidiaries and basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

**(ii) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(a) Subsidiaries and basis of consolidation (cont'd)**

**(ii) Basis of consolidation (cont'd)**

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the income statement.

**(b) Associates**

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's income statement in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available management or audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(b) Associates (cont'd)**

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

**(c) Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold estate are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers. Revaluations are performed at least once in every five years to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair values at the balance sheet date. Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in the income statement. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each assets to its residual value over the estimated useful life, at the following annual rates:

Buildings	10%
Plant and machinery	10%
Furniture and fittings	10%
Vehicles and tractors	33.3%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statement and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(d) Biological assets**

Biological assets represent oil palms which are initially recorded at cost. Certain biological assets were not revalued since 1965 and continue to be stated at their 1965 valuation.

- (i) **New planting**  
New planting expenditure incurred on land clearing and upkeep of trees to maturity are capitalised under estates costs and are not depreciated.
- (ii) **Replanting expenditure**  
Replanting expenditure consists of expenses incurred from the point of clearing of planted areas to the point of harvesting and is charged to income statement in the year that it is incurred.

**(e) Impairment of non-financial assets**

The carrying amounts of assets, other than investment properties, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.



**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(f) Inventories**

Inventories represent spare parts, fertilizers and chemicals and are stated at the lower of cost (determined on weighted average basis) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completed and the estimated costs necessary to make the sale.

**(g) Investments and other financial assets**

Financial assets in the scope of FRS 139 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All purchases and sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace, are recognised on the trade date i.e. the date that the Group commits to purchase the asset.

- (i) **Financial assets at fair value through profit or loss**  
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains and losses on investments held for trading are recognised in the income statement.
- (ii) **Held-to-maturity investments**  
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees paid or received between parties to the contract that are in an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.
- (iii) **Loans and receivables**  
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.
- (iv) **Available-for-sale financial assets**  
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(g) Investments and other financial assets (cont'd)**

**(iv) Available-for-sale financial assets (cont'd)**

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

**(h) Cash and cash equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(i) Trade receivables**

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(j) Trade payables**

Trade payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

**(k) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

**(l) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

**(m) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(m) Income tax (Cont'd)**

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statement for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

**(n) Employee benefits**

**(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(ii) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the income statement as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

**(iii) Retirement benefits**

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreement and/or employment agreement. Full provision has been made for retirement benefits payable to all eligible employees based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been computed on the retirement benefits provision, as the amount is deemed to be insignificant to the Group and the Company.

**(o) Foreign currencies**

**(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

**(ii) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(o) Foreign currencies (cont'd)**

(ii) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in the income statement for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in the income statement. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in the income statement in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated in RM as follows :

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

**(p) Impairment of financial assets**

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(p) Impairment of financial assets (cont'd)**

- (i) Trade and other receivables and other financial assets carried at amortised cost (Cont'd)  
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

- (ii) Unquoted equity securities carried at cost  
If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

- (iii) Available-for-sale financial assets  
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement.

Impairment losses on available-for-sale equity investments are not reversed in the income statement in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in equity. For available-for-sale debt investments, impairment losses are subsequently reversed in the income statement if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in the income statement.

**(q) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised :

- (i) Sale of goods  
Revenue relating to sale of fresh oil palm fruit bunches is recognised net of sales taxes and discounts upon the transfer of risks and rewards.
- (ii) Interest income  
Interest is recognised on a time proportion basis that reflect the effective yield on the assets.
- (iii) Dividend income  
Dividend income is recognised when the right to receive payment is established.
- (iv) Replanting cess refund  
Replanting cess refund is accounted for on a receipt basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2.2 Summary of significant accounting policies (cont'd)**

**(r) Segment reporting**

For management purposes, the Group is organised into operating segments based on their business segments which are independently managed by the Board of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2.3 Changes in accounting standards**

On 1 July 2009, the Group adopted FRS 8 which is mandatory for annual financial periods beginning on and after 1 July 2009.

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 27.

**2.4 Standards and interpretations issued but not yet effective**

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Group and the Company, which are:

**Effective for financial periods beginning on or after 1 January 2010**

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127:

Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary,  
Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7:

Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded  
Derivatives

Amendments to FRSs 'Improvements to FRSs (2009)'

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding  
Requirements and their Interaction

TR i – 3: Presentation of Financial Statements of Islamic Financial Institutions

**Effective for financial periods beginning on or after 1 March 2010**

Amendments to FRS 132: Classification of Rights Issues

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2. Significant accounting policies (cont'd)**

**2.4 Standards and interpretations issued but not yet effective (cont'd)**

**Effective for financial periods beginning on or after 1 July 2010**

FRS 1: First-time Adoption of Financial Reporting Standards  
FRS 3: Business Combinations (revised)  
FRS 127: Consolidated and Separate Financial Statements (amended)  
Amendments to FRS 2: Share-based Payment  
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS138: Intangible Assets  
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives  
IC Interpretation 12: Service Concession Arrangements  
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation  
IC Interpretation 17: Distributions of Non-cash Assets to Owners

**Effective for financial periods beginning on or after 1 January 2011**

Amendment to FRS 1: Limited exemption for comparative FRS 7: Disclosures for First-time Adopters  
Amendments to FRS 7: Improving disclosures about Financial Instruments  
Amendment to FRS 1: Additional exemptions for First-Time Adopters  
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions  
IC Interpretation 4: Determining whether an Arrangement contains a Lease  
IC Interpretation 18: Transfers of Assets from Customers  
TR 3 Guidance on Disclosures of Transaction to IFRSs  
TR i-4 Shariah Compliant Sale Contracts

**Effective for financial periods beginning on or after 1 January 2012**

IC Interpretation 15: Agreements for the Construction of Real Estate

The Group and the Company plan to adopt the above pronouncements when they become effective in the respective financial period. Unless otherwise described below, these pronouncements are expected to have no significant impact to the financial statements of the Group and the Company upon their initial application:

- (i) FRS 3: Business Combinations (revised) and FRS 127: Consolidated and Separate Financial Statements (amended)

FRS 3 (revised) introduces a number of changes to the accounting for business combinations occurring on or after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

FRS 127 (amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended Standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The changes by FRS 3 (revised) and FRS127 (amended) will be applied prospectively and only affect future acquisition or loss of control of subsidiaries and transactions with non-controlling interests.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**2. Significant accounting policies (cont'd)**

**2.4 Standards and interpretations issued but not yet effective (cont'd)**

(ii) FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and the Company.

(iii) FRS 7: Financial Instruments: Disclosures and Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures

FRS 7: Financial Instruments: Disclosures is a new Standard that requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Group's and Company's exposure to risks, enhanced disclosure regarding components of the Group's and Company's financial position and performance, and possible changes to the way of presenting certain items in the financial statements.

In accordance with the transitional provisions, the Group and the Company are exempted from disclosing the comparatives disclosures upon the initial application.

(iv) Amendments to FRSs 'Improvements to FRSs (2009)'

- FRS 117 Leases: Clarifies on the classification of leases of land and buildings. The Group is still assessing the potential implication as a result of the reclassification of its unexpired land leases as operating or finance leases. For those land element held under operating leases that are required to be reclassified as finance leases, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provision, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease newly classified as a finance lease at their fair values on that date; any difference between those fair values is recognised in retained earnings. The Group is currently in the process of assessing the impact of this amendment.
- FRS 140 Investment Property: Property under construction or development for future use as an investment property is classified as investment property. Where the fair value model is applied, such property is measured at fair value. If fair value cannot be reliably determined, the investment under construction will be measured at cost until such time as fair value can be determined or construction is complete. The amendment also includes changes in terminology in the Standard to be consistent with FRS 108. The change will be applied prospectively.

**2.5 Changes in estimates**

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group reviewed the residual values and remaining useful life of its property, plant and equipment and found that no revisions to the residual values and remaining useful life of its property, plant and equipment were necessary.



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**2. Significant accounting policies (cont'd)**

**2.6 Significant accounting estimates and judgements**

**Critical judgements made in applying accounting policies**

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

**Impairment of investment in associates**

The Group determines whether investment in associates is impaired at least on an annual basis by comparing the carrying amount with the recoverable amount of the investment in associates. This requires an estimation of the fair value less costs to sell and the value-in-use of the cash-generating units ("CGU") of the investment in associates. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**3. REVENUE**

Revenue of the Group and of the Company consists of the following :

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>RM</b>	RM	<b>RM</b>	RM
Sales of fresh oil palm fruit bunches	<b>5,205,432</b>	5,026,934	<b>5,205,432</b>	5,026,934
Dividend income				
- Quoted shares in Malaysia	-	-	<b>689,357</b>	1,424,593
- Quoted shares outside Malaysia	<b>350,559</b>	365,031	<b>350,559</b>	365,031
- Unquoted shares outside Malaysia	<b>483,060</b>	564,494	-	-
Interest income	<b>370,683</b>	809,101	<b>332,170</b>	458,738
	<b>6,409,734</b>	6,765,560	<b>6,577,518</b>	7,275,296

**4. EMPLOYEE BENEFITS EXPENSES**

	<b>Group and Company</b>	
	<b>2010</b>	2009
	<b>RM</b>	RM
Wages and salaries	<b>524,138</b>	587,842
Contributions to defined contribution plan	<b>39,290</b>	37,049
Social security contributions	<b>1,835</b>	1,697
Retirement benefits	<b>22,248</b>	55,486
- current year provision		
- over provision in prior year	<b>(11,355)</b>	-
Other benefits	<b>69,012</b>	78,016
	<b>645,168</b>	760,090

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM466,535 (2009 : RM509,223) as further disclosed in Note 6.

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**5. PROFIT FROM OPERATIONS**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Profit from operations is stated after charging/(crediting) :				
Auditors' remuneration				
- Current year	<b>33,000</b>	33,000	<b>33,000</b>	33,000
- Of subsidiary, borne by the Company	<b>3,000</b>	3,000	<b>3,000</b>	3,000
- Other services	<b>46,000</b>	51,000	<b>46,000</b>	51,000
Fees of subsidiary's directors	<b>10,285</b>	2,230	-	-
Foreign exchange loss/(gain)				
- Realised	<b>545,765</b>	9,540	<b>4,290</b>	9,540
- Unrealised	<b>689,094</b>	1,244,416	<b>1,890,906</b>	(1,940,125)
Plant and equipment written off	<b>1</b>	-	<b>1</b>	-
Rental of building	<b>4,392</b>	4,392	<b>4,392</b>	4,392
Replanting cost	<b>399,759</b>	402,566	<b>399,759</b>	402,566

**6. DIRECTORS' REMUNERATION**

	<b>Group and Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Directors of the Company		
Executive :		
- Salaries and allowances	<b>416,535</b>	459,223
- Fees	<b>50,000</b>	50,000
	<b>466,535</b>	509,223
Non-executive :		
- Fees	<b>223,000</b>	220,000
Total	<b>689,535</b>	729,223

The number of directors of the Company whose total remuneration during the year fell within the following bands are as analysed below :

	<b>Number of Directors</b>	
	<b>2010</b>	<b>2009</b>
<b>Executive directors</b>		
RM150,001 to RM200,000	<b>1</b>	1
RM250,001 to RM300,000	<b>1</b>	-
RM300,001 to RM350,000	<b>-</b>	1
<b>Non-Executive directors</b>		
RM50,001 to RM100,000	<b>4</b>	4

**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. INCOME TAX EXPENSE**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Income tax :				
Malaysian income tax	<b>474,661</b>	337,852	<b>647,000</b>	694,000
Overprovided in prior years :				
Malaysian income tax	<b>(295,601)</b>	(78,931)	<b>(295,601)</b>	(78,931)
	<u><b>179,060</b></u>	<u>258,921</u>	<u><b>351,399</b></u>	<u>615,069</u>
Deferred tax (Note 15) :				
Relating to origination and reversal of temporary differences	<b>16,000</b>	(12,000)	<b>16,000</b>	(12,000)
Underprovision in prior year	<b>1,000</b>	53,000	<b>1,000</b>	53,000
	<u><b>17,000</b></u>	<u>41,000</u>	<u><b>17,000</b></u>	<u>41,000</u>
Total income tax expense	<u><u><b>196,060</b></u></u>	<u><u>299,921</u></u>	<u><u><b>368,399</b></u></u>	<u><u>656,069</u></u>

Domestic current income tax is calculated at the statutory tax rate of 25% (2009 : 25%) of the estimated assessable profit for the year. The computation of deferred tax as at 30 June 2010 has reflected these changes.

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :

Group	2010 RM	2009 RM
Profit/(loss) before taxation	<u><b>8,706,429</b></u>	<u>(4,739,521)</u>
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	<b>2,176,607</b>	(1,184,880)
Effects of tax exempted foreign income	<b>(87,640)</b>	(91,000)
Effects of expenses not deductible for tax purposes	<b>234,937</b>	884,623
Effects of income not subject to tax	-	(485,000)
Effects of profits in subsidiary not subject to tax	<b>34,944</b>	(229,144)
Effects of share of associates results at lower tax rate	<b>(1,868,187)</b>	1,431,253
Underprovision of deferred tax in prior year	<b>1,000</b>	53,000
Overprovision of tax expense in prior years	<b>(295,601)</b>	(78,931)
Tax expense for the year	<u><b>196,060</b></u>	<u>299,921</u>
	<b>2010</b>	2009
<b>Company</b>	<b>RM</b>	<b>RM</b>
Profit before taxation	<u><b>762,813</b></u>	<u>4,693,143</u>
Taxation at Malaysian statutory tax rate of 25% (2009 : 25%)	<b>190,703</b>	1,173,286
Effects of tax exempted foreign income	<b>(87,640)</b>	(91,000)
Effects of expenses not deductible for tax purposes	<b>559,937</b>	84,714
Effects of income not subject to tax	-	(485,000)
Underprovision of deferred tax in prior year	<b>1,000</b>	53,000
Overprovision of tax expense in prior years	<b>(295,601)</b>	(78,931)
Tax expense for the year	<u><b>368,399</b></u>	<u>656,069</u>

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**8. EARNINGS/(LOSS) PER SHARE**

**(a) Basic**

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) for the year by the number of ordinary shares in issue during the financial year.

	<b>2010</b>	<b>Group</b>
	<b>RM</b>	<b>2009</b>
		<b>RM</b>
Profit/(loss) for the year	<b>8,510,369</b>	(5,039,442)
Number of ordinary shares	<b>60,191,550</b>	60,191,550
Earnings/(loss) per share (Sen)	<b>14.1</b>	(8.4)

**(b) Diluted**

Diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there is no dilutive potential ordinary shares outstanding as at 30 June 2010.

**9. PROPERTY, PLANT AND EQUIPMENT**

	At Valuation	← At Cost →			Total
	Freehold estate RM	Buildings RM	Plant and machinery RM	*Other assets RM	
<b>2010</b>					
<b>Group and Company</b>					
<b>Cost/Valuation</b>					
At 1 July 2009	73,663,921	598,986	98,098	706,560	75,067,565
Additions	-	-	106,751	11,779	118,530
Written off	-	-	-	(4,600)	(4,600)
Revaluation deficit	(114,621)	-	-	-	(114,621)
At 30 June 2010	73,549,300	598,986	204,849	713,739	75,066,874
<b>Accumulated depreciation</b>					
At 1 July 2009	-	531,279	92,242	637,509	1,261,030
Charge for the year	-	8,310	11,463	63,502	83,275
Written off	-	-	-	(4,599)	(4,599)
At 30 June 2010	-	539,589	103,705	696,412	1,339,706
<b>Net carrying amount</b>					
At 30 June 2010	73,549,300	59,397	101,144	17,327	73,727,168

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**9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

	At Valuation	← At Cost →			Total RM
	Freehold estate RM	Buildings RM	Plant and machinery RM	*Other assets RM	
<b>2009</b>					
<b>Group and Company</b>					
<b>Cost/Valuation</b>					
At 1 July 2008	73,663,921	587,256	94,418	701,040	75,046,635
Addition	-	11,730	3,680	5,520	20,930
At 30 June 2009	73,663,921	598,986	98,098	706,560	75,067,565
<b>Accumulated depreciation</b>					
At 1 July 2008	-	522,969	91,344	575,681	1,189,994
Charge for the year	-	8,310	898	61,828	71,036
At 30 June 2009	-	531,279	92,242	637,509	1,261,030
<b>Net carrying amount</b>					
At 30 June 2009	73,663,921	67,707	5,856	69,051	73,806,535

\* Other assets comprise furniture and fittings, motor vehicles and tractors and computers

- (a) The freehold land was revalued at RM73,549,300 million on 1 October 2009 by Hj. Sukiman Bin Kassim, a registered valuer of Henry Burther Malaysia (Kluang) Sdn. Bhd., and also a member of Institution of Surveyors, Malaysia. The valuation was made based on comparison method by comparing the subject properties with similar properties that were either transacted recently or listed for sale within the same location or other comparable localities.
- (b) Due to the absence of historical records, no disclosure on the historical cost of the revalued freehold land was made.
- (c) Included in property, plant and equipment of the Group and of the Company are the cost of following fully depreciated assets which are still in use :

	2010 RM	2009 RM
<b>Group and Company</b>		
Buildings	515,885	515,885
Plant and machinery	90,218	90,218
Other assets	690,271	515,418
	<u>1,296,374</u>	<u>1,121,521</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**10. BIOLOGICAL ASSETS**

<b>Group and Company</b>	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Oil palm		
At beginning of year/At end of year	<u><b>336,079</b></u>	<u>336,079</u>

- (a) Biological assets comprise oil palm. The biological assets were revalued by directors in 1965.
- (b) Due to the absence of historical records, no disclosure on the historical cost of the revalued biological assets was made.

**11. INVESTMENT IN SUBSIDIARY**

	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares, at cost	<u><b>5</b></u>	<u>5</u>

Details of the subsidiary are as follows :

<b>Name of Subsidiary</b>	<b>Country of Incorporation</b>	<b>Equity Interest Held (%)</b>		<b>Principal Activities</b>
		<b>2010</b>	<b>2009</b>	
Devon Worldwide Limited	British Virgin Islands	<b>100</b>	100	Investment holding.

**12. INVESTMENT IN ASSOCIATES**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
In Malaysia :				
Quoted shares, at cost	<b>1,893,891</b>	1,893,891	1,893,891	1,893,891
Share of post-acquisition reserves	<b>228,623,103</b>	188,731,524	-	-
	<u><b>230,516,994</b></u>	<u>190,625,415</u>	<u>1,893,891</u>	<u>1,893,891</u>
Market value of quoted shares	<u><b>85,924,810</b></u>	<u>80,107,715</u>	<u>85,924,810</u>	<u>80,107,715</u>

- (a) Details of the associates are as follows :

<b>Name of Associates</b>	<b>Country of Incorporation</b>	<b>Equity Interest Held (%)</b>		<b>Principal Activities</b>
		<b>2010</b>	<b>2009</b>	
Sungei Bagan Rubber Company (Malaya) Berhad	Malaysia	<b>32</b>	32	Plantation owner and long term portfolion investor
Kuchai Development Berhad	Malaysa	<b>42</b>	42	Investment holding

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**12. INVESTMENT IN ASSOCIATES (Cont'd)**

(b) As at 30 June 2010, both the above associates hold shares of the Company as follows :

	2010		2009	
	Number of Shares	%	Number of Shares	%
Sungei Bagan Rubber (Malaya) Berhad	<b>3,600,000</b>	<b>5.98</b>	3,600,000	5.98
Kuchai Development Berhad	<b>900,000</b>	1.50	900,000	1.50

(c) The summarised financial information of the associates are as follows :

	2010	2009
<b>Share of assets and liabilities</b>	<b>RM</b>	<b>RM</b>
Current assets	<b>49,196,046</b>	55,138,218
Non-current assets	<b>183,040,869</b>	137,145,278
Current liabilities	<b>(866,853)</b>	(974,803)
Non-current liabilities	<b>(1,593,808)</b>	(1,424,089)
Net assets	<b>229,776,254</b>	189,884,604
Results		
Revenue	<b>4,848,977</b>	4,754,154
Share of profit/(loss) for the year	<b>7,472,746</b>	(5,725,010)

(d) The directors have considered the underlying value of the assets and the prospect of the associates and are of the opinion that no provision for impairment is required.

(e) The details of goodwill included within the Group's carrying amount of investment in associates are as follows :

<b>Cost/Net carrying amount</b>	2010	2009
	<b>RM</b>	<b>RM</b>
At beginning of year	<b>740,811</b>	740,952
Exchange differences	<b>(71)</b>	(141)
At end of year	<b>740,740</b>	740,811

**13. AVAILABLE-FOR-SALE INVESTMENTS**

	Group		Company	
	2010	2009	2010	2009
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Quoted -				
Shares outside Malaysia	<b>5,124,819</b>	4,477,614	<b>5,124,819</b>	4,477,614
Unquoted -				
Ordinary shares outside Malaysia	<b>18,593,150</b>	12,504,585	-	-
Redeemable preference shares outside Malaysia	<b>3,626,688</b>	3,395,247	-	-
	<b>22,219,838</b>	15,899,832	-	-
	<b>27,344,657</b>	20,377,446	<b>5,124,819</b>	4,477,614

During the financial year, dividend received from available-for-sale investment of RM483,060 (2009 : RM564,494) was reinvested.

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**14. DUE FROM SUBSIDIARY**

	<b>Company</b>	
	<b>2010</b>	2009
	<b>RM</b>	<b>RM</b>
Due from subsidiary	<b>23,764,180</b>	25,654,265
Less : Short term portion (Note 17)	<b>(7,419,187)</b>	(8,009,272)
	<b>16,344,993</b>	17,644,993

The long term portion of the amount due from subsidiary represents the Company's investment in the subsidiary. It is unsecured and interest free.

**15. DEFERRED TAX ASSET**

	<b>Group Company</b>	
	<b>2010</b>	2009
	<b>RM</b>	<b>RM</b>
At beginning of year	<b>144,000</b>	185,000
Recognised in income statement (Note 7)	<b>(17,000)</b>	(41,000)
	<b>127,000</b>	144,000

The components and movements of deferred tax asset during the financial year prior to offsetting are as follows:

	<b>Retirement Benefit Obligations RM</b>	<b>Accelerated Capital Allowances RM</b>	<b>Total RM</b>
<b>2010</b>			
At 1 July 2009	145,000	(1,000)	144,000
Recognised in income statement	(4,000)	(13,000)	(17,000)
	141,000	(14,000)	127,000
<b>2009</b>			
At 1 July 2008	176,000	9,000	185,000
Recognised in income statement	(31,000)	(10,000)	(41,000)
	145,000	(1,000)	144,000

**16. INVENTORIES**

	<b>Group Company</b>	
	<b>2010</b>	2009
	<b>RM</b>	<b>RM</b>
At cost :		
Spare parts, fertilizers and chemicals	<b>32,344</b>	36,627



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**17. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	350,278	240,615	350,278	240,615
Deposits	3,279,930	10,930	10,930	10,930
Sundry receivables	107,194	217,031	106,939	213,075
Prepayments	50,734	47,212	49,672	46,065
Due from subsidiary (Note 14)	-	-	7,419,187	8,009,272
	<u>3,788,136</u>	<u>515,788</u>	<u>7,937,006</u>	<u>8,519,957</u>

- (a) The normal trade credit term is 15 days. Other credit terms are assessed and approved on case-by-case basis.
- (b) The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.
- (c) Included in the Group's deposits is an amount of RM3,269,000 (2009: Nil) which was placed out by the subsidiary at the end of June 2010 for an investment. The investment was issued to the subsidiary on 1 July 2010.
- (d) The amounts due from associates and subsidiary are unsecured, interest free and have no fixed terms of repayment.

Other information on financial risks of other receivables are disclosed in Note 26.

**18. CASH AND BANK BALANCES**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Cash on hand and at bank	15,952,717	2,265,513	1,846,191	2,251,309
Short-term deposits with licensed banks				
- in Malaysia	18,921,844	17,012,581	18,921,844	17,012,581
- outside Malaysia	7,740,109	27,733,776	-	-
Cash and cash equivalents	<u>42,614,670</u>	<u>47,011,870</u>	<u>20,768,035</u>	<u>19,263,890</u>

The weighted average effective interest rates of deposits at the balance sheet date were as follows :

	Group		Company	
	2010 %	2009 %	2010 %	2009 %
In Malaysia	1.60	2.40	1.60	2.40
Outside Malaysia	0.20	0.24	-	-

The average maturity days of deposits as at the end of the financial year were as follows :

	Group		Company	
	2010 Days	2009 Days	2010 Days	2009 Days
In Malaysia	136	124	136	124
Outside Malaysia	29	26	-	-

Other information on financial risks of cash and cash equivalents are disclosed in Note 26.

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**19. TRADE AND OTHER PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables	<b>84,807</b>	117,120	<b>84,807</b>	117,120
Accruals	<b>436,564</b>	500,893	<b>404,201</b>	479,719
Sundry payables	<b>26,406</b>	16,743	<b>26,406</b>	16,743
Due to a director related company	<b>229,087</b>	239,783	<b>229,087</b>	239,783
Retirement benefits payable (Note 23)	<b>860,687</b>	860,687	<b>860,687</b>	860,687
Unclaimed dividends	<b>14,925</b>	14,925	<b>14,925</b>	14,925
	<b>1,652,476</b>	1,750,151	<b>1,620,113</b>	1,728,977

- (a) The normal credit terms granted to the Group range from 30 to 90 days.
- (b) Included in trade payables of the Group and of the Company is an amount of RM20,385 (2009 : RM43,174) due to Kluang Estate (1977) Sdn. Bhd., a company in which certain directors namely, Cecil V R Wong and Lee Chung-Shih, have interest.
- (c) The amount due to a director related company represents non-trade amount due to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest. It is unsecured, interest free and with no fixed term of repayment.
- (d) The retirement benefit represents amount payable to a former chairman, Mr Lee Thor Seng.

Further details on related party transactions are disclosed in Note 25.

Other information on financial risks of other payables are disclosed in Note 26.

**20. SHARE CAPITAL**

	<b>Number of</b>		<b>Amount</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>shares of RM1 each</b>	<b>shares of RM1 each</b>	<b>RM</b>	<b>RM</b>
Authorised :				
Ordinary shares	<b>99,900,000</b>	99,900,000	<b>99,900,000</b>	99,900,000
15% cumulative participating preference shares of RM1 each	<b>100,000</b>	100,000	<b>100,000</b>	100,000
	<b>100,000,000</b>	100,000,000	<b>100,000,000</b>	100,000,000
Issued and fully paid :				
Ordinary shares	<b>60,191,550</b>	60,191,550	<b>60,191,550</b>	60,191,550

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**21. RESERVES**

The components and movements of reserves are disclosed in the statements of changes in equity.

- (a) Capital reserve represents gain arising from disposal and/or provision in respect of investment and/or properties set aside for the purpose of future acquisition of investment and/or properties.
- (b) Share of associated companies reserves represents the Group's share of the associates other reserves.
- (c) Fair value reserve represents net gains or losses from the fair value adjustments of the available-for-sale investments at fair value.
- (d) Cultivation and replacement reserves represent reserves created for the purpose of replanting oil palm and rubber crop.
- (e) General reserve represents reserve transferred from retained profits and is distributable.

**22. DISTRIBUTABLE RESERVES**

Prior to Year of Assessment 2008, Malaysian companies adopt the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 30 June 2010 to distribute cash dividend payments to ordinary shareholders as defined under the Finance Act 2007. As at 30 June 2010, the Company has tax credit in the 108 balance of approximately RM4.84 million (2009 : RM4.99 million) and balance in the tax exempt income accounts of approximately RM7.57 million (2009 : RM7.22 million) to pay dividends amounting to approximately RM22.09 million (2009 : RM22.19 million) out of its distributable reserves. If the balance of the distributable reserves of approximately RM8.95 million were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

**23. PROVISION FOR RETIREMENT BENEFITS**

	<b>Group and Company</b>	
	<b>2010</b>	2009
	<b>RM</b>	RM
At beginning of year	<b>1,410,326</b>	1,554,840
Charged to income statements, net	<b>10,893</b>	55,486
Payment	<b>(10,500)</b>	(200,000)
	<hr/>	<hr/>
At end of year	<b>1,410,719</b>	1,410,326
Retirement benefit payable within next one year (Note 19)	<b>(860,687)</b>	(860,687)
	<hr/>	<hr/>
Retirement benefit payable after one year	<b>550,032</b>	549,639
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**24. DIVIDENDS**

	Amount		Net dividends per share	
	2010 RM	2009 RM	2010 Sen	2009 Sen
<b>First and final</b>				
1% less 25% taxation, on 60,191,550 ordinary shares, declared on 05 November 2009, paid on 22 December 2009	451,437	-	0.8	-
1% less 25% taxation, on 60,191,550 ordinary shares, declared on 03 December 2008, paid on 17 December 2008	-	451,437	-	0.8
<b>Bonus</b>				
1.5% less 25% taxation, on 60,191,550 ordinary shares, declared on 03 December 2008, paid on 17 December 2008	-	677,154	-	1.1
	<u>451,437</u>	<u>1,128,591</u>	<u>0.8</u>	<u>1.9</u>

At the forthcoming Annual General Meeting, a first and final dividend in respect of the financial year ended 30 June 2010 of 1% less 25% taxation on 60,191,550 ordinary shares, amounting to a dividend payable of RM451,437 (0.8 sen per ordinary share), will be proposed for shareholders' approval.

The financial statements for the current financial year 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 2011.

**25. SIGNIFICANT RELATED PARTY TRANSACTIONS**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Estate agency fee payable to Kluang Estates (1977) Sdn. Bhd., a company in which certain directors, Cecil V R Wong and Lee Chung-Shih, have interest	116,130	120,423	116,130	120,423
Administration and support services payable to The Nyalas Rubber Estates Limited, a company in which a director, Lee Chung-Shih, has an interest	<u>426,665</u>	<u>502,936</u>	<u>426,665</u>	<u>502,936</u>

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**26. FINANCIAL INSTRUMENTS**

(a) Financial risk management objectives and policies

The main risks arising from Group's financial instruments are interest rate, foreign exchange, liquidity and credit risks. The policies for managing each of these risks are summarised below.

(b) Interest rate risk

Cash flow interest rate is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits or occasionally, in short term commercial paper, with reputable banks.

The Group's policy is to obtain the most favourable interest rates available for its foreign currency deposits.

(c) Foreign exchange risk

It is the Group's policy not to trade in derivative contracts. The foreign exchange risks of the Group occur due to the fact that the Group has transactions denominated in foreign currencies.

The unhedged financial assets and liabilities of the Group companies that are not denominated in their functional currencies are as follows :

Functional Currency of Group Companies	2010		2009	
	Ringgit Malaysia RM	United States Dollar RM	Ringgit Malaysia RM	United States Dollar RM
Cash and bank balances				
Singapore Dollar	-	<b>19,836,250</b>	-	13,037,386
Euro	-	<b>8,604</b>	-	9,019,923
	-	<b>19,844,854</b>	-	22,057,309
Other payables				
Singapore Dollar	<b>227,498</b>	-	239,783	-

(d) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

(e) Credit risk

Credit risk is managed through the implementation of procedures including credit approvals, limits and monitoring procedures.

The carrying amount of cash and cash equivalents, trade and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk.

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**26. FINANCIAL INSTRUMENTS (Cont'd)**

(f) Fair values

Fair values is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidated sale.

The carrying amounts of the financial assets and liabilities of the Group and the Company, approximate their fair value due to the relatively short-term maturities of these balances.

**27. SEGMENT INFORMATION**

(a) Business Segment

The Group is organised into two major business segments :

(i) Plantation - cultivation of oil palm

(ii) Investments - long term portfolio investment in securities

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

	<b>Plantation</b>		<b>Investments</b>		<b>Consolidated</b>	
	<b>2010</b>	2009	<b>2010</b>	2009	<b>2010</b>	2009
	<b>RM</b>	RM	<b>RM</b>	RM	<b>RM</b>	RM
<b>REVENUE</b>						
External	<b>5,205,432</b>	5,026,934	<b>1,204,302</b>	1,738,626	<b>6,409,734</b>	6,765,560
<b>Result</b>						
Segment results	<b>2,698,095</b>	2,048,360	<b>1,182,619</b>	1,725,249	<b>3,880,714</b>	3,773,609
Unallocated corporate expenses					<b>(1,412,172)</b>	(1,534,164)
Foreign exchange loss	<b>(4,290)</b>	(9,540)	<b>(1,230,569)</b>	(1,244,416)	<b>(1,234,859)</b>	(1,253,956)
Profits from operations					<b>1,233,683</b>	985,489
Share of results of associates			<b>7,472,746</b>	(5,725,010)	<b>7,472,746</b>	(5,725,010)
Income tax expense					<b>(196,060)</b>	(299,921)
Profit/(loss) for the year					<b>8,510,369</b>	(5,039,442)
<b>Assets</b>						
Segment assets	<b>76,459,601</b>	76,941,235	<b>71,383,453</b>	65,143,110	<b>147,843,054</b>	142,084,345
Investments in equity method of associates	-	-	<b>230,516,994</b>	190,625,415	<b>230,516,994</b>	190,625,415
Unallocated corporate assets					<b>695,239</b>	512,898
Consolidated total assets					<b>379,055,287</b>	333,222,658
<b>Other information</b>						
Depreciation	<b>83,275</b>	71,036	-	-	<b>83,275</b>	71,036

**NOTES TO THE FINANCIAL STATEMENTS**  
**30 JUNE 2010**

**27. SEGMENT INFORMATION (Cont'd)**

(b) Geographical segments :

The Group' plantation activity is mainly in Malaysia whilst the investment activities are in four geographical areas of the world.

	<b>Total Revenue from</b>		<b>Segment Assets</b>	
	<b>External Customers</b>			
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>RM</b>	RM	<b>RM</b>	RM
Malaysia	<b>5,537,602</b>	5,485,672	<b>326,593,678</b>	285,092,129
Singapore	<b>350,560</b>	365,031	<b>5,124,819</b>	4,477,614
Hong Kong	<b>38,512</b>	350,363	<b>21,847,952</b>	7,753,083
Mauritius	<b>483,060</b>	564,494	<b>22,219,838</b>	15,899,832
Cayman Islands	-	-	<b>3,269,000</b>	-
	<b>6,409,734</b>	6,765,560	<b>379,055,287</b>	333,222,658

**28. COMPARATIVES**

The following comparatives have been reclassified to conform with with year's presentation :

	<b>As previously stated RM</b>	<b>Reclassified RM</b>	<b>Restated RM</b>
Property, plant and equipment	74,142,611	(336,076)	73,806,535
Biological assets	-	336,079	336,079

**KLUANG RUBBER COMPANY (MALAYA) BERHAD** <sup>(3441-K)</sup>  
(Incorporated in Malaysia)

**FIVE YEARS COMPARATIVE FIGURES**

Year ended 30 June	2006	2007	2008	2009	2010
Crop – FFB – tonnes	13,401	12,297	12,601	11,162	<b>10,775</b>
Net average price FFB – RM/tonne	285	366	655	450	<b>483</b>
Planted acreage	1,373	1,247	1,360	1,374	<b>1,374</b>
Average yield per mature acres : FFB – tonne	10	10	9	8	<b>8</b>
Profit/(Loss) before taxation and exceptional items (RM'000)	9,918	15,129	23,771	(4,739)	<b>8,706</b>
Taxation (RM'000)	351	464	1,337	300	<b>196</b>
Profit/(Loss) for the year (RM'000)	9,567	14,665	22,434	(5,039)	<b>8,510</b>
Dividend – %	1.0	1.0	2.5	1.0	<b>1.0</b>
Net cost of dividend (RM'000)	433	439	1,129	451	<b>451</b>



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

**STATEMENT OF SHAREHOLDINGS**

**As at 4 October 2010**

Authorised capital	:	RM100,000,000 divided into 99,900,000 ordinary shares and 100,000 15% cumulative participating preference shares
Issued and fully paid-up capital	:	RM60,191,550
Class of shares	:	Ordinary shares of RM1.00 each and 15% cumulative participating preference shares of RM1.00 each
Voting rights	:	One vote per RM1.00 share

**ANALYSIS OF SHAREHOLDINGS**

Number of Holders	Holdings	Number of Shares	Percentage of Holdings
15	Less than 100	653	0.00
386	100 to 1,000	334,377	0.56
738	1,001 to 10,000	3,157,620	5.25
207	10,001 to 100,000	6,736,440	11.19
48	100,001 to less than 5% of issued shares	17,698,180	29.40
3	5% and above of issued shares	32,264,280	53.60
1,397		60,191,550	100.00

**THIRTY LARGEST SHAREHOLDERS**

Name of shareholders	Number of shares	Percentage of shares
1. Malaysia Nominees (Asing) Sendirian Berhad The Nyalas Rubber Estates Ltd	20,582,700	34.20
2. HSBC Nominees (Asing) Sdn Bhd HSBC SG for Lee Rubber Company Pte Ltd	7,228,080	12.01
3. The Nyalas Rubber Estates Ltd	4,453,500	7.40
4. RHB Nominees (Tempatan) Sdn Bhd Sungei Bagan Rubber Company (Malaya) Berhad	2,400,000	3.99
5. HLG Nominee (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	1,681,740	2.79
6. Malaysia Nominees (Tempatan) Sendirian Berhad Sungei Bagan Rubber Company (Malaya) Berhad	1,200,000	1.99
7. HSBC Nominees (Asing) Sdn Bhd HSBC SG for Selat Pte Ltd	1,095,750	1.82
8. Malaysia Nominees (Tempatan) Sendirian Berhad Kuchai Development Berhad	900,000	1.50
9. HLG Nominee (Tempatan) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd	851,100	1.41
10. JF APEX Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	734,200	1.22

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

Name of shareholders	Number of shares	Percentage of shares
11. Key Development Sdn Berhad	629,000	1.04
12. HDM Nominees (Asing) Sdn Bhd Lim & Tan Securities Pte Ltd for Chong Yong Wah	539,000	0.90
13. AMSEC Nominees (Asing) Sdn Bhd AMFRASER Securities Pte Ltd for Lee Thor Seng	474,000	0.79
14. JF APEX Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	386,100	0.64
15. Yeow Teng Tak	327,000	0.54
16. Wong Mabel	300,000	0.50
17. Wong Cecil Vivian Richard	300,000	0.50
18. Yeow Wee Hong	266,000	0.44
19. HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Khoo Hye Tin	261,500	0.43
20. Chan Kim Sendirian Berhad	261,000	0.43
21. Goh Choon Kim	260,000	0.43
22. PM Nominees (Tempatan) Sdn Bhd Malpac Management Sdn Bhd for Oh Kim Hoe	249,400	0.41
23. HDM Nominees (Asing) Sdn Bhd Phillip Securities Pte Ltd for Teo Leng Teow & Sons Investments (Pte) Ltd	240,000	0.40
24. Gan Kim Hoe	226,900	0.38
25. Pang Boon Seng	225,600	0.37
26. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Kiam Hsung	225,300	0.37
27. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited	214,900	0.36
28. Chong Yean Fong	206,200	0.34
29. EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Teo Meng Hai	203,000	0.34
30. HSBC Nominees (Asing) Sdn Bhd HSBC SG for Lee Latex (Pte) Limited	180,000	0.30

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

**SUBSTANTIAL SHAREHOLDERS**

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:

Shareholders	<-----No. of Shares----->			
	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>
1. The Nyalas Rubber Estates Limited #	25,036,200	41.59	4,500,000	7.48
2. Sungei Bagan Company (Malaya) Berhad	3,600,000	5.98	-	-
3. Kuchai Development Berhad ###	900,000	1.50	3,600,000	5.98
4. Lee Thor Seng ##	474,000	0.79	29,536,200	49.07
5. Lee Chung-Shih ##	30,000	0.05	29,536,200	49.07
6. Lee Yung-Shih ##	30,000	0.05	29,536,200	49.07

Note:

# Deemed interested by virtue of its substantial indirect interest in Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

## Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

### Deemed interested by virtue of its substantial indirect interest in Sungei Bagan Company (Malaya) Berhad

**DIRECTORS' SHAREHOLDINGS**

According to the Register required to be kept under Section 134 of the Companies Act, 1965, the following are the shareholdings of the Directors in the Company:

Directors	<-----No. of Shares----->			
	<b>Direct Interest</b>	<b>%</b>	<b>Deemed Interest</b>	<b>%</b>
1. Cecil V R Wong	300,000	0.50	-	-
2. Lee Chung-Shih @	30,000	0.05	29,536,200	49.07
3. Lee Soo Hoon	-	-	-	-
4. Han Teng Juan *	-	-	-	-
5. Liew Chuan Hock	-	-	-	-
6. Huang Yuan Chiang	-	-	-	-

Note:

@ Deemed interested by virtue of his substantial indirect interest in The Nyalas Rubber Estates Limited, Sungei Bagan Company (Malaya) Berhad and Kuchai Development Berhad

\* Retired on 8 October 2010

**KLUANG RUBBER COMPANY (MALAYA) BERHAD** <sup>(3441-K)</sup>  
*(Incorporated in Malaysia)*

**LIST OF PROPERTIES**

The details of landed properties owned by the Company as at 30 June 2010 are as follows:

<u>Location</u>	<u>Description of existing use</u>	<u>Tenure</u>	<u>Land Area</u>	<u>Approximate age of building</u>	<u>Net Carrying Amount</u> RM	<u>Date of Acquisition(A)/ Revaluation(R)</u>
Lot 838, 1219 and 2723 District of Kluang, Johor	Oil palm estate	Freehold	1,598.429 acres	-	73,549,300	Not available(A)/ 1 October 2009(R)



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

**FORM OF PROXY**

I/We.....  
of.....  
being a member/members of KLUANG RUBBER COMPANY (MALAYA) BERHAD, hereby appoint  
.....  
of.....  
or failing him.....  
of.....  
as my/our proxy to vote for me/us and on my/our behalf at the Fifty-First Annual General Meeting of the Company to be held Sri Panti 2, 2nd Floor, Mutiara Johor Bahru, Jalan Dato Sulaiman, Taman Century, 80990 Johor Bahru, Johor, Malaysia on Monday, 29 November 2010 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

AGENDA	RESOLUTION	FOR	AGAINST
To receive the Audited Financial Statements for the year ended 30 June 2010 together with the Reports of the Directors and Auditors.	<b>1</b>		
To approve the payment of a First and Final Dividend.	<b>2</b>		
To approve the Directors' Fees for the financial year ending 30 June 2011.	<b>3</b>		
To re-elect Lee Chung-Shih as Director.	<b>4</b>		
To re-elect Liew Chuan Hock as Director.	<b>5</b>		
To re-appoint Cecil V R Wong as Director.	<b>6</b>		
To re-appoint Messrs Ernst & Young as Auditors.	<b>7</b>		
To authorise the allotment of shares pursuant to Section 132D.	<b>8</b>		
To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Kluang Estate (1977) Sdn Bhd.	<b>9</b>		
To approve the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with The Nyalas Rubber Estates Limited.	<b>10</b>		
To approve the amendments to the Articles of Association.	<b>11</b>		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this.....day..... 2010.

<b>NO. OF SHARES HELD</b>

.....  
Signature of Member(s)

**NOTES:**

- a. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and if he is not a Member of the Company, Section 149 of the Companies Act, 1965 shall not be applicable.
- b. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
- c. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be presented by each proxy.
- d. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- e. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or attorney.
- f. The instrument appointing the proxy must be deposited at the Company's Registered Office situated at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the Meeting and any adjournment thereof.



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**Affix  
Stamp  
Here**

The Secretary  
**KLUANG RUBBER COMPANY (MALAYA) BERHAD**  
(Company No: 3441-K)  
Suite 6.1A, Level 6,  
Menara Pelangi, Jalan Kuning, Taman Pelangi,  
80400 Johor Bahru, Johor.

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