

**KUALA LUMPUR KEPONG BERHAD**  
**(15043-V)**  
**(Incorporated in Malaysia)**

**Condensed Consolidated Income Statement**  
**For the first quarter ended 31 December 2007**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Revenue	1,779,511	1,171,987	1,779,511	1,171,987
Operating expenses	(1,447,038)	(983,288)	(1,447,038)	(983,288)
Other operating income	48,596	7,706	48,596	7,706
Finance costs	(15,559)	(5,679)	(15,559)	(5,679)
Share of results of associates	7,106	3,497	7,106	3,497
Profit before taxation	372,616	194,223	372,616	194,223
Tax expense	(69,248)	(38,358)	(69,248)	(38,358)
Net profit for the period	<u>303,368</u>	<u>155,865</u>	<u>303,368</u>	<u>155,865</u>
Attributable to :-				
Equity holders of the Company	291,136	156,112	291,136	156,112
Minority interests	12,232	(247)	12,232	(247)
	<u>303,368</u>	<u>155,865</u>	<u>303,368</u>	<u>155,865</u>
	Sen	Sen	Sen	Sen
Earnings per share - Basic	<u>27.34</u>	<u>14.66</u>	<u>27.34</u>	<u>14.66</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not applicable

*The Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Report for the year ended 30 September 2007.*

**KUALA LUMPUR KEPONG BERHAD**  
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**Condensed Consolidated Balance Sheet**  
**As at 31 December 2007**

(The figures have not been audited.)

	31 December 2007	30 September 2007
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	2,087,844	2,093,208
Investment properties	5,175	5,188
Prepaid lease payments	283,553	242,809
Biological assets	1,216,381	1,189,512
Land held for property development	194,738	194,735
Goodwill on consolidation	276,871	264,698
Intangible assets	43,154	44,789
Investments in associates	175,893	172,455
Other investments	438,824	438,705
Deferred tax assets	9,678	11,634
<b>Total non-current assets</b>	<b>4,732,111</b>	<b>4,657,733</b>
Inventories	1,076,676	982,655
Biological assets	1,446	3,227
Trade and other receivables	856,433	837,042
Tax recoverable	9,974	15,032
Property development costs	14,605	11,969
Cash and cash equivalents	820,471	495,634
<b>Total current assets</b>	<b>2,779,605</b>	<b>2,345,559</b>
<b>Total assets</b>	<b>7,511,716</b>	<b>7,003,292</b>
<b>Equity</b>		
Share capital	1,067,505	1,067,505
Reserves	4,088,151	3,864,995
	5,155,656	4,932,500
Less: Cost of treasury shares	(13,447)	(13,447)
<b>Total equity attributable to equity holders of the Company</b>	<b>5,142,209</b>	<b>4,919,053</b>
Minority interests	183,912	176,159
<b>Total equity</b>	<b>5,326,121</b>	<b>5,095,212</b>
<b>Liabilities</b>		
Deferred tax liabilities	187,385	195,218
Provision for retirement benefits	32,775	32,951
Borrowings	886,333	566,893
<b>Total non-current liabilities</b>	<b>1,106,493</b>	<b>795,062</b>
Trade and other payables	594,045	563,777
Borrowings	422,023	493,919
Tax payable	63,034	55,322
<b>Total current liabilities</b>	<b>1,079,102</b>	<b>1,113,018</b>
<b>Total liabilities</b>	<b>2,185,595</b>	<b>1,908,080</b>
<b>Total equity and liabilities</b>	<b>7,511,716</b>	<b>7,003,292</b>
Net assets per share attributable to equity holders of the Company (RM)	4.83	4.62

*The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 September 2007.*

**KUALA LUMPUR KEPONG BERHAD**  
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**Condensed Consolidated Statement of Changes in Equity**  
**For the first quarter ended 31 December 2007**  
(The figures have not been audited.)

	← Attributable to the equity holders of the Company →									
	Share capital	Capital reserve	Revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Retained earnings	Treasury shares	Total	Minority Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2007	1,067,505	876,144	49,655	29,714	141,309	2,768,173	(13,447)	4,919,053	176,159	5,095,212
Net (loss)/gain not recognised in the income statement	-	(35)	104	(1)	(68,510)	462	-	(67,980)	(4,479)	(72,459)
Net profit for the period	-	-	-	-	-	291,136	-	291,136	12,232	303,368
At 31 December 2007	<u>1,067,505</u>	<u>876,109</u>	<u>49,759</u>	<u>29,713</u>	<u>72,799</u>	<u>3,059,771</u>	<u>(13,447)</u>	<u>5,142,209</u>	<u>183,912</u>	<u>5,326,121</u>
At 1 October 2006	712,516	1,231,792	47,772	26,517	185,116	2,363,130	(13,447)	4,553,396	168,795	4,722,191
Net gain/(loss) not recognised in the income statement	-	424	-	(2)	(29,976)	(651)	-	(30,205)	(468)	(30,673)
Net profit for the period	-	-	-	-	-	156,112	-	156,112	(247)	155,865
At 31 December 2006	<u>712,516</u>	<u>1,232,216</u>	<u>47,772</u>	<u>26,515</u>	<u>155,140</u>	<u>2,518,591</u>	<u>(13,447)</u>	<u>4,679,303</u>	<u>168,080</u>	<u>4,847,383</u>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2007.*

**KUALA LUMPUR KEPONG BERHAD**  
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**Condensed Consolidated Cash Flow Statement**  
**For the first quarter ended 31 December 2007**  
(The figures have not been audited.)

	3 months ended	
	31 December	
	2007	2006
	RM'000	RM'000
<b>Cash flow from operating activities</b>		
Profit before taxation	372,616	194,223
Adjustment for non-cash flow :-		
Non-cash items	36,924	35,256
Non-operating items	8,628	252
Operating profit before working capital changes	418,168	229,731
Working capital changes :-		
Net change in current assets	(159,412)	17,702
Net change in current liabilities	(1,839)	(18,469)
Cash generated from operations	256,917	228,964
Interest paid	(17,266)	(5,345)
Tax paid	(72,232)	(28,884)
Retirement benefit paid	(278)	(315)
Net cash generated from operating activities	<u>167,141</u>	<u>194,420</u>
<b>Cash flow from investing activities</b>		
Equity investments	(34,310)	1,298
Other investments	(57,267)	(87,295)
Net cash used in investing activities	<u>(91,577)</u>	<u>(85,997)</u>
<b>Cash flow from financing activities</b>		
Bank borrowings	259,951	8,969
Issue of shares to minority shareholder	-	1,061
Return of capital to minority shareholders	(6,721)	-
Net cash generated from financing activities	<u>253,230</u>	<u>10,030</u>
Net increase in cash and cash equivalents	328,794	118,453
Cash and cash equivalents at 1 October	472,323	440,702
	801,117	559,155
Foreign exchange difference on opening balance	(6,877)	1,048
Cash and cash equivalents at 31 December	<u>794,240</u>	<u>560,203</u>

*The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 September 2007.*

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**Notes to Interim Financial Report**

A Explanatory Notes as required by FRS 134

A1. Accounting Policies

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134 *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 30 September 2007, except for the adoption of the following FRSs, Amendments to FRS and Issue Committee ("IC") Interpretations which became effective for financial periods beginning on or after 1 July 2007:-

Amendment to FRS 121 *The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation*

IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*

IC Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

IC Interpretation 6 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*

IC Interpretation 7 *Applying the Restatement Approach under FRS 129<sub>2004</sub> Financial Reporting in Hyperinflationary Economies*

IC Interpretation 8 *Scope of FRS 2*

FRS 107 *Cash Flow Statements*

FRS 111 *Construction Contracts*

FRS 112 *Income Taxes*

FRS 118 *Revenue*

FRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*

FRS 134 *Interim Financial Reporting*

FRS 137 *Provisions, Contingent Liabilities and Contingent Assets*

The adoption of the above FRSs, Amendments to FRS and IC Interpretations does not have any significant financial impact on the Group.

A2. Seasonal and Cyclical Factors

The Group's plantation operations are affected by seasonal crop production, weather conditions and fluctuating commodity prices. The business of its retailing sector is subject to seasonal sales.

A3. Unusual Items

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

A4. Changes in Estimates

There were no significant changes in the amount of estimates reported in prior interim periods or prior financial years that have a material effect in the current interim period.

A5. Issuance or Repayment of Debts and Equity Securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares or resale of treasury shares for the current financial year to-date.

A6. Dividends Paid

There were no dividends paid during the financial quarter ended 31 December 2007 (31 December 2006 : Nil).

A7. Segment Information

Segment information is presented in respect of the Group's business segments. Inter-segment pricing is determined based on current market prices.

	3 months ended 31 December			
	Revenue		Profit before tax	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Plantation	800,293	496,643	252,325	123,906
Manufacturing	760,067	352,481	38,124	3,765
Retailing	310,200	322,914	55,367	58,508
Property development	4,960	12,636	1,686	2,750
Investment holding	9,514	7,491	6,931	5,427
Others	13,947	10,267	1,176	(54)
	<u>1,898,981</u>	<u>1,202,432</u>	<u>355,609</u>	<u>194,302</u>
Inter-segment elimination	<u>(119,470)</u>	<u>(30,445)</u>	-	-
	<u>1,779,511</u>	<u>1,171,987</u>	<u>355,609</u>	<u>194,302</u>
Corporate			<u>25,460</u>	<u>2,103</u>
			<u>381,069</u>	<u>196,405</u>
Finance costs			(15,559)	(5,679)
Share of results of associates			7,106	3,497
			<u>372,616</u>	<u>194,223</u>

- A8. Events subsequent to Balance Sheet Date  
In the interval between the end of the reporting period and the date of this report, no material events have arisen which have not been reflected in the interim financial statements.
- A9. Changes in the Composition of the Group  
On 6 December 2007, the Company acquired a shelf company namely, Draw Fields Sdn Bhd, which has an issued and paid-up share capital of RM2 and is currently non-operational.
- A10. Changes in Contingent Liabilities and Contingent Assets  
There were no contingent liabilities or contingent assets since the last annual balance sheet date.

B Explanatory Notes as required by the BMSB Revised Listing Requirements

- B1. Review of Performance  
The Group's profit before taxation for the current quarter under review increased 91.8% to RM372.6 million compared to last year's same quarter. Improved plantation profits, achieved through strong palm product prices and higher FFB crop, contributed the bulk of the increase in pre-tax profit. The manufacturing section had also registered better results.
- B2. Variation of Results to Preceding Quarter  
The 1<sup>st</sup> quarter's pre-tax profit of the Group rose 13.9% to RM372.6 million from that of the preceding quarter. Owing to high seasonal sales period, retailing sector recorded increased contribution. Performance from manufacturing sector had also improved.
- B3. Current Year Prospects  
In view of the prevailing strong commodity prices and anticipated higher contributions from the manufacturing sector, the Directors are of the opinion that the Group's profit for the current financial year would be substantially better than that of the previous year.
- B4. Profit Forecast and Profit Guarantee  
The Group did not issue any profit forecast or profit guarantee during the current financial year to-date.

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	58,127	31,030	58,127	31,030
Overseas taxation	28,886	11,648	28,886	11,648
	87,013	42,678	87,013	42,678
Deferred tax				
Relating to origination and reversal of temporary differences	(7,402)	296	(7,402)	296
Relating to reduction in tax rate	(10,579)	(4,823)	(10,579)	(4,823)
	(17,981)	(4,527)	(17,981)	(4,527)
	69,032	38,151	69,032	38,151
(Over)/Under provision in respect of previous years				
Malaysian taxation	(39)	(1)	(39)	(1)
Overseas taxation	255	208	255	208
	216	207	216	207
	69,248	38,358	69,248	38,358

The effective tax rate for the current quarter is lower than the statutory tax rate largely due to recognition of deferred tax assets not taken up previously, tax incentives claimed by the Company and certain subsidiaries and adjustments for the reduction in tax rates on deferred taxation.

B6. Sale of Unquoted Investments and Properties

(a) There were no material disposals of unquoted investments during the financial year ended 31 December 2007 (31 December 2006 : Nil).

(b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Surplus on sale of property	7,665	-	7,665	-

B7. Quoted Securities

(a) Purchases and sales of quoted securities other than securities in existing subsidiaries for the current quarter and financial year to-date :-



	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Purchases of quoted securities	<u>5,478</u>	<u>10,727</u>	<u>5,478</u>	<u>10,727</u>
Sales proceeds of quoted securities	<u>6,453</u>	<u>4,610</u>	<u>6,453</u>	<u>4,610</u>
Surplus on sales of quoted securities	<u>2,064</u>	<u>2,763</u>	<u>2,064</u>	<u>2,763</u>

(b) Investments in quoted securities other than securities in existing subsidiaries as at end of the reporting period were as follows :-

	31 December 2007	30 September 2007
	RM'000	RM'000
At cost		
Associate	36,732	37,466
Other investments	<u>438,141</u>	<u>438,001</u>
	<u>474,873</u>	<u>475,467</u>
At carrying value less allowance		
Associate	27,472	28,045
Other investments	<u>438,126</u>	<u>437,984</u>
	<u>465,598</u>	<u>466,029</u>
At market value		
Associate	26,721	28,126
Other investments	<u>546,603</u>	<u>634,490</u>
	<u>573,324</u>	<u>662,616</u>

B8. Status of Corporate Proposals Announced  
There were no corporate proposals announced.

B9. Group Borrowings

As at the end of the reporting period, the Group's borrowings were as follows :-

	31 December 2007		30 September 2007	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months :-				
(i) Term Loans				
- Secured	742	GBP112	781	GBP112
	-		79	CAD23
	-		2,209	HKD5,040
	5,908	Rmb13,000	5,907	Rmb13,000
	<u>6,650</u>		<u>8,976</u>	
- Unsecured	73,750	USD22,240	118,525	USD34,740
	24,711	GBP3,732	56,727	GBP8,132
	-		4,501	HKD10,268
	-		5,297	AUD1,750
	43,178	Rmb95,000	43,168	Rmb95,000
	<u>141,639</u>		<u>228,218</u>	
	<u>148,289</u>		<u>237,194</u>	
(ii) Bank Overdraft				
- Secured	-		1,465	HKD3,342
- Unsecured	11,018	USD3,324	9,843	USD2,889
	4,688	GBP708	8,249	GBP1,183
	3,656	HKD8,605	3,754	HKD8,565
	6,869		-	
	<u>26,231</u>		<u>21,846</u>	
	<u>26,231</u>		<u>23,311</u>	
(iii) Short Term Borrowings				
- Secured	17,670	CHF6,000	17,570	CHF6,000
	10,335	Euro2,116	5,686	Euro1,169
	<u>28,005</u>		<u>23,256</u>	
- Unsecured	14,906	USD4,500	19,803	USD5,793
	204,592		190,355	
	<u>219,498</u>		<u>210,158</u>	
	<u>247,503</u>		<u>233,414</u>	
Total repayable within 12 months	<u>422,023</u>		<u>493,919</u>	

	31 December 2007		30 September 2007	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(b) Repayable after 12 months :-				
Term Loans				
- Secured	-		195	GBP28
- Unsecured	251,575	USD75,850	266,698	USD78,235
	134,758		-	
	386,333		266,698	
	386,333		266,893	
Islamic Medium Term Notes				
- Unsecured	500,000		300,000	
Total repayable after 12 months	886,333		566,893	

B10. Financial Instruments with Off Balance Sheet Risk

The forward exchange contracts entered into by the Group as at 13 February 2008 (being a date not earlier than 7 days from the date of this report) were as follows :-

	Currency	Contract Amount Million	Equivalent Amount RM million	Mature within One Year RM million	In the Second Year RM million
(a) Sale contracts	GBP	9.2	61.8	61.8	-
	AUD	1.3	3.9	3.9	-
	NZD	1.1	2.8	2.8	-
	EURO	14.9	70.2	70.2	-
	USD	326.6	1,083.7	1,083.7	-
	YEN	45.8	1.4	1.4	-
(b) Purchase contracts	GBP	2.8	17.8	17.8	-
	EURO	0.2	0.9	0.9	-
	USD	7.1	23.0	21.4	1.6

The contracts were entered into by the Group as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments.

The transactions in foreign currencies which are hedged by forward foreign exchange contracts are recorded in the book at the contracted rates. Any gains or losses arising from forward contracts are recognised in the Income Statement upon maturity.

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

## B11. Material Litigation

- (a) *KL High Court Suit No. D4-22-1805-2004 ("the 1st Suit") between Glamour Green Sdn Bhd ("GGSB") vs. the Company, its wholly-owned subsidiary, Ablington Holdings Sdn Bhd ("AHSB") and AmBank (M) Berhad ("AmBank") (collectively, "the Defendants"); And  
Federal Court Civil Appeal no. 02-16-2007(w) by the Company/AHSB  
Federal Court Civil Appeal no. 02-17-2007(w) by AmBank  
(collectively referred to as the "Federal Court Appeals")*

The High Court on 3 April 2006 ruled in favour of the Defendants. Inter alia, the ruling lifted the injunction which restrained AHSB from completing the acquisition of 35 million Ladang Perbadanan Fima Berhad ("LPF") shares and from making a mandatory general offer for the remaining LPF shares not already owned by AHSB ("the MGO").

However, GGSB appealed to the Court of Appeal against the decision of the High Court. The Court of Appeal allowed GGSB's appeal and gave GGSB up to 30 June 2006 to redeem the LPF shares by payment of RM99.5million to AmBank. The Defendants filed an application for leave to appeal to the Federal Court against the Court of Appeal's decision. The leave application was heard by the Federal Court on 25 April 2007 and was unanimously allowed.

KLK/AHSB's appeal against the whole of the Court of Appeal decision, was fixed for hearing before the Federal Court on 4 February 2008. However, this date was vacated the week before the hearing with no reasons given. We have written in for another date to hear the Federal Court Appeals.

- (b) *KL High Court Suit No. D2-22-1033-2006, ("GGSB's 2<sup>nd</sup> Suit") between Glamour Green Sdn Bhd ("GGSB") vs. the Company, its wholly-owned subsidiary, Ablington Holdings Sdn Bhd ("AHSB"), AmBank (M) Berhad and AmSec Nominees Sdn Bhd ("AmBank") (collectively, "the Defendants")*

Meanwhile, GGSB failed to redeem the AmBank loan by 30 June 2006 and its application to obtain an extension of time to redeem the AmBank loan was also dismissed by the Federal Court. As such, AmBank took the relevant steps to sell the 35 million LPF shares to AHSB on 20 July 2006. Pursuant to the said sale, the Company and AHSB served a notice of MGO on LPF. However, GGSB managed to obtain another ex-parte interim injunction to restrain the sale and the MGO on 24 July 2006 from the High Court pursuant to a new suit i.e. GGSB's 2<sup>nd</sup> Suit.

The Company and AHSB have applied to set aside the ex-parte injunction and to strike out GGSB's 2<sup>nd</sup> Suit, and these applications are fixed for hearing on 22 May 2008 and 3 March 2008 respectively.

## B12. Dividend

- (a) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2007 (31 December 2006 : Nil).
- (b) The total dividend for the current financial year is Nil (2006 : Nil).

### B13. Earnings Per Share

#### *Basic earnings per share*

The earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of shares of the Company in issue during the period. Comparative earnings per share has been retrospectively adjusted for the effect of the 1 for 2 Bonus Issue.

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2007	2006	2007	2006
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>291,136</u>	<u>156,112</u>	<u>291,136</u>	<u>156,112</u>
(b) Weighted average number of shares	<u>1,064,965,692</u>	<u>1,064,965,692</u>	<u>1,064,965,692</u>	<u>1,064,965,692</u>
(c) Earnings per share (sen)	<u>27.34</u>	<u>14.66</u>	<u>27.34</u>	<u>14.66</u>

### B14. Audit Report

The audit report for the financial year ended 30 September 2007 was not subject to any qualifications.

By Order of the Board  
J. C. LIM  
FAN CHEE KUM  
Company Secretaries

20 February 2008