



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report
For the third quarter ended 30 June 2010**



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Income Statement For the third quarter ended 30 June 2010

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	1,826,968	1,537,292	5,475,985	4,858,734
Operating expenses	(1,532,907)	(1,287,894)	(4,592,690)	(4,344,805)
Other operating income	29,134	1,757	81,583	57,974
Finance costs	(14,115)	(16,662)	(43,129)	(52,525)
Share of results of associates	11,531	4,848	27,796	25,165
Profit before taxation	320,611	239,341	949,545	544,543
Tax expense	(64,324)	(40,044)	(209,437)	(159,116)
Net profit for the period	<u>256,287</u>	<u>199,297</u>	<u>740,108</u>	<u>385,427</u>
Attributable to:-				
Equity holders of the Company	243,541	190,244	701,295	368,770
Minority interests	12,746	9,053	38,813	16,657
	<u>256,287</u>	<u>199,297</u>	<u>740,108</u>	<u>385,427</u>
	Sen	Sen	Sen	Sen
Earnings per share - Basic	<u>22.87</u>	<u>17.86</u>	<u>65.85</u>	<u>34.63</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 2009.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Balance Sheet**As at 30 June 2010**

(The figures have not been audited.)

	30 June 2010	30 September 2009
	RM'000	RM'000
Assets		
Property, plant and equipment	2,426,393	2,487,800
Investment properties	4,473	5,086
Prepaid lease payments	357,986	357,441
Biological assets	1,686,649	1,575,878
Land held for property development	223,544	195,790
Goodwill on consolidation	286,617	296,950
Intangible assets	26,164	31,577
Investments in associates	199,355	210,379
Other investments	275,965	244,452
Deferred tax assets	12,912	9,833
Total non-current assets	<u>5,500,058</u>	<u>5,415,186</u>
Inventories	1,042,920	882,050
Biological assets	2,075	4,260
Trade and other receivables	980,232	929,186
Tax recoverable	15,431	19,302
Property development costs	13,660	18,735
Assets held for sale	12,845	43,131
Cash and cash equivalents	1,320,007	1,292,481
Total current assets	<u>3,387,170</u>	<u>3,189,145</u>
Total assets	<u>8,887,228</u>	<u>8,604,331</u>
Equity		
Share capital	1,067,505	1,067,505
Reserves	4,703,547	4,579,951
	<u>5,771,052</u>	<u>5,647,456</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	5,757,605	5,634,009
Minority interests	319,139	308,760
Total equity	<u>6,076,744</u>	<u>5,942,769</u>
Liabilities		
Deferred tax liabilities	249,050	251,072
Provision for retirement benefits	41,708	44,165
Borrowings	1,106,289	1,122,726
Total non-current liabilities	<u>1,397,047</u>	<u>1,417,963</u>
Trade and other payables	701,128	573,662
Borrowings	480,245	627,427
Tax payable	72,319	42,510
Dividend payable	159,745	-
Total current liabilities	<u>1,413,437</u>	<u>1,243,599</u>
Total liabilities	<u>2,810,484</u>	<u>2,661,562</u>
Total equity and liabilities	<u>8,887,228</u>	<u>8,604,331</u>
Net assets per share attributable to equity holders of the Company (RM)	5.41	5.29

The Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Report for the year ended 30 September 2009.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity For the third quarter ended 30 June 2010

(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 2009	1,067,505	880,131	81,121	27,715	194,242	3,396,742	(13,447)	5,634,009	308,760	5,942,769
Net gain/(loss) not recognised in the income statement	-	1,609	-	(2)	(98,258)	(1,814)	-	(98,465)	(10,498)	(108,963)
Net profit for the period	-	-	-	-	-	701,295	-	701,295	38,813	740,108
Dividend paid	-	-	-	-	-	(319,489)	-	(319,489)	-	(319,489)
Dividend payable	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(17,936)	(17,936)
At 30 June 2010	<u>1,067,505</u>	<u>881,740</u>	<u>81,121</u>	<u>27,713</u>	<u>95,984</u>	<u>3,616,989</u>	<u>(13,447)</u>	<u>5,757,605</u>	<u>319,139</u>	<u>6,076,744</u>
At 1 October 2008	1,067,505	875,952	49,759	27,714	151,628	3,377,983	(13,447)	5,537,094	202,913	5,740,007
Net gain/(loss) not recognised in the income statement	-	36	-	1	(18,300)	(164)	-	(18,427)	68,914	50,487
Net profit for the period	-	-	-	-	-	368,770	-	368,770	16,657	385,427
Dividend paid	-	-	-	-	-	(465,922)	-	(465,922)	-	(465,922)
Dividend payable	-	-	-	-	-	(106,497)	-	(106,497)	-	(106,497)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(16,956)	(16,956)
At 30 June 2009	<u>1,067,505</u>	<u>875,988</u>	<u>49,759</u>	<u>27,715</u>	<u>133,328</u>	<u>3,174,170</u>	<u>(13,447)</u>	<u>5,315,018</u>	<u>271,528</u>	<u>5,586,546</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 2009.

**KUALA LUMPUR KEPONG BERHAD**

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**Condensed Consolidated Cash Flow Statement
For the third quarter ended 30 June 2010**

(The figures have not been audited.)

	9 months ended	
	30 June	
	2010	2009
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	949,545	544,543
Adjustment for non-cash flow:-		
Non-cash items	112,037	201,107
Non-operating items	15,717	24,626
Operating profit before working capital changes	1,077,299	770,276
Working capital changes:-		
Net change in current assets	(237,158)	400,460
Net change in current liabilities	108,884	(76,727)
Cash generated from operations	949,025	1,094,009
Interest paid	(46,596)	(56,701)
Tax paid	(177,222)	(270,155)
Retirement benefits paid	(5,380)	(1,268)
Net cash generated from operating activities	<u>719,827</u>	<u>765,885</u>
Cash Flows from Investing Activities		
Equity investments	29,982	81,901
Other investments	(243,262)	(244,055)
Net cash used in investing activities	<u>(213,280)</u>	<u>(162,154)</u>
Cash Flows from Financing Activities		
Bank borrowings	(138,836)	86,608
Dividend paid to shareholders of the Company	(319,489)	(465,922)
Dividends paid to minority shareholders	(17,936)	(16,956)
Issue of shares to minority shareholders	-	15,000
Redemption of redeemable preference shares from minority shareholders	(3,000)	-
Net cash used in financing activities	<u>(479,261)</u>	<u>(381,270)</u>
Net increase in cash and cash equivalents	27,286	222,461
Cash and cash equivalents at 1 October	1,274,677	1,132,962
	1,301,963	1,355,423
Foreign exchange difference on opening balance	(7,894)	(1,358)
Cash and cash equivalents at 30 June	<u>1,294,069</u>	<u>1,354,065</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 30 September 2009.



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 ("BMSB").

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 2009 except for the adoption of FRS 8 *Operating Segments* which became effective from annual period beginning 1 October 2009.

The adoption of FRS 8 does not have any significant impact on the Group's financial statements.

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

	9 months ended 30 June	
	2010	2009
	RM'000	RM'000
Dividend proposed in Year 2009, paid in Year 2010:-		
Final 30 sen per share single tier	319,489	-
(2009 : 45 sen gross per share less 25% income tax; and	-	359,426
10 sen per share tax exempt)	-	106,496
	<u>319,489</u>	<u>465,922</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2009: 1,064,965,692).

A7. Segment Information

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.



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Notes to Interim Financial Report

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(a) Segment revenue and results

	Plantations	Manufacturing	Retailing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 30 June 2010							
Revenue							
External revenue	2,682,114	2,243,005	485,957	18,978	45,931	-	5,475,985
Inter-segment revenue	172,581	12,613	-	-	22,646	(207,840)	-
Total revenue	<u>2,854,695</u>	<u>2,255,618</u>	<u>485,957</u>	<u>18,978</u>	<u>68,577</u>	<u>(207,840)</u>	<u>5,475,985</u>
Results							
Operating results	765,774	111,922	37,373	3,815	31,809	-	950,693
Finance costs	(474)	(11,755)	(645)	-	(30,255)	-	(43,129)
Share of results of associates	9,052	17,867	-	1,269	(392)	-	27,796
Segment results	<u>774,352</u>	<u>118,034</u>	<u>36,728</u>	<u>5,084</u>	<u>1,162</u>	-	<u>935,360</u>
Corporate income							<u>14,185</u>
Profit before taxation							<u>949,545</u>
9 months ended 30 June 2009							
Revenue							
External revenue	2,427,797	1,876,886	482,936	24,511	46,604	-	4,858,734
Inter-segment revenue	170,089	10,102	50	-	19,991	(200,232)	-
Total revenue	<u>2,597,886</u>	<u>1,886,988</u>	<u>482,986</u>	<u>24,511</u>	<u>66,595</u>	<u>(200,232)</u>	<u>4,858,734</u>
Results (restated)							
Operating results	663,123	(16,910)	(36,973)	6,438	30,501	-	646,179
Finance costs	(927)	(17,268)	(2,510)	-	(31,820)	-	(52,525)
Share of results of associates	11,721	12,214	-	1,230	-	-	25,165
Segment results	<u>673,917</u>	<u>(21,964)</u>	<u>(39,483)</u>	<u>7,668</u>	<u>(1,319)</u>	-	<u>618,819</u>
Corporate expense							<u>(74,276)</u>
Profit before taxation							<u>544,543</u>

(b) Segment assets

	Plantations	Manufacturing	Retailing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2010						
Operating assets	3,742,863	2,801,975	388,259	354,116	1,372,317	8,659,530
Associates	52,153	115,075	-	18,715	13,412	199,355
Segment assets	<u>3,795,016</u>	<u>2,917,050</u>	<u>388,259</u>	<u>372,831</u>	<u>1,385,729</u>	<u>8,858,885</u>
Tax assets						<u>28,343</u>
Total assets						<u>8,887,228</u>
As at 30 September 2009						
Operating assets	3,744,372	2,591,601	350,142	352,882	1,325,820	8,364,817
Associates	48,651	121,993	-	24,946	14,789	210,379
Segment assets	<u>3,793,023</u>	<u>2,713,594</u>	<u>350,142</u>	<u>377,828</u>	<u>1,340,609</u>	<u>8,575,196</u>
Tax assets						<u>29,135</u>
Total assets						<u>8,604,331</u>



Notes to Interim Financial Report

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A8. Events Subsequent to Balance Sheet Date

- (a) The proposed acquisition of the entire interest in Uniqema GmbH & Co. KG ("UG") by KLK Emmerich GmbH (formerly known as Rheinsee 311.V V GmbH) was completed on 1 July 2010. UG is now a wholly-owned subsidiary of the Group.
- (b) The following wholly-owned subsidiaries of the Company will be wound up by way of a members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:-
- (i) Masawit Plantation Sdn Bhd
 - (ii) Sunshine Plantation Sdn Bhd
 - (iii) Parit Perak Plantations Sdn Bhd
 - (iv) Pinji Horticulture Sdn Bhd

These subsidiaries have been dormant upon the completion of a Group internal restructuring exercise.

The aforesaid members' voluntary winding-up will not have any effect on the share capital and shareholding structure of the Company nor have any material operational and financial impact on the net assets, earning and gearing of the Group for the financial year ending 30 September 2010.

A9. Changes in the Composition of the Group

KLK (Mauritius) International Ltd and Verdant Plantations Ltd, both Mauritius incorporated wholly-owned subsidiaries of the Company will be wound up by way of a members' voluntary winding-up in accordance with The Insolvency Act 2009 of Mauritius.

These subsidiaries have been dormant upon the completion of a Group internal restructuring exercise.

The aforesaid members' voluntary winding-up will not have any effect on the share capital and shareholding structure of the Company nor have any material operational and financial impact on the net assets, earning and gearing of the Group for the financial year ending 30 September 2010.

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

3rd Quarter FY2010 vs 3rd Quarter FY2009

The Group's 3rd quarter pre-tax profit climbed 34.0% to RM320.6 million compared to the preceding year's same quarter. Plantations profit improved 42.6% to RM262.7 million which benefitted from higher commodity prices with ex-mill price of CPO at RM2,562/mt (3QFY2009: RM2,330/mt) and price of all grades of rubber (net of cess) at RM10.97/kg (3QFY2009: RM6.57/kg). Manufacturing sector posted a profit of RM56.8 million (3QFY2009: loss RM18.0 million) boosted by the improved performance from oleochemical division. Retailing sector achieved a profit of RM4.5 million (3QFY2009: loss RM28.6 million).

However, there was a smaller write-back on the allowance for diminution in value of investment of RM1.9 million (3QFY2009: RM102.0 million).

Todate 3rd Quarter FY2010 vs Todate 3rd Quarter FY2009

The Group recorded a sharp rise of 74.4% in the 9 months profit before taxation to RM949.5 million compared to the same period last year. The Group's stronger performance for the period under review came from the following:-

- (i) Plantations profit rose 14.9% to RM774.4 million on the back of improved commodity prices and higher FFB and rubber crop production. The average selling price (ex-mill) of CPO had edged up to RM2,390/mt (Todate 3QFY2009: RM2,267/mt) and that of all grades of rubber (net of cess) was higher at RM9.37/kg (Todate 3QFY2009: RM6.89/kg). However, production cost had increased which was caused by the continuing rehabilitation work in Sumatera Utara and the high cost of new fields coming into maturity in Kalimantan Timur.



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Notes to Interim Financial Report

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- (ii) Manufacturing sector registered a profit of RM118.0 million (Todate 3QFY2009: loss RM22.0 million) which was derived from higher revenue.
- (iii) Retailing sector brought in a profit of RM36.7 million (Todate 3QFY2009: loss RM39.5 million) which was largely achieved through better revenue and reduction in operating expenses.
- (iv) Write-back of RM34.4 million on the allowance for diminution in value of investment as against last year's allowance of RM61.4 million.

B2. Variation of Results to Preceding Quarter

3rd Quarter FY2010 vs 2nd Quarter FY2010

The Group's current quarter's pre-tax profit was up 7.1% to RM320.6 million compared to the previous quarter. Plantations profit was 5.3% lower at RM262.7 million which was brought about by lower contributions from refineries, rubber and associates. Oleochemical division's profit was higher at RM65.3 million (2QFY2010: profit RM47.1 million) on the back of a higher revenue. Retailing sector achieved a profit of RM4.5 million (2QFY2010: loss RM19.9 million).

B3. Current Year Prospects

For the current financial year, the Group expects its profit to be substantially higher in view of the following:-

- (i) Continuing satisfactory performance from plantations sector;
- (ii) Oleochemical division expected to deliver better returns; and
- (iii) Retailing sector showing positive results.

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		9 months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	45,065	27,744	130,919	114,337
Overseas taxation	21,955	13,782	82,735	40,668
	67,020	41,526	213,654	155,005
Deferred tax				
Relating to origination and reversal of temporary differences	(2,648)	734	(2,678)	3,419
	64,372	42,260	210,976	158,424
(Over)/Under provision in respect of previous years				
Malaysian taxation	(762)	(1,525)	(845)	(730)
Overseas taxation	714	(691)	(694)	1,422
	(48)	(2,216)	(1,539)	692
	64,324	40,044	209,437	159,116

The effective tax rates for the current quarter and financial year-to-date are lower than the statutory tax rate mainly due to tax incentives claimed by the Group and non-taxable income which largely consisted of write-back of allowance for diminution in value of investment.



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Notes to Interim Financial Report

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B6. Sale of Unquoted Investments and Properties

(a) There were no material disposals of unquoted investments during the financial period ended 30 June 2010 (30 June 2009: Nil).

(b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Surplus arising from government acquisition of land	-	2,816	-	3,978
Surplus on sale of investment property	1,228	-	1,228	-
Surplus on sale of land	1,657	-	1,657	-

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		9 months ended	
	30 June		30 June	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Purchases of quoted securities	3,926	1,526	7,763	9,184
Sales proceeds of quoted securities	5,468	25,293	10,048	42,842
Surplus on sales of quoted securities	1,639	4,145	2,291	6,601

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

	30 June	30 September
	2010	2009
	RM'000	RM'000
At cost		
Associate	37,838	37,838
Other investments	351,264	353,892
	<u>389,102</u>	<u>391,730</u>
At carrying value less allowance		
Associate	-	-
Other investments	275,264	243,476
	<u>275,264</u>	<u>243,476</u>
At market value		
Associate	18,097	14,435
Other investments	284,792	249,980
	<u>302,889</u>	<u>264,415</u>

B8. Status of Corporate Proposals Announced

The Company has proposed to issue up to USD300 million nominal value of 5-year unsecured guaranteed exchangeable bonds ("Proposed Exchangeable Bonds Issue") via KLK Capital Resources (L) Ltd, a wholly-owned subsidiary incorporated in the Federal Territory of Labuan. The Exchangeable Bonds may be exchangeable into new ordinary shares of RM1.00 each in the Company.



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Approvals have been obtained from the relevant authorities.

The Company has yet to implement the Proposed Exchangeable Bonds Issue as there is no immediate strategic funding required. The Securities Commission and Bank Negara Malaysia have approved an extension of time until 2 April 2011 and 3 April 2011 respectively.

B9. Group Borrowings

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

	30 June 2010		30 September 2009	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	1,780	Rmb3,716	1,901	Rmb3,716
	468	CAD151	-	
	<u>2,248</u>		<u>1,901</u>	
- Unsecured	21,734	USD6,680	199,953	USD57,330
	24,671	GBP5,033	27,941	GBP5,033
	52,701	Rmb110,000	76,725	Rmb150,000
	72,125		74,083	
	<u>171,231</u>		<u>378,702</u>	
	<u>173,479</u>		<u>380,603</u>	
(ii) Bank Overdraft				
- Secured	10,443	Euro2,633	-	
	6	CHF2	-	
	<u>10,449</u>		<u>-</u>	
- Unsecured	10,250	GBP2,091	10,657	GBP1,919
	3,971	HKD9,505	4,058	HKD9,017
	1,268	CAD409	3,089	CAD963
	<u>15,489</u>		<u>17,804</u>	
	<u>25,938</u>		<u>17,804</u>	
(iii) Short Term Borrowings				
- Secured	23,800	Euro6,000	45,802	Euro9,000
	8,993	CHF3,000	-	
	<u>32,793</u>		<u>45,802</u>	
- Unsecured	50,429	USD15,500	48,901	USD14,000
	9,582	Rmb20,000	10,230	Rmb20,000
	21,042	Euro5,300	376	Euro74
	166,982		123,711	
	<u>248,035</u>		<u>183,218</u>	
	<u>280,828</u>		<u>229,020</u>	
Total repayable within 12 months	<u>480,245</u>		<u>627,427</u>	



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	30 June 2010		30 September 2009	
	Amount in Foreign Currency		Amount in Foreign Currency	
	RM'000	'000	RM'000	'000
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	3,113	Rmb6,497	4,749	Rmb9,284
- Unsecured	67,230	USD20,660	89,233	USD25,670
	79,404	Euro20,000	-	
	82	GBP17	240	GBP43
	456,460		528,504	
	603,176		617,977	
	606,289		622,726	
(ii) Islamic Medium Term Notes				
- Unsecured	500,000		500,000	
Total repayable after 12 months	1,106,289		1,122,726	

B10. Financial Instruments with Off Balance Sheet Risk

(a) The forward exchange contracts entered into by the Group as at 11 August 2010 (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	Maturing within One Year RM million	In the Second Year RM million
Sale contracts	JPY	82.7	3.0	3.0	-
	GBP	2.5	12.5	12.5	-
	EURO	29.9	123.3	123.3	-
	USD	233.1	763.1	763.1	-
Purchase contracts	USD	12.4	40.1	37.5	2.6

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.

(b) The commodity future contracts entered into by the Group as at 11 August 2010 (being a date not earlier than 7 days from the date of this report) were as follows:-

	Contracted Amount RM million	Maturing within One Year RM million
Sale contracts	23.5	23.5

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These commodity contracts were entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

The credit risk for the commodity future contracts is minimal as these contracts were entered into with brokers of commodity exchanges. Any gains or losses arising from these contracts are deferred until the date of such transactions at which time they are included in the measurement of such transactions.

- (c) KL-Kepong Industrial Holdings Sdn Bhd ("KLKIH") and Barry Callebaut Group ("BCG") had on 31 March 2008 entered into a Joint Venture Agreement which stipulates the manner in which Barry Callebaut Malaysia Sdn Bhd (formerly known as KL-Kepong Cocoa Products Sdn Bhd) ("BCM") shall be managed and the way in which KLKIH and BCG shall exercise their rights as shareholders of BCM.

Under the Joint Venture Agreement:-

- (i) KLKIH may exercise a put option to require BCG to acquire the remaining 40% shares in BCM held by KLKIH for RM117.7 million which is inclusive of BCM's working capital; and
- (ii) BCG may also exercise a call option to require KLKIH to sell the remaining 40% shares in BCM held by KLKIH based on the value of 9 times of the audited average EBITDA of the 3 financial years prior to the exercise of the Call Option plus cash minus all interest bearing debts at that point of time.

Both the put option and call option may be exercised by KLKIH and BCG respectively between the second anniversary and the fifth anniversary starting from 30 April 2008.

At the date of this report, KLKIH and BCG have yet to exercise their respective options.

B11. Material Litigation

There was no pending material litigation as at the date of this report.

B12. Dividend

- (a) An interim single tier dividend of 15 sen per share (2009: single tier dividend of 10 sen per share) was declared by the Directors on 26 May 2010 and was paid on 9 August 2010.
- (b) The total dividend for the current financial year to-date is single tier dividend of 15 sen per share (2009: single tier dividend of 10 sen per share).

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.

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2010	2009	2010	2009
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>243,541</u>	<u>190,244</u>	<u>701,295</u>	<u>368,770</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>22.87</u>	<u>17.86</u>	<u>65.85</u>	<u>34.63</u>



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B14. Audit Report

The audit report for the financial year ended 30 September 2009 was not subject to any qualifications.

By Order of the Board
YAP MIOU KIEN
FAN CHEE KUM
Company Secretaries

18 August 2010