



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)  
(Incorporated in Malaysia)

**Interim Financial Report  
For the year ended 30 September 2010**



# KUALA LUMPUR KEPONG BERHAD

(15043-V)  
(Incorporated in Malaysia)

## Condensed Consolidated Income Statement For the year ended 30 September 2010

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	2,014,641	1,799,574	7,490,626	6,658,308
Operating expenses	(1,680,297)	(1,455,875)	(6,272,987)	(5,800,680)
Other operating income	104,480	5,974	186,063	63,948
Finance costs	(15,142)	(16,244)	(58,271)	(68,769)
Share of results of associates	9,605	9,390	37,401	34,555
Profit before taxation	433,287	342,819	1,382,832	887,362
Tax expense	(106,125)	(85,635)	(315,562)	(244,751)
Net profit for the period	<u>327,162</u>	<u>257,184</u>	<u>1,067,270</u>	<u>642,611</u>
Attributable to:-				
Equity holders of the Company	311,045	243,730	1,012,340	612,500
Minority interests	16,117	13,454	54,930	30,111
	<u>327,162</u>	<u>257,184</u>	<u>1,067,270</u>	<u>642,611</u>
	Sen	Sen	Sen	Sen
Earnings per share - Basic	<u>29.21</u>	<u>22.89</u>	<u>95.06</u>	<u>57.51</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 September 2010

(The figures have not been audited.)

	30 September 2010 RM'000	30 September 2009 RM'000
<b>Assets</b>		
Property, plant and equipment	2,569,226	2,487,800
Investment properties	4,463	5,086
Prepaid lease payments	354,537	357,441
Biological assets	1,672,395	1,575,878
Land held for property development	229,419	195,790
Goodwill on consolidation	289,529	296,950
Intangible assets	32,410	31,577
Investments in associates	199,361	210,379
Other investments	349,300	244,452
Other receivables	46,808	37,057
Deferred tax assets	21,022	9,833
Total non-current assets	<u>5,768,470</u>	<u>5,452,243</u>
Inventories	1,287,939	882,050
Biological assets	3,759	4,260
Trade and other receivables	811,788	892,129
Tax recoverable	20,309	19,302
Property development costs	3,316	18,735
Assets held for sale	12,845	43,131
Cash and cash equivalents	1,255,105	1,292,481
Total current assets	<u>3,395,061</u>	<u>3,152,088</u>
<b>Total assets</b>	<b><u>9,163,531</u></b>	<b><u>8,604,331</u></b>
<b>Equity</b>		
Share capital	1,067,505	1,067,505
Reserves	4,951,146	4,579,951
	<u>6,018,651</u>	<u>5,647,456</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	<u>6,005,204</u>	<u>5,634,009</u>
Minority interests	320,145	308,760
<b>Total equity</b>	<b><u>6,325,349</u></b>	<b><u>5,942,769</u></b>
<b>Liabilities</b>		
Deferred tax liabilities	241,989	251,072
Provision for retirement benefits	219,378	44,165
Borrowings	1,107,089	1,122,726
Total non-current liabilities	<u>1,568,456</u>	<u>1,417,963</u>
Trade and other payables	619,907	573,662
Borrowings	579,612	627,427
Tax payable	70,207	42,510
Total current liabilities	<u>1,269,726</u>	<u>1,243,599</u>
<b>Total liabilities</b>	<b><u>2,838,182</u></b>	<b><u>2,661,562</u></b>
<b>Total equity and liabilities</b>	<b><u>9,163,531</u></b>	<b><u>8,604,331</u></b>
Net assets per share attributable to equity holders of the Company (RM)	5.64	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 year ended 30 September 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	-	137,730	-	126	(149,808)	(149,959)	-	(161,911)	(15,385)	(177,296)
Net profit for the year	-	-	-	-	-	1,012,340	-	1,012,340	54,930	1,067,270
Dividend paid	-	-	-	-	-	(479,234)	-	(479,234)	-	(479,234)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(28,160)	(28,160)
<b>At 30 September 2010</b>	<b>1,067,505</b>	<b>1,017,861</b>	<b>81,121</b>	<b>27,841</b>	<b>44,434</b>	<b>3,779,889</b>	<b>(13,447)</b>	<b>6,005,204</b>	<b>320,145</b>	<b>6,325,349</b>
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	-	4,179	31,362	1	42,614	(21,322)	-	56,834	94,402	151,236
Net profit for the year	-	-	-	-	-	612,500	-	612,500	30,111	642,611
Dividend paid	-	-	-	-	-	(572,419)	-	(572,419)	-	(572,419)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(18,666)	(18,666)
<b>At 30 September 2009</b>	<b>1,067,505</b>	<b>880,131</b>	<b>81,121</b>	<b>27,715</b>	<b>194,242</b>	<b>3,396,742</b>	<b>(13,447)</b>	<b>5,634,009</b>	<b>308,760</b>	<b>5,942,769</b>

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**

(15043-V)  
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**Condensed Consolidated Cash Flow Statement  
For the year ended 30 September 2010**

(The figures have not been audited.)

	12 months ended 30 September	
	2010	2009
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,382,832	887,362
Adjustment for non-cash flow:-		
Non-cash items	101,307	218,437
Non-operating items	17,687	30,811
Operating profit before working capital changes	1,501,826	1,136,610
Working capital changes:-		
Net change in current assets	(356,132)	373,384
Net change in current liabilities	5,658	(79,709)
Cash generated from operations	1,151,352	1,430,285
Interest paid	(57,989)	(68,349)
Tax paid	(295,795)	(336,793)
Retirement benefits paid	(13,696)	(4,664)
Net cash generated from operating activities	<u>783,872</u>	<u>1,020,479</u>
<b>Cash Flows from Investing Activities</b>		
Equity investments	69,061	112,338
Other investments	(332,835)	(370,901)
Net cash used in investing activities	<u>(263,774)</u>	<u>(258,563)</u>
<b>Cash Flows from Financing Activities</b>		
Bank borrowings	(38,523)	(39,028)
Dividend paid to shareholders of the Company	(479,234)	(572,419)
Dividends paid to minority shareholders	(28,160)	(18,666)
Issue of redeemable preference shares to minority shareholders	-	15,000
Redemption of redeemable preference shares from minority shareholders	(3,000)	-
Net change in other receivables	(9,751)	(13,490)
Net cash used in financing activities	<u>(558,668)</u>	<u>(628,603)</u>
Net (decrease)/increase in cash and cash equivalents	(38,570)	133,313
Cash and cash equivalents at 1 October	1,274,677	1,132,962
	1,236,107	1,266,275
Foreign exchange difference on opening balance	(15,225)	8,402
Cash and cash equivalents at 30 September	<u>1,220,882</u>	<u>1,274,677</u>

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



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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 ("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

	12 months ended 30 September	
	2010	2009
	RM'000	RM'000
Interim single tier dividend 15 sen per share (2009: single tier dividend 10 sen per share)	159,745	106,497
Dividend proposed in Year 2009, paid in Year 2010:-		
Final single tier dividend 30 sen per share	319,489	-
(2009 : 45 sen gross per share less 25% income tax; and 10 sen per share tax exempt)	-	359,426
	-	106,496
	<u>479,234</u>	<u>572,419</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

(Continued)

### (a) Segment revenue and results

	Plantations RM'000	Manufacturing RM'000	Retailing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
12 months ended 30 September 2010							
Revenue							
External revenue	3,536,174	3,246,973	614,325	30,123	63,031	-	7,490,626
Inter-segment revenue	278,091	15,471	-	-	31,870	(325,432)	-
Total revenue	<u>3,814,265</u>	<u>3,262,444</u>	<u>614,325</u>	<u>30,123</u>	<u>94,901</u>	<u>(325,432)</u>	<u>7,490,626</u>
Results							
Operating results	1,112,416	137,131	28,818	4,539	47,784	-	1,330,688
Finance costs	(813)	(16,677)	(1,060)	-	(39,721)	-	(58,271)
Share of results of associates	13,016	23,646	-	1,126	(387)	-	37,401
Segment results	<u>1,124,619</u>	<u>144,100</u>	<u>27,758</u>	<u>5,665</u>	<u>7,676</u>	-	<u>1,309,818</u>
Corporate income							<u>73,014</u>
Profit before taxation							<u>1,382,832</u>
12 months ended 30 September 2009							
Revenue							
External revenue	3,376,875	2,585,788	605,180	30,804	59,661	-	6,658,308
Inter-segment revenue	203,518	13,370	46	-	36,814	(253,748)	-
Total revenue	<u>3,580,393</u>	<u>2,599,158</u>	<u>605,226</u>	<u>30,804</u>	<u>96,475</u>	<u>(253,748)</u>	<u>6,658,308</u>
Results (restated)							
Operating results	955,203	35,614	(78,245)	11,190	36,263	-	960,025
Finance costs	(775)	(22,964)	(2,658)	-	(42,372)	-	(68,769)
Share of results of associates	13,883	18,313	-	2,359	-	-	34,555
Segment results	<u>968,311</u>	<u>30,963</u>	<u>(80,903)</u>	<u>13,549</u>	<u>(6,109)</u>	-	<u>925,811</u>
Corporate expense							<u>(38,449)</u>
Profit before taxation							<u>887,362</u>

### (b) Segment assets

	Plantations RM'000	Manufacturing RM'000	Retailing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Consolidated RM'000
As at 30 September 2010						
Operating assets	3,687,379	3,084,392	422,688	344,744	1,383,636	8,922,839
Associates	53,927	120,686	-	12,009	12,739	199,361
Segment assets	<u>3,741,306</u>	<u>3,205,078</u>	<u>422,688</u>	<u>356,753</u>	<u>1,396,375</u>	<u>9,122,200</u>
Tax assets						<u>41,331</u>
Total assets						<u>9,163,531</u>
As at 30 September 2009 (restated)						
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>



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**Notes to Interim Financial Report**

(Continued)

**A8. Events Subsequent to Balance Sheet Date**

- (a) The following wholly-owned subsidiaries of the Company, which have become dormant following the completion of a Group internal restructuring exercise, will be wound up by way of a members' voluntary winding-up:-
- (i) Selit Plantations (Sabah) Sdn Bhd
  - (ii) Kalumpang Estates Sdn Bhd
  - (iii) The Shanghai Kelantan Rubber Estates (1925) Ltd

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, earnings and gearing of the Group for the financial year ending 30 September 2011.

- (b) PT Steelindo Wahana Perkasa ("SWP"), a subsidiary of the Company, and Tjong Hasan Agus Salim and Tjhang Ardy Fadrinata (collectively, "Vendors"), have on 21 October 2010 mutually agreed to terminate 2 agreements in respect of the acquisition of 94% and 1% equity stakes respectively in PT Bumi Makmur Sejahtera Jaya ("BMS") with immediate effect ("Termination"). The rationale for the Termination is in order for the Company to streamline the Group's investments in Indonesian plantations under a Malaysian subsidiary, KL-Kepong Plantation Holdings Sdn Bhd ("KLKPH").

The Termination will not have any impact on the earnings and net assets of the Group for the current financial year ending 30 September 2011.

- (c) Following the Termination, KLKPH has on 21 October 2010 entered into 2 conditional agreements ("the SPAs") with the Vendors (in place of SWP) to acquire 95% equity stakes in BMS for a total cash purchase consideration of Rp25.5 billion (equivalent to approximately RM8.8 million). The proposed acquisition will result in BMS becoming a subsidiary of the Company.

BMS currently holds 2 Certificates of Izin Lokasi for 2 lands measuring approximately 7,177 hectares in total ("the Land") which it intends to develop into oil palm plantations in due course. The Land is adjacent to the Group's existing plantations in Belitung.

The proposed acquisition is expected to be completed in the first quarter of calendar year 2012 subject to the fulfillment of all conditions precedent stated in the SPAs.

The proposed acquisition will not have any effect on the share capital and shareholding structure of the Company nor have any effect on the net assets, earnings and gearing of the Group for the current financial year ending 30 September 2011.

- (d) KLKPH has on 1 November 2010 entered into 2 conditional agreements ("SPAs") with Abdul Halim Najar and Teddy Wiradi Jaya to acquire 90% and 5% equity stakes respectively in PT Anugrah Surya Mandiri ("ASM") for a total cash purchase consideration of Rp13.6 billion (equivalent to approximately RM4.7 million). The proposed acquisition will result in ASM becoming a subsidiary of the Company.

ASM is a limited liability company incorporated in the Republic of Indonesia and has an issued and fully paid-up share capital of Rp150 billion comprising 300 ordinary shares of Rp500,000/- each.

ASM currently holds a Certificate of Izin Lokasi for land measuring approximately 3,700 hectares ("the Land") which it intends to develop into oil palm plantations in due course. The Land is adjacent to one of the Group's plantations in Kalimantan Timur.

The proposed acquisition is expected to be completed in the first quarter of calendar year 2012 subject to the fulfillment of all conditions precedent stated in the SPAs.

The proposed acquisition will not have any effect on the share capital and shareholding structure of the Company nor have any effect on the net assets, earnings and gearing of the Group for the current financial year ending 30 September 2011.





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**Notes to Interim Financial Report**

(Continued)

**A9. Changes in the Composition of the Group**

- (a) The Company's wholly-owned subsidiaries namely, KLK Emmerich GmbH ("KLK Emmerich"), Rheinsee 312 V V GmbH ("Rheinsee 312") and Uniqema OHG (formerly known as Uniqema GmbH & Co. KG) all of which are incorporated in Germany, had applied to the local courts in Germany for a merger. Notices had been received from the local courts in Germany that the merger process was completed on 29 September 2010.

As a result of the merger, the separate existence of Rheinsee 312 and Uniqema OHG had ceased and merged with and into KLK Emmerich on 29 September 2010.

The merger of KLK Emmerich, Rheinsee 312 and Uniqema OHG was undertaken to reduce the corporate administrative costs of the Group's Manufacturing division.

- (b) K.H. Syndicate Ltd, a United Kingdom incorporated wholly-owned subsidiary of the Company which has been dormant following the completion of Group internal restructuring exercise, will be wound up by way of members' voluntary winding-up.

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, earnings and gearing of the Group.

**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**

***4<sup>th</sup> Quarter FY2010 vs 4<sup>th</sup> Quarter FY2009***

For the 4<sup>th</sup> quarter, the Group registered a 26.4% improvement in the pre-tax profit to RM433.3 million compared to last year's same quarter. Plantations profit was up 19.0% at RM350.3 million attributable to higher FFB production, favourable commodity prices and lower CPO production cost. The average selling prices (ex-mill) of CPO and PK achieved were RM2,432/mt and RM1,518/mt (4QFY2009: RM2,410/mt and RM1,162/mt) respectively and that of all rubber grades (ex-factory) was RM11.21/kg (4QFY2009: RM6.69/kg). Retailing sector's loss for this quarter dropped by 78.3% to RM9.0 million. The quarter's write-back on the allowance for diminution in value of investment amounted to RM76.0 million (4QFY2009: RM38.2 million).

However, profit achieved by the manufacturing sector dipped 50.8% to RM26.1 million which was affected by lower returns from oleochemical division and the impairment of assets in one of the non-oleochemical subsidiary.

***Todate 4<sup>th</sup> Quarter FY2010 vs Todate 4<sup>th</sup> Quarter FY2009***

The Group's profit before taxation for the financial year surged 55.8% to RM1.383 billion from that of the previous year. The improved performance was attributed to the following:-

- (i) Plantations profit climbed 16.1% to RM1.125 billion as a result of stronger commodity prices as well as higher FFB production. The CPO average selling price (ex-mill) had increased to RM2,402/mt (Todate 4QFY2009: RM2,309/mt) and that of all rubber grades (ex-factory) to RM9.80/kg (Todate 4QFY2009: RM6.83/kg).
- (ii) Manufacturing sector's profit had increased significantly to RM144.1 million (Todate 4QFY2009: RM31.0 million) on the back of higher earnings from the oleochemical division.
- (iii) Retailing sector recorded a profit of RM27.8 million as against last year's substantial loss of RM80.9 million. Increased revenue coupled together with lower operating expenses had contributed to the positive returns.
- (iv) Write-back of RM110.4 million on the allowance for diminution in value of investment as against the previous year's allowance of RM23.2 million.



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(15043-V)  
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## Notes to Interim Financial Report

(Continued)

### B2. Variation of Results to Preceding Quarter

#### **4<sup>th</sup> Quarter FY2010 vs 3<sup>rd</sup> Quarter FY2010**

The Group's pre-tax profit for the quarter under review rose 35.1% to RM433.3 million compared to the preceding quarter. Plantations profit improved 33.3% to RM350.3 million which was attributed to the increase in both FFB and rubber production and the reduction in production cost. The write-back on the allowance for diminution in value of investment was higher at RM76.0 million (3QFY2009: RM1.9 million). Meanwhile, contributions from the oleochemical division had dropped 37.2% to RM41.0 million.

### B3. Current Year Prospects

For the current financial year ending 30 September 2011, the Group anticipates further improvement in results in view of the following:-

- (i) Higher returns from the plantations sector underpinned by prevailing buoyant commodity prices and expected increase in FFB production arising from additional areas coming into maturity; and
- (ii) Anticipated increase in contribution from the oleochemical division arising from the added capacities in our European operations, although the business remains challenging.

### 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		12 months ended	
	30 September		30 September	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	61,338	50,231	192,257	164,568
Overseas taxation	51,153	34,911	133,888	75,579
	<u>112,491</u>	<u>85,142</u>	<u>326,145</u>	<u>240,147</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(8,941)	1,009	(11,619)	4,428
Relating to changes in tax rate	-	901	-	901
	<u>(8,941)</u>	<u>1,910</u>	<u>(11,619)</u>	<u>5,329</u>
	<u>103,550</u>	<u>87,052</u>	<u>314,526</u>	<u>245,476</u>
(Over)/Under provision in respect of previous years				
Malaysian taxation	(365)	46	(1,210)	(684)
Overseas taxation	2,940	(1,463)	2,246	(41)
	<u>2,575</u>	<u>(1,417)</u>	<u>1,036</u>	<u>(725)</u>
	<u>106,125</u>	<u>85,635</u>	<u>315,562</u>	<u>244,751</u>

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.

### 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).



# KUALA LUMPUR KEPONG BERHAD

(15043-V)  
(Incorporated in Malaysia)

## Notes to Interim Financial Report

(Continued)

(b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30 September		30 September	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Surplus arising from government acquisition of land	<u>557</u>	<u>1,492</u>	<u>557</u>	<u>5,470</u>
Surplus on sale of investment property	<u>-</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
Surplus on sale of land	<u>-</u>	<u>-</u>	<u>1,657</u>	<u>-</u>

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		12 months ended	
	30 September		30 September	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Purchases of quoted securities	<u>958</u>	<u>-</u>	<u>8,721</u>	<u>9,184</u>
Sales proceeds of quoted securities	<u>2,389</u>	<u>9,598</u>	<u>12,437</u>	<u>52,440</u>
Surplus on sales of quoted securities	<u>413</u>	<u>1,584</u>	<u>2,704</u>	<u>8,185</u>

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

	30 September	30 September
	2010	2009
	RM'000	RM'000
At cost		
Associate	37,838	37,838
Other investments	<u>348,599</u>	<u>353,892</u>
	<u>386,437</u>	<u>391,730</u>
At carrying value less allowance		
Associate	-	-
Other investments	<u>348,599</u>	<u>243,476</u>
	<u>348,599</u>	<u>243,476</u>
At market value		
Associate	25,298	14,435
Other investments	<u>372,177</u>	<u>249,980</u>
	<u>397,475</u>	<u>264,415</u>



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### 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.

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 September 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	1,719	Rmb3,716	1,901	Rmb3,716
- Unsecured	20,703	USD6,680	199,953	USD57,330
	24,576	GBP5,033	27,941	GBP5,033
	50,875	Rmb110,000	76,725	Rmb150,000
	5,992	AUD2,000	-	-
	417	CAD139	-	-
	75,920		74,083	
	178,483		378,702	
	180,202		380,603	
(ii) Bank Overdraft				
- Secured	8,750	Euro2,081	-	-
- Unsecured	8,468	GBP1,734	10,657	GBP1,919
	3,957	HKD9,937	4,058	HKD9,017
	1,787	USD578	-	-
	11,261	CAD3,751	3,089	CAD963
	25,473		17,804	
	34,223		17,804	
(iii) Short Term Borrowings				
- Secured	21,028	Euro5,000	45,802	Euro9,000
	15,822	CHF5,000	-	-
	36,850		45,802	
- Unsecured	72,585	USD23,420	48,901	USD14,000
	9,250	Rmb20,000	10,230	Rmb20,000
	40,916	Euro9,732	376	Euro74
	9,493	CHF3,000	-	-
	196,093		123,711	
	328,337		183,218	
	365,187		229,020	
Total repayable within 12 months	579,612		627,427	



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	30 September 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	2,575	Rmb5,568	4,749	Rmb9,284
- Unsecured	70,848	USD22,990	89,233	USD25,670
	84,086	Euro20,000	-	
	41	GBP8	240	GBP43
	449,539		528,504	
	604,514		617,977	
	607,089		622,726	
(ii) Islamic Medium Term Notes				
- Unsecured	500,000		500,000	
Total repayable after 12 months	1,107,089		1,122,726	

### B10. Financial Instruments with Off Balance Sheet Risk

(a) The forward exchange contracts entered into by the Group as at 22 November 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	63.1	2.4	2.4	-
	GBP	3.0	14.9	14.9	-
	EURO	32.0	132.7	132.7	-
	USD	309.8	971.0	971.0	-
Purchase contracts	USD	22.2	69.4	68.1	1.3

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.



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- (b) The commodity future contracts entered into by the Group as at 22 November 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	<u>160.9</u>	<u>160.9</u>
Purchase contracts	<u>19.4</u>	<u>19.4</u>

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) A final single tier dividend of 45 sen per share has been recommended by the Directors in respect of the financial year ended 30 September 2010 (year ended 30 September 2009: single tier dividend of 30 sen per share) and subject to approval at the forthcoming Annual General Meeting, will be paid on 17 March 2011 to shareholders registered on the Company's Register of Members as at 24 February 2011.

A Depositor with the Bursa Malaysia Depository Sdn Bhd shall qualify for entitlement to the dividend only in respect of:-

- (i) Shares deposited into the Depositor's securities account before 12.30 p.m. on 22 February 2011 in respect of shares which are exempted from mandatory deposit;



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- (ii) Shares transferred into the Depositor's securities account before 4.00 p.m. on 24 February 2011 in respect of transfers; and
  - (iii) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.
- (b) The total dividend for the current financial year to-date is single tier dividend of 60 sen per share (2009: single tier dividend of 40 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		12 months ended	
	30 September		30 September	
	2010	2009	2010	2009
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>311,045</u>	<u>243,730</u>	<u>1,012,340</u>	<u>612,500</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>29.21</u>	<u>22.89</u>	<u>95.06</u>	<u>57.51</u>

### 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

29 November 2010