



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report
For the first quarter ended 31 December 2010**



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

The Directors are pleased to announce the unaudited financial results of the Group for the first quarter ended 31 December 2010.

Condensed Consolidated Income Statement For the first quarter ended 31 December 2010

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Revenue	2,422,980	1,747,716	2,422,980	1,747,716
Operating expenses	(2,026,914)	(1,440,431)	(2,026,914)	(1,440,431)
Other operating income	4,865	34,050	4,865	34,050
Finance costs	(16,802)	(14,874)	(16,802)	(14,874)
Share of results of associates	8,150	3,009	8,150	3,009
Profit before taxation	392,279	329,470	392,279	329,470
Tax expense	(74,827)	(73,867)	(74,827)	(73,867)
Net profit for the period	<u>317,452</u>	<u>255,603</u>	<u>317,452</u>	<u>255,603</u>
Attributable to:-				
Equity holders of the Company	304,186	241,816	304,186	241,816
Non-controlling interests	<u>13,266</u>	<u>13,787</u>	<u>13,266</u>	<u>13,787</u>
	<u>317,452</u>	<u>255,603</u>	<u>317,452</u>	<u>255,603</u>
	Sen	Sen	Sen	Sen
Earnings per share - Basic	<u>28.56</u>	<u>22.71</u>	<u>28.56</u>	<u>22.71</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 2010.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the first quarter ended 31 December 2010**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>317,452</u>	<u>255,603</u>	<u>317,452</u>	<u>255,603</u>
Other comprehensive income				
Foreign currency translation differences	35,219	5,284	35,219	5,284
Net change in fair value of available-for-sale investments	<u>93,113</u>	<u>-</u>	<u>93,113</u>	<u>-</u>
Total other comprehensive income for the period	<u>128,332</u>	<u>5,284</u>	<u>128,332</u>	<u>5,284</u>
Total comprehensive income for the period	<u>445,784</u>	<u>260,887</u>	<u>445,784</u>	<u>260,887</u>
Attributable to:-				
Equity holders of the Company	430,589	246,454	430,589	246,454
Non-controlling interests	<u>15,195</u>	<u>14,433</u>	<u>15,195</u>	<u>14,433</u>
	<u>445,784</u>	<u>260,887</u>	<u>445,784</u>	<u>260,887</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2010.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
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Condensed Consolidated Statement of Financial Position

As at 31 December 2010

(The figures have not been audited.)

	31 December 2010	30 September 2010
	RM'000	RM'000
Assets		(Restated)
Property, plant and equipment	2,933,167	2,923,763
Investment properties	4,454	4,463
Biological assets	1,706,952	1,672,395
Land held for property development	231,111	229,419
Goodwill on consolidation	294,883	289,529
Intangible assets	34,663	32,410
Investment in associates	204,005	199,361
Available-for-sale investments	463,016	349,300
Other receivable	49,086	46,808
Deferred tax assets	27,892	21,022
Total non-current assets	<u>5,949,229</u>	<u>5,768,470</u>
Inventories	1,535,629	1,287,939
Biological assets	1,547	3,759
Trade and other receivables	1,162,631	811,788
Tax recoverable	22,907	20,309
Property development costs	3,307	3,316
Assets held for sale	12,845	12,845
Cash and cash equivalents	1,548,285	1,255,105
Derivative financial assets	12,369	-
Total current assets	<u>4,299,520</u>	<u>3,395,061</u>
Total assets	<u>10,248,749</u>	<u>9,163,531</u>
Equity		
Share capital	1,067,505	1,067,505
Reserves	5,406,366	4,951,146
	6,473,871	6,018,651
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	6,460,424	6,005,204
Non-controlling interests	351,798	320,145
Total equity	<u>6,812,222</u>	<u>6,325,349</u>
Liabilities		
Deferred tax liabilities	233,003	241,989
Provision for retirement benefits	214,376	219,378
Borrowings	891,029	1,107,089
Total non-current liabilities	<u>1,338,408</u>	<u>1,568,456</u>
Trade and other payables	755,489	619,907
Borrowings	1,148,050	579,612
Tax payable	97,616	70,207
Derivative financial liabilities	96,964	-
Total current liabilities	<u>2,098,119</u>	<u>1,269,726</u>
Total liabilities	<u>3,436,527</u>	<u>2,838,182</u>
Total equity and liabilities	<u>10,248,749</u>	<u>9,163,531</u>
Net assets per share attributable to equity holders of the Company (RM)	5.92	5.64

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2010.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
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Condensed Consolidated Statement of Changes in Equity For the first quarter ended 31 December 2010

(The figures have not been audited.)

	← Attributable to the equity holders of the Company →								Non-controlling interests	Total Equity	
	Share capital	Capital reserve	Revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings	Treasury shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2010											
As previously stated	1,067,505	1,017,861	81,121	27,841	44,434	-	3,779,889	(13,447)	6,005,204	320,145	6,325,349
Effect of adopting FRS 139	-	-	-	-	-	23,578	1,053	-	24,631	467	25,098
As restated	1,067,505	1,017,861	81,121	27,841	44,434	23,578	3,780,942	(13,447)	6,029,835	320,612	6,350,447
Profit for the period	-	-	-	-	-	-	304,186	-	304,186	13,266	317,452
Fair value of available-for-sale investments	-	-	-	-	-	93,113	-	-	93,113	-	93,113
Currency translation differences	-	131	-	-	33,159	-	-	-	33,290	1,929	35,219
Total comprehensive income for the period	-	131	-	-	33,159	93,113	304,186	-	430,589	15,195	445,784
Rights issue to non-controlling interests	-	-	-	-	-	-	-	-	-	24,254	24,254
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(8,263)	(8,263)
At 31 December 2010	1,067,505	1,017,992	81,121	27,841	77,593	116,691	4,085,128	(13,447)	6,460,424	351,798	6,812,222
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
Profit for the period	-	-	-	-	-	-	241,816	-	241,816	13,787	255,603
Transfer from retained earnings to capital reserve	-	1,728	-	-	-	-	(1,728)	-	-	-	-
Currency translation differences	-	69	-	(1)	4,571	-	(1)	-	4,638	646	5,284
Total comprehensive income for the period	-	1,797	-	(1)	4,571	-	240,087	-	246,454	14,433	260,887
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-	-	(5,723)	(5,723)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,797)	(9,797)
At 31 December 2009	1,067,505	881,928	81,121	27,714	198,813	-	3,636,829	(13,447)	5,880,463	307,673	6,188,136

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2010.

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**Condensed Consolidated Statement of Cash Flows
For the first quarter ended 31 December 2010**

(The figures have not been audited.)

	3 months ended	
	31 December	
	2010	2009
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	392,279	329,470
Adjustment for non-cash flow:-		
Non-cash items	135,162	35,153
Non-operating items	9,732	4,497
Operating profit before working capital changes	537,173	369,120
Working capital changes:-		
Net change in current assets	(593,617)	(6,803)
Net change in current liabilities	138,649	83,142
Cash generated from operations	82,205	445,459
Interest paid	(20,735)	(19,743)
Tax paid	(69,209)	(66,287)
Retirement benefits paid	(4,327)	(1,220)
Net cash (used in)/generated from operating activities	<u>(12,066)</u>	<u>358,209</u>
Cash Flows from Investing Activities		
Equity investments	20,616	18,073
Other investments	(84,272)	(80,203)
Net cash used in investing activities	<u>(63,656)</u>	<u>(62,130)</u>
Cash Flows from Financing Activities		
Bank borrowings	380,017	(23,580)
Dividends paid to non-controlling shareholders	(8,263)	(9,797)
Rights issue of shares to non-controlling shareholders	24,254	-
Increase in other receivable	(1,360)	(3,809)
Net cash generated from/(used in) financing activities	<u>394,648</u>	<u>(37,186)</u>
Net increase in cash and cash equivalents	318,926	258,893
Cash and cash equivalents at 1 October	<u>1,220,882</u>	<u>1,274,677</u>
	1,539,808	1,533,570
Foreign exchange difference on opening balance	3,541	1,179
Cash and cash equivalents at 31 December	<u>1,543,349</u>	<u>1,534,749</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2010.



Notes to Interim Financial Report

A Explanatory Notes as required by FRS 134

A1. Basis of Preparation

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 Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB"). The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2010.

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 2010 except for the adoption of the following new FRSs, amendments and IC Interpretations:-

FRSs, Interpretations and amendments effective for annual 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* (revised)
- FRS 139 *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7 *Financial Instruments: Disclosures*
- Amendments to FRS 101 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132 *Financial Instruments: Presentation*
 - *Puttable Financial Instruments and Obligations Arising on Liquidation*
 - *Separation of Compound Instruments*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*
 - *Reclassification of Financial Assets*
 - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 11 *FRS 2 – Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

Amendments to FRS effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132 *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1 *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3 *Business Combinations* (revised)
- FRS 127 *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2 *Share-based Payment*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138 *Intangible Assets*
- IC Interpretation 12 *Service Concession Agreements*
- IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17 *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*



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Notes to Interim Financial Report

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FRS 4, 123, Amendments to FRS 2, 101, IC Interpretation 12, 13 and 17 are not applicable to the Group.

The adoption of the other new/revised FRSs, amendments and IC Interpretations has no significant effect to the financial statements of the Group except for the followings:-

(i) *FRS 101 Presentation of Financial Statements (revised)*

The revised FRS 101 changes the title "Balance Sheet" and Cash Flow Statement" to "Statement of Financial Position" and "Statement of Cash Flows" respectively.

The revised FRS 101 also introduces changes in the presentation of financial statements. This revised standard requires all owner changes in equity to be presented in a statement of changes in equity. All non-owner changes in equity are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). The Group has elected the presentation in two statements. Apart from this new presentation, there is no other impact on the financial statements of the Group on the adoption of this revised standard.

(ii) *Amendments to FRS 117 Leases*

Prior to the adoption of the amendments to FRS 117, the Group's leasehold land was treated as operating leases and the consideration paid was classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the amendments to FRS 117, the Group has reassessed and determined that its leasehold land is in substance finance leases and has reclassified the leasehold land to property, plant and equipment. The reclassification has been accounted for retrospectively in accordance with the transitional provisions of the amendments. This change in classification has no effect to the profit or loss of the current period or the comparatives of the prior financial period. The effect of the reclassification of the comparative of the prior financial year's consolidated statement of financial position is as follows:-

	As previously reported	Effects of adoption of amendments to FRS 117	As restated
	RM'000	RM'000	RM'000
As at 30 September 2010			
Property, plant and equipment	2,569,226	354,537	2,923,763
Prepaid lease payments	354,537	(354,537)	-

(iii) *FRS 139 Financial Instruments: Recognition and Measurement*

FRS 139 sets out the principles for the recognition and measurement of financial instruments. The major changes to the recognition and measurement of the Group's financial instruments arising from the adoption of this Standard are as follows:-

Available-for-sale investments

Prior to adoption of FRS 139, "Other investments" were stated at cost less accumulated impairment losses. With the adoption of FRS 139, other investments which are not held for trading are now classified at "Available-for-sale investments". Investments in quoted securities are initially stated at fair value and subsequently gains or losses arising from changes in the fair value are recognised directly in equity until the investment is derecognised or impaired. Impairment losses, if any, are recognised directly to profit or loss. Investments in unquoted securities are stated at cost less impairment losses, if any, because their fair value cannot be reliably measured.



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Notes to Interim Financial Report

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Borrowings

Prior to adoption of FRS 139, borrowings were stated at proceeds received. With the adoption of FRS 139, borrowings are initially measured at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised or through the amortisation process.

Derivative financial instruments

Prior to adoption of FRS 139, the Group's forward foreign exchange contracts and commodity future contracts were not recognised in the financial statement until settlement occurs. With the adoption of FRS 139, these derivative financial instruments are initially recognised at fair value on the date the derivative contracts are entered into and are subsequently remeasured at fair value. Gains or losses arising from changes in fair value are recognised in profit or loss.

In accordance with the transitional provisions for the first time adoption of FRS 139, the effects of adoption of FRS 139 are to be applied prospectively by adjusting the opening balances as at 1 October 2010. Comparatives are not restated. Adjustments made on 1 October 2010 are stated below:-

	Opening balances as at 1 October 2010	Effects of adoption of FRS 139	Opening balances as restated
	RM'000	RM'000	RM'000
Non-current assets			
Available-for-sale investments	349,300	23,578	372,878
Current assets			
Derivative financial assets	-	11,166	11,166
Equity			
Fair value reserve	-	23,578	23,578
Retained earnings	3,779,889	1,053	3,780,942
Non-controlling interests	320,145	467	320,612
Non-current liabilities			
Borrowings	1,107,089	8,976	1,116,065
Current liabilities			
Trade and other payables	619,907	(9,402)	610,505
Borrowings	579,612	(100)	579,512
Tax payable	70,207	(59)	70,148
Derivative financial liabilities	-	10,231	10,231
Impact on net profit for the current financial period		Increase/ (Decrease)	
		RM'000	
Net fair value loss on derivative financial instruments		(95,358)	
Deferred tax arising from fair valuation of derivatives		14,753	
Total		(80,605)	

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.



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Notes to Interim Financial Report

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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 2010 (31 December 2009: Nil).

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.

(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
3 months ended							
31 December 2010							
Revenue							
External revenue	1,077,990	1,055,539	271,142	351	17,958	-	2,422,980
Inter-segment revenue	178,531	2,242	53	-	9,904	(190,730)	-
Total revenue	<u>1,256,521</u>	<u>1,057,781</u>	<u>271,195</u>	<u>351</u>	<u>27,862</u>	<u>(190,730)</u>	<u>2,422,980</u>
Results							
Operating results	311,606	21,103	55,054	(505)	8,150	-	395,408
Interest income	21	481	16	205	5,278	(2,158)	3,843
Finance costs	(328)	(6,016)	(1,444)	-	(11,172)	2,158	(16,802)
Share of results of associates	3,254	3,930	-	699	267	-	8,150
Segment results	<u>314,553</u>	<u>19,498</u>	<u>53,626</u>	<u>399</u>	<u>2,523</u>	<u>-</u>	<u>390,599</u>
Corporate income							1,680
Profit before taxation							<u>392,279</u>
3 months ended							
31 December 2009							
Revenue							
External revenue	804,407	644,367	265,654	10,725	22,563	-	1,747,716
Inter-segment revenue	62,277	4,007	-	-	7,730	(74,014)	-
Total revenue	<u>866,684</u>	<u>648,374</u>	<u>265,654</u>	<u>10,725</u>	<u>30,293</u>	<u>(74,014)</u>	<u>1,747,716</u>
Results							
Operating results	233,047	22,817	53,025	2,288	7,298	-	318,475
Interest income	19	503	10	167	8,129	(2,435)	6,393
Finance costs	(156)	(4,686)	(843)	-	(11,624)	2,435	(14,874)
Share of results of associates	1,448	2,652	-	(691)	(400)	-	3,009
Segment results	<u>234,358</u>	<u>21,286</u>	<u>52,192</u>	<u>1,764</u>	<u>3,403</u>	<u>-</u>	<u>313,003</u>
Corporate expense							16,467
Profit before taxation							<u>329,470</u>



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Notes to Interim Financial Report

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(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 31 December 2010						
Operating assets	3,972,909	3,493,663	427,461	350,906	1,594,956	9,839,895
Associates	53,692	124,617	-	12,708	12,988	204,005
Segment assets	<u>4,026,601</u>	<u>3,618,280</u>	<u>427,461</u>	<u>363,614</u>	<u>1,607,944</u>	<u>10,043,900</u>
Tax assets						50,799
Total assets						<u>10,094,699</u>
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						41,331
Total assets						<u>9,163,531</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

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinued operations during the current quarter under review.

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

1st Quarter FY2011 vs 1st Quarter FY2010

The Group for the 1st quarter recorded a 19.1% improvement in the pre-tax profit to RM392.3 million compared to the preceding year's same quarter. Whilst the quarter's results was impacted by fair value losses of RM95.3 million on adoption of FRS 139, the increase in profit came from the plantations sector.

Plantations profit climbed 34.2% to RM314.6 million underpinned by the following higher average commodity prices achieved:-

	1QFY2011	1QFY2010
Crude Palm Oil (RM/mt ex-mill)	2,678	2,120
Palm Kernel (RM/mt ex-mill)	1,762	1,086
Rubber (RM/kg net of cess)	11.78	7.76

Manufacturing sector's profit was down slightly to RM19.5 million but the profit from retailing sector had increased marginally to RM53.6 million.

B2. Variation of Results to Preceding Quarter

1st Quarter FY2011 vs 4th Quarter FY2010

The Group's pre-tax profit for the quarter under review slipped 9.5% to RM392.3 million which was caused by the following:-

- (i) Plantations profit, despite better average selling price (ex-mill) of CPO at RM2,678/mt (4QFY2010: RM2,432/mt), fell 10.2% to RM314.6 million attributed to lower FFB production, higher production cost and the fair value losses of RM45.1 million on adoption of FRS 139; and



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- (ii) Manufacturing sector's profit had decreased 25.2% to RM19.5 million mainly due to fair value losses of RM50.2 million on adoption of FRS 139.

The previous quarter's results was also aided by the write-back of RM76.0 million on the allowance for diminution in value of investment.

However, for the current quarter the retailing sector recorded a profit of RM53.6 million (4QFY2010: loss RM9.0 million) mainly due to seasonal factor.

B3. Current Year Prospects

The Group expects favourable results for the current financial year in view of the following:-

- (i) Contribution from the plantations sector would be higher based on the prevailing strong commodity prices and the projected higher FFB production; and
- (ii) Satisfactory performance from oleochemical division although the business remains competitive and 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		3 months ended	
	31 December		31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	58,456	42,704	58,456	42,704
Overseas taxation	35,175	32,999	35,175	32,999
	<u>93,631</u>	<u>75,703</u>	<u>93,631</u>	<u>75,703</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(16,237)	(236)	(16,237)	(236)
Relating to changes in tax rate	-	-	-	-
	<u>(16,237)</u>	<u>(236)</u>	<u>(16,237)</u>	<u>(236)</u>
	77,394	75,467	77,394	75,467
(Over)/Under provision in respect of previous years				
Malaysian taxation	(2,593)	(18)	(2,593)	(18)
Overseas taxation	26	(1,582)	26	(1,582)
	<u>(2,567)</u>	<u>(1,600)</u>	<u>(2,567)</u>	<u>(1,600)</u>
	<u>74,827</u>	<u>73,867</u>	<u>74,827</u>	<u>73,867</u>

The effective tax rates for the current quarter and financial year-to-date are lower than the statutory tax rate mainly due to non-taxable income received and the utilisation of previously unrecognised tax losses and capital allowances by certain subsidiaries.

B6. Sale of Unquoted Investments and Properties

- (a) There were no material disposals of unquoted investments during the financial period ended 31 December 2010 (31 December 2009: Nil).



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(b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Surplus arising from government acquisition of land	705	-	705	-

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	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Purchases of quoted securities	2,811	991	2,811	991
Sales proceeds of quoted securities	14,701	2,940	14,701	2,940
Surplus on sales of quoted securities	8,998	275	8,998	275

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

	31 December	30 September
	2010	2010
	RM'000	RM'000
At cost		
Associate	37,838	37,838
Other investments	345,671	348,599
	<u>383,509</u>	<u>386,437</u>
At carrying value less allowance		
Associate	-	-
Other investments	462,361	348,599
	<u>462,361</u>	<u>348,599</u>
At market value		
Associate	23,530	25,298
Other investments	462,361	372,177
	<u>485,891</u>	<u>397,475</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.

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.



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B9. Group Borrowings

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

	31 December 2010		30 September 2010	
	Amount in Foreign Currency		Amount in Foreign Currency	
	RM'000	'000	RM'000	'000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	1,739	Rmb3,742	1,719	Rmb3,716
- Unsecured	20,704	USD6,680	20,703	USD6,680
	19,249	GBP4,033	24,576	GBP5,033
	42,120	Rmb90,000	50,875	Rmb110,000
	3,764	AUD1,200	5,992	AUD2,000
	386	CAD125	417	CAD139
	83,799		75,920	
	170,022		178,483	
	171,761		180,202	
(ii) Islamic Medium Term Notes				
- Unsecured	201,446		-	
(iii) Bank Overdraft				
- Secured	-		8,750	Euro2,081
- Unsecured	-		8,468	GBP1,734
	3,282	HKD8,280	3,957	HKD9,937
	1,569	USD509	1,787	USD578
	-		11,261	CAD3,751
	75	Euro18	-	
	10	CHF3	-	
	4,936		25,473	
	4,936		34,223	
(iv) Short Term Borrowings				
- Secured	-		21,028	Euro5,000
	-		15,822	CHF5,000
	592	Rmb1,265	-	
	592		36,850	
- Unsecured	82,135	USD26,500	72,585	USD23,420
	9,360	Rmb20,000	9,250	Rmb20,000
	24,558	Euro6,000	40,916	Euro9,732
	26,241	CHF8,000	9,493	CHF3,000
	143,187	GBP30,000	-	
	483,834		196,093	
	769,315		328,337	
	769,907		365,187	
Total repayable within 12 months	1,148,050		579,612	



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	31 December 2010		30 September 2010	
	Amount in Foreign Currency		Amount in Foreign Currency	
	RM'000	'000	RM'000	'000
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	2,144	Rmb4,613	2,575	Rmb5,568
- Unsecured	72,063	USD23,320	70,848	USD22,990
	81,774	Euro20,000	84,086	Euro20,000
	-		41	GBP8
	433,343		449,539	
	587,180		604,514	
	589,324		607,089	
(ii) Islamic Medium Term Notes				
- Unsecured	301,705		500,000	
Total repayable after 12 months	891,029		1,107,089	

B10. Derivative Financial Instruments

- (a) The forward foreign exchange contracts are 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 commodity future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

As at 31 December 2010, the values and maturity analysis of the outstanding derivatives are as follows:-

<u>Derivatives</u>	Contract/Notional	
	Value	Fair value
	Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,044,175)	11,516
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(485,001)	(96,111)
- 1 year to 3 years	-	-
- More than 3 years	-	-

With the adoption of FRS 139, derivative financial instruments are recognised at fair value on contract dates and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

For the current quarter ended 31 December 2010, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's risk management objectives, policies and processes.

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B11. Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

B12. Breakdown of Realised and Unrealised Profits or Losses

	31 December 2010 <u>RM'000</u>	30 September 2010 <u>RM'000</u>
Total retained profits of the Company and its subsidiaries		
- realised	4,258,210	4,047,257
- unrealised	8,123	(82,877)
	<u>4,266,333</u>	<u>3,964,380</u>
Total share of retained profits from associates		
- realised	118,373	111,623
- unrealised	(6,849)	(6,927)
	<u>4,377,857</u>	<u>4,069,076</u>
Consolidation adjustments	(292,729)	(289,187)
Total group retained profits as per consolidated accounts	<u><u>4,085,128</u></u>	<u><u>3,779,889</u></u>

B13. Material Litigation

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

B14. Dividend

(a) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2010 (31 December 2009: Nil).

(b) The total dividend for the current financial year to-date is Nil (31 December 2009: Nil).

B15. 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.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		3 months ended	
	31 December		31 December	
	2010	2009	2010	2009
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>304,186</u>	<u>241,816</u>	<u>304,186</u>	<u>241,816</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>28.56</u>	<u>22.71</u>	<u>28.56</u>	<u>22.71</u>

B16. Audit Report

The audit report for the financial year ended 30 September 2010 was not subject to any qualifications.

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

23 February 2011