



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

**Interim Financial Report
For the third quarter ended 30 June 2011**



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

The Directors are pleased to announce the unaudited financial results of the Group for the third quarter ended 30 June 2011.

Condensed Consolidated Income Statement For the third quarter ended 30 June 2011

(The figures have not been audited.)

| | Individual Quarter | | Cumulative Quarter | |
|--------------------------------|---------------------------|----------------|---------------------------|----------------|
| | 3 months ended 30 June | | 9 months ended 30 June | |
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 2,952,257 | 1,826,968 | 7,743,594 | 5,475,985 |
| Operating expenses | (2,385,879) | (1,532,907) | (6,342,209) | (4,592,690) |
| Other operating income | 21,769 | 29,134 | 94,913 | 81,583 |
| Finance costs | (19,499) | (14,115) | (54,592) | (43,129) |
| Share of results of associates | 2,196 | 11,531 | 25,250 | 27,796 |
| Profit before taxation | 570,844 | 320,611 | 1,466,956 | 949,545 |
| Tax expense | (115,453) | (64,324) | (297,295) | (209,437) |
| Net profit for the period | <u>455,391</u> | <u>256,287</u> | <u>1,169,661</u> | <u>740,108</u> |
| Attributable to:- | | | | |
| Equity holders of the Company | 432,759 | 243,541 | 1,110,799 | 701,295 |
| Non-controlling interests | <u>22,632</u> | <u>12,746</u> | <u>58,862</u> | <u>38,813</u> |
| | <u>455,391</u> | <u>256,287</u> | <u>1,169,661</u> | <u>740,108</u> |
| | Sen | Sen | Sen | Sen |
| Earnings per share - Basic | <u>40.64</u> | <u>22.87</u> | <u>104.30</u> | <u>65.85</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 third quarter ended 30 June 2011**

(The figures have not been audited.)

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------|-----------------|---------------------------|------------------|
| | 3 months ended 30 June | | 9 months ended 30 June | |
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Net profit for the period | <u>455,391</u> | <u>256,287</u> | <u>1,169,661</u> | <u>740,108</u> |
| Other comprehensive income/(loss) | | | | |
| Foreign currency translation differences | 75,114 | (36,161) | 125,935 | (100,555) |
| Available-for-sale investments | | | | |
| Net change in fair value | 84,580 | - | 185,793 | - |
| Reclassification adjustment for surplus on disposal included in profit or loss | <u>(48)</u> | <u>-</u> | <u>(9,633)</u> | <u>-</u> |
| Total other comprehensive income/(loss) for the period | <u>159,646</u> | <u>(36,161)</u> | <u>302,095</u> | <u>(100,555)</u> |
| Total comprehensive income for the period | <u>615,037</u> | <u>220,126</u> | <u>1,471,756</u> | <u>639,553</u> |
| Attributable to:- | | | | |
| Equity holders of the Company | 591,399 | 207,840 | 1,409,862 | 602,830 |
| Non-controlling interests | <u>23,638</u> | <u>12,286</u> | <u>61,894</u> | <u>36,723</u> |
| | <u>615,037</u> | <u>220,126</u> | <u>1,471,756</u> | <u>639,553</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)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position As at 30 June 2011

(The figures have not been audited.)

| | 30 June 2011 | 30 September 2010 |
|---|--------------------------|-------------------------|
| | RM'000 | RM'000 |
| Assets | | (Restated) |
| Property, plant and equipment | 2,968,960 | 2,923,763 |
| Investment properties | - | 4,463 |
| Biological assets | 1,786,422 | 1,672,395 |
| Land held for property development | 207,422 | 229,419 |
| Goodwill on consolidation | 307,231 | 289,529 |
| Intangible assets | 34,938 | 32,410 |
| Investment in associates | 89,062 | 199,361 |
| Available-for-sale investments | 759,037 | 349,300 |
| Other receivable | 57,434 | 46,808 |
| Deferred tax assets | 25,070 | 21,022 |
| Total non-current assets | <u>6,235,576</u> | <u>5,768,470</u> |
| Inventories | 1,886,667 | 1,287,939 |
| Biological assets | 4,301 | 3,759 |
| Trade and other receivables | 1,338,881 | 811,788 |
| Tax recoverable | 17,429 | 20,309 |
| Property development costs | 33,236 | 3,316 |
| Derivative financial assets | 33,276 | - |
| Assets held for sale | 34,137 | 12,845 |
| Cash and cash equivalents | 1,494,273 | 1,255,105 |
| Total current assets | <u>4,842,200</u> | <u>3,395,061</u> |
| Total assets | <u>11,077,776</u> | <u>9,163,531</u> |
| Equity | | |
| Share capital | 1,067,505 | 1,067,505 |
| Reserves | <u>5,733,875</u> | <u>4,951,146</u> |
| | 6,801,380 | 6,018,651 |
| Less: Cost of treasury shares | <u>(13,447)</u> | <u>(13,447)</u> |
| Total equity attributable to equity holders of the Company | 6,787,933 | 6,005,204 |
| Non-controlling interests | <u>390,536</u> | <u>320,145</u> |
| Total equity | <u>7,178,469</u> | <u>6,325,349</u> |
| Liabilities | | |
| Deferred tax liabilities | 245,556 | 241,989 |
| Provision for retirement benefits | 222,696 | 219,378 |
| Borrowings | <u>560,544</u> | <u>1,107,089</u> |
| Total non-current liabilities | <u>1,028,796</u> | <u>1,568,456</u> |
| Trade and other payables | 828,460 | 619,907 |
| Borrowings | 1,728,811 | 579,612 |
| Tax payable | 140,383 | 70,207 |
| Derivative financial liabilities | 13,112 | - |
| Dividend payable | 159,745 | - |
| Total current liabilities | <u>2,870,511</u> | <u>1,269,726</u> |
| Total liabilities | <u>3,899,307</u> | <u>2,838,182</u> |
| Total equity and liabilities | <u>11,077,776</u> | <u>9,163,531</u> |
| Net assets per share attributable to equity holders of the Company (RM) | 6.37 | 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)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity For the third quarter ended 30 June 2011 (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 | 938 | - | 24,516 | 477 | 24,993 |
| As restated | 1,067,505 | 1,017,861 | 81,121 | 27,841 | 44,434 | 23,578 | 3,780,827 | (13,447) | 6,029,720 | 320,622 | 6,350,342 |
| Profit for the period | - | - | - | - | - | - | 1,110,799 | - | 1,110,799 | 58,862 | 1,169,661 |
| Net change in fair value of available-for-sale investments | - | - | - | - | - | 185,793 | - | - | 185,793 | - | 185,793 |
| Reclassification adjustment for surplus on disposal of available-for-sale investments included in profit or loss | - | - | - | - | - | (9,633) | - | - | (9,633) | - | (9,633) |
| Foreign currency translation differences | - | 215 | - | (1) | 122,689 | - | - | - | 122,903 | 3,032 | 125,935 |
| Total comprehensive income for the period | - | 215 | - | (1) | 122,689 | 176,160 | 1,110,799 | - | 1,409,862 | 61,894 | 1,471,756 |
| Rights issue to non-controlling interests | - | - | - | - | - | - | - | - | - | 24,254 | 24,254 |
| Acquisition of shares from non-controlling interests | - | - | - | - | - | - | - | - | - | (3,951) | (3,951) |
| Redemption of RPS from non-controlling interests | - | - | - | - | - | - | - | - | - | (1,500) | (1,500) |
| Effect of changes in shareholdings in subsidiaries | - | - | - | - | - | - | (12,669) | - | (12,669) | 12,669 | - |
| Dividend paid | - | - | - | - | - | - | (479,235) | - | (479,235) | - | (479,235) |
| Dividend payable | - | - | - | - | - | - | (159,745) | - | (159,745) | - | (159,745) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (23,452) | (23,452) |
| At 30 June 2011 | 1,067,505 | 1,018,076 | 81,121 | 27,840 | 167,123 | 199,738 | 4,239,977 | (13,447) | 6,787,933 | 390,536 | 7,178,469 |
| 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 | - | - | - | - | - | - | 701,295 | - | 701,295 | 38,813 | 740,108 |
| Transfer from retained earnings to capital reserve | - | 1,733 | - | - | - | - | (1,733) | - | - | - | - |
| Foreign currency translation differences | - | (124) | - | (2) | (98,258) | - | (81) | - | (98,465) | (2,090) | (100,555) |
| Total comprehensive income for the period | - | 1,609 | - | (2) | (98,258) | - | 699,481 | - | 602,830 | 36,723 | 639,553 |
| Acquisition through business combination | - | - | - | - | - | - | - | - | - | 315 | 315 |
| Acquisition of shares from non-controlling interests | - | - | - | - | - | - | - | - | - | (5,723) | (5,723) |
| Redemption of RPS from non-controlling interests | - | - | - | - | - | - | - | - | - | (3,000) | (3,000) |
| Dividend paid | - | - | - | - | - | - | (319,489) | - | (319,489) | - | (319,489) |
| Dividend payable | - | - | - | - | - | - | (159,745) | - | (159,745) | - | (159,745) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (17,936) | (17,936) |
| At 30 June 2010 | 1,067,505 | 881,740 | 81,121 | 27,713 | 95,984 | - | 3,616,989 | (13,447) | 5,757,605 | 319,139 | 6,076,744 |

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.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the third quarter ended 30 June 2011**

(The figures have not been audited.)

| | 9 months ended 30 June | |
|--|---------------------------|------------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Cash Flows from Operating Activities | | |
| Profit before taxation | 1,466,956 | 949,545 |
| Adjustment for non-cash flow:- | | |
| Non-cash items | 163,544 | 112,037 |
| Non-operating items | 21,842 | 15,717 |
| Operating profit before working capital changes | 1,652,342 | 1,077,299 |
| Working capital changes:- | | |
| Net change in current assets | (1,016,802) | (229,537) |
| Net change in current liabilities | 220,750 | 108,884 |
| Cash generated from operations | 856,290 | 956,646 |
| Interest paid | (58,696) | (46,596) |
| Tax paid | (227,463) | (177,222) |
| Retirement benefits paid | (17,018) | (5,380) |
| Net cash generated from operating activities | <u>553,113</u> | <u>727,448</u> |
| Cash Flows from Investing Activities | | |
| Equity investments | (155,192) | 29,982 |
| Other investments | (286,392) | (243,262) |
| Net cash used in investing activities | <u>(441,584)</u> | <u>(213,280)</u> |
| Cash Flows from Financing Activities | | |
| Bank borrowings | 615,448 | (138,836) |
| Dividends paid to shareholders of the Company | (479,235) | (319,489) |
| Dividends paid to non-controlling interests | (23,452) | (17,936) |
| Rights issue of shares to non-controlling interests | 24,254 | - |
| Redemption of RPS from non-controlling interests | (1,500) | (3,000) |
| Increase in other receivable | (6,915) | (7,621) |
| Net cash generated from/(used in) financing activities | <u>128,600</u> | <u>(486,882)</u> |
| Net increase in cash and cash equivalents | 240,129 | 27,286 |
| Cash and cash equivalents at 1 October | <u>1,220,882</u> | <u>1,274,677</u> |
| | 1,461,011 | 1,301,963 |
| Foreign exchange difference on opening balance | 24,494 | (7,894) |
| Cash and cash equivalents at 30 June | <u>1,485,505</u> | <u>1,294,069</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*

**Notes to Interim Financial Report**

(Continued)

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 | <u>354,537</u> | <u>(354,537)</u> | <u>-</u> |

(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.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

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 | - | 11,122 | 11,122 |
| Equity | | | |
| Fair value reserve | - | 23,578 | 23,578 |
| Retained earnings | 3,779,889 | 938 | 3,780,827 |
| Non-controlling interests | 320,145 | 477 | 320,622 |
| 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 | 13 | 70,220 |
| Derivative financial liabilities | - | 10,220 | 10,220 |

Impact on net profit for the current financial period:

| | Increase/ (Decrease) RM'000 |
|---|-----------------------------------|
| Net fair value gain on derivative financial instruments | 20,633 |
| Taxation arising from fair valuation of derivatives | 1,509 |
| Total | 22,142 |



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

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 | |
|--|---------------------------|----------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Dividend proposed in Year 2010, paid in Year 2011:- | | |
| Final single tier dividend 45 sen (2010: 30 sen) per share | <u>479,235</u> | <u>319,489</u> |

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2010: 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.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

(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 2011 | | | | | | | |
| Revenue | | | | | | | |
| External revenue | 3,534,621 | 3,640,186 | 515,769 | 2,947 | 50,071 | - | 7,743,594 |
| Inter-segment revenue | 582,800 | 4,901 | 52 | - | 24,842 | (612,595) | - |
| Total revenue | <u>4,117,421</u> | <u>3,645,087</u> | <u>515,821</u> | <u>2,947</u> | <u>74,913</u> | <u>(612,595)</u> | <u>7,743,594</u> |
| Results | | | | | | | |
| Operating results | 1,139,297 | 267,195 | 24,456 | 1,117 | 28,780 | - | 1,460,845 |
| Interest income | 88 | 1,381 | 80 | 583 | 18,087 | (5,770) | 14,449 |
| Finance costs | (368) | (23,558) | (3,321) | - | (33,115) | 5,770 | (54,592) |
| Share of results of associates | 9,030 | 6,208 | - | 9,749 | 263 | - | 25,250 |
| Segment results | <u>1,148,047</u> | <u>251,226</u> | <u>21,215</u> | <u>11,449</u> | <u>14,015</u> | <u>-</u> | <u>1,445,952</u> |
| Corporate income | | | | | | | 21,004 |
| Profit before taxation | | | | | | | <u>1,466,956</u> |
| 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 | 765,712 | 112,307 | 38,849 | 3,275 | 13,000 | - | 933,143 |
| Interest income | 62 | 1,242 | 94 | 540 | 22,721 | (7,109) | 17,550 |
| Finance costs | (474) | (13,382) | (2,215) | - | (34,167) | 7,109 | (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>-</u> | <u>935,360</u> |
| Corporate income | | | | | | | 14,185 |
| Profit before taxation | | | | | | | <u>949,545</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 2011 | | | | | | |
| Operating assets | 4,249,399 | 3,994,912 | 410,045 | 341,141 | 1,950,718 | 10,946,215 |
| Associates | 58,556 | 3,436 | - | 14,258 | 12,812 | 89,062 |
| Segment assets | <u>4,307,955</u> | <u>3,998,348</u> | <u>410,045</u> | <u>355,399</u> | <u>1,963,530</u> | <u>11,035,277</u> |
| Tax assets | | | | | | 42,499 |
| Total assets | | | | | | <u>11,077,776</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> |



Notes to Interim Financial Report

(Continued)

A8. Event Subsequent to Balance Sheet Date

KL-Kepong Industrial Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, had disposed of its 50% interest in Esterol Sdn Bhd ("Esterol") for a cash consideration of RM234.7 million in July 2011. Following this disposal, Esterol ceased to be an associate in the Group.

A9. Changes in the Composition of the Group

In April 2011, KL-Kepong Industrial Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, had disposed of its remaining 40% interest in Barry Callebaut Malaysia Sdn Bhd ("BCM"). Following this disposal, BCM ceased to be an associate in the Group.

KL-Kepong Industrial Holdings Sdn Bhd and KL-Kepong Plantation Holdings Sdn Bhd, both wholly-owned subsidiaries of the Company, had jointly incorporated a new wholly-owned subsidiary, namely PT KLK Dumai, in the Republic of Indonesia.

The principal activity of PT KLK Dumai is in the manufacturing of basic organic chemicals from agricultural products.

There were no other material 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

3rd Quarter FY2011 vs 3rd Quarter FY2010

The pre-tax profit of the Group for the 3rd quarter surged 78.0% to RM570.8 million compared to last year's same quarter. Plantations sector contributed substantially to the current quarter's increase in profit.

Plantations profit soared 73.0% to RM454.4 million which was achieved through favourable commodity prices and higher FFB production despite the increase in cost of production. The average commodity selling prices realised for the quarter were as follows:-

| | <u>3QFY2011</u> | <u>3QFY2010</u> |
|--------------------------------|-----------------|-----------------|
| Crude Palm Oil (RM/mt ex-mill) | 3,085 | 2,562 |
| Palm Kernel (RM/mt ex-mill) | 2,375 | 1,375 |
| Rubber (RM/kg net of cess) | 16.15 | 10.97 |

Manufacturing sector recorded a 68.3% improvement in profit to RM95.5 million underpinned by buoyant alcohol business performance of the oleochemical division. Retailing sector suffered a loss of RM7.8 million (3QFY2010: profit RM4.5 million).

The 3rd quarter's results had accounted for the surplus of RM43.4 million arising from the disposal of an associate, BCM.

Todate 3rd Quarter FY2011 vs Totate 3rd Quarter FY2010

The Group registered a significant improvement of 54.5% in the 9 months profit before taxation to RM1.467 billion compared to the same period last year.



Notes to Interim Financial Report

(Continued)

Despite the increase in production cost, plantations profit climbed 48.3% to RM1.148 billion after having achieved the following higher commodity prices:-

| | <u>Todate</u> <u>3QFY2011</u> | <u>Todate</u> <u>3QFY2010</u> |
|--------------------------------|----------------------------------|----------------------------------|
| Crude Palm Oil (RM/mt ex-mill) | 2,952 | 2,390 |
| Palm Kernel (RM/mt ex-mill) | 2,254 | 1,213 |
| Rubber (RM/kg net of cess) | 13.86 | 9.37 |

Profit from the manufacturing sector had improved more than 2 folds to RM251.2 million on the back of higher revenue. The solid results was fuelled by the steady performance of the oleochemical business.

Retailing sector brought in a lower profit of RM21.2 million (Todate 3QFY2010: profit RM36.7 million) caused by narrower margins and higher operating cost.

A surplus of RM43.4 million was realised arising from the disposal of an associate, BCM.

B2. Variation of Results to Preceding Quarter

3rd Quarter FY2011 vs 2nd Quarter FY2011

For the quarter under review, the Group's pre-tax profit of RM570.8 million had exceeded the preceding quarter's profit by 13.3%. Plantations profit was up 19.9% at RM454.4 million on account of higher FFB production and better commodity selling prices. Manufacturing sector's profit had declined 29.9% to RM95.5 million. The loss incurred by retailing sector was lower at RM7.8 million (2QFY: loss RM24.6 million).

The current quarter had accounted for the surplus of RM43.4 million which was realised from the disposal of an associate, BCM.

B3. Current Year Prospects

The current financial year's Group profit will be significantly higher in view of the following:-

- (i) substantial contribution from plantations sector;
- (ii) satisfactory performance from oleochemical division; and
- (iii) surplus arising from the disposals of associates.

B4. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial year to-date.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

B5. Tax Expense

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|----------------|---------------------------|----------------|
| | 3 months ended 30 June | | 9 months ended 30 June | |
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense | | | | |
| Malaysian taxation | 74,932 | 45,065 | 192,954 | 130,919 |
| Overseas taxation | 41,431 | 21,955 | 109,474 | 82,735 |
| | <u>116,363</u> | <u>67,020</u> | <u>302,428</u> | <u>213,654</u> |
| Deferred tax | | | | |
| Relating to origination and reversal of temporary differences | (2,168) | (2,648) | (1,363) | (2,678) |
| Relating to changes in tax rate | (15) | - | (589) | - |
| | <u>(2,183)</u> | <u>(2,648)</u> | <u>(1,952)</u> | <u>(2,678)</u> |
| | 114,180 | 64,372 | 300,476 | 210,976 |
| Under/(Over) provision in respect of previous years | | | | |
| Malaysian taxation | 1,259 | (762) | (1,328) | (845) |
| Overseas taxation | 14 | 714 | (1,853) | (694) |
| | <u>1,273</u> | <u>(48)</u> | <u>(3,181)</u> | <u>(1,539)</u> |
| | <u>115,453</u> | <u>64,324</u> | <u>297,295</u> | <u>209,437</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 30 June 2011 (30 June 2010: Nil).

(b) Sale of properties

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|--------|---------------------------|--------|
| | 3 months ended 30 June | | 9 months ended 30 June | |
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Surplus arising from government acquisition of land | 812 | - | 1,796 | - |
| Surplus on sale of investment property | 2,878 | 1,228 | 2,878 | 1,228 |
| Surplus on sale of land | - | 1,657 | - | 1,657 |



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

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 | |
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Purchases of quoted securities | <u>10,297</u> | <u>3,926</u> | <u>223,078</u> | <u>7,763</u> |
| Sales proceeds of quoted securities | <u>4,755</u> | <u>5,468</u> | <u>29,961</u> | <u>10,048</u> |
| Surplus on sales of quoted securities | <u>606</u> | <u>1,639</u> | <u>17,681</u> | <u>2,291</u> |

- (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 |
|----------------------------------|----------------|----------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| At cost | | |
| Associate | 37,838 | 37,838 |
| Other investments | <u>558,937</u> | <u>348,599</u> |
| | <u>596,775</u> | <u>386,437</u> |
| At carrying value less allowance | | |
| Associate | - | - |
| Other investments | <u>758,675</u> | <u>348,599</u> |
| | <u>758,675</u> | <u>348,599</u> |
| At market value | | |
| Associate | 23,837 | 25,298 |
| Other investments | <u>758,675</u> | <u>372,177</u> |
| | <u>782,512</u> | <u>397,475</u> |

B8. Status of Corporate Proposals Announced

There were no corporate proposals announced.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

B9. Group Borrowings

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

| | 30 June 2011 | | 30 September 2010 | |
|----------------------------------|--------------|---------------------------------|-------------------|---------------------------------|
| | RM'000 | Amount in Foreign Currency '000 | RM'000 | Amount in Foreign Currency '000 |
| (a) Repayable within 12 months:- | | | | |
| (i) Term Loans | | | | |
| - Secured | 1,750 | Rmb3,749 | 1,719 | Rmb3,716 |
| - Unsecured | 19,500 | USD6,400 | 20,703 | USD6,680 |
| | 19,579 | GBP4,016 | 24,576 | GBP5,033 |
| | 65,912 | Rmb139,970 | 50,875 | Rmb110,000 |
| | 4,355 | AUD1,350 | 5,992 | AUD2,000 |
| | 320 | CAD103 | 417 | CAD139 |
| | 89,538 | | 75,920 | |
| | 199,204 | | 178,483 | |
| | 200,954 | | 180,202 | |
| (ii) Islamic Medium Term Notes | | | | |
| - Unsecured | 503,148 | | - | |
| (iii) Bank Overdraft | | | | |
| - Secured | - | | 8,750 | Euro2,081 |
| - Unsecured | 4,834 | GBP991 | 8,468 | GBP1,734 |
| | 3,316 | HKD8,479 | 3,957 | HKD9,937 |
| | 372 | USD122 | 1,787 | USD578 |
| | - | | 11,261 | CAD3,751 |
| | 246 | EUR56 | - | |
| | 8,768 | | 25,473 | |
| | 8,768 | | 34,223 | |
| (iv) Short Term Borrowings | | | | |
| - Secured | - | | 21,028 | Euro5,000 |
| | - | | 15,822 | CHF5,000 |
| | - | | 36,850 | |
| - Unsecured | 108,185 | USD35,500 | 72,585 | USD23,420 |
| | 35,931 | Rmb76,303 | 9,250 | Rmb20,000 |
| | 87,592 | EUR20,000 | 40,916 | Euro9,732 |
| | 29,232 | CHF8,000 | 9,493 | CHF3,000 |
| | 131,639 | GBP27,000 | - | |
| | 623,362 | | 196,093 | |
| | 1,015,941 | | 328,337 | |
| | 1,015,941 | | 365,187 | |
| Total repayable within 12 months | 1,728,811 | | 579,612 | |



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

| | 30 June 2011 | | 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 | 1,283 | Rmb2,748 | 2,575 | Rmb5,568 |
| - Unsecured | 104,072 | USD34,260 | 70,848 | USD22,990 |
| | 87,592 | EUR20,000 | 84,086 | Euro20,000 |
| | - | | 41 | GBP8 |
| | 367,597 | | 449,539 | |
| | 559,261 | | 604,514 | |
| | 560,544 | | 607,089 | |
| (ii) Islamic Medium Term Notes | | | | |
| - Unsecured | - | | 500,000 | |
| Total repayable after 12 months | 560,544 | | 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 30 June 2011, the values and maturity analysis of the outstanding derivatives are as follows:-

| Derivatives | Contract/Notional Value | Fair value |
|--|-------------------------|--------------------|
| | Net long/(short) | Net gains/(losses) |
| | RM'000 | RM'000 |
| (i) Forward foreign exchange contracts | | |
| - Less than 1 year | (1,179,354) | 436 |
| - 1 year to 3 years | - | - |
| - More than 3 years | - | - |
| (ii) Commodity futures contracts | | |
| - Less than 1 year | (411,680) | 19,728 |
| - 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 30 June 2011, 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.

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.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

B12. Breakdown of Realised and Unrealised Profits or Losses

| | 30 June 2011 | 30 September 2010 |
|--|-------------------------|-------------------------|
| | RM'000 | RM'000 |
| Total retained profits of the Company and its subsidiaries | | |
| - realised | 4,687,983 | 4,066,792 |
| - unrealised | <u>(13,870)</u> | <u>(102,412)</u> |
| | 4,674,113 | 3,964,380 |
| Total share of retained profits from associates | | |
| - realised | 54,123 | 111,623 |
| - unrealised | <u>(4,353)</u> | <u>(6,927)</u> |
| | 4,723,883 | 4,069,076 |
| Consolidation adjustments | <u>(483,906)</u> | <u>(289,187)</u> |
| Total group retained profits as per consolidated accounts | <u><u>4,239,977</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) An interim single tier dividend of 15 sen per share (2010: interim single tier dividend of 15 sen per share) was declared by the Directors on 25 May 2011 and was paid on 9 August 2011.
- (b) The total dividend for the current financial year to-date is single tier dividend of 15 sen (2010: 15 sen) per share.

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.

| | Individual Quarter | | Cumulative Quarter | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 3 months ended | | 9 months ended | |
| | 30 June | | 30 June | |
| | 2011 | 2010 | 2011 | 2010 |
| (a) Net profit for the period attributable to equity holders of the Company (RM'000) | <u>432,759</u> | <u>243,541</u> | <u>1,110,799</u> | <u>701,295</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>40.64</u> | <u>22.87</u> | <u>104.30</u> | <u>65.85</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

16 August 2011