



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)  
(Incorporated in Malaysia)

**Interim Financial Report  
For the year ended 30 September 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 year ended 30 September 2011.

## Condensed Consolidated Income Statement For the year ended 30 September 2011

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Revenue	2,999,658	2,014,641	10,743,252	7,490,626
Operating expenses	(2,617,496)	(1,680,297)	(8,959,705)	(6,272,987)
Other operating income	234,210	104,480	329,123	186,063
Finance costs	(19,652)	(15,142)	(74,244)	(58,271)
Share of results of associates	2,529	9,605	27,779	37,401
Profit before taxation	599,249	433,287	2,066,205	1,382,832
Tax expense	(123,379)	(106,125)	(420,674)	(315,562)
Net profit for the period	<u>475,870</u>	<u>327,162</u>	<u>1,645,531</u>	<u>1,067,270</u>
Attributable to:-				
Equity holders of the Company	460,614	311,045	1,571,413	1,012,340
Non-controlling interests	<u>15,256</u>	<u>16,117</u>	<u>74,118</u>	<u>54,930</u>
	<u>475,870</u>	<u>327,162</u>	<u>1,645,531</u>	<u>1,067,270</u>
	Sen	Sen	Sen	Sen
Earnings per share - Basic	<u>43.25</u>	<u>29.21</u>	<u>147.56</u>	<u>95.06</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 year ended 30 September 2011**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>475,870</u>	<u>327,162</u>	<u>1,645,531</u>	<u>1,067,270</u>
Other comprehensive income/(loss)				
Foreign currency translation differences	42,530	(56,973)	168,465	(157,528)
Available-for-sale investments				
Net change in fair value	(214,665)	-	(28,872)	-
Reclassification adjustment for surplus on disposal included in profit or loss	(1,080)	-	(10,713)	-
Actuarial gain/(loss) on defined benefit plans	<u>1,090</u>	<u>(11,360)</u>	<u>1,090</u>	<u>(11,360)</u>
Total other comprehensive (loss)/income for the period	<u>(172,125)</u>	<u>(68,333)</u>	<u>129,970</u>	<u>(168,888)</u>
Total comprehensive income for the period	<u><u>303,745</u></u>	<u><u>258,829</u></u>	<u><u>1,775,501</u></u>	<u><u>898,382</u></u>
Attributable to:-				
Equity holders of the Company	285,717	247,599	1,695,579	850,429
Non-controlling interests	<u>18,028</u>	<u>11,230</u>	<u>79,922</u>	<u>47,953</u>
	<u><u>303,745</u></u>	<u><u>258,829</u></u>	<u><u>1,775,501</u></u>	<u><u>898,382</u></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 30 September 2011

(The figures have not been audited.)

	30 September 2011	30 September 2010
	RM'000	RM'000
<b>Assets</b>		(Restated)
Property, plant and equipment	2,711,488	2,587,140
Prepaid lease payments	339,088	336,623
Investment properties	-	4,463
Biological assets	1,836,811	1,672,395
Land held for property development	223,693	229,419
Goodwill on consolidation	304,266	289,529
Intangible assets	33,473	32,410
Investment in associates	92,521	199,361
Available-for-sale investments	559,704	349,300
Other receivable	61,940	46,808
Deferred tax assets	29,399	21,022
Total non-current assets	<u>6,192,383</u>	<u>5,768,470</u>
Inventories	1,673,013	1,287,939
Biological assets	4,752	3,759
Trade and other receivables	1,366,751	811,788
Tax recoverable	10,164	20,309
Property development costs	30,930	3,316
Derivative financial assets	21,709	-
Assets held for sale	-	12,845
Cash and cash equivalents	<u>1,670,156</u>	<u>1,255,105</u>
Total current assets	<u>4,777,475</u>	<u>3,395,061</u>
<b>Total assets</b>	<b><u>10,969,858</u></b>	<b><u>9,163,531</u></b>
<b>Equity</b>		
Share capital	1,067,505	1,067,505
Reserves	<u>6,019,591</u>	<u>4,951,146</u>
	7,087,096	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	<u>7,073,649</u>	<u>6,005,204</u>
Non-controlling interests	<u>392,422</u>	<u>320,145</u>
<b>Total equity</b>	<b><u>7,466,071</u></b>	<b><u>6,325,349</u></b>
<b>Liabilities</b>		
Deferred tax liabilities	245,732	241,989
Provision for retirement benefits	224,747	219,378
Borrowings	<u>525,766</u>	<u>1,107,089</u>
Total non-current liabilities	<u>996,245</u>	<u>1,568,456</u>
Trade and other payables	768,178	619,907
Borrowings	1,563,830	579,612
Tax payable	113,927	70,207
Derivative financial liabilities	<u>61,607</u>	<u>-</u>
Total current liabilities	<u>2,507,542</u>	<u>1,269,726</u>
<b>Total liabilities</b>	<b><u>3,503,787</u></b>	<b><u>2,838,182</u></b>
<b>Total equity and liabilities</b>	<b><u>10,969,858</u></b>	<b><u>9,163,531</u></b>
Net assets per share attributable to equity holders of the Company (RM)	6.64	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 year ended 30 September 2011 (The figures have not been audited.)

	← Attributable to the equity holders of the Company →							Total	Non-controlling interests	Total Equity	
	Share capital	Capital reserve	Revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings				Treasury shares
	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	-	-	-	-	-	-	1,571,413	-	1,571,413	74,118	1,645,531
Net change in fair value of available-for-sale investments	-	-	-	-	-	(28,872)	-	-	(28,872)	-	(28,872)
Reclassification adjustment for surplus on disposal of available-for-sale investments included in profit or loss	-	-	-	-	-	(10,713)	-	-	(10,713)	-	(10,713)
Actuarial gain on defined benefit plans	-	-	-	-	-	-	1,090	-	1,090	-	1,090
Foreign currency translation differences	-	343	-	1	162,317	-	-	-	162,661	5,804	168,465
Total comprehensive income for the period	-	343	-	1	162,317	(39,585)	1,572,503	-	1,695,579	79,922	1,775,501
Rights issue to non-controlling interests	-	-	-	-	-	-	-	-	-	24,254	24,254
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-	-	(3,951)	(3,951)
Redemption of redeemable preference shares	-	-	-	27,900	-	-	(27,900)	-	-	(1,500)	(1,500)
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	(12,670)	-	(12,670)	12,670	-
Dividend paid	-	-	-	-	-	-	(638,980)	-	(638,980)	-	(638,980)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(39,595)	(39,595)
At 30 September 2011	1,067,505	1,018,204	81,121	55,742	206,751	(16,007)	4,673,780	(13,447)	7,073,649	392,422	7,466,071
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	-	-	-	-	-	-	1,012,340	-	1,012,340	54,930	1,067,270
Transfer from retained earnings to capital reserve	-	785	-	-	-	-	(785)	-	-	-	-
Actuarial loss on defined benefit plans	-	-	-	-	-	-	(11,360)	-	(11,360)	-	(11,360)
Foreign currency translation differences	-	(472)	-	(3)	(149,808)	-	(268)	-	(150,551)	(6,977)	(157,528)
Total comprehensive income for the period	-	313	-	(3)	(149,808)	-	999,927	-	850,429	47,953	898,382
Bonus issue capitalised from post-acquisition reserve	-	137,417	-	-	-	-	(137,417)	-	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	-	-	315	315
Acquisition of shares from non-controlling interests	-	-	-	-	-	-	-	-	-	(5,723)	(5,723)
Redemption of redeemable preference shares	-	-	-	129	-	-	(129)	-	-	(3,000)	(3,000)
Dividend paid	-	-	-	-	-	-	(479,234)	-	(479,234)	-	(479,234)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(28,160)	(28,160)
At 30 September 2010	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

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)  
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**Condensed Consolidated Statement of Cash Flows  
For the year ended 30 September 2011**

(The figures have not been audited.)

	12 months ended 30 September	
	2011	2010
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	2,066,205	1,382,832
Adjustment for non-cash flow:-		
Non-cash items	55,421	111,212
Non-operating items	22,918	17,687
Operating profit before working capital changes	2,144,544	1,511,731
Working capital changes:-		
Net change in current assets	(886,784)	(366,037)
Net change in current liabilities	151,571	5,658
Cash generated from operations	1,409,331	1,151,352
Interest paid	(72,106)	(57,989)
Tax paid	(375,052)	(295,795)
Retirement benefits paid	(23,147)	(13,696)
Net cash generated from operating activities	<u>939,026</u>	<u>783,872</u>
<b>Cash Flows from Investing Activities</b>		
Equity investments	191,616	69,061
Other investments	(461,923)	(332,835)
Net cash used in investing activities	<u>(270,307)</u>	<u>(263,774)</u>
<b>Cash Flows from Financing Activities</b>		
Bank borrowings	398,736	(38,523)
Dividends paid to shareholders of the Company	(638,980)	(479,234)
Dividends paid to non-controlling interests	(39,595)	(28,160)
Rights issue of shares to non-controlling interests	24,254	-
Redemption of redeemable preference shares from non-controlling interests	(1,500)	(3,000)
Increase in other receivable	(9,953)	(9,751)
Net cash used in financing activities	<u>(267,038)</u>	<u>(558,668)</u>
Net increase/(decrease) in cash and cash equivalents	401,681	(38,570)
Cash and cash equivalents at 1 October	<u>1,220,882</u>	<u>1,274,677</u>
	1,622,563	1,236,107
Foreign exchange difference on opening balance	32,814	(15,225)
Cash and cash equivalents at 30 September	<u>1,655,377</u>	<u>1,220,882</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.*



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## **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
<b>As at 30 September 2010</b>			
Property, plant and equipment	2,569,226	17,914	2,587,140
Prepaid lease payments	<u>354,537</u>	<u>(17,914)</u>	<u>336,623</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

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## 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
<b>Non-current assets</b>			
Available-for-sale investments	349,300	23,578	372,878
<b>Current assets</b>			
Derivative financial assets	-	11,122	11,122
<b>Equity</b>			
Fair value reserve	-	23,578	23,578
Retained earnings	3,779,889	938	3,780,827
Non-controlling interests	320,145	477	320,622
<b>Non-current liabilities</b>			
Borrowings	1,107,089	8,976	1,116,065
<b>Current liabilities</b>			
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 loss on derivatives	(40,027)
Taxation arising from fair valuation of derivatives	7,153
Total	<u>(32,874)</u>



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## 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

	12 months ended 30 September	
	2011	2010
	RM'000	RM'000
Interim single tier dividend 15 sen (2010: 15 sen) per share	159,745	159,745
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>
	<u>638,980</u>	<u>479,234</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

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## 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
<b>12 months ended</b>							
<b>30 September 2011</b>							
Revenue							
External revenue	4,880,411	5,135,476	651,054	4,588	71,723	-	10,743,252
Inter-segment revenue	705,387	5,167	58	-	33,911	(744,523)	-
Total revenue	<u>5,585,798</u>	<u>5,140,643</u>	<u>651,112</u>	<u>4,588</u>	<u>105,634</u>	<u>(744,523)</u>	<u>10,743,252</u>
Results							
Operating results	1,585,843	226,345	22,860	1,351	46,886	-	1,883,285
Interest income	126	2,020	110	761	27,591	(9,520)	21,088
Finance costs	(550)	(32,688)	(4,536)	-	(45,990)	9,520	(74,244)
Share of results of associates	10,081	6,228	-	11,208	262	-	27,779
Segment results	<u>1,595,500</u>	<u>201,905</u>	<u>18,434</u>	<u>13,320</u>	<u>28,749</u>	<u>-</u>	<u>1,857,908</u>
Corporate income							208,297
Profit before taxation							<u>2,066,205</u>
<b>12 months ended</b>							
<b>30 September 2010</b>							
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	1,112,295	137,699	31,161	3,788	21,567	-	1,306,510
Interest income	93	1,712	165	751	32,359	(10,902)	24,178
Finance costs	(785)	(18,957)	(3,568)	-	(45,863)	10,902	(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>-</u>	<u>1,309,818</u>
Corporate income							73,014
Profit before taxation							<u>1,382,832</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
<b>As at 30 September 2011</b>						
Operating assets	4,271,039	3,712,760	440,075	360,140	2,053,760	10,837,774
Associates	59,741	3,640	-	15,717	13,423	92,521
Segment assets	<u>4,330,780</u>	<u>3,716,400</u>	<u>440,075</u>	<u>375,857</u>	<u>2,067,183</u>	<u>10,930,295</u>
Tax assets						39,563
Total assets						<u>10,969,858</u>
<b>As at 30 September 2010</b>						
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>



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

On 10 October 2011, the Company issued RM300 million 5 years Islamic Medium Term Notes under the RM300 million Islamic Commercial Papers and/or Islamic Medium Term Notes Programme at par with profit rate of 3.88% per annum.

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

(a) In July 2011, 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. Following this disposal, Esterol ceased to be an associate in the Group.

(b) Premier Soap Company Ltd ("Premier Soap"), a wholly-owned dormant subsidiary incorporated in England, had applied to the Companies House, London, United Kingdom to strike off its name from the register of the companies. The striking-off process had been completed and Premier Soap ceased to be a subsidiary of the Group.

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**

***4<sup>th</sup> Quarter FY2011 vs 4<sup>th</sup> Quarter FY2010***

For the quarter under review, the Group's pre-tax profit soared 38.3% to RM599.2 million compared to the same quarter last year. The current quarter's result was boosted by the non-recurring surplus of RM200.6 million arising from the disposal of an associate, Esterol, whilst last year's quarter had a write-back of RM76.0 million on the allowance for diminution in value of investment.

Plantations sector recorded a 27.7% improvement in profit to RM447.5 million on account of better selling prices of commodities and increase in FFB production despite higher production cost and FRS 139's fair value loss of RM27.1 million. The quarter's achieved commodities selling prices were as follows:-

	<u>4QFY2011</u>	<u>4QFY2010</u>
Crude Palm Oil (RM/mt ex-mill)	2,975	2,432
Palm Kernel (RM/mt ex-mill)	1,839	1,518
Rubber (RM/kg net of cess)	14.79	11.21

Manufacturing sector's performance was adversely impacted by the uncertainties and concerns over the sovereign debt crisis in Europe and global macroeconomic environment which had eroded customers' buying confidence and disrupted the supply and demand pattern. The quarter ended with a loss of RM49.3 million (4QFY2010: profit RM26.1 million) with substantial stocks write-down as a result of falling prices and FRS 139's fair value loss of RM33.9 million.

***Todate 4<sup>th</sup> Quarter FY2011 vs Todate 4<sup>th</sup> Quarter FY2010***

The Group's pre-tax profit for the financial year at RM2.066 billion had surpassed the preceding year's profit by 49.4%. The comments on the business sectors were as follows:-

(i) Plantations profit surged 41.9% to RM1.596 billion, driven by strong selling prices of commodities which had over-shadowed the impact of higher production cost. The average selling prices realised were shown below:-



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	<u>Todate</u> <u>4QFY2011</u>	<u>Todate</u> <u>4QFY2010</u>
Crude Palm Oil (RM/mt ex-mill)	2,958	2,402
Palm Kernel (RM/mt ex-mill)	2,141	1,291
Rubber (RM/kg net of cess)	14.09	9.80

- (ii) Manufacturing sector achieved a 40.1% increase in profit to RM201.9 million despite the loss suffered in the 4<sup>th</sup> Quarter. The results for the year had benefited from added capacities coming on-stream as well as relatively strong business environment in the earlier part of the year. Revenue improved 58.2% to RM5.135 billion.
- (iii) Retailing profit had dropped 33.6% to RM18.4 million attributed to narrower margins and increase in operating cost.
- (iv) The disposals of 2 associates, Esterol and Barry Callebaut Malaysia Sdn Bhd ("BCM"), had generated a total surplus of RM244.0 million.

### B2. Variation of Results to Preceding Quarter

#### **4<sup>th</sup> Quarter FY2011 vs 3<sup>rd</sup> Quarter FY2011**

The Group registered a 5.0% improvement in the profit for the 4<sup>th</sup> Quarter to RM599.2 million which was aided by the surplus of RM200.6 million realised from the disposal of Esterol as compared to the RM43.4 million surplus arising from the disposal of BCM in the 3<sup>rd</sup> Quarter.

Plantations profit had declined slightly to RM447.5 million (3QFY2011: RM454.4 million) despite improvement in FFB production and decrease in cost of production. The lower profit was largely caused by the following lower commodity prices:-

	<u>4QFY2011</u>	<u>3QFY2011</u>
Crude Palm Oil (RM/mt ex-mill)	2,975	3,085
Palm Kernel (RM/mt ex-mill)	1,839	2,375
Rubber (RM/kg net of cess)	14.79	16.15

The FRS 139's fair value loss of RM27.1 million (3QFY2011: loss RM35.9 million) had also affected the quarter's plantations profit.

Manufacturing sector incurred a loss of RM49.3 million (3QFY2011: profit RM95.5 million) with substantial stocks write-down. The Eurozone sovereign debt crisis and weak global macroeconomic environment had affected the performance of this sector. Meanwhile, the quarter's result was also impacted by the recognition of FRS 139's fair value loss of RM33.9 million as against last quarter's fair value gain of RM5.1 million.

Retailing sector had reported a lower loss of RM2.8 million (3QFY2011: loss RM7.8 million).

### B3. Current Year Prospects

It is difficult to forecast the Group's profit for the current financial year given the uncertainties in the global market and the effects of Eurozone debt crisis. We are, however, confident that the fundamentals of our plantations business remain sound based on our commitment to improve efficiencies and productivity. The Group anticipates satisfactory returns from the plantations sector for the current financial year.



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### 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	81,800	61,338	274,754	192,257
Overseas taxation	43,371	51,153	152,845	133,888
	<u>125,171</u>	<u>112,491</u>	<u>427,599</u>	<u>326,145</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(3,492)	(8,941)	(4,855)	(11,619)
Relating to changes in tax rate	(16)	-	(605)	-
	<u>(3,508)</u>	<u>(8,941)</u>	<u>(5,460)</u>	<u>(11,619)</u>
	<u>121,663</u>	<u>103,550</u>	<u>422,139</u>	<u>314,526</u>
Under/(Over) provision in respect of previous years				
Malaysian taxation	(42)	(365)	(1,370)	(1,210)
Overseas taxation	1,758	2,940	(95)	2,246
	<u>1,716</u>	<u>2,575</u>	<u>(1,465)</u>	<u>1,036</u>
	<u><u>123,379</u></u>	<u><u>106,125</u></u>	<u><u>420,674</u></u>	<u><u>315,562</u></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 which largely consisted of surplus on disposal of associates.

### B6. Sale of Unquoted Investments and Properties

(a) There were no material disposals of unquoted investments during the financial period ended 30 September 2011 (30 September 2010: Nil).

#### (b) Sale of properties

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30 September		30 September	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Surplus arising from government acquisition of land	<u>197</u>	<u>557</u>	<u>1,993</u>	<u>557</u>
Surplus on sale of investment property	<u>-</u>	<u>-</u>	<u>2,878</u>	<u>1,228</u>
Surplus on sale of land	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,657</u>



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### 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	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Purchases of quoted securities	<u>19,828</u>	<u>958</u>	<u>242,906</u>	<u>8,721</u>
Sales proceeds of quoted securities	<u>4,708</u>	<u>2,389</u>	<u>34,669</u>	<u>12,437</u>
(Deficit)/Surplus on sales of quoted securities	<u>(178)</u>	<u>413</u>	<u>17,503</u>	<u>2,704</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
	2011	2010
	RM'000	RM'000
At cost		
Associate	37,839	37,839
Other investments	<u>575,352</u>	<u>348,599</u>
	<u>613,191</u>	<u>386,438</u>
At carrying value less allowance		
Associate	-	-
Other investments	<u>559,346</u>	<u>348,599</u>
	<u>559,346</u>	<u>348,599</u>
At market value		
Associate	39,389	25,298
Other investments	<u>559,346</u>	<u>372,177</u>
	<u>598,735</u>	<u>397,475</u>

### B8. Status of Corporate Proposals Announced

There were no corporate proposals announced.



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### B9. Group Borrowings

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

	30 September 2011		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	1,855	Rmb3,716	1,719	Rmb3,716
- Unsecured	15,763	USD4,970	20,703	USD6,680
	24,948	GBP5,007	24,576	GBP5,033
	34,937	Rmb70,000	50,875	Rmb110,000
	6,246	AUD2,000	5,992	AUD2,000
	265	CAD86	417	CAD139
	89,539		75,920	
	171,698		178,483	
	173,553		180,202	
(ii) Islamic Medium Term Notes				
- Unsecured	508,267		-	
(iii) Bank Overdraft				
- Secured	-		8,750	Euro2,081
- Unsecured	4,908	GBP985	8,468	GBP1,734
	3,399	HKD8,307	3,957	HKD9,937
	417	USD130	1,787	USD578
	6,055	CAD1,961	11,261	CAD3,751
	14,779		25,473	
	14,779		34,223	
(iv) Short Term Borrowings				
- Secured	-		21,028	Euro5,000
	-		15,822	CHF5,000
	-		36,850	
- Unsecured	153,742	USD48,441	72,585	USD23,420
	7,986	Rmb16,000	9,250	Rmb20,000
	86,714	Euro20,000	40,916	Euro9,732
	17,772	CHF5,000	9,493	CHF3,000
	134,541	GBP27,000	-	
	466,476		196,093	
	867,231		328,337	
	867,231		365,187	
Total repayable within 12 months	1,563,830		579,612	





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	30 September 2011		30 September 2010	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	886	Rmb1,852	2,575	Rmb5,568
- Unsecured	77,456	USD24,520	70,848	USD22,990
	86,714	Euro20,000	84,086	Euro20,000
	-		41	GBP8
	360,710		449,539	
	524,880		604,514	
	525,766		607,089	
(ii) Islamic Medium Term Notes				
- Unsecured	-		500,000	
Total repayable after 12 months	525,766		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 September 2011, the values and maturity analysis of the outstanding derivatives are as follows:-

Derivatives	Contract/Notional Value	Fair value
	Net long/(short) RM'000	Net gains/(losses) RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,461,472)	(55,467)
- 1 year to 3 years	-	
- More than 3 years	-	
(ii) Commodity futures contracts		
- Less than 1 year	(354,898)	15,569
- 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 September 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.



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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

	30 September 2011 <u>RM'000</u>	30 September 2010 <u>RM'000</u>
Total retained profits of the Company and its subsidiaries		
- realised	4,946,150	4,066,792
- unrealised	<u>20,511</u>	<u>(102,412)</u>
	4,966,661	3,964,380
Total share of retained profits from associates		
- realised	32,373	111,623
- unrealised	<u>(1,601)</u>	<u>(6,927)</u>
	4,997,433	4,069,076
Consolidation adjustments	<u>(323,653)</u>	<u>(289,187)</u>
Total group retained profits as per consolidated accounts	<u><u>4,673,780</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) A final single tier dividend of 70 sen (2010: 45 sen) per share has been recommended by the Directors in respect of the financial year ended 30 September 2011 and subject to approval at the forthcoming Annual General Meeting, will be paid on 16 March 2012 to shareholders registered on the Company's Register of Members as at 23 February 2012.

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 21 February 2012 in respect of shares which are exempted from mandatory deposit;
  - (ii) Shares transferred into the Depositor's securities account before 4.00 p.m. on 23 February 2012 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 85 sen (2010: 60 sen) per share.



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### 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>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>30 September</u>		<u>30 September</u>	
	2011	2010	2011	2010
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>460,614</u>	<u>311,045</u>	<u>1,571,413</u>	<u>1,012,340</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>43.25</u>	<u>29.21</u>	<u>147.56</u>	<u>95.06</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 MIOW KIEN  
FAN CHEE KUM  
Company Secretaries

23 November 2011