



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

**Interim Financial Report
For the third quarter ended 30 June 2012**



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 2012.

Condensed Consolidated Income Statement For the third quarter ended 30 June 2012

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	2,476,940	2,816,139	7,647,621	7,227,745
Operating expenses	(2,149,368)	(2,242,069)	(6,576,129)	(5,848,605)
Other operating income	2,165	20,831	33,114	92,622
Finance costs	(14,806)	(18,432)	(49,726)	(51,271)
Share of results of associates	1,103	2,196	7,639	25,250
Profit before taxation	316,034	578,665	1,062,519	1,445,741
Tax expense	(70,946)	(115,245)	(254,563)	(293,998)
Net profit from continuing operations	245,088	463,420	807,956	1,151,743
Discontinued operation				
Revenue	126,239	136,118	502,939	515,849
Operating expenses	(129,289)	(143,810)	(476,627)	(493,604)
Other operating income	286	938	1,594	2,291
Finance costs	(411)	(1,067)	(2,759)	(3,321)
(Loss)/Profit before taxation	(3,175)	(7,821)	25,147	21,215
Tax expense	(610)	(208)	(3,352)	(3,297)
Net (loss)/profit from discontinued operation	(3,785)	(8,029)	21,795	17,918
Net profit for the period	241,303	455,391	829,751	1,169,661
Consolidated				
Revenue	2,603,179	2,952,257	8,150,560	7,743,594
Profit before taxation	312,859	570,844	1,087,666	1,466,956
Tax expense	(71,556)	(115,453)	(257,915)	(297,295)
Net profit for the period	241,303	455,391	829,751	1,169,661
Attributable to:-				
Equity holders of the Company	233,085	432,759	788,978	1,110,799
Non-controlling interests	8,218	22,632	40,773	58,862
	241,303	455,391	829,751	1,169,661
	Sen	Sen	Sen	Sen
Basic earnings/(loss) per share				
from continuing operations	22.24	41.39	72.04	102.62
from discontinued operation	(0.35)	(0.75)	2.04	1.68
	21.89	40.64	74.08	104.30
Diluted earnings per share	N/A	N/A	N/A	N/A

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 2011.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the third quarter ended 30 June 2012**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>241,303</u>	<u>455,391</u>	<u>829,751</u>	<u>1,169,661</u>
Other comprehensive income/(loss)				
Foreign currency translation differences	29,375	75,114	(126,816)	125,935
Net change in fair value of available-for-sale investments	(325,729)	84,580	(44,775)	185,793
Reclassification adjustment for surplus on disposal of available-for-sale investments	<u>(112)</u>	<u>(48)</u>	<u>(5,194)</u>	<u>(9,633)</u>
Total other comprehensive (loss)/income for the period	<u>(296,466)</u>	<u>159,646</u>	<u>(176,785)</u>	<u>302,095</u>
Total comprehensive (loss)/income for the period	<u><u>(55,163)</u></u>	<u><u>615,037</u></u>	<u><u>652,966</u></u>	<u><u>1,471,756</u></u>
Attributable to:-				
Equity holders of the Company	(64,619)	591,399	618,207	1,409,862
Non-controlling interests	<u>9,456</u>	<u>23,638</u>	<u>34,759</u>	<u>61,894</u>
	<u><u>(55,163)</u></u>	<u><u>615,037</u></u>	<u><u>652,966</u></u>	<u><u>1,471,756</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 2011.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position As at 30 June 2012

(The figures have not been audited.)

	30 June 2012	30 September 2011
	RM'000	RM'000
Assets		
Property, plant and equipment	3,024,933	2,886,437
Prepaid lease payments	159,630	164,139
Biological assets	1,866,759	1,836,811
Land held for property development	230,078	223,693
Goodwill on consolidation	291,085	304,266
Intangible assets	21,832	33,473
Investment in associates	91,233	92,521
Available-for-sale investments	509,217	559,704
Other receivable	79,622	61,940
Deferred tax assets	37,765	29,399
Total non-current assets	<u>6,312,154</u>	<u>6,192,383</u>
Inventories	1,215,057	1,673,013
Biological assets	6,288	4,752
Trade and other receivables	1,262,312	1,366,751
Tax recoverable	29,411	10,164
Property development costs	17,355	30,930
Derivative financial assets	6,491	21,709
Assets classified as held for sale	421,968	-
Cash and cash equivalents	1,110,420	1,670,156
Total current assets	<u>4,069,302</u>	<u>4,777,475</u>
Total assets	<u>10,381,456</u>	<u>10,969,858</u>
Equity		
Share capital	1,067,505	1,067,505
Reserves	5,732,383	6,019,591
	<u>6,799,888</u>	<u>7,087,096</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	6,786,441	7,073,649
Non-controlling interests	404,618	392,422
Total equity	<u>7,191,059</u>	<u>7,466,071</u>
Liabilities		
Deferred tax liabilities	255,799	245,732
Deferred income	6,054	-
Provision for retirement benefits	209,570	224,747
Borrowings	873,411	525,766
Total non-current liabilities	<u>1,344,834</u>	<u>996,245</u>
Trade and other payables	791,277	768,178
Deferred income	1,992	-
Borrowings	742,214	1,563,830
Tax payable	52,892	113,927
Derivative financial liabilities	19,444	61,607
Dividend payable	159,745	-
Liabilities classified as held for sale	77,999	-
Total current liabilities	<u>1,845,563</u>	<u>2,507,542</u>
Total liabilities	<u>3,190,397</u>	<u>3,503,787</u>
Total equity and liabilities	<u>10,381,456</u>	<u>10,969,858</u>
Net assets per share attributable to equity holders of the Company (RM)	6.37	6.64

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
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Condensed Consolidated Statement of Changes in Equity For the third quarter ended 30 June 2012

(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			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
At 1 October 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
Profit for the period	-	-	-	-	-	-	788,978	-	788,978	40,773	829,751
Net change in fair value of available-for-sale investments	-	-	-	-	-	(44,775)	-	-	(44,775)	-	(44,775)
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(5,194)	-	-	(5,194)	-	(5,194)
Transfer from capital reserve to retained earnings	-	(19,053)	-	-	-	-	19,053	-	-	-	-
Currency translation differences	-	(353)	-	-	(120,449)	-	-	-	(120,802)	(6,014)	(126,816)
Total comprehensive (loss)/income for the period	-	(19,406)	-	-	(120,449)	(49,969)	808,031	-	618,207	34,759	652,966
Effect of changes in shareholdings in a subsidiary	-	-	-	-	-	-	(194)	-	(194)	194	-
Dividend paid	-	-	-	-	-	-	(745,476)	-	(745,476)	-	(745,476)
Dividend payable	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(22,757)	(22,757)
At 30 June 2012	1,067,505	998,798	81,121	55,742	86,302	(65,976)	4,576,396	(13,447)	6,786,441	404,618	7,191,059
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	-	-	-	-	-	(9,633)	-	-	(9,633)	-	(9,633)
Currency translation differences	-	215	-	(1)	122,689	-	-	-	122,903	3,032	125,935
Total comprehensive income/(loss) 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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011.



KUALA LUMPUR KEPONG BERHAD

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Condensed Consolidated Statement of Cash Flows For the third quarter ended 30 June 2012

(The figures have not been audited.)

	9 months ended 30 June	
	2012 RM'000	2011 RM'000
Cash Flows from Operating Activities		
Profit before taxation from continuing operations	1,062,519	1,445,741
Adjustment for non-cash flow:-		
Non-cash items	170,326	152,510
Non-operating items	9,070	21,229
Operating profit from continuing operations before working capital changes	1,241,915	1,619,480
Working capital changes:-		
Net change in current assets	241,577	(1,040,121)
Net change in current liabilities	88,378	223,042
Cash generated from continuing operations	1,571,870	802,401
Interest paid	(56,653)	(58,003)
Tax paid	(325,429)	(222,944)
Retirement benefits paid	(14,780)	(17,018)
Net cash generated from operating activities of continuing operations	1,175,008	504,436
Net cash generated from operating activities of discontinued operation	72,313	48,870
Net cash generated from operating activities	1,247,321	553,306
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(421,494)	(165,896)
Purchase of leasehold land	(967)	(2,054)
Plantation development expenditure	(128,576)	(102,570)
Property development expenditure	(6,385)	(8,585)
Purchase of shares from non-controlling interests	-	(11,967)
Purchase of available-for-sale investments	(10,753)	(223,078)
Purchase of intangible assets	(4)	(3,076)
Proceeds from sale of property, plant and equipment	4,316	604
Compensation from government on land acquired	2,442	757
Proceeds from disposal of investment property	-	7,341
Proceeds from sale of available-for-sale investments	16,010	31,746
Dividends received from associates	6,578	24,444
Dividends received from investments	19,239	16,129
Interest received	15,501	11,762
Net cash used in investing activities of continuing operations	(504,093)	(424,443)
Net cash used in investing activities of discontinued operation	(14,236)	(17,334)
Net cash used in investing activities	(518,329)	(441,777)
Cash Flows from Financing Activities		
Term loans received	385,464	91,840
Repayment of term loans	(638,239)	(114,260)
(Repayment)/Drawdown of short term borrowings	(227,148)	644,950
Dividend paid to shareholders of the Company	(745,476)	(479,235)
Dividends paid to non-controlling interests	(22,757)	(23,452)
Rights issue of shares to non-controlling interests	-	24,254
Redemption of redeemable preference shares from non-controlling interests	-	(1,500)
Increase in other receivable	(18,693)	(6,915)
Net cash (used in)/generated from financing activities of continuing operations	(1,266,849)	135,682
Net cash used in financing activities of discontinued operation	(10,338)	(7,082)
Net cash (used in)/generated from financing activities	(1,277,187)	128,600
Net (decrease)/increase in cash and cash equivalents	(548,195)	240,129
Cash and cash equivalents at 1 October	1,655,377	1,220,882
	1,107,182	1,461,011
Currency translation differences on opening balance	(13,604)	24,494
Cash and cash equivalents at 30 June	1,093,578	1,485,505

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2011.



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 2011.

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 2011 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 2011

- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards*
 - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
 - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2 *Share-based Payment: Group Cash-settled Share-based Payment Transactions*
- Amendments to FRS 7 *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
- IC Interpretation 4 *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18 *Transfers of Assets from Customers*
- Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2010)*"

Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
- *Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)*

Amendments to FRS 2, IC Interpretation 18 and 19 are not applicable to the Group.

The application of the other amendments to FRSs and IC Interpretations has no significant effect to the financial statements of the Group.

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. Changes in Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current financial year to-date.



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Notes to Interim Financial Report

(Continued)

A6. Dividends Paid

	9 months ended 30 June	
	2012 RM'000	2011 RM'000
Dividend proposed in Year 2011, paid in Year 2012:-		
Final single tier dividend 70 sen (2011: 45 sen) per share	<u>745,476</u>	<u>479,235</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2011: 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.

(a) Segment revenue and results

	Plantations	Manufacturing	Retailing (discontinued)	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 2012							
Revenue							
External revenue	3,623,882	3,845,566	502,777	113,639	64,696	-	8,150,560
Inter-segment revenue	239,480	2,202	-	-	33,634	(275,316)	-
Total revenue	<u>3,863,362</u>	<u>3,847,768</u>	<u>502,777</u>	<u>113,639</u>	<u>98,330</u>	<u>(275,316)</u>	<u>8,150,560</u>
Results							
Operating results	906,670	136,714	27,744	31,223	35,689	-	1,138,040
Interest income	92	2,540	162	409	21,223	(5,901)	18,525
Finance costs	(295)	(19,741)	(2,759)	-	(35,591)	5,901	(52,485)
Share of results of associates	6,372	139	-	1,128	-	-	7,639
Segment results	<u>912,839</u>	<u>119,652</u>	<u>25,147</u>	<u>32,760</u>	<u>21,321</u>	-	<u>1,111,719</u>
Corporate expense							(24,053)
Profit before taxation							<u>1,087,666</u>
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>1,445,952</u>
Corporate income							21,004
Profit before taxation							<u>1,466,956</u>



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Notes to Interim Financial Report

(Continued)

(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 2012						
Operating assets	4,381,310	3,713,412	420,593	349,168	1,357,189	10,221,672
Associates	57,308	3,742	-	16,845	13,338	91,233
Segment assets	<u>4,438,618</u>	<u>3,717,154</u>	<u>420,593</u>	<u>366,013</u>	<u>1,370,527</u>	<u>10,312,905</u>
Tax assets						68,551
Total assets						<u>10,381,456</u>
As at 30 September 2011						
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>

* Total assets of the retailing segment are classified as held for sale as at 30 June 2012.

A8. Events Subsequent to Reporting Date

- (a) The disposal of the Crabtree & Evelyn Business via the sale of 100% equity interest in CE Holdings Ltd ("CEH") was completed on 17 July 2012. Following this disposal, CEH together with its subsidiaries, ceased to be subsidiaries of the Group.
- (b) On 31 July 2012, the Company obtained the approval of the Securities Commission Malaysia for the proposed issuance of the Multi-Currency Islamic Medium Term Notes ("Multi-Currency IMTN") of up to RM1.0 billion in nominal value.

The Company is expected to issue the RM1.0 billion Multi-Currency IMTN in September 2012.

- (c) On 3 August 2012, the Company via its wholly-owned subsidiary, KL-Kepong Plantation Holdings Sdn Bhd had completed the acquisition of 95% equity interest in PT Anugrah Surya Mandiri ("ASM"). ASM is now a subsidiary of the Group.
- (d) The following wholly-owned subsidiaries of the Group, which have become dormant following the completion of a Group internal restructuring exercise, will be wound up by way of a members' voluntary winding-up pursuant to Section 254(1) of the Companies Act 1965:-
- Axe Why Zed Sdn Bhd
 - Bandar Merchants Sdn Bhd
 - Segar Usaha Sdn Bhd
 - Syarikat Budibumi Sdn Bhd
 - Susuki Sdn Bhd

The aforesaid members' voluntary winding-up will not have any effect on the share capital and shareholding structure of the Company nor have any material operational and financial impact on the net assets, earnings and gearing of the Group for the current financial year ending 30 September 2012.

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 reporting date.



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Notes to Interim Financial Report

(Continued)

A11. Capital Commitments

	30 June 2012	30 September 2011
	RM'000	RM'000
Capital expenditure		
Approved and contracted	630,935	390,305
Approved but not contracted	735,944	1,315,996
	<u>1,366,879</u>	<u>1,706,301</u>
Acquisition of shares in subsidiaries		
Approved and contracted	<u>7,575</u>	<u>6,013</u>

A12. Significant Related Party Transactions

The significant related party transactions set out below were carried out in the normal course of business and on terms and conditions not more materially different from those obtainable in transactions with unrelated parties.

	9 months ended 30 June	
	2012	2011
	RM'000	RM'000
(i) Transactions with associates		
Sale of goods	2,650	2,223
Purchase of goods	2,123	4,230
Service charges paid	2,792	2,315
Research and development services paid	<u>4,817</u>	<u>4,695</u>
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
Sale of goods		
Siam Taiko Marketing Co Ltd	1,579	2,583
Taiko Marketing (Singapore) Pte Ltd	2,830	4,182
Taiko Marketing Sdn Bhd	<u>3,369</u>	<u>1,551</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>1,841</u>	<u>1,844</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	3,038	2,931
Bukit Katho Estate Sdn Bhd	5,183	6,657
Kampar Rubber & Tin Co Sdn Bhd	9,922	12,476
Malay Rubber Plantations (M) Sdn Bhd	3,847	11,479
PT Agro Makmur Abadi	51,223	33,544
PT Safari Riau	18,693	17,806
PT Satu Sembilan Delapan	26,417	19,446
PT Taiko Persada Indoprima	23,429	19,906
Taiko Drum Industries Sdn Bhd	1,107	971
Taiko Fertiliser Marketing Sdn Bhd	27,454	21,913
Taiko Marketing Sdn Bhd	13,466	10,840
Yayasan Perak-Wan Yuen Sdn Bhd	<u>1,048</u>	<u>1,493</u>
(iii) Transactions between subsidiaries and their non-controlling interest		
Sale of goods		
Mitsubishi Corporation	280,606	387,514
Mitsui & Co Ltd	68,716	86,737
Tejana Trading & Management Services Sdn Bhd (formerly known as Tejana Trading Corporation Sdn Bhd)	<u>4,875</u>	<u>2,794</u>

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B Explanatory Notes as required by the BMSB Revised Listing Requirements**B1. Analysis of Performance****3rd Quarter FY2012 vs 3rd Quarter FY2011**

For the 3rd quarter, the Group recorded a significant drop of 45.2% in the pre-tax profit to RM312.9 million (3QFY2011: profit RM570.8 million) on the back of a 11.8% decline in revenue to RM2.603 billion (3QFY2011: RM2.952 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit fell sharply by 51.5% to RM220.4 million (3QFY2011: profit RM454.4 million) due to:-
- Lower achieved selling prices for palm products and rubber. The lower prices of palm products in Indonesia, as a result of its export duties, had diluted the Group's achieved selling prices of CPO and PK.
 - Decline in FFB production.
 - Increase in production cost on account of higher wages and lower output.

However, the loss on fair value changes on outstanding derivative contracts had reduced to RM1.3 million (3QFY2011: loss RM35.9 million).

The average commodity selling prices realised were as follows:-

	3QFY2012	3QFY2011
Crude Palm Oil (RM/mt ex-mill)	3,010	3,085
Palm Kernel (RM/mt ex-mill)	1,671	2,375
Rubber (RM/kg net of cess)	11.90	16.15

- (ii) The oleochemical division posted a profit of RM83.8 million, a shortfall of 22.3% from last year's 3rd quarter profit of RM107.9 million. Revenue dipped 5.5% to RM1.282 billion (3QFY2011: RM1.356 billion). Gross margins had deteriorated as competition from Indonesia remained aggressive and global economic conditions continued to be weak.
- (iii) Retailing sector incurred a lower loss of RM3.2 million (3QFY2011: loss RM7.8 million) despite a lower revenue of RM126.2 million (3QFY2011: RM136.1 million).
- (iv) Properties sector brought in a profit of RM14.7 million (3QFY2011: profit RM1.9 million) which was mainly derived from the new project in Bandar Seri Coalfields in Sungai Buloh, Selangor.

The previous year's 3rd quarter profit had included a surplus of RM43.4 million arising from the disposal of an associate.

Todate 3rd Quarter FY2012 vs Todate 3rd Quarter FY2011

The Group achieved a pre-tax profit of RM1.088 billion for the 9 months period which trailed by 25.9% from last year's same period profit of RM1.467 billion. However, revenue improved 5.3% to RM8.151 billion (Todate 3QFY2011: RM7.744 billion). Summarised below are the business sectors' performance:-

- (i) Plantations profit of RM912.8 million had dropped by 20.5% (Todate 3QFY2011: profit RM1.148 billion). With the softening commodity prices and the dilution of prices caused by Indonesian export duties, lower average selling prices were realised for the following commodities:-

	Todate 3QFY2012	Todate 3QFY2011
Crude Palm Oil (RM/mt ex-mill)	2,848	2,952
Palm Kernel (RM/mt ex-mill)	1,631	2,254
Rubber (RM/kg net of cess)	12.59	13.86

Despite the growth in FFB production in Indonesia from new and young areas, the Group's FFB production was slightly lower due to tree stress after the high yields at the end of 2011. Cost of production had increased as a result of lower output and rising wages. However, better contributions from refinery operations had mitigated the decline in profit.



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- (ii) The oleochemical division's revenue rose 5.9% to RM3.747 billion (Todate 3QFY2011: RM3.537 billion) owing to higher sales volume. However, profit achieved at RM130.5 million was 51.8% below that of the same period last year. Margins had narrowed on account of the weak global economic conditions and the stiff competition from Indonesian producers who benefitted from the export duty advantage.

The fair value changes on outstanding derivative contracts had amounted to a loss of RM7.8 million as against last year's gain of RM23.8 million.

- (iii) Retailing sector reported a higher profit of RM25.1 million for the 9 months period (Todate 3QFY2011: profit RM21.2 million). Although revenue was lower at RM502.8 million (Todate 3QFY2011: RM515.8 million), gross profit margin had improved.
- (iv) Properties sector achieved a profit of RM32.8 million (Todate 3QFY2011: profit RM11.4 million) largely from the recognition of profits on the development project in Bandar Seri Coalfields, Sungai Buloh, Selangor.

The todote 9 months result for the previous year had accounted for a surplus of RM43.4 million on the disposal of an associate.

B2. Variation of Results to Preceding Quarter

3rd Quarter FY2012 vs 2nd Quarter FY2012

The Group's pre-tax profit for the quarter under review was a touch higher at RM312.9 million (2QFY2012: profit RM311.6 million) but revenue was slightly lower at RM2.603 billion (2QFY2012: RM2.624 billion).

Plantations profit slipped 26.7% to RM220.4 million from the profit of RM300.7 million achieved in the previous quarter. Despite the better average selling prices (ex-mill) of CPO and PK at RM3,010/mt and RM1,671/mt (2QFY2012: RM2,803/mt and RM1,650/mt) respectively and the increase in FFB production, the profit was brought down by:-

- Decline in sales volume for palm products and rubber.
- Increase in production cost of CPO and rubber.
- Loss incurred by the refinery operations owing to negative margins.

The oleochemical division is on the path to recovery and delivered an improved performance. Its profit for the 3rd quarter almost doubled to RM83.8 million (2QFY2012: profit RM42.7 million) and revenue improved 4.6% to RM1.282 billion. The current quarter registered an increase in sales activities before the summer period in Europe.

Retailing sector's loss at RM3.2 million was substantially lower than the loss of RM28.4 million suffered in the previous quarter. Higher revenue, better gross profit margin and lower operating expenses had contributed to the reduction in loss.

Properties sector recorded a 30.2% improvement in profit to RM14.7 million (2QFY2012: profit RM11.3 million) with the progressive recognition of profits from its development in Bandar Seri Coalfields, Sungai Buloh.

B3. Current Year Prospects

The global economy is plagued by sovereign debt crisis in Europe and the feeble growth in USA. Prices of some commodities like coal and rubber are already on the decline whilst that of oil and agricultural commodities are supported as a result of drought in key producing areas and the monsoon in India.

With our crude palm products prices reasonably hedged by forward sales until the end of the financial year, the Group expects reasonably good plantations profit for the current financial year albeit below that of the previous year.

Strong competition from Indonesian players continues to remain a challenge to the oleochemical business because of their export duty advantage on downstream raw materials. Nevertheless, this scenario will improve once our downstream facilities in Indonesia come onstream in the next financial year.



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The properties sector will continue to contribute profits through its on-going project in Bandar Seri Coalfields, Sungai Buloh.

The disposal of our retailing business has been completed in July 2012 and this disposal will result in a gain of USD42.7 million.

Notwithstanding the expected lower profits from plantations and manufacturing sectors, the Group anticipates the results for the current financial year to be satisfactory.

B4. Profit Forecast and Profit Guarantee

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

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax expense				
Malaysian taxation	52,854	74,729	180,458	192,432
Overseas taxation	19,122	41,426	76,429	106,699
	<u>71,976</u>	<u>116,155</u>	<u>256,887</u>	<u>299,131</u>
Deferred tax				
Relating to origination and reversal of temporary differences	1,602	(2,168)	(248)	(1,363)
Relating to changes in tax rate	-	(15)	(44)	(589)
	<u>1,602</u>	<u>(2,183)</u>	<u>(292)</u>	<u>(1,952)</u>
	73,578	113,972	256,595	297,179
(Over)/Under provision in respect of previous years				
Malaysian taxation	(3,043)	1,259	(3,035)	(1,328)
Overseas taxation	411	14	1,003	(1,853)
	<u>(2,632)</u>	<u>1,273</u>	<u>(2,032)</u>	<u>(3,181)</u>
Tax expense of continuing operations	<u>70,946</u>	<u>115,245</u>	<u>254,563</u>	<u>293,998</u>
Discontinued operation				
Current tax expense				
Malaysian taxation	109	203	668	522
Overseas taxation	501	5	2,684	2,775
Tax expense of discontinued operation	<u>610</u>	<u>208</u>	<u>3,352</u>	<u>3,297</u>
Total tax expense	<u>71,556</u>	<u>115,453</u>	<u>257,915</u>	<u>297,295</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 tax incentives claimed by certain subsidiaries.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.



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B7. Group Borrowings

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

	30 June 2012		30 September 2011	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	1,958	Rmb3,945	1,855	Rmb3,716
- Unsecured	3,028	USD960	15,763	USD4,970
	-		24,948	GBP5,007
	-		34,937	Rmb70,000
	-		6,246	AUD2,000
	-		265	CAD86
	33,089		89,539	
	36,117		171,698	
	38,075		173,553	
(ii) Islamic Medium Term Notes				
- Unsecured	-		508,267	
(iii) Bank Overdraft				
- Unsecured	2,235	GBP449	4,908	GBP985
	3,541	HKD8,671	3,399	HKD8,307
	445	USD139	417	USD130
	67,750	Euro16,895	-	
	-		6,055	CAD1,961
	73,971		14,779	
(iv) Short Term Borrowings				
- Unsecured	87,879	USD27,800	153,742	USD48,441
	7,230	Rmb14,500	7,986	Rmb16,000
	33,390	CHF10,000	17,772	CHF5,000
	134,333	GBP27,000	134,541	GBP27,000
	8,027	Euro2,000	86,714	Euro20,000
	359,309		466,476	
	630,168		867,231	
Total repayable within 12 months	742,214		1,563,830	



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	30 June 2012		30 September 2011	
	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
- Unsecured	159,738	USD50,000	77,456	USD24,520
	80,202	Euro20,000	86,714	Euro20,000
	333,471		360,710	
	573,411		524,880	
	573,411		525,766	
(ii) Islamic Medium Term Notes				
- Unsecured	300,000		-	
Total repayable after 12 months	873,411		525,766	

B8. Derivative Financial Instruments

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 2012, 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	(1,130,503)	(15,848)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(260,528)	2,895
- 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 2012, 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.

B9. 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.



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B10. Material Litigation

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

B11. Dividend

- (a) An interim single tier dividend of 15 sen per share (2011: interim single tier dividend of 15 sen per share) was declared by the Directors on 24 May 2012 and was paid on 8 August 2012.
- (b) The total dividend for the current financial year to-date is single tier dividend of 15 sen (2011: 15 sen) per share.

B12. 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	
	2012	2011	2012	2011
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>233,085</u>	<u>432,759</u>	<u>788,978</u>	<u>1,110,799</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>21.89</u>	<u>40.64</u>	<u>74.08</u>	<u>104.30</u>

B13. Audit Report

The audit report for the financial year ended 30 September 2011 was not subject to any qualifications.



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B14. Profit Before Taxation

Profit before taxation is arrived at after charging and (crediting) the following:

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(6,264)	(5,494)	(18,525)	(14,449)
Other income including dividend income	(13,318)	(29,576)	(58,851)	(113,215)
Interest expense	15,217	19,499	52,485	54,592
Depreciation and amortisation	67,455	68,531	208,841	199,818
Provision for and write-off of receivables	895	279	2,407	1,043
Provision for and write-off of inventories	13,086	11,209	43,037	25,113
Gain on disposal of quoted or unquoted investments	(107)	(386)	(6,334)	(17,461)
(Gain)/Loss on disposal of properties	-	-	-	-
Surplus arising from government acquisition of land	(39)	(812)	(2,713)	(1,796)
Impairment of property, plant and equipment	1,532	8,276	1,532	8,276
Impairment of goodwill	-	10,014	-	10,014
Foreign exchange (gain)/loss	10,777	(615)	29,091	(2,441)
(Gain)/Loss on derivatives	(7,523)	2,827	(24,060)	46,645
Exceptional item				
Surplus arising from disposal of shares in an associate	-	(43,410)	-	(43,410)

B15. Breakdown of Realised and Unrealised Profits or Losses

	30 June	30 September
	2012	2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	4,951,443	4,946,150
- unrealised	(40,445)	20,511
	4,910,998	4,966,661
Total share of retained profits from associates		
- realised	33,217	32,373
- unrealised	(1,383)	(1,601)
	31,834	30,772
	4,942,832	4,997,433
Consolidation adjustments	(366,436)	(323,653)
Total group retained profits as per consolidated accounts	4,576,396	4,673,780

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

29 August 2012