



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

**Interim Financial Report
For the year ended 30 September 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 year ended 30 September 2012.

Condensed Consolidated Income Statement For the year ended 30 September 2012

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30 September		30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	2,419,628	2,864,343	10,067,249	10,092,088
Operating expenses	(2,111,962)	(2,479,705)	(8,688,091)	(8,328,310)
Other operating income	40,252	233,300	73,366	325,922
Finance costs	(13,740)	(18,437)	(63,466)	(69,708)
Share of results of associates	2,928	2,529	10,567	27,779
Profit before taxation	337,106	602,030	1,399,625	2,047,771
Tax expense	(42,432)	(121,459)	(296,995)	(415,457)
Net profit from continuing operations	294,674	480,571	1,102,630	1,632,314
Discontinued operation				
Revenue	-	135,315	502,939	651,164
Operating expenses	-	(137,791)	(476,627)	(631,395)
Other operating income	-	910	1,594	3,201
Finance costs	-	(1,215)	(2,759)	(4,536)
(Loss)/Profit before taxation	-	(2,781)	25,147	18,434
Tax expense	-	(1,920)	(3,352)	(5,217)
Net (loss)/profit from operating activities	-	(4,701)	21,795	13,217
Surplus on disposal of discontinued operation, net of tax	135,664	-	135,664	-
Net profit/(loss) from discontinued operation	135,664	(4,701)	157,459	13,217
Net profit for the period	430,338	475,870	1,260,089	1,645,531
Consolidated				
Revenue	2,419,628	2,999,658	10,570,188	10,743,252
Profit before taxation	472,770	599,249	1,560,436	2,066,205
Tax expense	(42,432)	(123,379)	(300,347)	(420,674)
Net profit for the period	430,338	475,870	1,260,089	1,645,531
Attributable to:-				
Equity holders of the Company	422,266	460,614	1,211,244	1,571,413
Non-controlling interests	8,072	15,256	48,845	74,118
	430,338	475,870	1,260,089	1,645,531
	Sen	Sen	Sen	Sen
Basic earnings/(loss) per share				
from continuing operations	26.91	43.69	98.95	146.32
from discontinued operation	12.74	(0.44)	14.79	1.24
	39.65	43.25	113.74	147.56
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 year ended 30 September 2012**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>430,338</u>	<u>475,870</u>	<u>1,260,089</u>	<u>1,645,531</u>
Other comprehensive (loss)/income				
Foreign currency translation differences	(151,209)	42,530	(278,025)	168,465
Actuarial (loss)/gain on defined benefit plans	(31,503)	1,090	(31,503)	1,090
Net change in fair value of available-for-sale investments	77,887	(214,665)	33,112	(28,872)
Reclassification adjustment for surplus on disposal of available-for-sale investments	<u>177</u>	<u>(1,080)</u>	<u>(5,017)</u>	<u>(10,713)</u>
Total other comprehensive (loss)/income for the period	<u>(104,648)</u>	<u>(172,125)</u>	<u>(281,433)</u>	<u>129,970</u>
Total comprehensive income for the period	<u><u>325,690</u></u>	<u><u>303,745</u></u>	<u><u>978,656</u></u>	<u><u>1,775,501</u></u>
Attributable to:-				
Equity holders of the Company	323,396	285,717	941,603	1,695,579
Non-controlling interests	<u>2,294</u>	<u>18,028</u>	<u>37,053</u>	<u>79,922</u>
	<u><u>325,690</u></u>	<u><u>303,745</u></u>	<u><u>978,656</u></u>	<u><u>1,775,501</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 September 2012**

(The figures have not been audited.)

	30 September 2012	30 September 2011
	RM'000	RM'000
Assets		
Property, plant and equipment	3,146,674	2,886,437
Prepaid lease payments	164,427	164,139
Biological assets	1,893,993	1,836,811
Land held for property development	239,095	223,693
Goodwill on consolidation	285,675	304,266
Intangible assets	20,609	33,473
Investment in associates	94,009	92,521
Available-for-sale investments	586,340	559,704
Other receivable	83,279	61,940
Deferred tax assets	54,249	29,399
Total non-current assets	<u>6,568,350</u>	<u>6,192,383</u>
Inventories	1,219,225	1,673,013
Biological assets	10,761	4,752
Trade and other receivables	1,110,791	1,366,751
Tax recoverable	39,086	10,164
Property development costs	8,540	30,930
Derivative financial assets	55,130	21,709
Asset classified as held for sale	12,345	-
Cash and cash equivalents	<u>2,358,914</u>	<u>1,670,156</u>
Total current assets	<u>4,814,792</u>	<u>4,777,475</u>
Total assets	<u>11,383,142</u>	<u>10,969,858</u>
Equity		
Share capital	1,067,505	1,067,505
Reserves	<u>6,055,779</u>	<u>6,019,591</u>
	7,123,284	7,087,096
Less: Cost of treasury shares	<u>(13,447)</u>	<u>(13,447)</u>
Total equity attributable to equity holders of the Company	7,109,837	7,073,649
Non-controlling interests	<u>397,751</u>	<u>392,422</u>
Total equity	<u>7,507,588</u>	<u>7,466,071</u>
Liabilities		
Deferred tax liabilities	241,823	245,732
Deferred income	22,765	-
Provision for retirement benefits	248,478	224,747
Borrowings	<u>1,782,714</u>	<u>525,766</u>
Total non-current liabilities	<u>2,295,780</u>	<u>996,245</u>
Trade and other payables	841,183	768,178
Deferred income	1,910	-
Borrowings	696,067	1,563,830
Tax payable	34,513	113,927
Derivative financial liabilities	6,101	61,607
Total current liabilities	<u>1,579,774</u>	<u>2,507,542</u>
Total liabilities	<u>3,875,554</u>	<u>3,503,787</u>
Total equity and liabilities	<u>11,383,142</u>	<u>10,969,858</u>
Net assets per share attributable to equity holders of the Company (RM)	6.68	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 year ended 30 September 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			Total
	RM'000	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 year	-	-	-	-	-	-	1,211,244	-	1,211,244	48,845	1,260,089
Net change in fair value of available-for-sale investments	-	-	-	-	-	33,112	-	-	33,112	-	33,112
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(5,017)	-	-	(5,017)	-	(5,017)
Transfer from reserves to retained earnings	-	(5,265)	-	(3,350)	(19,381)	-	27,996	-	-	-	-
Actuarial loss on defined benefit plans	-	-	-	-	-	-	(31,503)	-	(31,503)	-	(31,503)
Currency translation differences	-	(694)	-	(1)	(265,538)	-	-	-	(266,233)	(11,792)	(278,025)
Total comprehensive (loss)/income for the year	-	(5,959)	-	(3,351)	(284,919)	28,095	1,207,737	-	941,603	37,053	978,656
Rights issue to non-controlling interests	-	-	-	-	-	-	-	-	-	659	659
Acquisition through business combination	-	-	-	-	-	-	-	-	-	241	241
Effect of changes in shareholdings in a subsidiary	-	-	-	-	-	-	(194)	-	(194)	194	-
Dividends paid	-	-	-	-	-	-	(905,221)	-	(905,221)	-	(905,221)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(32,818)	(32,818)
At 30 September 2012	1,067,505	1,012,245	81,121	52,391	(78,168)	12,088	4,976,102	(13,447)	7,109,837	397,751	7,507,588
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 year	-	-	-	-	-	-	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	-	-	-	-	-	(10,713)	-	-	(10,713)	-	(10,713)
Actuarial gain on defined benefit plans	-	-	-	-	-	-	1,090	-	1,090	-	1,090
Currency translation differences	-	343	-	1	162,317	-	-	-	162,661	5,804	168,465
Total comprehensive income for the year	-	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	-
Dividends 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

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.



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Condensed Consolidated Statement of Cash Flows For the year ended 30 September 2012

(The figures have not been audited.)

	12 months ended 30 September	
	2012	2011
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation from continuing operations	1,535,289	2,047,771
Adjustment for non-cash flow:-		
Non-cash items	125,620	39,052
Non-operating items	2,555	22,099
Operating profit from continuing operations before working capital changes	1,663,464	2,108,922
Working capital changes:-		
Net change in current assets	252,690	(895,125)
Net change in current liabilities	155,174	165,326
Cash generated from continuing operations	2,071,328	1,379,123
Interest paid	(66,790)	(71,177)
Tax paid	(419,381)	(372,131)
Retirement benefits paid	(20,010)	(23,147)
Net cash generated from operating activities of continuing operations	1,565,147	912,668
Net cash generated from operating activities of discontinued operation	72,972	15,581
Net cash generated from operating activities	1,638,119	928,249
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(674,594)	(282,979)
Purchase of leasehold land	(2,171)	(7,103)
Plantation development expenditure	(167,918)	(156,897)
Property development expenditure	(7,900)	(11,685)
Purchase of a subsidiary, net of cash acquired	(4,571)	-
Purchase of shares from non-controlling interests	-	(11,967)
Purchase of available-for-sale investments	(25,909)	(242,906)
Purchase of intangible assets	(137)	(3,061)
Proceeds from sale of property, plant and equipment	5,270	1,239
Compensation from government on land acquired	2,984	2,062
Proceeds from disposal of shares in a subsidiary, net of cash disposed	414,503	-
Proceeds from disposal of investment property	-	7,341
Proceeds from disposal of land	-	12,845
Proceeds from disposal of shares in associates	-	352,429
Proceeds from disposal of available-for-sale investments	18,740	36,410
Loan to an associate	-	(423)
Dividends received from associates	6,578	24,654
Dividends received from investments	32,002	26,078
Interest received	23,236	17,016
Net cash used in investing activities of continuing operations	(379,887)	(236,947)
Net cash used in investing activities of discontinued operation	(14,236)	(22,583)
Net cash used in investing activities	(394,123)	(259,530)
Cash Flows from Financing Activities		
Term loans received	1,381,051	127,443
Repayment of term loans	(646,114)	(224,672)
(Repayment)/Drawdown of short term borrowings	(298,521)	496,124
Dividends paid to shareholders of the Company	(905,221)	(638,980)
Dividends paid to non-controlling interests	(32,818)	(39,595)
Rights issue to non-controlling interests	659	24,254
Redemption of redeemable preference shares from non-controlling interests	-	(1,500)
Increase in other receivable	(24,500)	(9,953)
Net cash used in financing activities of continuing operations	(525,464)	(266,879)
Net cash used in financing activities of discontinued operation	(10,338)	(159)
Net cash used in financing activities	(535,802)	(267,038)
Net increase in cash and cash equivalents	708,194	401,681
Cash and cash equivalents at 1 October	1,655,377	1,220,882
	2,363,571	1,622,563
Currency translation differences on opening balance	(37,510)	32,814
Cash and cash equivalents at 30 September	2,326,061	1,655,377

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

	12 months ended 30 September	
	2012 RM'000	2011 RM'000
Interim single tier dividend 15 sen (2011: 15 sen) per share	159,745	159,745
Dividend proposed in Year 2011, paid in Year 2012:-		
Final single tier dividend 70 sen (2011: 45 sen) per share	745,476	479,235
	<u>905,221</u>	<u>638,980</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
12 months ended 30 September 2012							
Revenue							
External revenue	4,746,459	5,057,812	502,777	172,516	90,624	-	10,570,188
Inter-segment revenue	305,901	2,229	-	-	52,492	(360,622)	-
Total revenue	<u>5,052,360</u>	<u>5,060,041</u>	<u>502,777</u>	<u>172,516</u>	<u>143,116</u>	<u>(360,622)</u>	<u>10,570,188</u>
Results							
Operating results	1,178,844	187,736	27,744	36,879	39,531	-	1,470,734
Interest income	132	3,277	162	462	31,494	(8,085)	27,442
Finance costs	(390)	(24,387)	(2,759)	-	(46,774)	8,085	(66,225)
Share of results of associates	7,760	134	-	2,673	-	-	10,567
Segment results	<u>1,186,346</u>	<u>166,760</u>	<u>25,147</u>	<u>40,014</u>	<u>24,251</u>	<u>-</u>	<u>1,442,518</u>
Corporate income							117,918
Profit before taxation							<u>1,560,436</u>
12 months ended 30 September 2011							
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>



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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 September 2012						
Operating assets	4,456,673	4,060,434	-	350,015	2,328,676	11,195,798
Associates	59,143	3,614	-	18,390	12,862	94,009
Segment assets	<u>4,515,816</u>	<u>4,064,048</u>	<u>-</u>	<u>368,405</u>	<u>2,341,538</u>	<u>11,289,807</u>
Tax assets						93,335
Total assets						<u>11,383,142</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>

A8. Events Subsequent to Reporting Date

- (a) On 4 October 2012, the Company had entered into a Sale and Purchase Agreement ("SPA") to acquire 5,059 ordinary shares which represent approximately 51% of the issued and paid-up share capital of Collingwood Plantations Pte Ltd ("CPPL"), a Singapore registered company ("Proposed Acquisition") for a cash purchase consideration of USD8.67 million. Following the completion of the Proposed Acquisition, CPPL shall be a subsidiary of the Company.

The principal activities of CPPL are forestry, tug and barging services, and investment holdings.

CPPL has a wholly-owned subsidiary, Ang Agro Forest Management Ltd ("ANG"), a company incorporated in Papua New Guinea ("PNG"). ANG has registered rights over 3 pieces of land totalling 44,342 hectares in PNG. ANG intends to develop the land into oil palm plantations in due course.

The Proposed Acquisition is subject to the fulfillment of certain conditions precedent stated in the SPA.

The Proposed Acquisition will not have any effect on the share capital and shareholding structure of the Company nor have any material effect on the net assets, earnings and gearing of the Group for the financial year ending 30 September 2013.

- (b) On 31 October 2012, the Company had incorporated a new wholly-owned subsidiary in Singapore, KLK Agro Plantations Pte Ltd ("KAP"), which has an issued and paid-up capital of SGD1 and is currently non-operational.

The intended principal activity of KAP is investment holdings.

- (c) In November 2012, the following wholly-owned subsidiaries of the Group, which have become dormant following the completion of a Group internal restructuring exercise, had filed the Return of Final Winding-Up meeting with the Registrar of Companies and accordingly shall be dissolved:-
- Selit Plantations (Sabah) Sdn Bhd
 - Kalumpang Estates Sdn Bhd
 - The Shanghai Kelantan Rubber Estates (1925) Ltd

A9. Changes in the Composition of the Group

The Kuala Pertang Syndicate Ltd ("KPS"), a wholly-owned subsidiary of the Company which was incorporated in the United Kingdom, will be wound up by way of members' voluntary winding-up pursuant to the Company Acts 2006 and the Insolvency Act 1986 of United Kingdom. KPS has been dormant since 2010 following the completion of a Group internal restructuring exercise.

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



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A10. Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets since the last annual reporting date.

A11. Capital Commitments

	30 September 2012	30 September 2011
	RM'000	RM'000
Capital expenditure		
Approved and contracted	643,334	390,305
Approved but not contracted	624,492	1,315,996
	<u>1,267,826</u>	<u>1,706,301</u>
Acquisition of shares in subsidiaries		
Approved and contracted	<u>3,641</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.

	12 months ended 30 September	
	2012	2011
	RM'000	RM'000
(i) Transactions with associates		
Sale of goods	2,650	3,425
Purchase of goods	2,218	4,912
Service charges paid	3,443	3,264
Research and development services paid	<u>7,461</u>	<u>7,132</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	2,152	4,321
Taiko Marketing (Singapore) Pte Ltd	3,999	5,488
Taiko Marketing Sdn Bhd	<u>4,869</u>	<u>2,641</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>2,490</u>	<u>2,461</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	3,572	4,153
Bukit Katho Estate Sdn Bhd	6,985	8,748
Kampar Rubber & Tin Co Sdn Bhd	13,609	16,647
Kekal & Deras Sdn Bhd	918	2,996
Malay Rubber Plantations (M) Sdn Bhd	4,864	15,206
PT Agro Makmur Abadi	64,713	48,132
PT Safari Riau	26,606	24,175
PT Satu Sembilan Delapan	31,200	24,163
PT Taiko Persada Indoprime	27,893	33,283
Taiko Clay Marketing Sdn Bhd	1,179	960
Taiko Drum Industries Sdn Bhd	1,467	1,404
Taiko Fertiliser Marketing Sdn Bhd	36,113	31,283
Taiko Marketing Sdn Bhd	16,733	14,910
Yayasan Perak-Wan Yuen Sdn Bhd	<u>1,314</u>	<u>1,948</u>
Rental of office paid		
Batu Kawan Holdings Sdn Bhd	<u>1,039</u>	<u>1,039</u>
(iii) Transactions between subsidiaries and their non-controlling interest		
Sale of goods		
Mitsubishi Corporation	330,518	557,454
Mitsui & Co Ltd	94,578	114,517
Tejana Trading & Management Services Sdn Bhd (formerly known as Tejana Trading Corporation Sdn Bhd)	<u>6,798</u>	<u>3,013</u>

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B Explanatory Notes as required by the BMSB Revised Listing Requirements**B1. Analysis of Performance****4th Quarter FY2012 vs 4th Quarter FY2011**

The Group's pre-tax profit for the 4th quarter had declined 21.1% to RM472.8 million from the profit of RM599.2 million achieved in the same quarter last year. Revenue fell 19.3% to RM2.420 billion (4QFY2011: RM3.000 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit dipped 38.9% to RM273.5 million (4QFY2011: profit RM447.5 million). Although the fair value changes on outstanding derivative contracts had resulted in a gain of RM13.3 million (4QFY2011: loss RM27.1 million), the quarter's profit was brought down by:-
- Weaker selling prices achieved for palm products and rubber.
 - Higher cost of CPO production largely due to increase in wages.
 - Lower sales volume of rubber.

The average commodity selling prices realised were as follows:-

	<u>4QFY2012</u>	<u>4QFY2011</u>
Crude Palm Oil (RM/mt ex-mill)	2,778	2,975
Palm Kernel (RM/mt ex-mill)	1,440	1,839
Rubber (RM/kg net of cess)	10.72	14.79

- (ii) Manufacturing sector reported a profit of RM47.1 million as against the loss of RM49.3 million incurred in the preceding year's same quarter. Whilst revenue slipped 18.9% to RM1.212 billion (4QFY2011: RM1.495 billion), the current quarter's profit was aided by the gain of RM48.1 million (4QFY2011: loss RM33.9 million) arising from fair value changes on outstanding derivative contracts. Similar to the corresponding quarter last year, the current quarter's performance was also affected by the write-down of stocks owing to the slide in prices.

The oleochemical division registered a profit of RM50.6 million (4QFY2011: loss RM31.3 million).

- (iii) There were no results from retailing sector as its entire business was disposed of in July 2012.
- (iv) Properties sector's profit of RM7.3 million (4QFY2011: profit RM1.9 million) came from the recognition of development profits from the project in Bandar Seri Coalfields in Sungai Buloh, Selangor.
- (v) The current quarter had accounted for the surplus of RM135.7 million from the disposal of the retailing business whilst last year's same quarter had included a gain of RM200.6 million from the sale of an associate, Esterol Sdn Bhd.

Todate 4th Quarter FY2012 vs Totdate 4th Quarter FY2011

For the financial year ended 30 September 2012, the Group achieved a pre-tax profit of RM1.560 billion which was 24.5% below the preceding year's profit of RM2.066 billion. Total revenue recorded at RM10.570 billion was slightly lower than last year's revenue of RM10.743 billion. The performance analysis of the business sectors are as follows:-

- (i) Plantations sector registered a 25.6% reduction in profit to RM1.186 billion (Totdate 4QFY2011: profit RM1.596 billion) which was caused by:-
- Drop in realised average selling prices for the following commodities:-

	<u>Todate 4QFY2012</u>	<u>Todate 4QFY2011</u>
Crude Palm Oil (RM/mt ex-mill)	2,829	2,958
Palm Kernel (RM/mt ex-mill)	1,580	2,141
Rubber (RM/kg net of cess)	12.20	14.09

The lower palm product prices were compounded by the high export duties levied by Indonesia which had diluted the realised prices.

- Increase in cost of production for CPO and rubber as a result of higher wages and lower yields.

However, the gain of RM5.9 million (Totdate 4QFY2011: loss RM30.3 million) arising from fair value changes on outstanding derivative contracts had mitigated the decline in profit.

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- (ii) Manufacturing sector's profit fell 17.4% to RM166.8 million (Todate 4QFY2011: profit RM201.9 million) on the back of a marginally lower revenue of RM5.058 billion (Todate 4QFY2011: RM5.135 billion). The fair value changes on outstanding derivative contracts had resulted in a gain of RM40.0 million (Todate 4QFY2011: loss RM10.1 million).

The oleochemical division's profit of RM181.1 million was 24.5% below last year's profit of RM239.7 million. Its performance was impacted by the following:-

- Demand eroded by the persistent weak global economy.
- Stocks write-down.
- Stiff competition from Indonesian cheaper cost-base products.

However, the operation in China had yielded positive results.

The other manufacturing business units incurred a lower loss of RM14.3 million (Todate 4QFY2011: loss RM37.8 million).

- (iii) Retailing sector achieved a profit of RM25.1 million (Todate 4QFY2011: profit RM18.4 million). The sale of the retailing business was completed in July 2012 and the reported profit represented the results for the 9 months period to June 2012.
- (iv) Properties sector brought in a profit of RM40.0 million (Todate 4QFY2011: profit RM13.3 million) which was mainly derived from the progressive recognition of profits on the development project in Bandar Seri Coalfields, Sungai Buloh, Selangor.
- (v) The disposal of the retailing business had generated a surplus of RM135.7 million whilst in the previous year, there was a total surplus of RM244.0 million from the disposals of 2 associates, Esterol Sdn Bhd and Barry Callebaut Malaysia Sdn Bhd.

B2. Variation of Results to Preceding Quarter**4th Quarter FY2012 vs 3rd Quarter FY2012**

For the quarter under review, the pre-tax profit of the Group surged 51.1% to RM472.8 million (3QFY2012: profit RM312.9 million) but revenue was lower by 7.1% at RM2.420 billion (3QFY2012: RM2.603 billion).

Plantations profit climbed 24.1% to RM273.5 million (3QFY2012: profit RM220.4 million) despite the decrease in the achieved average selling prices of the following commodities:-

	<u>4QFY2012</u>	<u>3QFY2012</u>
Crude Palm Oil (RM/mt ex-mill)	2,778	3,010
Palm Kernel (RM/mt ex-mill)	1,440	1,671
Rubber (RM/kg net of cess)	10.72	11.90

The improved performance was attributed to:-

- Increase in sales volume of CPO and PK.
- Drop in production cost of CPO and rubber due to higher output.
- Gain on fair value changes from outstanding derivative contracts amounting to RM13.3 million (3QFY2012: loss RM1.3 million).

Manufacturing sector's profit of RM47.1 million was 40.0% below the previous quarter's profit of RM78.6 million despite the recognition of RM48.1 million gain (3QFY2012: gain RM1.7 million) on fair value changes from outstanding derivative contracts. Revenue had declined 7.4% to RM1.212 billion (3QFY2012: RM1.309 billion). Results from our operations in Europe and China had deteriorated. The continuous decline in oil prices had resulted in the write-down of stocks.

Properties sector posted a lower profit of RM7.3 million (3QFY2012: profit RM14.7 million).

The Group's current quarter results included a surplus of RM135.7 million arising from the disposal of the retailing business.

B3. Current Year Prospects

The slowdown in the global economy plagued by sovereign debt crisis and the high unemployment rate particularly in the EU had affected the effective demand for palm oil and was one of the causes for the stocks build-up and large discounts to competing oils.



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With the continuing uncertainties in the global economy and the bearish palm product prices, the plantations profit for the current financial year is expected to be lower than that of the previous year even though the crop production is anticipated to be higher.

The forthcoming reduction in palm oil export duty as announced recently by the Malaysian Government may help to ease the stiff competition from the Indonesian oleochemical producers but competitive pressures will still remain with increasing world capacities in oleochemicals. However, with the continuous drive for operational efficiencies and our downstream facilities in Indonesia coming on-stream in the current financial year, the manufacturing sector expects reasonable profits for the current financial year.

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

Based on the current scenario of a weak global economy and prevailing prices of commodities, the Group expects lower profit for the current financial year.

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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax expense				
Malaysian taxation	59,600	81,662	240,058	274,094
Overseas taxation	24,498	41,659	100,927	148,358
	<u>84,098</u>	<u>123,321</u>	<u>340,985</u>	<u>422,452</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(19,689)	(3,449)	(19,937)	(4,812)
Relating to changes in tax rate	11	(16)	(33)	(605)
Over provision in respect of previous years	(9,454)	-	(9,454)	-
	<u>(29,132)</u>	<u>(3,465)</u>	<u>(29,424)</u>	<u>(5,417)</u>
	54,966	119,856	311,561	417,035
(Over)/Under provision in respect of previous years				
Malaysian taxation	(4,480)	(42)	(7,515)	(1,370)
Overseas taxation	(8,054)	1,645	(7,051)	(208)
	<u>(12,534)</u>	<u>1,603</u>	<u>(14,566)</u>	<u>(1,578)</u>
Tax expense of continuing operations	<u>42,432</u>	<u>121,459</u>	<u>296,995</u>	<u>415,457</u>
Discontinued operation				
Current tax expense				
Malaysian taxation	-	138	668	660
Overseas taxation	-	1,712	2,684	4,487
	<u>-</u>	<u>1,850</u>	<u>3,352</u>	<u>5,147</u>
Deferred tax				
Relating to origination and reversal of temporary differences	-	(43)	-	(43)
	<u>-</u>	<u>1,807</u>	<u>3,352</u>	<u>5,104</u>
Under provision in respect of previous years				
Overseas taxation	-	113	-	113
Tax expense of continuing operations	<u>-</u>	<u>1,920</u>	<u>3,352</u>	<u>5,217</u>
Total tax expense	<u>42,432</u>	<u>123,379</u>	<u>300,347</u>	<u>420,674</u>



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The current quarter's effective tax rate is lower than the statutory tax rate mainly due to non-taxable income, over-provisions of taxation and deferred tax in respect of previous years and recognition of deferred tax assets. The non-taxable income largely consisted of surplus on disposal of a subsidiary, CE Holdings Ltd and tax exempt dividend income.

The financial year-to-date's effective tax rate is lower than the statutory tax rate mainly due to non-taxable income and over-provisions of taxation and deferred tax in respect of previous years. The non-taxable income largely consisted of surplus on disposal of a subsidiary, CE Holdings Ltd and tax exempt dividend income.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.

B7. Group Borrowings

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

	30 September 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	891	Rmb1,852	1,855	Rmb3,716
- Unsecured	1,603	USD520	15,763	USD4,970
	78,538	Euro20,000	-	-
	-	-	24,948	GBP5,007
	-	-	34,937	Rmb70,000
	-	-	6,246	AUD2,000
	-	-	265	CAD86
	29,923	-	89,539	-
	110,064	-	171,698	-
	110,955	-	173,553	-
(ii) Islamic Medium Term Notes				
- Unsecured	-	-	508,267	-
(iii) Bank Overdraft				
- Unsecured	3,536	HKD8,976	3,399	HKD8,307
	29,317	Euro7,466	-	-
	-	-	4,908	GBP985
	-	-	417	USD130
	-	-	6,055	CAD1,961
	32,853	-	14,779	-
(iv) Short Term Borrowings				
- Unsecured	99,780	USD32,500	153,742	USD48,441
	6,319	Rmb13,000	7,986	Rmb16,000
	32,493	CHF10,000	17,772	CHF5,000
	133,329	GBP27,000	134,541	GBP27,000
	7,857	Euro2,000	86,714	Euro20,000
	272,481	-	466,476	-
	552,259	-	867,231	-
Total repayable within 12 months	696,067	-	1,563,830	-



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	30 September 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	152,929	USD50,000	77,456	USD24,520
	-		86,714	Euro20,000
	329,785		360,710	
	482,714		524,880	
	482,714		525,766	
(ii) Islamic Medium Term Notes				
- Unsecured	1,300,000		-	
Total repayable after 12 months	1,782,714		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 September 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	(1,081,141)	13,262
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(255,833)	35,767
- 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 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) A final single tier dividend of 50 sen (2011: 70 sen) per share has been recommended by the Directors in respect of the financial year ended 30 September 2012 and subject to approval at the forthcoming Annual General Meeting, will be paid on 20 March 2013 to shareholders registered on the Company's Register of Members as at 25 February 2013.

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 2013 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 25 February 2013 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 65 sen (2011: 85 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 30 September		12 months ended 30 September	
	2012	2011	2012	2011
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>422,266</u>	<u>460,614</u>	<u>1,211,244</u>	<u>1,571,413</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>39.65</u>	<u>43.25</u>	<u>113.74</u>	<u>147.56</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 30 September		12 months ended 30 September	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Interest income	(8,917)	(6,639)	(27,442)	(21,088)
Other income including dividend income	(51,589)	(45,542)	(110,440)	(115,347)
Interest expense	13,740	19,652	66,225	74,244
Depreciation and amortisation	61,644	65,400	270,485	265,218
Provision for and write-off of receivables	(233)	80	2,174	1,123
Provision for and write-off of inventories	(7,857)	70,603	35,180	95,716
Gain on disposal of quoted or unquoted investments	(1,256)	(1,366)	(7,590)	(18,827)
Gain on disposal of land	(13,788)	-	(13,788)	-
Surplus arising from government acquisition of land	(7)	(197)	(2,720)	(1,993)
Impairment of property, plant and equipment	9,641	(5)	11,173	8,271
Impairment of goodwill	-	-	-	10,014
Foreign exchange (gain)/loss	(2,217)	(14,927)	26,874	(17,368)
(Gain)/Loss on derivatives	(49,537)	38,447	(73,597)	85,092
Exceptional items				
Surplus arising from disposal of shares in associates	-	(200,604)	-	(244,014)
Surplus arising from disposal of shares in a subsidiary	(135,664)	-	(135,664)	-

B15. Breakdown of Realised and Unrealised Profits or Losses

	30 September	30 September
	2012	2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	5,944,476	4,946,150
- unrealised	(70,018)	20,511
	<u>5,874,458</u>	<u>4,966,661</u>
Total share of retained profits from associates		
- realised	36,090	32,373
- unrealised	(1,328)	(1,601)
	<u>34,762</u>	<u>30,772</u>
	5,909,220	4,997,433
Consolidation adjustments	(933,118)	(323,653)
Total group retained profits as per consolidated accounts	<u>4,976,102</u>	<u>4,673,780</u>

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

21 November 2012