



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)  
(Incorporated in Malaysia)

**Interim Financial Report  
For the second quarter ended 31 March 2013**



# KUALA LUMPUR KEPONG BERHAD

(15043-V)  
(Incorporated in Malaysia)

The Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2013.

## Condensed Consolidated Income Statement For the second quarter ended 31 March 2013

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	2,235,550	2,524,238	4,556,507	5,170,681
Operating expenses	(1,947,086)	(2,180,548)	(3,915,926)	(4,426,761)
Other operating income	19,333	10,019	37,358	30,949
Finance costs	(22,650)	(16,926)	(43,368)	(34,920)
Share of results of associates	(587)	3,217	3,599	6,536
Profit before taxation	284,560	340,000	638,170	746,485
Tax expense	(59,073)	(81,801)	(140,364)	(183,617)
Net profit from continuing operations	225,487	258,199	497,806	562,868
<b>Discontinued operation</b>				
Revenue	-	99,966	-	376,700
Operating expenses	-	(128,187)	-	(347,338)
Other operating income	-	637	-	1,308
Finance costs	-	(814)	-	(2,348)
(Loss)/Profit before taxation	-	(28,398)	-	28,322
Tax benefit/(expense)	-	837	-	(2,742)
Net (loss)/profit from discontinued operation	-	(27,561)	-	25,580
<b>Net profit for the period</b>	<b>225,487</b>	<b>230,638</b>	<b>497,806</b>	<b>588,448</b>
<b>Consolidated</b>				
Revenue	2,235,550	2,624,204	4,556,507	5,547,381
Profit before taxation	284,560	311,602	638,170	774,807
Tax expense	(59,073)	(80,964)	(140,364)	(186,359)
Net profit for the period	225,487	230,638	497,806	588,448
Attributable to:-				
Equity holders of the Company	209,657	214,908	470,576	555,893
Non-controlling interests	15,830	15,730	27,230	32,555
	225,487	230,638	497,806	588,448
	Sen	Sen	Sen	Sen
Basic earnings/(loss) per share				
from continuing operations	19.7	22.8	44.2	49.8
from discontinued operation	-	(2.6)	-	2.4
	19.7	20.2	44.2	52.2
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 2012.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)  
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income  
For the second quarter ended 31 March 2013**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>225,487</u>	<u>230,638</u>	<u>497,806</u>	<u>588,448</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	8,099	(82,504)	13,613	(156,191)
Net change in fair value of available-for-sale investments	46,109	273,157	123,431	280,954
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	(670)	(1,501)	(5,082)
Total other comprehensive income for the period	<u>54,208</u>	<u>189,983</u>	<u>135,543</u>	<u>119,681</u>
Total comprehensive income for the period	<u>279,695</u>	<u>420,621</u>	<u>633,349</u>	<u>708,129</u>
Attributable to:-				
Equity holders of the Company	263,222	409,860	605,843	682,826
Non-controlling interests	<u>16,473</u>	<u>10,761</u>	<u>27,506</u>	<u>25,303</u>
	<u>279,695</u>	<u>420,621</u>	<u>633,349</u>	<u>708,129</u>

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2012.*



# KUALA LUMPUR KEPONG BERHAD

(15043-V)  
(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position As at 31 March 2013

(The figures have not been audited.)

	31 March 2013	30 September 2012
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	3,527,833	3,146,674
Prepaid lease payments	191,085	164,427
Biological assets	1,936,834	1,893,993
Land held for property development	241,458	239,095
Goodwill on consolidation	288,757	285,675
Intangible assets	19,120	20,609
Investment in associates	101,421	94,009
Available-for-sale investments	710,222	586,340
Other receivable	109,315	83,279
Deferred tax assets	67,157	54,249
Total non-current assets	<u>7,193,202</u>	<u>6,568,350</u>
Inventories	1,128,589	1,219,225
Biological assets	1,713	10,761
Trade and other receivables	1,195,414	1,110,791
Tax recoverable	53,410	39,086
Property development costs	524	8,540
Derivative financial assets	22,361	55,130
Asset classified as held for sale	11,754	12,345
Cash and cash equivalents	1,723,318	2,358,914
Total current assets	<u>4,137,083</u>	<u>4,814,792</u>
<b>Total assets</b>	<b><u>11,330,285</u></b>	<b><u>11,383,142</u></b>
<b>Equity</b>		
Share capital	1,067,505	1,067,505
Reserves	6,129,139	6,055,779
	<u>7,196,644</u>	<u>7,123,284</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	7,183,197	7,109,837
Non-controlling interests	415,947	397,751
<b>Total equity</b>	<b><u>7,599,144</u></b>	<b><u>7,507,588</u></b>
<b>Liabilities</b>		
Deferred tax liabilities	247,410	241,823
Deferred income	44,157	22,765
Provision for retirement benefits	252,119	248,478
Borrowings	1,463,680	1,782,714
Total non-current liabilities	<u>2,007,366</u>	<u>2,295,780</u>
Trade and other payables	708,520	841,183
Deferred income	2,884	1,910
Borrowings	938,630	696,067
Tax payable	70,512	34,513
Derivative financial liabilities	3,229	6,101
Total current liabilities	<u>1,723,775</u>	<u>1,579,774</u>
<b>Total liabilities</b>	<b><u>3,731,141</u></b>	<b><u>3,875,554</u></b>
<b>Total equity and liabilities</b>	<b><u>11,330,285</u></b>	<b><u>11,383,142</u></b>
Net assets per share attributable to equity holders of the Company (RM)	6.75	6.68

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2012.



## KUALA LUMPUR KEPONG BERHAD

(15043-V)  
(Incorporated in Malaysia)

### Condensed Consolidated Statement of Changes in Equity For the second quarter ended 31 March 2013

(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 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
Net change in fair value of available-for-sale investments	-	-	-	-	-	123,431	-	-	123,431	-	123,431
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(1,501)	-	-	(1,501)	-	(1,501)
Transfer from retained earnings to reserves	-	1,752	-	3,190	-	-	(4,942)	-	-	-	-
Foreign currency translation differences	-	1	-	-	13,336	-	-	-	13,337	276	13,613
Total other comprehensive income/(loss) for the period	-	1,753	-	3,190	13,336	121,930	(4,942)	-	135,267	276	135,543
Profit for the period	-	-	-	-	-	-	470,576	-	470,576	27,230	497,806
Total comprehensive income for the period	-	1,753	-	3,190	13,336	121,930	465,634	-	605,843	27,506	633,349
Acquisition through business combination	-	-	-	-	-	-	-	-	-	7,177	7,177
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	(1,200)	(1,200)
Dividend paid	-	-	-	-	-	-	(532,483)	-	(532,483)	-	(532,483)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(15,287)	(15,287)
Total transactions with owners of the Company	-	-	-	-	-	-	(532,483)	-	(532,483)	(9,310)	(541,793)
At 31 March 2013	1,067,505	1,013,998	81,121	55,581	(64,832)	134,018	4,909,253	(13,447)	7,183,197	415,947	7,599,144
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
Net change in fair value of available-for-sale investments	-	-	-	-	-	280,954	-	-	280,954	-	280,954
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(5,082)	-	-	(5,082)	-	(5,082)
Foreign currency translation differences	-	(430)	-	(1)	(148,508)	-	-	-	(148,939)	(7,252)	(156,191)
Total other comprehensive (loss)/income for the period	-	(430)	-	(1)	(148,508)	275,872	-	-	126,933	(7,252)	119,681
Profit for the period	-	-	-	-	-	-	555,893	-	555,893	32,555	588,448
Total comprehensive (loss)/income for the period	-	(430)	-	(1)	(148,508)	275,872	555,893	-	682,826	25,303	708,129
Effect of changes in shareholdings in a subsidiary	-	-	-	-	-	-	(194)	-	(194)	194	-
Dividend paid	-	-	-	-	-	-	(745,476)	-	(745,476)	-	(745,476)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(22,857)	(22,857)
Total transactions with owners of the Company	-	-	-	-	-	-	(745,670)	-	(745,670)	(22,663)	(768,333)
At 31 March 2012	1,067,505	1,017,774	81,121	55,741	58,243	259,865	4,484,003	(13,447)	7,010,805	395,062	7,405,867

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2012.

**KUALA LUMPUR KEPONG BERHAD**

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**Condensed Consolidated Statement of Cash Flows  
For the second quarter ended 31 March 2013**

(The figures have not been audited.)

	6 months ended 31 March	
	2013	2012
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation from continuing operations	638,170	746,485
Adjustment for non-cash flow:-		
Non-cash items	125,058	99,188
Non-operating items	9,463	11,368
Operating profit from continuing operations before working capital changes	772,691	857,041
Working capital changes:-		
Net change in current assets	74,950	178,759
Net change in current liabilities	(127,926)	68,080
Cash generated from continuing operations	719,715	1,103,880
Interest paid	(37,881)	(34,076)
Tax paid	(133,624)	(226,264)
Retirement benefits paid	(8,562)	(8,001)
Net cash generated from operating activities of continuing operations	539,648	835,539
Net cash generated from operating activities of discontinued operation	-	68,076
Net cash generated from operating activities	<u>539,648</u>	<u>903,615</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(485,442)	(185,563)
Purchase of leasehold land	(8,858)	(948)
Plantation development expenditure	(74,505)	(82,181)
Property development expenditure	(2,363)	(4,332)
Purchase of a subsidiary, net of cash acquired	(10,618)	-
Subscription of shares in an associate	(3,543)	-
Purchase of available-for-sale investments	(1,920)	(7,676)
Purchase of intangible assets	(83)	(5)
Proceeds from disposal of property, plant and equipment	1,482	3,481
Compensation from government on land acquired	638	2,396
Proceeds from disposal of available-for-sale investments	4,584	15,884
Repayment from an associate	-	543
Dividends received from associates	1,147	962
Dividends received from investments	18,811	16,272
Interest received	14,749	10,375
Net cash used in investing activities of continuing operations	(545,921)	(230,792)
Net cash used in investing activities of discontinued operation	-	(8,114)
Net cash used in investing activities	<u>(545,921)</u>	<u>(238,906)</u>



# KUALA LUMPUR KEPONG BERHAD

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## Condensed Consolidated Statement of Cash Flows For the second quarter ended 31 March 2013

(Continued)  
(The figures have not been audited.)

	6 months ended 31 March	
	2013	2012
	RM'000	RM'000
<b>Cash Flows from Financing Activities</b>		
Term loans received	-	384,283
Repayment of term loans	(23,640)	(273,908)
Repayment of short term borrowings	(99,626)	(184,678)
Redemption of redeemable preference shares from non-controlling interests	(1,200)	-
Dividend paid to shareholder of the Company	(532,483)	(745,476)
Dividends paid to non-controlling interests	(15,287)	(22,857)
Increase in other receivable	(10,897)	(10,115)
Net cash used in financing activities of continuing operations	(683,133)	(852,751)
Net cash used in financing activities of discontinued operation	-	(7,869)
Net cash used in financing activities	<u>(683,133)</u>	<u>(860,620)</u>
Net decrease in cash and cash equivalents	(689,406)	(195,911)
Cash and cash equivalents at 1 October	<u>2,326,061</u>	<u>1,655,377</u>
	1,636,655	1,459,466
Currency translation differences on opening balance	<u>4,613</u>	<u>(18,108)</u>
Cash and cash equivalents at 31 March	<u><u>1,641,268</u></u>	<u><u>1,441,358</u></u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2012.*



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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 2012.

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 2012 except for the adoption of the following revised and amendments to FRSs:-

#### ***FRS and amendments effective for annual periods beginning on or after 1 January 2012***

- FRS 124 *Related Party Disclosures (revised)*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7 *Financial Instruments: Disclosures - Transfers of Financial Assets*
- Amendments to FRS 112 *Income Taxes - Deferred Tax: Recovery of Underlying Assets*

#### ***Amendments to FRS effective for annual periods beginning on or after 1 July 2012***

- Amendments to FRS 101 *Presentation of Financial Statements - Presentation of Items or Other Comprehensive Income*

The application of the above revised and amendments to FRSs 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.

#### A6. **Dividends Paid**

	6 months ended	
	31 March	
	2013	2012
	RM'000	RM'000
Dividend proposed in Year 2012, paid in Year 2013:-		
Final single tier dividend 50 sen (2012: 70 sen) per share	<u>532,483</u>	<u>745,476</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2012: 1,064,965,692).





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## Notes to Interim Financial Report

(Continued)

### 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
<b>6 months ended</b>							
<b>31 March 2013</b>							
Revenue							
External revenue	2,110,072	2,282,763	-	106,483	57,189	-	4,556,507
Inter-segment revenue	88,164	283	-	-	13,249	(101,696)	-
Total revenue	<u>2,198,236</u>	<u>2,283,046</u>	<u>-</u>	<u>106,483</u>	<u>70,438</u>	<u>(101,696)</u>	<u>4,556,507</u>
Results							
Operating results	461,360	150,316	-	34,264	28,352	-	674,292
Interest income	315	2,754	-	62	14,953	(901)	17,183
Finance costs	(165)	(7,829)	-	-	(36,275)	901	(43,368)
Share of results of associates	1,601	58	-	1,940	-	-	3,599
Segment results	<u>463,111</u>	<u>145,299</u>	<u>-</u>	<u>36,266</u>	<u>7,030</u>	<u>-</u>	<u>651,706</u>
Corporate expense							<u>(13,536)</u>
Profit before taxation							<u>638,170</u>
<b>6 months ended</b>							
<b>31 March 2012</b>							
Revenue							
External revenue	2,523,333	2,536,881	376,564	65,408	45,195	-	5,547,381
Inter-segment revenue	199,927	2,168	-	-	17,530	(219,625)	-
Total revenue	<u>2,723,260</u>	<u>2,539,049</u>	<u>376,564</u>	<u>65,408</u>	<u>62,725</u>	<u>(219,625)</u>	<u>5,547,381</u>
Results							
Operating results	687,280	53,709	30,534	16,555	25,108	-	813,186
Interest income	71	1,602	136	334	14,434	(4,316)	12,261
Finance costs	(190)	(14,312)	(2,348)	-	(24,734)	4,316	(37,268)
Share of results of associates	5,244	97	-	1,195	-	-	6,536
Segment results	<u>692,405</u>	<u>41,096</u>	<u>28,322</u>	<u>18,084</u>	<u>14,808</u>	<u>-</u>	<u>794,715</u>
Corporate expense							<u>(19,908)</u>
Profit before taxation							<u>774,807</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
<b>As at 31 March 2013</b>						
Operating assets	4,582,347	4,167,377	-	351,656	2,006,917	11,108,297
Associates	64,502	3,630	-	20,330	12,959	101,421
Segment assets	<u>4,646,849</u>	<u>4,171,007</u>	<u>-</u>	<u>371,986</u>	<u>2,019,876</u>	<u>11,209,718</u>
Tax assets						120,567
Total assets						<u>11,330,285</u>
<b>As at 30 September 2012</b>						
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>

### A8. Events Subsequent to Reporting Date

- (a) Double Jump Ltd and Tri-Force Element Inc, both wholly-owned subsidiaries incorporated in British Virgin Islands ("BVI"), 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 the BVI Business Companies Act 2004.

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, earning and gearing of the Group for the financial year ending 30 September 2013.

- (b) On 6 May 2013, the Company's wholly-owned subsidiaries namely, Davos Life Science Pte Ltd ("DLS"), Davos Life Science Marketing Pte Lte ("DLSM") and Helix Science Pte Ltd ("Helix"), all of which are incorporated in Singapore, had received approval from the relevant Singaporean authority for the amalgamation of DLSM and Helix into DLS. As a result of the amalgamation, the separate existence of DLSM and Helix had ceased.

The amalgamation of DLSM and Helix into DLS 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, earning and gearing of the Group for the financial year ending 30 September 2013.

### 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.

### A11. Capital Commitments

	31 March 2013	30 September 2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted	431,787	643,334
Approved but not contracted	613,355	624,492
	<u>1,045,142</u>	<u>1,267,826</u>
Acquisition of shares in subsidiaries		
Approved and contracted	<u>3,630</u>	<u>3,641</u>



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(15043-V)  
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## Notes to Interim Financial Report

(Continued)

### 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.

	6 months ended	
	31 March	
	2013	2012
	RM'000	RM'000
(i) Transactions with associates		
Sale of goods	1,457	1,740
Purchase of goods	2,619	1,553
Service charges paid	1,062	1,583
Research and development services paid	<u>5,134</u>	<u>3,035</u>
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
Sale of goods		
Taiko Marketing (Singapore) Pte Ltd	968	1,512
Taiko Marketing Sdn Bhd	<u>1,426</u>	<u>2,617</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>1,496</u>	<u>1,235</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	2,168	2,444
Bukit Katho Estate Sdn Bhd	2,390	3,730
Kampar Rubber & Tin Co Sdn Bhd	4,829	6,973
Malay Rubber Plantations (M) Sdn Bhd	4,431	3,162
PT Agro Makmur Abadi	27,296	37,291
PT Safari Riau	9,295	11,434
PT Satu Sembilan Delapan	7	20,904
PT Taiko Persada Indoprima	4,004	14,680
Taiko Fertiliser Marketing Sdn Bhd	28,014	19,824
Taiko Marketing Sdn Bhd	<u>10,702</u>	<u>9,345</u>
(iii) Transactions between subsidiaries and their non-controlling interest		
Sale of goods		
Mitsubishi Corporation	111,485	227,726
Mitsui & Co Ltd	40,556	46,799
Tejana Trading & Management Services Sdn Bhd	<u>3,180</u>	<u>2,447</u>

## B Explanatory Notes as required by the BMSB Revised Listing Requirements

### B1. Analysis of Performance

#### 2<sup>nd</sup> Quarter FY2013 vs 2<sup>nd</sup> Quarter FY2012

For the 2<sup>nd</sup> quarter, the Group's pre-tax profit slipped 8.7% to RM284.6 million (2QFY2012: profit RM311.6 million) on the back of a 14.8% reduction in revenue to RM2.24 billion (2QFY2012: RM2.62 billion). Comments on the business sectors are as follows:-

- (i) Plantations sector recorded a 36.3% drop in profit to RM191.6 million (2QFY2012: profit RM300.7 million). The decline in the commodity selling prices had brought down the quarter's profit despite the increase in FFB production.

The average commodity selling prices realised were as follows:-

	2QFY2013	2QFY2012
Crude Palm Oil (RM/mt ex-mill)	2,143	2,803
Palm Kernel (RM/mt ex-mill)	1,003	1,650
Rubber (RM/kg net of cess)	9.78	11.72

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- (ii) Manufacturing sector's profit climbed 87.3% to RM81.2 million (2QFY2012: profit RM43.3 million) but revenue dropped 7.0% to RM1.17 billion (2QFY2012: RM1.26 billion). Impact of the changes in fair value on outstanding derivative contracts amounted to a gain of RM14.6 million (2QFY2012: gain RM3.2 million).

The oleochemical division's contribution had improved more than 2 folds to RM86.6 million (2QFY2012: profit RM42.7 million) whilst the other manufacturing units reported a loss of RM5.4 million (2QFY2012: profit RM591,000). The oleochemical division continued to generate higher sales volume with improved demand on fatty alcohol products together with better sales from China operations. Margins were favourable as a result of lower raw material prices.

- (iii) Properties sector recorded an increase of 37.6% in the quarter's profit to RM15.5 million (2QFY2012: profit RM11.3 million) with the progressive profit recognition from the project in Bandar Seri Coalfields. Revenue was higher at RM51.1 million (2QFY2012: RM36.1 million).
- (iv) Last year's 2<sup>nd</sup> quarter result had accounted for the retailing loss of RM28.4 million.

**Todate 2<sup>nd</sup> Quarter FY2013 vs Totate 2<sup>nd</sup> Quarter FY2012**

For the first half of the current financial year, the Group posted a pre-tax profit of RM638.2 million which was 17.6% below last year's corresponding period profit of RM774.8 million. The Group's revenue was 17.9% lower at RM4.56 billion (Todate 2QFY2012: RM5.55 billion). The performance of our business sectors are as follows:-

- (i) Plantations profit fell 33.1% to RM463.1 million (Todate 2QFY2012: profit RM692.4 million) which was caused by the weaker average commodity prices realised as follows:-

	Todate 2QFY2013	Todate 2QFY2012
Crude Palm Oil (RM/mt ex-mill)	2,271	2,777
Palm Kernel (RM/mt ex-mill)	1,071	1,613
Rubber (RM/kg net of cess)	9.68	12.89

The palm products prices continued to suffer the dilution effect from Indonesian sales.

However, the decline in plantations profit was mitigated by the following factors:-

- Higher FFB production from the recovery of yields particularly in Sabah and increase in mature areas in Indonesia.
  - Improved sales volume of CPO and PK.
  - Slightly lower production cost of CPO.
- (ii) Manufacturing sector registered a significant improvement in the half year profit to RM145.3 million (Todate 2QFY2012: profit RM41.1 million) despite a lower revenue of RM2.28 billion (Todate 2QFY2012: RM2.54 billion). The fair value changes on outstanding derivative contracts had resulted in an unrealised gain of RM10.8 million as against last year's unrealised loss of RM9.9 million.

The oleochemical division had contributed a profit of RM151.4 million (Todate 2QFY2012: profit RM46.6 million) but the other manufacturing business units incurred a loss of RM6.1 million (Todate 2QFY2012: loss RM5.5 million).

The strong performance was attributed to:-

- Steady fatty acids sales volumes.
- Resilient fatty alcohol business.
- Better margins from lower raw material prices.
- Positive results from China operations.

However, the operations in Europe remained challenging with keen competition from cheaper cost-base Indonesian products and higher operating cost.

- (iii) Properties sector's profit had doubled to RM36.3 million (Todate 2QFY2012: profit RM18.1 million) supported by the 62.8% increase in revenue to RM106.5 million (Todate 2QFY2012: RM65.4 million). The progressive profit recognition from the project in Bandar Seri Coalfields, Sungai Buloh had contributed to this sector's profit.



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- (iv) The preceding half year's interim results had included the profit of RM28.3 million from retailing sector.

**B2. Variation of Results to Preceding Quarter**

***2<sup>nd</sup> Quarter FY2013 vs 1<sup>st</sup> Quarter FY2013***

The Group's pre-tax profit for the quarter was 19.5% lower at RM284.6 million (1QFY2013: profit RM353.6 million). Revenue had dropped 3.7% to RM2.24 billion (1QFY2013: RM2.32 billion).

Plantations profit declined 29.5% to RM191.6 million (1QFY2013: profit RM271.5 million) despite achieving better results from refineries. The quarter's performance was affected by:-

- Lower average selling price (ex-mill) of CPO and PK at RM2,143/mt and RM1,003/mt (1QFY2013: RM2,395/mt and RM1,134/mt) respectively.
- Reduction in FFB and rubber productions.
- Increase in production cost of CPO.

Manufacturing sector's profit of RM81.2 million had exceeded the preceding quarter's profit of RM64.1 million by 26.6%. Revenue had increased 4.9% to RM1.17 billion (1QFY2013: RM1.11 billion) and the fair value changes on outstanding derivative contracts amounted to an unrealised gain of RM14.6 million (1QFY2013: loss RM3.8 million).

The oleochemical division posted a higher profit of RM86.6 million (1QFY2013: profit RM64.8 million) whilst the other business units suffered a loss of RM5.4 million (1QFY2013: loss RM670,000). The increased sales volume of fatty alcohol products and the favourable margins had contributed to the improved performance.

Properties sector's profit at RM15.5 million was 25.3% below the previous quarter's profit of RM20.8 million on the back of a lower revenue of RM51.1 million (1QFY2013: RM55.4 million).

**B3. Current Year Prospects**

With the slowdown in the global economy, demand for commodities has been affected, sending prices off their highs. The pressure on palm products prices has been further compounded by the recent high levels of stocks in both Indonesia and Malaysia, resulting in a substantial reduction to the current palm oil price level of RM2,300/mt. Given that these inventories have now been reduced and that palm oil price is at a substantial discount to soyoil, the current palm products prices are well supported and may even recover if the current planting of soybean crops in the United States encounters adverse weather conditions. However, in view of the prevailing palm products prices, the Group's plantations profit will be much lower than that of the previous financial year.

The oleochemical division will continue with its drive for operational efficiencies and productivity improvements and is expected to sustain its current performance for the remaining period of the financial year despite competitive pressures from increasing world capacities.

Properties sector will continue to recognise progressive development profits from its on-going Bandar Seri Coalfields project in Sungai Buloh.

Overall, the Group foresees a lower profit for the current financial year as compared to that of the previous 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.



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### B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Current tax expense				
Malaysian taxation	50,911	53,553	124,843	127,604
Overseas taxation	15,375	31,365	29,540	57,307
	<u>66,286</u>	<u>84,918</u>	<u>154,383</u>	<u>184,911</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(7,445)	(3,720)	(18,809)	(1,850)
Relating to changes in tax rate	-	4	-	(44)
(Over)/Under provision in respect of previous years	(2)	-	3,869	-
	<u>(7,447)</u>	<u>(3,716)</u>	<u>(14,940)</u>	<u>(1,894)</u>
	58,839	81,202	139,443	183,017
Under provision in respect of previous years				
Malaysian taxation	26	7	464	8
Overseas taxation	208	592	457	592
	<u>234</u>	<u>599</u>	<u>921</u>	<u>600</u>
Tax expense of continuing operations	<u>59,073</u>	<u>81,801</u>	<u>140,364</u>	<u>183,617</u>
<b>Discontinued operation</b>				
Current tax expense/(benefit)				
Malaysian taxation	-	117	-	559
Overseas taxation	-	(954)	-	2,183
Tax expense/(benefit) of discontinued operation	<u>-</u>	<u>(837)</u>	<u>-</u>	<u>2,742</u>
Total tax expense	<u>59,073</u>	<u>80,964</u>	<u>140,364</u>	<u>186,359</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, tax incentives and utilisation of previously unrecognised tax losses and capital allowances 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:-

	31 March 2013		30 September 2012	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	450	Rmb923	891	Rmb1,852
- Unsecured	-		1,603	USD520
	79,266	Euro20,000	78,538	Euro20,000
	329,096		29,923	
	408,362		110,064	
	408,812		110,955	
(ii) Bank Overdraft				
- Unsecured	3,798	HKD9,539	3,536	HKD8,976
	78,252	Euro19,743	29,317	Euro7,466
	82,050		32,853	
(iii) Short Term Borrowings				
- Unsecured	100,070	USD32,200	99,780	USD32,500
	4,978	Rmb10,000	6,319	Rmb13,000
	22,793	CHF7,000	32,493	CHF10,000
	126,937	GBP27,000	133,329	GBP27,000
	7,928	Euro2,000	7,857	Euro2,000
	185,062		272,481	
	447,768		552,259	
Total repayable within 12 months	938,630		696,067	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Unsecured	154,532	USD50,000	152,929	USD50,000
	9,148		329,785	
	163,680		482,714	
(ii) Islamic Medium Term Notes				
- Unsecured	1,300,000		1,300,000	
Total repayable after 12 months	1,463,680		1,782,714	

### 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.



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As at 31 March 2013, the values and maturity analysis of the outstanding derivatives are as follows:-

<u>Derivatives</u>	Contract/Notional	Fair value
	Value	Net gains/(losses)
	Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(939,672)	1,102
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(135,018)	18,030
- 1 year to 3 years	-	-
- More than 3 years	-	-

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

For the current quarter ended 31 March 2013, 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.

### 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 (2012: 15 sen) per share has been declared by the Directors in respect of the financial year ending 30 September 2013 and will be paid on 14 August 2013 to shareholders registered on the Company's Register of Members as at 23 July 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 19 July 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 23 July 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 15 sen (2012: 15 sen) per share.





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### 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		6 months ended	
	31 March		31 March	
	2013	2012	2013	2012
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>209,657</u>	<u>214,908</u>	<u>470,576</u>	<u>555,893</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>19.7</u>	<u>20.2</u>	<u>44.2</u>	<u>52.2</u>

### B13. Audit Report

The audit report for the financial year ended 30 September 2012 was not subject to any qualifications.

### B14. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(10,840)	(5,948)	(17,183)	(12,261)
Other income including dividend income	(27,680)	(16,714)	(54,080)	(45,533)
Interest expense	22,650	17,740	43,368	37,268
Depreciation and amortisation	72,685	79,150	141,999	141,386
Provision for and write-off of receivables	372	1,512	913	1,512
Provision for and write-off of inventories	9,863	8,882	21,223	29,951
Gain on disposal of quoted or unquoted investments	-	(577)	(1,569)	(6,227)
Gain on disposal of land	(689)	-	(1,752)	-
Surplus arising from government acquisition of land	(598)	(2,674)	(598)	(2,674)
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange (gain)/loss	(11,871)	(10,117)	(22,573)	18,314
(Gain)/Loss on derivatives	(72)	4,377	(634)	(16,537)
Exceptional items	-	-	-	-



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### B15. Breakdown of Realised and Unrealised Profits or Losses

	31 March 2013 RM'000	30 September 2012 RM'000
Total retained profits of the Company and its subsidiaries		
- realised	5,774,788	5,944,476
- unrealised	(55,855)	(70,018)
	<u>5,718,933</u>	<u>5,874,458</u>
Total share of retained profits from associates		
- realised	38,593	36,090
- unrealised	(1,380)	(1,328)
	<u>37,213</u>	<u>34,762</u>
	5,756,146	5,909,220
Consolidation adjustments	(846,893)	(933,118)
Total group retained profits as per consolidated accounts	<u><u>4,909,253</u></u>	<u><u>4,976,102</u></u>

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

22 May 2013