



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

**Interim Financial Report
For the third quarter ended 30 June 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 third quarter ended 30 June 2013.

Condensed Consolidated Income Statement For the third quarter ended 30 June 2013

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	2,176,018	2,476,940	6,732,525	7,647,621
Operating expenses	(1,965,596)	(2,149,368)	(5,881,522)	(6,576,129)
Other operating income	34,722	2,165	72,080	33,114
Finance costs	(19,014)	(14,806)	(62,382)	(49,726)
Share of results of associates	2,760	1,103	6,359	7,639
Profit before taxation	228,890	316,034	867,060	1,062,519
Tax expense	(30,141)	(70,946)	(170,505)	(254,563)
Net profit from continuing operations	198,749	245,088	696,555	807,956
Discontinued operation				
Revenue	-	126,239	-	502,939
Operating expenses	-	(129,289)	-	(476,627)
Other operating income	-	286	-	1,594
Finance costs	-	(411)	-	(2,759)
(Loss)/Profit before taxation	-	(3,175)	-	25,147
Tax expense	-	(610)	-	(3,352)
Net (loss)/profit from discontinued operation	-	(3,785)	-	21,795
Net profit for the period	198,749	241,303	696,555	829,751
Consolidated				
Revenue	2,176,018	2,603,179	6,732,525	8,150,560
Profit before taxation	228,890	312,859	867,060	1,087,666
Tax expense	(30,141)	(71,556)	(170,505)	(257,915)
Net profit for the period	198,749	241,303	696,555	829,751
Attributable to:-				
Equity holders of the Company	189,162	233,085	659,738	788,978
Non-controlling interests	9,587	8,218	36,817	40,773
	198,749	241,303	696,555	829,751
	Sen	Sen	Sen	Sen
Basic earnings/(loss) per share				
from continuing operations	17.8	22.3	61.9	72.1
from discontinued operation	-	(0.4)	-	2.0
	17.8	21.9	61.9	74.1
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 third quarter ended 30 June 2013**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Net profit for the period	<u>198,749</u>	<u>241,303</u>	<u>696,555</u>	<u>829,751</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	12,219	29,375	25,832	(126,816)
Net change in fair value of available-for-sale investments	(62,840)	(325,729)	60,591	(44,775)
Reclassification adjustment for surplus on disposal of available-for-sale investments	<u>(385)</u>	<u>(112)</u>	<u>(1,886)</u>	<u>(5,194)</u>
Total other comprehensive (loss)/income for the period	<u>(51,006)</u>	<u>(296,466)</u>	<u>84,537</u>	<u>(176,785)</u>
Total comprehensive income/(loss) for the period	<u><u>147,743</u></u>	<u><u>(55,163)</u></u>	<u><u>781,092</u></u>	<u><u>652,966</u></u>
Attributable to:-				
Equity holders of the Company	137,409	(64,619)	743,252	618,207
Non-controlling interests	<u>10,334</u>	<u>9,456</u>	<u>37,840</u>	<u>34,759</u>
	<u><u>147,743</u></u>	<u><u>(55,163)</u></u>	<u><u>781,092</u></u>	<u><u>652,966</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 2012.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position As at 30 June 2013

(The figures have not been audited.)

	30 June 2013	30 September 2012
	RM'000	RM'000
Assets		
Property, plant and equipment	3,629,738	3,146,674
Prepaid lease payments	195,983	164,427
Biological assets	1,967,130	1,893,993
Land held for property development	216,689	239,095
Goodwill on consolidation	291,675	285,675
Intangible assets	19,000	20,609
Investment in associates	104,353	94,009
Available-for-sale investments	649,587	586,340
Other receivable	113,684	83,279
Deferred tax assets	83,133	54,249
Total non-current assets	<u>7,270,972</u>	<u>6,568,350</u>
Inventories	1,066,729	1,219,225
Biological assets	13,898	10,761
Trade and other receivables	1,173,372	1,110,791
Tax recoverable	68,624	39,086
Property development costs	30,407	8,540
Derivative financial assets	11,931	55,130
Asset classified as held for sale	12,009	12,345
Cash and cash equivalents	1,899,078	2,358,914
Total current assets	<u>4,276,048</u>	<u>4,814,792</u>
Total assets	<u>11,547,020</u>	<u>11,383,142</u>
Equity		
Share capital	1,067,505	1,067,505
Reserves	6,106,803	6,055,779
	<u>7,174,308</u>	<u>7,123,284</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	<u>7,160,861</u>	<u>7,109,837</u>
Non-controlling interests	426,295	397,751
Total equity	<u>7,587,156</u>	<u>7,507,588</u>
Liabilities		
Deferred tax liabilities	244,803	241,823
Deferred income	51,276	22,765
Provision for retirement benefits	260,105	248,478
Borrowings	1,546,297	1,782,714
Total non-current liabilities	<u>2,102,481</u>	<u>2,295,780</u>
Trade and other payables	776,967	841,183
Deferred income	4,258	1,910
Borrowings	856,108	696,067
Tax payable	38,381	34,513
Derivative financial liabilities	21,924	6,101
Dividend payable	159,745	-
Total current liabilities	<u>1,857,383</u>	<u>1,579,774</u>
Total liabilities	<u>3,959,864</u>	<u>3,875,554</u>
Total equity and liabilities	<u>11,547,020</u>	<u>11,383,142</u>
Net assets per share attributable to equity holders of the Company (RM)	6.72	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)
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Condensed Consolidated Statement of Changes in Equity For the third quarter ended 30 June 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
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	-	-	-	-	-	60,591	-	-	60,591	-	60,591
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(1,886)	-	-	(1,886)	-	(1,886)
Transfer from retained earnings to reserves	-	2,427	-	4,690	(4,973)	-	(2,144)	-	-	-	-
Foreign currency translation differences	-	30	-	1	24,778	-	-	-	24,809	1,023	25,832
Total other comprehensive income/(loss) for the period	-	2,457	-	4,691	19,805	58,705	(2,144)	-	83,514	1,023	84,537
Profit for the period	-	-	-	-	-	-	659,738	-	659,738	36,817	696,555
Total comprehensive income for the period	-	2,457	-	4,691	19,805	58,705	657,594	-	743,252	37,840	781,092
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)
Dividend payable	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(15,273)	(15,273)
Total transactions with owners of the Company	-	-	-	-	-	-	(692,228)	-	(692,228)	(9,296)	(701,524)
At 30 June 2013	1,067,505	1,014,702	81,121	57,082	(58,363)	70,793	4,941,468	(13,447)	7,160,861	426,295	7,587,156
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	-	-	-	-	-	(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	-	-	-	-
Foreign currency translation differences	-	(353)	-	-	(120,449)	-	-	-	(120,802)	(6,014)	(126,816)
Total other comprehensive (loss)/income for the period	-	(19,406)	-	-	(120,449)	(49,969)	19,053	-	(170,771)	(6,014)	(176,785)
Profit for the period	-	-	-	-	-	-	788,978	-	788,978	40,773	829,751
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)
Total transactions with owners of the Company	-	-	-	-	-	-	(905,415)	-	(905,415)	(22,563)	(927,978)
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

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 third quarter ended 30 June 2013

(The figures have not been audited.)

	9 months ended 30 June	
	2013	2012
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation from continuing operations	867,060	1,062,519
Adjustment for non-cash flow:-		
Non-cash items	191,888	170,326
Non-operating items	<u>5,082</u>	<u>9,070</u>
Operating profit from continuing operations before working capital changes	1,064,030	1,241,915
Working capital changes:-		
Net change in current assets	174,059	241,577
Net change in current liabilities	<u>(53,548)</u>	<u>88,378</u>
Cash generated from continuing operations	1,184,541	1,571,870
Interest paid	(54,006)	(56,653)
Tax paid	(229,160)	(325,429)
Retirement benefits paid	<u>(13,456)</u>	<u>(14,780)</u>
Net cash generated from operating activities of continuing operations	887,919	1,175,008
Net cash generated from operating activities of discontinued operation	-	<u>72,313</u>
Net cash generated from operating activities	<u>887,919</u>	<u>1,247,321</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(646,499)	(421,494)
Purchase of leasehold land	(14,344)	(967)
Plantation development expenditure	(112,857)	(128,576)
Property development expenditure	(4,127)	(6,385)
Purchase of a subsidiary, net of cash acquired	(10,618)	-
Subscription of shares in an associate	(3,543)	-
Purchase of available-for-sale investments	(2,516)	(10,753)
Purchase of intangible assets	(686)	(4)
Proceeds from disposal of property, plant and equipment	2,345	4,316
Compensation from government on land acquired	664	2,442
Proceeds from disposal of available-for-sale investments	9,397	16,010
Proceeds from disposal of shares in an associate	26,773	-
Dividends received from associates	1,147	6,578
Dividends received from investments	25,645	19,239
Interest received	<u>18,446</u>	<u>15,501</u>
Net cash used in investing activities of continuing operations	(710,773)	(504,093)
Net cash used in investing activities of discontinued operation	-	<u>(14,236)</u>
Net cash used in investing activities	<u>(710,773)</u>	<u>(518,329)</u>



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Condensed Consolidated Statement of Cash Flows For the third quarter ended 30 June 2013

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

	9 months ended 30 June	
	2013	2012
	RM'000	RM'000
Cash Flows from Financing Activities		
Term loans received	-	385,464
Repayment of term loans	(28,809)	(638,239)
Repayment of short term borrowings	(99,026)	(227,148)
Redemption of redeemable preference shares from non-controlling interests	(1,200)	-
Dividend paid to shareholders of the Company	(532,483)	(745,476)
Dividends paid to non-controlling interests	(15,273)	(22,757)
Increase in other receivable	<u>(13,843)</u>	<u>(18,693)</u>
Net cash used in financing activities of continuing operations	(690,634)	(1,266,849)
Net cash used in financing activities of discontinued operation	-	<u>(10,338)</u>
Net cash used in financing activities	<u>(690,634)</u>	<u>(1,277,187)</u>
Net decrease in cash and cash equivalents	(513,488)	(548,195)
Cash and cash equivalents at 1 October	<u>2,326,061</u>	<u>1,655,377</u>
	1,812,573	1,107,182
Currency translation differences on opening balance	<u>12,360</u>	<u>(13,604)</u>
Cash and cash equivalents at 30 June	<u>1,824,933</u>	<u>1,093,578</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.



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**

	9 months ended	
	30 June	
	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
9 months ended							
30 June 2013							
Revenue							
External revenue	3,036,174	3,452,234	-	159,682	84,435	-	6,732,525
Inter-segment revenue	129,785	482	-	-	19,691	(149,958)	-
Total revenue	3,165,959	3,452,716	-	159,682	104,126	(149,958)	6,732,525
Results							
Operating results	573,362	221,182	-	57,309	41,957	-	893,810
Interest income	471	2,241	-	91	20,756	(1,087)	22,472
Finance costs	(252)	(9,241)	-	-	(53,976)	1,087	(62,382)
Share of results of associates	4,352	207	-	1,800	-	-	6,359
Segment results	577,933	214,389	-	59,200	8,737	-	860,259
Corporate income							6,801
Profit before taxation							867,060
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	3,863,362	3,847,768	502,777	113,639	98,330	(275,316)	8,150,560
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	912,839	119,652	25,147	32,760	21,321	-	1,111,719
Corporate expense							(24,053)
Profit before taxation							1,087,666

(b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2013					
Operating assets	4,608,872	4,314,391	375,904	1,991,743	11,290,910
Associates	67,100	3,827	20,190	13,236	104,353
Segment assets	4,675,972	4,318,218	396,094	2,004,979	11,395,263
Tax assets					151,757
Total assets					11,547,020
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	4,515,816	4,064,048	368,405	2,341,538	11,289,807
Tax assets					93,335
Total assets					11,383,142



Notes to Interim Financial Report

(Continued)

A8. Events Subsequent to Reporting Date

- (a) BKB Europa SARL, a wholly-owned subsidiary of the Company, will be wound up by way of a members' voluntary winding-up due to the bleak parquet market outlook in Europe.

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 financial year ending 30 September 2013.

- (b) Kolb Asia Pte Ltd ("Kolb Asia"), a dormant company incorporate in Singapore, had applied to strike off its name from the register of companies. The striking-off process has now been completed and hence Kolb Asia ceased to be a subsidiary of the Company.

The striking-off of Kolb Asia will not have any financial impact on the Group for the financial year ending 30 September 2013.

- (c) The following wholly-owned subsidiaries of the Company, which had become dormant following the completion of a Group internal restructuring exercise, will be dissolved by way of members' voluntary liquidation on 2 November 2013 pursuant to the Companies Act, 1965:-

- (i) Gocoa Sdn Bhd
- (ii) Golden Peak Development Sdn Bhd
- (iii) Ladang Finari Sdn Bhd
- (iv) Ladang Sumundu (Sabah) Sdn Bhd
- (v) Sy Kho Trading Plantation Sdn Bhd
- (vi) Syarikat Swee Keong (Sabah) Sdn Bhd
- (vii) Axe Why Zed Sdn Bhd
- (viii) Bandar Merchants Sdn Bhd
- (ix) Segar Usaha Sdn Bhd

A9. Changes in the Composition of the Group

- (a) Golden Sphere Sdn Bhd, a wholly-owned subsidiary of the Company, which had 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 Companies Act, 1965.

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 financial year ending 30 September 2013.

- (b) Collingwood Plantations Pte Ltd, the Company's 50.6% owned subsidiary, had incorporated a new wholly-owned subsidiary, Kubahi Marine Services Ltd ("Kubahi") in Papua New Guinea.

Kubahi has an issued and paid-up capital of PGK10,000 dividend into 10,000 ordinary shares of PGK1 each and is currently non-operational. The intended principal activity of Kubahi is the provision of maritime transport service.

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 2013	30 September 2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted	474,073	643,334
Approved but not contracted	476,463	624,492
	<u>950,536</u>	<u>1,267,826</u>
Acquisition of shares in subsidiaries		
Approved and contracted	<u>3,630</u>	<u>3,641</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	
	2013	2012
	RM'000	RM'000
(i) Transactions with associates		
Sale of goods	2,191	2,650
Purchase of goods	3,246	2,123
Service charges paid	2,972	2,792
Research and development services paid	<u>7,268</u>	<u>4,817</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	1,172	1,579
Taiko Marketing (Singapore) Pte Ltd	1,518	2,830
Taiko Marketing Sdn Bhd	<u>2,296</u>	<u>3,369</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>2,247</u>	<u>1,841</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	3,348	3,038
Bukit Katho Estate Sdn Bhd	3,296	5,183
Kampar Rubber & Tin Co Sdn Bhd	6,920	9,922
Kekal & Deras Sdn Bhd	1,199	729
Malay Rubber Plantations (M) Sdn Bhd	6,059	3,847
PT Agro Makmur Abadi	38,253	51,223
PT Safari Riau	14,717	18,693
PT Satu Sembilan Delapan	29,107	26,417
PT Taiko Persada Indoprima	8,718	23,429
Taiko Clay Marketing Sdn Bhd	1,157	909
Taiko Drum Industries Sdn Bhd	1,286	1,107
Taiko Fertiliser Marketing Sdn Bhd	44,182	27,454
Taiko Marketing Sdn Bhd	15,726	13,466
Yayasan Perak-Wan Yuen Sdn Bhd	<u>780</u>	<u>1,048</u>
(iii) Transactions between subsidiaries and their non-controlling interest		
Sale of goods		
Mitsubishi Corporation	137,335	280,606
Mitsui & Co Ltd	61,700	68,716
Tejana Trading & Management Services Sdn Bhd	<u>4,178</u>	<u>4,875</u>

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B Explanatory Notes as required by the BMSB Revised Listing Requirements**B1. Analysis of Performance****3rd Quarter FY2013 vs 3rd Quarter FY2012**

For the quarter under review, the Group's pre-tax profit fell 26.8% to RM228.9 million (3QFY2012: profit RM312.9 million) and revenue was down 16.4% to RM2.18 billion (3QFY2012: RM2.60 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit was sharply lower by 47.9% to RM114.8 million (3QFY2012: profit RM220.4 million). Weaker selling prices of commodities coupled with higher production cost of both CPO and rubber had impacted the results for the quarter.

The average commodity selling prices realised were as follows:-

	<u>3QFY2013</u>	<u>3QFY2012</u>
Crude Palm Oil (RM/mt ex-mill)	2,260	3,010
Palm Kernel (RM/mt ex-mill)	1,062	1,671
Rubber (RM/kg net of cess)	9.77	11.90

- (ii) Manufacturing sector's profit slipped 12.1% to RM69.1 million (3QFY2012: profit RM78.6 million) on the back of a 10.6% drop in revenue to RM1.17 billion (3QFY2012: RM1.31 billion). Changes in fair value on outstanding derivative contracts had resulted in an unrealised loss of RM16.9 million (3QFY2012: unrealised gain RM1.7 million).

The oleochemical division reported a 13.0% reduction in profit to RM72.9 million (3QFY2012: profit RM83.8 million) whilst the other manufacturing units incurred a lower loss of RM3.8 million (3QFY2012: loss RM5.2 million). Sales volume particularly fatty acids and fatty alcohol ethoxylates had improved. However, with lower prices, revenue of oleochemical division had eased 10.5% to RM1.15 billion (3QFY2012: RM1.28 billion).

- (iii) Properties sector's profit surged 56.3% to RM22.9 million (3QFY2012: profit RM14.7 million) with the increase in profit recognition from the development in Bandar Seri Coalfields, Sungai Buloh. Revenue climbed 10.3% to RM53.2 million (3QFY2012: RM48.2 million).
- (iv) Current quarter result had included the gain of RM26.0 million realised from the disposal of shares in an associate.

Todate 3rd Quarter FY2013 vs Totate 3rd Quarter FY2012

For the 9 months period, the Group's pre-tax profit was 20.3% lower at RM867.1 million (Totate 3QFY2012: profit RM1.09 billion) with the Group's revenue shedding 17.4% to RM6.73 billion (Totate 3QFY2012: RM8.15 billion). The business sectors' performance are summarised below:-

- (i) Plantations profit deteriorated 36.7% to RM577.9 million (Totate 3QFY2012: profit RM912.8 million) due to the lower commodity prices realised for the following commodities:-

	<u>Todate 3QFY2013</u>	<u>Todate 3QFY2012</u>
Crude Palm Oil (RM/mt ex-mill)	2,268	2,848
Palm Kernel (RM/mt ex-mill)	1,068	1,631
Rubber (RM/kg net of cess)	9.71	12.59

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

However, FFB production had improved attributed to better yields and more mature areas in Indonesia.

- (ii) Manufacturing sector's profit rose sharply by 79.2% to RM214.4 million (Totate 3QFY2012: profit RM119.7 million). Overall sales volume had increased but revenue dipped 10.2% to RM3.45 billion (Totate 3QFY2012: RM3.85 billion) attributed to lower prices.

The oleochemical division posted a profit of RM224.3 million (Totate 3QFY2012: profit RM130.5 million) whilst the loss incurred by the other manufacturing business units was lower at RM9.9 million (Totate 3QFY2012: loss RM10.8 million).



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The improved oleochemical results was due to:-

- Increase in sales volume of fatty acids and fatty alcohol.
- Better margins achieved through lower raw material prices.
- Strong performance from China operations.

Meanwhile, the result of a business unit in Europe was impacted by lower sales volume and higher cost.

- (iii) Properties sector achieved a profit of RM59.2 million, surpassing last year's corresponding period profit by 80.7%. Increased contribution came from the progressive profit recognition on the project in Bandar Seri Coalfields with a higher revenue of RM159.7 million (Todate 3QFY2012: RM113.6 million).
- (iv) Group results had accounted for the gain on disposal of shares in an associate which amounted to RM26.0 million.
- (v) Previous year's results had included the retailing sector's profit of RM25.1 million.

B2. Variation of Results to Preceding Quarter

3rd Quarter FY2013 vs 2nd Quarter FY2013

The pre-tax profit of the Group for the current quarter declined 19.6% to RM228.9 million (2QFY2013: profit RM284.6 million) on the back of a slightly lower revenue of RM2.18 billion (2QFY2013: RM2.24 billion).

Plantations profit eased 40.1% to RM114.8 million (2QFY2013: profit RM191.6 million) which was caused by:-

- Lower FFB and rubber production.
- Higher production cost of CPO and rubber.
- Drop in sales volume of palm products and rubber.
- Unrealised loss of RM7.1 million (2QFY2013: unrealised gain RM3.7 million) from fair value changes on outstanding derivative contracts.

The average selling prices (ex-mill) of CPO and PK had improved to RM2,260/mt and RM1,062/mt (2QFY2013: RM2,143/mt and RM1,003/mt) respectively whilst the rubber selling price was flat at RM9.77/kg.

Manufacturing sector registered a 14.9% reduction in profit to RM69.1 million from the previous quarter's profit of RM81.2 million. Revenue was flat at RM1.17 billion despite achieving better sales volume of fatty acid products. The changes in fair value on outstanding derivative contracts had resulted in an unrealised loss of RM16.9 million (2QFY2013: unrealised gain RM14.6 million).

The oleochemical division's profit decreased 15.8% to RM72.9 million (2QFY2013: profit RM86.6 million) and the other business units' loss had reduced to RM3.8 million (2QFY2013: loss RM5.4 million). The operations in China had improved with positive contribution whilst the operations in Europe remained challenging under competitive market environment.

Properties sector's profit rose 47.9% to RM22.9 million (2QFY2013: profit RM15.5 million) on the back of a higher revenue of RM53.2 million (2QFY2013: RM51.1 million).

The Group had recognised a gain of RM26.0 million arising from the disposal of shares in an associate.

B3. Current Year Prospects

The slow recovery of the global economy and the prolonged recession in the eurozone have affected demand and prices of commodities. Notwithstanding the anticipated increase in FFB production for the coming months and the positive outlook on the supply of soybeans, the fundamentals of the palm oil market have remained intact and palm oil prices are expected to be supported at current levels ranging from RM2,250/mt to RM2,400/mt, underpinned by the wide discounts to competing oils and prospects of higher biodiesel demand. In view of the above and also the results achieved to-date, the Group expects the plantations profit to be much lower than that of the last financial year.

The oleochemical division is expected to maintain its current performance on the initiatives of operational efficiencies and productivity improvements despite facing competitive pressures from increasing world capacities.



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

Overall, the Group profit for the current financial year will be lower than 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.

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Current tax expense				
Malaysian taxation	36,024	52,854	160,867	180,458
Overseas taxation	10,679	19,122	40,219	76,429
	<u>46,703</u>	<u>71,976</u>	<u>201,086</u>	<u>256,887</u>
Deferred tax				
Relating to origination and reversal of temporary differences	(17,768)	1,602	(36,577)	(248)
Relating to changes in tax rate	-	-	-	(44)
Under provision in respect of previous years	-	-	3,869	-
	<u>(17,768)</u>	<u>1,602</u>	<u>(32,708)</u>	<u>(292)</u>
	28,935	73,578	168,378	256,595
Under/(Over) provision in respect of previous years				
Malaysian taxation	1,189	(3,043)	1,653	(3,035)
Overseas taxation	17	411	474	1,003
	<u>1,206</u>	<u>(2,632)</u>	<u>2,127</u>	<u>(2,032)</u>
Tax expense of continuing operations	<u>30,141</u>	<u>70,946</u>	<u>170,505</u>	<u>254,563</u>
Discontinued operation				
Current tax expense				
Malaysian taxation	-	109	-	668
Overseas taxation	-	501	-	2,684
Tax expense of discontinued operation	<u>-</u>	<u>610</u>	<u>-</u>	<u>3,352</u>
Total tax expense	<u>30,141</u>	<u>71,556</u>	<u>170,505</u>	<u>257,915</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 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:-

	30 June 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	-		891	Rmb1,852
- Unsecured	-		1,603	USD520
	-		78,538	Euro20,000
	327,426		29,923	
	327,426		110,064	
	327,426		110,955	
(ii) Bank Overdraft				
- Unsecured	1,043	CHF312	-	
	3,999	HKD9,824	3,536	HKD8,976
	69,103	Euro16,822	29,317	Euro7,466
	74,145		32,853	
(iii) Short Term Borrowings				
- Unsecured	77,580	USD24,500	99,780	USD32,500
	5,655	Rmb10,992	6,319	Rmb13,000
	23,398	CHF7,000	32,493	CHF10,000
	129,698	GBP27,000	133,329	GBP27,000
	78,064	Euro19,000	7,857	Euro2,000
	140,142		272,481	
	454,537		552,259	
Total repayable within 12 months	856,108		696,067	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Unsecured	82,158	Euro20,000	-	
	157,871	USD50,000	152,929	USD50,000
	6,268		329,785	
	246,297		482,714	
(ii) Islamic Medium Term Notes				
- Unsecured	1,300,000		1,300,000	
Total repayable after 12 months	1,546,297		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 30 June 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	(1,019,664)	(20,982)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(201,195)	10,989
- 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 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 was paid on 14 August 2013.

(b) The total dividend for the current financial year to-date is single tier dividend of 15 sen (2012: 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.



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	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2013	2012	2013	2012
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	189,162	233,085	659,738	788,978
(b) Weighted average number of shares	1,064,965,692	1,064,965,692	1,064,965,692	1,064,965,692
(c) Earnings per share (sen)	17.8	21.9	61.9	74.1

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		9 months ended	
	30 June		30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(5,289)	(6,264)	(22,472)	(18,525)
Other income including dividend income	(26,827)	(13,318)	(80,907)	(58,851)
Interest expense	19,014	15,217	62,382	52,485
Depreciation and amortisation	73,791	67,455	215,790	208,841
Provision for and write-off of receivables	2,619	895	3,532	2,407
Provision for and write-off of inventories	4,642	13,086	25,865	43,037
Surplus on disposal of quoted or unquoted investments	(1,368)	(107)	(2,937)	(6,334)
Surplus on disposal of land	(895)	-	(2,647)	-
Surplus arising from government acquisition of land	(26)	(39)	(624)	(2,713)
Surplus arising from disposal of shares in an associate	(26,001)	-	(26,001)	-
Impairment of property, plant and equipment	6,310	1,532	6,310	1,532
Impairment of intangible assets	439	-	439	-
Impairment of goodwill	177	-	177	-
Foreign exchange (gain)/loss	(11,327)	10,777	(33,900)	29,091
Loss/(Gain) on derivatives	33,480	(7,523)	32,846	(24,060)
Exceptional items	-	-	-	-



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B15. Breakdown of Realised and Unrealised Profits or Losses

	30 June 2013	30 September 2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	5,790,383	5,944,476
- unrealised	(47,054)	(70,018)
	<u>5,743,329</u>	<u>5,874,458</u>
Total share of retained profits from associates		
- realised	53,679	36,090
- unrealised	(1,398)	(1,328)
	<u>52,281</u>	<u>34,762</u>
	5,795,610	5,909,220
Consolidation adjustments	(854,142)	(933,118)
Total group retained profits as per consolidated accounts	<u><u>4,941,468</u></u>	<u><u>4,976,102</u></u>

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

20 August 2013