



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)  
(Incorporated in Malaysia)

**Interim Financial Report  
For the year ended 30 September 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 year ended 30 September 2013.

## Condensed Consolidated Income Statement For the year ended 30 September 2013

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	2,414,800	2,419,628	9,147,325	10,067,249
Operating expenses	(2,113,442)	(2,111,962)	(7,994,964)	(8,688,091)
Other operating income	42,796	40,252	114,876	73,366
Finance costs	(18,520)	(13,740)	(80,902)	(63,466)
Share of results of associates	7,073	2,928	13,432	10,567
Profit before taxation	332,707	337,106	1,199,767	1,399,625
Tax expense	(62,292)	(42,432)	(232,797)	(296,995)
Net profit from continuing operations	270,415	294,674	966,970	1,102,630
<b>Discontinued operation</b>				
Revenue	-	-	-	502,939
Operating expenses	-	-	-	(476,627)
Other operating income	-	-	-	1,594
Finance costs	-	-	-	(2,759)
Profit before taxation	-	-	-	25,147
Tax expense	-	-	-	(3,352)
Net profit from operating activities	-	-	-	21,795
Surplus on disposal of discontinued operation	-	135,664	-	135,664
Net profit from discontinued operation	-	135,664	-	157,459
<b>Net profit for the period</b>	<b>270,415</b>	<b>430,338</b>	<b>966,970</b>	<b>1,260,089</b>
<b>Consolidated</b>				
Revenue	2,414,800	2,419,628	9,147,325	10,570,188
Profit before taxation	332,707	472,770	1,199,767	1,560,436
Tax expense	(62,292)	(42,432)	(232,797)	(300,347)
Net profit for the period	270,415	430,338	966,970	1,260,089
Attributable to:-				
Equity holders of the Company	258,005	422,266	917,743	1,211,244
Non-controlling interests	12,410	8,072	49,227	48,845
	270,415	430,338	966,970	1,260,089
	Sen	Sen	Sen	Sen
Basic earnings per share				
from continuing operations	24.2	26.9	86.2	98.9
from discontinued operation	-	12.7	-	14.8
	24.2	39.6	86.2	113.7
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 year ended 30 September 2013**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>270,415</u>	<u>430,338</u>	<u>966,970</u>	<u>1,260,089</u>
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	(131,643)	(151,209)	(105,811)	(278,025)
Net change in fair value of available-for-sale investments	231,601	77,887	292,192	33,112
Reclassification adjustment for surplus on disposal of available-for-sale investments	<u>(251)</u>	<u>177</u>	<u>(2,137)</u>	<u>(5,017)</u>
	<u>99,707</u>	<u>(73,145)</u>	<u>184,244</u>	<u>(249,930)</u>
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Actuarial gain/(loss) on defined benefit plans	<u>6,514</u>	<u>(31,503)</u>	<u>6,514</u>	<u>(31,503)</u>
Total other comprehensive income/(loss) for the period	<u>106,221</u>	<u>(104,648)</u>	<u>190,758</u>	<u>(281,433)</u>
Total comprehensive income for the period	<u><u>376,636</u></u>	<u><u>325,690</u></u>	<u><u>1,157,728</u></u>	<u><u>978,656</u></u>
Attributable to:-				
Equity holders of the Company	372,919	323,396	1,116,171	941,603
Non-controlling interests	<u>3,717</u>	<u>2,294</u>	<u>41,557</u>	<u>37,053</u>
	<u><u>376,636</u></u>	<u><u>325,690</u></u>	<u><u>1,157,728</u></u>	<u><u>978,656</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 September 2013

(The figures have not been audited.)

	30 September 2013 RM'000	30 September 2012 RM'000
<b>Assets</b>		
Property, plant and equipment	3,728,605	3,146,674
Prepaid lease payments	193,229	164,427
Biological assets	1,908,218	1,893,993
Land held for property development	216,932	239,095
Goodwill on consolidation	297,016	285,675
Intangible assets	19,573	20,609
Investment in associates	112,477	94,009
Available-for-sale investments	889,422	586,340
Other receivable	106,208	83,279
Deferred tax assets	103,305	54,249
Total non-current assets	<u>7,574,985</u>	<u>6,568,350</u>
Inventories	1,062,155	1,219,225
Biological assets	17,811	10,761
Trade and other receivables	1,217,246	1,110,791
Tax recoverable	52,195	39,086
Property development costs	40,812	8,540
Derivative financial assets	14,158	55,130
Asset classified as held for sale	11,610	12,345
Cash and cash equivalents	<u>1,756,934</u>	<u>2,358,914</u>
Total current assets	<u>4,172,921</u>	<u>4,814,792</u>
<b>Total assets</b>	<b><u>11,747,906</u></b>	<b><u>11,383,142</u></b>
<b>Equity</b>		
Share capital	1,067,505	1,067,505
Reserves	<u>6,479,722</u>	<u>6,055,779</u>
	7,547,227	7,123,284
Less: Cost of treasury shares	<u>(13,447)</u>	<u>(13,447)</u>
Total equity attributable to equity holders of the Company	7,533,780	7,109,837
Non-controlling interests	419,460	397,751
<b>Total equity</b>	<b><u>7,953,240</u></b>	<b><u>7,507,588</u></b>
<b>Liabilities</b>		
Deferred tax liabilities	250,064	241,823
Deferred income	72,010	22,765
Provision for retirement benefits	259,222	248,478
Borrowings	<u>1,558,227</u>	<u>1,782,714</u>
Total non-current liabilities	<u>2,139,523</u>	<u>2,295,780</u>
Trade and other payables	822,126	841,183
Deferred income	6,965	1,910
Borrowings	777,125	696,067
Tax payable	29,153	34,513
Derivative financial liabilities	<u>19,774</u>	<u>6,101</u>
Total current liabilities	<u>1,655,143</u>	<u>1,579,774</u>
<b>Total liabilities</b>	<b><u>3,794,666</u></b>	<b><u>3,875,554</u></b>
<b>Total equity and liabilities</b>	<b><u>11,747,906</u></b>	<b><u>11,383,142</u></b>
Net assets per share attributable to equity holders of the Company (RM)	7.07	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 year ended 30 September 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	-	-	-	-	-	292,192	-	-	292,192	-	292,192
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(2,137)	-	-	(2,137)	-	(2,137)
Transfer of reserves from/(to) retained earnings	-	1,451	-	-	(4,973)	-	3,522	-	-	-	-
Actuarial gain on defined benefit plans	-	-	-	-	-	-	6,514	-	6,514	-	6,514
Currency translation differences	-	(517)	-	2	(97,626)	-	-	-	(98,141)	(7,670)	(105,811)
Total other comprehensive income/(loss) for the year	-	934	-	2	(102,599)	290,055	10,036	-	198,428	(7,670)	190,758
Profit for the year	-	-	-	-	-	-	917,743	-	917,743	49,227	966,970
Total comprehensive income/(loss) for the year	-	934	-	2	(102,599)	290,055	927,779	-	1,116,171	41,557	1,157,728
Acquisition through business combination	-	-	-	-	-	-	-	-	-	7,152	7,152
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	2,545	2,545
Redemption of redeemable preference shares	-	-	-	4,690	-	-	(4,690)	-	-	(6,000)	(6,000)
Advance from non-controlling interests	-	-	-	-	-	-	-	-	-	440	440
Dividends paid	-	-	-	-	-	-	(692,228)	-	(692,228)	-	(692,228)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(23,985)	(23,985)
Total transactions with owners of the Company	-	-	-	4,690	-	-	(696,918)	-	(692,228)	(19,848)	(712,076)
At 30 September 2013	1,067,505	1,013,179	81,121	57,083	(180,767)	302,143	5,206,963	(13,447)	7,533,780	419,460	7,953,240
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	-	-	-	-	-	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 other comprehensive (loss)/income for the year	-	(5,959)	-	(3,351)	(284,919)	28,095	(3,507)	-	(269,641)	(11,792)	(281,433)
Profit for the year	-	-	-	-	-	-	1,211,244	-	1,211,244	48,845	1,260,089
Total comprehensive (loss)/income for the period	-	(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)
Total transactions with owners of the Company	-	-	-	-	-	-	(905,415)	-	(905,415)	(31,724)	(937,139)
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

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 year ended 30 September 2013**

(The figures have not been audited.)

	12 months ended 30 September	
	2013	2012
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation from continuing operations	1,199,767	1,399,625
Adjustment for non-cash flow:-		
Non-cash items	279,222	261,284
Non-operating items	<u>1,152</u>	<u>706</u>
Operating profit before working capital changes	1,480,141	1,661,615
Working capital changes:-		
Net change in current assets	114,842	252,690
Net change in current liabilities	<u>24,934</u>	<u>155,174</u>
Cash generated from continuing operations	1,619,917	2,069,479
Interest paid	(81,104)	(66,790)
Tax paid	(298,249)	(419,381)
Retirement benefits paid	<u>(20,586)</u>	<u>(20,010)</u>
Net cash generated from operating activities of continuing operations	1,219,978	1,563,298
Net cash generated from operating activities of discontinued operation	-	<u>74,821</u>
Net cash generated from operating activities	<u>1,219,978</u>	<u>1,638,119</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(814,720)	(674,594)
Purchase of leasehold land	(15,858)	(2,171)
Plantation development expenditure	(151,553)	(167,918)
Property development expenditure	(4,370)	(7,900)
Purchase of shares in a subsidiary, net of cash acquired	(10,619)	(4,571)
Subscription of shares in an associate	(3,543)	-
Purchase of available-for-sale investments	(3,671)	(25,909)
Purchase of intangible assets	(781)	(137)
Proceeds from disposal of property, plant and equipment	3,679	5,270
Compensation from government on land acquired	666	2,984
Proceeds from disposal of available-for-sale investments	10,948	18,740
Proceeds from disposal of shares in an associate	27,638	-
Dividends received from associates	1,147	6,578
Dividends received from investments	46,901	32,002
Interest received	<u>23,776</u>	<u>23,236</u>
Net cash used in investing activities of continuing operations	(890,360)	(794,390)
Net cash generated from investing activities of discontinued operation	-	<u>400,267</u>
Net cash used in investing activities	<u>(890,360)</u>	<u>(394,123)</u>

**KUALA LUMPUR KEPONG BERHAD**

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**Condensed Consolidated Statement of Cash Flows  
For the year ended 30 September 2013**

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

	12 months ended 30 September	
	2013	2012
	RM'000	RM'000
<b>Cash Flows from Financing Activities</b>		
Term loans received	-	81,051
Issuance of Islamic medium term notes	-	1,300,000
Repayment of term loans	(32,694)	(146,114)
Repayment of Islamic medium term notes	-	(500,000)
Repayment of short term borrowings	(122,710)	(298,521)
Redemption of redeemable preference shares from non-controlling interests	(6,000)	-
Dividend paid to shareholders of the Company	(692,228)	(905,221)
Dividends paid to non-controlling interests	(23,985)	(32,818)
Rights issue to non-controlling interests	-	659
Issuance of shares to non-controlling interests	2,545	-
Advance from non-controlling interests	440	-
Increase in other receivable	(16,294)	(24,500)
Net cash used in financing activities of continuing operations	(890,926)	(525,464)
Net cash used in financing activities of discontinued operation	-	(10,338)
Net cash used in financing activities	<u>(890,926)</u>	<u>(535,802)</u>
Net (decrease)/increase in cash and cash equivalents	(561,308)	708,194
Cash and cash equivalents at 1 October	2,326,061	1,655,377
	1,764,753	2,363,571
Currency translation differences on opening balance	(10,907)	(37,510)
Cash and cash equivalents at 30 September	<u>1,753,846</u>	<u>2,326,061</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**

	12 months ended 30 September	
	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	532,483	745,476
Interim single tier dividend 15 sen (2012: 15 sen) per share	159,745	159,745
	<u>692,228</u>	<u>905,221</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>12 months ended</b>							
<b>30 September 2013</b>							
Revenue							
External revenue	4,130,774	4,696,734	-	208,589	111,228	-	9,147,325
Inter-segment revenue	148,169	793	-	-	33,863	(182,825)	-
<b>Total revenue</b>	<b>4,278,943</b>	<b>4,697,527</b>	<b>-</b>	<b>208,589</b>	<b>145,091</b>	<b>(182,825)</b>	<b>9,147,325</b>
Results							
Operating results	780,493	329,275	-	80,807	50,052	-	1,240,627
Interest income	671	2,860	-	125	35,234	(9,527)	29,363
Finance costs	(328)	(12,220)	-	-	(77,881)	9,527	(80,902)
Share of results of associates	10,315	422	-	2,695	-	-	13,432
<b>Segment results</b>	<b>791,151</b>	<b>320,337</b>	<b>-</b>	<b>83,627</b>	<b>7,405</b>	<b>-</b>	<b>1,202,520</b>
Corporate expense							(2,753)
<b>Profit before taxation</b>							<b>1,199,767</b>
<b>12 months ended</b>							
<b>30 September 2012</b>							
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)	-
<b>Total revenue</b>	<b>5,052,360</b>	<b>5,060,041</b>	<b>502,777</b>	<b>172,516</b>	<b>143,116</b>	<b>(360,622)</b>	<b>10,570,188</b>
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
<b>Segment results</b>	<b>1,186,346</b>	<b>166,760</b>	<b>25,147</b>	<b>40,014</b>	<b>24,251</b>	<b>-</b>	<b>1,442,518</b>
Corporate income							117,918
<b>Profit before taxation</b>							<b>1,560,436</b>

#### (b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 September 2013</b>					
Operating assets	4,504,475	4,608,267	399,715	1,967,472	11,479,929
Associates	73,559	4,169	21,085	13,664	112,477
<b>Segment assets</b>	<b>4,578,034</b>	<b>4,612,436</b>	<b>420,800</b>	<b>1,981,136</b>	<b>11,592,406</b>
Tax assets					155,500
<b>Total assets</b>					<b>11,747,906</b>
<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
<b>Segment assets</b>	<b>4,515,816</b>	<b>4,064,048</b>	<b>368,405</b>	<b>2,341,538</b>	<b>11,289,807</b>
Tax assets					93,335
<b>Total assets</b>					<b>11,383,142</b>



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**Notes to Interim Financial Report**

(Continued)

**A8. Events Subsequent to Reporting Date**

- (a) Syarikat Budibumi Sdn Bhd, a wholly-owned subsidiary of the Group which had become dormant following the completion of a Group internal restructuring exercise, will be dissolved on 1 January 2014 pursuant to Section 272(5) of the Companies Act, 1965 following the lodgement of the Return By Liquidator Relating to Final Meeting with the Companies Commission of Malaysia on 1 October 2013.
- (b) Kolb Italia Srl, a wholly-owned subsidiary of the Group, will be wound up by way of a voluntary dissolution due to the weak paper chemical market outlook in Italy.

The aforesaid voluntary dissolution will not have any effect on the share capital and shareholding structure of KLK 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 2014.

- (c) On 7 November 2013, the Company has entered into an agreement with Biopalm Energy Ltd ("BEL"), a Singapore incorporated company, for the sale and purchase of the following (hereinafter referred to as "the Proposed Acquisition"):-
  - (i) 50.0% equity interest in Liberian Palm Developments Ltd ("LPD") equivalent to 500 ordinary shares of USD1 each for a purchase consideration of USD17,429,120;
  - (ii) 20.1% equity interest in Equatorial Palm Oil Plc ("EPO") equivalent to 40,260,991 ordinary shares of GBPO.01 each for a purchase consideration of USD3,220,880; and
  - (iii) The assignment of BEL's loans to LPD totalling USD608,000.

LPD is a company incorporated in Mauritius and is engaged in the oil palm plantations business in Liberia West Africa through its subsidiaries which holds two 50-year concessions (with approximately 45 years remaining) awarded by the Government of Liberia to rehabilitate and develop oil palm plantations in Liberia totalling approximately 25,547 ha of which 3,750 ha have been planted to-date. A further 61,111 ha is earmarked for future joint expansion with the local community.

EPO is a company listed on the Alternative Investment Market of the London Stock Exchange, and is engaged in the business of oil palm plantations in Liberia via its 50.0% equity interest in LPD.

The Proposed Acquisition was completed on 11 November 2013 and LPD is now a subsidiary of the Group.

This acquisition will not have any effect on the share capital and shareholding of the Company's substantial shareholders nor have any material effect on the net assets, earnings and gearing of the Group for the financial year ending 30 September 2014.

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

- (a) The Kuala Pertang Syndicate Ltd ("KPS"), a wholly-owned subsidiary of the Company, had filed the Return of Final Winding-Up Meeting with the Companies House, United Kingdom and was dissolved on 23 August 2013. KPS had been dormant since 2010 following the completion of a Group internal restructuring exercise.
- (b) KL-Kepong Plantation Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, subscribed for a 51% equity interest in Astra-KLK Pte Ltd ("AKPL") for a consideration of RM2.652 million, making AKPL a subsidiary of the Group. AKPL is a newly incorporated company in Singapore and has a registered and paid-up capital of S\$2 million. The principal activities of AKPL are the marketing of refined palm oil products and provision for logistics services related to palm products.
- (c) Double Jump Ltd ("DJ") and Tri-Force Element Inc ("TF"), both wholly-owned subsidiaries of the Group, were dissolved following the issuance of the Certificates of Dissolution by the British Virgin Islands Financial Services Commission. DJ and TF were dormant following the completion of a Group internal restructuring exercise.



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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 2013	30 September 2012
	RM'000	RM'000
Capital expenditure		
Approved and contracted	501,998	643,334
Approved but not contracted	701,210	624,492
	<u>1,203,208</u>	<u>1,267,826</u>
Acquisition of shares in subsidiaries		
Approved and contracted	<u>3,211</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.

	12 months ended 30 September	
	2013	2012
	RM'000	RM'000
(i) Transactions with associates		
Sale of goods	2,621	2,650
Purchase of goods	3,723	2,218
Service charges paid	3,647	3,443
Research and development services paid	<u>9,376</u>	<u>7,461</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	1,804	2,152
Taiko Marketing (Singapore) Pte Ltd	3,047	3,999
Taiko Marketing Sdn Bhd	<u>3,409</u>	<u>4,869</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>3,012</u>	<u>2,490</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	4,396	3,572
Bukit Katho Estate Sdn Bhd	4,292	6,985
Kampar Rubber & Tin Co Sdn Bhd	9,474	13,609
Kekal & Deras Sdn Bhd	1,688	918
Malay Rubber Plantations (M) Sdn Bhd	8,451	4,864
PT Agro Makmur Abadi	45,670	64,713
PT Safari Riau	24,914	26,606
PT Satu Sembilan Delapan	39,927	31,200
PT Taiko Persada Indoprima	19,299	27,893
Taiko Clay Marketing Sdn Bhd	1,411	1,179
Taiko Drum Industries Sdn Bhd	2,142	1,467
Taiko Fertiliser Marketing Sdn Bhd	57,585	36,113
Taiko Marketing Sdn Bhd	21,054	16,733
Yayasan Perak-Wan Yuen Sdn Bhd	<u>989</u>	<u>1,314</u>



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	12 months ended	
	30 September	
	2013	2012
	RM'000	RM'000
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
Rental of office paid		
Batu Kawan Holdings Sdn Bhd	1,084	1,039
Management fees paid		
Farming Management Services Pty Ltd	1,007	587
Supply of contract labours and engineering works		
K7 Engineering Sdn Bhd	1,633	-
(iii) Transactions between subsidiaries and their non-controlling interest		
Sale of goods		
Mitsubishi Corporation	186,617	330,518
Mitsui & Co Ltd	88,958	94,578
Tejana Trading & Management Services Sdn Bhd	5,554	6,798

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

#### B1. Analysis of Performance

##### 4<sup>th</sup> Quarter FY2013 vs 4<sup>th</sup> Quarter FY2012

The current quarter's pre-tax profit of the Group slipped 29.6% to RM332.7 million (4QFY2012: profit RM472.8 million) while revenue remained unchanged at RM2.415 billion. Comments on the business sectors are as follows:-

- (i) Plantations profit fell 22.0% to RM213.2 million (4QFY2012: profit RM273.5 million). Despite the improvement in sales volume of CPO and rubber and the reduction in production cost of both CPO and rubber, the quarter's results was brought down by weaker selling prices realised for commodities as shown below:-

	4QFY2013	4QFY2012
Crude Palm Oil (RM/mt ex-mill)	2,298	2,778
Palm Kernel (RM/mt ex-mill)	1,212	1,440
Rubber (RM/kg net of cess)	8.60	10.72

Changes in fair value on outstanding derivative contracts had resulted in an unrealised loss of RM6.0 million (4QFY2012: unrealised gain RM13.3 million).

- (ii) Manufacturing sector's profit surged 124.9% to RM105.9 million (4QFY2012: profit RM47.1 million) despite the recognition of a lower unrealised gain of RM3.2 million (4QFY2012: unrealised gain RM48.1 million) arising from the fair value changes on outstanding derivative contracts. Revenue had improved marginally to RM1.245 billion (4QFY2012: RM1.212 billion).

The oleochemical division recorded a sharp rise in profit of 88.3% to RM95.3 million (4QFY2012: profit RM50.6 million) on account of better margins and higher sales volume particularly fatty acids products. All Malaysian units and the operations in China had shown improvement in performance.

The other manufacturing units brought in a profit of RM10.7 million (4QFY2012: loss RM3.5 million).

- (iii) Properties sector's profit rose significantly to RM24.4 million (4QFY2012: profit RM7.3 million) with increased profit recognition from the development project in Bandar Seri Coalfields, Sungai Buloh.
- (iv) Previous year's quarter had included the surplus of RM135.7 million from the disposal of the retailing business.

**Notes to Interim Financial Report**

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**Todate 4<sup>th</sup> Quarter FY2013 vs Todate 4<sup>th</sup> Quarter FY2012**

For the current financial year, the Group's pre-tax profit shed 23.1% to RM1.200 billion (Todate 4QFY2012: profit RM1.560 billion) with its revenue sliding 13.5% to RM9.147 billion (Todate 4QFY2012: RM10.570 billion). The performance of the business sectors are summarised below:-

- (i) Plantations profit dipped 33.3% to RM791.2 million (Todate 4QFY2012: profit RM1.186 billion) attributed to the lower selling prices realised for the following commodities:-

	Todate 4QFY2013	Todate 4QFY2012
Crude Palm Oil (RM/mt ex-mill)	2,275	2,829
Palm Kernel (RM/mt ex-mill)	1,105	1,580
Rubber (RM/kg net of cess)	9.42	12.20

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

However, the decline in profit was mitigated by higher FFB crop production, improvement in CPO and PK sales volume and better results achieved by refineries.

- (ii) Manufacturing sector posted a significant increase of 92.1% in its profit to RM320.3 million (Todate 4QFY2012: profit RM166.8 million). Although sales volume was higher, revenue slipped 7.1% to RM4.697 billion (Todate 4QFY2012: RM5.058 billion) due to lower selling prices. The fair value changes on outstanding derivative contracts had generated an unrealised loss of RM2.9 million as against last year's unrealised gain of RM40.0 million.

The oleochemical division's profit climbed 76.5% to RM319.6 million (Todate 4QFY2012: profit RM181.1 million) which was due to:-

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

However, the European operations' results had deteriorated as a result of volume shortfall, higher cost and competitive pressure on margins.

The other manufacturing units achieved a profit of RM739,000 as against last financial year's loss of RM14.3 million.

- (iii) Properties sector reported a substantial improvement in profit to RM83.6 million (Todate 4QFY2012: profit RM40.0 million) which was mainly derived from the progressive recognition of profits from the development project in Bandar Seri Coalfields, Sungai Buloh. Revenue rose 20.9% to RM208.6 million (Todate 4QFY2012: RM172.5 million).
- (iv) The Group's profit had accounted for the surplus of RM26.4 million arising from the disposal of shares in an associate whilst the previous financial year had recognised a gain of RM135.7 million from the disposal of retailing business.

**B2. Variation of Results to Preceding Quarter****4<sup>th</sup> Quarter FY2013 vs 3<sup>rd</sup> Quarter FY2013**

The Group's pre-tax profit for the quarter under review rose sharply by 45.4% to RM332.7 million (3QFY2013: profit RM228.9 million) on the back of a 11.0% increase in turnover to RM2.415 billion (3QFY2013: RM2.176 billion).

Plantations profit surged 85.7% to RM213.2 million (3QFY2013: profit RM114.8 million) on account of:-

- Increased sales volume of CPO, PK and rubber.
- Higher crop production of both FFB and rubber.
- Drop in production cost of both CPO and rubber.
- Better average selling prices (ex-mill) of CPO and PK at RM2,298/mt and RM1,212/mt (3QFY2013: RM2,260/mt and RM1,062/mt) respectively although the average selling price (ex-factory) for rubber had softened to RM8.60/kg (3QFY2013: RM9.77/kg).



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## **Notes to Interim Financial Report**

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Manufacturing sector registered a 53.3% improvement in the quarter's profit to RM105.9 million (3QFY2013: profit RM69.1 million) with a higher revenue of RM1.245 billion (3QFY2013: RM1.169 billion). In the current quarter, there was a recognition of an unrealised gain of RM3.2 million arising from the fair value changes on outstanding derivative contracts as against the preceding quarter's unrealised loss of RM16.9 million.

The oleochemical division's profit was up 30.7% to RM95.3 million (3QFY2013: profit RM72.9 million). Sales volume had increased especially fatty acids products. Contributions from both the operations in Malaysia and China had improved. However, the operations in Europe remained challenging under difficult market conditions.

The other manufacturing units achieved a profit of RM10.7 million (3QFY2013: loss RM3.8 million).

Properties sector's profit was up 6.5% to RM24.4 million (3QFY2013: profit RM22.9 million) despite a lower revenue of RM48.9 million (3QFY2013: RM53.2 million).

The preceding quarter results had accounted for a gain of RM26.0 million arising from the disposal of shares in an associate.

### **B3. Current Year Prospects**

After languishing in the region of RM2,300/mt, palm oil prices have improved on account of supply tightness and increase in bio-diesel targets in both Malaysia and Indonesia. Currently, the palm oil market is on its own fundamentals and seems to temporarily ignore the potential large soybean output in South America which may be mitigated by China's big appetite for soybean.

In view of the prevailing palm products prices and the expectation of an increase in FFB production together with new refineries in Indonesia coming on-stream, the plantations profit for the current financial year is anticipated to be better than that of the previous financial year.

The oleochemical market is expected to be oversupplied with the increase in capacities worldwide. It will be a challenge to manage our own increased capacities. However, with the continuous drive for operational efficiencies and productivity improvements, the manufacturing sector expects reasonable profits for the current financial year.

The properties sector will continue to contribute to the Group's profit from its on-going project in Bandar Seri Coalfields, Sungai Buloh.

Overall, the Group expects a higher profit for the current financial year when 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		12 months ended	
	30 September		30 September	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Current tax expense				
Malaysian taxation	53,620	59,600	214,487	240,058
Overseas taxation	23,890	24,498	64,109	100,927
	<u>77,510</u>	<u>84,098</u>	<u>278,596</u>	<u>340,985</u>
Deferred tax				
Origination and reversal of temporary differences	(13,476)	(19,689)	(50,053)	(19,937)
Changes in tax rate	-	11	-	(33)
(Over)/Under provision in respect of previous years	(3,597)	(9,454)	272	(9,454)
	<u>(17,073)</u>	<u>(29,132)</u>	<u>(49,781)</u>	<u>(29,424)</u>
	60,437	54,966	228,815	311,561
Under/(Over) provision in respect of previous years				
Malaysian taxation	3,165	(4,480)	4,818	(7,515)
Overseas taxation	(1,310)	(8,054)	(836)	(7,051)
	<u>1,855</u>	<u>(12,534)</u>	<u>3,982</u>	<u>(14,566)</u>
Tax expense of continuing operations	<u>62,292</u>	<u>42,432</u>	<u>232,797</u>	<u>296,995</u>
<b>Discontinued operation</b>				
Current tax expense				
Malaysian taxation	-	-	-	668
Overseas taxation	-	-	-	2,684
Tax expense of discontinued operation	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,352</u>
Total tax expense	<u>62,292</u>	<u>42,432</u>	<u>232,797</u>	<u>300,347</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 September 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
	323,686		29,923	
	<u>323,686</u>		<u>110,064</u>	
	<u>323,686</u>		<u>110,955</u>	
(ii) Bank Overdraft				
- Unsecured	3,088	HKD7,347	3,536	HKD8,976
	-		29,317	Euro7,466
	<u>3,088</u>		<u>32,853</u>	
(iii) Short Term Borrowings				
- Unsecured	80,020	USD24,500	99,780	USD32,500
	3,729	Rmb7,000	6,319	Rmb13,000
	25,221	CHF7,000	32,493	CHF10,000
	142,487	GBP27,000	133,329	GBP27,000
	61,730	Euro14,000	7,857	Euro2,000
	<u>137,164</u>		<u>272,481</u>	
	<u>450,351</u>		<u>552,259</u>	
Total repayable within 12 months	<u>777,125</u>		<u>696,067</u>	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Unsecured	88,216	Euro20,000	-	
	163,743	USD50,000	152,929	USD50,000
	<u>6,268</u>		<u>329,785</u>	
	<u>258,227</u>		<u>482,714</u>	
(ii) Islamic Medium Term Notes				
- Unsecured	<u>1,300,000</u>		<u>1,300,000</u>	
Total repayable after 12 months	<u>1,558,227</u>		<u>1,782,714</u>	

### 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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On 5 April 2013, KL-Kepong International Ltd ("KLKIL"), a wholly-owned subsidiary of the Group, entered into a Put Option Agreement with a third party granting KLKIL the right to sell its investment of 8,535,976 shares in Pearl River Tyre (Holdings) Ltd, which is listed on the Hong Kong Stock Exchange, at HKD4.28 per share to the third party. The Put Option will expire on 4 April 2014.

As at 30 September 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	(830,723)	(16,198)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(311,475)	4,556
- 1 year to 3 years	-	-
- More than 3 years	-	-
(iii) Put option to sell shares in an investment		
- Less than 1 year	-	6,026
- 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 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) A final single tier dividend of 35 sen (2012: 50 sen) per share has been recommended by the Directors in respect of the financial year ended 30 September 2013 and subject to shareholders' approval at the forthcoming Annual General Meeting, will be paid on 18 March 2014 to shareholders registered on the Company's Register of Members as at 24 February 2014.



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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 20 February 2014 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 24 February 2014 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 50 sen (2012: 65 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.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months ended		12 months ended	
	30 September		30 September	
	2013	2012	2013	2012
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>258,005</u>	<u>422,266</u>	<u>917,743</u>	<u>1,211,244</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>24.2</u>	<u>39.6</u>	<u>86.2</u>	<u>113.7</u>

### B13. Audit Report

The audit report for the financial year ended 30 September 2012 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	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest income	(6,891)	(8,917)	(29,363)	(27,442)
Other income including dividend income	(57,997)	(51,589)	(138,904)	(110,440)
Interest expense	18,520	13,740	80,902	66,225
Depreciation and amortisation	71,066	61,644	286,856	270,485
Provision for and write-off of receivables	(948)	(233)	2,584	2,174
Provision for and write-off of inventories	(8,391)	(7,857)	17,474	35,180
Surplus on disposal of quoted or unquoted investments	(625)	(1,256)	(3,562)	(7,590)
Surplus on disposal of land	(250)	(13,788)	(2,897)	(13,788)
Surplus arising from government acquisition of land	(2)	(7)	(626)	(2,720)
Surplus arising from disposal of shares in a subsidiary	-	(135,664)	-	(135,664)
Surplus arising from disposal of shares in an associate	(358)	-	(26,359)	-
Impairment of property, plant and equipment	193	9,641	6,503	11,173
Impairment of intangible assets	3	-	442	-
Impairment of available-for-sale investments	149	5,826	149	5,826
Impairment of goodwill	-	-	177	-
Foreign exchange loss/(gain)	34,228	(2,217)	328	26,874
(Gain)/Loss on derivatives	(15,195)	(49,537)	17,651	(73,597)
Exceptional items	-	-	-	-

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

	30 September	30 September
	2013	2012
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	5,897,307	5,944,476
- unrealised	(148,730)	(70,018)
	<u>5,748,577</u>	<u>5,874,458</u>
Total share of retained profits from associates		
- realised	59,591	36,090
- unrealised	(237)	(1,328)
	<u>59,354</u>	<u>34,762</u>
	5,807,931	5,909,220
Consolidation adjustments	(600,968)	(933,118)
Total group retained profits as per consolidated accounts	<u><u>5,206,963</u></u>	<u><u>4,976,102</u></u>

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

20 November 2013