



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report
For the second quarter ended 31 March 2014**



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 2014.

Condensed Consolidated Statement of Profit or Loss For the second quarter ended 31 March 2014

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	2,934,043	2,235,550	5,428,195	4,556,507
Operating expenses	(2,498,285)	(1,947,086)	(4,638,547)	(3,915,926)
Other operating income	7,419	19,333	51,602	37,358
Finance costs	(19,622)	(22,650)	(40,664)	(43,368)
Share of results of associates	872	(587)	1,564	3,599
Profit before taxation	424,427	284,560	802,150	638,170
Tax expense	(87,299)	(59,073)	(162,562)	(140,364)
Net profit for the period	<u>337,128</u>	<u>225,487</u>	<u>639,588</u>	<u>497,806</u>
Attributable to:-				
Equity holders of the Company	314,605	209,657	607,289	470,576
Non-controlling interests	<u>22,523</u>	<u>15,830</u>	<u>32,299</u>	<u>27,230</u>
	<u>337,128</u>	<u>225,487</u>	<u>639,588</u>	<u>497,806</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>29.5</u>	<u>19.7</u>	<u>57.0</u>	<u>44.2</u>
Earnings per share - diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not applicable

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Other Comprehensive Income For the second quarter ended 31 March 2014

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net profit for the period	<u>337,128</u>	<u>225,487</u>	<u>639,588</u>	<u>497,806</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	120,715	8,099	67,091	13,613
Net change in fair value of available-for-sale investments	107,629	46,109	190,908	123,431
Reclassification adjustment for surplus on disposal of available-for-sale investments	<u>(389)</u>	<u>-</u>	<u>(10,459)</u>	<u>(1,501)</u>
Total other comprehensive income for the period	<u>227,955</u>	<u>54,208</u>	<u>247,540</u>	<u>135,543</u>
Total comprehensive income for the period	<u><u>565,083</u></u>	<u><u>279,695</u></u>	<u><u>887,128</u></u>	<u><u>633,349</u></u>
Attributable to:-				
Equity holders of the Company	538,612	263,222	851,888	605,843
Non-controlling interests	<u>26,471</u>	<u>16,473</u>	<u>35,240</u>	<u>27,506</u>
	<u><u>565,083</u></u>	<u><u>279,695</u></u>	<u><u>887,128</u></u>	<u><u>633,349</u></u>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position As at 31 March 2014

(The figures have not been audited.)

	31 March 2014 RM'000	30 September 2013 RM'000
Assets		
Property, plant and equipment	3,987,728	3,728,605
Prepaid lease payments	271,383	193,229
Biological assets	2,043,068	1,908,218
Land held for property development	217,003	216,932
Goodwill on consolidation	300,371	297,016
Intangible assets	18,422	19,573
Investment in associates	144,588	112,477
Available-for-sale investments	1,150,893	889,422
Other receivable	115,668	106,208
Deferred tax assets	102,162	103,305
Total non-current assets	8,351,286	7,574,985
Inventories	1,278,536	1,062,155
Biological assets	2,997	17,811
Trade and other receivables	1,760,299	1,217,246
Tax recoverable	24,743	52,195
Property development costs	58,039	40,812
Derivative financial assets	11,815	14,158
Asset held for sale	-	11,610
Cash and cash equivalents	1,462,907	1,756,934
Total current assets	4,599,336	4,172,921
Total assets	12,950,622	11,747,906
Equity		
Share capital	1,067,505	1,067,505
Reserves	6,974,993	6,479,722
	8,042,498	7,547,227
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	8,029,051	7,533,780
Non-controlling interests	471,958	419,460
Total equity	8,501,009	7,953,240
Liabilities		
Deferred tax liabilities	254,986	250,064
Deferred income	81,773	72,010
Provision for retirement benefits	261,589	259,222
Borrowings	1,854,176	1,558,227
Total non-current liabilities	2,452,524	2,139,523
Trade and other payables	961,301	822,126
Deferred income	3,930	6,965
Borrowings	970,222	777,125
Tax payable	55,255	29,153
Derivative financial liabilities	6,381	19,774
Total current liabilities	1,997,089	1,655,143
Total liabilities	4,449,613	3,794,666
Total equity and liabilities	12,950,622	11,747,906
Net assets per share attributable to equity holders of the Company (RM)	7.54	7.07

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
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Condensed Consolidated Statement of Changes in Equity For the second quarter ended 31 March 2014

(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 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
Net change in fair value of available-for-sale investments	-	-	-	-	-	190,908	-	-	190,908	-	190,908
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(10,459)	-	-	(10,459)	-	(10,459)
Transfer from retained earnings to reserves	-	989	-	-	-	-	(989)	-	-	-	-
Currency translation differences	-	98	-	-	64,052	-	-	-	64,150	2,941	67,091
Total other comprehensive income/(loss) for the period	-	1,087	-	-	64,052	180,449	(989)	-	244,599	2,941	247,540
Profit for the period	-	-	-	-	-	-	607,289	-	607,289	32,299	639,588
Total comprehensive income for the period	-	1,087	-	-	64,052	180,449	606,300	-	851,888	35,240	887,128
Acquisition through business combination	-	-	-	-	-	-	-	-	-	72,347	72,347
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	35,300	35,300
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	16,121	-	16,121	(24,162)	(8,041)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Dividend paid	-	-	-	-	-	-	(372,738)	-	(372,738)	-	(372,738)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(61,727)	(61,727)
Total transactions with owners of the Company	-	-	-	-	-	-	(356,617)	-	(356,617)	17,258	(339,359)
At 31 March 2014	1,067,505	1,014,266	81,121	57,083	(116,715)	482,592	5,456,646	(13,447)	8,029,051	471,958	8,501,009
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)	-	-	-	-
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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the second quarter ended 31 March 2014**

(The figures have not been audited.)

	6 months ended 31 March	
	2014	2013
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	802,150	638,170
Adjustment for non-cash flow:-		
Non-cash items	130,653	125,058
Non-operating items	13,372	9,463
Operating profit before working capital changes	946,175	772,691
Working capital changes:-		
Net change in current assets	(737,929)	74,950
Net change in current liabilities	144,531	(127,926)
Cash generated from operations	352,777	719,715
Interest paid	(39,518)	(37,881)
Tax paid	(106,229)	(133,624)
Retirement benefits paid	(16,609)	(8,562)
Net cash generated from operating activities	190,421	539,648
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(351,344)	(485,442)
Purchase of leasehold land	(7,355)	(8,858)
Plantation development expenditure	(92,516)	(74,505)
Property development expenditure	(71)	(2,363)
Purchase of shares in subsidiaries, net of cash acquired	(66,563)	(10,618)
Subscription of shares in an associate	(35,300)	(3,543)
Purchase of shares from non-controlling interests	(8,140)	-
Purchase of available-for-sale investments	(82,610)	(1,920)
Purchase of intangible assets	(286)	(83)
Proceeds from disposal of property, plant and equipment	15,676	1,482
Compensation from government on land acquired	2,250	638
Proceeds from disposal of available-for-sale investments	19,059	4,584
Dividends received from associates	1,748	1,147
Dividends received from investments	18,102	18,811
Interest received	14,363	14,749
Net cash used in investing activities	(572,987)	(545,921)
Cash Flows from Financing Activities		
Repayment of term loans	(23,720)	(23,640)
Drawdown/(Repayment) of short term borrowings	459,011	(99,626)
Dividend paid to shareholder of the Company	(372,738)	(532,483)
Dividends paid to non-controlling interests	(61,727)	(15,287)
Issuance of shares to non-controlling interests	35,300	-
Redemption of redeemable preference shares from non-controlling interests	(4,500)	(1,200)
Increase in other receivable	(4,085)	(10,897)
Net cash generated from/(used in) financing activities	27,541	(683,133)
Net decrease in cash and cash equivalents	(355,025)	(689,406)
Cash and cash equivalents at 1 October	1,753,846	2,326,061
	1,398,821	1,636,655
Currency translation differences on opening balance	15,209	4,613
Cash and cash equivalents at 31 March	1,414,030	1,641,268

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2013.



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 2013.

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 2013 except for the adoption of the following revised and amendments to FRSs:-

FRSs, amendments to FRSs and interpretation effective for annual periods beginning on or after 1 January 2013

- FRS 10 *Consolidated Financial Statements*
- FRS 11 *Joint Arrangements*
- FRS 12 *Disclosure of Interests in Other Entities*
- FRS 13 *Fair Value Measurement*
- FRS 119 *Employee Benefits* (2011)
- FRS 127 *Separate Financial Statements* (2011)
- FRS 128 *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7 *Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards - Government Loans*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards (Improvements to FRSs (2012))*
- Amendments to FRS 101 *Presentation of Financial Statements (Improvements to FRSs (2012))*
- Amendments to FRS 116 *Property, Plant and Equipment (Improvements to FRSs (2012))*
- Amendments to FRS 132 *Financial Instruments: Presentation (Improvements to FRSs (2012))*
- Amendments to FRS 134 *Interim Financial Reporting (Improvements to FRSs (2012))*
- Amendments to FRS 10 *Consolidated Financial Statements: Transition Guidance*
- Amendments to FRS 11 *Joint Arrangements: Transition Guidance*
- Amendments to FRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))*

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.

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.



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Notes to Interim Financial Report (Continued)

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	
	2014	2013
	RM'000	RM'000
Dividend proposed in Year 2013, paid in Year 2014:-		
Final single tier dividend 35 sen (2013: 50 sen) per share	<u>372,738</u>	<u>532,483</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2013: 1,064,965,692).

A7. Segment Information

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.

(a) Segment revenue and results

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 31 March 2014						
Revenue						
External revenue	2,533,318	2,762,820	48,854	83,203	-	5,428,195
Inter-segment revenue	188,576	244	-	19,547	(208,367)	-
Total revenue	<u>2,721,894</u>	<u>2,763,064</u>	<u>48,854</u>	<u>102,750</u>	<u>(208,367)</u>	<u>5,428,195</u>
Results						
Operating results	544,901	222,530	21,225	27,500	-	816,156
Interest income	455	1,541	72	24,431	(9,021)	17,478
Finance costs	(1,180)	(6,596)	-	(41,909)	9,021	(40,664)
Share of results of associates	1,040	199	325	-	-	1,564
Segment results	<u>545,216</u>	<u>217,674</u>	<u>21,622</u>	<u>10,022</u>	-	<u>794,534</u>
Corporate income						7,616
Profit before taxation						<u>802,150</u>
6 months ended 31 March 2013						
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>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>36,266</u>	<u>7,030</u>	-	<u>651,706</u>
Corporate expense						(13,536)
Profit before taxation						<u>638,170</u>



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Notes to Interim Financial Report (Continued)

(b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 March 2014					
Operating assets	5,035,774	4,865,001	481,692	2,296,662	12,679,129
Associates	69,844	4,345	56,711	13,688	144,588
Segment assets	<u>5,105,618</u>	<u>4,869,346</u>	<u>538,403</u>	<u>2,310,350</u>	<u>12,823,717</u>
Tax assets					126,905
Total assets					<u>12,950,622</u>
As at 30 September 2013					
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
Segment assets	<u>4,578,034</u>	<u>4,612,436</u>	<u>420,800</u>	<u>1,981,136</u>	<u>11,592,406</u>
Tax assets					155,500
Total assets					<u>11,747,906</u>

(c) Segment liabilities

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 March 2014					
Segment liabilities	<u>801,378</u>	<u>1,407,397</u>	<u>51,457</u>	<u>1,879,140</u>	<u>4,139,372</u>
Unallocated liabilities					310,241
Total liabilities					<u>4,449,613</u>
As at 30 September 2013					
Segment liabilities	<u>412,018</u>	<u>1,163,627</u>	<u>28,542</u>	<u>1,911,262</u>	<u>3,515,449</u>
Unallocated liabilities					279,217
Total liabilities					<u>3,794,666</u>

A8. Event Subsequent to Reporting Date

The Company had entered into a conditional share Sale and Purchase Agreement ("SPA") on 9 May 2014 to dispose of its 55.0% interest in a subsidiary, Voray Holdings Ltd ("Voray"), ("Proposed Disposal") for a consideration of HKD30.1 million (or approximately RM12.5 million).

The Proposed Disposal is conditional, amongst others, on the consent of Voray's banker to the change in shareholding in Voray. The Proposed Disposal is expected to complete within 1 month from date of the SPA.

Following the completion of the Proposed Disposal, Voray shall cease to be a subsidiary of the Company.

The Proposed Disposal will not have any effect on the share capital and shareholdings 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.



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Notes to Interim Financial Report (Continued)

A9. Changes in the Composition of the Group

The Company via its wholly-owned subsidiary, KLKI Holdings Ltd ("KLKI"), had on 28 February 2014 entered into an unconditional share sale and purchase agreement with Derfield Industries Ltd for KLKI to dispose of 1,000 ordinary shares of £1 each in Somerset Cuisine Ltd ("Somerset") representing an equity interest of 100% therein ("the Proposed Disposal") for a consideration of £900,000 (or RM4.95 million) ("the Disposal Price").

The Proposed Disposal is unconditional and the Disposal Price shall be satisfied in cash on completion. Following the completion of the Proposed Disposal, Somerset shall cease to be a subsidiary of the Company.

The Proposed Disposal will not have any effect on the share capital and shareholdings 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.

At the date of this report, the Proposed Disposal has yet to be completed.

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 2014	30 September 2013
	RM'000	RM'000
Capital expenditure		
Approved and contracted	344,665	501,998
Approved but not contracted	624,291	701,210
	<u>968,956</u>	<u>1,203,208</u>
Acquisition of shares in subsidiaries		
Approved and contracted	<u>1,213</u>	<u>3,211</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.

	6 months ended 31 March	
	2014	2013
	RM'000	RM'000
(i) Transactions with associates		
Sale of goods	2,618	1,457
Purchase of goods	2,003	2,619
Service charges paid	1,705	1,062
Research and development services paid	<u>6,284</u>	<u>5,134</u>



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Notes to Interim Financial Report (Continued)

		6 months ended 31 March	
		2014	2013
		RM'000	RM'000
(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	2,143	968
	Taiko Marketing Sdn Bhd	<u>2,042</u>	<u>1,426</u>
	Storage tanks rental received		
	Taiko Marketing Sdn Bhd	<u>1,461</u>	<u>1,496</u>
	Purchases of goods		
	Borneo Taiko Clay Sdn Bhd	2,545	2,168
	Bukit Katho Estate Sdn Bhd	1,879	2,390
	Kampar Rubber & Tin Co Sdn Bhd	5,328	4,829
	Malay Rubber Plantations (M) Sdn Bhd	4,151	4,431
	PT Agro Makmur Abadi	35,848	27,296
	PT Safari Riau	14,625	9,295
	PT Satu Sembilan Delapan	35,416	7
	PT Taiko Persada Indoprima	7,751	4,004
	Taiko Drum Industries Sdn Bhd	1,521	730
	Taiko Fertiliser Marketing Sdn Bhd	20,412	28,014
	Taiko Marketing Sdn Bhd	<u>13,107</u>	<u>10,702</u>
	Rental of office paid		
	Batu Kawan Holdings Sdn Bhd	<u>1,540</u>	<u>538</u>
(iii)	Transactions between subsidiaries and their non-controlling interest		
	Sale of goods		
	Mitsubishi Corporation	72,792	111,485
	Mitsui & Co Ltd	61,586	40,556
	Tejana Trading & Management Services Sdn Bhd	<u>3,294</u>	<u>3,180</u>

B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Analysis of Performance

2nd Quarter FY2014 vs 2nd Quarter FY2013

The Group's pre-tax profit for the 2nd quarter surged 49.2% to RM424.4 million (2QFY2013: profit RM284.6 million) with the improvement of 31.2% in revenue to RM2.934 billion (2QFY2013: RM2.236 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit at RM288.5 million was 50.6% above last year's same quarter profit of RM191.6 million on account of better realised selling prices of crude palm oil and palm kernel as shown below:-

	2QFY2014	2QFY2013	% Change
Crude Palm Oil (RM/mt ex-mill)	2,499	2,143	16.6
Palm Kernel (RM/mt ex-mill)	1,742	1,003	73.7

However, sales volume of CPO and PK had declined.

- (ii) Manufacturing sector registered a significant increase of 69.7% in profit to RM137.7 million (2QFY2013: profit RM81.2 million) on the back of a 27.9% rise in revenue to RM1.494 billion (2QFY2013: RM1.168 billion).

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The oleochemical division's profit rose 64.2% to RM136.3 million (2QFY2013: profit RM83.0 million) which was attributed to:-

- Improved sales volume.
- Higher unrealised gain of RM38.7 million (2QFY2013: unrealised gain RM14.7 million) from the changes in fair value on outstanding derivative contracts.

The other manufacturing units achieved a profit of RM1.4 million (2QFY2013: loss RM1.8 million).

- (iii) Properties sector posted a profit of RM8.4 million which was 45.8% below the previous year's same quarter profit of RM15.5 million. This was due to the drop in progressive recognition of profits from the development project in Bandar Seri Coalfields, Sungai Buloh. Revenue had fallen 58.0% to RM21.4 million (2QFY2013: RM51.1 million).

Todate 2nd Quarter FY2014 vs Todate 2nd Quarter 2013

The Group's pre-tax profit for the todate 2nd quarter climbed 25.7% to RM802.2 million (Todate 2QFY2013: profit RM638.2 million) and revenue improved 19.1% to RM5.428 billion (Todate 2QFY2013: RM4.557 billion). The performance of the business sectors are summarised below:-

- (i) Plantations profit had increased by 17.7% to RM545.2 million (Todate 2QFY2013: profit RM463.1 million) which was largely attributed to the favourable selling prices of CPO and PK despite lower crop production of both FFB and rubber.

The average commodity selling prices realised were:-

	Todate 2QFY2014	Todate 2QFY2013	% Change
Crude Palm Oil (RM/mt ex-mill)	2,392	2,271	5.3
Palm Kernel (RM/mt ex-mill)	1,542	1,071	44.0
Rubber (RM/kg net of cess)	8.49	9.68	(12.3)

The dilution effect on palm products prices from Indonesian sales was partly mitigated by our own refineries and kernel crushing operations in Indonesia.

- (ii) Manufacturing sector reported a sharp rise of 49.8% in its profit to RM217.7 million (Todate 2QFY2013: profit RM145.3 million). Revenue was up 21.0% at RM2.763 billion (Todate 2QFY2013: RM2.283 billion) due to higher sales volume and increase in selling prices which were in line with higher raw materials prices.

The oleochemical division contributed a 44.8% increase in profit to RM210.8 million (Todate 2QFY2013: profit RM145.6 million) and the other manufacturing units brought in a profit of RM6.9 million (Todate 2QFY2013: loss RM282,000).

Strong performance of the oleochemical division was achieved through:-

- Higher sales volume largely contributed by fatty acids and specialties products.
- Favourable fatty alcohol business.
- Improved contributions from the European operations.

- (iii) Properties sector's profit fell 40.4% to RM21.6 million (Todate 2QFY2013: profit RM36.3 million) on the back of a much lower revenue of RM48.9 million (Todate 2QFY2013: RM106.5 million). Recognition of profits from the development project in Bandar Seri Coalfields, Sungai Buloh had declined.

- (iv) The Group had accounted for a gain of RM15.8 million which was derived from the excess of net assets over the acquisition cost (negative goodwill) of Liberian Palm Developments Ltd.

B2. Variation of Results to Preceding Quarter**2nd Quarter FY2014 vs 1st Quarter FY2014**

The pre-tax profit of the Group for the current quarter at RM424.4 million was 12.4% above the preceding quarter's profit of RM377.7 million with revenue improving 17.6% to RM2.934 billion (1QFY2014: RM2.494 billion).



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Plantations profit improved 12.4% to RM288.5 million (1QFY2014: profit RM256.7 million). Despite the increase in production cost of CPO owing to lower FFB production, the higher profit was achieved through:-

- Improvement in CPO and PK selling prices (ex-mill) to RM2,499/mt and RM1,742/mt (1QFY2014: RM2,291/mt and RM1,372/mt) respectively.
- Unrealised gain of RM7.3 million (1QFY2014: unrealised loss RM5.6 million) from the changes in fair value on outstanding derivative contracts.

Manufacturing sector's profit rose sharply by 72.3% to RM137.7 million (1QFY2014: profit RM80.0 million). Revenue was 17.8% higher at RM1.494 billion (1QFY2014: RM1.269 billion) as a result of better selling prices which were in line with higher raw material prices. The oleochemical division reported a 82.9% surge in profit to RM136.3 million (1QFY2014: profit RM74.5 million) which was due to:-

- Unrealised gain of RM38.7 million as against last quarter's unrealised loss of RM31.6 million arising from the fair value changes on outstanding derivative contracts.
- Improved performance of European operations.

The other manufacturing units brought in a lower profit of RM1.4 million (1QFY2014: profit RM5.5 million).

Properties sector recorded a 36.3% reduction in profit to RM8.4 million (1QFY2014: profit RM13.2 million) with revenue declining to RM21.4 million (1QFY2014: RM27.4 million).

The preceding quarter results had recognised a gain of RM15.8 million which represented the negative goodwill arising from the acquisition of Liberian Palm Developments Ltd.

B3. Current Year Prospects

Palm oil prices are currently trading in the range of RM2,500 to RM2,600/mt being supported by current low levels of stocks and increased initiatives in the bio-diesel usage in Malaysia and Indonesia. Production may be affected if the predicted El Nino weather phenomenon and the sub-normal monsoon in India materialises.

In view of the above factors and the prevailing palm products prices which will remain volatile, the plantations profit for the current financial year is anticipated to be higher than that of the previous financial year.

The oleochemical market is expected to face challenges due to the volatility of raw material prices, export duty differential in Indonesia and competitive pressures from increased capacities. However, with the anticipated recovery in demand and the continuous drive for operational efficiencies and productivity improvement, the manufacturing sector expects satisfactory profits for the current financial year.

The Group expects the profit for the current financial year to exceed that of last 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	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	51,103	50,911	107,841	124,843
Overseas taxation	24,813	15,375	48,290	29,540
	<u>75,916</u>	<u>66,286</u>	<u>156,131</u>	<u>154,383</u>
Deferred tax				
Origination and reversal of temporary differences	9,388	(7,445)	9,834	(18,809)
(Over)/Under provision in respect of previous years	(1,186)	(2)	(6,483)	3,869
	<u>8,202</u>	<u>(7,447)</u>	<u>3,351</u>	<u>(14,940)</u>
	84,118	58,839	159,482	139,443
Under provision in respect of previous years				
Malaysian taxation	1,184	26	782	464
Overseas taxation	1,997	208	2,298	457
	<u>3,181</u>	<u>234</u>	<u>3,080</u>	<u>921</u>
Total tax expense	<u>87,299</u>	<u>59,073</u>	<u>162,562</u>	<u>140,364</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.

B7. Group Borrowings

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

	31 March 2014		30 September 2013	
	RM'000	Amount in Foreign Currency	RM'000	Amount in Foreign Currency
		'000		'000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Unsecured	<u>6,268</u>		<u>323,686</u>	
(ii) Bank Overdraft				
- Unsecured	3,353	HKD7,963	3,088	HKD7,347
	45,517	Euro10,119	-	-
	7	CHF2	-	-
	<u>48,877</u>		<u>3,088</u>	
(iii) Short Term Borrowings				
- Unsecured	338,972	USD104,056	80,020	USD24,500
	-		3,729	Rmb7,000
	25,848	CHF7,000	25,221	CHF7,000
	103,413	GBP19,000	142,487	GBP27,000
	107,966	Euro24,000	61,730	Euro14,000
	<u>338,878</u>		<u>137,164</u>	
	<u>915,077</u>		<u>450,351</u>	
Total repayable within 12 months	<u>970,222</u>		<u>777,125</u>	

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	31 March 2014		30 September 2013	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(b) Repayable after 12 months:-				
(i) Term Loans				
- Unsecured	89,958	Euro20,000	88,216	Euro20,000
	164,218	USD50,000	163,743	USD50,000
	<u>300,000</u>		<u>6,268</u>	
	554,176		258,227	
(ii) Islamic Medium Term Notes				
- Unsecured	<u>1,300,000</u>		<u>1,300,000</u>	
Total repayable after 12 months	<u>1,854,176</u>		<u>1,558,227</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.

As at 31 March 2014, the values and maturity analysis of the outstanding derivatives are as follows:-

Derivatives	Contract/Notional Value	Fair value
	Net long/(short) RM'000	Net gains/(losses) RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(724,743)	7,058
- 1 year to 3 years	-	
- More than 3 years	-	
(ii) Commodity futures contracts		
- Less than 1 year	(194,869)	(1,624)
- 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 2014, 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.



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B11. Dividend

- (a) An interim single tier dividend of 15 sen (2013: 15 sen) per share has been declared by the Directors in respect of the financial year ending 30 September 2014 and will be paid on 12 August 2014 to shareholders registered on the Company's Register of Members as at 21 July 2014.

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 17 July 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 21 July 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 15 sen (2013: 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.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>31 March</u>		<u>31 March</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>314,605</u>	<u>209,657</u>	<u>607,289</u>	<u>470,576</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>29.5</u>	<u>19.7</u>	<u>57.0</u>	<u>44.2</u>

B13. Audit Report

The audit report for the financial year ended 30 September 2013 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		6 months ended	
	31 March		31 March	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(8,792)	(10,840)	(17,478)	(17,183)
Other income including dividend income	(10,431)	(27,680)	(44,469)	(54,080)
Interest expense	19,622	22,650	40,664	43,368
Depreciation and amortisation	82,375	72,685	158,607	141,999
Provision for and write-off of receivables	1,604	372	3,016	913
Provision for and write-off of inventories	5,271	9,863	4,686	21,223
Surplus on disposal of quoted or unquoted investments	(1,045)	-	(10,959)	(1,569)
Surplus on disposal of land	(447)	(689)	(988)	(1,752)
Surplus arising from government acquisition of land	(249)	(598)	(1,592)	(598)
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange loss/(gain)	6,765	(11,871)	9,219	(22,573)
(Gain)/Loss on derivatives	(38,718)	(72)	7,760	(634)
Exceptional items	-	-	-	-

B15. Breakdown of Realised and Unrealised Profits or Losses

	31 March	30 September
	2014	2013
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	5,946,073	5,897,307
- unrealised	(113,956)	(148,730)
	5,832,117	5,748,577
Total share of retained profits from associates		
- realised	59,408	59,591
- unrealised	(238)	(237)
	59,170	59,354
	5,891,287	5,807,931
Consolidation adjustments	(434,641)	(600,968)
Total group retained profits as per consolidated accounts	5,456,646	5,206,963

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

21 May 2014