



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report
For the first quarter ended 31 December 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 first quarter ended 31 December 2014.

Condensed Consolidated Statement of Profit or Loss For the first quarter ended 31 December 2014

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	3,114,493	2,494,152	3,114,493	2,494,152
Operating expenses	(2,817,480)	(2,140,262)	(2,817,480)	(2,140,262)
Other operating income	19,337	44,183	19,337	44,183
Finance costs	(24,298)	(21,042)	(24,298)	(21,042)
Share of results of associates	2,287	692	2,287	692
Profit before taxation	294,339	377,723	294,339	377,723
Tax expense	(66,983)	(75,263)	(66,983)	(75,263)
Net profit for the period	<u>227,356</u>	<u>302,460</u>	<u>227,356</u>	<u>302,460</u>
Attributable to:-				
Equity holders of the Company	214,201	292,684	214,201	292,684
Non-controlling interests	13,155	9,776	13,155	9,776
	<u>227,356</u>	<u>302,460</u>	<u>227,356</u>	<u>302,460</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>20.1</u>	<u>27.5</u>	<u>20.1</u>	<u>27.5</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 2014.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Other Comprehensive Income For the first quarter ended 31 December 2014

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net profit for the period	<u>227,356</u>	<u>302,460</u>	<u>227,356</u>	<u>302,460</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	206,330	(53,624)	206,330	(53,624)
Net change in fair value of available-for-sale investments	93,249	83,279	93,249	83,279
Reclassification adjustment for surplus on disposal of available-for-sale investments	<u>(704)</u>	<u>(10,070)</u>	<u>(704)</u>	<u>(10,070)</u>
Total other comprehensive income for the period	<u>298,875</u>	<u>19,585</u>	<u>298,875</u>	<u>19,585</u>
Total comprehensive income for the period	<u><u>526,231</u></u>	<u><u>322,045</u></u>	<u><u>526,231</u></u>	<u><u>322,045</u></u>
Attributable to:-				
Equity holders of the Company	504,981	313,276	504,981	313,276
Non-controlling interests	<u>21,250</u>	<u>8,769</u>	<u>21,250</u>	<u>8,769</u>
	<u><u>526,231</u></u>	<u><u>322,045</u></u>	<u><u>526,231</u></u>	<u><u>322,045</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 2014.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position

As at 31 December 2014

(The figures have not been audited.)

	31 December 2014	30 September 2014
	RM'000	RM'000
Assets		
Property, plant and equipment	4,333,877	4,220,214
Prepaid lease payments	263,224	251,268
Biological assets	2,173,871	2,081,061
Land held for property development	219,308	217,926
Goodwill on consolidation	291,672	286,969
Intangible assets	15,214	15,238
Investment in associates	176,169	172,652
Available-for-sale investments	1,011,859	884,014
Other receivable	133,223	119,940
Deferred tax assets	140,587	128,025
Total non-current assets	<u>8,759,004</u>	<u>8,377,307</u>
Inventories	1,410,513	1,441,441
Biological assets	2,546	27,286
Trade and other receivables	1,817,951	1,591,855
Tax recoverable	20,374	23,034
Property development costs	57,663	54,316
Derivative financial assets	90,878	76,585
Cash and cash equivalents	1,413,019	1,295,777
Total current assets	<u>4,812,944</u>	<u>4,510,294</u>
Total assets	<u>13,571,948</u>	<u>12,887,601</u>
Equity		
Share capital	1,067,505	1,067,505
Reserves	7,202,630	6,697,649
	8,270,135	7,765,154
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	8,256,688	7,751,707
Non-controlling interests	448,276	431,492
Total equity	<u>8,704,964</u>	<u>8,183,199</u>
Liabilities		
Deferred tax liabilities	260,688	256,207
Deferred income	107,663	101,495
Provision for retirement benefits	290,558	281,663
Borrowings	1,827,228	1,816,243
Total non-current liabilities	<u>2,486,137</u>	<u>2,455,608</u>
Trade and other payables	978,332	999,456
Deferred income	5,617	4,957
Borrowings	1,235,122	1,094,173
Tax payable	70,391	62,982
Derivative financial liabilities	91,385	87,226
Total current liabilities	<u>2,380,847</u>	<u>2,248,794</u>
Total liabilities	<u>4,866,984</u>	<u>4,704,402</u>
Total equity and liabilities	<u>13,571,948</u>	<u>12,887,601</u>
Net assets per share attributable to equity holders of the Company (RM)	7.75	7.28

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014.



KUALA LUMPUR KEPONG BERHAD

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Condensed Consolidated Statement of Changes in Equity For the first quarter ended 31 December 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 2014	1,067,505	1,015,488	79,067	59,709	(333,548)	210,598	5,666,335	(13,447)	7,751,707	431,492	8,183,199
Net change in fair value of available-for-sale investments	-	-	-	-	-	93,249	-	-	93,249	-	93,249
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(704)	-	-	(704)	-	(704)
Transfer from retained earnings to reserves	-	291	-	-	-	-	(291)	-	-	-	-
Currency translation differences	-	312	-	2	197,921	-	-	-	198,235	8,095	206,330
Total other comprehensive income/(loss) for the period	-	603	-	2	197,921	92,545	(291)	-	290,780	8,095	298,875
Profit for the period	-	-	-	-	-	-	214,201	-	214,201	13,155	227,356
Total comprehensive income for the period	-	603	-	2	197,921	92,545	213,910	-	504,981	21,250	526,231
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(4,466)	(4,466)
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-	(4,466)	(4,466)
At 31 December 2014	1,067,505	1,016,091	79,067	59,711	(135,627)	303,143	5,880,245	(13,447)	8,256,688	448,276	8,704,964



KUALA LUMPUR KEPONG BERHAD

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Condensed Consolidated Statement of Changes in Equity For the first quarter ended 31 December 2014

(Continued)

(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	-	-	-	-	-	83,279	-	-	83,279	-	83,279
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(10,070)	-	-	(10,070)	-	(10,070)
Transfer from retained earnings to reserves	-	541	-	-	-	-	(541)	-	-	-	-
Currency translation differences	-	(187)	-	-	(52,430)	-	-	-	(52,617)	(1,007)	(53,624)
Total other comprehensive income/(loss) for the period	-	354	-	-	(52,430)	73,209	(541)	-	20,592	(1,007)	19,585
Profit for the period	-	-	-	-	-	-	292,684	-	292,684	9,776	302,460
Total comprehensive income/(loss) for the period	-	354	-	-	(52,430)	73,209	292,143	-	313,276	8,769	322,045
Acquisition through business combination	-	-	-	-	-	-	-	-	-	72,347	72,347
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	16,146	-	16,146	(24,162)	(8,016)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Total transactions with owners of the Company	-	-	-	-	-	-	16,146	-	16,146	43,685	59,831
At 31 December 2013	1,067,505	1,013,533	81,121	57,083	(233,197)	375,352	5,515,252	(13,447)	7,863,202	471,914	8,335,116

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the first quarter ended 31 December 2014**

(The figures have not been audited.)

	3 months ended 31 December	
	2014	2013
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	294,339	377,723
Adjustment for non-cash flow:-		
Non-cash items	71,443	50,256
Non-operating items	11,553	6,905
Operating profit before working capital changes	377,335	434,884
Working capital changes:-		
Net change in current assets	(115,767)	(271,648)
Net change in current liabilities	(19,379)	(56,927)
Cash generated from operations	242,189	106,309
Interest paid	(17,442)	(12,649)
Tax paid	(64,419)	(61,418)
Retirement benefits paid	(4,716)	(8,844)
Net cash generated from operating activities	155,612	23,398
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(124,929)	(141,419)
Payments of prepaid lease	(8,459)	(2,767)
Plantation development expenditure	(45,679)	(36,227)
Property development expenditure	(1,382)	(60)
Purchase of shares in subsidiaries, net of cash acquired	-	(66,563)
Purchase of shares from non-controlling interests	-	(8,150)
Purchase of available-for-sale investments	(14,318)	(70,071)
Purchase of intangible assets	(524)	(357)
Proceeds from disposal of property, plant and equipment	244	1,627
Compensation from government on land acquired	2,412	1,530
Proceeds from disposal of available-for-sale investments	2,249	16,010
Dividends received from associates	1,927	1,748
Dividends received from investments	8,803	13,648
Interest received	5,535	6,943
Net cash used in investing activities	(174,121)	(284,108)
Cash Flows from Financing Activities		
Repayment of term loans	(6,476)	(23,720)
Drawdown of short term borrowings	70,674	186,009
Dividends paid to non-controlling interests	(4,466)	-
Redemption of redeemable preference shares from non-controlling interests	-	(4,500)
Increase in other receivable	(4,580)	(4,062)
Net cash generated from financing activities	55,152	153,727
Net increase/(decrease) in cash and cash equivalents	36,643	(106,983)
Cash and cash equivalents at 1 October	1,264,854	1,753,846
	1,301,497	1,646,863
Currency translation differences on opening balance	34,088	(5,174)
Cash and cash equivalents at 31 December	1,335,585	1,641,689

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2014.



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 2014.

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 2014 except for the adoption of the following revised and amendments to FRSs:-

Amendments to FRSs and interpretation effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12 *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127 *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 136 *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21 *Levies*

Amendments to FRSs effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2 *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3 *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8 *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13 *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116 *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119 *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124 *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138 *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140 *Investment Property (Annual Improvements 2011-2013 Cycle)*

The application of the above amendments to FRSs and interpretation 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.



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Notes to Interim Financial Report (Continued)

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

There were no dividends paid during the financial quarter ended 31 December 2014 (31 December 2013: Nil).

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
3 months ended						
31 December 2014						
Revenue						
External revenue	1,599,154	1,418,190	29,920	67,229	-	3,114,493
Inter-segment revenue	200,355	-	-	11,076	(211,431)	-
Total revenue	<u>1,799,509</u>	<u>1,418,190</u>	<u>29,920</u>	<u>78,305</u>	<u>(211,431)</u>	<u>3,114,493</u>
Results						
Operating results	241,092	35,146	13,544	22,157	-	311,939
Interest income	151	1,042	34	13,685	(6,921)	7,991
Finance costs	(1,047)	(6,816)	-	(23,356)	6,921	(24,298)
Share of results of associates	1,868	131	288	-	-	2,287
Segment results	<u>242,064</u>	<u>29,503</u>	<u>13,866</u>	<u>12,486</u>	<u>-</u>	<u>297,919</u>
Corporate expense						(3,580)
Profit before taxation						<u>294,339</u>
3 months ended						
31 December 2013						
Revenue						
External revenue	1,135,235	1,268,593	27,432	62,892	-	2,494,152
Inter-segment revenue	61,284	244	-	10,004	(71,532)	-
Total revenue	<u>1,196,519</u>	<u>1,268,837</u>	<u>27,432</u>	<u>72,896</u>	<u>(71,532)</u>	<u>2,494,152</u>
Results						
Operating results	256,139	82,127	12,892	23,188	-	374,346
Interest income	222	2,174	33	10,776	(4,519)	8,686
Finance costs	-	(4,387)	-	(21,174)	4,519	(21,042)
Share of results of associates	368	39	285	-	-	692
Segment results	<u>256,729</u>	<u>79,953</u>	<u>13,210</u>	<u>12,790</u>	<u>-</u>	<u>362,682</u>
Corporate income						15,041
Profit before taxation						<u>377,723</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 December 2014					
Operating assets	5,532,709	5,072,414	474,975	2,154,720	13,234,818
Associates	68,977	4,597	57,171	45,424	176,169
Segment assets	<u>5,601,686</u>	<u>5,077,011</u>	<u>532,146</u>	<u>2,200,144</u>	<u>13,410,987</u>
Tax assets					160,961
Total assets					<u>13,571,948</u>
As at 30 September 2014					
Operating assets	5,190,956	4,993,494	468,004	1,911,436	12,563,890
Associates	69,471	4,264	56,883	42,034	172,652
Segment assets	<u>5,260,427</u>	<u>4,997,758</u>	<u>524,887</u>	<u>1,953,470</u>	<u>12,736,542</u>
Tax assets					151,059
Total assets					<u>12,887,601</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 December 2014					
Segment liabilities	<u>1,199,088</u>	<u>1,602,737</u>	<u>54,692</u>	<u>1,679,388</u>	<u>4,535,905</u>
Unallocated liabilities					331,079
Total liabilities					<u>4,866,984</u>
As at 30 September 2014					
Segment liabilities	<u>1,015,499</u>	<u>1,625,945</u>	<u>56,377</u>	<u>1,687,392</u>	<u>4,385,213</u>
Unallocated liabilities					319,189
Total liabilities					<u>4,704,402</u>

A8. Events Subsequent to Reporting Date

- (a) The Company had on 8 January 2015 together with its wholly-owned subsidiary, KLK Premier Capital Ltd ("KLKPCL") entered into a transaction, namely a Share Purchase Agreement ("SPA") with Mitsui & Co Ltd, a company incorporated in Japan ("Mitsui"), for the Company to dispose a 20% equity interest in KLKPCL to Mitsui ("Proposed Disposal"). The total consideration for the Proposed Disposal shall be USD44 million (or approximately RM154 million).

KLKPCL, an investment holding company incorporated in British Virgin Islands, owns 100% equity interest in Taiko Palm-Oleo (Zhangjiagang) Co Ltd ("TPOZ"), a company incorporated in the People's Republic of China ("PRC"). The principal activities of TPOZ are the manufacturing and trading of fatty acids, glycerine, soap noodles and triacetin.

The Proposed Disposal is conditional on the fulfillment of various conditions and is expected to be completed in the first quarter of calendar year 2015, or any other date as mutually agreed upon by the parties.

The Proposed Disposal will allow the Company to leverage on Mitsui's business and marketing relationship in the PRC and technological expertise in oleochemical downstream manufacturing activities.



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Notes to Interim Financial Report (Continued)

The Proposed Disposal will not have any effect on the earnings, net assets and gearing of the Group for the financial year ending 30 September 2015 nor have any effect on the share capital and substantial shareholders' shareholdings of the Company.

- (b) Golden Sphere Sdn Bhd, a wholly-owned subsidiary of the Company, which had become dormant following the completion of the Group internal restructuring exercise, will be dissolved by way of members' voluntary winding-up on 16 April 2015.
- (c) The proposed subscription of 50% new shares in PT Kreasijaya Adhikarya ("PT Kreasijaya") by PT Astra Agro Lestari Tbk was completed in January 2015 and PT Kreasijaya had ceased to be a subsidiary of the Group but shall remain as an associate of the Group.

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinued operations during the current quarter under review.

A10. Changes in Contingent Liabilities and Contingent Assets

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

A11. Capital Commitments

	31 December 2014	30 September 2014
	RM'000	RM'000
Capital expenditure		
Approved and contracted	258,544	264,845
Approved but not contracted	604,839	911,257
	<u>863,383</u>	<u>1,176,102</u>
Acquisition of shares in a subsidiary		
Approved and contracted	<u>1,192</u>	<u>1,133</u>
Acquisition of land for property development		
Approved and contracted	<u>784,080</u>	<u>784,080</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.



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Notes to Interim Financial Report
(Continued)

		3 months ended	
		31 December	
		2014	2013
		RM'000	RM'000
(i)	Transactions with associates		
	Sale of goods	728	1,065
	Purchase of goods	127	1,770
	Research and development services paid	<u>2,568</u>	<u>2,398</u>
(ii)	Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
	Sale of goods		
	Taiko Marketing (Singapore) Pte Ltd	<u>750</u>	<u>1,676</u>
	Purchases of goods		
	Borneo Taiko Clay Sdn Bhd	1,001	1,292
	Bukit Katho Estate Sdn Bhd	729	1,008
	Kampar Rubber & Tin Co Sdn Bhd	1,964	2,966
	Malay Rubber Plantations (M) Sdn Bhd	1,237	2,175
	PT Agro Makmur Abadi	16,692	14,327
	PT Safari Riau	7,547	7,108
	PT Satu Sembilan Delapan	19,666	17,205
	PT Taiko Persada Indoprima	3,089	4,062
	Taiko Fertiliser Marketing Sdn Bhd	164	12,219
	Taiko Marketing Sdn Bhd	<u>7,247</u>	<u>6,687</u>
(iii)	Transactions between subsidiaries and their non-controlling interest		
	Sale of goods		
	Mitsubishi Corporation	22,838	57,248
	Mitsui & Co Ltd	71,242	23,611
	Tejana Trading & Management Services Sdn Bhd	<u>654</u>	<u>1,435</u>

B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Analysis of Performance

1st Quarter FY2015 vs 1st Quarter FY2014

The Group's pre-tax profit for the quarter under review dipped 22.1% to RM294.3 million (1QFY2014: profit RM377.7 million) despite the increase of 24.9% in revenue to RM3.114 billion (1QFY2014: RM2.494 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit dropped 5.7% to RM242.1 million (1QFY2014: profit RM256.7 million) due mainly to:-
- Weaker selling prices of CPO and rubber.
 - Reduced crop productions of both FFB and rubber.
 - Higher production cost of CPO.

The average commodity selling prices realised were:-

	1QFY2015	1QFY2014	% Change
Crude Palm Oil (RM/mt ex-mill)	2,138	2,291	(6.7)
Palm Kernel (RM/mt ex-mill)	1,362	1,372	(0.7)
Rubber (RM/kg net of cess)	6.63	8.75	(24.2)

However, the recognition of an unrealised gain of RM26.3 million (1QFY2014: unrealised loss RM5.6 million) arising from the changes in fair value on outstanding derivative contracts had mitigated the decline in profit.

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- (ii) Manufacturing sector recorded a profit of RM29.5 million which was 63.1% behind last year's same quarter profit of RM80.0 million. Even though revenue was 11.8% higher at RM1.418 billion (1QFY2014: RM1.269 billion), the results of this sector were affected by the negative margins from the fatty alcohol and surfactant businesses. The low petroleum price had made synthetic alcohol very competitive and destabilised fatty alcohol price.

The oleochemical division's profit dropped 61.3% to RM28.8 million (1QFY2014: profit RM74.5 million) and the other manufacturing units reported a lower profit of RM706,000 (1QFY2014: profit RM5.5 million).

- (iii) Properties sector posted a slightly higher profit of RM13.9 million (1QFY2014: profit RM13.2 million) which was in line with the increase in revenue to RM29.9 million (1QFY2014: RM27.4 million). Profit recognition from the development project in Bandar Seri Coalfields had contributed the profit of this sector.

B2. Variation of Results to Preceding Quarter**1st Quarter FY2015 vs 4th Quarter FY2014**

The Group's current quarter's pre-tax profit climbed 23.4% to RM294.3 million (4QFY2014: profit RM238.6 million) on the back of 12.1% improvement in revenue to RM3.114 billion (4QFY2014: RM2.778 billion).

Plantations profit was 2.4% higher at RM242.1 million (4QFY2014: profit RM236.4 million). Although the profit from estate operations had dropped due to:-

- Decrease in selling prices of commodities.
- Decline in FFB and rubber productions.
- Increase in production cost,

refineries and kernel crushing plants contributed positively (4QFY2014: negative contributions) benefitting from a much higher unrealised gain from the changes in fair value on outstanding derivative contracts.

The average commodity selling prices realised were as follows:-

	<u>1QFY2015</u>	<u>4QFY2014</u>	<u>% Change</u>
Crude Palm Oil (RM/mt ex-mill)	2,138	2,293	(6.8)
Palm Kernel (RM/mt ex-mill)	1,362	1,465	(7.0)
Rubber (RM/kg net of cess)	6.63	7.13	(7.0)

Manufacturing sector achieved a profit of RM29.5 million as against the previous quarter's loss of RM9.4 million, even after accounting for a higher unrealised loss of RM25.8 million (4QFY2014: unrealised loss RM12.8 million) from the fair value changes on outstanding derivative contracts. Revenue was marginally higher at RM1.418 billion.

The oleochemical division posted a profit of RM28.8 million (4QFY2014: loss RM13.4 million) due to improved margins. In addition, better results were achieved by the European operations.

The other manufacturing units registered a profit of RM706,000 (4QFY2014: profit RM4.0 million).

Properties sector's profit was slightly lower at RM13.9 million (4QFY2014: profit RM14.1 million). Revenue fell 17.9% to RM29.9 million (4QFY2014: RM36.5 million). Recognition of development profits came from the project in Bandar Seri Coalfields, Sungei Buloh.

B3. Current Year Prospects

The current palm oil price is buoyed by the weak Ringgit and tight supply. However, the palm oil price will be affected by the current high soybean production. In view of these factors, the plantations profit for the current financial year is expected to be lower than that of last financial year.



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The current low petroleum price has affected the fatty alcohol and surfactant businesses of our oleochemical division. However, this division anticipates a satisfactory level of profit for the current financial year on account of the additional capacities from the new plants coming on-stream and the initiatives for operational efficiencies and productivity improvement.

Overall, the Group expects a satisfactory profit for the current financial year albeit 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 31 December		3 months ended 31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	50,013	56,738	50,013	56,738
Overseas taxation	23,649	23,477	23,649	23,477
	<u>73,662</u>	<u>80,215</u>	<u>73,662</u>	<u>80,215</u>
Deferred tax				
Origination and reversal of temporary differences	(7,164)	446	(7,164)	446
Under/(Over) provision in respect of previous years	276	(5,297)	276	(5,297)
	<u>(6,888)</u>	<u>(4,851)</u>	<u>(6,888)</u>	<u>(4,851)</u>
	66,774	75,364	66,774	75,364
Under/(Over) provision in respect of previous years				
Malaysian taxation	256	(402)	256	(402)
Overseas taxation	(47)	301	(47)	301
	<u>209</u>	<u>(101)</u>	<u>209</u>	<u>(101)</u>
Total tax expense	<u>66,983</u>	<u>75,263</u>	<u>66,983</u>	<u>75,263</u>

The effective tax rate for the current quarter and financial year-to-date is lower than the statutory tax rate mainly due to non-taxable income.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.



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B7. Group Borrowings

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

	31 December 2014		30 September 2014	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	846	Euro200	808	Euro195
- Unsecured	35,205	USD10,000	32,850	USD10,000
	-		6,268	
	35,205		39,118	
	36,051		39,926	
(ii) Bank Overdraft				
- Unsecured	77,434	Euro18,295	30,923	Euro7,460
(iii) Short Term Borrowings				
- Unsecured	359,016	USD102,613	293,242	USD89,330
	17,594	CHF5,000	24,049	CHF7,000
	70,835	GBP13,000	79,802	GBP15,000
	195,550	Euro46,201	276,668	Euro66,749
	478,642		349,563	
	1,121,637		1,023,324	
Total repayable within 12 months	1,235,122		1,094,173	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	1,755	Euro415	1,944	Euro469
- Unsecured	84,652	Euro20,000	82,898	Euro20,000
	140,821	USD40,000	131,401	USD40,000
	300,000		300,000	
	525,473		514,299	
	527,228		516,243	
(ii) Islamic Medium Term Notes				
- Unsecured	1,300,000		1,300,000	
Total repayable after 12 months	1,827,228		1,816,243	

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 December 2014, the values and maturity analysis of the outstanding derivatives are as follows:-



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<u>Derivatives</u>	Contract/Notional	Fair value
	Value Net long/(short) RM'000	Net gains/(losses) RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(997,771)	(37,955)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(169,520)	37,448
- 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 December 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.

B11. Dividend

- (a) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2014 (31 December 2013: Nil).
- (b) The total dividend for the current financial year to-date is Nil (31 December 2013: Nil).

B12. Earnings Per Share

Basic earnings per share

The earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of shares of the Company in issue during the period.

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2014	2013	2014	2013
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	214,201	292,684	214,201	292,684
(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)	20.1	27.5	20.1	27.5

B13. Audit Report

The audit report for the financial year ended 30 September 2014 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		3 months ended	
	31 December		31 December	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(7,991)	(8,686)	(7,991)	(8,686)
Other income including dividend income	(21,037)	(34,038)	(21,037)	(34,038)
Interest expense	24,298	21,042	24,298	21,042
Depreciation and amortisation	93,289	76,232	93,289	76,232
Provision for and write-off of receivables	(575)	1,412	(575)	1,412
Provision for and write-off of inventories	10,541	(585)	10,541	(585)
Surplus on disposal of quoted or unquoted investments	(695)	(9,914)	(695)	(9,914)
Surplus on disposal of land	(712)	(541)	(712)	(541)
Surplus arising from government acquisition of land	(2,359)	(1,343)	(2,359)	(1,343)
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange (gain)/loss	(20,263)	2,454	(20,263)	2,454
Loss on derivatives	29,487	46,478	29,487	46,478
Exceptional items	-	-	-	-

B15. Breakdown of Realised and Unrealised Profits or Losses

	31 December	30 September
	2014	2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	6,401,299	6,240,146
- unrealised	(36,159)	(182,637)
	<u>6,365,140</u>	<u>6,057,509</u>
Total share of retained profits from associates		
- realised	56,957	61,452
- unrealised	23	32
	<u>56,980</u>	<u>61,484</u>
	<u>6,422,120</u>	<u>6,118,993</u>
Consolidation adjustments	(541,875)	(452,658)
Total group retained profits as per consolidated accounts	<u><u>5,880,245</u></u>	<u><u>5,666,335</u></u>

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

16 February 2015