



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report
For the third quarter ended 30 June 2015**

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

The Directors are pleased to announce the unaudited financial results of the Group for the third quarter ended 30 June 2015.

**Condensed Consolidated Statement of Profit or Loss
For the third quarter ended 30 June 2015**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	3,538,322	2,923,638	9,717,908	8,351,833
Operating expenses	(3,226,174)	(2,637,969)	(8,874,261)	(7,276,516)
Other operating income	19,061	12,972	128,966	64,574
Finance costs	(25,105)	(22,635)	(72,786)	(63,299)
Share of results of associates	9,918	923	9,695	2,487
Share of results of a joint venture	(4,783)	-	(7,434)	-
Profit before taxation	311,239	276,929	902,088	1,079,079
Tax expense	(56,991)	(58,624)	(193,338)	(221,186)
Net profit for the period	<u>254,248</u>	<u>218,305</u>	<u>708,750</u>	<u>857,893</u>
Attributable to:-				
Equity holders of the Company	246,884	213,664	683,624	820,953
Non-controlling interests	<u>7,364</u>	<u>4,641</u>	<u>25,126</u>	<u>36,940</u>
	<u>254,248</u>	<u>218,305</u>	<u>708,750</u>	<u>857,893</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>23.2</u>	<u>20.1</u>	<u>64.2</u>	<u>77.1</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 third quarter ended 30 June 2015**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>254,248</u>	<u>218,305</u>	<u>708,750</u>	<u>857,893</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	99,612	(154,512)	375,447	(87,421)
Net change in fair value of available-for-sale investments	97,945	(168,629)	447,160	22,279
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	(399)	(1,466)	(10,858)
Currency translation differences on deemed disposal of a subsidiary	<u>-</u>	<u>-</u>	<u>4,319</u>	<u>-</u>
Total other comprehensive income/(loss) for the period	<u>197,557</u>	<u>(323,540)</u>	<u>825,460</u>	<u>(76,000)</u>
Total comprehensive income/(loss) for the period	<u>451,805</u>	<u>(105,235)</u>	<u>1,534,210</u>	<u>781,893</u>
Attributable to:-				
Equity holders of the Company	442,010	(103,323)	1,494,427	748,565
Non-controlling interests	<u>9,795</u>	<u>(1,912)</u>	<u>39,783</u>	<u>33,328</u>
	<u>451,805</u>	<u>(105,235)</u>	<u>1,534,210</u>	<u>781,893</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 30 June 2015**

(The figures have not been audited.)

	30 June 2015	30 September 2014
	RM'000	RM'000
Assets		
Property, plant and equipment	4,494,974	4,220,214
Prepaid lease payments	273,040	251,268
Biological assets	2,261,696	2,081,061
Land held for property development	221,447	217,926
Goodwill on consolidation	310,568	286,969
Intangible assets	14,200	15,238
Investment in associates	178,739	172,652
Investment in a joint venture	135,168	-
Available-for-sale investments	1,395,739	884,014
Other receivable	154,417	119,940
Deferred tax assets	123,050	128,025
Total non-current assets	9,563,038	8,377,307
Inventories	1,470,676	1,441,441
Biological assets	23,490	27,286
Trade and other receivables	2,343,221	1,591,855
Tax recoverable	30,029	23,034
Property development costs	58,200	54,316
Derivative financial assets	93,264	76,585
Cash and cash equivalents	1,341,600	1,295,777
Total current assets	5,360,480	4,510,294
Total assets	14,923,518	12,887,601
Equity		
Share capital	1,067,505	1,067,505
Reserves	7,717,151	6,697,649
	8,784,656	7,765,154
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	8,771,209	7,751,707
Non-controlling interests	482,491	431,492
Total equity	9,253,700	8,183,199
Liabilities		
Deferred tax liabilities	263,708	256,207
Deferred income	113,570	101,495
Provision for retirement benefits	294,935	281,663
Borrowings	1,714,906	1,816,243
Total non-current liabilities	2,387,119	2,455,608
Trade and other payables	1,286,695	999,456
Deferred income	5,692	4,957
Borrowings	1,708,633	1,094,173
Tax payable	16,708	62,982
Derivative financial liabilities	105,226	87,226
Dividend payable	159,745	-
Total current liabilities	3,282,699	2,248,794
Total liabilities	5,669,818	4,704,402
Total equity and liabilities	14,923,518	12,887,601
Net assets per share attributable to equity holders of the Company (RM)	8.24	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 third quarter ended 30 June 2015 (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	-	-	-	-	-	447,160	-	-	447,160	-	447,160
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(1,466)	-	-	(1,466)	-	(1,466)
Transfer from retained earnings to reserves	-	921	-	-	-	-	(921)	-	-	-	-
Currency translation differences on deemed disposal of a subsidiary	-	-	-	-	4,319	-	-	-	4,319	-	4,319
Currency translation differences	-	436	-	4	360,350	-	-	-	360,790	14,657	375,447
Total other comprehensive income/(loss) for the period	-	1,357	-	4	364,669	445,694	(921)	-	810,803	14,657	825,460
Net profit for the period	-	-	-	-	-	-	683,624	-	683,624	25,126	708,750
Total comprehensive income for the period	-	1,357	-	4	364,669	445,694	682,703	-	1,494,427	39,783	1,534,210
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	110,806	-	110,806	40,732	151,538
Dividend paid	-	-	-	-	-	-	(425,986)	-	(425,986)	-	(425,986)
Dividend payable	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(29,516)	(29,516)
Total transactions with owners of the Company	-	-	-	-	-	-	(474,925)	-	(474,925)	11,216	(463,709)
At 30 June 2015	1,067,505	1,016,845	79,067	59,713	31,121	656,292	5,874,113	(13,447)	8,771,209	482,491	9,253,700



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Condensed Consolidated Statement of Changes in Equity For the third quarter ended 30 June 2015

(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	-	-	-	-	-	22,279	-	-	22,279	-	22,279
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(10,858)	-	-	(10,858)	-	(10,858)
Transfer from reserves to retained earnings	-	1,440	-	-	(9,148)	-	7,708	-	-	-	-
Currency translation differences	-	(204)	-	-	(83,605)	-	-	-	(83,809)	(3,612)	(87,421)
Total other comprehensive income/(loss) for the period	-	1,236	-	-	(92,753)	11,421	7,708	-	(72,388)	(3,612)	(76,000)
Net profit for the period	-	-	-	-	-	-	820,953	-	820,953	36,940	857,893
Total comprehensive income/(loss) for the period	-	1,236	-	-	(92,753)	11,421	828,661	-	748,565	33,328	781,893
Acquisition through business combination	-	-	-	-	-	-	-	-	-	72,347	72,347
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	35,807	35,807
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	16,116	-	16,116	(24,154)	(8,038)
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(21,946)	(21,946)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Dividend paid	-	-	-	-	-	-	(372,738)	-	(372,738)	-	(372,738)
Dividend payable	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(72,228)	(72,228)
Total transactions with owners of the Company	-	-	-	-	-	-	(516,367)	-	(516,367)	(14,674)	(531,041)
At 30 June 2014	1,067,505	1,014,415	81,121	57,083	(273,520)	313,564	5,519,257	(13,447)	7,765,978	438,114	8,204,092

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

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Condensed Consolidated Statement of Cash Flows For the third quarter ended 30 June 2015

(The figures have not been audited.)

	9 months ended 30 June	
	2015	2014
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	902,088	1,079,079
Adjustment for non-cash flow:-		
Non-cash items	232,072	259,781
Non-operating items	(21,580)	9,557
Operating profit before working capital changes	1,112,580	1,348,417
Working capital changes:-		
Net change in current assets	(752,525)	(836,976)
Net change in current liabilities	428,579	149,651
Cash generated from operations	788,634	661,092
Interest paid	(65,784)	(56,445)
Tax paid	(248,262)	(171,123)
Retirement benefits paid	(15,597)	(21,316)
Net cash generated from operating activities	458,991	412,208
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(513,797)	(539,534)
Payments of prepaid lease	(18,706)	(12,819)
Plantation development expenditure	(143,602)	(152,982)
Property development expenditure	(4,004)	(177)
Purchase of shares in subsidiaries, net of cash acquired	-	(66,563)
Proceeds from deemed disposal of shares in a subsidiary, net of cash disposed	(35,089)	-
Proceeds from disposal of shares in a subsidiary	151,632	1,384
Subscription of shares in an associate	-	(35,300)
Purchase of shares from non-controlling interests	(94)	(8,004)
Purchase of available-for-sale investments	(19,671)	(83,105)
Purchase of intangible assets	(670)	(384)
Proceeds from disposal of property, plant and equipment	6,635	16,922
Compensation from government on land acquired	22,920	2,188
Proceeds from disposal of available-for-sale investments	7,663	19,411
Repayment of loan from a joint venture	55,037	-
Dividends received from associates	5,677	3,748
Dividends received from investments	14,275	21,554
Interest received	26,608	19,579
Net cash used in investing activities	(445,186)	(814,082)
Cash Flows from Financing Activities		
Repayment of term loans	(6,893)	(23,720)
Drawdown of short term borrowings	407,531	413,678
Dividend paid to shareholders of the Company	(425,986)	(372,738)
Dividends paid to non-controlling interests	(29,516)	(72,228)
Issuance of shares to non-controlling interests	-	35,807
Redemption of redeemable preference shares from non-controlling interests	-	(4,500)
Increase in other receivable	(16,393)	(6,560)
Net cash used in financing activities	(71,257)	(30,261)
Net decrease in cash and cash equivalents	(57,452)	(432,135)
Cash and cash equivalents at 1 October	1,264,854	1,753,846
	1,207,402	1,321,711
Currency translation differences on opening balance	78,744	(19,570)
Cash and cash equivalents at 30 June	1,286,146	1,302,141

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

	9 months ended 30 June	
	2015	2014
	RM'000	RM'000
Dividend proposed in Year 2014, paid in Year 2015:-		
Final single tier dividend 40 sen (2014: 35 sen) per share	<u>425,986</u>	<u>372,738</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2014: 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
9 months ended 30 June 2015						
Revenue						
External revenue	4,935,825	4,521,231	101,558	159,294	-	9,717,908
Inter-segment revenue	500,846	-	-	54,156	(555,002)	-
Total revenue	<u>5,436,671</u>	<u>4,521,231</u>	<u>101,558</u>	<u>213,450</u>	<u>(555,002)</u>	<u>9,717,908</u>
Results						
Operating results	590,538	174,332	40,606	70,402	-	875,878
Interest income	436	3,124	128	50,808	(23,582)	30,914
Finance costs	(2,833)	(25,750)	-	(67,785)	23,582	(72,786)
Share of results of associates	4,163	22	9,802	(4,292)	-	9,695
Share of results of a joint venture	(7,434)	-	-	-	-	(7,434)
Segment results	<u>584,870</u>	<u>151,728</u>	<u>50,536</u>	<u>49,133</u>	<u>-</u>	<u>836,267</u>
Corporate income						65,821
Profit before taxation						<u>902,088</u>



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Notes to Interim Financial Report (Continued)

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended						
30 June 2014						
Revenue						
External revenue	3,938,580	4,219,642	80,608	113,003	-	8,351,833
Inter-segment revenue	315,336	244	-	42,329	(357,909)	-
Total revenue	<u>4,253,916</u>	<u>4,219,886</u>	<u>80,608</u>	<u>155,332</u>	<u>(357,909)</u>	<u>8,351,833</u>
Results						
Operating results	774,507	293,290	31,645	36,798	-	1,136,240
Interest income	659	2,482	109	36,133	(13,637)	25,746
Finance costs	(2,067)	(11,683)	-	(63,186)	13,637	(63,299)
Share of results of associates	1,953	65	469	-	-	2,487
Segment results	<u>775,052</u>	<u>284,154</u>	<u>32,223</u>	<u>9,745</u>	<u>-</u>	<u>1,101,174</u>
Corporate expense						(22,095)
Profit before taxation						<u>1,079,079</u>

(b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2015					
Operating assets	5,828,056	5,705,751	448,401	2,474,324	14,456,532
Associates	63,930	4,830	66,685	43,294	178,739
Joint venture	135,168	-	-	-	135,168
Segment assets	<u>6,027,154</u>	<u>5,710,581</u>	<u>515,086</u>	<u>2,517,618</u>	<u>14,770,439</u>
Tax assets					153,079
Total assets					<u>14,923,518</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 30 June 2015					
Segment liabilities	1,619,763	1,901,006	27,902	1,680,986	5,229,657
Unallocated liabilities					440,161
Total liabilities					<u>5,669,818</u>
As at 30 September 2014					
Segment liabilities	1,015,499	1,625,945	56,377	1,687,392	4,385,213
Unallocated liabilities					319,189
Total liabilities					<u>4,704,402</u>

**Notes to Interim Financial Report**

(Continued)

A8. Event Subsequent to Reporting Date

In the interval between the end of the reporting period and the date of this report, no material events have arisen which have not been reflected in the interim financial statements.

A9. Changes in the Composition of the Group

- (a) Standard Soap Company Ltd ("SS"), a wholly-owned subsidiary of the Company incorporated in the United Kingdom, has been placed under member's voluntary winding-up as SS has ceased its business operations.

The aforesaid member's voluntary winding-up will not have any material operational and financial impact on the net assets and earnings of the Group for the financial year ending 30 September 2015.

- (b) The Company via its wholly-owned subsidiary, KLK Emmerich GmbH had on 27 May 2015 entered into a conditional Asset Purchase Agreement ("APA") to acquire, for cash, Emery's oleochemical assets and business in Holthausen, Düsseldorf, Germany ("Proposed Transaction") at a purchase price of €40.5 million which shall be subject to adjustments to book value of inventories, short-term personnel liabilities and unfunded pension liabilities upon Completion.

The Proposed Transaction is expected to be completed in the third quarter of calendar year 2015 subject to fulfillment of all conditions precedent stated in the APA.

The Proposed Transaction will complement the Group's existing fatty acids and glycerine business and enable it to diversify into the tallow-based market. As part of the transaction, the Group will also acquire both the production know-how and trade name for Triacetin products to enhance its worldwide presence and positioning.

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 June 2015	30 September 2014
	RM'000	RM'000
Capital expenditure		
Approved and contracted	179,472	264,845
Approved but not contracted	429,807	911,257
	<u>609,279</u>	<u>1,176,102</u>
Acquisition of shares in a subsidiary		
Approved and contracted	<u>1,196</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

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		9 months ended 30 June	
		2015	2014
		RM'000	RM'000
(i)	Transactions with associates		
	Sale of goods	2,156	3,669
	Purchase of goods	2,774	4,967
	Service charges paid	1,957	2,951
	Research and development services paid	<u>9,384</u>	<u>8,481</u>
(ii)	Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
	Sale of goods		
	PT Satu Sembilan Delapan	15,062	-
	Siam Taiko Marketing Co Ltd	1,678	1,427
	Taiko Marketing (Singapore) Pte Ltd	1,874	3,794
	Taiko Marketing Sdn Bhd	<u>4,322</u>	<u>3,126</u>
	Storage tanks rental received		
	Taiko Marketing Sdn Bhd	<u>2,097</u>	<u>2,189</u>
	Barge rental received		
	PT Satu Sembilan Delapan	<u>2,150</u>	<u>-</u>
	Purchases of goods		
	Borneo Taiko Clay Sdn Bhd	3,267	3,504
	Bukit Katho Estate Sdn Bhd	2,182	2,837
	Kampar Rubber & Tin Co Sdn Bhd	6,308	7,679
	Kekal & Deras Sdn Bhd	909	1,257
	Ladang Tai Tak (Kota Tinggi) Sdn Bhd	2,097	-
	Malay Rubber Plantations (M) Sdn Bhd	4,351	6,085
	PT Agro Makmur Abadi	55,877	57,349
	PT Safari Riau	22,871	21,085
	PT Satu Sembilan Delapan	57,444	49,587
	PT Taiko Persada Indoprma	4,506	13,275
	Taiko Clay Marketing Sdn Bhd	1,453	1,206
	Taiko Drum Industries Sdn Bhd	1,958	2,164
	Taiko Fertiliser Marketing Sdn Bhd	4,290	25,689
	Taiko Marketing Sdn Bhd	<u>23,511</u>	<u>18,205</u>
	Rental of office paid		
	Batu Kawan Holdings Sdn Bhd	<u>2,856</u>	<u>2,346</u>
	Supply of contract labour and engineering works		
	K7 Engineering Sdn Bhd	<u>2,173</u>	<u>1,313</u>
	Aircraft operating expenses and management services paid		
	Smooth Route Sdn Bhd	<u>1,120</u>	<u>-</u>
(iii)	Transactions between subsidiaries and non-controlling interests		
	Sale of goods		
	Mitsubishi Corporation	59,687	73,253
	Mitsui & Co Ltd	183,733	98,009
	Tejana Trading & Management Services Sdn Bhd	<u>1,214</u>	<u>3,913</u>



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B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Analysis of Performance

3rd Quarter FY2015 vs 3rd Quarter FY2014

For the quarter under review, the Group achieved a 12.4% improvement in pre-tax profit to RM311.2 million (3QFY2014: RM276.9 million) on the back of an increased revenue of RM3.538 billion (3QFY2014: RM2.924 billion). The quarter's improved result was aided by the higher dividend income of RM53.4 million (3QFY2014: RM14.6 million) from an overseas investment, Synthomer plc, and the release of RM12.6 million on inter-company interest income upon deemed disposal of a subsidiary. Comments on the business sectors are as follows:-

- (i) Plantations profit fell 19.5% to RM184.9 million (3QFY2014: RM229.8 million) which was caused by the drop in average selling prices of commodities realised as follows:-

	3QFY2015	3QFY2014	% Change
Crude Palm Oil (RM/mt ex-mill)	2,126	2,507	(15.2)
Palm Kernel (RM/mt ex-mill)	1,517	1,783	(14.9)
Rubber (RM/kg net of cess)	6.61	7.78	(15.0)

- (ii) Manufacturing sector's profit was down 9.8% to RM60.0 million (3QFY2014: profit RM66.5 million). Despite the 9.6% improvement in revenue to RM1.596 billion (3QFY2014: RM1.457 billion) owing to higher sales volume, the quarter's result was affected by the following:-

- Lower selling prices.
- Unrealised loss of RM8.6 million (3QFY2014: unrealised gain RM3.0 million) from the fair value changes on outstanding derivative contracts.

The oleochemical division's profit had reduced 13.7% to RM56.9 million (3QFY2014: profit RM65.9 million) whilst the profit from other manufacturing units had increased to RM3.1 million (3QFY2014: profit RM569,000).

- (iii) Properties sector's profit dipped 26.8% to RM7.8 million (3QFY2014: profit RM10.6 million) due to the decline in profit recognition from the development project in Bandar Seri Coalfields, Sungai Buloh.

Todate 3rd Quarter FY2015 vs Todate 3rd Quarter FY2014

The Group's pre-tax profit for the todate 3rd quarter declined 16.4% to RM902.1 million (Todate 3QFY2014: profit RM1.079 billion) despite the increase in revenue to RM9.718 billion (Todate 3QFY2014: RM8.352 billion). The performance of the business sectors are summarised below:-

- (i) Plantations profit fell 24.5% to RM584.9 million (Todate 3QFY2014: profit RM775.1 million) on account of:-

- Weaker selling prices of CPO, PK and rubber realised as follows:-

	Todate 3QFY2015	Todate 3QFY2014	% Change
Crude Palm Oil (RM/mt ex-mill)	2,155	2,430	(11.3)
Palm Kernel (RM/mt ex-mill)	1,488	1,615	(7.9)
Rubber (RM/kg net of cess)	6.70	8.29	(19.2)

- Higher production cost of CPO.

- (ii) Manufacturing sector registered a sharp drop in profit to RM151.7 million (Todate 3QFY2014: profit RM284.2 million). Although revenue had improved 7.1% to RM4.521 billion (Todate 3QFY2014: RM4.220 billion) supported by volume growth, the results were impacted by the following factors:-

- Fatty alcohol business pressured by the continuing cheap petroleum prices which gave the cost advantage to synthetic products.
- Currency translation loss which arose from the unpegging of the CHF against Euro had impacted the results of one of our European subsidiary.

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- Changes in fair value on outstanding derivative contracts had resulted in an unrealised loss of RM22.7 million (Todate 3QFY2014: unrealised gain RM10.3 million).

The oleochemical division contributed a profit of RM142.2 million which was 48.6% below last year's profit of RM276.7 million. The other manufacturing units achieved a higher profit of RM9.5 million (Todate 3QFY2014: profit RM7.5 million).

- (iii) Properties profit rose 56.8% to RM50.5 million (Todate 3QFY2014: profit RM32.2 million) on the back of a higher revenue of RM101.6 million (Todate 3QFY2014: RM80.6 million). This sector's profit comprised development profit from Bandar Seri Coalfields project in Sungai Buloh and surpluses from sales of industrial and commercial land.
- (iv) Results of the Group had also taken into account the following items:-
 - Higher dividend income from Synthomer plc.
 - Realised forex gain on the repayment of USD advances by an overseas subsidiary to the Company.
 - Surplus from deemed disposal of a subsidiary.
 - Release of inter-company interest income upon deemed disposal of a subsidiary.
 - Surplus from government acquisition of land.

B2. Variation of Results to Preceding Quarter**3rd Quarter FY2015 vs 2nd Quarter FY2015**

The Group's pre-tax profit for the current quarter improved 5.0% to RM311.2 million (2QFY2015: profit RM296.5 million) which was boosted by the dividend income of RM53.4 million from Synthomer plc and the release of RM12.6 million on inter-company interest income upon deemed disposal of a subsidiary.

- (i) Plantations sector reported a 17.1% improvement in profit to RM184.9 million (2QFY2015: profit RM157.9 million). Despite lower selling prices of commodities and a higher unrealised loss of RM23.2 million (2QFY2015: unrealised loss RM1.1 million) from the changes in fair value on outstanding derivative contracts, the increase in profit was attributed to:-
 - Improved FFB production.
 - Lower production cost of CPO.
 - Higher sales volume of CPO and PK.

The average commodity selling prices realised were:-

	3QFY2015	2QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	2,126	2,212	(3.9)
Palm Kernel (RM/mt ex-mill)	1,517	1,607	(5.6)
Rubber (RM/kg net of cess)	6.61	6.89	(4.1)

- (ii) Manufacturing profits declined 3.7% to RM60.0 million (2QFY2015: profit RM62.3 million). Despite the 5.9% increase in revenue to RM1.596 billion (2QFY2015: RM1.507 billion), the profit was affected by:-
 - Drop in selling prices.
 - Unrealised loss of RM8.6 million (2QFY2015: unrealised gain RM11.7 million) from the fair value changes on outstanding derivative contracts.

The oleochemical division's profit was flat at RM56.9 million whilst other manufacturing units posted a lower profit of RM3.1 million (2QFY2015: profit RM5.8 million).

- (iii) Properties sector's profit fell sharply to RM7.8 million (2QFY2015: profit RM28.9 million) with a 32.1% decline in revenue to RM29.0 million (2QFY2015: RM42.7 million). The preceding quarter's result had accounted for the surpluses arising from the disposals of industrial and commercial land.



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B3. Current Year Prospects

The current high inventory level of palm oil together with ample supply of oilseeds have a dampening effect on palm products prices. With the prevailing low palm products prices, the plantations profit is anticipated to be lower than that of last financial year.

The oleochemical division continues to face stiff competition, low fatty alcohol prices, volatility of palm products prices and the new export levies imposed on palm oil and refined oils in Indonesia. In view of the current challenging environment, this division expects profit to be lower than that of the previous financial year.

The Group's profit for the current financial year will be lower than that of the 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.

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	36,862	48,836	124,345	156,677
Overseas taxation	21,203	22,171	66,529	70,461
	58,065	71,007	190,874	227,138
Deferred tax				
Origination and reversal of temporary differences	(2,305)	(9,348)	(8,044)	486
Under/(Over) provision in respect of previous years	12	(32)	8,037	(6,515)
	(2,293)	(9,380)	(7)	(6,029)
	55,772	61,627	190,867	221,109
(Over)/Under provision in respect of previous years				
Malaysian taxation	(2,743)	1,072	(2,487)	1,854
Overseas taxation	3,962	(4,075)	4,958	(1,777)
	1,219	(3,003)	2,471	77
Total tax expense	56,991	58,624	193,338	221,186

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:-

	30 June 2015		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	851	Euro202	808	Euro195
- Unsecured	75,726	USD20,000	32,850	USD10,000
	84,196	Euro20,000	-	
	-		6,268	
	<u>159,922</u>		<u>39,118</u>	
	<u>160,773</u>		<u>39,926</u>	
(ii) Bank Overdraft				
- Secured	688	Euro163	-	
- Unsecured	54,766	Euro13,009	30,923	Euro7,460
	<u>55,454</u>		<u>30,923</u>	
(iii) Short Term Borrowings				
- Unsecured	571,242	USD151,162	293,242	USD89,330
	16,162	CHF4,000	24,049	CHF7,000
	77,198	GBP13,000	79,802	GBP15,000
	265,768	Euro63,131	276,668	Euro66,749
	<u>562,036</u>		<u>349,563</u>	
	<u>1,492,406</u>		<u>1,023,324</u>	
Total repayable within 12 months	<u>1,708,633</u>		<u>1,094,173</u>	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	1,317	Euro313	1,944	Euro469
- Unsecured	-		82,898	Euro20,000
	113,589	USD30,000	131,401	USD40,000
	300,000		300,000	
	<u>413,589</u>		<u>514,299</u>	
	<u>414,906</u>		<u>516,243</u>	
(ii) Islamic Medium Term Notes				
- Unsecured	1,300,000		1,300,000	
Total repayable after 12 months	<u>1,714,906</u>		<u>1,816,243</u>	



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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 30 June 2015, the values and maturity analysis of the outstanding derivatives are as follows:-

<u>Derivatives</u>	Contract/Notional	Fair value
	Value Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,140,779)	(31,356)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	73,012	19,394
- 1 year to 3 years	-	-
- More than 3 years	-	-

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

For the current quarter ended 30 June 2015, 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

- An interim single tier dividend of 15 sen (2014: 15 sen) per share has been declared by the Directors in respect of the financial year ending 30 September 2015 and was paid on 11 August 2015.
- The total dividend for the current financial year-to-date is single tier dividend of 15 sen (2014: 15 sen) per share.



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B12. Earnings Per Share

Basic earnings per share

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2015	2014	2015	2014
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	246,884	213,664	683,624	820,953
(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)	23.2	20.1	64.2	77.1

B13. Audit Report

The audit report for the financial year ended 30 September 2014 was not subject to any qualifications.

B14. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(11,731)	(8,268)	(30,914)	(25,746)
Other income including dividend income	(66,600)	(28,908)	(149,402)	(73,377)
Interest expense	25,105	22,635	72,786	63,299
Depreciation and amortisation	97,082	82,931	286,318	241,538
Provision for and write-off of receivables	4,453	(153)	3,191	2,863
Provision for and write-off of inventories	10,123	7,197	21,371	11,883
Surplus on disposal of quoted or unquoted investments	(2)	(189)	(2,181)	(11,148)
Surplus on disposal of land	(349)	(578)	(8,700)	(1,566)
Surplus arising from government acquisition of land	(8,150)	62	(21,211)	(1,530)
Surplus on deemed disposal of a subsidiary	-	-	(12,266)	-
Surplus arising from disposal of shares in a subsidiary	-	(2,126)	-	(2,126)
Impairment of property, plant and equipment	-	-	-	-
Impairment of prepaid lease payment	-	19,760	-	19,760
Impairment of goodwill	-	2,674	-	2,674
Foreign exchange (gain)/loss	(1,498)	10,142	(32,176)	19,361
Loss on derivatives	34,797	5,252	60,791	13,012
Exceptional items	-	-	-	-

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	30 June 2015	30 September 2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	6,462,734	6,240,146
- unrealised	(32,044)	(182,637)
	<u>6,430,690</u>	<u>6,057,509</u>
Total share of retained profits from associates		
- realised	65,146	61,452
- unrealised	355	32
	<u>65,501</u>	<u>61,484</u>
Total share of (accumulated loss)/retained profits from a joint venture		
- realised	(15,654)	-
- unrealised	8,220	-
	<u>(7,434)</u>	<u>-</u>
	<u>6,488,757</u>	<u>6,118,993</u>
Consolidation adjustments	(614,644)	(452,658)
Total group retained profits as per consolidated accounts	<u><u>5,874,113</u></u>	<u><u>5,666,335</u></u>

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

19 August 2015