



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report  
For the year ended 30 September 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 year ended 30 September 2015.

### Condensed Consolidated Statement of Profit or Loss For the year ended 30 September 2015

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	3,932,083	2,778,140	13,649,991	11,129,973
Operating expenses	(3,730,693)	(2,525,991)	(12,604,954)	(9,802,507)
Other operating income	67,470	7,154	196,436	71,728
Finance costs	(31,721)	(24,076)	(104,507)	(87,375)
Share of results of associates	2,187	3,391	11,882	5,878
Share of results of a joint venture	(6,816)	-	(14,250)	-
Profit before taxation	232,510	238,618	1,134,598	1,317,697
Tax expense	(57,222)	(63,817)	(250,560)	(285,003)
Net profit for the period	<u>175,288</u>	<u>174,801</u>	<u>884,038</u>	<u>1,032,694</u>
Attributable to:-				
Equity holders of the Company	186,288	170,752	869,912	991,705
Non-controlling interests	(11,000)	4,049	14,126	40,989
	<u>175,288</u>	<u>174,801</u>	<u>884,038</u>	<u>1,032,694</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>17.5</u>	<u>16.0</u>	<u>81.7</u>	<u>93.1</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 year ended 30 September 2015**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>175,288</u>	<u>174,801</u>	<u>884,038</u>	<u>1,032,694</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	513,028	(60,861)	888,475	(148,282)
Net change in fair value of available-for-sale investments	222,432	(102,408)	669,592	(80,129)
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	(558)	(1,466)	(11,416)
Effect of changes in tax rate on revaluation reserve	-	(2,054)	-	(2,054)
Foreign currency translation differences on deemed disposal of a subsidiary	-	-	4,319	-
	<u>735,460</u>	<u>(165,881)</u>	<u>1,560,920</u>	<u>(241,881)</u>
Other comprehensive loss that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	<u>(15,991)</u>	<u>(19,969)</u>	<u>(15,991)</u>	<u>(19,969)</u>
Total other comprehensive income/(loss) for the period	<u>719,469</u>	<u>(185,850)</u>	<u>1,544,929</u>	<u>(261,850)</u>
Total comprehensive income/(loss) for the period	<u>894,757</u>	<u>(11,049)</u>	<u>2,428,967</u>	<u>770,844</u>
Attributable to:-				
Equity holders of the Company	895,198	(14,271)	2,389,625	734,294
Non-controlling interests	<u>(441)</u>	<u>3,222</u>	<u>39,342</u>	<u>36,550</u>
	<u>894,757</u>	<u>(11,049)</u>	<u>2,428,967</u>	<u>770,844</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 September 2015

(The figures have not been audited.)

	30 September 2015	30 September 2014
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	4,817,725	4,220,214
Prepaid lease payments	285,555	251,268
Biological assets	2,392,287	2,081,061
Land held for property development	226,353	217,926
Goodwill on consolidation	330,137	286,969
Intangible assets	15,297	15,238
Investment in associates	154,493	172,652
Investment in a joint venture	144,658	-
Available-for-sale investments	1,781,642	884,014
Other receivable	171,690	119,940
Deferred tax assets	147,513	128,025
Total non-current assets	<u>10,467,350</u>	<u>8,377,307</u>
Inventories	1,613,810	1,441,441
Biological assets	32,599	27,286
Trade and other receivables	2,651,148	1,591,855
Tax recoverable	35,879	23,034
Property development costs	59,964	54,316
Derivative financial assets	315,707	76,585
Cash and cash equivalents	2,083,158	1,295,777
Total current assets	<u>6,792,265</u>	<u>4,510,294</u>
<b>Total assets</b>	<b><u>17,259,615</u></b>	<b><u>12,887,601</u></b>
<b>Equity</b>		
Share capital	1,067,505	1,067,505
Reserves	8,612,349	6,697,649
	<u>9,679,854</u>	<u>7,765,154</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	9,666,407	7,751,707
Non-controlling interests	461,703	431,492
<b>Total equity</b>	<b><u>10,128,110</u></b>	<b><u>8,183,199</u></b>
<b>Liabilities</b>		
Deferred tax liabilities	257,954	256,207
Deferred income	113,154	101,495
Provision for retirement benefits	356,563	281,663
Borrowings	2,681,221	1,816,243
Total non-current liabilities	<u>3,408,892</u>	<u>2,455,608</u>
Trade and other payables	1,417,861	999,456
Deferred income	6,728	4,957
Borrowings	1,912,840	1,094,173
Tax payable	28,705	62,982
Derivative financial liabilities	356,479	87,226
Total current liabilities	<u>3,722,613</u>	<u>2,248,794</u>
<b>Total liabilities</b>	<b><u>7,131,505</u></b>	<b><u>4,704,402</u></b>
<b>Total equity and liabilities</b>	<b><u>17,259,615</u></b>	<b><u>12,887,601</u></b>
Net assets per share attributable to equity holders of the Company (RM)	9.08	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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(Incorporated in Malaysia)

### Condensed Consolidated Statement of Changes in Equity For the year ended 30 September 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	-	-	-	-	-	669,592	-	-	669,592	-	669,592
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(1,466)	-	-	(1,466)	-	(1,466)
Transfer from retained earnings to reserves	-	2,819	-	121	-	-	(2,940)	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	-	(15,991)	-	(15,991)	-	(15,991)
Foreign currency translation differences on deemed disposal of a subsidiary	-	-	-	-	4,319	-	-	-	4,319	-	4,319
Foreign currency translation differences	-	952	-	10	862,297	-	-	-	863,259	25,216	888,475
Total other comprehensive income/(loss) for the year	-	3,771	-	131	866,616	668,126	(18,931)	-	1,519,713	25,216	1,544,929
Net profit for the year	-	-	-	-	-	-	869,912	-	869,912	14,126	884,038
Total comprehensive income for the year	-	3,771	-	131	866,616	668,126	850,981	-	2,389,625	39,342	2,428,967
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	110,806	-	110,806	40,732	151,538
Dividend paid - FY2014 final	-	-	-	-	-	-	(425,986)	-	(425,986)	-	(425,986)
- FY2015 interim	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(49,863)	(49,863)
Total transactions with owners of the Company	-	-	-	-	-	-	(474,925)	-	(474,925)	(9,131)	(484,056)
At 30 September 2015	1,067,505	1,019,259	79,067	59,840	533,068	878,724	6,042,391	(13,447)	9,666,407	461,703	10,128,110



## KUALA LUMPUR KEPONG BERHAD

(15043-V)  
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### Condensed Consolidated Statement of Changes in Equity For the year ended 30 September 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	-	-	-	-	-	(80,129)	-	-	(80,129)	-	(80,129)
Reclassification adjustment for surplus on disposal of available-for-sale investments	-	-	-	-	-	(11,416)	-	-	(11,416)	-	(11,416)
Transfer from reserves to retained earnings	-	2,519	-	-	(9,148)	-	6,629	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	-	(19,969)	-	(19,969)	-	(19,969)
Effect of changes in tax rate	-	-	(2,054)	-	-	-	-	-	(2,054)	-	(2,054)
Foreign currency translation differences	-	(210)	-	-	(143,633)	-	-	-	(143,843)	(4,439)	(148,282)
Total other comprehensive income/(loss) for the year	-	2,309	(2,054)	-	(152,781)	(91,545)	(13,340)	-	(257,411)	(4,439)	(261,850)
Net profit for the year	-	-	-	-	-	-	991,705	-	991,705	40,989	1,032,694
Total comprehensive income/(loss) for the year	-	2,309	(2,054)	-	(152,781)	(91,545)	978,365	-	734,294	36,550	770,844
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	-	-	-	-	-	-	-	-	-	(21,657)	(21,657)
Redemption of redeemable preference shares	-	-	-	2,626	-	-	(2,626)	-	-	(4,500)	(4,500)
Dividend paid - FY2013 final	-	-	-	-	-	-	(372,738)	-	(372,738)	-	(372,738)
- FY2014 interim	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(82,361)	(82,361)
Total transactions with owners of the Company	-	-	-	2,626	-	-	(518,993)	-	(516,367)	(24,518)	(540,885)
At 30 September 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

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 year ended 30 September 2015

(The figures have not been audited.)

	12 months ended 30 September	
	2015	2014
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,134,598	1,317,697
Adjustment for non-cash flow:-		
Non-cash items	360,513	365,678
Non-operating items	(21,339)	8,576
Operating profit before working capital changes	1,473,772	1,691,951
Working capital changes:-		
Net change in current assets	(1,118,471)	(689,348)
Net change in current liabilities	561,350	107,267
Cash generated from operations	916,651	1,109,870
Interest paid	(99,654)	(87,658)
Tax paid	(325,636)	(256,739)
Retirement benefits paid	(25,030)	(26,522)
Net cash generated from operating activities	<u>466,331</u>	<u>738,951</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(730,001)	(754,534)
Payments of prepaid lease	(23,652)	(19,487)
Plantation development expenditure	(198,372)	(208,524)
Property development expenditure	(8,975)	(898)
Purchase of shares in subsidiaries, net of cash acquired	-	(132,086)
Subscription of shares in associates	-	(36,807)
Purchase of shares in an associate	-	(29,736)
Purchase of shares from non-controlling interests	(94)	(8,175)
Purchase of available-for-sale investments	(87,983)	(89,431)
Purchase of intangible assets	(871)	(191)
Proceeds from disposal of property, plant and equipment	8,079	18,572
Compensation from government on land acquired	25,463	5,516
Proceeds from disposal of land	10,266	-
Proceeds from deemed disposal of shares in a subsidiary, net of cash disposed	(35,089)	-
Proceeds from disposal of shares in a subsidiary, net of cash disposed	151,632	1,059
Proceeds from disposal of available-for-sale investments	8,084	23,178
Repayment of loan from a joint venture	33,270	-
Dividends received from associates	5,677	3,748
Dividends received from investments	73,743	37,655
Interest received	30,997	28,007
Net cash used in investing activities	<u>(737,826)</u>	<u>(1,162,134)</u>
<b>Cash Flows from Financing Activities</b>		
Term loans received	147,582	-
Issuance of Islamic medium term notes	1,100,000	-
Repayment of term loans	(307,245)	(23,720)
Drawdown of short term borrowings	596,458	574,146
Dividend paid to shareholders of the Company	(585,731)	(532,483)
Dividends paid to non-controlling interests	(49,863)	(82,361)
Issuance of shares to non-controlling interests	-	35,807
Redemption of redeemable preference shares from non-controlling interests	-	(4,500)
Increase in other receivable	(22,296)	(10,932)
Net cash generated from/(used in) financing activities	<u>878,905</u>	<u>(44,043)</u>
Net increase/(decrease) in cash and cash equivalents	607,410	(467,226)
Cash and cash equivalents at 1 October	1,264,854	1,753,846
	1,872,264	1,286,620
Currency translation differences on opening balances	183,726	(21,766)
Cash and cash equivalents at 30 September	<u>2,055,990</u>	<u>1,264,854</u>

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



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## **Notes to Interim Financial Report**

### **A Explanatory Notes as required by FRS 134**

#### **A1. Basis of Preparation**

The Interim Financial Report is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134 *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB"). The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 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

	12 months ended 30 September	
	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	425,986	372,738
Interim single tier dividend 15 sen (2014: 15 sen) per share	159,745	159,745
	<u>585,731</u>	<u>532,483</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
<b>12 months ended 30 September 2015</b>						
Revenue						
External revenue	7,086,247	6,241,324	123,275	199,145	-	13,649,991
Inter-segment revenue	696,380	26	-	205,079	(901,485)	-
Total revenue	<u>7,782,627</u>	<u>6,241,350</u>	<u>123,275</u>	<u>404,224</u>	<u>(901,485)</u>	<u>13,649,991</u>
Results						
Operating results	780,327	218,912	49,448	85,701	-	1,134,388
Interest income	587	3,997	132	73,669	(35,083)	43,302
Finance costs	(4,401)	(37,760)	-	(97,429)	35,083	(104,507)
Share of results of associates	4,541	114	11,582	(4,355)	-	11,882
Share of results of a joint venture	(14,250)	-	-	-	-	(14,250)
Segment results	<u>766,804</u>	<u>185,263</u>	<u>61,162</u>	<u>57,586</u>	<u>-</u>	<u>1,070,815</u>
Corporate income						63,783
Profit before taxation						<u>1,134,598</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
<b>12 months ended</b>						
<b>30 September 2014</b>						
Revenue						
External revenue	5,234,930	5,634,338	117,063	143,642	-	11,129,973
Inter-segment revenue	400,127	244	-	52,524	(452,895)	-
Total revenue	<u>5,635,057</u>	<u>5,634,582</u>	<u>117,063</u>	<u>196,166</u>	<u>(452,895)</u>	<u>11,129,973</u>
Results						
Operating results	1,006,464	288,077	45,672	54,941	-	1,395,154
Interest income	815	3,253	143	50,174	(18,276)	36,109
Finance costs	(3,089)	(16,700)	-	(85,862)	18,276	(87,375)
Share of results of associates	7,256	162	498	(2,038)	-	5,878
Segment results	<u>1,011,446</u>	<u>274,792</u>	<u>46,313</u>	<u>17,215</u>	<u>-</u>	<u>1,349,766</u>
Corporate expense						(32,069)
Profit before taxation						<u>1,317,697</u>

(b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 September 2015</b>					
Operating assets	6,436,286	6,389,884	450,441	3,500,461	16,777,072
Associates	61,826	5,755	68,466	18,446	154,493
Joint venture	144,658	-	-	-	144,658
Segment assets	<u>6,642,770</u>	<u>6,395,639</u>	<u>518,907</u>	<u>3,518,907</u>	<u>17,076,223</u>
Tax assets					183,392
Total assets					<u>17,259,615</u>
<b>As at 30 September 2014</b>					
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
<b>As at 30 September 2015</b>					
Segment liabilities	<u>2,167,840</u>	<u>2,216,412</u>	<u>24,744</u>	<u>2,435,850</u>	<u>6,844,846</u>
Tax liabilities					286,659
Total liabilities					<u>7,131,505</u>
<b>As at 30 September 2014</b>					
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>
Tax liabilities					319,189
Total liabilities					<u>4,704,402</u>

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**A8. Events Subsequent to Reporting Date**

- (a) The Proposed Acquisition of Emery's oleochemical assets and business in Holthausen, Düsseldorf, Germany was completed on 1 October 2015.
- (b) On 6 October 2015, a subsidiary, Palmamide Sdn Bhd ("Palmamide"), located in Kundang Rawang had a fire incident in its plant. It is estimated around 10% of the inventory and 62% of the plant and machinery were damaged by the fire. Surveyors are in the process of assessing the extent of the loss, following which Palmamide will file a claim for reimbursement with the insurance company. Although the exact amount of the loss is not currently determinable, Palmamide expects to recover majority of the loss through insurance claim.

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

The following wholly-owned subsidiaries which have become dormant will be wound up by way of a members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965:-

- (i) Austerfield Corporation Sdn Bhd
- (ii) Brecon Holdings Sdn Bhd
- (iii) Kulumpang Development Corporation Sdn Bhd

Liquidator has been appointed for the abovementioned subsidiaries.

The aforesaid members' 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 ended 30 September 2015.

**A10. Changes in Contingent Liabilities and Contingent Assets**

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

**A11. Capital Commitments**

	30 September 2015	30 September 2014
	<u>RM'000</u>	<u>RM'000</u>
Capital expenditure		
Approved and contracted	191,494	264,845
Approved but not contracted	919,924	911,257
	<u>1,111,418</u>	<u>1,176,102</u>
Acquisition of shares in a subsidiary		
Approved and contracted	<u>1,268</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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	12 months ended 30 September	
	2015	2014
	RM'000	RM'000
(i) Transactions with associates		
Sale of goods	3,301	4,096
Purchase of goods	3,563	6,189
Service charges paid	3,350	3,778
Research and development services paid	<u>11,254</u>	<u>10,982</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	21,751	-
Siam Taiko Marketing Co Ltd	2,149	2,175
Taiko Marketing (Singapore) Pte Ltd	2,975	5,345
Taiko Marketing Sdn Bhd	<u>5,612</u>	<u>4,126</u>
Storage tanks rental received		
Taiko Marketing Sdn Bhd	<u>2,826</u>	<u>2,904</u>
Barge rental received		
PT Satu Sembilan Delapan	<u>2,351</u>	<u>-</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	4,228	4,313
Bukit Katho Estate Sdn Bhd	3,061	3,789
Kampar Rubber & Tin Co Sdn Bhd	8,617	10,240
Kekal & Deras Sdn Bhd	1,335	1,689
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	2,709	-
Malay Rubber Plantations (M) Sdn Bhd	6,382	8,204
PT Agro Makmur Abadi	69,984	68,333
PT Safari Riau	31,670	29,299
PT Satu Sembilan Delapan	66,162	56,960
PT Taiko Persada Indoprma	4,554	18,509
Taiko Clay Marketing Sdn Bhd	1,915	1,645
Taiko Drum Industries Sdn Bhd	2,603	2,925
Taiko Fertiliser Marketing Sdn Bhd	5,728	26,881
Taiko Marketing Sdn Bhd	30,194	24,975
Yayasan Perak-Wan Yuen Sdn Bhd	<u>458</u>	<u>685</u>
Rental of office paid		
Batu Kawan Holdings Sdn Bhd	<u>3,828</u>	<u>3,153</u>
Management fees paid		
Farming Management Services Pty Ltd	<u>1,597</u>	<u>1,291</u>
Supply of contract labour and engineering works		
K7 Engineering Sdn Bhd	<u>3,146</u>	<u>2,462</u>
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	<u>1,508</u>	<u>1,214</u>



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	12 months ended	
	30 September	
	2015	2014
	RM'000	RM'000
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Mitsubishi Corporation	86,846	73,253
Mitsui & Co Ltd	224,549	127,770
Tejana Trading & Management Services Sdn Bhd	<u>2,344</u>	<u>4,326</u>

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

#### B1. Analysis of Performance

##### **4<sup>th</sup> Quarter FY2015 vs 4<sup>th</sup> Quarter FY2014**

The pre-tax profit of the Group for the current quarter was marginally lower at RM232.5 million (4QFY2014: profit RM238.6 million) despite the sharp rise of 41.5% in revenue to RM3.932 billion (4QFY2014: RM2.778 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit at RM181.9 million was 23.0% below last year's same quarter's profit of RM236.4 million which was due to:-

- Decline in the average selling prices of CPO and PK realised as shown below:-

	4QFY2015	4QFY2014	% Change
Crude Palm Oil (RM/mt ex-mill)	1,960	2,293	(14.5)
Palm Kernel (RM/mt ex-mill)	1,255	1,465	(14.3)

- Higher cost of CPO production.

- (ii) Manufacturing sector achieved a profit of RM33.5 million (4QFY2014: loss RM9.4 million) despite a higher unrealised loss of RM76.3 million (4QFY2014: unrealised loss RM12.8 million) from the fair value changes on outstanding derivative contracts. Revenue rose 21.6% to RM1.720 billion (4QFY2014: RM1.415 billion) supported by improved sales volume of fatty alcohol products and the growth in sales of the European operations. Margins had improved when compared to the previous year's same quarter.

The oleochemical division registered a profit of RM29.1 million (4QFY2014: loss RM13.4 million) and the other manufacturing units brought in a profit of RM4.4 million (4QFY2014: profit RM4.0 million).

- (iii) Properties profit fell 24.6% to RM10.6 million (4QFY2014: profit RM14.1 million) as a result of lower profit recognition from the development project in Bandar Seri Coalfields, Sungai Buloh. Revenue had shrunk 40.4% to RM21.7 million (4QFY2014: RM36.5 million).

##### **Todate 4<sup>th</sup> Quarter FY2015 vs Todate 4<sup>th</sup> Quarter FY2014**

The Group's profit before taxation for the current financial year declined 13.9% to RM1.135 billion (Todate 4QFY2014: profit RM1.318 billion) even though revenue had increased by 22.6% to RM13.650 billion (Todate 4QFY2014: RM11.130 billion). The performance of the business sectors are summarised below:-

- (i) Plantations sector reported a 24.2% drop in the financial year's profit to RM766.8 million (Todate 4QFY2014: profit RM1.011 billion) which was attributed to:-

- Lower selling prices of commodities realised as follows:-



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	Todate 4QFY2015	Todate 4QFY2014	% Change
Crude Palm Oil (RM/mt ex-mill)	2,106	2,396	(12.1)
Palm Kernel (RM/mt ex-mill)	1,424	1,576	(9.6)
Rubber (RM/kg net of cess)	6.81	8.00	(14.9)

- Increase in CPO cost of production.

However, the unrealised gain of RM32.5 million (Todate 4QFY2014: unrealised loss RM8.0 million) from the fair value changes on outstanding derivative contracts had mitigated the reduction in profit.

- (ii) Manufacturing sector's profit fell 32.6% to RM185.3 million (Todate 4QFY2014: profit RM274.8 million) after the recognition of a much higher unrealised loss of RM98.9 million (Todate 4QFY2014: unrealised loss RM2.5 million) from the changes in fair value on outstanding derivative contracts. Revenue had improved 10.8% to RM6.241 billion (Todate 4QFY2014: RM5.634 billion). However, the profit for the financial year was impacted by the following:-
- Bearish petroleum prices had affected the fatty alcohol business which competes with the petroleum-based synthetic alcohols.
  - Slowdown in China economy had affected our China operations.
  - Unpegging of the CHF against Euro had given rise to currency translation loss in one of our European subsidiaries.

The oleochemical division's profit dropped 34.9% to RM171.3 million (Todate 4QFY2014: profit RM263.2 million) and the other manufacturing units' profit was higher at RM14.0 million (Todate 4QFY2014: profit RM11.6 million).

- (iii) Properties profit improved 32.1% to RM61.2 million (Todate 4QFY2014: profit RM46.3 million) on the back of a higher revenue of RM123.3 million (Todate 4QFY2014: RM117.1 million). The current year's profit includes development profit from Bandar Seri Coalfields project in Sungai Buloh and surpluses from sales of industrial and commercial land.
- (iv) The Group's results had also accounted for the following items:-
- Higher dividend income from Synthomer plc.
  - Surpluses on sale of land and government acquisitions.
  - Realised forex gain arising from the repayment of USD advances by an overseas subsidiary to the Company.

### B2. Variation of Results to Preceding Quarter

#### 4<sup>th</sup> Quarter FY2015 vs 3<sup>rd</sup> Quarter FY2015

For the quarter under review, the Group's pre-tax profit dipped 25.3% to RM232.5 million (3QFY2015: profit RM311.2 million) despite the 11.1% improvement in revenue to RM3.932 billion (3QFY2015: RM3.538 billion). The current quarter's dividend income from Synthomer plc was lower at RM15.4 million (3QFY2015: RM53.4 million) and the preceding quarter's profit had included the release of RM12.6 million on inter-company interest income upon deemed disposal of a subsidiary.

- (i) Plantations profit was marginally lower at RM181.9 million (3QFY2015: profit RM184.9 million) despite the higher FFB and rubber output and decrease in CPO production cost. The current quarter's profit was affected by:-
- Weaker selling prices of CPO and PK realised as follows:-

	4QFY2015	3QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	1,960	2,126	(7.8)
Palm Kernel (RM/mt ex-mill)	1,255	1,517	(17.3)

- Negative margins from refineries.

- (ii) Manufacturing sector's profit dropped 44.1% to RM33.5 million (3QFY2015: profit RM60.0 million). Whilst the European entities registered higher earnings, the current quarter's profit was brought down by the unrealised loss of RM76.3 million (3QFY2015:



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unrealised loss RM8.6 million) from the changes in fair value on outstanding derivative contracts.

The oleochemical division posted a 48.9% reduction in the quarter's profit to RM29.1 million (3QFY2015: profit RM56.9 million) whilst other manufacturing units recorded a higher profit of RM4.4 million (3QFY2015: profit RM3.1 million).

- (iii) Properties sector's profit climbed 37.0% to RM10.6 million (3QFY2015: profit RM7.8 million) whilst revenue was lower at RM21.7 million (3QFY2015: RM29.0 million).

### B3. Current Year Prospects

The current palm oil price has been affected by high stocks, ample supply of competing oils and the levy of USD50/mt on CPO in Indonesia. However, the weak Ringgit has lent support to the price. At the prevailing price, the performance of the plantations sector for financial year 2016 will continue to be challenging.

The outlook for the oleochemical division continues to be pressured by the difficult business environment. However, with new plant capacities coming on-stream together with the continuous drive for operational efficiency and productivity improvement, the Group anticipates oleochemical division's profit for financial year 2016 to be favourable.

The Group's profit for financial year 2016 is expected to be satisfactory.

### 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 30 September		12 months ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	44,887	63,837	169,232	220,514
Overseas taxation	29,251	29,508	95,780	99,969
	<u>74,138</u>	<u>93,345</u>	<u>265,012</u>	<u>320,483</u>
Deferred tax				
Origination and reversal of temporary differences	(18,030)	(31,987)	(26,074)	(31,501)
Relating to changes in tax rate (Over)/Under provision in respect of previous years	(1,976)	-	(1,976)	-
	(517)	3,905	7,520	(2,610)
	<u>(20,523)</u>	<u>(28,082)</u>	<u>(20,530)</u>	<u>(34,111)</u>
	53,615	65,263	244,482	286,372
(Over)/Under provision in respect of previous years				
Malaysian taxation	(2,334)	(3,062)	(4,821)	(1,208)
Overseas taxation	5,941	1,616	10,899	(161)
	<u>3,607</u>	<u>(1,446)</u>	<u>6,078</u>	<u>(1,369)</u>
Total tax expense	<u>57,222</u>	<u>63,817</u>	<u>250,560</u>	<u>285,003</u>

The effective tax rate for the 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 September 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	1,001	Euro204	808	Euro195
- Unsecured	88,235	USD20,000	32,850	USD10,000
	98,388	Euro20,000	-	
	-		6,268	
	186,623		39,118	
	187,624		39,926	
(ii) Bank Overdraft				
- Unsecured	27,168	Euro5,523	30,923	Euro7,460
(iii) Short Term Borrowings				
- Unsecured	813,493	USD184,843	293,242	USD89,330
	-		24,049	CHF7,000
	26,637	GBP4,000	79,802	GBP15,000
	167,281	Euro34,000	276,668	Euro66,749
	690,637		349,563	
	1,698,048		1,023,324	
Total repayable within 12 months	1,912,840		1,094,173	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	1,286	Euro261	1,944	Euro469
- Unsecured	147,582	Euro30,000	82,898	Euro20,000
	132,353	USD30,000	131,401	USD40,000
	-		300,000	
	279,935		514,299	
	281,221		516,243	
(ii) Islamic Medium Term Notes				
- Unsecured	2,400,000		1,300,000	
Total repayable after 12 months	2,681,221		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 30 September 2015, the values and maturity analysis of the outstanding derivatives are as follows:-



**Notes to Interim Financial Report**

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<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	(874,878)	(131,904)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	4,221	91,132
- 1 year to 3 years	-	-
- More than 3 years	-	-

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

For the current quarter ended 30 September 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**

- (a) A final single tier dividend of 30 sen (2014: 40 sen) per share has been recommended by the Directors in respect of the financial year ended 30 September 2015 and subject to shareholders' approval at the forthcoming Annual General Meeting, will be paid on 15 March 2016 to shareholders appear on the Record of Depositors as at 24 February 2016.

A Depositor with Bursa Malaysia Depository Sdn Bhd shall qualify for entitlement to the dividend only in respect of:-

- Shares deposited into the Depositor's securities account before 12.30 p.m. on 22 February 2016 in respect of shares which are exempted from Mandatory Deposit;
  - Shares transferred into the Depositor's securities account before 4.00 p.m. on 24 February 2016 in respect of transfers; and
  - Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.
- (b) The total dividend for the current financial year to-date is single tier dividend of 45 sen (2014: 55 sen) per share.

**B12. Earnings Per Share***Basic earnings per share*

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



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	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2015	2014	2015	2014
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	<u>186,288</u>	<u>170,752</u>	<u>869,912</u>	<u>991,705</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>17.5</u>	<u>16.0</u>	<u>81.7</u>	<u>93.1</u>

### 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 30 September		12 months ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(12,388)	(10,363)	(43,302)	(36,109)
Other income including dividend income	(81,630)	(17,826)	(231,032)	(91,203)
Interest expense	31,721	24,076	104,507	87,375
Depreciation and amortisation	101,377	94,294	387,695	335,832
Provision for and write-off of receivables	6,148	(1,546)	9,339	1,317
Provision for and write-off of inventories	(754)	16,307	20,617	28,190
Surplus on disposal of quoted or unquoted investments	1	(617)	(2,180)	(11,765)
Surplus on disposal of land	(4,311)	(658)	(13,011)	(2,224)
Surplus arising from government acquisition of land	(2,520)	(3,145)	(23,731)	(4,675)
Surplus on deemed disposal of a subsidiary	-	-	(12,266)	-
Surplus arising from disposal of shares in a subsidiary	-	(278)	-	(2,404)
Impairment of property, plant and equipment	-	424	-	424
Impairment of prepaid lease payment	-	-	-	19,760
Impairment of available-for-sale investments	1,396	423	1,396	423
Impairment of goodwill	-	-	-	2,674
Foreign exchange (gain)/loss	(28,909)	(10,663)	(61,085)	8,698
Loss on derivatives	86,746	31,783	147,537	44,795
Exceptional items	-	-	-	-



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

	30 September 2015	30 September 2014
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	6,517,336	6,240,146
- unrealised	322,501	(182,637)
	<u>6,839,837</u>	<u>6,057,509</u>
Total share of retained profits from associates		
- realised	73,795	61,452
- unrealised	287	32
	<u>74,082</u>	<u>61,484</u>
Total share of (accumulated loss)/retained profits from a joint venture		
- realised	(24,856)	-
- unrealised	10,606	-
	<u>(14,250)</u>	<u>-</u>
	6,899,669	6,118,993
Consolidation adjustments	(857,278)	(452,658)
Total group retained profits as per consolidated accounts	<u>6,042,391</u>	<u>5,666,335</u>

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

18 November 2015