



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report  
For the first quarter ended 31 December 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 first quarter ended 31 December 2015.

## Condensed Consolidated Statement of Profit or Loss For the first quarter ended 31 December 2015

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Revenue	4,337,801	3,114,493	4,337,801	3,114,493
Operating expenses	(4,070,537)	(2,817,480)	(4,070,537)	(2,817,480)
Other operating income	679,505	19,337	679,505	19,337
Finance costs	(36,457)	(24,298)	(36,457)	(24,298)
Share of results of associates	(5,583)	2,287	(5,583)	2,287
Share of results of a joint venture	6,364	-	6,364	-
Profit before taxation	911,093	294,339	911,093	294,339
Tax expense	(80,837)	(66,983)	(80,837)	(66,983)
Net profit for the period	<u>830,256</u>	<u>227,356</u>	<u>830,256</u>	<u>227,356</u>
Attributable to:-				
Equity holders of the Company	795,210	214,201	795,210	214,201
Non-controlling interests	<u>35,046</u>	<u>13,155</u>	<u>35,046</u>	<u>13,155</u>
	<u>830,256</u>	<u>227,356</u>	<u>830,256</u>	<u>227,356</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>74.7</u>	<u>20.1</u>	<u>74.7</u>	<u>20.1</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 2015.

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Other Comprehensive Income  
For the first quarter ended 31 December 2015**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>830,256</u>	<u>227,356</u>	<u>830,256</u>	<u>227,356</u>
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Foreign currency translation differences	(26,090)	206,330	(26,090)	206,330
Net change in fair value of available-for-sale investments	(157,776)	93,249	(157,776)	93,249
Realisation on fair value of available-for-sale investments	<u>(1,378)</u>	<u>(704)</u>	<u>(1,378)</u>	<u>(704)</u>
Total other comprehensive (loss)/income for the period	<u>(185,244)</u>	<u>298,875</u>	<u>(185,244)</u>	<u>298,875</u>
Total comprehensive income for the period	<u>645,012</u>	<u>526,231</u>	<u>645,012</u>	<u>526,231</u>
Attributable to:-				
Equity holders of the Company	611,303	504,981	611,303	504,981
Non-controlling interests	<u>33,709</u>	<u>21,250</u>	<u>33,709</u>	<u>21,250</u>
	<u>645,012</u>	<u>526,231</u>	<u>645,012</u>	<u>526,231</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 2015.*



# KUALA LUMPUR KEPONG BERHAD

(15043-V)  
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## Condensed Consolidated Statement of Financial Position

**As at 31 December 2015**

(The figures have not been audited.)

	31 December 2015	30 September 2015
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	4,949,325	4,817,725
Prepaid lease payments	306,434	285,555
Biological assets	2,447,943	2,392,287
Land held for property development	1,087,037	226,353
Goodwill on consolidation	322,941	330,137
Intangible assets	13,415	15,297
Investment in associates	144,988	154,493
Investment in a joint venture	147,110	144,658
Available-for-sale investments	1,643,833	1,781,642
Other receivable	186,788	171,690
Deferred tax assets	139,715	147,513
Total non-current assets	<u>11,389,529</u>	<u>10,467,350</u>
Inventories	1,858,249	1,613,810
Biological assets	3,745	32,599
Trade and other receivables	2,502,917	2,651,148
Tax recoverable	33,495	35,879
Property development costs	72,427	59,964
Derivative financial assets	157,035	315,707
Short term funds	83,014	-
Cash and cash equivalents	2,112,922	2,083,158
Total current assets	<u>6,823,804</u>	<u>6,792,265</u>
<b>Total assets</b>	<b><u>18,213,333</u></b>	<b><u>17,259,615</u></b>
<b>Equity</b>		
Share capital	1,067,505	1,067,505
Reserves	<u>9,223,652</u>	<u>8,612,349</u>
	10,291,157	9,679,854
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	<u>10,277,710</u>	<u>9,666,407</u>
Non-controlling interests	819,406	461,703
<b>Total equity</b>	<b><u>11,097,116</u></b>	<b><u>10,128,110</u></b>
<b>Liabilities</b>		
Deferred tax liabilities	261,744	257,954
Deferred income	121,888	113,154
Provision for retirement benefits	405,079	356,563
Borrowings	<u>2,370,110</u>	<u>2,681,221</u>
Total non-current liabilities	<u>3,158,821</u>	<u>3,408,892</u>
Trade and other payables	1,328,914	1,417,861
Deferred income	7,218	6,728
Borrowings	2,506,020	1,912,840
Tax payable	32,298	28,705
Derivative financial liabilities	82,946	356,479
Total current liabilities	<u>3,957,396</u>	<u>3,722,613</u>
<b>Total liabilities</b>	<b><u>7,116,217</u></b>	<b><u>7,131,505</u></b>
<b>Total equity and liabilities</b>	<b><u>18,213,333</u></b>	<b><u>17,259,615</u></b>
Net assets per share attributable to equity holders of the Company (RM)	9.65	9.08

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2015.



## KUALA LUMPUR KEPONG BERHAD

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### Condensed Consolidated Statement of Changes in Equity For the first quarter ended 31 December 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	RM'000	
At 1 October 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
Net change in fair value of available-for-sale investments	-	-	-	-	-	(157,776)	-	-	(157,776)	-	(157,776)
Realisation on fair value of available-for sale investments	-	-	-	-	-	(1,378)	-	-	(1,378)	-	(1,378)
Transfer from retained earnings to reserves	-	1,701	-	-	-	-	(1,701)	-	-	-	-
Currency translation differences	-	142	-	(1)	(24,894)	-	-	-	(24,753)	(1,337)	(26,090)
Total other comprehensive income/(loss) for the period	-	1,843	-	(1)	(24,894)	(159,154)	(1,701)	-	(183,907)	(1,337)	(185,244)
Net profit for the period	-	-	-	-	-	-	795,210	-	795,210	35,046	830,256
Total comprehensive income/(loss) for the period	-	1,843	-	(1)	(24,894)	(159,154)	793,509	-	611,303	33,709	645,012
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	324,800	324,800
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(806)	(806)
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-	323,994	323,994
At 31 December 2015	1,067,505	1,021,102	79,067	59,839	508,174	719,570	6,835,900	(13,447)	10,277,710	819,406	11,097,116



## KUALA LUMPUR KEPONG BERHAD

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### Condensed Consolidated Statement of Changes in Equity For the first quarter ended 31 December 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 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
Realisation on fair value 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
Net 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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2015.

**KUALA LUMPUR KEPONG BERHAD**

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**Condensed Consolidated Statement of Cash Flows  
For the first quarter ended 31 December 2015**

(The figures have not been audited.)

	3 months ended 31 December	
	2015	2014
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	911,093	294,339
Adjustment for non-cash flow:-		
Non-cash items	(402,040)	71,443
Non-operating items	12,630	11,553
Operating profit before working capital changes	521,683	377,335
Working capital changes:-		
Net change in current assets	(209,133)	(115,767)
Net change in current liabilities	(98,414)	(19,379)
Cash generated from operations	214,136	242,189
Interest paid	(16,349)	(17,442)
Tax paid	(59,149)	(64,419)
Retirement benefits paid	(7,293)	(4,716)
Net cash generated from operating activities	131,345	155,612
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(269,821)	(124,929)
Payments of prepaid lease	(20,483)	(8,459)
Plantation development expenditure	(39,061)	(45,679)
Property development expenditure	(860,684)	(1,382)
Subscription of shares in an associate	(324,800)	-
Purchase of available-for-sale investments	(38,065)	(14,318)
Purchase of intangible assets	-	(524)
Proceeds from disposal of property, plant and equipment	414	244
Compensation from government on land acquired	23,120	2,412
Proceeds from disposal of land	821,007	-
Proceeds from disposal of available-for-sale investments	4,704	2,249
Increase in short term funds	(83,014)	-
Dividends received from associates	6,051	1,927
Dividends received from investments	23,900	8,803
Interest received	8,408	5,535
Net cash used in investing activities	(748,324)	(174,121)
<b>Cash Flows from Financing Activities</b>		
Repayment of term loans	(235)	(6,476)
Drawdown of short term borrowings	314,736	70,674
Dividends paid to non-controlling interests	(806)	(4,466)
Issuance of shares to non-controlling interests	324,800	-
Increase in other receivable	(5,495)	(4,580)
Net cash generated from financing activities	633,000	55,152
Net increase in cash and cash equivalents	16,021	36,643
Cash and cash equivalents at 1 October	2,055,990	1,264,854
	2,072,011	1,301,497
Currency translation differences on opening balances	(7,601)	34,088
Cash and cash equivalents at 31 December	2,064,410	1,335,585

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2015.*



## **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 2015.

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 2015.

#### **A2. Seasonal and Cyclical Factors**

The Group's plantation operations are affected by seasonal crop production, weather conditions and fluctuating commodity prices.

#### **A3. Unusual Items**

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

#### **A4. Changes in Estimates**

There were no significant changes in the amount of estimates reported in prior interim periods or prior financial years that have a material effect in the current interim period.

#### **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 2015 (31 December 2014: Nil).





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## Notes to Interim Financial Report

(Continued)

### A7. Segment Information

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

#### (a) Segment revenue and results

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months ended</b>						
<b>31 December 2015</b>						
Revenue						
External revenue	2,453,415	1,787,087	10,269	87,030	-	4,337,801
Inter-segment revenue	241,766	-	-	9,729	(251,495)	-
Total revenue	<u>2,695,181</u>	<u>1,787,087</u>	<u>10,269</u>	<u>96,759</u>	<u>(251,495)</u>	<u>4,337,801</u>
Results						
Operating results	265,758	134,362	78	27,538	-	427,736
Interest income	176	1,146	5	22,361	(9,369)	14,319
Finance costs	(1,527)	(9,762)	-	(34,537)	9,369	(36,457)
Share of results of associates	2,202	136	(782)	(7,139)	-	(5,583)
Share of results of a joint venture	6,364	-	-	-	-	6,364
Segment results	<u>272,973</u>	<u>125,882</u>	<u>(699)</u>	<u>8,223</u>	<u>-</u>	<u>406,379</u>
Corporate income						504,714
Profit before taxation						<u>911,093</u>
<b>3 months ended</b>						
<b>31 December 2014</b>						
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>

**KUALA LUMPUR KEPONG BERHAD**

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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
<b>As at 31 December 2015</b>					
Operating assets	6,558,817	6,290,677	1,291,729	3,606,802	17,748,025
Associates	59,688	5,737	68,691	10,872	144,988
Joint venture	147,110	-	-	-	147,110
Segment assets	<u>6,765,615</u>	<u>6,296,414</u>	<u>1,360,420</u>	<u>3,617,674</u>	<u>18,040,123</u>
Tax assets					173,210
Total assets					<u>18,213,333</u>
<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>

## (c) Segment liabilities

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 December 2015</b>					
Segment liabilities	<u>2,247,586</u>	<u>2,106,384</u>	<u>45,983</u>	<u>2,422,222</u>	<u>6,822,175</u>
Tax liabilities					294,042
Total liabilities					<u>7,116,217</u>
<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>

**A8. Events 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 report.

**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 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.



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(15043-V)  
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## Notes to Interim Financial Report

(Continued)

### A11. Capital Commitments

	31 December 2015	30 September 2015
	RM'000	RM'000
Capital expenditure		
Approved and contracted	229,328	191,494
Approved but not contracted	868,957	919,924
	<u>1,098,285</u>	<u>1,111,418</u>
Acquisition of shares in a subsidiary		
Approved and contracted	<u>1,314</u>	<u>1,268</u>
Acquisition of land for property development		
Approved and contracted	<u>-</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.

	3 months ended 31 December	
	2015	2014
	RM'000	RM'000
(i) Transactions with associates and joint venture		
Sale of goods	954	728
Purchase of goods	202,699	127
Service charges paid	1,167	457
Research and development services	<u>2,724</u>	<u>2,568</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	8,345	-
Taiko Marketing Sdn Bhd	1,214	822
Taiko Marketing (Singapore) Pte Ltd	<u>1,131</u>	<u>750</u>
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	1,287	1,001
Bukit Katho Estate Sdn Bhd	683	729
Kampar Rubber & Tin Co Sdn Bhd	1,937	1,964
Malay Rubber Plantations (M) Sdn Bhd	1,085	1,237
PT Agro Makmur Abadi	16,661	16,692
PT Safari Riau	6,873	7,547
PT Satu Sembilan Delapan	18,944	19,666
PT Taiko Persada Indoprima	-	3,089
Taiko Fertiliser Marketing Sdn Bhd	17	164
Taiko Marketing Sdn Bhd	<u>6,471</u>	<u>7,247</u>
Rental of office paid		
Batu Kawan Holdings Sdn Bhd	<u>1,040</u>	<u>905</u>
Supply of contract labour and engineering works		
K7 Engineering Sdn Bhd	<u>1,070</u>	<u>515</u>



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## Notes to Interim Financial Report

(Continued)

	3 months ended	
	31 December	
	2015	2014
	RM'000	RM'000
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Mitsubishi Corporation	58,942	22,838
Mitsui & Co Ltd	71,078	71,242
PT Eka Dura Indonesia	24,085	-
PT Tanjung Sarana Lestari	296,603	-
Tejana Trading & Management Services Sdn Bhd	304	654

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

#### B1. Analysis of Performance

##### 1<sup>st</sup> Quarter FY2016 vs 1<sup>st</sup> Quarter FY2015

For the current quarter, the pre-tax profit of the Group improved significantly to RM911.1 million (1QFY2015: profit RM294.3 million) which had accounted for a surplus of RM485.7 million arising from the sale of plantation land to an associate. Revenue rose 39.3% to RM4.338 billion (1QFY2015: RM3.114 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit climbed 12.8% to RM273.0 million (1QFY2015: profit RM242.1 million) which was attributed to:-
- Better selling prices of palm kernel and rubber.
  - Higher crop productions of both FFB and rubber.
  - Improved contributions from refineries and kernel crushing plants.

There was an unrealised loss of RM2.1 million (1QFY2015: unrealised gain RM26.3 million) from the fair value changes on outstanding derivative contracts.

The average commodity selling prices realised were:-

	1QFY2016	1QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	1,972	2,138	(7.8)
Palm Kernel (RM/mt ex-mill)	1,437	1,362	5.5
Rubber (RM/kg net of cess)	7.28	6.63	9.8

- (ii) Manufacturing sector posted a substantially higher profit of RM125.9 million (1QFY2015: profit RM29.5 million) aided by an unrealised gain of RM9.9 million (1QFY2015: unrealised loss RM25.8 million) arising from the changes in fair value on outstanding derivative contracts. Revenue rose 26.0% to RM1.787 billion (1QFY2015: RM1.418 billion). Key profit contributions came from our Malaysian and European operations. China operations, however, were affected by the economic slowdown and adverse market conditions.

The oleochemical division's profit had improved significantly to RM117.0 million (1QFY2015: profit RM28.8 million) and the other manufacturing units achieved a much higher profit of RM8.9 million (1QFY2015: profit RM706,000).

- (iii) Properties sector incurred a small loss of RM699,000 (1QFY2015: profit RM13.9 million) due to the slowdown in the property market. Revenue slipped 65.7% to RM10.3 million (1QFY2015: RM29.9 million).

**Notes to Interim Financial Report**

(Continued)

**B2. Variation of Results to Preceding Quarter****1<sup>st</sup> Quarter FY2016 vs 4<sup>th</sup> Quarter FY2015**

The Group's pre-tax profit for the quarter under review increased substantially to RM911.1 million (4QFY2015: profit RM232.5 million) after the recognition of a surplus of RM485.7 million derived from the disposal of plantation land to an associate. Revenue had improved 10.3% to RM4.338 billion (4QFY2015: RM3.932 billion).

Plantations profit surged 50.0% to RM273.0 million (4QFY2015: profit RM181.9 million) after accounting for an unrealised loss of RM2.1 million (4QFY2015: unrealised gain RM30.5 million) from the changes in fair value on outstanding derivative contracts. Although the production cost of CPO and rubber had increased, the favourable results were achieved through higher selling price of palm kernel and better results from refineries and kernel crushing plants.

The average commodity selling prices realised were:-

	1QFY2016	4QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	1,972	1,960	0.6
Palm Kernel (RM/mt ex-mill)	1,437	1,255	14.5
Rubber (RM/kg net of cess)	7.28	7.14	2.0

Manufacturing sector's profit rose sharply to RM125.9 million (4QFY2015: profit RM33.5 million). Arising from the fair value changes on outstanding derivative contracts, the current quarter's profit had benefited from an unrealised gain of RM9.9 million whilst the preceding quarter's lower profit was impacted by a substantial unrealised loss of RM76.3 million. Revenue was 3.9% higher at RM1.787 billion (4QFY2015: RM1.720 billion), contributed by the sustainable sales volume of fatty alcohol and the growth in sales of an European entity.

The oleochemical division registered a profit of RM117.0 million (4QFY2015: profit RM29.1 million) and the other manufacturing units reported a profit of RM8.9 million (4QFY2015: profit RM4.4 million).

Properties sector suffered a loss of RM699,000 (4QFY2015: profit RM10.6 million) on account of the slowdown in property market.

**B3. Current Year Prospects**

The prevailing palm oil prices may improve due to the anticipated low production cycle and the expected increase in bio-diesel consumption in Indonesia. However, the weak economic outlook, ample supply of oilseeds and stagnating demand from China due to high soybean crushing may hold back any sharp rise in palm oil price. In view of these factors, the outlook for the plantation sector remains challenging for the current financial year.

The oleochemical division continues to face the slowdown in demand and a competitive market environment. Notwithstanding these factors, this division anticipates to achieve favourable results through initiatives of operational efficiency, productivity enhancement and additional capacities from key expansion plants coming fully on-stream.

Without taking into account the surplus on sale of plantation land recorded in the current quarter, the Group anticipates a satisfactory profit for financial year 2016.

**B4. Profit Forecast and Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee during the current financial year-to-date.



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## Notes to Interim Financial Report (Continued)

### B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	38,379	50,013	38,379	50,013
Overseas taxation	27,778	23,649	27,778	23,649
	<u>66,157</u>	<u>73,662</u>	<u>66,157</u>	<u>73,662</u>
Deferred tax				
Origination and reversal of temporary differences	14,602	(7,164)	14,602	(7,164)
(Over)/Under provision in respect of previous years	(37)	276	(37)	276
	<u>14,565</u>	<u>(6,888)</u>	<u>14,565</u>	<u>(6,888)</u>
	80,722	66,774	80,722	66,774
Under/(Over) provision in respect of previous years				
Malaysian taxation	1	256	1	256
Overseas taxation	114	(47)	114	(47)
	<u>115</u>	<u>209</u>	<u>115</u>	<u>209</u>
Total tax expense	<u>80,837</u>	<u>66,983</u>	<u>80,837</u>	<u>66,983</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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## Notes to Interim Financial Report

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### B7. Group Borrowings

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

	31 December 2015		30 September 2015	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	956	Euro205	1,001	Euro204
- Unsecured	86,081	USD20,000	88,235	USD20,000
	93,340	Euro20,000	98,388	Euro20,000
	179,421		186,623	
	180,377		187,624	
(ii) Islamic Medium Term Notes				
- Unsecured	300,000		-	
(iii) Bank Overdraft				
- Secured	638	Euro137	-	
- Unsecured	47,874	Euro10,258	27,168	Euro5,523
	48,512		27,168	
(iv) Short Term Borrowings				
- Unsecured	699,627	USD162,818	813,493	USD184,843
	12,668	GBP2,000	26,637	GBP4,000
	181,991	Euro39,000	167,281	Euro34,000
	1,082,845		690,637	
	1,977,131		1,698,048	
Total repayable within 12 months	2,506,020		1,912,840	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	979	Euro210	1,286	Euro261
- Unsecured	140,010	Euro30,000	147,582	Euro30,000
	129,121	USD30,000	132,353	USD30,000
	269,131		279,935	
	270,110		281,221	
(ii) Islamic Medium Term Notes				
- Unsecured	2,100,000		2,400,000	
Total repayable after 12 months	2,370,110		2,681,221	

### 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 2015, 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 gains/(losses)
	Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(816,431)	(6,954)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(103,428)	81,043
- 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 quarter ended 31 December 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) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2015 (31 December 2014: Nil).

(b) The total dividend for the current financial year to-date is Nil (31 December 2014: 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	3 months ended	3 months ended	3 months ended
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	795,210	214,201	795,210	214,201
(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)	74.7	20.1	74.7	20.1





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## Notes to Interim Financial Report

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### B13. Audit Report

The audit report for the financial year ended 30 September 2015 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		3 months ended	
	31 December		31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Interest income	(14,319)	(7,991)	(14,319)	(7,991)
Other income including dividend income	(20,059)	(21,037)	(20,059)	(21,037)
Interest expense	36,457	24,298	36,457	24,298
Depreciation and amortisation	112,633	93,289	112,633	93,289
Write-back of receivables	(235)	(575)	(235)	(575)
Provision for and write down of inventories	7,370	10,541	7,370	10,541
Surplus on disposal of quoted or unquoted investments	(1,472)	(695)	(1,472)	(695)
Surplus on disposal of land	(487,391)	(712)	(487,391)	(712)
Surplus on government acquisition of land	(22,444)	(2,359)	(22,444)	(2,359)
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange loss/(gain)	52,750	(20,263)	52,750	(20,263)
(Gain)/Loss on derivatives	(118,296)	29,487	(118,296)	29,487
Exceptional items	-	-	-	-

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

	31 December 2015	30 September 2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	7,672,676	6,517,336
- unrealised	432,210	322,501
	8,104,886	6,839,837
Total share of retained profits from associates		
- realised	62,218	73,795
- unrealised	230	287
	62,448	74,082
Total share of (accumulated loss)/retained profits from a joint venture		
- realised	(17,472)	(24,856)
- unrealised	9,585	10,606
	(7,887)	(14,250)
	8,159,447	6,899,669
Consolidation adjustments	(1,323,547)	(857,278)
Total group retained profits as per consolidated accounts	6,835,900	6,042,391



**Notes to Interim Financial Report**  
(Continued)

**B16. Significant Events**

On 30 December 2015, the following Sale and Purchase Agreements ("SPA") were completed and the balance purchase prices for the SPAs were fully settled:

- (i) SPA between Scope Energy Sdn Bhd ("SESB"), a 60% owned subsidiary of the Group, and the three wholly-owned subsidiaries of UEM Sunrise Bhd for the acquisition of 500 acres of freehold land located in the Mukim Tanjung Kupang, District of Johor Bahru, Johor; and
- (ii) SPA between the Company and Aura Muhibah Sdn Bhd ("AMSB"), a 40% associate of the Group, for the sale of 2,500 acres of freehold land located in Mukim Senai, District of Kulai Jaya, Johor.

Following the completion of the SPAs, KLK Land Sdn Bhd, a wholly-owned subsidiary of the Group, subscribed for the following redeemable preference shares ("RPS"):

- (a) 487.2 million of RPS in SESB which represents 60% of the total RPS issued; and
- (b) 324.8 million of RPS in AMSB which represents 40% of the total RPS issued.

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

17 February 2016