



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report
For the year ended 30 September 2016**



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 2016.

Condensed Consolidated Statement of Profit or Loss For the year ended 30 September 2016

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	4,542,961	3,932,083	16,505,810	13,649,991
Operating expenses	(4,306,037)	(3,730,693)	(15,495,147)	(12,604,954)
Other operating income	49,852	67,470	854,395	196,436
Finance costs	(41,847)	(31,721)	(157,776)	(104,507)
Share of results of associates	2,990	2,187	865	11,882
Share of results of joint ventures	(3,951)	(6,816)	4,137	(14,250)
Profit before taxation	243,968	232,510	1,712,284	1,134,598
Taxation	157,841	(57,222)	(29,144)	(250,560)
Net profit for the period	<u>401,809</u>	<u>175,288</u>	<u>1,683,140</u>	<u>884,038</u>
Attributable to:-				
Equity holders of the Company	375,057	186,288	1,592,191	869,912
Non-controlling interests	<u>26,752</u>	<u>(11,000)</u>	<u>90,949</u>	<u>14,126</u>
	<u>401,809</u>	<u>175,288</u>	<u>1,683,140</u>	<u>884,038</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>35.2</u>	<u>17.5</u>	<u>149.5</u>	<u>81.7</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 year ended 30 September 2016**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>401,809</u>	<u>175,288</u>	<u>1,683,140</u>	<u>884,038</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	187,949	513,028	(93,737)	888,475
Net change in fair value of available-for-sale investments	146,486	222,432	(174,557)	669,592
Realisation on fair value of available-for-sale investments	-	-	(1,726)	(1,466)
Currency translation differences on deemed disposal of a subsidiary	-	-	-	4,319
	<u>334,435</u>	<u>735,460</u>	<u>(270,020)</u>	<u>1,560,920</u>
Other comprehensive loss that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	<u>(61,382)</u>	<u>(15,991)</u>	<u>(61,382)</u>	<u>(15,991)</u>
Total other comprehensive income/(loss) for the period	<u>273,053</u>	<u>719,469</u>	<u>(331,402)</u>	<u>1,544,929</u>
Total comprehensive income for the period	<u>674,862</u>	<u>894,757</u>	<u>1,351,738</u>	<u>2,428,967</u>
Attributable to:-				
Equity holders of the Company	643,224	895,198	1,265,174	2,389,625
Non-controlling interests	<u>31,638</u>	<u>(441)</u>	<u>86,564</u>	<u>39,342</u>
	<u>674,862</u>	<u>894,757</u>	<u>1,351,738</u>	<u>2,428,967</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)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position**As at 30 September 2016**

(The figures have not been audited.)

	30 September 2016	30 September 2015
	RM'000	RM'000
Assets		
Property, plant and equipment	5,066,699	4,817,725
Prepaid lease payments	307,068	285,555
Biological assets	2,548,178	2,392,287
Land held for property development	1,130,312	226,353
Goodwill on consolidation	321,661	330,137
Intangible assets	15,076	15,297
Investment in associates	138,803	154,493
Investment in joint ventures	173,384	144,658
Available-for-sale investments	1,607,570	1,781,642
Other receivable	205,195	171,690
Deferred tax assets	454,230	147,513
Total non-current assets	<u>11,968,176</u>	<u>10,467,350</u>
Inventories	1,898,109	1,613,810
Biological assets	43,697	32,599
Trade and other receivables	2,165,616	2,651,148
Tax recoverable	57,987	35,879
Property development costs	83,463	59,964
Derivative financial assets	119,454	315,707
Short term funds	1,029,711	-
Cash and cash equivalents	970,360	2,083,158
Total current assets	<u>6,368,397</u>	<u>6,792,265</u>
Total assets	<u>18,336,573</u>	<u>17,259,615</u>
Equity		
Share capital	1,067,505	1,067,505
Reserves	9,390,511	8,612,349
	<u>10,458,016</u>	<u>9,679,854</u>
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	<u>10,444,569</u>	<u>9,666,407</u>
Non-controlling interests	843,457	461,703
Total equity	<u>11,288,026</u>	<u>10,128,110</u>
Liabilities		
Deferred tax liabilities	254,976	257,954
Deferred income	118,665	113,154
Provision for retirement benefits	495,894	356,563
Borrowings	2,967,808	2,681,221
Total non-current liabilities	<u>3,837,343</u>	<u>3,408,892</u>
Trade and other payables	1,342,174	1,417,861
Deferred income	6,328	6,728
Borrowings	1,572,222	1,912,840
Tax payable	71,694	28,705
Derivative financial liabilities	218,786	356,479
Total current liabilities	<u>3,211,204</u>	<u>3,722,613</u>
Total liabilities	<u>7,048,547</u>	<u>7,131,505</u>
Total equity and liabilities	<u>18,336,573</u>	<u>17,259,615</u>
Net assets per share attributable to equity holders of the Company (RM)	9.81	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 year ended 30 September 2016 (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	-	-	-	-	-	(174,557)	-	-	(174,557)	-	(174,557)
Realisation on fair value of available-for sale investments	-	-	-	-	-	(1,726)	-	-	(1,726)	-	(1,726)
Transfer from retained earnings to reserves	-	3,103	(342)	2,170	-	-	(4,931)	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	-	(60,459)	-	(60,459)	(923)	(61,382)
Currency translation differences	-	166	-	(3)	(90,438)	-	-	-	(90,275)	(3,462)	(93,737)
Total other comprehensive income/(loss) for the year	-	3,269	(342)	2,167	(90,438)	(176,283)	(65,390)	-	(327,017)	(4,385)	(331,402)
Profit for the year	-	-	-	-	-	-	1,592,191	-	1,592,191	90,949	1,683,140
Total comprehensive income/(loss) for the year	-	3,269	(342)	2,167	(90,438)	(176,283)	1,526,801	-	1,265,174	86,564	1,351,738
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	324,800	324,800
Effect of changes in shareholdings in a joint venture	-	-	-	-	-	-	(7,777)	-	(7,777)	-	(7,777)
Dividend paid - FY2015 final	-	-	-	-	-	-	(319,490)	-	(319,490)	-	(319,490)
- FY2016 interim	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(29,610)	(29,610)
Total transactions with owners of the Company	-	-	-	-	-	-	(487,012)	-	(487,012)	295,190	(191,822)
At 30 September 2016	1,067,505	1,022,528	78,725	62,007	442,630	702,441	7,082,180	(13,447)	10,444,569	843,457	11,288,026



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Condensed Consolidated Statement of Changes in Equity For the year ended 30 September 2016

(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	-	-	-	-	-	669,592	-	-	669,592	-	669,592
Realisation on fair value 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)
Currency translation differences on deemed disposal of a subsidiary	-	-	-	-	4,319	-	-	-	4,319	-	4,319
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
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 a subsidiary	-	-	-	-	-	-	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

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**

(15043-V)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the year ended 30 September 2016

(The figures have not been audited.)

	12 months ended 30 September	
	2016	2015
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	1,712,284	1,134,598
Adjustment for non-cash flow:-		
Non-cash items	(30,686)	360,513
Non-operating items	35,234	(21,339)
Operating profit before working capital changes	1,716,832	1,473,772
Working capital changes:-		
Net change in current assets	92,887	(1,118,471)
Net change in current liabilities	(56,472)	561,350
Cash generated from operations	1,753,247	916,651
Interest paid	(146,249)	(99,654)
Tax paid	(278,271)	(325,636)
Retirement benefits paid	(32,011)	(25,030)
Net cash generated from operating activities	1,296,716	466,331
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(711,538)	(730,001)
Payments of prepaid lease	(26,524)	(23,652)
Plantation development expenditure	(167,801)	(198,372)
Property development expenditure	(903,959)	(8,975)
Subscription of shares in an associate	(324,800)	-
Subscription of shares in a joint venture	(54,440)	-
Purchase of shares from non-controlling interests	-	(94)
Purchase of available-for-sale investments	(41,183)	(87,983)
Purchase of intangible assets	(5,333)	(871)
Proceeds from disposal of property, plant and equipment	7,920	8,079
Compensation from government on land acquired	41,553	25,463
Proceeds from disposal of land	831,421	10,266
Proceeds from disposal of shares in a subsidiary, net of cash disposed	-	151,632
Proceeds from deemed disposal of a subsidiary, net of cash disposed	-	(35,089)
Proceeds from disposal of available-for-sale investments	5,235	8,084
Repayment of loan from joint ventures	24,641	33,270
Increase in short term funds	(1,029,711)	-
Dividends received from associates	6,051	5,677
Dividends received from investments	65,315	73,743
Interest received	40,261	30,997
Net cash used in investing activities	(2,242,892)	(737,826)
Cash Flows from Financing Activities		
Term loans received	20,943	147,582
Issuance of Islamic medium term notes	500,000	1,100,000
Repayment of term loans	(3,784)	(307,245)
(Repayment)/Drawdown of short term borrowings	(495,600)	596,458
Dividend paid to shareholders of the Company	(479,235)	(585,731)
Dividends paid to non-controlling interests	(29,610)	(49,863)
Issuance of shares to non-controlling interests	324,800	-
Increase in other receivable	(10,097)	(22,296)
Net cash (used in)/generated from financing activities	(172,583)	878,905
Net decrease in cash and cash equivalents	(1,118,759)	607,410
Cash and cash equivalents at 1 October	2,055,990	1,264,854
	937,231	1,872,264
Currency translation differences on opening balances	(7,581)	183,726
Cash and cash equivalents at 30 September	929,650	2,055,990
Cash and cash equivalents consist of:-		
Cash and bank balances	205,168	290,024
Deposits with licensed bank	478,258	776,657
Short term funds	286,934	1,016,477
Bank overdrafts	(40,710)	(27,168)
	929,650	2,055,990

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

	12 months ended 30 September	
	2016	2015
	RM'000	RM'000
Final single tier dividend of 30 sen per share for the financial year ended 30 September 2015 (2014: single tier dividend of 40 sen per share)	319,490	425,986
Interim single tier dividend 15 sen per share for the financial year ended 30 September 2016 (2015: single tier dividend of 15 sen per share)	<u>159,745</u>	<u>159,745</u>
	<u>479,235</u>	<u>585,731</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2015: 1,064,965,692).



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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 RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
12 months ended						
30 September 2016						
Revenue						
External revenue	8,455,070	7,738,841	110,693	201,206	-	16,505,810
Inter-segment revenue	951,341	-	-	38,635	(989,976)	-
Total revenue	<u>9,406,411</u>	<u>7,738,841</u>	<u>110,693</u>	<u>239,841</u>	<u>(989,976)</u>	<u>16,505,810</u>
Results						
Operating results	827,277	370,610	25,219	60,456	-	1,283,562
Interest income	723	5,653	6	87,490	(37,423)	56,449
Finance costs	(11,041)	(53,157)	-	(131,001)	37,423	(157,776)
Share of results of associates	4,985	116	3,407	(7,643)	-	865
Share of results of joint ventures	4,425	-	-	(288)	-	4,137
Segment results	<u>826,369</u>	<u>323,222</u>	<u>28,632</u>	<u>9,014</u>	<u>-</u>	<u>1,187,237</u>
Corporate income						<u>525,047</u>
Profit before taxation						<u>1,712,284</u>
12 months ended						
30 September 2015						
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						<u>63,783</u>
Profit before taxation						<u>1,134,598</u>



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Notes to Interim Financial Report (Continued)

(b) Segment assets

	Plantations	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 September 2016					
Operating assets	6,171,205	6,506,518	1,321,245	3,513,201	17,512,169
Associates	62,602	5,749	70,452	-	138,803
Joint ventures	163,472	-	-	9,912	173,384
Segment assets	<u>6,397,279</u>	<u>6,512,267</u>	<u>1,391,697</u>	<u>3,523,113</u>	<u>17,824,356</u>
Tax assets					512,217
Total assets					<u>18,336,573</u>
As at 30 September 2015					
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
As at 30 September 2016					
Segment liabilities	<u>1,306,873</u>	<u>2,462,692</u>	<u>43,487</u>	<u>2,908,825</u>	<u>6,721,877</u>
Tax liabilities					326,670
Total liabilities					<u>7,048,547</u>
As at 30 September 2015					
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. Event Subsequent to Reporting Date

On 25 October 2016, the Company made an announcement to the Alternative Investment Market of the London Stock Exchange ("AIM") that it intended to make a cash offer, via its wholly-owned subsidiary, KL-Kepong International Ltd, to acquire the entire issued and paid-up capital of M.P. Evans Group PLC ("MP Evans"), a company listed on AIM ("Initial Offer") by way of a takeover offer under the UK City Code on Takeovers and Mergers, at a price of 640 pence per MP Evans Share.

Further thereto, on 15 November 2016, the Company announced that it would increase its Initial Offer ("Increased Offer") to a final price of 740 pence per MP Evans Share ("Increased Offer Consideration").

The principal activity of MP Evans is the ownership, management and development of sustainable oil palm estates in Indonesia. Its segments include plantations (predominantly oil palm) in Indonesia (with a residual balance in Malaysia) and property development in Malaysia.

**Notes to Interim Financial Report**

(Continued)

The Increased Offer Consideration values the entire issued and to be issued share capital of MP Evans at approximately £415.4 million. The cash consideration payable pursuant to the Increased Offer will be financed through a loan facility provided by The Hongkong and Shanghai Banking Corporation Limited and the Company's internal cash resources.

The Increased Offer is solely conditional upon valid acceptances being received in respect of MP Evans Shares which carry in aggregate more than 50 percent of the voting rights then normally exercisable at a general meeting of MP Evans ("the Condition").

Subject to the satisfaction of the Condition, completion of the Increased Offer is expected to occur at or around December 2016.

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.

A11. Capital Commitments

	30 September 2016	30 September 2015
	RM'000	RM'000
Capital expenditure		
Approved and contracted	251,874	191,494
Approved but not contracted	626,106	919,924
	<u>877,980</u>	<u>1,111,418</u>
Acquisition of shares in a subsidiary		
Approved and contracted	<u>1,336</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.

	12 months ended 30 September	
	2016	2015
	RM'000	RM'000
(i) Transactions with associates and joint venture		
Sale of goods	5,029	3,301
Purchase of goods	874,566	3,563
Service charges paid	2,414	3,350
Research and development services	<u>13,218</u>	<u>11,254</u>



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		12 months ended 30 September	
		2016	2015
		RM'000	RM'000
(ii)	Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
	Sale of goods		
	PT Satu Sembilan Delapan	22,011	21,751
	Siam Taiko Marketing Co Ltd	3,592	2,149
	Taiko Marketing Sdn Bhd	5,503	5,612
	Taiko Marketing (Singapore) Pte Ltd	<u>4,939</u>	<u>2,975</u>
	Storage tanks rental received		
	Taiko Marketing Sdn Bhd	<u>3,077</u>	<u>2,826</u>
	Barge rental received		
	PT Satu Sembilan Delapan	<u>347</u>	<u>2,351</u>
	Purchases of goods		
	Borneo Taiko Clay Sdn Bhd	4,776	4,228
	Bukit Katho Estate Sdn Bhd	3,336	3,061
	Kampar Rubber & Tin Co Sdn Bhd	7,531	8,617
	Kekal & Deras Sdn Bhd	1,312	1,335
	Ladang Tai Tak (Kota Tinggi) Sdn Bhd	2,153	2,709
	Malay Rubber Plantations (M) Sdn Bhd	5,042	6,382
	PT Agro Makmur Abadi	53,334	69,984
	PT Bumi Karyatama Raharja	1,931	-
	PT Safari Riau	28,350	31,670
	PT Satu Sembilan Delapan	55,525	66,162
	PT Taiko Persada Indoprima	-	4,554
	Taiko Clay Marketing Sdn Bhd	1,663	1,915
	Taiko Drum Industries Sdn Bhd	3,339	2,603
	Taiko Fertiliser Marketing Sdn Bhd	16	5,728
	Taiko Marketing Sdn Bhd	27,406	30,194
	Yayasan Perak-Wan Yuen Sdn Bhd	<u>118</u>	<u>458</u>
	Rental of office paid		
	Batu Kawan Holdings Sdn Bhd	<u>4,261</u>	<u>3,828</u>
	Management fees paid		
	Farming Management Services Pte Ltd	<u>1,832</u>	<u>1,597</u>
	Aircraft operating expenses and management services paid		
	Smooth Route Sdn Bhd	<u>1,641</u>	<u>1,508</u>
	Supply of contract labour and engineering works		
	K7 Engineering Sdn Bhd	<u>3,436</u>	<u>3,146</u>
(iii)	Transactions between subsidiaries and non-controlling interests		
	Sale of goods		
	Mitsubishi Corporation	195,152	86,846
	Mitsui & Co Ltd	314,023	224,549
	Tejana Trading & Management Services Sdn Bhd	<u>4,830</u>	<u>2,344</u>
	Purchases of goods		
	PT Eka Dura Indonesia	23,243	-
	PT Letawa	43,980	-
	PT Tanjung Sarana Lestari	<u>1,220,434</u>	<u>-</u>



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B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Analysis of Performance

4th Quarter FY2016 vs 4th Quarter FY2015

The Group's pre-tax profit for the 4th quarter improved 4.9% to RM244.0 million (4QFY2015: profit RM232.5 million) whilst revenue was up 15.5% to RM4.543 billion (4QFY2015: RM3.932 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit was 20.1% higher at RM218.6 million (4QFY2015: profit RM181.9 million) despite lower FFB production and higher cost of CPO production. The better profit for the quarter under review was attributed to the favourable selling prices of CPO and PK realised as shown below:-

	4QFY2016	4QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	2,497	1,960	27.4
Palm Kernel (RM/mt ex-mill)	2,364	1,255	88.4

- (ii) Manufacturing sector recorded a loss of RM6.2 million (4QFY2015: profit RM33.5 million) after accounting for an unrealised loss of RM79.1 million (4QFY2015: unrealised loss RM76.3 million) from the fair value changes on outstanding derivative contracts. Although revenue was 26.2% higher at RM2.171 billion (4QFY2015: RM1.720 billion), this sector's result was impacted by the buoyant price of major raw material, CPKO, which had squeezed profit margins. Difficult market conditions, sluggish demand and excess capacities had also affected the performance of this sector.

The oleochemical division incurred a loss of RM11.3 million (4QFY2015: profit RM29.1 million) whilst the other manufacturing units registered a profit of RM5.1 million (4QFY2015: profit RM4.4 million).

- (iii) Properties profit surged 81.2% to RM19.3 million (4QFY2015: profit RM10.6 million) on the back of a much higher revenue of RM60.6 million (4QFY2015: RM21.7 million).

Todate 4th Quarter FY2016 vs Todate 4th Quarter FY2015

The Group's pre-tax profit for the financial year under review was significantly higher by 50.9% at RM1.712 billion (Todate 4QFY2015: profit RM1.135 billion) after the recognition of a surplus of RM489.3 million arising from the sale of plantation land to an associate. Group revenue rose 20.9% to RM16.506 billion (Todate 4QFY2015: RM13.650 billion). The performance of the business sectors are summarised below:-

- (i) Plantations profit climbed 7.8% to RM826.4 million (Todate 4QFY2015: profit RM766.8 million) with strong contributions from processing operations. Profit from estate operations had increased slightly owing to favourable selling prices of CPO and PK despite lower FFB production and higher cost of CPO production.

The average CPO and PK selling prices realised were:-

	Todate 4QFY2016	Todate 4QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	2,270	2,106	7.8
Palm Kernel (RM/mt ex-mill)	1,881	1,424	32.1

- (ii) Manufacturing sector reported a sharp rise of 74.5% in the profit to RM323.2 million (Todate 4QFY2015: profit RM185.3 million) despite netting off the unrealised loss of RM66.8 million (Todate 4QFY2015: unrealised loss RM98.9 million) from the changes in fair value on outstanding derivative contracts. Revenue rose 24.0% to RM7.739 billion (Todate 4QFY2015: RM6.241 billion), supported by the improvement in sales volume particularly from Europe operations.

The oleochemical division's profit improved 74.8% to RM299.4 million (Todate 4QFY2015: profit RM171.3 million) and the other manufacturing units' profit was much higher at RM23.8 million (Todate 4QFY2015: profit RM14.0 million).



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- (iii) Properties sector's profit had dipped 53.2% to RM28.6 million (Todate 4QFY2015: profit RM61.2 million) with a lower revenue of RM110.7 million (Todate 4QFY2015: RM123.3 million). The previous financial year had included surpluses from the disposals of industrial and commercial land.

B2. Variation of Results to Preceding Quarter

4th Quarter FY2016 vs 3rd Quarter FY2016

For the quarter under review, the pre-tax profit of the Group fell 22.4% to RM244.0 million (3QFY2016: profit RM314.3 million) although revenue had improved 15.8% to RM4.543 billion (3QFY2016: RM3.922 billion).

Plantations profit was 4.4% higher at RM218.6 million (3QFY2016: profit RM209.3 million) despite negative margins from the processing operations. The better result was achieved through higher selling price of PK, increase in FFB production and lower cost of CPO production.

The following were the selling prices of CPO and PK realised:-

	<u>4QFY2016</u>	<u>3QFY2016</u>	<u>% Change</u>
Crude Palm Oil (RM/mt ex-mill)	2,497	2,496	-
Palm Kernel (RM/mt ex-mill)	2,364	2,136	10.7

Manufacturing sector incurred a loss of RM6.2 million (3QFY2016: profit RM103.3 million) after accounting for an unrealised loss of RM79.1 million (3QFY2016: unrealised loss RM11.3 million) from the changes in fair value on outstanding derivative contracts. Revenue rose 11.5% to RM2.171 billion (3QFY2016: RM1.947 billion). The oleochemical business continued to be impacted by the high price of CPKO which had affected profit margins.

The oleochemical division suffered a loss of RM11.3 million (3QFY2016: profit RM99.5 million) whilst the other manufacturing units achieved a higher profit of RM5.1 million (3QFY2016: profit RM3.8 million).

Properties sector posted a huge improvement in profit to RM19.3 million (3QFY2016: profit RM5.1 million) which was in line with the substantial rise in revenue to RM60.6 million (3QFY2016: RM24.2 million).

B3. Current Year Prospects

The prevailing firm CPO price is supported by low palm oil stocks and weak Ringgit. With the anticipated improvement in FFB production, inventories of palm oil are expected to rise and palm oil price may not hold its current level. On balance, we expect the plantations profit to be satisfactory for the financial year 2017.

The business performance of the oleochemical division for the financial year 2017 is anticipated to be challenging in view of the continuing difficult market conditions, sluggish demand, over capacities and bullish raw material price of CPKO.

The Group's profit for the financial year 2017 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.



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B5. Taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense				
Malaysian taxation	45,021	44,887	143,088	169,232
Overseas taxation	44,007	29,251	115,010	95,780
	<u>89,028</u>	<u>74,138</u>	<u>258,098</u>	<u>265,012</u>
Deferred tax				
Origination and reversal of temporary differences	(21,355)	(18,030)	2,683	(26,074)
Revaluation of biological assets	(268,037)	-	(268,037)	-
Changes in tax rate	(7)	(1,976)	535	(1,976)
Under/(Over) provision in respect of previous years	2,287	(517)	(8,884)	7,520
	<u>(287,112)</u>	<u>(20,523)</u>	<u>(273,703)</u>	<u>(20,530)</u>
	(198,084)	53,615	(15,605)	244,482
Final tax on revaluation of biological assets	32,534	-	32,534	-
	<u>(165,550)</u>	<u>53,615</u>	<u>16,929</u>	<u>244,482</u>
Under/(Over) provision in respect of previous years				
Malaysian taxation	73	(2,334)	533	(4,821)
Overseas taxation	7,636	5,941	11,682	10,899
	<u>7,709</u>	<u>3,607</u>	<u>12,215</u>	<u>6,078</u>
Total	<u>(157,841)</u>	<u>57,222</u>	<u>29,144</u>	<u>250,560</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 and the recognition of deferred tax assets of RM268.0 million relating to the revaluation of biological assets by certain plantations subsidiaries in Indonesia.

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 2016		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	7,899	Euro1,697	1,001	Euro204
- Unsecured	82,459	USD20,000	88,235	USD20,000
	-		98,388	Euro20,000
	82,459		186,623	
	90,358		187,624	
(ii) Islamic Medium Term Notes				
- Unsecured	300,000		-	
(iii) Bank Overdraft				
- Unsecured	40,710	Euro8,747	27,168	Euro5,523
(iv) Short Term Borrowings				
- Unsecured	313,248	USD75,682	813,493	USD184,843
	-		26,637	GBP4,000
	107,040	Euro23,000	167,281	Euro34,000
	720,866		690,637	
	1,141,154		1,698,048	
Total repayable within 12 months	1,572,222		1,912,840	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	11,424	Euro2,455	1,286	Euro261
- Unsecured	232,695	Euro50,000	147,582	Euro30,000
	123,689	USD30,000	132,353	USD30,000
	356,384		279,935	
	367,808		281,221	
(ii) Islamic Medium Term Notes				
- Unsecured	2,600,000		2,400,000	
Total repayable after 12 months	2,967,808		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.

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As at 30 September 2016, the values and maturity analysis of the outstanding derivatives are as follows:-

<u>Derivatives</u>	Contract/Notional	Fair value
	Value <u>Net long/(short)</u> RM'000	<u>Net gains/(losses)</u> RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(1,095,734)	(24,124)
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(318,252)	(75,208)
- 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 30 September 2016, 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 35 sen (2015: 30 sen) per share has been recommended by the Directors in respect of the financial year ended 30 September 2016 and subject to shareholders' approval at the forthcoming Annual General Meeting, will be paid to the shareholders on 14 March 2017. The entitlement date for the dividend will be 22 February 2017.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

- (i) Shares deposited into the Depositor's securities account before 12.30 p.m. on 20 February 2017 in respect of shares exempted from mandatory deposit;
 - (ii) Shares transferred into the Depositor's securities account before 4.00 p.m. on 22 February 2017 in respect of transfers; and
 - (iii) 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 50 sen (2015: 45 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 30 September		12 months ended 30 September	
	2016	2015	2016	2015
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	375,057	186,288	1,592,191	869,912
(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)	35.2	17.5	149.5	81.7

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 30 September		12 months ended 30 September	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(13,998)	(12,388)	(56,449)	(43,302)
Other income including dividend income	(52,352)	(81,630)	(140,674)	(231,032)
Interest expense	41,847	31,721	157,776	104,507
Depreciation and amortisation	103,293	101,377	448,854	387,695
(Reversal of write-off)/Provision for and write-off of receivables	(2,140)	6,148	(2,235)	9,339
(Reversal of write-off)/Provision for and write-off of inventories	(4,895)	(754)	6,229	20,617
Surplus on disposal of quoted or unquoted investments	-	1	(1,790)	(2,180)
Surplus on disposal of land	(4,736)	(4,311)	(496,542)	(13,011)
Surplus on government acquisition of land	193	(2,520)	(40,701)	(23,731)
Surplus on deemed disposal of a subsidiary	-	-	-	(12,266)
Impairment of leasehold land	(47)	-	8,096	-
Impairment of available-for-sale investments	1,548	1,396	1,548	1,396
Impairment of goodwill	-	-	952	-
Foreign exchange gain	(59,566)	(28,909)	(15,754)	(61,085)
Loss on derivatives	135,605	86,746	37,967	147,537
Exceptional items	-	-	-	-



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B15. Breakdown of Realised and Unrealised Profits or Losses

	30 September 2016	30 September 2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	7,679,586	6,517,336
- unrealised	637,076	322,501
	<u>8,316,662</u>	<u>6,839,837</u>
Total share of retained profits from associates		
- realised	68,658	73,795
- unrealised	238	287
	<u>68,896</u>	<u>74,082</u>
Total share of (accumulated losses)/retained profits from joint ventures		
- realised	(28,105)	(24,856)
- unrealised	10,214	10,606
	<u>(17,891)</u>	<u>(14,250)</u>
	8,367,667	6,899,669
Consolidation adjustments	(1,285,487)	(857,278)
Total group retained profits as per consolidated accounts	<u>7,082,180</u>	<u>6,042,391</u>

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

16 November 2016