



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report  
For the year ended 30 September 2017**



# 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 2017.

## Condensed Consolidated Statement of Profit or Loss For the year ended 30 September 2017

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Revenue	5,163,782	4,542,961	21,004,036	16,505,810
Operating expenses	(4,743,009)	(4,306,037)	(19,517,647)	(15,495,147)
Other operating income	1,260	49,852	138,001	854,395
Finance costs	(40,485)	(41,847)	(169,849)	(157,776)
Share of results of associates	4,447	2,990	12,932	865
Share of results of joint ventures	(5,193)	(3,951)	(17,268)	4,137
Profit before taxation	380,802	243,968	1,450,205	1,712,284
Taxation	(114,953)	157,841	(383,329)	(29,144)
Net profit for the period	<u>265,849</u>	<u>401,809</u>	<u>1,066,876</u>	<u>1,683,140</u>
Attributable to:-				
Equity holders of the Company	242,124	375,057	1,005,130	1,592,191
Non-controlling interests	23,725	26,752	61,746	90,949
	<u>265,849</u>	<u>401,809</u>	<u>1,066,876</u>	<u>1,683,140</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>22.7</u>	<u>35.2</u>	<u>94.4</u>	<u>149.5</u>
Earnings per share - diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not applicable

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016.



**KUALA LUMPUR KEPONG BERHAD**

(15043-V)  
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**Condensed Consolidated Statement of Other Comprehensive Income  
For the year ended 30 September 2017**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	<u>265,849</u>	<u>401,809</u>	<u>1,066,876</u>	<u>1,683,140</u>
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Currency translation differences	(77,923)	187,949	115,626	(93,737)
Net change in fair value of available-for-sale investments	38,572	146,486	519,458	(174,557)
Realisation on fair value of available-for-sale investments	<u>(2,251)</u>	<u>-</u>	<u>(5,238)</u>	<u>(1,726)</u>
	<u>(41,602)</u>	<u>334,435</u>	<u>629,846</u>	<u>(270,020)</u>
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	<u>29,058</u>	<u>(61,382)</u>	<u>28,011</u>	<u>(61,382)</u>
Total other comprehensive (loss)/income for the period	<u>(12,544)</u>	<u>273,053</u>	<u>657,857</u>	<u>(331,402)</u>
Total comprehensive income for the period	<u>253,305</u>	<u>674,862</u>	<u>1,724,733</u>	<u>1,351,738</u>
Attributable to:-				
Equity holders of the Company	232,773	643,224	1,663,987	1,265,174
Non-controlling interests	<u>20,532</u>	<u>31,638</u>	<u>60,746</u>	<u>86,564</u>
	<u>253,305</u>	<u>674,862</u>	<u>1,724,733</u>	<u>1,351,738</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 2016.*



# KUALA LUMPUR KEPONG BERHAD

(15043-V)  
(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position As at 30 September 2017

(The figures have not been audited.)

	30 September 2017	30 September 2016
	RM'000	RM'000
<b>Assets</b>		
Property, plant and equipment	5,220,852	5,066,699
Prepaid lease payments	309,611	307,068
Biological assets	2,624,038	2,548,178
Land held for property development	1,091,471	1,130,312
Goodwill on consolidation	324,686	321,661
Intangible assets	15,325	15,076
Investment in associates	144,538	138,803
Investment in joint ventures	158,902	173,384
Available-for-sale investments	2,270,239	1,607,570
Other receivable	210,272	205,195
Deferred tax assets	439,794	454,230
<b>Total non-current assets</b>	<b>12,809,728</b>	<b>11,968,176</b>
Inventories	1,796,929	1,898,109
Biological assets	37,806	43,697
Trade and other receivables	2,514,389	2,165,616
Tax recoverable	38,642	57,987
Property development costs	154,696	83,463
Derivative financial assets	110,748	119,454
Short term funds	578,489	1,029,711
Cash and cash equivalents	1,462,687	970,360
<b>Total current assets</b>	<b>6,694,386</b>	<b>6,368,397</b>
<b>Total assets</b>	<b>19,504,114</b>	<b>18,336,573</b>
<b>Equity</b>		
Share capital	1,184,764	1,067,505
Reserves	10,404,756	9,390,511
	11,589,520	10,458,016
Less: Cost of treasury shares	(13,447)	(13,447)
<b>Total equity attributable to equity holders of the Company</b>	<b>11,576,073</b>	<b>10,444,569</b>
Non-controlling interests	863,969	843,457
<b>Total equity</b>	<b>12,440,042</b>	<b>11,288,026</b>
<b>Liabilities</b>		
Deferred tax liabilities	259,056	254,976
Deferred income	117,365	118,665
Provision for retirement benefits	479,132	495,894
Borrowings	3,067,168	2,967,808
<b>Total non-current liabilities</b>	<b>3,922,721</b>	<b>3,837,343</b>
Trade and other payables	1,562,823	1,342,174
Deferred income	7,808	6,328
Borrowings	1,375,596	1,572,222
Tax payable	90,511	71,694
Derivative financial liabilities	104,613	218,786
<b>Total current liabilities</b>	<b>3,141,351</b>	<b>3,211,204</b>
<b>Total liabilities</b>	<b>7,064,072</b>	<b>7,048,547</b>
<b>Total equity and liabilities</b>	<b>19,504,114</b>	<b>18,336,573</b>
Net assets per share attributable to equity holders of the Company (RM)	10.87	9.81

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016.*



## KUALA LUMPUR KEPONG BERHAD

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### Condensed Consolidated Statement of Changes in Equity For the year ended 30 September 2017

(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 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
Net change in fair value of available-for-sale investments	-	-	-	-	-	519,458	-	-	519,458	-	519,458
Realisation on fair value of available-for sale investments	-	-	-	-	-	(5,238)	-	-	(5,238)	-	(5,238)
Transfer from retained earnings to reserves	-	5,611	-	-	-	-	(5,611)	-	-	-	-
Remeasurement of defined benefit plans	-	-	-	-	-	-	28,911	-	28,911	(900)	28,011
Currency translation differences	-	86	-	2	115,638	-	-	-	115,726	(100)	115,626
Total other comprehensive income/(loss) for the year	-	5,697	-	2	115,638	514,220	23,300	-	658,857	(1,000)	657,857
Profit for the year	-	-	-	-	-	-	1,005,130	-	1,005,130	61,746	1,066,876
Total comprehensive income for the year	-	5,697	-	2	115,638	514,220	1,028,430	-	1,663,987	60,746	1,724,733
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	10,292	10,292
Redemption of redeemable preference shares	55,250	-	-	-	-	-	(55,250)	-	-	-	-
Dividend paid - FY2016 final	-	-	-	-	-	-	(372,738)	-	(372,738)	-	(372,738)
- FY2017 interim	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(50,526)	(50,526)
Total transactions with owners of the Company	55,250	-	-	-	-	-	(587,733)	-	(532,483)	(40,234)	(572,717)
Reclassification of capital redemption reserve to share capital pursuant to Section 618(2) of the Companies Act 2016	62,009	-	-	(62,009)	-	-	-	-	-	-	-
At 30 September 2017	1,184,764	1,028,225	78,725	-	558,268	1,216,661	7,522,877	(13,447)	11,576,073	863,969	12,440,042



## KUALA LUMPUR KEPONG BERHAD

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### Condensed Consolidated Statement of Changes in Equity For the year ended 30 September 2017

(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	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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016.



# KUALA LUMPUR KEPONG BERHAD

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## Condensed Consolidated Statement of Cash Flows For the year ended 30 September 2017

(The figures have not been audited.)

	12 months ended 30 September	
	2017	2016
	RM'000	RM'000
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	1,450,205	1,712,284
Adjustment for non-cash flow:-		
Non-cash items	455,730	(30,686)
Non-operating items	30,626	35,234
Operating profit before working capital changes	1,936,561	1,716,832
Working capital changes:-		
Net change in current assets	(203,337)	92,887
Net change in current liabilities	215,069	(56,472)
Cash generated from operations	1,948,293	1,753,247
Interest paid	(173,848)	(146,249)
Tax paid	(338,406)	(278,271)
Retirement benefits paid	(32,138)	(32,011)
Net cash generated from operating activities	1,403,901	1,296,716
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(517,901)	(711,538)
Payments of prepaid lease	(8,823)	(26,524)
Plantation development expenditure	(142,511)	(167,801)
Property development expenditure	(17,129)	(903,959)
Subscription of shares in an associate	-	(324,800)
Subscription of shares in a joint venture	-	(54,440)
Purchase of available-for-sale investments	(277,990)	(41,183)
Purchase of intangible assets	(1,426)	(5,333)
Proceeds from disposal of property, plant and equipment	12,863	7,920
Compensation from government on land acquired	7,011	41,553
Proceeds from disposal of land	-	873,651
Proceeds from disposal of available-for-sale investments	152,255	5,235
Repayment of loan from joint ventures	-	24,641
Payment of real property gain tax	-	(42,230)
Decrease/(Increase) in short term funds	454,288	(1,029,711)
Dividends received from associates	8,294	6,051
Dividends received from investments	67,148	65,315
Interest received	50,526	40,261
Net cash used in investing activities	(213,395)	(2,242,892)
<b>Cash Flows from Financing Activities</b>		
Term loans received	116,249	20,943
Issuance of Islamic medium term notes	-	500,000
Repayment of term loans	(91,855)	(3,784)
Repayment of Islamic medium term notes	(300,000)	-
Drawdown/(Repayment) of short term borrowings	58,510	(495,600)
Dividends paid to shareholders of the Company	(532,483)	(479,235)
Dividends paid to non-controlling interests	(50,526)	(29,610)
Issuance of shares to non-controlling interests	10,292	324,800
Decrease/(Increase) in other receivable	13,374	(10,097)
Net cash used in financing activities	(776,439)	(172,583)
Net increase/(decrease) in cash and cash equivalents	414,067	(1,118,759)
Cash and cash equivalents at 1 October	929,650	2,055,990
	1,343,717	937,231
Currency translation differences on opening balances	(5,154)	(7,581)
Cash and cash equivalents at 30 September	1,338,563	929,650
Cash and cash equivalents consist of:-		
Cash and bank balances	331,351	205,168
Deposits with licensed banks	1,131,336	478,258
Short term funds	-	286,934
Bank overdrafts	(124,124)	(40,710)
	1,338,563	929,650

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2016.



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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 2016.

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 2016 except for the adoption of the following FRS and amendments to FRSs:-

#### ***FRS and amendments to FRSs effective for annual periods beginning on or after 1 January 2016***

- FRS 14 *Regulatory Deferral Accounts*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7 *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10 *Consolidated Financial Statements*, FRS 12 *Disclosure of Interests in Other Entities* and FRS 128 *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101 *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116 *Property, Plant and Equipment* and FRS 138 *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119 *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127 *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134 *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

The application of these FRS and amendments to FRSs 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.

#### **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.





# KUALA LUMPUR KEPONG BERHAD

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## Notes to Interim Financial Report (Continued)

### A6. Dividends Paid

	12 months ended 30 September	
	2017 RM'000	2016 RM'000
Final single tier dividend of 35 sen per share for financial year ended 30 September 2016 (2016: single tier dividend of 30 sen per share)	372,738	319,490
Interim single tier dividend of 15 sen per share for financial year ended 30 September 2017 (2016: single tier dividend of 15 sen per share)	159,745	159,745
	<u>532,483</u>	<u>479,235</u>

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2016: 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 2017</b>						
Revenue						
External revenue	10,668,581	9,923,716	141,521	270,218	-	21,004,036
Inter-segment revenue	1,391,807	-	-	110,742	(1,502,549)	-
Total revenue	<u>12,060,388</u>	<u>9,923,716</u>	<u>141,521</u>	<u>380,960</u>	<u>(1,502,549)</u>	<u>21,004,036</u>
Results						
Operating results	1,307,728	193,410	39,056	70,517	-	1,610,711
Interest income	680	6,701	413	108,425	(41,740)	74,479
Finance costs	(12,565)	(67,324)	-	(131,700)	41,740	(169,849)
Share of results of associates	10,652	1,253	1,027	-	-	12,932
Share of results of joint ventures	(15,450)	-	-	(1,818)	-	(17,268)
Segment results	<u>1,291,045</u>	<u>134,040</u>	<u>40,496</u>	<u>45,424</u>	<u>-</u>	<u>1,511,005</u>
Corporate expense						(60,800)
Profit before taxation						<u>1,450,205</u>
<b>12 months ended 30 September 2016</b>						
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 a joint venture	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						525,047
Profit before taxation						<u>1,712,284</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 30 September 2017</b>					
Operating assets	6,493,109	6,759,093	1,385,280	4,084,756	18,722,238
Associates	65,845	7,214	71,479	-	144,538
Joint ventures	150,556	-	-	8,346	158,902
Segment assets	<u>6,709,510</u>	<u>6,766,307</u>	<u>1,456,759</u>	<u>4,093,102</u>	<u>19,025,678</u>
Tax assets					478,436
Total assets					<u>19,504,114</u>
<b>As at 30 September 2016</b>					
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>

### (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 2017</b>					
Segment liabilities	<u>1,515,797</u>	<u>2,522,196</u>	<u>67,139</u>	<u>2,609,373</u>	<u>6,714,505</u>
Tax liabilities					349,567
Total liabilities					<u>7,064,072</u>
<b>As at 30 September 2016</b>					
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>

### A8. Event Subsequent to Reporting Date

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

A subsidiary of KLK, involved in commodity trading ("Trading Co") has issued Letters Of Indemnity (the "LOIs") to vessel owners in respect of the shipment and discharge of various cargoes sold on a cost and freight basis for an approximate total of USD11.68 million. These LOIs were issued by the Trading Co after receiving from its buyer letters of indemnity in respect of the said shipment and discharge of cargoes. Disputes have arisen between the vessel owners and cargo interests in relation to the discharge of the cargoes. The Trading Co will strenuously defend any proceedings that may be commenced in relation to this matter. In these circumstances, management is unable, at this juncture, to estimate the quantum of liability and costs which may arise in respect of the LOIs. The Trading Co reserves its rights to bring claims and seek recourse against the buyer in respect of the letters of indemnity issued by the buyer.



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### A11. Capital Commitments

	30 September 2017	30 September 2016
	RM'000	RM'000
Capital expenditure		
Approved and contracted	120,589	251,874
Approved but not contracted	539,995	626,106
	<u>660,584</u>	<u>877,980</u>
Acquisition of shares in a subsidiary		
Approved and contracted	1,322	1,336

### 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	
	2017	2016
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	3,391	5,029
Purchase of goods	1,278,632	874,566
Service charges paid	2,524	2,414
Research and development services paid	14,435	13,218
(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	7,056	22,011
Siam Taiko Marketing Co Ltd	3,611	3,592
Taiko Marketing Sdn Bhd	7,974	5,503
Taiko Marketing (Singapore) Pte Ltd	2,807	4,939
Storage tanks rental received		
Taiko Marketing Sdn Bhd	3,709	3,077
Barge rental received		
PT Satu Sembilan Delapan	-	347
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	4,494	4,776
Bukit Katho Estate Sdn Bhd	4,894	3,336
Kampar Rubber & Tin Co Sdn Bhd	7,933	7,531
Kekal Deras Sdn Bhd	1,998	1,312
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	568	2,153
Malay Rubber Plantations (M) Sdn Bhd	8,521	5,042
PT Agro Makmur Abadi	81,734	53,334
PT Bumi Karyatama Raharja	-	1,931
PT Safari Riau	41,735	28,350
PT Satu Sembilan Delapan	17,909	55,525
Taiko Acid Works Sdn Bhd	1,007	155
Taiko Clay Marketing Sdn Bhd	2,426	1,663
Taiko Drum Industries Sdn Bhd	2,531	3,339
Taiko Fertiliser Marketing Sdn Bhd	-	16
Taiko Marketing Sdn Bhd	30,981	27,406
Yayasan Perak-Wan Yuen Sdn Bhd	-	118
Rental of office paid		
Batu Kawan Holdings Sdn Bhd	4,341	4,261
Management fees paid		
Farming Management Services Pty Ltd	2,284	1,832
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	1,789	1,641
Supply of contract labour and engineering works		
K7 Engineering Sdn Bhd	2,946	3,436
Yeow Brothers Engineering Sdn Bhd	1,394	723



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	12 months ended 30 September	
	2017 RM'000	2016 RM'000
(iii) Transactions between subsidiaries and non-controlling interests		
Sale of goods		
Mitsubishi Corporation	70,036	195,152
Mitsui & Co Ltd	418,796	314,023
Tejana Trading & Management Services Sdn Bhd	<u>10,760</u>	<u>4,830</u>
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	3,217	-
PT Eka Dura Indonesia	-	23,243
PT Letawa	-	43,980
PT Tanjung Bina Lestari	205,883	-
PT Tanjung Sarana Lestari	1,648,180	1,220,434
Tejana Trading & Management Services Sdn Bhd	<u>5,007</u>	<u>-</u>

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

**B1. Analysis of Performance**

**4<sup>th</sup> Quarter FY2017 vs 4<sup>th</sup> Quarter FY2016**

For the quarter under review, the pre-tax profit of the Group climbed 56.1% to RM380.8 million (4QFY2016: profit RM244.0 million) with revenue 13.7% higher at RM5.164 billion (4QFY2016: RM4.543 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit improved 30.9% to RM286.1 million (4QFY2016: profit RM218.6 million) which was attributed to the 11.3% improvement in the production of fresh fruit bunches ("FFB") to 999,840 mt and the positive contributions from processing and trading operations.

The average CPO and PK selling prices realised were:-

	4QY2017	4QFY2016	% Change
Crude Palm Oil (RM/mt ex-mill)	2,555	2,497	2.3
Palm Kernel (RM/mt ex-mill)	2,162	2,364	(8.5)

- (ii) Manufacturing sector reported a profit of RM79.1 million as against a loss of RM6.2 million incurred in the same quarter last year. The quarter's result was arrived at after accounting for an unrealised gain from the fair value changes on outstanding derivative contracts amounting to RM6.3 million as compared to the unrealised loss of RM79.1 million in the preceding year's same quarter.

Revenue rose 17.8% to RM2.557 billion (4QFY2016: RM2.171 billion) through higher sales volume and better selling prices. However, the current quarter's profit was partly off-set by the impairment of RM30.9 million on an under-performing specialized oleochemical plant.

The oleochemical division posted a profit of RM76.2 million (4QFY2016: loss RM11.3 million) whilst the other manufacturing units achieved a lower profit of RM2.9 million (4QFY2016: profit RM5.1 million).

- (iii) Properties sector's profit was higher at RM20.9 million (4QFY2016: profit RM19.3 million) although revenue had reduced to RM44.4 million (4QFY2016: RM60.6 million) on a favorable housing products sales mix.

**Todate 4<sup>th</sup> Quarter FY2017 vs Todate 4<sup>th</sup> Quarter FY2016**

The Group's pre-tax profit for the financial year 2017 had declined 15.3% to RM1.450 billion (Todate 4QFY2016: profit RM1.712 billion). Last financial year's result had accounted for a surplus of RM489.3 million derived from the sale of plantation land to an associate. Group revenue surged 27.3% to RM21.004 billion (Todate 4QFY2016: RM16.506 billion). Comments on the business sectors are as follows:-

- (i) Plantations profit was sharply higher by 56.2% at RM1.291 billion (Todate 4QFY2016: profit RM826.4 million) which was driven by:-

**Notes to Interim Financial Report**

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- Substantial rise in the selling prices of CPO and PK realised as shown below:-

	Todate 4QFY2017	Todate 4QFY2016	% Change
Crude Palm Oil (RM/mt ex-mill)	2,735	2,270	20.5
Palm Kernel (RM/mt ex-mill)	2,534	1,881	34.7

- Increase in FFB production by 10.8% to 3.874 million mt.

However, contributions from processing and trading operations has declined.

- (ii) Manufacturing sector's profit had fallen by 58.5% to RM134.0 million (Todate 4QFY2016: profit RM323.2 million) after the recognition of an unrealised gain of RM10.9 million (Todate 4QFY2016: unrealised loss RM66.8 million) from the changes in fair value on outstanding derivative contracts. Revenue had increased 28.2% to RM9.924 billion (Todate 4QFY2016: RM7.739 billion). The result for the year was affected by the following:-

- High cost of raw materials, particularly its major feedstock, crude palm kernel oil ("CPKO"), in the 1<sup>st</sup> half of the financial year had impacted gross margins.
- Sharp drop in CPKO price had triggered the stocks write-down of RM60.3 million in the 3<sup>rd</sup> quarter.
- Impairment of RM30.9 million on an under-performing specialized oleochemical plant.

Due to above, the oleochemical division's profit had shrunk 61.4% to RM115.5 million (To-date 4QFY2016: profit RM299.4 million) while profit from the other manufacturing units dropped 22.3% to RM18.5 million (To-date 4QFY2016: profit RM23.8 million) on lower gross margin contributions.

- (iii) Properties profit improved 41.4% to RM40.5 million (Todate 4QFY2016: profit RM28.6 million) supported by 27.8% increase in revenue to RM141.5 million (Todate 4QFY2016: RM110.7 million).
- (iv) Farming sector posted a profit of RM10.1 million compared to the loss of RM10.2 million incurred in the previous financial year. The profit was achieved through better crop production resulting from larger cropped area and improved yields.
- (v) The Group's result had provided for the full impairment of RM32.1 million on a non-core and non-performing investment in China.

**B2. Variation of Results to Preceding Quarter****4<sup>th</sup> Quarter FY2017 vs 3<sup>rd</sup> Quarter FY2017**

For the current quarter, the Group's pre-tax profit surged 89.0% to RM380.8 million (3QFY2017: profit RM201.4 million) whilst revenue was 6.0% higher at RM5.164 billion (3QFY2017: RM4.873 billion).

Plantations profit at RM286.1 million had exceeded the preceding quarter's profit of RM226.6 million by 26.3% despite lower selling prices of CPO and PK realised as shown below:-

	4QFY2017	3QFY2017	% Change
Crude Palm Oil (RM/mt ex-mill)	2,555	2,674	(4.5)
Palm Kernel (RM/mt ex-mill)	2,162	2,211	(2.2)

The improvement in this sector's profit was attributed to:-

- Increase in FFB production by 8.6% to 999,840 mt.
- Drop in cost of CPO production.

Manufacturing sector posted a profit of RM79.1 million (3QFY2017: loss RM21.9 million) and an increase of 6.6% in revenue to RM2.557 billion (3QFY2017: RM2.398 billion). Whilst the previous quarter's result was impacted by stocks write-down due to the sharp drop in CPKO price, the current quarter had registered better sales volume and improved margins. However, there was an impairment on an under-performing specialized oleochemical plant amounting to RM30.9 million.



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The oleochemical division achieved a profit of RM76.2 million (3QFY2017: loss RM26.1 million) but the other manufacturing units' profit was lower at RM2.9 million (3QFY2017: profit RM4.2 million).

Properties sector's profit was significantly higher at RM20.9 million (3QFY2017: profit RM2.5 million) on account of the sharp rise in revenue to RM44.4 million (3QFY2017: RM14.0 million).

### B3. Current Year Prospects

CPO prices have recently been supported by a slower than expected recovery in FFB production post El-Nino, resulting in a tighter inventory than envisaged. Going forward, 2018 palm oil production is projected to recover strongly and coupled with an environment of ample supply of oilseeds, this may put pressure on CPO prices.

Notwithstanding these factors, we expect our plantations' profit for financial year 2018 to be satisfactory.

The performance of our oleochemical division should improve from last year's results, even though the industry is still flush with excess capacities. Management's efforts to turn around the under-performing business units have produced encouraging results.

Overall, the Group's profits for the financial year 2018 should be better.

### 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. Taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		12 months ended 30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	64,383	45,021	192,885	143,088
Overseas taxation	41,237	44,007	175,429	115,010
	<u>105,620</u>	<u>89,028</u>	<u>368,314</u>	<u>258,098</u>
Deferred tax				
Origination and reversal of temporary differences	(122)	(21,355)	9,829	2,683
Revaluation of biological assets	-	(268,037)	-	(268,037)
Changes in tax rate	-	(7)	-	535
(Over)/Under provision in respect of previous years	(630)	2,287	(3,677)	(8,884)
	<u>(752)</u>	<u>(287,112)</u>	<u>6,152</u>	<u>(273,703)</u>
	104,868	(198,084)	374,466	(15,605)
Final tax on revaluation of biological assets	-	32,534	-	32,534
	104,868	(165,550)	374,466	16,929
Under provision in respect of previous years				
Malaysian taxation	3,810	73	1,636	533
Overseas taxation	6,275	7,636	7,227	11,682
	<u>10,085</u>	<u>7,709</u>	<u>8,863</u>	<u>12,215</u>
Total	<u>114,953</u>	<u>(157,841)</u>	<u>383,329</u>	<u>29,144</u>

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	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	<u>380,802</u>	<u>243,968</u>	<u>1,450,205</u>	<u>1,712,284</u>
Tax at Malaysian income tax rate of 24% (2016: 24%)	91,392	58,552	348,049	410,948
Effect of different tax rates	(12,820)	9,429	(4,136)	871
Withholding tax on foreign dividend and interest income	9,017	9,900	36,625	23,565
Expenses not deductible for tax purposes	46,450	9,392	80,019	48,879
Final tax on revaluation of biological assets	-	32,534	-	32,534
Tax exempt and non-taxable income	(20,342)	(29,244)	(89,428)	(222,478)
Tax incentives	(543)	(5,140)	(4,066)	(7,675)
Deferred tax assets not recognised during the period	3,338	13,539	23,611	15,710
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	2,601	313	(3,797)	(11,303)
Tax effect on associates' and joint ventures' results	179	231	1,041	(1,200)
Recognition of deferred tax assets not taken up previously	(11,170)	(304)	(11,436)	(333)
Recognition of unabsorbed re-investment allowance	(4,153)	-	(4,153)	-
Deferred tax assets on revaluation of biological assets	-	(268,037)	-	(268,037)
Under provision of tax expense in respect of previous years	10,085	7,709	8,863	12,215
(Over)/Under provision of deferred tax in respect of previous years	(630)	2,287	(3,677)	(8,884)
Effect of changes in tax rates on deferred tax	-	(7)	-	535
Others	<u>1,549</u>	<u>1,005</u>	<u>5,814</u>	<u>3,797</u>
Tax expense	<u>114,953</u>	<u>(157,841)</u>	<u>383,329</u>	<u>29,144</u>

**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 2017		30 September 2016	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	11,739	Euro2,355	7,899	Euro1,697
- Unsecured	24,923	Euro5,000	-	
	-		82,459	USD20,000
	24,923		82,459	
	36,662		90,358	
(ii) Islamic Medium Term Notes				
- Unsecured	-		300,000	
(iii) Bank Overdraft				
- Unsecured	124,124	Euro24,902	40,710	Euro8,747
(iv) Short Term Borrowings				
- Unsecured	421,031	USD99,712	313,248	USD75,682
	164,492	Euro33,000	107,040	Euro23,000
	53,441	Rmb84,000	-	
	575,846		720,866	
	1,214,810		1,141,154	
Total repayable within 12 months	1,375,596		1,572,222	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	31,104	Euro6,240	11,424	Euro2,455
- Unsecured	224,307	Euro45,000	232,695	Euro50,000
	211,757	USD50,000	123,689	USD30,000
	436,064		356,384	
	467,168		367,808	
(ii) Islamic Medium Term Notes				
- Unsecured	2,600,000		2,600,000	
Total repayable after 12 months	3,067,168		2,967,808	

### 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 2017, the values and maturity analysis of the outstanding derivatives are as follows:-



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<u>Derivatives</u>	Contract/Notional	Fair value
	Value Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(990,336)	16,136
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	51,459	(10,001)
- 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 2017, 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 (2016: 35 sen) per share has been recommended by the Directors in respect of the financial year ended 30 September 2017 and subject to shareholders' approval at the forthcoming Annual General Meeting, will be paid to the shareholders on 13 March 2018. The entitlement date for the dividend shall be 21 February 2018.

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

- Securities deposited into the Depositor's Securities Account before 12.30 p.m. on 19 February 2018 in respect of securities which are exempted from mandatory deposit;
- Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 21 February 2018 in respect of transfers; and
- Securities 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 (2016: 50 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		12 months ended	
	30 September		30 September	
	2017	2016	2017	2016
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	242,124	375,057	1,005,130	1,592,191
(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)	22.7	35.2	94.4	149.5

### B13. Audit Report

The audit report for the financial year ended 30 September 2016 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		12 months ended	
	30 September		30 September	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(20,026)	(13,998)	(74,479)	(56,449)
Other income including dividend income	(17,833)	(52,352)	(104,344)	(140,674)
Interest expense	40,485	41,847	169,849	157,776
Depreciation and amortisation	113,178	103,293	473,882	448,854
Provision for and write-off/(Reversal of write-off) of receivables	2,580	(2,140)	7,916	(2,235)
(Reversal of provision)/Provision for and write-off of inventories	(28,386)	(4,895)	21,866	6,229
Surplus on disposal of quoted or unquoted investments	(8,395)	-	(11,898)	(1,790)
Surplus on disposal of land	(782)	(4,736)	(5,611)	(496,542)
Surplus on government acquisition of land	-	193	(4,892)	(40,701)
Impairment of property, plant and equipment	30,940	(47)	30,940	8,096
Impairment of available-for-sale investments	693	1,548	32,625	1,548
Impairment of goodwill	-	-	-	952
Foreign exchange (gain)/loss	(5,982)	(59,566)	3,586	(15,754)
Loss on derivatives	18,716	135,605	20,453	37,967
Exceptional items	-	-	-	-

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

	30 September 2017	30 September 2016
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	8,465,944	7,679,586
- unrealised	554,618	637,076
	<u>9,020,562</u>	<u>8,316,662</u>
Total share of retained profits from associates		
- realised	80,547	68,658
- unrealised	730	238
	<u>81,277</u>	<u>68,896</u>
Total share of (accumulated losses)/retained profits from joint ventures		
- realised	(58,873)	(28,105)
- unrealised	15,971	10,214
	<u>(42,902)</u>	<u>(17,891)</u>
	9,058,937	8,367,667
Consolidation adjustments	(1,536,060)	(1,285,487)
Total group retained profits as per consolidated accounts	<u>7,522,877</u>	<u>7,082,180</u>

By Order of the Board  
YAP MIOW KIEN  
SOON WING CHONG  
Company Secretaries

22 November 2017