



# **KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report  
For the third quarter ended 30 June 2019**



## KUALA LUMPUR KEPONG BERHAD

(15043-V)  
(Incorporated in Malaysia)

The Directors are pleased to announce the unaudited financial results of the Group for the third quarter ended 30 June 2019.

### Condensed Consolidated Statement of Profit or Loss For the third quarter ended 30 June 2019

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended		+ / (-)	9 months ended		+ / (-)
	2019	2018		2019	2018	
	RM'000	RM'000	%	RM'000	RM'000	%
		Restated			Restated	
Revenue	3,704,403	4,331,214	(14.5)	11,731,484	14,192,004	(17.3)
Operating expenses	(3,671,459)	(4,057,296)	(9.5)	(11,307,202)	(13,474,623)	(16.1)
Other operating income	45,294	(11,100)	-	267,751	201,535	32.9
Finance costs	(33,941)	(44,819)	(24.3)	(119,037)	(131,937)	(9.8)
Share of results of associates	1,743	1,906	(8.6)	3,912	6,534	(40.1)
Share of results of joint ventures	(1,287)	(6,140)	(79.0)	282	(9,868)	-
Profit before taxation	44,753	213,765	(79.1)	577,190	783,645	(26.3)
Taxation	(13,958)	(67,059)	(79.2)	(121,325)	(254,132)	(52.3)
Net profit for the period	<u>30,795</u>	<u>146,706</u>	(79.0)	<u>455,865</u>	<u>529,513</u>	(13.9)
Attributable to:-						
Equity holders of the Company	48,615	139,872	(65.2)	442,486	481,378	(8.1)
Non-controlling interests	(17,820)	6,834	-	13,379	48,135	(72.2)
	<u>30,795</u>	<u>146,706</u>	(79.0)	<u>455,865</u>	<u>529,513</u>	(13.9)
	Sen	Sen		Sen	Sen	
Earnings per share - basic	<u>4.6</u>	<u>13.1</u>		<u>41.5</u>	<u>45.2</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 2018.*

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)  
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**Condensed Consolidated Statement of Other Comprehensive Income  
For the third quarter ended 30 June 2019**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Net profit for the period	<u>30,795</u>	<u>146,706</u>	<u>455,865</u>	<u>529,513</u>
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	72,981	40,713	63,280	(311,578)
Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instruments	<u>(35,716)</u>	<u>146,519</u>	<u>(640,789)</u>	<u>32,349</u>
Total other comprehensive income/(loss) for the period	<u>37,265</u>	<u>187,232</u>	<u>(577,509)</u>	<u>(279,229)</u>
Total comprehensive income/(loss) for the period	<u>68,060</u>	<u>333,938</u>	<u>(121,644)</u>	<u>250,284</u>
Attributable to:-				
Equity holders of the Company	80,288	328,389	(146,920)	218,790
Non-controlling interests	<u>(12,228)</u>	<u>5,549</u>	<u>25,276</u>	<u>31,494</u>
	<u>68,060</u>	<u>333,938</u>	<u>(121,644)</u>	<u>250,284</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 2018.*



# KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

## Condensed Consolidated Statement of Financial Position As at 30 June 2019

(The figures have not been audited.)

	30 June 2019	30 September 2018	1 October 2017
	RM'000	RM'000 Restated	RM'000 Restated
<b>Assets</b>			
Property, plant and equipment	7,746,093	7,757,768	7,586,042
Prepaid lease payments	344,573	375,120	309,611
Land held for property development	1,107,340	1,100,407	1,091,471
Goodwill on consolidation	317,826	315,304	324,686
Intangible assets	22,442	23,358	15,325
Investments in associates	165,955	153,663	144,538
Investments in joint ventures	161,493	160,414	158,902
Equity instruments	1,729,479	2,384,087	2,270,010
Other receivable	221,990	202,826	210,272
Deferred tax assets	419,117	375,996	432,350
<b>Total non-current assets</b>	<b>12,236,308</b>	<b>12,848,943</b>	<b>12,543,207</b>
Inventories	1,945,288	2,098,250	1,779,371
Biological assets	72,499	101,541	116,847
Trade and other receivables	1,997,801	1,999,399	2,507,774
Contract assets	26,419	52,010	284
Contract costs	1,558	1,016	652
Tax recoverable	101,959	60,301	38,642
Property development costs	130,112	136,332	153,919
Derivative financial assets	41,631	69,210	110,748
Short term funds	190,224	195,579	578,489
Cash and cash equivalents	1,325,173	1,277,775	1,462,687
<b>Total current assets</b>	<b>5,832,664</b>	<b>5,991,413</b>	<b>6,749,413</b>
<b>Total assets</b>	<b>18,068,972</b>	<b>18,840,356</b>	<b>19,292,620</b>
<b>Equity</b>			
Share capital	1,208,377	1,196,962	1,184,764
Reserves	9,291,488	9,994,584	10,089,008
	10,499,865	11,191,546	11,273,772
Less: Cost of treasury shares	(13,447)	(13,447)	(13,447)
<b>Total equity attributable to equity holders of the Company</b>	<b>10,486,418</b>	<b>11,178,099</b>	<b>11,260,325</b>
Non-controlling interests	890,197	878,824	864,838
<b>Total equity</b>	<b>11,376,615</b>	<b>12,056,923</b>	<b>12,125,163</b>
<b>Liabilities</b>			
Deferred tax liabilities	403,122	397,676	360,737
Deferred income	112,402	119,004	117,365
Provision for retirement benefits	476,589	467,067	479,132
Borrowings	3,055,846	3,062,099	3,067,168
<b>Total non-current liabilities</b>	<b>4,047,959</b>	<b>4,045,846</b>	<b>4,024,402</b>
Trade and other payables	1,303,890	1,341,989	1,506,724
Contract liabilities	127,236	54,842	57,803
Deferred income	8,175	7,947	7,808
Borrowings	973,751	1,221,114	1,375,596
Tax payable	42,385	47,476	90,511
Derivative financial liabilities	29,216	64,219	104,613
Dividend payable	159,745	-	-
<b>Total current liabilities</b>	<b>2,644,398</b>	<b>2,737,587</b>	<b>3,143,055</b>
<b>Total liabilities</b>	<b>6,692,357</b>	<b>6,783,433</b>	<b>7,167,457</b>
<b>Total equity and liabilities</b>	<b>18,068,972</b>	<b>18,840,356</b>	<b>19,292,620</b>
Net assets per share attributable to equity holders of the Company (RM)	9.85	10.50	10.57

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 September 2018.



## KUALA LUMPUR KEPONG BERHAD

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### Condensed Consolidated Statement of Changes in Equity For the third quarter ended 30 June 2019

(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	Exchange fluctuation reserve	Fair value reserve	Retained earnings	Treasury shares			Total
	RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000	
At 1 October 2018 - as previously stated	1,196,962	1,029,997	78,725	117,100	1,291,055	7,724,550	(13,447)	11,424,942	885,905	12,310,847
Effect on adoption of MFRSs	-	4,924	(78,725)	(110,989)	(287)	(61,766)	-	(246,843)	(7,081)	(253,924)
At 1 October 2018 - restated	1,196,962	1,034,921	-	6,111	1,290,768	7,662,784	(13,447)	11,178,099	878,824	12,056,923
Net change in fair value of equity instruments	-	-	-	-	(640,789)	-	-	(640,789)	-	(640,789)
Realisation on fair value of equity instruments	-	-	-	-	5,025	(5,025)	-	-	-	-
Transfer from retained earnings to other reserve	-	1,927	-	-	-	(1,927)	-	-	-	-
Currency translation differences	-	199	-	51,184	-	-	-	51,383	11,897	63,280
Total other comprehensive income/(loss) for the period	-	2,126	-	51,184	(635,764)	(6,952)	-	(589,406)	11,897	(577,509)
Profit for the period	-	-	-	-	-	442,486	-	442,486	13,379	455,865
Total comprehensive income/(loss) for the period	-	2,126	-	51,184	(635,764)	435,534	-	(146,920)	25,276	(121,644)
Redemption of redeemable preference shares	11,415	-	-	-	-	(11,415)	-	-	-	-
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	(65,526)	-	(65,526)	20,692	(44,834)
Dividend paid	-	-	-	-	-	(319,490)	-	(319,490)	-	(319,490)
Dividend payable	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(34,595)	(34,595)
Total transactions with owners of the Company	11,415	-	-	-	-	(556,176)	-	(544,761)	(13,903)	(558,664)
At 30 June 2019	1,208,377	1,037,047	-	57,295	655,004	7,542,142	(13,447)	10,486,418	890,197	11,376,615



## KUALA LUMPUR KEPONG BERHAD

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### Condensed Consolidated Statement of Changes in Equity For the third quarter ended 30 June 2019

(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	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 2017 - as previously stated	1,184,764	1,028,225	78,725	558,268	1,216,661	7,515,279	(13,447)	11,568,475	871,567	12,440,042
Effect on adoption of MFRSs	-	4,924	(78,725)	(297,345)	(229)	63,225	-	(308,150)	(6,729)	(314,879)
At 1 October 2017 - restated	1,184,764	1,033,149	-	260,923	1,216,432	7,578,504	(13,447)	11,260,325	864,838	12,125,163
Net change in fair value of equity instruments	-	-	-	-	32,349	-	-	32,349	-	32,349
Transfer from retained earnings to other reserve	-	1,527	-	-	-	(1,527)	-	-	-	-
Currency translation differences	-	(634)	-	(294,303)	-	-	-	(294,937)	(16,641)	(311,578)
Total other comprehensive income/(loss) for the period	-	893	-	(294,303)	32,349	(1,527)	-	(262,588)	(16,641)	(279,229)
Profit for the period	-	-	-	-	-	481,378	-	481,378	48,135	529,513
Total comprehensive income/(loss) for the period	-	893	-	(294,303)	32,349	479,851	-	218,790	31,494	250,284
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	15,499	15,499
Redemption of redeemable preference shares	10,470	-	-	-	-	(10,470)	-	-	-	-
Dividend paid	-	-	-	-	-	(372,738)	-	(372,738)	-	(372,738)
Dividend payable	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(27,724)	(27,724)
Total transactions with owners of the Company	10,470	-	-	-	-	(542,953)	-	(532,483)	(12,225)	(544,708)
At 30 June 2018	1,195,234	1,034,042	-	(33,380)	1,248,781	7,515,402	(13,447)	10,946,632	884,107	11,830,739

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 September 2018.



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## Condensed Consolidated Statement of Cash Flows For the third quarter ended 30 June 2019

(The figures have not been audited.)

	9 months ended 30 June	
	2019	2018
	RM'000	RM'000
		Restated
<b>Cash Flows from Operating Activities</b>		
Profit before taxation	577,190	783,645
Adjustment for non-cash flow:-		
Non-cash items	510,162	695,354
Non-operating items	23,560	31,921
Operating profit before working capital changes	1,110,912	1,510,920
Working capital changes:-		
Net change in current assets	171,534	(162,217)
Net change in current liabilities	19,149	(148,307)
Cash generated from operations	1,301,595	1,200,396
Interest paid	(109,334)	(112,053)
Tax paid	(191,316)	(283,430)
Retirement benefits paid	(21,606)	(22,449)
Net cash generated from operating activities	979,339	782,464
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment	(187,838)	(258,775)
Payments of prepaid lease	(4,373)	(456)
Plantation development expenditure	(237,907)	(156,319)
Property development expenditure	(6,933)	(14,439)
Purchase of shares in a subsidiary, net of cash acquired	-	(172,082)
Purchase of shares from non-controlling interests	(46,320)	-
Purchase of equity instruments	(87,955)	(53,865)
Purchase of intangible assets	(2,250)	(819)
Proceeds from disposal of property, plant and equipment	4,648	3,525
Compensation from government on land acquired	49,801	25,546
Proceeds from disposal of shares in subsidiaries, net of cash disposed	1,373	-
Proceeds from disposal of equity instruments	82,700	7,591
Advance to joint ventures	-	(19,990)
Decrease/(Increase) in short term funds	5,910	(58,374)
Dividends received from associates	1,288	6,449
Dividends received from investments	29,029	21,950
Interest received	48,579	46,019
Net cash used in investing activities	(350,248)	(624,039)
<b>Cash Flows from Financing Activities</b>		
Term loans received	28,814	198,929
Repayment of term loans	(136,118)	(9,349)
Net repayment of short term borrowings	(176,888)	(128,486)
Dividends paid to shareholders of the Company	(319,490)	(372,738)
Dividends paid to non-controlling interests	(34,595)	(27,724)
Issuance of shares to non-controlling interests	-	15,499
Decrease in other receivable	1,724	6,835
Net cash used in financing activities	(636,553)	(317,034)
Net decrease in cash and cash equivalents	(7,462)	(158,609)
Cash and cash equivalents at 1 October	1,188,741	1,338,563
	1,181,279	1,179,954
Currency translation differences on opening balances	13,056	(68,923)
Cash and cash equivalents at 30 June	1,194,335	1,111,031
Cash and cash equivalents consist of:-		
Cash and bank balances	346,912	389,255
Deposits with licensed banks	811,162	633,191
Short term funds	167,099	149,736
Bank overdrafts	(130,838)	(61,151)
	1,194,335	1,111,031

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 September 2018.



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## **Notes to Interim Financial Report**

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

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

The Interim Financial Report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting*, issued by the Malaysian Accounting Standard Board and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2018.

#### **Transition to MFRS Framework**

The Group is a transitioning entity and its financial statements for the period up to and including the year ended 30 September 2018 were prepared in accordance with Financial Reporting Standards ("FRS") framework.

The Interim Financial Report of the Group for the third quarter ended 30 June 2019 is prepared in accordance with the MFRS framework, including MFRS 1 *First Time Adoption of MFRS*, MFRS 9 *Financial Instruments*, MFRS 15 *Revenue from Contracts with Customers*, MFRS 141 *Agriculture: Bearer Plants* and amendments to MFRS 116 *Property, Plant and Equipment*. The Group has consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 October 2017, being the transition date, and throughout all periods presented, as if these policies had always been in effect. Comparative information in this interim financial report have been restated to reflect the financial impact on transition from FRS framework to MFRS framework as disclosed below:-

#### **(a) MFRS 1 *First Time Adoption of MFRS***

As provided in MFRS 1, first time adopters of MFRS can elect optional exemptions from full retrospective application of MFRSs. The Group has elected the applicable exemptions as follows:-

##### **(i) Exemption for business combinations**

The Group has elected to apply MFRS 3 *Business Combinations* prospectively from the date FRS 3 *Business Combinations* was adopted on 1 October 2011. Business combinations that occurred prior to that date have not been restated. This election does not have any impact to the financial results of the Group.

##### **(ii) MFRS 15 *Revenue from Contracts with Customers***

The Group has elected the exemption in MFRS 1 which allows the Group not to restate any contracts that were completed before 1 October 2017. This election does not have any impact to the financial results of the Group.

#### **(b) Amendments to MFRS 116 *Property, Plant and Equipment* and MFRS 141 *Agriculture: Bearer Plants***

Prior to the adoption of the amendments to MFRS 116 and MFRS 141, all new planting expenditure incurred on land clearing, planting and upkeep of trees to maturity was capitalised as plantation development expenditure and was not amortised except for those short land leases held in Indonesia where the plantation development expenditure was amortised using the straight-line method over the estimated productive years. Replanting expenditure was recognised in profit or loss in the year in which the expenditure was incurred. Agriculture produce which forms part of the bearer plants was not separately identified and recognised.

With the adoption of the amendments to MFRS 116 and MFRS 141, new planting expenditure and replanting expenditure are recognised as bearer plants under property, plant and equipment and measured at cost less accumulated depreciation. The agricultural produce that grows on bearer plants is measured at fair value less costs to sell. The changes in fair value less costs to sell of the produce is recognised in profit or loss.





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## Notes to Interim Financial Report (Continued)

### (c) MFRS 9 *Financial Instruments*

Classification and measurement of financial assets, other than available-for-sale financial assets, and financial liabilities remain unchanged under MFRS 9.

Previously, the Group's quoted and unquoted investments in equity instruments were classified as available-for-sale ("AFS") financial assets. Unquoted investments were measured at cost and quoted equity instruments were measured at fair value with fair value gains or losses recognised in other comprehensive income ("OCI"). On derecognition, the cumulative gain or loss recognised in OCI was reclassified from equity into profit or loss. These AFS financial assets satisfy the conditions for classification as financial assets at fair value through OCI under MFRS 9 with all subsequent changes in fair value being recognised in OCI and not subsequently transferred to profit or loss on derecognition.

In respect of impairment of financial assets, MFRS 9 replaces the "incurred loss" model in MFRS 139 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortised cost and contract assets, but not to investments in equity instruments. Under this new model, the Group is required to record ECL on all its loans and trade receivables, either on a 12-month or lifetime basis. The Group applies the simplified approach and record lifetime ECL on all trade receivables.

### (d) MFRS 15 *Revenue from Contracts with Customers*

Prior to adoption of MFRS 15, the Group recognised revenue from contracts with customers when significant risks and rewards of ownership of goods and services had been transferred to the customers, recovery of the consideration was probable, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

Upon adoption of MFRS 15, the Group recognises revenue to depict the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services. Revenue is recognised when a customer obtains control of goods and services, i.e. when the customer has the ability to direct the use of and obtain benefits from the goods and services.

### (e) Effect on Transition to MFRS Framework

#### Reconciliation of Profit or Loss

	Individual Quarter - 3 months ended 30 June 2018					Restated under MFRSs RM'000
	Previously Stated under FRSs RM'000	Effects on Adoption of MFRS 1 RM'000	Effects on Adoption of MFRS 9 RM'000	Effects on Adoption of MFRS 15 RM'000	Effects on Adoption of MFRS 141 RM'000	
	Revenue	4,331,732	-	-	(518)	
Operating expenses	(4,077,716)	-	20,133	523	(236)	(4,057,296)
Other operating income	11,781	-	(23,055)	-	174	(11,100)
Finance costs	(44,819)	-	-	-	-	(44,819)
Share of results of associates	1,906	-	-	-	-	1,906
Share of results of joint ventures	(6,140)	-	-	-	-	(6,140)
Profit before taxation	216,744	-	(2,922)	5	(62)	213,765
Tax expense	(67,159)	(46)	-	(1)	147	(67,059)
Net profit for the period	149,585	(46)	(2,922)	4	85	146,706
Attributable to:						
Equity holders of the Company	141,928	(46)	(3,152)	4	1,138	139,872
Non-controlling interests	7,657	-	230	-	(1,053)	6,834
	149,585	(46)	(2,922)	4	85	146,706
Earnings per share - basic	Sen 13.3	Sen -	Sen (0.3)	Sen -	Sen 0.1	Sen 13.1



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

	Cumulative Quarter - 9 months ended 30 June 2018					Restated under MFRSs RM'000
	Previously Stated under FRSs RM'000	Effects on Adoption of MFRS 1 RM'000	Effects on Adoption of MFRS 9 RM'000	Effects on Adoption of MFRS 15 RM'000	Effects on Adoption of MFRS 141 RM'000	
	Revenue	14,209,524	-	-	(17,520)	
Operating expenses	(13,319,293)	-	(185,230)	17,227	12,673	(13,474,623)
Other operating income	192,230	-	(3,897)	1,566	11,636	201,535
Finance costs	(131,937)	-	-	-	-	(131,937)
Share of results of associates	6,534	-	-	-	-	6,534
Share of results of joint ventures	(9,868)	-	-	-	-	(9,868)
Profit before taxation	947,190	-	(189,127)	1,273	24,309	783,645
Tax expense	(246,666)	(137)	-	75	(7,404)	(254,132)
Net profit for the period	<u>700,524</u>	<u>(137)</u>	<u>(189,127)</u>	<u>1,348</u>	<u>16,905</u>	<u>529,513</u>
Attributable to:						
Equity holders of the Company	651,828	(137)	(189,425)	1,124	17,988	481,378
Non-controlling interests	48,696	-	298	224	(1,083)	48,135
	<u>700,524</u>	<u>(137)</u>	<u>(189,127)</u>	<u>1,348</u>	<u>16,905</u>	<u>529,513</u>
	Sen	Sen	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>61.2</u>	<u>-</u>	<u>(17.8)</u>	<u>0.1</u>	<u>1.7</u>	<u>45.2</u>

**Reconciliation of Financial Position and Equity**

	30 September 2018					Restated under MFRSs RM'000
	Previously Stated under FRSs RM'000	Effects on Adoption of MFRS 1 RM'000	Effects on Adoption of MFRS 9 RM'000	Effects on Adoption of MFRS 15 RM'000	Effects on Adoption of MFRS 141 RM'000	
<b>Assets</b>						
Property, plant and equipment	5,254,777	-	-	-	2,502,991	7,757,768
Biological assets	2,689,160	-	-	-	(2,689,160)	-
Equity instruments	2,384,374	-	(287)	-	-	2,384,087
Deferred tax assets	383,921	-	-	-	(7,925)	375,996
Other non-current assets	2,331,092	-	-	-	-	2,331,092
Total non-current assets	<u>13,043,324</u>	<u>-</u>	<u>(287)</u>	<u>-</u>	<u>(194,094)</u>	<u>12,848,943</u>
Biological assets	41,906	-	-	-	59,635	101,541
Trade and other receivables	2,069,090	-	(20,954)	(48,737)	-	1,999,399
Contract assets	-	-	-	52,010	-	52,010
Contract costs	-	-	-	1,016	-	1,016
Property development costs	140,621	-	-	(4,289)	-	136,332
Other current assets	3,701,115	-	-	-	-	3,701,115
Total current assets	<u>5,952,732</u>	<u>-</u>	<u>(20,954)</u>	<u>-</u>	<u>59,635</u>	<u>5,991,413</u>
<b>Total assets</b>	<u>18,996,056</u>	<u>-</u>	<u>(21,241)</u>	<u>-</u>	<u>(134,459)</u>	<u>18,840,356</u>
<b>Equity</b>						
Share capital	1,196,962	-	-	-	-	1,196,962
Reserves	10,241,427	73,120	(19,371)	-	(300,592)	9,994,584
	11,438,389	73,120	(19,371)	-	(300,592)	11,191,546
Less: Cost of treasury shares	(13,447)	-	-	-	-	(13,447)
Total equity attributable to equity holders of the Company	11,424,942	73,120	(19,371)	-	(300,592)	11,178,099
Non-controlling interests	885,905	-	(1,870)	-	(5,211)	878,824
<b>Total equity</b>	<u>12,310,847</u>	<u>73,120</u>	<u>(21,241)</u>	<u>-</u>	<u>(305,803)</u>	<u>12,056,923</u>
<b>Liabilities</b>						
Deferred tax liabilities	299,452	(73,120)	-	-	171,344	397,676
Other non-current liabilities	3,648,170	-	-	-	-	3,648,170
Total non-current liabilities	<u>3,947,622</u>	<u>(73,120)</u>	<u>-</u>	<u>-</u>	<u>171,344</u>	<u>4,045,846</u>
Trade and other payables	1,396,831	-	-	(54,842)	-	1,341,989
Contract liabilities	-	-	-	54,842	-	54,842
Other current liabilities	1,340,756	-	-	-	-	1,340,756
Total current liabilities	<u>2,737,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,737,587</u>
<b>Total liabilities</b>	<u>6,685,209</u>	<u>(73,120)</u>	<u>-</u>	<u>-</u>	<u>171,344</u>	<u>6,783,433</u>
<b>Total equity and liabilities</b>	<u>18,996,056</u>	<u>-</u>	<u>(21,241)</u>	<u>-</u>	<u>(134,459)</u>	<u>18,840,356</u>
<b>Net assets per share attributable to equity holders of the Company</b>	<u>10.73</u>	<u>0.07</u>	<u>(0.02)</u>	<u>-</u>	<u>(0.28)</u>	<u>10.50</u>



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	1 October 2017					Restated under MFRSs RM'000
	Previously Stated under FRSs RM'000	Effects on Adoption of MFRS 1 RM'000	Effects on Adoption of MFRS 9 RM'000	Effects on Adoption of MFRS 15 RM'000	Effects on Adoption of MFRS 141 RM'000	
<b>Assets</b>						
Property, plant and equipment	5,220,852	-	-	-	2,365,190	7,586,042
Biological assets	2,624,038	-	-	-	(2,624,038)	-
Equity instruments	2,270,239	-	(229)	-	-	2,270,010
Deferred tax assets	439,794	-	-	(80)	(7,364)	432,350
Other non-current assets	2,254,805	-	-	-	-	2,254,805
<b>Total non-current assets</b>	<b>12,809,728</b>	<b>-</b>	<b>(229)</b>	<b>(80)</b>	<b>(266,212)</b>	<b>12,543,207</b>
Inventories	1,796,929	-	-	(17,558)	-	1,779,371
Biological assets	37,806	-	-	-	79,041	116,847
Trade and other receivables	2,514,389	-	(24,466)	17,851	-	2,507,774
Contract assets	-	-	-	284	-	284
Contract costs	-	-	-	652	-	652
Property development costs	154,696	-	-	(777)	-	153,919
Other current assets	2,190,566	-	-	-	-	2,190,566
<b>Total current assets</b>	<b>6,694,386</b>	<b>-</b>	<b>(24,466)</b>	<b>452</b>	<b>79,041</b>	<b>6,749,413</b>
<b>Total assets</b>	<b>19,504,114</b>	<b>-</b>	<b>(24,695)</b>	<b>372</b>	<b>(187,171)</b>	<b>19,292,620</b>
<b>Equity</b>						
Share capital	1,184,764	-	-	-	-	1,184,764
Reserves	10,397,158	73,303	(22,470)	(1,109)	(357,874)	10,089,008
	11,581,922	73,303	(22,470)	(1,109)	(357,874)	11,273,772
Less: Cost of treasury shares	(13,447)	-	-	-	-	(13,447)
<b>Total equity attributable to equity holders of the Company</b>	<b>11,568,475</b>	<b>73,303</b>	<b>(22,470)</b>	<b>(1,109)</b>	<b>(357,874)</b>	<b>11,260,325</b>
Non-controlling interests	871,567	-	(2,225)	(223)	(4,281)	864,838
<b>Total equity</b>	<b>12,440,042</b>	<b>73,303</b>	<b>(24,695)</b>	<b>(1,332)</b>	<b>(362,155)</b>	<b>12,125,163</b>
<b>Liabilities</b>						
Deferred tax liabilities	259,056	(73,303)	-	-	174,984	360,737
Other non-current liabilities	3,663,665	-	-	-	-	3,663,665
<b>Total non-current liabilities</b>	<b>3,922,721</b>	<b>(73,303)</b>	<b>-</b>	<b>-</b>	<b>174,984</b>	<b>4,024,402</b>
Trade and other payables	1,562,823	-	-	(56,099)	-	1,506,724
Contract liabilities	-	-	-	57,803	-	57,803
Other current liabilities	1,578,528	-	-	-	-	1,578,528
<b>Total current liabilities</b>	<b>3,141,351</b>	<b>-</b>	<b>-</b>	<b>1,704</b>	<b>-</b>	<b>3,143,055</b>
<b>Total liabilities</b>	<b>7,064,072</b>	<b>(73,303)</b>	<b>-</b>	<b>1,704</b>	<b>174,984</b>	<b>7,167,457</b>
<b>Total equity and liabilities</b>	<b>19,504,114</b>	<b>-</b>	<b>(24,695)</b>	<b>372</b>	<b>(187,171)</b>	<b>19,292,620</b>
<b>Net assets per share attributable to equity holders of the Company</b>	<b>10.86</b>	<b>0.07</b>	<b>(0.02)</b>	<b>-</b>	<b>(0.34)</b>	<b>10.57</b>



**Notes to Interim Financial Report**  
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**Reconciliation of Cash Flows**

	9 months ended 30 June 2018					Restated under MFRSS RM'000
	Previously Stated under FRSs RM'000	Effects on Adoption of MFRS 1 RM'000	Effects on Adoption of MFRS 9 RM'000	Effects on Adoption of MFRS 15 RM'000	Effects on Adoption of MFRS 141 RM'000	
Profit before tax	947,190	-	(189,127)	1,273	24,309	783,645
Adjustments for non-cash flow:-						
Non-cash items	439,525	-	189,127	12	66,690	695,354
Non-operating items	31,921	-	-	-	-	31,921
Operating profit before working capital changes	1,418,636	-	-	1,285	90,999	1,510,920
Working capital changes:						
Net change in current assets	(153,216)	-	-	(9,001)	-	(162,217)
Net change in current liabilities	(156,023)	-	-	7,716	-	(148,307)
Cash generated from operations	1,109,397	-	-	-	90,999	1,200,396
Interest paid	(112,053)	-	-	-	-	(112,053)
Income tax paid	(283,430)	-	-	-	-	(283,430)
Retirement benefits paid	(22,449)	-	-	-	-	(22,449)
Net cash generated from operating activities	691,465	-	-	-	90,999	782,464
Net cash used in investing activities	(533,040)	-	-	-	(90,999)	(624,039)
Net cash used in financing activities	(317,034)	-	-	-	-	(317,034)
Net decrease in cash and cash equivalents	(158,609)	-	-	-	-	(158,609)
Opening cash and cash equivalents	1,338,563	-	-	-	-	1,338,563
Exchange difference	(68,923)	-	-	-	-	(68,923)
Closing cash and cash equivalents	1,111,031	-	-	-	-	1,111,031

**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**

	9 months ended 30 June	
	2019 RM'000	2018 RM'000
Dividend proposed in Year 2018, paid in Year 2019:-		
Final single tier dividend 30 sen (2018: 35 sen) per share	319,490	372,738

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2018: 1,064,965,692).



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### 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

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months ended</b>						
<b>30 June 2019</b>						
Revenue						
External revenue	4,663,110	6,714,465	121,070	232,839	-	11,731,484
Inter-segment revenue	676,140	-	-	207,926	(884,066)	-
Total revenue	<u>5,339,250</u>	<u>6,714,465</u>	<u>121,070</u>	<u>440,765</u>	<u>(884,066)</u>	<u>11,731,484</u>
Results						
Operating results	274,846	328,509	26,535	72,172	-	702,062
Interest income	3,448	4,237	530	75,237	(32,575)	50,877
Finance costs	(13,146)	(42,639)	-	(95,827)	32,575	(119,037)
Share of results of associates	1,466	256	2,190	-	-	3,912
Share of results of joint ventures	1,581	-	-	(1,299)	-	282
Segment results	<u>268,195</u>	<u>290,363</u>	<u>29,255</u>	<u>50,283</u>	<u>-</u>	<u>638,096</u>
Corporate expense						<u>(60,906)</u>
Profit before taxation						<u>577,190</u>
<b>9 months ended</b>						
<b>30 June 2018 - Restated</b>						
Revenue						
External revenue	6,195,467	7,692,532	106,144	197,861	-	14,192,004
Inter-segment revenue	628,859	-	-	113,440	(742,299)	-
Total revenue	<u>6,824,326</u>	<u>7,692,532</u>	<u>106,144</u>	<u>311,301</u>	<u>(742,299)</u>	<u>14,192,004</u>
Results						
Operating results	672,659	381,131	14,492	43,314	-	1,111,596
Interest income	808	4,882	488	82,825	(26,154)	62,849
Finance costs	(13,313)	(48,963)	-	(95,815)	26,154	(131,937)
Share of results of associates	4,525	400	1,609	-	-	6,534
Share of results of joint ventures	(8,608)	-	-	(1,260)	-	(9,868)
Segment results	<u>656,071</u>	<u>337,450</u>	<u>16,589</u>	<u>29,064</u>	<u>-</u>	<u>1,039,174</u>
Corporate expense						<u>(255,529)</u>
Profit before taxation						<u>783,645</u>



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### (b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 June 2019</b>					
Operating assets	6,405,973	6,272,794	1,519,103	3,022,578	17,220,448
Associates	82,052	8,044	75,859	-	165,955
Joint ventures	156,348	-	-	5,145	161,493
Segment assets	<u>6,644,373</u>	<u>6,280,838</u>	<u>1,594,962</u>	<u>3,027,723</u>	<u>17,547,896</u>
Tax assets					521,076
Total assets					<u><u>18,068,972</u></u>
<b>As at 30 September 2018 - Restated</b>					
Operating assets	6,241,555	6,503,993	1,478,288	3,866,146	18,089,982
Associates	72,268	7,726	73,669	-	153,663
Joint ventures	153,964	-	-	6,450	160,414
Segment assets	<u>6,467,787</u>	<u>6,511,719</u>	<u>1,551,957</u>	<u>3,872,596</u>	<u>18,404,059</u>
Tax assets					436,297
Total assets					<u><u>18,840,356</u></u>

### (c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 June 2019</b>					
Segment liabilities	<u>1,216,545</u>	<u>2,103,045</u>	<u>120,256</u>	<u>2,647,259</u>	6,087,105
Tax liabilities and dividend payable					605,252
Total liabilities					<u><u>6,692,357</u></u>
<b>As at 30 September 2018 - Restated</b>					
Segment liabilities	<u>1,261,845</u>	<u>2,319,213</u>	<u>107,623</u>	<u>2,649,600</u>	6,338,281
Tax liabilities					445,152
Total liabilities					<u><u>6,783,433</u></u>

### A8. Event Subsequent to Reporting Date

On 30 July 2019, the Group, through its wholly-owned subsidiary, KL-Kepong International Ltd ("KLKI"), subscribed for all its rights shares entitlements of 16,719,849 new ordinary shares in Synthomer PLC ("Synthomer"), being 19.68% of the new ordinary shares issued under the rights issue, at an issue price of 240 pence per share. The cost for the Group's subscription of shares amounted to GBP40.13 million which was financed by existing cash reserves and bank borrowings.

In addition to the subscription of rights issue, KLKI has also subscribed 1,125,000 new shares for which valid acceptances from the rights issue were not received by Synthomer ("Placing").

Following the completion of the rights issue and subscription in the Placing together with 700,000 shares acquired from the open market, the Group's shareholdings in Synthomer has increased to 20.11% and Synthomer is now an associate of the Group.

The above transactions do not have any effect on the share capital and substantial shareholders' shareholding structure of the Group. It is not expected to have any material effect on the earnings per share, net assets per share and gearing of the Group for the current financial year ending 30 September 2019.

### 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.



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

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

### A11. Capital Commitments

	30 June 2019	30 September 2018
	RM'000	RM'000
<b>Capital expenditure</b>		
Approved and contracted	109,945	124,864
Approved but not contracted	449,668	822,627
	<u>559,613</u>	<u>947,491</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.

	9 months ended 30 June	
	2019	2018
	RM'000	RM'000
(i) Transactions with associates and joint ventures		
Sale of goods	163,430	240,960
Purchase of goods	767,019	971,878
Service charges paid	2,053	1,722
Research and development services paid	<u>9,916</u>	<u>11,084</u>
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
<b>Sale of goods</b>		
PT Satu Sembilan Delapan	11,284	9,256
Siam Taiko Marketing Co Ltd	1,771	2,405
Taiko Marketing Sdn Bhd	5,121	5,828
Taiko Marketing (Singapore) Pte Ltd	<u>2,505</u>	<u>1,098</u>
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	<u>3,092</u>	<u>2,987</u>
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	3,262	3,645
Bukit Katho Estate Sdn Bhd	2,729	3,547
Kampar Rubber & Tin Co Sdn Bhd	3,926	5,158
Kekal Deras Sdn Bhd	1,110	1,295
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	1,886	553
Malay Rubber Plantations (M) Sdn Bhd	4,157	5,348
PT Agro Makmur Abadi	38,122	65,951
PT Bumi Karyatama Raharja	1,837	-
PT Safari Riau	13,505	26,193
PT Satu Sembilan Delapan	25,260	7,655
Taiko Acid Works Sdn Bhd	2,052	2,323
Taiko Clay Marketing Sdn Bhd	1,946	1,700
Taiko Drum Industries Sdn Bhd	2,459	2,305
Taiko Marketing Sdn Bhd	<u>23,247</u>	<u>41,254</u>
<b>Rental of office paid</b>		
Batu Kawan Holdings Sdn Bhd	<u>3,465</u>	<u>3,356</u>
<b>Aircraft operating expenses and management services paid</b>		
Smooth Route Sdn Bhd	<u>1,748</u>	<u>1,423</u>
<b>Supply of contract labour and engineering works</b>		
K7 Engineering Sdn Bhd	<u>1,566</u>	<u>918</u>
<b>IT Services</b>		
E-Komoditi Sdn Bhd	<u>1,824</u>	<u>-</u>



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	9 months ended 30 June	
	2019 RM'000	2018 RM'000
(iii) Transactions between subsidiaries and non-controlling interests		
<b>Sale of goods</b>		
Mitsubishi Corporation	31,504	38,541
Mitsui & Co Ltd	202,086	265,410
Tejana Trading & Management Services Sdn Bhd	-	3,047
<b>Purchases of goods</b>		
Mitsubishi Gas Chemical Singapore Pte Ltd	12,462	11,970
PT Letawa	-	2,661
PT Tanjung Bina Lestari	18,379	27,746
PT Tanjung Sarana Lestari	961,615	988,654
Tejana Trading & Management Services Sdn Bhd	-	1,361

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

#### B1. Analysis of Performance

##### *3<sup>rd</sup> Quarter FY2019 vs 3<sup>rd</sup> Quarter FY2018*

	Quarter Ended		+ / (-) %
	30/6/2019 RM'000	30/6/2018 RM'000	
Revenue	3,704,403	4,331,214	(14.5)
Segment results:			
Plantation	39,804	124,044	(67.9)
Manufacturing	99,017	85,227	16.2
Property development	11,014	8,259	33.4
Investment holding/Others	18,040	16,269	10.9
	167,875	233,799	(28.2)
Corporate loss	(123,122)	(20,034)	514.6
Profit before taxation	44,753	213,765	(79.1)

The Group's 3<sup>rd</sup> quarter pre-tax profit fell sharply by 79.1% to RM44.8 million (3QFY2018: profit RM213.8 million) and revenue was 14.5% lower at RM3.704 billion (3QFY2018: RM4.331 billion).

Comments on the business sectors are as follows:-

#### Plantation

Plantation profit dropped substantially by 67.9% to RM39.8 million (3QFY2018: profit RM124.0 million). Despite 3.5% improvement in FFB production to 958,108 mt and positive contributions from processing and trading operations, the decline in CPO and PK selling prices realised, as shown below, had impacted the results of the quarter under review:-

	3QFY2019	3QFY2018	% Change
Crude Palm Oil (RM/mt ex-mill)	1,973	2,302	(14.3)
Palm Kernel (RM/mt ex-mill)	1,085	1,695	(36.0)





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### Manufacturing

Manufacturing segment posted a 16.2% improvement in the current quarter's profit to RM99.0 million (3QFY2018: profit RM85.2 million) despite reduced contributions from Europe operations and lower revenue of RM2.221 billion (3QFY2018: RM2.499 billion) due to lower selling prices. The higher profit was attributed to better margins and increased sales volume in oleochemical division. The unrealised loss arising from fair value changes on outstanding derivative contracts had also reduced to RM15.5 million (3QFY2018: unrealised loss RM50.8 million).

The oleochemical division's profit was higher at RM96.3 million (3QFY2018: profit RM86.7 million) and the other manufacturing units contributed a profit of RM2.7 million (3QFY2018: loss RM1.5 million).

### Property Development

Property segment's profit climbed 33.4% to RM11.0 million (3QFY2018: profit RM8.3 million) although revenue was lower at RM46.5 million (3QFY2018: RM50.6 million).

### Corporate

This segment's loss of RM123.1 million (3QFY2018: loss RM20.0 million) had included the following items:-

- Foreign currency exchange gain of RM28.2 million (3QFY2018: loss RM5.6 million) arising from the translation of inter-company loans denominated in foreign currencies.
- Provision of RM145.3 million for impairment of an estate located in Sinoe County, Liberia. From recent High Carbon Stock and High Conservation Value assessments, it was determined that there is limited plantable area in this estate, thus making it no longer feasible to continue operations. Hence, the Group has ceased operations in this estate.

### **Todate 3<sup>rd</sup> Quarter FY2019 vs Totate 3<sup>rd</sup> Quarter FY2018**

	Todate Ended		+ / (-) %
	30/6/2019 RM'000	30/6/2018 RM'000 Restated	
Revenue	<u>11,731,484</u>	<u>14,192,004</u>	(17.3)
Segment results:			
Plantation	268,195	656,071	(59.1)
Manufacturing	290,363	337,450	(14.0)
Property development	29,255	16,589	76.4
Investment holding/Others	<u>50,283</u>	<u>29,064</u>	73.0
	638,096	1,039,174	(38.6)
Corporate loss	<u>(60,906)</u>	<u>(255,529)</u>	(76.2)
Profit before taxation	<u>577,190</u>	<u>783,645</u>	(26.3)

The Group's profit before taxation for the period under review declined 26.3% to RM577.2 million (Todate 3QFY2018: profit RM783.6 million) on the back of 17.3% decrease in revenue to RM11.731 billion (Todate 3QFY2018: RM14.192 billion).

Comments on the business sectors are as follows:-

### Plantation

Plantation profit fell sharply by 59.1% at RM268.2 million (Todate 3QFY2018: profit RM656.1 million) as a result of drop in selling prices of CPO and PK realised as follows:-

	Todate 3QFY2019	Todate 3QFY2018	% Change
Crude Palm Oil (RM/mt ex-mill)	1,925	2,428	(20.7)
Palm Kernel (RM/mt ex-mill)	1,263	2,094	(39.7)



**Notes to Interim Financial Report**

(Continued)

However, the decrease in profit was mitigated by positive contributions from processing and trading operations and 4.9% improvement in FFB production to 3,051,477 mt.

Manufacturing

Manufacturing segment's profit was 14.0% lower at RM290.4 million (Todate 3QFY2018: profit RM337.5 million) with 12.7% decrease in revenue to RM6.714 billion (Todate 3QFY2018: RM7.693 billion) as a result of drop in selling prices. Malaysia and China operations achieved higher profits through better margins and improvement in sales volume. However, the decline in contributions from Europe operations owing to thin margins had more than offset the increase in profit achieved by Malaysia and China operations.

The oleochemical division's profit had reduced to RM281.8 million (Todate 3QFY2018: profit RM339.4 million) whilst the other manufacturings units achieved a profit of RM8.6 million (Todate 3QFY2018: loss RM1.9 million).

Property Development

Property segment's profit rose 76.4% to RM29.3 million (Todate 3QFY2018: profit RM16.6 million) on the back of an increase in revenue to RM121.1 million (Todate 3QFY2018: RM106.1 million).

Investment Holding/Others

Farming sector recorded a significant rise in profit to RM35.8 million (Todate 3QFY2018: profit RM11.0 million) due to higher crop production as a result of better yields and larger cropped area.

Corporate

The loss of RM60.9 million (Todate 3QFY2018: loss RM255.5 million) from this segment had accounted for the following:-

- Foreign currency exchange gain from translation of inter-company loans denominated in foreign currencies amounting to RM63.2 million (Todate 3QFY2018: loss RM246.4 million).
- Surplus of RM48.7 million (Todate 3QFY2018: surplus RM24.2 million) from government acquisition of plantation land.
- Impairment of RM145.3 million on an estate in Liberia.

**B2. Variation of Results to Immediate Preceding Quarter**

**3<sup>rd</sup> Quarter FY2019 vs 2<sup>nd</sup> Quarter FY2019**

	Current Quarter Ended 30/6/2019 RM'000	Immediate Preceding Quarter Ended 31/3/2019 RM'000	+ / (-) %
Revenue	3,704,403	3,941,919	(6.0)
Segment results:			
Plantation	39,804	100,904	(60.6)
Manufacturing	99,017	93,342	6.1
Property development	11,014	7,111	54.9
Investment holding/Others	18,040	(16,567)	-
	167,875	184,790	(9.2)
Corporate (loss)/income	(123,122)	11,266	-
Profit before taxation	44,753	196,056	(77.2)

For the 3<sup>rd</sup> quarter, the profit before taxation of the Group declined sharply by 77.2% to RM44.8 million (2QFY2019: profit RM196.1 million) with revenue 6.0% lower at RM3.704 billion (2QFY2019: RM3.942 billion).



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Plantation

Plantation profit had fallen significantly by 60.6% to RM39.8 million (2QFY2019: profit RM100.9 million) which was largely caused by:-

- Drop in CPO and PK sales volume.
- Decrease in ex-mill selling price of PK by RM216/mt to RM1,085/mt.
- Lower FFB production by 3.0% at 958,108 mt.
- Increase in cost of CPO production.

Positive contributions from processing and trading operations had mitigated the decline in profit.

Manufacturing

Manufacturing profit improved 6.1% to RM99.0 million (2QFY2019: profit RM93.3 million) whilst revenue was slightly lower at RM2.221 billion (2QFY2019: RM2.285 billion). Contributions from Malaysia and China operations had increased due to better margins as a result of lower raw material cost. However, Europe operations' profit had reduced which was affected by reduced sales volume and narrower margins.

The oleochemical division's profit was higher at RM96.3 million (2QFY2019: profit RM90.9 million) and the other manufacturing units posted an increase in profit to RM2.7 million (2QFY2019: profit RM2.4 million).

Property Development

Property segment reported a 54.9% improvement in profit to RM11.0 million (2QFY2019: profit RM7.1 million) supported by higher revenue of RM46.5 million (2QFY2019: RM34.8 million).

Investment Holding/Others

This segment had recognised dividend income of RM39.8 million from overseas investments, Synthomer plc and M.P. Evans Group.

Corporate

The following items were accounted for in this segment:-

- Foreign currency exchange gain of RM28.2 million (2QFY2019: loss RM3.0 million) from the translation of inter-company loans denominated in foreign currencies.
- Impairment of an estate in Liberia amounting to RM145.3 million.

**B3. Current Year Prospects**

Prevailing CPO and PK prices remained significantly lower than those of the preceding year. In view of this, plantation profit for the current financial year will be lower.

Oleochemical division's profit for this financial year is expected to be satisfactory due to better margins from lower raw material prices.

Overall, the Group anticipates a reduced profit for financial year 2019.

**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		9 months ended	
	30 June		30 June	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Current tax expense				
Malaysian taxation	30,097	30,732	77,656	113,225
Overseas taxation	15,734	33,131	78,443	123,821
	45,831	63,863	156,099	237,046
Deferred tax				
Origination and reversal of temporary differences	(19,667)	(6,227)	(21,990)	567
Relating to changes in tax rate	3	-	(968)	-
Under provision in respect of previous years	3,272	3,184	6	9,251
	(16,392)	(3,043)	(22,952)	9,818
	29,439	60,820	133,147	246,864
(Over)/Under provision in respect of previous years				
Malaysian taxation	(16,639)	(1,265)	(16,877)	(1,482)
Overseas taxation	1,158	7,504	5,055	8,750
	(15,481)	6,239	(11,822)	7,268
Total	13,958	67,059	121,325	254,132
Profit before taxation	44,753	213,765	577,190	783,645
Tax at Malaysian income tax rate of 24% (FY2018: 24%)	10,741	51,304	138,526	188,075
Effect of different tax rates in foreign jurisdictions	(4,725)	(25)	(15,391)	(2,159)
Withholding tax on foreign dividend and interest income	5,888	9,137	19,116	15,631
Expenses not deductible for tax purposes	47,947	11,161	86,528	99,208
Tax exempt and non-taxable income	(32,754)	(16,029)	(81,468)	(48,933)
Tax incentives	(203)	(946)	(2,426)	(2,705)
Deferred tax liabilities not recognised during the period	453	(151)	1,713	398
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,661)	(1,767)	(16,354)	(10,532)
Tax effect on associates' and joint ventures' results	(110)	1,016	(1,007)	800
Recognition of deferred tax assets not taken up previously	-	3,320	-	(6,240)
(Over)/Under provision of tax expense in respect of previous years	(15,481)	6,239	(11,822)	7,268
Under provision of deferred tax in respect of previous years	3,272	3,184	6	9,251
Effect of changes in tax rates on deferred tax	3	-	(968)	-
Others	588	616	4,872	4,070
Tax expense	13,958	67,059	121,325	254,132



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

**B6. Status of Corporate Proposals Announced**

There were no corporate proposals announced.

**B7. Group Borrowings**

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

	As at 3rd quarter ended 30 June 2019						
	Long Term			Short Term		Total Borrowings	
	Foreign	RM	Foreign	RM	Foreign	RM	
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination	
	'000	RM'000	'000	RM'000	'000	RM'000	
<b>Secured</b>							
Term loans	Euro 7,300	34,324	Euro 308	1,448	Euro 7,608	35,772	
<b>Unsecured</b>							
Bank overdrafts	-	-	Euro 27,824	130,838	Euro 27,824	130,838	
Revolving credit	-	-	Euro 30,000	141,069	Euro 30,000	141,069	
	-	-	Rp 72,790,504	21,306	Rp 72,790,504	21,306	
	-	-	Rmb 78,000	46,979	Rmb 78,000	46,979	
	-	-	GBP 6,500	34,126	GBP 6,500	34,126	
Trade financing	-	-	USD 40,760	168,543	USD 40,760	168,543	
	-	-	-	53,790	-	53,790	
Term loans	USD 45,000	186,258	-	-	USD 45,000	186,258	
	Euro 50,000	235,264	Euro 15,500	72,937	Euro 65,500	308,201	
Export credit refinancing	-	-	-	20,215	-	20,215	
Bankers' acceptance	-	-	-	282,500	-	282,500	
Islamic medium term notes	-	2,600,000	-	-	-	2,600,000	
<b>Total</b>		<b>3,055,846</b>		<b>973,751</b>		<b>4,029,597</b>	

	As at 3rd quarter ended 30 June 2018						
	Long Term			Short Term		Total Borrowings	
	Foreign	RM	Foreign	RM	Foreign	RM	
	Denomination	Denomination	Denomination	Denomination	Denomination	Denomination	
	'000	RM'000	'000	RM'000	'000	RM'000	
<b>Secured</b>							
Term loans	Euro 7,607	35,753	Euro 2,498	11,741	Euro 10,105	47,494	
<b>Unsecured</b>							
Bank overdrafts	-	-	Euro 13,012	61,151	Euro 13,012	61,151	
Revolving credit	-	-	USD 7,974	32,224	USD 7,974	32,224	
	-	-	Euro 33,000	155,090	Euro 33,000	155,090	
Trade financing	-	-	USD 49,404	199,642	USD 49,404	199,642	
Term loans	USD 37,500	152,214	USD 12,500	50,738	USD 50,000	202,952	
	Euro 75,000	352,594	Euro 14,000	65,830	Euro 89,000	418,424	
Export credit refinancing	-	-	-	206,998	-	206,998	
Bankers' acceptance	-	-	-	461,355	-	461,355	
Islamic medium term notes	-	2,600,000	-	-	-	2,600,000	
<b>Total</b>		<b>3,140,561</b>		<b>1,244,769</b>		<b>4,385,330</b>	

	As at 30 June	
Exchange Rates Applied	2019	2018
USD / RM	4.1350	4.0410
Euro / RM	4.7023	4.6997
Rp1,000 / RM	0.2927	-
Rmb / RM	0.6023	-
GBP / RM	5.2502	-

**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 June 2019, the values and maturity analysis of the outstanding derivatives are as follows:-

<u>Derivatives</u>	Contract/Notional	
	Value	Fair value
	Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(742,147)	115
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(41,741)	12,300
- 1 year to 3 years	-	-
- More than 3 years	-	-

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 June 2019, 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) An interim single tier dividend of 15 sen (2018: 15 sen) per share has been authorised by the Directors in respect of the financial year ending 30 September 2019 and was paid to the shareholders on 6 August 2019.
- (b) The total dividend for the current financial year to-date is single tier dividend of 15 sen (2018: 15 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.

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2019	2018	2019	2018
		Restated		Restated
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	48,615	139,872	442,486	481,378
(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)	4.6	13.1	41.5	45.2



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## Notes to Interim Financial Report (Continued)

### B13. Audit Report

The audit report for the financial year ended 30 September 2018 was not subject to any qualifications.

### B14. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
		Restated		Restated
Interest income	(15,734)	(19,950)	(50,877)	(62,849)
Other income including dividend income	(61,274)	(44,361)	(104,486)	(78,703)
Interest expense	33,941	44,819	119,037	131,937
Depreciation and amortisation	142,230	133,575	417,971	399,876
Provision for and write-off/(Reversal of write-off) of receivables	1,708	(3,087)	5,158	(1,425)
Provision for and write-off of inventories	5,619	5,946	29,962	24,051
Surplus on disposal of quoted or unquoted investments	-	-	-	-
Surplus on disposal of land	(743)	(745)	(1,927)	(1,527)
Surplus on government acquisition of land	(610)	(187)	(48,700)	(24,176)
Impairment of assets	145,970	-	145,970	-
Foreign exchange (gain)/loss	(38,440)	(24,874)	(73,913)	196,965
Loss/(Gain) on derivatives	21,681	44,640	594	(24,671)
Exceptional items	-	-	-	-

By Order of the Board  
YAP MIOU KIEN  
Company Secretary

20 August 2019