



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

**Interim Financial Report
For the second quarter ended 31 March 2016**



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

The Directors are pleased to announce the unaudited financial results of the Group for the second quarter ended 31 March 2016.

Condensed Consolidated Statement of Profit or Loss For the second quarter ended 31 March 2016

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Revenue	3,702,559	3,065,093	8,040,360	6,179,586
Operating expenses	(3,529,871)	(2,830,607)	(7,600,408)	(5,648,087)
Other operating income	107,446	90,568	786,951	109,905
Finance costs	(38,700)	(23,383)	(75,157)	(47,681)
Share of results of associates	2,048	(2,510)	(3,535)	(223)
Share of results of a joint venture	(601)	(2,651)	5,763	(2,651)
Profit before taxation	242,881	296,510	1,153,974	590,849
Tax expense	(55,512)	(69,364)	(136,349)	(136,347)
Net profit for the period	<u>187,369</u>	<u>227,146</u>	<u>1,017,625</u>	<u>454,502</u>
Attributable to:-				
Equity holders of the Company	168,532	222,539	963,742	436,740
Non-controlling interests	<u>18,837</u>	<u>4,607</u>	<u>53,883</u>	<u>17,762</u>
	<u>187,369</u>	<u>227,146</u>	<u>1,017,625</u>	<u>454,502</u>
	Sen	Sen	Sen	Sen
Earnings per share - basic	<u>15.8</u>	<u>20.9</u>	<u>90.5</u>	<u>41.0</u>
Earnings per share - diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not applicable

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

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Other Comprehensive Income
For the second quarter ended 31 March 2016**

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 March		6 months ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net profit for the period	<u>187,369</u>	<u>227,146</u>	<u>1,017,625</u>	<u>454,502</u>
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Currency translation differences	(375,557)	69,505	(401,647)	275,835
Net change in fair value of available-for-sale investments	50,281	255,966	(107,495)	349,215
Realisation on fair value of available-for-sale investments	(348)	(762)	(1,726)	(1,466)
Currency translation differences on deemed disposal of a subsidiary	-	4,319	-	4,319
Total other comprehensive (loss)/income for the period	<u>(325,624)</u>	<u>329,028</u>	<u>(510,868)</u>	<u>627,903</u>
Total comprehensive (loss)/income for the period	<u>(138,255)</u>	<u>556,174</u>	<u>506,757</u>	<u>1,082,405</u>
Attributable to:-				
Equity holders of the Company	(146,486)	547,436	464,817	1,052,417
Non-controlling interests	8,231	8,738	41,940	29,988
	<u>(138,255)</u>	<u>556,174</u>	<u>506,757</u>	<u>1,082,405</u>

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

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position**As at 31 March 2016**

(The figures have not been audited.)

	31 March 2016	30 September 2015
	RM'000	RM'000
Assets		
Property, plant and equipment	4,843,327	4,817,725
Prepaid lease payments	295,613	285,555
Biological assets	2,393,248	2,392,287
Land held for property development	1,121,481	226,353
Goodwill on consolidation	312,763	330,137
Intangible assets	12,011	15,297
Investment in associates	146,634	154,493
Investment in a joint venture	154,789	144,658
Available-for-sale investments	1,640,634	1,781,642
Other receivable	183,646	171,690
Deferred tax assets	138,343	147,513
Total non-current assets	11,242,489	10,467,350
Inventories	1,767,222	1,613,810
Biological assets	4,983	32,599
Trade and other receivables	2,142,191	2,651,148
Tax recoverable	51,517	35,879
Property development costs	88,968	59,964
Derivative financial assets	300,374	315,707
Short term funds	43,457	-
Cash and cash equivalents	1,529,286	2,083,158
Total current assets	5,927,998	6,792,265
Total assets	17,170,487	17,259,615
Equity		
Share capital	1,067,505	1,067,505
Reserves	8,757,676	8,612,349
	9,825,181	9,679,854
Less: Cost of treasury shares	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	9,811,734	9,666,407
Non-controlling interests	808,153	461,703
Total equity	10,619,887	10,128,110
Liabilities		
Deferred tax liabilities	266,106	257,954
Deferred income	120,479	113,154
Provision for retirement benefits	388,768	356,563
Borrowings	2,318,768	2,681,221
Total non-current liabilities	3,094,121	3,408,892
Trade and other payables	1,140,742	1,417,861
Deferred income	7,160	6,728
Borrowings	2,021,377	1,912,840
Tax payable	44,512	28,705
Derivative financial liabilities	242,688	356,479
Total current liabilities	3,456,479	3,722,613
Total liabilities	6,550,600	7,131,505
Total equity and liabilities	17,170,487	17,259,615
Net assets per share attributable to equity holders of the Company (RM)	9.21	9.08

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



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity For the second quarter ended 31 March 2016

(The figures have not been audited.)

	← Attributable to the equity holders of the Company →								Non-controlling interests	Total Equity	
	Share capital	Capital reserve	Revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings	Treasury shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2015	1,067,505	1,019,259	79,067	59,840	533,068	878,724	6,042,391	(13,447)	9,666,407	461,703	10,128,110
Net change in fair value of available-for-sale investments	-	-	-	-	-	(107,495)	-	-	(107,495)	-	(107,495)
Realisation on fair value of available-for sale investments	-	-	-	-	-	(1,726)	-	-	(1,726)	-	(1,726)
Transfer from retained earnings to reserves	-	1,908	-	500	-	-	(2,408)	-	-	-	-
Currency translation differences	-	(285)	-	(5)	(389,414)	-	-	-	(389,704)	(11,943)	(401,647)
Total other comprehensive income/(loss) for the period	-	1,623	-	495	(389,414)	(109,221)	(2,408)	-	(498,925)	(11,943)	(510,868)
Net profit for the period	-	-	-	-	-	-	963,742	-	963,742	53,883	1,017,625
Total comprehensive income/(loss) for the period	-	1,623	-	495	(389,414)	(109,221)	961,334	-	464,817	41,940	506,757
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	324,800	324,800
Dividend paid	-	-	-	-	-	-	(319,490)	-	(319,490)	-	(319,490)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(20,290)	(20,290)
Total transactions with owners of the Company	-	-	-	-	-	-	(319,490)	-	(319,490)	304,510	(14,980)
At 31 March 2016	1,067,505	1,020,882	79,067	60,335	143,654	769,503	6,684,235	(13,447)	9,811,734	808,153	10,619,887



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity For the second quarter ended 31 March 2016

(Continued)

(The figures have not been audited.)

	← Attributable to the equity holders of the Company →								Non- controlling interests	Total Equity	
	Share capital	Capital reserve	Revaluation reserve	Capital redemption reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings	Treasury shares			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
At 1 October 2014	1,067,505	1,015,488	79,067	59,709	(333,548)	210,598	5,666,335	(13,447)	7,751,707	431,492	8,183,199
Net change in fair value of available-for-sale investments	-	-	-	-	-	349,215	-	-	349,215	-	349,215
Realisation on fair value of available-for-sale investments	-	-	-	-	-	(1,466)	-	-	(1,466)	-	(1,466)
Transfer from retained earnings to reserves	-	573	-	-	-	-	(573)	-	-	-	-
Currency translation differences on deemed disposal of a subsidiary	-	-	-	-	4,319	-	-	-	4,319	-	4,319
Currency translation differences	-	407	-	3	263,199	-	-	-	263,609	12,226	275,835
Total other comprehensive income/(loss) for the period	-	980	-	3	267,518	347,749	(573)	-	615,677	12,226	627,903
Net profit for the period	-	-	-	-	-	-	436,740	-	436,740	17,762	454,502
Total comprehensive income for the period	-	980	-	3	267,518	347,749	436,167	-	1,052,417	29,988	1,082,405
Effect of changes in shareholdings in a subsidiary	-	-	-	-	-	-	(1,671)	-	(1,671)	1,578	(93)
Dividend paid	-	-	-	-	-	-	(425,986)	-	(425,986)	-	(425,986)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(29,516)	(29,516)
Total transactions with owners of the Company	-	-	-	-	-	-	(427,657)	-	(427,657)	(27,938)	(455,595)
At 31 March 2015	1,067,505	1,016,468	79,067	59,712	(66,030)	558,347	5,674,845	(13,447)	8,376,467	433,542	8,810,009

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



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows For the second quarter ended 31 March 2016

(The figures have not been audited.)

	6 months ended 31 March	
	2016	2015
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before taxation	1,153,974	590,849
Adjustment for non-cash flow:-		
Non-cash items	(350,657)	142,796
Non-operating items	28,867	20,738
Operating profit before working capital changes	832,184	754,383
Working capital changes:-		
Net change in current assets	173,174	(170,496)
Net change in current liabilities	(265,619)	256,881
Cash generated from operations	739,739	840,768
Interest paid	(76,015)	(48,121)
Tax paid	(116,680)	(153,148)
Retirement benefits paid	(13,433)	(9,940)
Net cash generated from operating activities	<u>533,611</u>	<u>629,559</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(395,546)	(291,278)
Payments of prepaid lease	(19,888)	(13,711)
Plantation development expenditure	(80,971)	(93,359)
Property development expenditure	(895,128)	(1,995)
Subscription of shares in an associate	(324,800)	-
Subscription of shares in a joint venture	(54,440)	-
Purchase of shares from non-controlling interests	-	(94)
Purchase of available-for-sale investments	(35,466)	(15,186)
Purchase of intangible assets	(291)	(621)
Proceeds from disposal of property, plant and equipment	1,673	5,651
Compensation from government on land acquired	41,832	14,408
Proceeds from disposal of land	825,135	-
Proceeds from deemed disposal of a subsidiary, net of cash disposed	-	(35,089)
Proceeds from disposal of available-for-sale investments	5,103	7,642
Repayment of loan from a joint venture	32,919	38,642
Increase in short term funds	(43,457)	-
Dividends received from associates	6,051	1,927
Dividends received from investments	32,082	12,033
Interest received	19,702	12,796
Net cash used in investing activities	<u>(885,490)</u>	<u>(358,234)</u>
Cash Flows from Financing Activities		
Term loans received	9,786	-
Repayment of term loans	(717)	(6,661)
(Repayment)/Drawdown of short term borrowings	(111,502)	122,111
Dividend paid to shareholders of the Company	(319,490)	(425,986)
Dividends paid to non-controlling interests	(20,290)	(29,516)
Issuance of shares to non-controlling interests	324,800	-
Increase in other receivable	(8,970)	(11,067)
Net cash used in financing activities	<u>(126,383)</u>	<u>(351,119)</u>
Net decrease in cash and cash equivalents	(478,262)	(79,794)
Cash and cash equivalents at 1 October	2,055,990	1,264,854
	1,577,728	1,185,060
Currency translation differences on opening balances	(89,846)	61,206
Cash and cash equivalents at 31 March	<u>1,487,882</u>	<u>1,246,266</u>

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



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(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report

A Explanatory Notes as required by FRS 134

A1. Basis of Preparation

The Interim Financial Report is unaudited and has been prepared in compliance with Financial Reporting Standard ("FRS") 134 *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB"). The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2015.

The accounting policies and methods of computation adopted by the Group in this Interim Financial Report are consistent with those adopted in the audited financial statements for the year ended 30 September 2015.

A2. Seasonal and Cyclical Factors

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

A3. Unusual Items

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

A4. Changes in Estimates

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

A5. Changes in Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities during the current financial year-to-date.

A6. Dividends Paid

	6 months ended 31 March	
	2016	2015
	RM'000	RM'000
Dividend proposed in Year 2015, paid in Year 2016:-		
Final single tier dividend 30 sen (2015: 40 sen) per share	<u>319,490</u>	<u>425,986</u>

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



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report (Continued)

A7. Segment Information

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

(a) Segment revenue and results

	Plantations RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Elimination RM'000	Consolidated RM'000
6 months ended						
31 March 2016						
Revenue						
External revenue	4,279,546	3,620,889	25,914	114,011	-	8,040,360
Inter-segment revenue	418,694	-	-	98,975	(517,669)	-
Total revenue	4,698,240	3,620,889	25,914	212,986	(517,669)	8,040,360
Results						
Operating results	393,751	243,207	2,414	34,968	-	674,340
Interest income	368	2,411	6	44,428	(18,748)	28,465
Finance costs	(3,053)	(19,770)	-	(71,082)	18,748	(75,157)
Share of results of associates	1,710	242	1,834	(7,321)	-	(3,535)
Share of results of a joint venture	5,763	-	-	-	-	5,763
Segment results	398,539	226,090	4,254	993	-	629,876
Corporate income						524,098
Profit before taxation						1,153,974
6 months ended						
31 March 2015						
Revenue						
External revenue	3,095,061	2,925,194	72,578	86,753	-	6,179,586
Inter-segment revenue	369,957	-	-	41,126	(411,083)	-
Total revenue	3,465,018	2,925,194	72,578	127,879	(411,083)	6,179,586
Results						
Operating results	401,169	103,573	41,892	26,823	-	573,457
Interest income	300	1,866	78	30,930	(13,991)	19,183
Finance costs	(1,940)	(13,768)	-	(45,964)	13,991	(47,681)
Share of results of associates	3,055	90	809	(4,177)	-	(223)
Share of results of a joint venture	(2,651)	-	-	-	-	(2,651)
Segment results	399,933	91,761	42,779	7,612	-	542,085
Corporate income						48,764
Profit before taxation						590,849



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report (Continued)

(b) Segment assets

	Plantations RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Consolidated RM'000
As at 31 March 2016					
Operating assets	6,258,466	6,158,622	1,291,808	2,970,308	16,679,204
Associates	60,191	5,414	71,394	9,635	146,634
Joint venture	154,789	-	-	-	154,789
Segment assets	<u>6,473,446</u>	<u>6,164,036</u>	<u>1,363,202</u>	<u>2,979,943</u>	<u>16,980,627</u>
Tax assets					189,860
Total assets					<u>17,170,487</u>
As at 30 September 2015					
Operating assets	6,436,286	6,389,884	450,441	3,500,461	16,777,072
Associates	61,826	5,755	68,466	18,446	154,493
Joint venture	144,658	-	-	-	144,658
Segment assets	<u>6,642,770</u>	<u>6,395,639</u>	<u>518,907</u>	<u>3,518,907</u>	<u>17,076,223</u>
Tax assets					183,392
Total assets					<u>17,259,615</u>

(c) Segment liabilities

	Plantations RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Consolidated RM'000
As at 31 March 2016					
Segment liabilities	<u>1,625,223</u>	<u>2,150,678</u>	<u>49,575</u>	<u>2,414,506</u>	<u>6,239,982</u>
Tax liabilities					310,618
Total liabilities					<u>6,550,600</u>
As at 30 September 2015					
Segment liabilities	<u>2,167,840</u>	<u>2,216,412</u>	<u>24,744</u>	<u>2,435,850</u>	<u>6,844,846</u>
Tax liabilities					286,659
Total liabilities					<u>7,131,505</u>

A8. Events Subsequent to Reporting Date

- (a) On 15 April 2016, KLK Land Sdn Bhd ("KLK Land"), a wholly-owned subsidiary of the Company, acquired two wholly-owned subsidiaries, namely KLK Park Homes Sdn Bhd ("KLKPH") and KLK Landscape Services Sdn Bhd ("KLKLS"), which each has an issued and paid-up capital of RM2.

KLKPH and KLKLS are currently non-operational. The intended principal activity of KLKPH and KLKLS is property development and provision of landscaping services respectively.

- (b) On 5 May 2016, KLK Land acquired another two wholly-owned subsidiaries, namely KLK Security Services Sdn Bhd ("KLKSS") and KLK Retail Centre Sdn Bhd ("KLKRC"), which each has an issued and paid-up capital of RM2.

Both KLKSS and KLKRC are currently non-operational. The intended principal activity of KLKSS is provision of security services whilst that of KLKRC is provision of property development and property management.



KUALA LUMPUR KEPONG BERHAD

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

A9. Changes in the Composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinued operations during the quarter under review.

A10. Changes in Contingent Liabilities and Contingent Assets

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

A11. Capital Commitments

	31 March 2016	30 September 2015
	RM'000	RM'000
Capital expenditure		
Approved and contracted	231,747	191,494
Approved but not contracted	686,232	919,924
	<u>917,979</u>	<u>1,111,418</u>
Acquisition of shares in a subsidiary		
Approved and contracted	1,243	1,268
Acquisition of land for property development		
Approved and contracted	-	784,080

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.

	6 months ended 31 March	
	2016	2015
	RM'000	RM'000
(i) Transactions with associates and joint venture		
Sale of goods	2,921	2,156
Purchase of goods	389,383	1,615
Service charges paid	2,702	1,081
Research and development services	7,021	6,759



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report (Continued)

		6 months ended 31 March	
		2016	2015
		RM'000	RM'000
(ii)	Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
	Sale of goods		
	PT Satu Sembilan Delapan	22,072	1,991
	Siam Taiko Marketing Co Ltd	1,624	1,240
	Taiko Marketing Sdn Bhd	2,586	2,191
	Taiko Marketing (Singapore) Pte Ltd	<u>2,048</u>	<u>985</u>
	Storage tanks rental received		
	Taiko Marketing Sdn Bhd	<u>1,504</u>	<u>1,377</u>
	Barge rental received		
	PT Satu Sembilan Delapan	<u>350</u>	<u>1,857</u>
	Purchases of goods		
	Borneo Taiko Clay Sdn Bhd	2,299	2,187
	Bukit Katho Estate Sdn Bhd	1,342	1,463
	Kampar Rubber & Tin Co Sdn Bhd	3,597	4,044
	Ladang Tai Tak (Kota Tinggi) Sdn Bhd	1,145	-
	Malay Rubber Plantations (M) Sdn Bhd	2,001	2,707
	PT Agro Makmur Abadi	26,745	35,272
	PT Bumi Karyatama Raharja	1,121	-
	PT Safari Riau	11,366	14,628
	PT Satu Sembilan Delapan	43,506	40,703
	PT Taiko Persada Indoprima	-	3,897
	Taiko Drum Industries Sdn Bhd	1,552	1,246
	Taiko Fertiliser Marketing Sdn Bhd	16	1,805
	Taiko Marketing Sdn Bhd	<u>14,186</u>	<u>14,576</u>
	Rental of office paid		
	Batu Kawan Holdings Sdn Bhd	<u>2,092</u>	<u>1,813</u>
	Supply of contract labour and engineering works		
	K7 Engineering Sdn Bhd	<u>2,238</u>	<u>1,431</u>
(iii)	Transactions between subsidiaries and non-controlling interests		
	Sale of goods		
	Mitsubishi Corporation	123,398	35,209
	Mitsui & Co Ltd	143,654	139,687
	Tejana Trading & Management Services Sdn Bhd	<u>1,007</u>	<u>1,037</u>
	Purchases of goods		
	PT Eka Dura Indonesia	23,836	-
	PT Letawa	31,541	-
	PT Tanjung Sarana Lestari	<u>629,951</u>	<u>-</u>

B Explanatory Notes as required by the BMSB Revised Listing Requirements

B1. Analysis of Performance

2nd Quarter FY2016 vs 2nd Quarter FY2015

The Group's pre-tax profit for the current quarter was 18.1% lower at RM242.9 million (2QFY2015: profit RM296.5 million) despite the improvement of 20.8% in revenue to RM3.703 billion (2QFY2015: RM3.065 billion). Comments on the business sectors are as follows:-



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

- (i) Plantations profit declined 20.5% to RM125.6 million (2QFY2015: profit RM157.9 million) which was significantly impacted by the net unrealised foreign exchange loss of RM35.8 million (2QFY2015: net gain RM210,000) arising from the translation of loans advanced and bank borrowings to Indonesian companies. However, the reduction in profit was mitigated by the improved performance from the processing operations.

The average CPO and PK selling prices realised were:-

	2QFY2016	2QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	2,205	2,212	(0.3)
Palm Kernel (RM/mt ex-mill)	1,770	1,607	10.1

- (ii) Manufacturing sector's profit rose significantly by 61.0% to RM100.2 million (2QFY2015: profit RM62.3 million) on the back of a 21.7% increase in revenue to RM1.834 billion (2QFY2015: RM1.507 billion). Europe and China operations contributed to the improved profit through better sales volume. However, the increasing cost of raw materials had narrowed profit margins, especially the Malaysian entities.

The oleochemical division reported a 66.9% improvement in profit to RM94.3 million (2QFY2015: profit RM56.5 million) whilst the profit from the other manufacturing units was flat at RM5.9 million.

- (iii) Properties sector registered a 82.9% reduction in profit to RM5.0 million (2QFY2015: profit RM28.9 million). Revenue fell 63.3% to RM15.6 million (2QFY2015: RM42.7 million) which was affected by the slowdown in the property market.

Todate 2nd Quarter FY2016 vs Todate 2nd Quarter FY2015

The Group for the period under review achieved a substantially higher profit of RM1.154 billion (Todate 2QFY2015: profit RM590.8 million) after accounting for a surplus of RM485.6 million arising from the sale of plantation land to an associate. Revenue increased 30.1% to RM8.040 billion (Todate 2QFY2015: RM6.180 billion). The performance of the business sectors are summarised below:-

- (i) Plantations profit was marginally lower at RM398.5 million. The effects of the reduced profit derived from estate operations coupled with the net unrealised foreign exchange translation loss of RM13.5 million (Todate 2QFY2015: net gain RM8.2 million) on loans advanced and bank borrowings to companies in Indonesia had an impact on the plantations profit but was compensated by the better performance from the processing operations.

The average CPO and PK selling prices realised were:-

	Todate 2QFY2016	Todate 2QFY2015	% Change
Crude Palm Oil (RM/mt ex-mill)	2,075	2,170	(4.4)
Palm Kernel (RM/mt ex-mill)	1,578	1,472	7.2

- (ii) Manufacturing sector posted a sharp rise in profit to RM226.1 million (Todate 2QFY2015: profit RM91.8 million) on account of a 23.8% increase in revenue to RM3.621 billion (Todate 2QFY2015: RM2.925 billion). The improvement in profit was also aided by an unrealised gain of RM23.6 million (Todate 2QFY2015: unrealised loss RM14.1 million) arising from fair value changes on outstanding derivative contracts.

The oleochemical division's profit was much higher at RM211.3 million (Todate 2QFY2015: profit RM85.3 million) and the other manufacturing units also recorded a sharp rise in profit to RM14.8 million (Todate 2QFY2015: profit RM6.5 million).

- (iii) Properties sector's profit had fallen significantly to RM4.3 million (Todate 2QFY2015: profit RM42.8 million). The reduction in profit was due to slow sales resulting in a lower revenue of RM25.9 million (Todate 2QFY2015: RM72.6 million). In last year's same period, there were surpluses recorded from the disposals of industrial and commercial land.



Notes to Interim Financial Report

(Continued)

- (iv) The Group's results had also accounted for a higher surplus of RM41.0 million (Todate 2QFY2015: surplus RM13.1 million) arising from government acquisition of land.

B2. Variation of Results to Preceding Quarter

2nd Quarter FY2016 vs 1st Quarter FY2016

The pre-tax profit of the Group for the 2nd quarter fell 73.3% to RM242.9 million (1QFY2016: profit RM911.1 million). The preceding quarter's profit had recognised a surplus of RM485.7 million derived from the disposal of plantation land to an associate. The Group's revenue dropped 14.6% to RM3.703 billion (1QFY2016: RM4.338 billion).

Plantations profit declined 54.0% to RM125.6 million (1QFY2016: profit RM273.0 million) which was distorted by the net unrealised foreign exchange loss of RM35.8 million (1QFY2016: net gain RM22.3 million) from the translation of inter-company loans advanced and bank borrowings to the companies in Indonesia. This situation arose from the strengthening of the RM against the USD and Rp in March 2016.

Despite the better selling prices of CPO and PK, the decline in the plantations profit was affected by the lower contributions from estate and processing operations due to:-

- Drop in FFB production.
- Increase in production cost of CPO.
- Narrower processing margins as a result of rising CPO price.

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

	<u>2QFY2016</u>	<u>1QFY2016</u>	<u>% Change</u>
Crude Palm Oil (RM/mt ex-mill)	2,205	1,972	11.8
Palm Kernel (RM/mt ex-mill)	1,770	1,437	23.2

Manufacturing sector's profit shrank 20.4% to RM100.2 million (1QFY2016: profit RM125.9 million) although revenue was higher at RM1.834 billion (1QFY2016: RM1.787 billion). Whilst Europe and China operations had reported higher contributions with improving sales volume, the results of Malaysian units were affected by narrower margins due to increasing raw material cost. Fatty alcohol business was affected by high CPKO prices which gave the cost advantage to the lower cost synthetic-based substitutes.

The oleochemical division's profit was down 19.4% to RM94.3 million (1QFY2016: profit RM117.0 million) and the other manufacturing units' profit had dropped 33.3% to RM5.9 million (1QFY2016: profit RM8.9 million).

Properties sector achieved a profit of RM5.0 million (1QFY2016: loss RM699,000) with a 52.4% improvement in revenue to RM15.6 million (1QFY2016: RM10.3 million).

B3. Current Year Prospects

The current palm oil prices are supported by lower production and increase in bio-diesel consumption in Indonesia. However, the uncertain economic and weather conditions together with the anticipated higher FFB production in the coming months and narrower discount of palm oil to soybean oil could bear some negative effects on palm oil prices. In view of these factors, we expect the performance of the plantations sector to be challenging for the current financial year.

The oleochemical division continues to face difficult trading conditions as palm oil prices remain volatile and margins being eroded especially those CPKO-based products. However, this division anticipates favourable results through the increased capacities from key plants expansion coming fully on-stream and the continuing drive for operational efficiencies and productivity enhancement.

Without taking into account the surplus on sale of plantation land realised in the 1st quarter, the Group's profit for the current financial year 2016 would be satisfactory.



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

B4. Profit Forecast and Profit Guarantee

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

B5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian taxation	23,693	37,470	62,072	87,483
Overseas taxation	29,867	21,677	57,645	45,326
	53,560	59,147	119,717	132,809
Deferred tax				
Origination and reversal of temporary differences	773	1,425	15,375	(5,739)
Relating to changes in tax rate (Over)/Under provision in respect of previous years	548	-	548	-
	(380)	7,749	(417)	8,025
	941	9,174	15,506	2,286
	54,501	68,321	135,223	135,095
Under provision in respect of previous years				
Malaysian taxation	139	-	140	256
Overseas taxation	872	1,043	986	996
	1,011	1,043	1,126	1,252
Total tax expense	55,512	69,364	136,349	136,347

The effective tax rate for the current quarter and financial year-to-date is lower than the statutory tax rate mainly due to non-taxable income.

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced.



KUALA LUMPUR KEPONG BERHAD

(15043-V)
(Incorporated in Malaysia)

Notes to Interim Financial Report (Continued)

B7. Group Borrowings

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

	31 March 2016		30 September 2015	
	RM'000	Amount in Foreign Currency '000	RM'000	Amount in Foreign Currency '000
(a) Repayable within 12 months:-				
(i) Term Loans				
- Secured	4,140	Euro931	1,001	Euro204
- Unsecured	117,493	USD30,000	88,235	USD20,000
	88,962	Euro20,000	98,388	Euro20,000
	<u>206,455</u>		<u>186,623</u>	
	<u>210,595</u>		<u>187,624</u>	
(ii) Islamic Medium Term Notes				
- Unsecured	<u>300,000</u>		-	
(iii) Bank Overdraft				
- Unsecured	<u>41,404</u>	Euro9,308	<u>27,168</u>	Euro5,523
(iv) Short Term Borrowings				
- Unsecured	576,841	USD147,538	813,493	USD184,843
	11,228	GBP2,000	26,637	GBP4,000
	173,472	Euro39,000	167,281	Euro34,000
	<u>707,837</u>		<u>690,637</u>	
	<u>1,469,378</u>		<u>1,698,048</u>	
Total repayable within 12 months	<u>2,021,377</u>		<u>1,912,840</u>	
(b) Repayable after 12 months:-				
(i) Term Loans				
- Secured	6,997	Euro1,573	1,286	Euro261
- Unsecured	133,443	Euro30,000	147,582	Euro30,000
	78,328	USD20,000	132,353	USD30,000
	<u>211,771</u>		<u>279,935</u>	
	<u>218,768</u>		<u>281,221</u>	
(ii) Islamic Medium Term Notes				
- Unsecured	<u>2,100,000</u>		<u>2,400,000</u>	
Total repayable after 12 months	<u>2,318,768</u>		<u>2,681,221</u>	

B8. Derivative Financial Instruments

The forward foreign exchange contracts are entered into by the Group as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments.

The commodity future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

As at 31 March 2016, the values and maturity analysis of the outstanding derivatives are as follows:-

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report
(Continued)

<u>Derivatives</u>	Contract/Notional	Fair value
	Value	Net gains/(losses)
	Net long/(short)	Net gains/(losses)
	RM'000	RM'000
(i) Forward foreign exchange contracts		
- Less than 1 year	(590,773)	39,504
- 1 year to 3 years	-	-
- More than 3 years	-	-
(ii) Commodity futures contracts		
- Less than 1 year	(169,324)	18,182
- 1 year to 3 years	-	-
- More than 3 years	-	-

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

For the quarter ended 31 March 2016, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's risk management objectives, policies and processes.

B9. Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

B10. Material Litigation

There was no pending material litigation as at the date of this report.

B11. Dividend

- (a) An interim single tier dividend of 15 sen (2015: 15 sen) per share has been declared by the Directors in respect of the financial year ending 30 September 2016 and will be paid on 9 August 2016 to shareholders registered on the Company's Register of Members as at 18 July 2016.

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

- Shares deposited into the Depositor's securities account before 12.30 p.m. on 14 July 2016 in respect of shares which are exempted from mandatory deposit;
 - Shares transferred into the Depositor's securities account before 4.00 p.m. on 18 July 2016 in respect of transfers; and
 - Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.
- (b) The total dividend for the current financial year to-date is single tier dividend of 15 sen (2015: 15 sen) per share.



KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

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		6 months ended	
	31 March		31 March	
	2016	2015	2016	2015
(a) Net profit for the period attributable to equity holders of the Company (RM'000)	168,532	222,539	963,742	436,740
(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)	15.8	20.9	90.5	41.0

B13. Audit Report

The audit report for the financial year ended 30 September 2015 was not subject to any qualifications.

B14. Profit Before Taxation

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Interest income	(14,146)	(11,192)	(28,465)	(19,183)
Other income including dividend income	(21,542)	(61,765)	(41,601)	(82,802)
Interest expense	38,700	23,383	75,157	47,681
Depreciation and amortisation	115,210	95,947	227,843	189,236
Provision for and write-off/(reversal of write-off) of receivables	207	(687)	(28)	(1,262)
Provision for and write-off of inventories	4,546	707	11,916	11,248
Surplus on disposal of quoted or unquoted investments	(316)	(1,484)	(1,788)	(2,179)
Surplus on disposal of land	(4,185)	(7,639)	(491,576)	(8,351)
Surplus on government acquisition of land	(18,555)	(10,702)	(40,999)	(13,061)
Surplus on deemed disposal of a subsidiary	-	(12,266)	-	(12,266)
Impairment of property, plant and equipment	-	-	-	-
Foreign exchange loss/(gain)	42,191	(10,415)	94,941	(30,678)
Loss/(Gain) on derivatives	6,335	(3,493)	(111,961)	25,994
Exceptional items	-	-	-	-

**KUALA LUMPUR KEPONG BERHAD**

(15043-V)

(Incorporated in Malaysia)

Notes to Interim Financial Report

(Continued)

B15. Breakdown of Realised and Unrealised Profits or Losses

	31 March 2016	30 September 2015
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- realised	7,560,301	6,517,336
- unrealised	192,667	322,501
	<u>7,752,968</u>	<u>6,839,837</u>
Total share of retained profits from associates		
- realised	64,265	73,795
- unrealised	231	287
	<u>64,496</u>	<u>74,082</u>
Total share of (accumulated losses)/retained profits from a joint venture		
- realised	(18,274)	(24,856)
- unrealised	9,786	10,606
	<u>(8,488)</u>	<u>(14,250)</u>
	7,808,976	6,899,669
Consolidation adjustments	(1,124,741)	(857,278)
Total group retained profits as per consolidated accounts	<u>6,684,235</u>	<u>6,042,391</u>

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

16 May 2016