Annual Report **2015**

KUALA LUMPUR KEPONG BERHAD

(15043-V)

CONTENTS

CORPORATE PROFILE

KUALA LUMPUR KEPONG BERHAD ("KLK"), A COMPANY INCORPORATED IN MALAYSIA, IS LISTED ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD WITH A MARKET CAPITALISATION OF APPROXIMATELY RM23.1 BILLION AT THE END OF SEPTEMBER 2015.

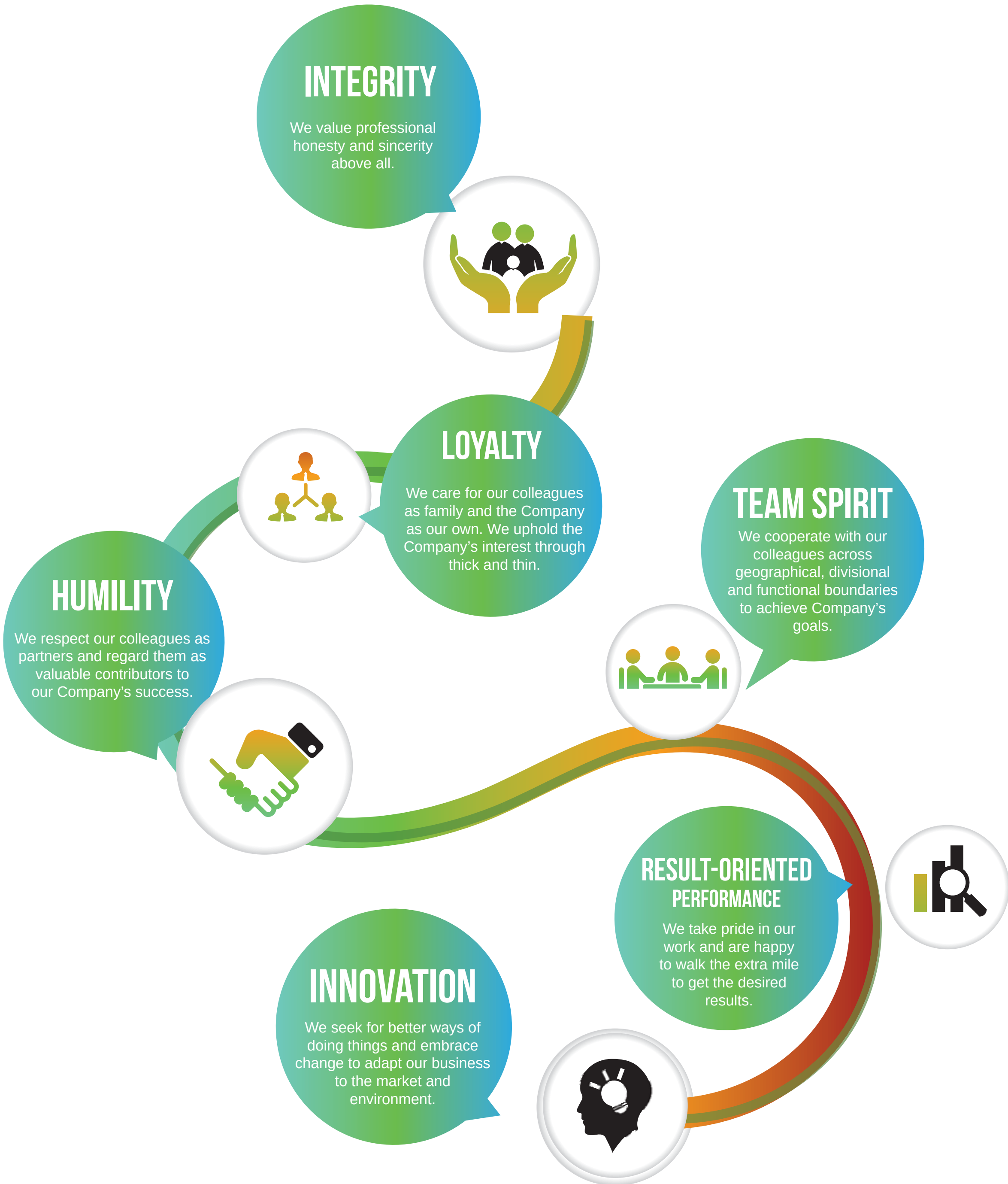
Started as a plantation company more than 100 years ago, plantations (oil palm and rubber) still lead as KLK's core business activity. Through various strategic acquisitions and sound management, the Group's plantation land bank now stands close to 270,000 hectares spread across Malaysia (Peninsular and Sabah), Indonesia (Belitung Island, Sumatra, Central and East Kalimantan) and Liberia.

Since the 1990s, the Group has diversified into resource-based manufacturing (oleochemicals, derivatives and specialty chemicals) and vertically integrated its upstream and downstream businesses. The KLK Group expanded its manufacturing operations through organic growth, joint-ventures and acquisitions in Malaysia, the People's Republic of China, Switzerland, Germany, The Netherlands and Belgium resulting in internationally-scaled oleochemicals operations.

The 1990's also saw the Group capitalising on the strategic location of its land bank in Peninsular Malaysia by branching into property development.

MISSION & VALUE

OUR VALUES



OUR MISSION

STRIVE FOR EXCELLENCE

- Offering quality products and services at competitive prices.
- Being a good and responsible corporate citizen.
- Earning a fair return on investments.
- Maintaining steady dividend payments and adequate dividend cover.
- Sustaining growth through re-investment of retained profits.
- Maintaining a high standard of business ethics and practices.
- Fulfilling our social responsibilities in the community in which we operate.

KEY INDICATORS

REVENUE RM13.6 billion

PROFIT BEFORE TAXATION
RM1.1 billion

81.7 sen EARNINGS PER SHARE

DIVIDEND PER SHARE
45 sen

RM21.70 SHARE PRICE*

MARKET CAPITALISATION**
RM23.1 billion

* Closing price as at 30 September 2015
** Based on closing price as at 30 September 2015

43RD ANNUAL GENERAL MEETING

VENUE
Wisma Taiko
1 Jalan S.P. Seenivasagam
30000 Ipoh, Perak
Malaysia

DATE
17 February 2016

TIME
12.00 noon

FINANCIAL CALENDAR

Financial Year End

30 SEPTEMBER 2015

Announcement of Results

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
16 February 2015	20 May 2015	19 August 2015	18 November 2015

Published Annual Report and Financial Statements

Notice of Annual General Meeting	43rd Annual General Meeting
30 December 2015	17 February 2016

Interim Dividend

Announcement	Entitlement Date	Payment Date
20 May 2015	20 July 2015	11 August 2015

Final Dividend

Announcement	Entitlement Date	Payment Date
18 November 2015	24 February 2016	15 March 2016

CORPORATE INFORMATION

BOARD OF DIRECTORS

R. M. Alias
Chairman

Roy Lim Kiam Chye
Executive Director

Dato' Yeoh Eng Khoon
Senior Independent Non-Executive Director

Tan Sri Azlan Bin Mohd Zainol
Independent Non-Executive Director

Tan Sri Dato' Seri Lee Oi Hian
Chief Executive Officer

Dato' Lee Hau Hian
Non-Independent Non-Executive Director

Kwok Kian Hai
Independent Non-Executive Director

COMPANY SECRETARIES
Yap Miow Kien
Fan Chee Kum

AUDITORS
KPMG

PLACE OF INCORPORATION AND DOMICILE
In Malaysia as a public limited liability company

REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS
Wisma Taiko
1 Jalan S.P. Seenivasagam
30000 Ipoh
Perak, Malaysia
Tel : +605-241 7844
Fax : +605-253 5018
Email : cosec@klk.com.my
Website : www.klk.com.my

SHARE REGISTRAR
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor, Malaysia
Tel : +603-7849 0777
Fax : +603-7841 8151
Email : ask_us@symphony.com.my

PRINCIPAL BANKERS
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market (Listed since 1974)

PROFILE OF DIRECTORS

R. M. ALIAS
Chairman

Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Nomination Committee
Aged 83, Malaysian

Joined the Board on 1 July 1978 and has been the Chairman of KLK since 2008.

He holds a Bachelor of Arts (Honours) degree from the University of Malaya, Singapore, a Certificate in Public Administration from the Royal Institute of Public Administration, London and has attended the Advanced Management Program at Harvard Business School.

He is also a Director of Batu Kawan Berhad as well as a member on the Board of Trustees of the Tan Sri Lee Loy Seng Foundation and Yayasan KLK.

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer

Executive Director
Chairman of the Group Risk Management Committee
Aged 64, Malaysian

Joined the Board on 1 February 1985 and is the CEO of KLK. He is also the Chairman of Batu Kawan Berhad and a Director of Royal Perak Golf Club Berhad and Equatorial Palm Oil Plc. He also serves as a member on the Board of Trustees of the Perdana Leadership Foundation, Yayasan Tuanku Bainun, Yayasan KLK, UTAR Education Foundation and Yayasan Wesley. He was formerly the Chairman of the Malaysian Palm Oil Council.

He graduated with a Bachelor of Agricultural Science (Honours) degree from the University of Malaya and obtained his Master in Business Administration from Harvard Business School.

He joined the Company in 1974 as an executive and was subsequently appointed to the Board in 1985. In 1993, he was appointed as the Group's Chairman/CEO and held the position until 2008, when he relinquished his role as Chairman, but remains as Executive Director and CEO of the Group.

Dato' Lee Hau Hian who is also a Director of KLK is his brother. Tan Sri Dato' Seri Lee is deemed connected with Batu Kawan Berhad, one of the major shareholders of KLK. He is deemed interested in various related party transactions with the KLK Group.

ROY LIM KIAM CHYE
Executive Director

Aged 65, Malaysian

Joined the Board on 1 June 2007.

Mr. Lim holds a Bachelor of Economics (Honours) degree and a Diploma in Education (Distinction) from the University of Malaya. He has also attended the Senior Management Development Program from Harvard Business School and Advanced Management Program from INSEAD.

Mr. Lim is the KLK Group Plantations Director. He has been with the KLK Group since 1975. Prior to his current position, he was the Marketing Director overseeing commodities trading for the Plantations Division. He is currently the Chairman of the Malaysian Palm Oil Association and is a member on the Board of Trustees of the Malaysian Palm Oil Council.

DATO' LEE HAU HIAN
Non-Independent Non-Executive Director

Member of Remuneration Committee
Member of Nomination Committee
Aged 62, Malaysian

Joined the Board on 20 December 1993.

Dato' Lee is the Managing Director of Batu Kawan Berhad and a Director of Synthomer plc. He is the President of the Perak Chinese Maternity Association. Besides serving as a Director of Yayasan De La Salle and See Sen Chemical Berhad, he is also a member on the Board of Trustees of the Tan Sri Lee Loy Seng Foundation and Yayasan KLK.

He graduated with a Bachelor of Science (Economics) degree from the London School of Economics and has a Master in Business Administration from Stanford University.

He is the brother of Tan Sri Dato' Seri Lee Oi Hian who is the CEO of KLK and is deemed connected with Batu Kawan Berhad, a major shareholder of KLK. He is deemed interested in various related party transactions with the KLK Group.

DATO' YEOH ENG KHOON
Senior Independent Non-Executive Director

Chairman of Audit Committee
Chairman of Nomination Committee
Aged 68, Malaysian

Joined the Board on 24 February 2005.

He is also a Director of Batu Kawan Berhad and See Sen Chemical Berhad, as well as a member on the Board of Trustees of Yayasan KLK. His past working experience included banking, manufacturing and retail business.

He obtained his Bachelor of Arts (Honours) degree in Economics (Business Administration) from the University of Malaya in 1968 and was called to the Bar of England and Wales at Lincoln's Inn in 1979.

KWOK KIAN HAI
Independent Non-Executive Director

Member of Audit Committee
Aged 71, Singaporean

Joined the Board on 27 May 2009.

He graduated from the University of Singapore with a degree in Chemistry and Mathematics.

He was the Managing Director of a Sime Darby unit before joining Kuok Group as General Manager of Pasir Gudang Edible Oil. He served as the Managing Director of Kuok Oils and Grains until 2008 and thereafter was appointed Joint Chief Operation Officer of Wilmar International Ltd before retiring in 2009. In addition, he was a Council Member of the Malaysian Palm Oil Council and a Board member of the Palm Oil Refiners Association of Malaysia ("PORAM") for 15 years. He also previously served as the Chairman of PORAM.

TAN SRI AZLAN BIN MOHD ZAINOL
Independent Non-Executive Director

Member of Audit Committee
Member of Remuneration Committee
Aged 65, Malaysian

Joined the Board on 13 May 2013.

Tan Sri Azlan is a Fellow of the Institute of Chartered Accountants in England and Wales, Fellow of the Asian Institute of Chartered Bankers, Member of the Malaysian Institute of Accountants and Member of the Malaysian Institute of Certified Public Accountants. He served as the Chief Executive Officer of the Employees Provident Fund of Malaysia from 2001 to April 2013. He has more than 29 years of experience in the financial sector, having been appointed as the Managing Director of AmBank Berhad (1994 to 2001), AmFinance Berhad (1982 to 1994), and Director for several subsidiaries of AmBank Group from 1996 to 2001. Prior to that, he was a partner with Messrs. BDO Binder.

His directorships in other public companies include Eco World International Berhad, Jardine Cycle & Carriage Limited, RHB Bank Berhad, RHB Capital Berhad, RHB Holdings Hong Kong Limited, Malaysian Resources Corporation Berhad. He also serves as a member on the Board of Trustees of Yayasan Astro Kasih and OSK Foundation; and a Council Member of the Asian Institute of Chartered Bankers.

Additional Information:

(1) **Family Relationship with Director and/or Major Shareholder**
Save for Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian, none of the other Directors has any family relationship with any Director and/or major shareholder of KLK.

(2) **Conflict of Interest**
Save for Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian, none of the other Directors has any conflict of interest with the KLK Group.

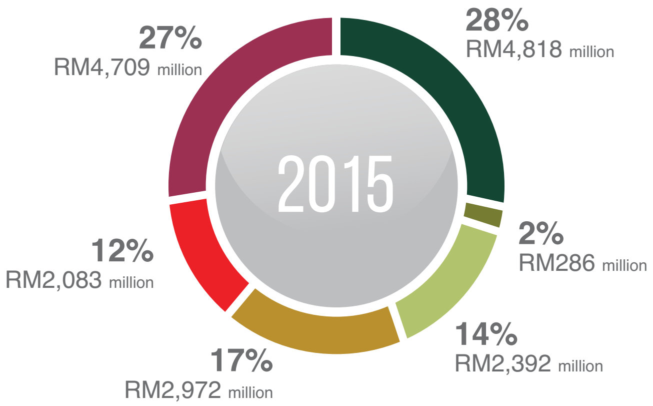
(3) **Conviction for Offences**
None of the Directors of KLK has been convicted of any offence within the past 10 years.

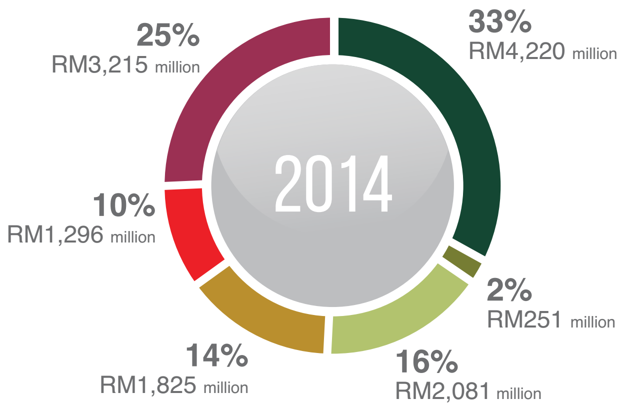
(4) **Attendance of Board Meetings**
Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Statement on page 61.

SIMPLIFIED GROUP ASSETS & LIABILITIES

As at 30 September 2015

TOTAL ASSETS

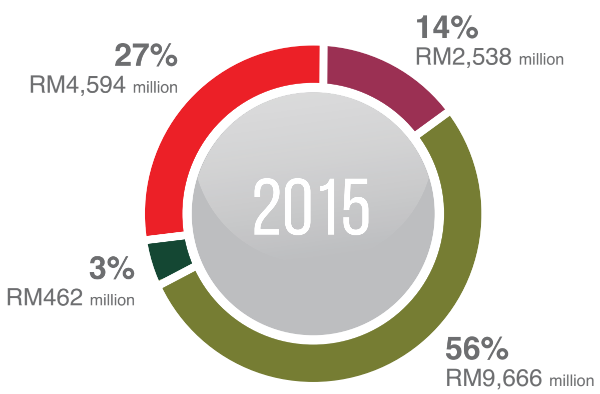


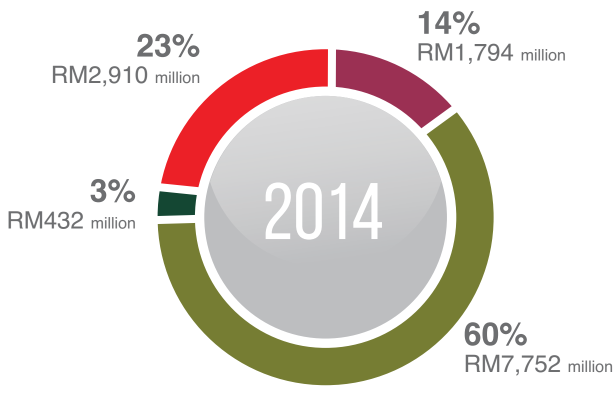


LEGEND

1. Property, Plant and Equipment
2. Prepaid Lease Payments
3. Biological Assets
4. Other Non-Current Assets
5. Cash and Cash Equivalents
6. Other Current Assets

TOTAL EQUITY & LIABILITIES





LEGEND

1. Shareholders' Funds
2. Non-Controlling Interests
3. Borrowings
4. Other Liabilities

GROUP HIGHLIGHTS

		2015	2014	2013	2012	2011
FINANCIAL						
Revenue	(RM'000)	**13,649,991**	11,129,973	9,147,325	10,570,188	10,743,252
Profit:						
- before taxation	(RM'000)	**1,134,598**	1,317,697	1,199,767	1,560,436	2,066,205
- attributable to equity holders of the Company	(RM'000)	**869,912**	991,705	917,743	1,211,244	1,571,413
Earnings per share	(sen)	**81.7**	93.1	86.2	113.7	147.6
Dividend per share (single tier)	(sen)	**45.0**	55.0	50.0	65.0	85.0
Net tangible assets	(RM'000)	**9,320,973**	7,449,500	7,217,191	6,803,553	6,735,910
Net tangible assets per share	(RM)	**8.75**	7.00	6.78	6.39	6.33
KEY CORPORATE RATIOS						
Dividend yield(1)	(%)	**2.1**	2.6	2.2	2.9	4.0
Dividend payout ratio(2)	(%)	**55.1**	59.1	58.0	57.2	57.6
Return on equity(3)	(%)	**9.0**	12.8	12.2	17.0	22.2
Return on total assets(4)	(%)	**5.0**	7.7	7.8	10.6	14.3
Net debt to equity(5)	(%)	**26.0**	20.8	7.7	1.7	5.9

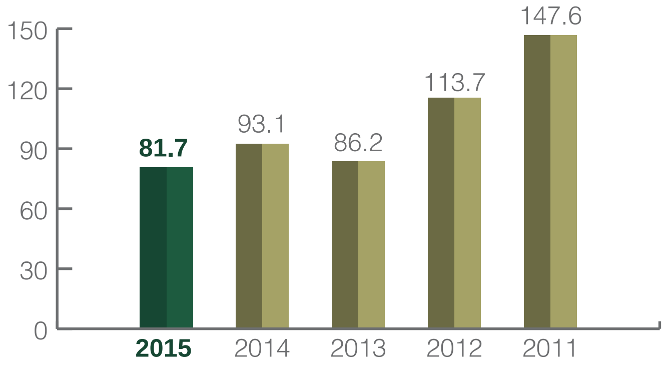
(1) Based on Dividend expressed as a percentage of KLK Share Price as at 30 September
(2) Based on Dividend expressed as a percentage of Basic Earnings Per Share
(3) Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Equity attributable to Equity Holders
(4) Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Assets
(5) Based on Net Debt (being Total Borrowings less Cash and Cash Equivalents) expressed as a percentage of Total Equity attributable to Equity Holders

PRODUCTION		2015	2014	2013	2012	2011
Fresh fruit bunches	(mt)	**3,806,043**	3,733,867	3,608,636	3,259,342	3,288,974
Rubber	('000 kg)	**15,224**	16,547	17,531	18,997	20,847

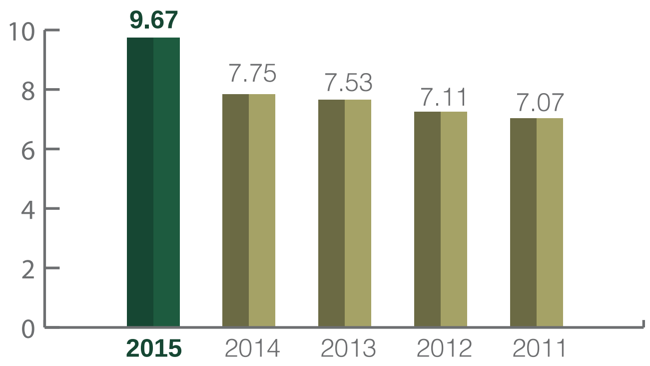
QUARTERLY FINANCIAL		2015	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER
Revenue	(RM'000)	**13,649,991**	3,932,083	3,538,322	3,065,093	3,114,493
Operating profit	(RM'000)	**1,241,473**	268,860	331,209	325,054	316,350
Profit before taxation	(RM'000)	**1,134,598**	232,510	311,239	296,510	294,339
Profit attributable to equity holders of the Company	(RM'000)	**869,912**	186,288	246,884	222,539	214,201
Earnings per share - basic	(sen)	**81.7**	17.5	23.2	20.9	20.1
Dividend per share	(sen)	**45**	30	-	15	-

FINANCIAL HIGHLIGHTS

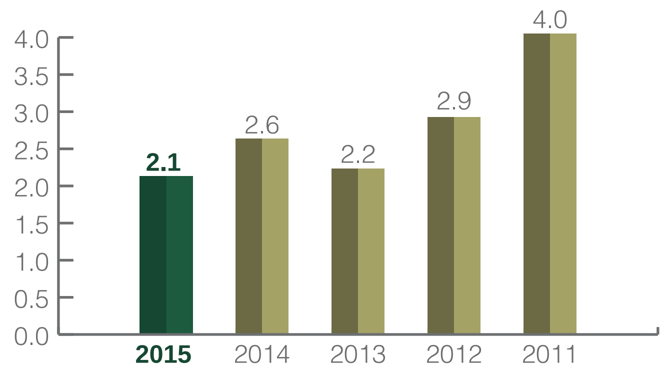
EARNINGS PER SHARE (SEN)



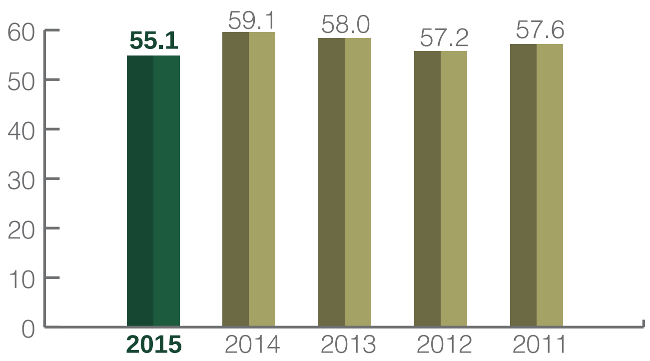
SHAREHOLDERS' FUNDS (RM BILLION)



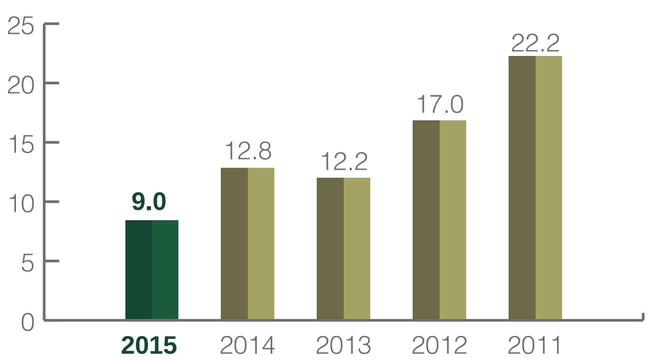
DIVIDEND YIELD (%)



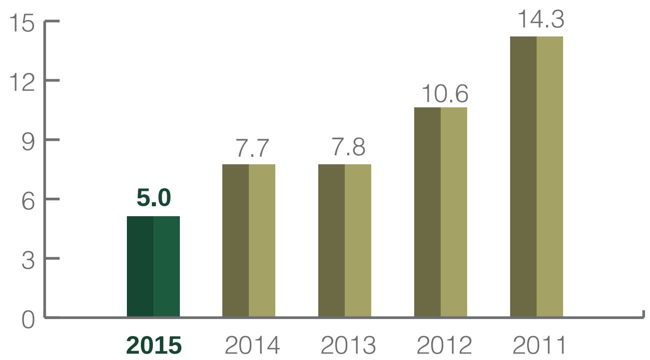
DIVIDEND PAYOUT RATIO (%)



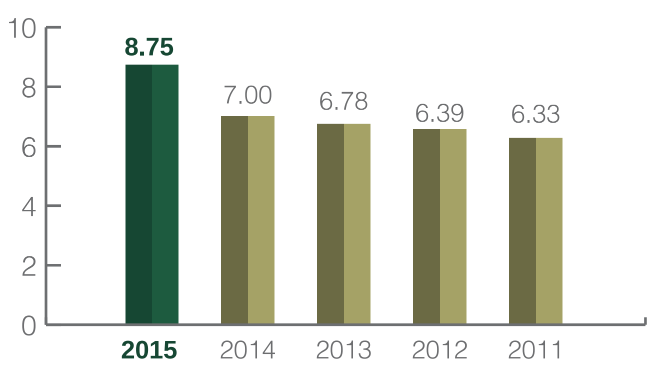
RETURN ON EQUITY (%)



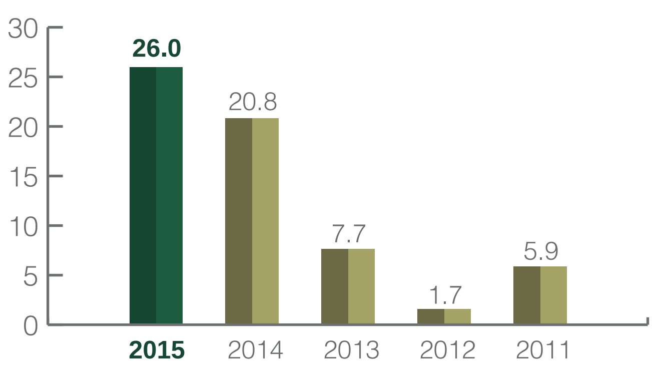
RETURN ON TOTAL ASSETS (%)



NET TANGIBLE ASSETS PER SHARE (RM)



NET DEBT TO EQUITY (%)



5-YEAR PLANTATION STATISTICS

		2015	2014	2013	2012	2011
OIL PALM						
FFB production						
- own estates	(mt)	**3,806,043**	3,733,867	3,608,636	3,259,342	3,288,974
- sold	(mt)	**36,373**	40,630	142,189	122,673	84,602
- purchased	(mt)	**886,918**	1,052,395	940,925	819,796	653,200
- total processed	(mt)	**4,656,588**	4,745,632	4,407,372	3,956,465	3,857,572
Yield per mature hectare	(mt FFB)	**21.96**	22.39	22.51	21.33	22.17
Profit per mature hectare (before replanting expenditure)	(RM)	**4,668**	6,307	4,599	7,218	9,783
Average selling prices:						
Refined palm products	(RM/mt ex-refinery)	**2,227**	2,519	2,460	3,220	3,317
Crude palm oil	(RM/mt ex-mill)	**2,106**	2,396	2,275	2,829	2,958
Palm kernel oil	(RM/mt ex-mill)	**3,205**	3,294	2,225	3,295	4,611
Palm kernel cake	(RM/mt ex-mill)	**262**	430	401	286	406
Palm kernels	(RM/mt ex-mill)	**1,424**	1,576	1,105	1,580	2,141
FFB	(RM/mt)	**462**	520	317	506	626
RUBBER						
Production						
- own estates	('000 kg)	**15,224**	16,547	17,531	18,997	20,847
- sold	('000 kg)	**-**	70	189	-	165
- purchased	('000 kg)	**1,314**	1,726	2,104	2,524	2,634
- total processed	('000 kg)	**16,538**	18,203	19,446	21,521	23,316
Yield per mature hectare	(kg)	**1,413**	1,328	1,166	1,191	1,214
Profit per mature hectare (before replanting expenditure)	(RM)	**1,551**	2,421	3,577	7,210	10,466
Average selling price (net of cess)	(sen/kg)	**681**	800	942	1,220	1,409
PLANTED AREA (Weighted average hectares):						
OIL PALM						
Mature		**173,313**	166,781	160,328	152,829	148,358
Immature		**35,936**	38,000	35,904	39,595	38,726
RUBBER						
Mature		**10,777**	12,456	15,029	15,957	17,175
Immature		**3,500**	3,678	3,670	3,623	4,057
TOTAL PLANTED AREA		**223,526**	220,915	214,931	212,004	208,316

5-YEAR FINANCIAL STATISTICS

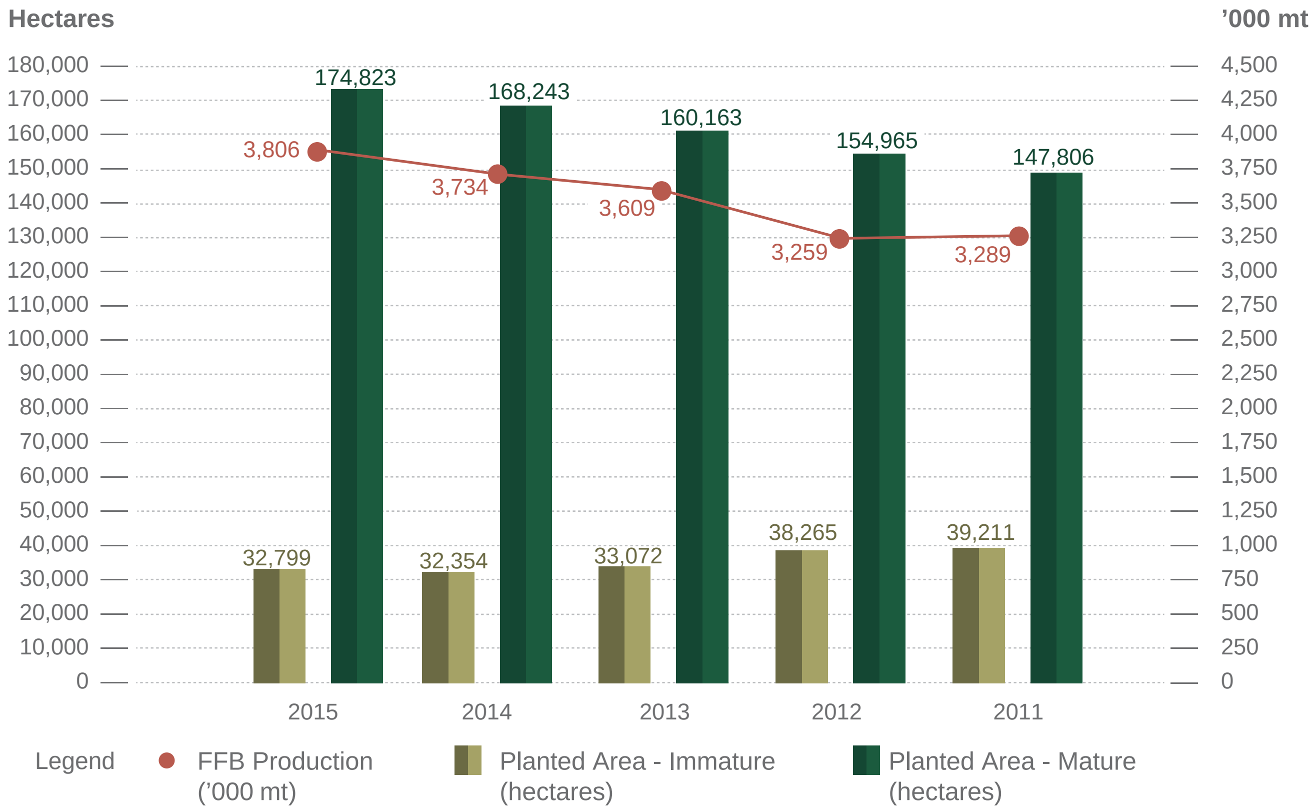
	2015	2014	2013	2012	2011
REVENUE					
Palm products	**6,976,697**	5,089,772	3,952,232	4,487,975	4,551,491
Rubber	**109,550**	145,158	178,542	258,484	328,920
Manufacturing	**6,241,324**	5,634,338	4,696,734	5,057,812	5,135,476
Retailing	**-**	-	-	502,777	651,054
Property development	**123,275**	117,063	208,589	172,516	4,588
Investment income	**125,846**	78,799	79,750	62,922	51,326
Others	**73,299**	64,843	31,478	27,702	20,397
	13,649,991	11,129,973	9,147,325	10,570,188	10,743,252
GROUP PROFIT					
Palm products	**775,606**	985,875	734,689	1,069,504	1,416,049
Rubber	**4,721**	20,589	45,804	109,340	169,794
Manufacturing	**218,912**	288,077	329,275	187,736	226,345
Retailing	**-**	-	-	27,744	22,860
Property development	**49,448**	45,672	80,807	36,879	1,351
Investment holding	**70,714**	33,662	59,117	35,127	45,552
Interest income	**43,302**	36,109	29,363	27,442	21,088
Finance costs	**(104,507)**	(87,375)	(80,902)	(66,225)	(74,244)
Others	**14,987**	21,279	(9,065)	4,404	1,334
Share of profits of equity accounted associates, net of tax	**11,882**	5,878	13,432	10,567	27,779
Share of loss of an equity accounted joint venture, net of tax	**(14,250)**	-	-	-	-
Corporate	**63,783**	(32,069)	(2,753)	117,918	208,297
Profit before taxation	**1,134,598**	1,317,697	1,199,767	1,560,436	2,066,205
Tax expense	**(250,560)**	(285,003)	(232,797)	(300,347)	(420,674)
Profit for the year	**884,038**	1,032,694	966,970	1,260,089	1,645,531
Attributable to:					
Equity holders of the Company	**869,912**	991,705	917,743	1,211,244	1,571,413
Non-controlling interests	**14,126**	40,989	49,227	48,845	74,118
	884,038	1,032,694	966,970	1,260,089	1,645,531
ASSETS					
Property, plant and equipment	**4,817,725**	4,220,214	3,728,605	3,146,674	2,886,437
Prepaid lease payments	**285,555**	251,268	193,229	164,427	164,139
Biological assets	**2,392,287**	2,081,061	1,908,218	1,893,993	1,836,811
Land held for property development	**226,353**	217,926	216,932	239,095	223,693
Goodwill on consolidation	**330,137**	286,969	297,016	285,675	304,266
Intangible assets	**15,297**	15,238	19,573	20,609	33,473
Investment in associates	**154,493**	172,652	112,477	94,009	92,521
Investment in a joint venture	**144,658**	-	-	-	-
Available-for-sale investments	**1,781,642**	884,014	889,422	586,340	559,704
Other receivable	**171,690**	119,940	106,208	83,279	61,940
Deferred tax assets	**147,513**	128,025	103,305	54,249	29,399
Current assets	**6,792,265**	4,510,294	4,172,921	4,814,792	4,777,475
Total assets	**17,259,615**	12,887,601	11,747,906	11,383,142	10,969,858

5-Year Financial Statistics

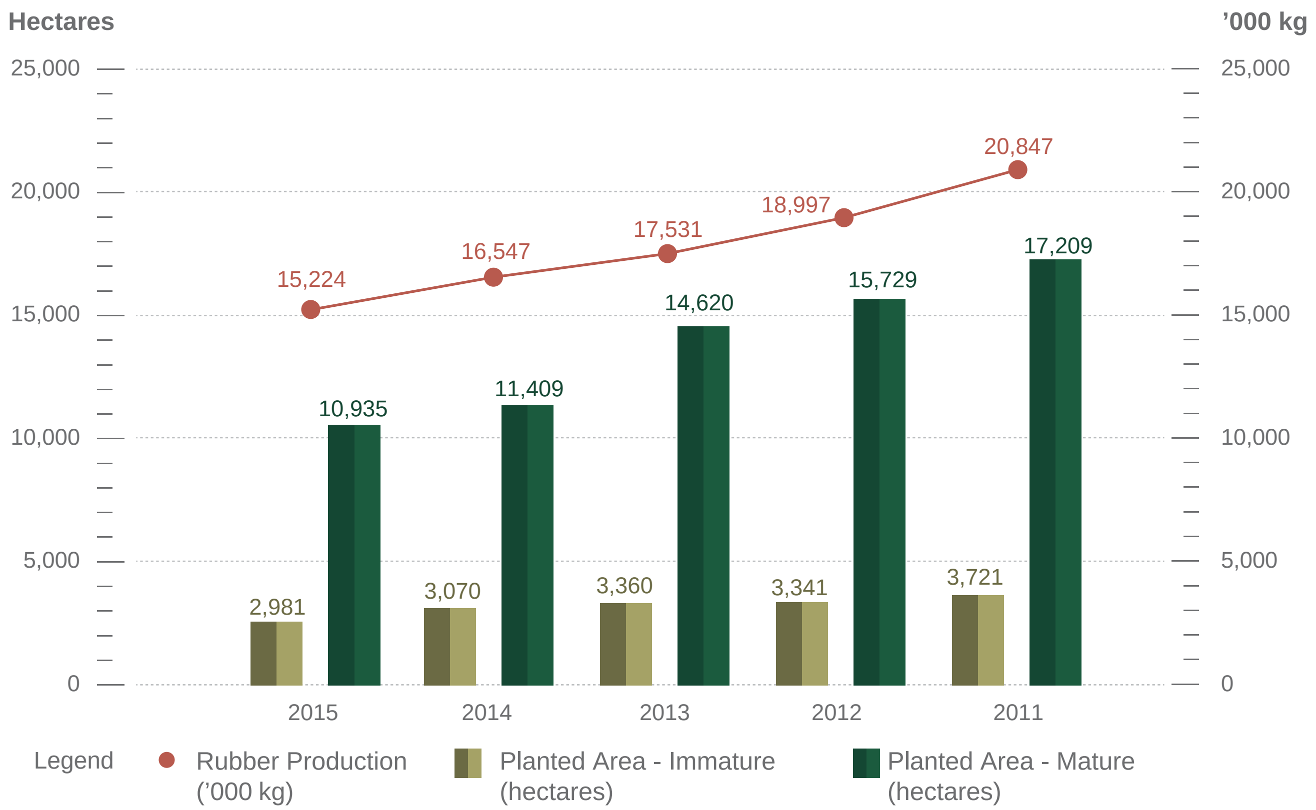
		2015	2014	2013	2012	2011
EQUITY						
Share capital		**1,067,505**	1,067,505	1,067,505	1,067,505	1,067,505
Reserves		**8,612,349**	6,697,649	6,479,722	6,055,779	6,019,591
Cost of treasury shares		**(13,447)**	(13,447)	(13,447)	(13,447)	(13,447)
Total equity attributable to equity holders of the Company		**9,666,407**	7,751,707	7,533,780	7,109,837	7,073,649
Non-controlling interests		**461,703**	431,492	419,460	397,751	392,422
Total equity		**10,128,110**	8,183,199	7,953,240	7,507,588	7,466,071
LIABILITIES						
Deferred tax liabilities		**257,954**	256,207	250,064	241,823	245,732
Deferred income		**113,154**	101,495	72,010	22,765	-
Provision for retirement benefits		**356,563**	281,663	259,222	248,478	224,747
Borrowings		**2,681,221**	1,816,243	1,558,227	1,782,714	525,766
Current liabilities		**3,722,613**	2,248,794	1,655,143	1,579,774	2,507,542
Total liabilities		**7,131,505**	4,704,402	3,794,666	3,875,554	3,503,787
Total equity and liabilities		**17,259,615**	12,887,601	11,747,906	11,383,142	10,969,858
SHAREHOLDERS' EARNINGS AND DIVIDENDS						
Earnings per share	(sen)	**81.7**	93.1	86.2	113.7	147.6
Share price at 30 September	(RM)	**21.70**	21.08	22.60	22.06	21.10
Dividend rate	(sen)	**45.0**	55.0	50.0	65.0	85.0
Dividend yield at 30 September	(%)	**2.1**	2.6	2.2	2.9	4.0
P/E ratio at 30 September		**26.6**	22.6	26.2	19.4	14.3

PLANTED AREA & CROP PRODUCTION

OIL PALM PLANTED AREA / FFB PRODUCTION



RUBBER PLANTED AREA / RUBBER PRODUCTION



AREA STATEMENT

		2015			2014		
	Age In Years	Hectares	% Under Crop	% of Total Planted Area	Hectares	% Under Crop	% of Total Planted Area
OIL PALM							
	4 to 9	**60,556**	**29**		55,576	28	
	10 to 18	**71,974**	**35**		77,592	39	
	19 and above	**42,293**	**20**		35,075	17	
	Mature	**174,823**	**84**	**79**	168,243	84	78
	Immature	**32,779**	**16**	**15**	32,354	16	15
	Total	**207,622**	**100**	**94**	200,597	100	93
RUBBER							
	6 to 10	**1,569**	**12**		1,017	7	
	11 to 15	**2,247**	**16**		2,555	18	
	16 to 20	**2,516**	**18**		2,262	16	
	21 and above	**4,603**	**33**		5,575	38	
	Mature	**10,935**	**79**	**5**	11,409	79	5
	Immature	**2,981**	**21**	**1**	3,070	21	2
	Total	**13,916**	**100**	**6**	14,479	100	7
TOTAL PLANTED		**221,538**		**100**	215,076		100
Plantable Reserves		**24,981**			34,775		
Conservation Areas		**12,813**			12,253		
Building Sites, etc.		**10,110**			7,936		
GRAND TOTAL		**269,442**			270,040		

Note: The area statement above did not include 6,628 hectares of leased land in Papua New Guinea.

CHAIRMAN'S STATEMENT

"The KLK Group, in a very difficult and challenging market environment could only deliver a net profit of RM869.9 million, a 12% reduction from the previous year. This amounted to 81.7 sen in earnings per share. In line with keeping with our dividend practice, your Board is recommending a final single tier dividend of 30 sen, making a total of 45 sen per share. The total payout amounts to RM479.2 million, a payout ratio of 55%."

R. M. ALIAS
Chairman

PERFORMANCE

Our key Plantations upstream business suffered a severe decline in profitability during the financial year ("FY"), caused predominantly by the ample supply of soft oils and the sustained collapse of petroleum prices. Hence, palm products prices were affected by the prevailing negative sentiments on commodities, compounded by the non-mandatory requirement on the usage of biodiesel. Our Plantations Division registered only RM766.8 million in pre-tax profit, a drop of 24% from the previous year, despite the weakening Ringgit. Production costs although increased, was controlled reasonably well.

Our Oleochemicals business had a lacklustre year with a pre-tax contribution of RM171.3 million, affected partly by certain accounting treatments in a weak Ringgit environment. The huge new capacities in basic oleochemicals in recent years by the upstream palm oil producers, coupled with shale gas being the feedstock of synthetic alcohol are principal factors resulting in this very competitive landscape. This environment will be there for the foreseeable coming years, and our Management is focused on driving efficiencies and productivity in all aspects. Challenges still exist for us in our investment in new technologies like sulphonated methyl esters. A bright spark is the encouraging turnabout of our European fatty acids, after years of consistent investments to rebuild efficiencies.

Profits from our Property Division increased to RM61.2 million as it benefitted from the sale of a piece of commercial land during the FY.

RESPONSIBLE STEWARDSHIP

Creating sustainable stakeholder value by integrating environmental and societal concerns into business strategies and performance is an integral part of KLK. KLK remains steadfast in "doing the right thing" to achieve its commitments as defined in its Sustainability Policy issued in December 2014.

One of the key governance initiatives which KLK embarked on this year was to strengthen its Sustainability Framework with the formation of a Sustainability Committee chaired by the CEO. This committee will be responsible to oversee material management policies, processes and strategies designed to manage social, environmental and reputational risks, and achieve compliance with sustainable development responsibilities and commitments. Gaps that have been identified in the course of enhancing our sustainability practices will be mitigated by taking appropriate steps to bridge them.

STRATEGIC ACQUISITION & DISPOSALS

The Company made strategic decisions in both midstream and downstream businesses of the Group. The acquisition of assets in Dusseldorf, Germany will complement the existing products range of our Germany entities with the transfer of know-how and strengthen our market position and worldwide presence. These new assets would also enable the KLK Group to diversify into the tallow-based market.

Additionally, we expect to leverage on the strengths of our business partners with the disposal of minority stakes in our Indonesia and China subsidiaries to Astra-Agro Lestari Tbk ("AAL") and Mitsui & Co., Ltd. ("Mitsui") respectively. AAL would serve as a supplier of good quality raw materials whilst contributing its local market insight on supply sourcing. We would also be able to leverage on Mitsui's business/marketing relationships in China.

CHALLENGES AHEAD

The world economies, with the exception of the United States, are in an uncertain phase with a weak Europe, now faced with the Non-European Union migrant crisis, and China's growth possibly affected by the slowdown in the export sector. Palm products prices upside is also limited by ample global stocks of oilseeds and the Indonesian growth in planted areas, although the domestic denominated price has been boosted by the weakening of both the Ringgit and Rupiah. The current additional Indonesian levy on palm products prices, whilst having a huge negative impact on our ex-mill prices in our Indonesian plantations, hopefully will result in a very significant mandatory usage in biodiesel consumption leading to a strong uplift for palm prices.

Sustainable development continues to be high on our agenda as we strive to balance the developmental/economic need of the communities and countries that we operate in, with the need to protect the environment and address issues such as climate change and deforestation. We will continue to improve our communication channels with stakeholders to enhance transparency in the sharing of our sustainability efforts. We will also continue to reach out to affected stakeholders to work together as partners in finding genuine solutions.

In terms of operations, with rising cost and inflationary pressures, we will continue to put emphasis on increasing productivity, yields and further improve on the oil extraction rates.

For the Oleochemicals Division, while much has been invested in expanding capacities, we will push for further improvement in efficiencies and productivity.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to the Management team and all employees of the KLK family for continuing to be the driving force behind our performance and achievements.

Lastly, I would like to thank all our shareholders, partners and all stakeholders for their confidence, trust and on-going support.

KENYATAAN PENGERUSI

"Dalam persekitaran pasaran yang amat rumit dan mencabar, Kumpulan KLK hanya dapat mencatat keuntungan bersih sebanyak RM869.9 juta, pengurangan sebanyak 12% berbanding tahun lepas. Ini bermakna perolehan sebanyak 81.7 sen setiap saham. Sejajar dengan amalan dividen kita pada masa-masa lepas, Lembaga tuan mengesyorkan dividen satu peringkat akhir sebanyak 30 sen, menjadikan jumlah pembayaran dividen sebanyak 45 sen setiap saham."

PRESTASI

Perniagaan huluan Perladangan Kumpulan mengalami kemerosotan yang teruk dari segi keuntungan dalam tahun kewangan ("FY"), terutamanya disebabkan oleh bekalan berlebihan minyak lembut dan kejatuhan harga petroleum berpanjangan. Oleh itu, harga produk sawit telah terjejas oleh sentimen negatif semasa mengenai komoditi, diburukkan lagi oleh keperluan bukan mandatori ke atas penggunaan biodiesel. Bahagian Perladangan kami mencatat hanya RM766.8 juta dalam keuntungan pra cukai, kejatuhan sebanyak 24% daripada tahun lepas, walaupun nilai Ringgit semakin lemah. Kos pengeluaran, walaupun meningkat, telah dikawal dengan agak baik.

Perniagaan Oleokimia kami tidak begitu cergas dalam tahun kewangan dengan menyumbang keuntungan pra cukai sebanyak RM171.3 juta, terjejas sebahagiannya oleh olahan perakaunan tertentu dalam persekitaran Ringgit yang lemah. Tambahan kapasiti yang begitu besar dalam oleokimia asas dalam beberapa tahun kebelakangan oleh pengeluar-pengeluar minyak sawit huluan, disertai dengan gas syal menjadi stok suapan alkohol sintetik adalah faktor-faktor utama yang mengakibatkan suasana amat berdaya saing ini. Persekitaran ini akan berterusan untuk beberapa tahun akan datang dan Pengurusan kami akan memberi tumpuan ke arah memacukan kecekapan dan produktiviti dalam semua aspek. Kami masih menghadapi cabaran dalam pelaburan kami dalam teknologi baru seperti ester metil pensulfanat. Satu sinar menanti adalah pemulihan yang menggalakkan untuk operasi asid lemak Eropah kami, selepas bertahun-tahun pelaburan untuk membina semula kecekapan.

Keuntungan daripada Bahagian Hartanah kami meningkat kepada RM61.2 juta apabila ia mendapat keuntungan daripada jualan sebidang tanah komersial dalam FY.

PENGEMUDIAN BERTANGGUNGJAWAB

Membentuk nilai pemegang pelbagai kepentingan yang mapan dengan menyepadu keprihatinan alam sekitar dan masyarakat ke dalam strategi dan prestasi perniagaan adalah bahagian penting bagi KLK. KLK kekal tegas dalam "membuat perkara yang betul" untuk mencapai komitmennya sebagaimana ditakrifkan dalam Polisi Kemapanan yang dikeluarkan pada Disember 2014.

Salah satu daripada inisiatif tadbir urus penting yang KLK mulakan pada tahun ini adalah mengukuhkan Rangka Kerja Kemapanannya dengan pembentukan Jawatankuasa Kemapanan yang dipengerusikan oleh Ketua Pegawai Eksekutif. Jawatankuasa ini akan bertanggungjawab untuk menyelia dasar-dasar, proses dan strategi pengurusan penting yang direka untuk mengurus risiko-risiko sosial alam sekitar dan reputasi, dan mencapai pematuhan dengan tanggungjawab dan komitmen pembangunan mapan. Jurang-jurang yang telah dikenal pasti sepanjang meningkatkan amalan kemapanan kami akan dikurangkan dengan mengambil langkah-langkah yang sesuai untuk merapatkannya.

PENGAMBILALIHAN DAN PELUPUSAN STRATEGIK

Syarikat membuat keputusan-keputusan strategik dalam kedua-dua perniagaan pertengahan dan hiliran Kumpulan. Pembelian aset di Dusseldolf, Jerman akan melengkapi rangkaian produk sedia ada entiti Jerman kami dengan pemindahan kepandaian dan mengukuhkan kedudukan pasaran dan kehadiran kami di seluruh dunia. Aset-aset baru ini akan juga membolehkan Kumpulan KLK untuk mempelbagaikan ke dalam pasaran berasaskan lemak haiwan.

Selain itu, kami menjangka untuk menuil ke atas kekuatan rakan perniagaan kami dengan pelupusan pemegangan minoriti dalam anak-anak syarikat Indonesia dan China kami masing-masing kepada Astra-Agro Lestari Tbk ("ALL") dan Mitsui & Co. Ltd. ("Mitsui"). AAL akan bertindak sebagai pembekal bahan mentah berkualiti baik dan menyumbang wawasan pasaran tempatannya ke atas mencari bekalan. Kami juga akan dapat menuil ke atas perhubungan perniagaan/pemasaran Mitsui di China.

CABARAN-CABARAN DI HADAPAN

Ekonomi-ekonomi dunia, kecuali Amerika Syarikat, berada dalam fasa tidak menentu dengan negara-negara Eropah yang lemah, kini berhadapan dengan krisis pendatang Kesatuan Bukan Eropah, dan kemungkinan pertumbuhan China terjejas oleh kemelesetan dalam sektor eksport. Kenaikan harga produk sawit juga terbatas oleh timbunan stok global biji minyak dan pertumbuhan Indonesia dari segi kawasan ditanam, walaupun harga denominasi domestik telah dilonjakkan oleh kelemahan nilai kedua-dua Ringgit dan Rupiah. Levi Indonesia tambahan pada masa ini ke atas harga produk sawit, manakala mempunyai kesan negatif yang besar ke atas harga di kilang kami di dalam perladangan Indonesia kami, mudah-mudahan akan mengakibatkan penggunaan mandatori yang amat ketara dalam penggunaan biodiesel yang membawa kepada kenaikan kukuh dalam harga sawit.

Pembangunan yang mapan terus menjadi perkara penting dalam agenda kami apabila kami berusaha untuk mengimbangi keperluan pembangunan/ekonomi komuniti-komuniti dan negara-negara di mana kami beroperasi, dengan keperluan untuk melindungi alam sekitar dan menangani isu-isu seperti perubahan cuaca dan pembasmian hutan. Kami akan terus memperbaiki saluran-saluran komunikasi kami dengan pemegang-pemegang pelbagai kepentingan untuk meningkatkan lagi ketelusan dalam perkongsian usaha-usaha kemapanan kami. Kami juga akan terus berhubungan dengan pemegang-pemegang pelbagai kepentingan yang terjejas untuk bekerja bersama sebagai rakan kongsi dalam mencari penyelesaian yang sejati.

Dari segi operasi, dengan kos yang semakin meningkat dan tekanan-tekanan inflasi, kami akan terus memberi penekanan untuk menambah produktiviti, kadar hasil dan selanjutnya meningkatkan kadar pengekstrakan minyak.

Bagi Bahagian Oleokimia, manakala banyak telah dilaburkan dalam mengembangkan kapasiti, kami akan terus melakukan penambahbaikan selanjutnya dari segi kecekapan dan produktiviti.

PENGHARGAAN

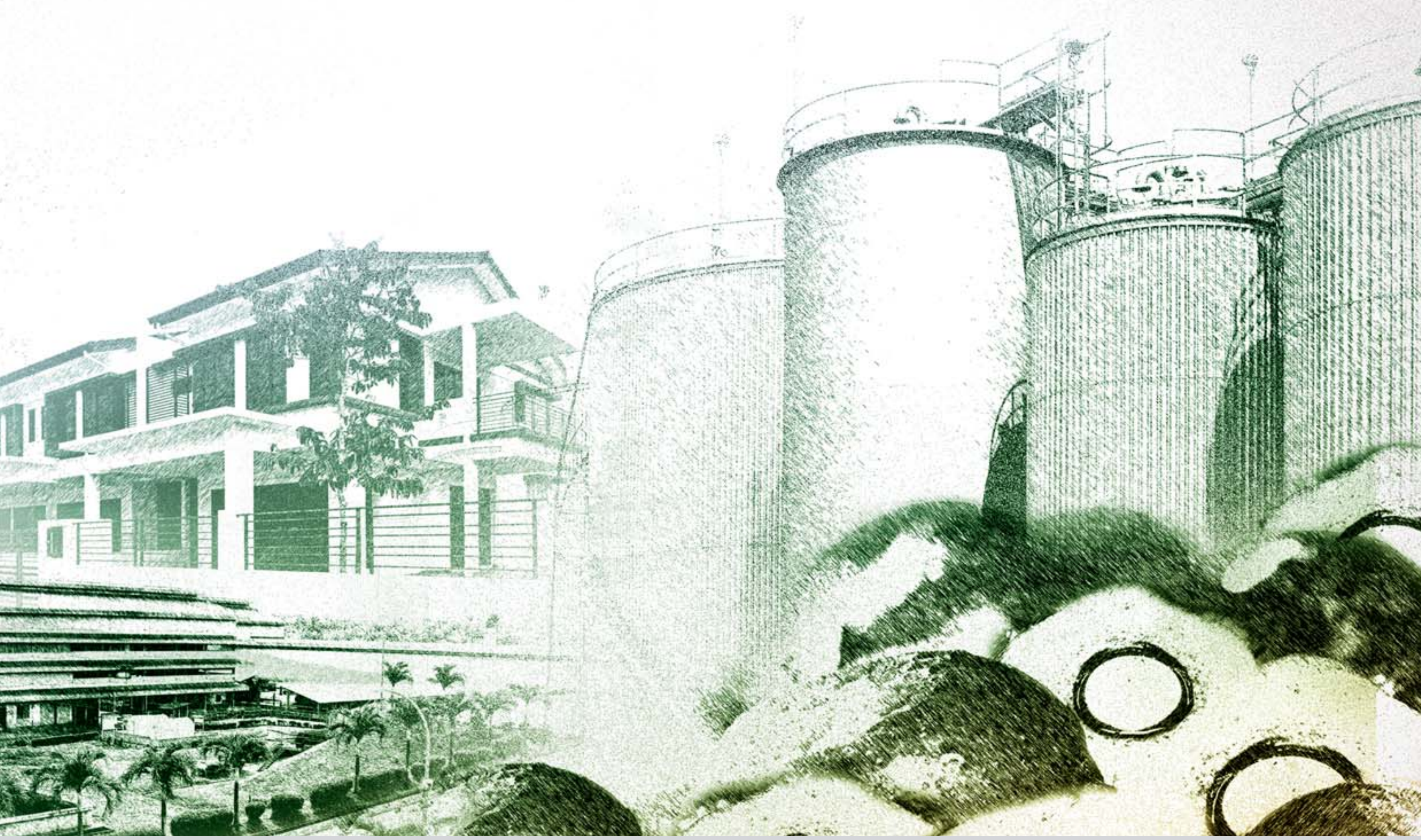
Bagi pihak Lembaga, saya ingin menyampaikan penghargaan tulus ikhlas saya kepada pasukan Pengurusan dan semua kakitangan keluarga KLK kerana terus menjadi kekuatan utama di belakang prestasi dan pencapaian kami.

Akhir sekali saya ingin mengucapkan terima kasih kepada semua pemegang saham kami, rakan-rakan niaga dan semua pemegang pelbagai kepentingan di atas keyakinan, kepercayaan dan sokongan berterusan mereka.

CEO'S REVIEW OF OPERATIONS

"Throughout the financial year ("FY"), we operated under a challenging environment, notably the general decline in all commodity prices and the relatively weak macroeconomic indicators. The significant decline in petroleum prices together with the ample supply of oilseeds caused palm oil prices to dip before recovering, aided by the depreciation of the Ringgit. Compounding this complex environment was the El Nino which induced unusually long drought, and the Indonesian Government introducing an additional levy for palm products."

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer



Our Plantation Group yields per hectare were thus marginally lower at 4.91 mt oil per hectare, even though we had a 2% overall fresh fruit bunches ("FFB") growth. Our target of 6 mt oil per hectare seems distant at the moment but our continuous improvement in oil extraction rate ("OER") was achieved. With more favourable weather, it would assist many of our regions to attain our target. We also continued to emphasise on operational efficiencies and labour productivity to offset the impending wage increases and inflationary pressures, to contain our costs of production at RM1,268/mt.

Sustainable development is an integral part of KLK business and values, as made explicit in its Sustainability Policy. Hence, our self-imposed moratorium on development in high carbon stock ("HCS") areas pending the completion of the Manifesto group-funded HCS study. To benefit the approximately 40,000 workers in the KLK Group, we continue to enhance health clinics, schools, housing quarters and other amenities to meet the aspirations of a better living.

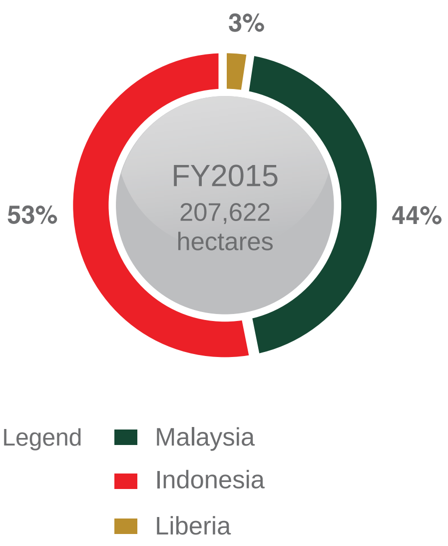
Our Oleochemicals Division, whilst competing in this difficult global overcapacities scenario; can only attempt to improve operational efficiencies, with incremental productivity improvements. To enhance our competitiveness, we acquired a fatty acid plant in Dusseldorf, Germany, to diversify into tallow-based feedstock, and also doubled the capacity in our China operations.

PLANTATIONS

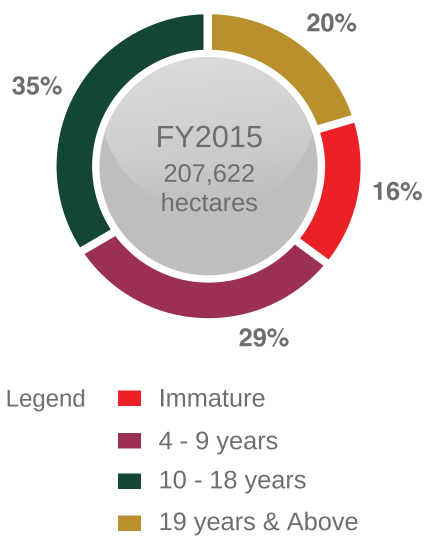
Our Plantations sector had a very challenging and difficult year, compounded by inclement weather phenomena and lower commodity prices. In the early part of the FY, our estates in Kelantan encountered unprecedented flooding leading to extensive damage to crops and properties. We extended emergency aid to our workers and carried out massive rehabilitation works. As the FY moved on into the 3rd and 4th Quarters, El Nino played out in full force causing severe drought in our estates in Central Kalimantan, whilst our operations in Sabah and East Kalimantan encountered drier than usual weather with consequential impact on FFB yields and costs.

In the international vegetable oils market, crude palm oil ("CPO") faced ample availability of soft oils, and its price was further depressed by Indonesia's imposition of a levy of USD50/mt at the export point. Low petroleum prices have virtually wiped out discretionary demand for biodiesel and its usage was either mandated or subsidised by government. A slower global economy meant softer demand which generally lagged behind production, leading to high inventory. Refineries had to compete fiercely to secure market share by under-pricing due to overcapacities. Such fundamentals had caused CPO prices to dip to a low of around RM1,800/mt only to recover

Geographical Location of Planted Areas
As at 30 September 2015



Age Profile of Oil Palm Trees
As at 30 September 2015



Palm Age	Malaysia		Indonesia		Liberia		Total	
(years)	(hectares)	%	(hectares)	%	(hectares)	%	(hectares)	%
Immature	7,610	4	17,715	9	7,474	3	32,799	16
4 - 9	16,136	8	44,420	21	-	-	60,556	29
10 - 18	40,071	19	31,903	16	-	-	71,974	35
19 & above	27,080	13	15,213	7	-	-	42,293	20
TOTAL	**90,897**	**44**	**109,251**	**53**	**7,474**	**3**	**207,622**	**100**

Group Weighted Average Age: 11.5 years

to above RM2,000/mt by the fast depreciation of the Ringgit. Throughout the FY, CPO traded mostly within the range of RM2,150/mt to RM2,250/mt.

Under such a scenario, Plantations' contribution to profit declined by 24% to RM766.8 million on a turnover of RM7.1 billion, the performance being impacted by lower commodity prices as well as lower yields and higher costs attributed to weather related factors.

The Group's selling prices of palm products continued to be heavily diluted by the lower prices secured for its increasing Indonesian production due to the levy and geographical discount for off ports, mainly in Kalimantan, thereby dragging down its average selling prices of CPO and palm kernels to RM2,106/mt ex-mill and RM1,424/mt ex-mill respectively. The average selling price of rubber dropped to 681 sen/kg from 800 sen/kg in the previous year due to a lethargic, oversupplied and depressed market.

The refining and kernel crushing businesses of the Group managed to reduce its loss to RM2.4 million from a loss of RM15.0 million last year, wholly attributed to commendable results from kernel crushing activities which offset the losses incurred by the Group's refineries.

Oil Palm

The oil palm sector contributed RM765.2 million to profit accounting for 99% of the total profit from estate operations and yielding an average profit per matured hectare of RM4,381 after replanting expenditure. The Group's yield per hectare of FFB declined marginally to 21.96 mt being diluted mainly by low yields from young fields and chronic theft in Medan as well as drought affected yields in Sabah, Central Kalimantan and East Kalimantan.

In tandem with lower yields, the group's FFB cost increased by 7% to RM222/mt ex-estate whilst CPO cost rose by 6% to RM1,268/mt ex-mill. There is further room

▲ *Nursery at PT Karya Makmur Abadi, Central Kalimantan*

to reduce cost in Indonesia which comparatively is still higher than those in Malaysia, as some areas have yet to reach their full potential. Management continued to focus on increasing labour productivity, yield improvement projects and control of rampant theft which has necessitated high security costs.

FFB Production and OER

The Group's overall FFB output grew by 2% to 3.81 million mt, almost all of which was attributed to newly matured palms in Indonesia. However, CPO per hectare was only a touch lower at 4.91 mt/ha despite lower FFB yield/ha due to improvement of OER.

Our OER improved by 2% to 22.34% which was the highest ever recorded by the Group. OER has been on the uptrend the last two years as a result of stringent systems to monitor harvesting standards and aided by ramets coming into play particularly in two mills in Sabah, one of which, consistently recorded the highest OER in the country. Newer mills in Kalimantan that are processing younger and smaller bunches thereby allowing better sterilisation are managing OER of above 24%. The Group will continue to focus on OER going forward as there is still potential for further improvement.

Rubber

The contribution to profit from rubber plunged to a mere RM6.1 million from RM25.0 million last year. Profit per hectare after replanting expenditure was only RM404/ha. The setback was mostly on account of lower price, and yield/ha of 1,413 kg not meeting expectations. Although ex-factory cost has declined marginally to 493 sen/kg, they are still considered high and at SMR 20 price of 500 sen/kg to 530 sen/kg Free On Board ("FOB"), there was hardly any profit for cup lump grades leaving latex and latex grades to carry the margin. The substitution of old and unproductive trees in Indonesia with oil palms is expected to be completed by December 2015. With hardly any catalysts to motivate the rubber market, prices have been weakened by ample supply and uncertainties in the global economy. The Group's average price for rubber declined by about 15% to 681 sen/kg net of cess.

Other Developments

Last year, the work-in-progress on two palm oils mills in East and Central Kalimantan had been successfully completed and they were commissioned in February 2015 and June 2015 respectively. We have also completed the revamp of our Jeram Padang Palm Oil Mill in Negri Sembilan to vertical sterilisers in June 2015. Our Kekayaan Palm Oil Mill completed its biogas capture project and is ready to hook on to Tenaga Nasional Berhad to supply 2 MW of electricity.

Projects started during the year which are targeted for completion early next FY include three biogas projects in Jeram Padang Palm Oil Mill, SWP Palm Oil Mill in Belitung Island, and Berau Palm Oil Mill.

Our refinery in Belitung Island will be equipped with a new fractionation plant to open up more options for trading various grades of refined oils. The aged fractionation plant in our refinery in Pasir Gudang will be upgraded in technology and capacity to service the pack products market.

Research and Development ("R&D")

KLK's associate company, Applied Agricultural Resources Sdn. Bhd. ("AAR"), continues to provide technical support in terms of agronomy and advisory, as well as testing new frontiers in research and development work. Improving fertiliser use efficiency continues to be a major thrust in KLK's plantations practices of providing good growing environment for optimal nutrient uptake and reducing surface run-off losses.

In newer frontiers with different agro-climatic conditions, AAR focuses on best agro-management practices to achieve the site yield potential in the shortest possible period particularly for AAR new planting materials, Hybrida II and Hybrida IS. The AA Hybrida IS has attained 22% more oil yield than the previous AA DxP, while its AA Hybrida II candidates (commercially available by December 2015) are achieving 34% more and are expected to achieve up to 57% more oil yield, after the creaming process of *duras* and *pisiferas*.

Novel ways to capture and study insects within the plantation ecosystem were also developed. To-date, more than 500 species of insects has been preserved to further enhance its knowledge on the range of biological diversity within an oil palm ecosystem. Similarly, work on *Ganoderma* antagonistic microbes had shown promise and would be further evaluated in the field. One of the candidates, *Scytalidium parasiticum*, which is a novel species discovered by AAR has been patented. In the meantime, AAR continues to study the aetiology and epidemiology of the disease in order to develop a robust method to contain this disease that affects the growth of the palm trees.

MANUFACTURING

Oleochemicals

The KLK OLEO Group achieved a pre-tax profit of RM171.3 million compared with RM263.2 million for the previous year. Included in the results was an adverse impact of RM96.5 million, due to the sharp decline of Ringgit at the end of the FY arising from the changes in fair value on outstanding derivative contracts.

FY2015 was a difficult year underscored by weak market economics in particular, due to the over capacity situation. The overall supply and demand dynamics for our products were derailed by volatile oil prices and a difficult business environment. Low crude oil price posed a major disadvantage to our natural oleochemicals, in particular where they are easily substituted by petrochemical alternatives. The market environment was made more challenging by the volatility in the lauric oil prices as customers adopted a wait-and-see approach.

The volatile crude oil prices carrying over from 2014 continued to affect our fatty alcohol business which competes with the petroleum-based synthetic alcohols. Similarly, our sulphonated methyl ester ("SME") business was affected by cheap linear alkyl benzene sulphonic acid ("LABSA") prices. Operationally, the KLK Oleomas business was also affected by prolonged commissioning and intermittent technical issues at the Westport site. KLK Oleomas is expected to turn around in FY2016 with the key expansion projects having been completed and most problems rectified.

Performance at our other Malaysian operations, viz. the Palm-Oleo Group, was favourable compared to last year, supported by relatively stable fatty acids and glycerine sales, and strong performance of the esters and Ethylene Bis-Stearamides ("EBS") businesses.

▼ *KLK Oleomas in Rawang*

China is a significant market for our Oleochemicals business, representing more than 20% of our total group sales. Our operations there were depressed by the slowdown in the Chinese economy, especially in the second half of the FY, which saw aggressive pricing from competition from South East Asia, resulting in weak margins and poor sales.

For our Europe operations, KLK Emmerich turned in a sterling performance with strong sales, further strengthened by added capacities coming on stream and successful de-bottlenecking activities. However, the ethoxylates business did not perform as well.

Fatty acid continues to be a mainstay of the business, contributing a steady performance amidst a highly competitive market. New capacities in Europe and China will also be commissioned and are expected to come on-stream in the new FY, the challenge being to find new outlets for these products. In Europe, our newly acquired site at Dusseldorf will allow us to venture into the tallow fatty acids market, to complement our Emmerich site which will continue to focus on vegetable-based oleochemicals.

In our soap business, we continue to work with major multinationals and regional soap brand owners to provide a stable outlet for our products. We have successfully upgraded our capacity in Malaysia, and this will allow us to serve the market better. Asia remains our key market for soap noodles, while emerging economies in Africa are increasing in significance buoyed by improving living standards, hygiene consciousness and buying power.

We have embarked on a new expansion project in our EBS business which is expected to be completed by the second quarter of FY2016. This will allow us to develop new market segments and application areas.

Our fatty acid ester business has been performing quite well over the years. The Group will embark on the construction of another ester plant in Malaysia to cope with growing demand for various specialty-grade esters. In Europe, the construction of an ester plant for sorbitan esters is progressing well. The major portion of the output is targeted to be converted to ethoxylated sorbitan esters by Kolb.

Our SME is a green surfactant and highly biodegradable. However, with low crude oil prices, the synthetic-base detergent raw materials are now very cheap, hence the replacement process by natural SME has been slow. Nonetheless, we believe that in the longer term, detergents and toiletries producers will revert back to incorporating SME into their formulations. The commissioning of our second SME plant will allow us to have dedicated production lines for paste and solid products.

With the tocotrienol plant technology now stabilised, our nutraceutical business is now very much focused on sales. We launched Naturale³ Bio-Enhanced 20 during the FY, using the self-emulsifying delivery systems ("SEDDS") formula that significantly improves bioavailability. The company has also invested heavily in the latest advanced technologies to ensure that our Naturale³ Tocotrienol complies with all major international regulatory standards on Persistent Organic Pollutants ("POPs") and other contaminants in food and health supplements. POPs are chemical substances that persist in the environment, bio-accumulate through the food web, and pose a risk of causing adverse effects to human health and the environment.

The KOLB business is undergoing restructuring and streamlining its product portfolio at the two production sites in Moerdijk and Hedingen to run the operations more efficiently and for improved cost efficiencies. KOLB will also focus on developing its specialty business, the GMP Swiss Medic certification at the Hedingen site will support this business initiative over the next few years. The integration of newly acquired Tensachem was carried out successfully in FY2015. Various projects will be carried out in the coming year to bring further value to the bottom line and increase efficiency as well as help KOLB to balance the business.

Despite FY2015's weak financial performance, the KLK OLEO Group continues to uphold its vision of building a sustainable oleochemical business. The emphasis for the KLK OLEO Group remains unchanged, that is to continuously drive further cost efficiency and value extraction in the integrated value chain of its worldwide oleochemicals business.

Non-Oleochemcials

Our rubber gloves business continued to show good progress with a higher operational profits at RM6.2 million on the back of the strengthened USD relative to Ringgit, and lower raw material prices. We believe there is still potential for growth and will further strengthen our presence in major markets and intensify R&D efforts to develop new products and lowering processing and material costs. We will also continue to develop a broader customer base in the newer markets such as Latin America, Europe, Africa and Middle East to reduce reliance on a few main customers.

For our parquet flooring business, we continued to implement effective cost controls whilst maintaining the quality of our products, resulting in lower losses.

▲ *The entrance to our project, Bandar Seri Coalfields*

PROPERTY

During the FY, we experienced weak sentiments on the property market as the impact of the cooling measures introduced by the Government in 2014 continued to be felt by property players. This coupled with the introduction of the Goods and Services Tax ("GST") in April 2015 had resulted in an increase in development costs and overall inflationary pressures. Potential house buyers also adopted a 'wait and see' attitude.

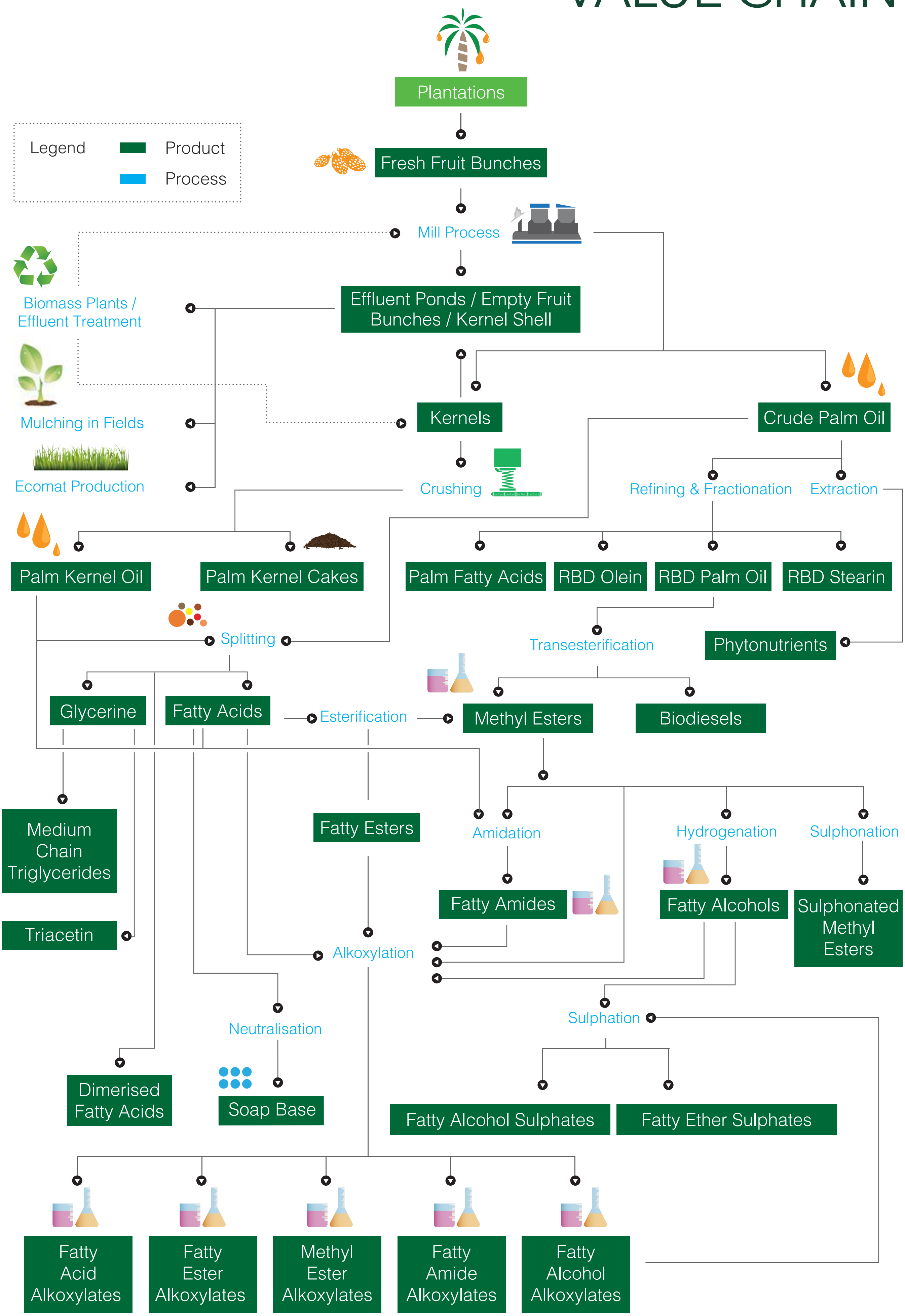
Despite the weak market demand for properties, our Property sector's profit increased from RM46.3 million to RM61.2 million, mainly due to the sale of a parcel of land in Desa Coalfields for the construction of a hypermarket to enhance the surrounding development. The unbilled sales at the end of the FY stood at RM89.0 million.

The year saw the property division launch the final phase of Senna 20'x70' terrace homes in Bandar Seri Coalfields ("BSC") at RM550,000 with a near full take-up rate. The encouraging sales in the first parcel release of Ixora 22'x75' terrace homes at RM630,000 led to an escalation of price to RM648,000 in the second parcel, and the release of BSC Central 1 24'x75' shop offices at RM978,000 at the commercial precinct of BSC.

There are several other projects in BSC and adjacent estates currently in various stages of planning to target the current underlying need for affordable homes in the market which we plan to launch next year. Planning for new townships is also being carried out for the strategic landbank at Sungai Buloh West with direct access from highways.

Completion of the sale of part of Fraser Estate in Kulai to Aura Muhibah Sdn Bhd (a joint-venture company with UEM Sunrise) and the purchase of the Gerbang Nusajaya land from UEM Sunrise are expected to take place by 2nd Quarter of FY2016. However, planning for Gerbang land is already underway for landed residential and commercial projects.

INTEGRATED BUSINESS VALUE CHAIN



SUSTAINABILITY & CORPORATE RESPONSIBILITY

Children at our kindergarden in Sabah

Sustainability and Corporate Responsibility ("CR") are integral parts of KLK's business and reflect the values held firmly by our founding fathers. Over the years, KLK has been further integrating environmental, social and governance ("ESG") considerations into its decision-making process and business.

A key initiative last year in terms of governance was the formation of the **Sustainability Committee** and the **Corporate Responsibility Committee**. Both Committees are chaired by the CEO, and its members comprise of the Heads of each Business Division.

The objective of these Committees is to synergise the efforts between the Business Divisions as previously, each Division managed its own CR and Sustainability agendas. Additionally, both Committees are part of the KLK Group's overall Governance Model together with the Executive, Treasury and Risk Management Committees all of which report directly to the CEO, who in turn, updates the Board of Directors on the Group's CR and Sustainability Agenda.

The Group's framework for the management of CR, in-line with Bursa Malaysia's recommended framework is as follows:-

MARKETPLACE

GOVERNANCE

SUSTAINABILITY POLICY

In December 2014, KLK launched its Sustainability Policy. The Policy brings together and expands on KLK's current sustainability commitments and practices. The policy focuses on the following main areas which are:

- No deforestation;
- Protection of peat areas;
- Driving of positive socio-economic impact for people and communities;
- Traceability; and
- Continuous stakeholder engagement

KLK has also committed to reporting its progress with regards to the Policy on a half-yearly basis. The 1st progress report together with the full policy is available at *www.klk.com.my*

KUALA LUMPUR KEPONG BERHAD

KLK SUSTAINABILITY POLICY

Scope of Policy
This Policy Statement applies to KLK and all of its subsidiaries.

In situations where KLK has minority interest, we will encourage the application of this Policy amongst our business partners including contractors, suppliers, trading and JV partners.

Commitment Statement
KLK is committed to ensuring that its products are produced in a sustainable manner. This is realised through continuous balanced assessment and development of its operations while simultaneously conserving and improving the natural environment, and uplifting the socio-economic conditions of its employees and local communities. These important aspects are incorporated not only in its daily operations but also in its decision making processes.

KLK adopts the Principles & Criteria ("P&C") set out by the Roundtable on Sustainable Palm Oil ("RSPO") as the foundation of its sustainability practices, and is further guided by the following policies:-

1. **No Deforestation**
   - There will be no development of areas classified as high carbon stock ("HCS") forests defined by the interpretation of HCS issued by the industry-led working group, of which KLK is a party ("HCS Study"). The HCS Study will, when completed, provide reliable information on greenhouse gas emissions ("GHG") and socio-economic considerations to guide decisions on land conversion to oil palm plantations.
   - In the interim and until the results of the HCS Study are adopted, KLK has halted all development on potential HCS areas¹, effective from September 2014.
   - We will fully adopt the RSPO Criterion 7.8 to minimise GHG emissions from new developments. The emission of GHG will be progressively reduced on existing plantations and operations. We will adhere to RSPO or equivalent certification standards and all relevant national legislation.
   - KLK pledges to conserve biodiversity by identifying, protecting and maintaining high conservation value areas.
   - A strict Zero Burning policy is practised in relation to all new planting, re-planting or other development.
2. **Protection of Peat Areas**
   - There will be no new development on peat areas, regardless of depth.
   - We are committed to applying Best Management Practices on existing peat lands in our plantations.
   - In areas that are found to be unsuitable for replanting, we will work with experts to explore options including environmentally friendly alternative uses or peat restoration.

¹ KLK will engage independent third parties and employ the current industry standard developed by Golden Agri Resources (GAR), The Forest Trust (TFT) and Greenpeace to identify potential HCS areas before any new development.

CERTIFICATION BODIES

ROUNDTABLE ON SUSTAINABLE PALM OIL ("RSPO")

RSPO
Roundtable on Sustainable Palm Oil

The RSPO is a multi-stakeholder initiative that aims to transform the market to make sustainable palm oil the norm. Members consist of supply chain members namely producers and processors, consumer goods manufacturers, retailers, banks & investors as well as environmental and social non-governmental organisations. KLK was one of its early members.

RSPO Principles & Criteria ("P&C")

The RSPO stakeholder groups, in consensus, developed the RSPO P&C – a certification standard for certified sustainable palm oil. Plantation companies who are members, through a time-bound plan determined by each individual company, certify its own plantations according this standard.

8 principles for growers to be RSPO certified

01 Commitment to transparency

02 Compliance with applicable laws and regulations

03 Commitment to long-term economic and financial viability

04 Use of appropriate best practice by growers and millers

05 Environmental responsibility and conservation of natural resources and biodiversity

06 Responsible consideration of employees, and of individuals and communities affected by growers and millers

07 Responsible development of new plantings

08 Commitment to continuous improvement in key areas of activity

RSPO Certified Sustainable Palm Oil ("CSPO")

KLK has been working actively towards achieving RSPO certification of its oil palm operations since 2008. In Malaysia, 100% of KLK's plantations have been certified sustainable by the RSPO. Similarly for Indonesia, KLK intends to certify its plantation by 2016.

KLK currently has an estimated annual production of 748,000 mt RSPO CSPO, which represents approximately 6.4% of total CSPO produced globally.

In April 2015, Rimmer and Lungmanis palm oil mills ("POMs") in Lahad Datu, and Bornion POM in Kinabatangan, Sabah have successfully passed the RSPO Re-Certification Audit.

As of September 2015, 17 POMs out of a total of 25 KLK POMs in Malaysia and Indonesia have been certified under RSPO.

RSPO Supply Chain Certification

Supply chain certification is an assurance to customers that the palm oil and palm kernel oil used in the production of our finished goods actually comes from the claimed RSPO source. Five (5) refineries and three (3) kernel crushing plants in Malaysia and Indonesia together with our Oleochemicals Division in Malaysia and Europe are RSPO SCCS Certified. With the SCCS, we hope to be able to provide and meet the product and sustainable development needs of our customers.

INDONESIA SUSTAINABLE PALM OIL ("ISPO")

ISPO

The Government of Indonesia established the mandatory ISPO certification scheme which aims to improve the sustainability and competitiveness of the Indonesian palm oil industry. It also supports the Indonesian government's objectives to reduce GHG emissions and draw attention to environmental issues. Similar to the RSPO, the ISPO standards includes legal, economic, environmental and social requirements, which are largely based on existing national regulations. Currently five (5) of KLK's POMs are ISPO certified.

The ISPO audits for our Indonesian POMs are expected to be completed by end 2016.

INTERNATIONAL SUSTAINABILITY AND CARBON CERTIFICATION ("ISCC")

ISCC
International Sustainability & Carbon Certification

ISCC is a system for certifying the biomass and bioenergy industries, with a focus on reducing GHG emissions, sustainable use of land, protection of natural biospheres, and social sustainability. It has received official state recognition through the German government's biomass sustainability ordinance (BioNachV) and is recognised by the European Commission as a certification scheme that demonstrates compliance with the EU Renewable Energy Directive's ("RED") requirements. Fifteen (15) POMs and all four (4) of KLK's refineries in Malaysia and Indonesia have been certified under ISCC.

COMMITMENT

SUSTAINABLE PALM OIL MANIFESTO ("MANIFESTO"), HIGH CARBON STOCK STUDY (HCS+)

Together with other grower companies and agribusinesses, KLK has committed to the Manifesto. This Manifesto demonstrates our seriousness towards sustainability as it goes beyond our compliance requirements under the RSPO P&C. The commitments made are:

(i) To build traceable and transparent supply chains;
(ii) To accelerate the journey to no deforestation through the conservation of high carbon stock ("HCS") forests and the protection of peat areas regardless of depth; and
(iii) To increase the focus on driving beneficial economic change and to ensure a positive social impact on people and communities.

Due to the complexity in defining what is considered as "HCS" (it being a relative term with no definition that is universally accepted), KLK together with other signatories of the Manifesto have commissioned a HCS study to determine the threshold values for GHG emissions from HCS areas, taking into account the socio-economic context in South-East Asia and African countries where new oil palm development has been planned. The study was conducted by 50 scientific experts in the fields of biomass, soil carbon, remote sensing, and socio-economics.

The draft synthesis report of the study has been made available for public consultation. The methodology derived from the HCS Study has been termed as HCS+ with the "HCS" focus on GHG emissions and where the "+" indicates that there will be opportunities for improved livelihoods by permitting some level of responsible conversion (with associated net GHG emissions) of land to oil palm plantations. The final report is expected to be launched in December 2015.

During the course and until the results of the study are adopted, KLK has halted all development on potential HCS areas, effective from September 2014. KLK will employ the current industry standard of the HCS Approach to identify potential HCS areas before any new development.

STAKEHOLDR ENGAGEMENT & FREE, PRIOR AND INFORMED CONSENT ("FPIC")

KLK regularly engages with the investor community to keep them updated on the latest happenings within the Group. Our website, *www.klk.com.my* is the main channel of communication with our stakeholders. Information updated includes announcements, news releases, responses to stakeholders, and reports. All such communications are guided by KLK's Corporate Disclosure Policy.

When it comes to development, one of the challenges with stakeholder engagement is that the voice of the majority can sometimes be drowned out by the voices of the minority or external parties who do not have a stake or *locus standi* in the matter. However, this is something that KLK will need to assess and manage. KLK acknowledges that there are multiple communities and stakeholders that it needs to engage with as part of the FPIC process before starting any new developments. The FPIC process will be guided by what is prescribed by the RSPO P&C.

GOOD PRACTICES IN PROCUREMENT

At KLK, our procurement practices are guided by the KLK Sustainability Policy which applies to KLK and all its subsidiaries. We conduct our business in an honest, ethical and transparent manner which includes, but are not limited to having open tenders where necessary, respecting the rights of our workers and offering fair contractual terms.

TRACEABILITY

KLK remains committed to trace the sources of its palm products. Traceability is an important agenda but is a challenging goal.

The palm products that KLK produces are traceable right up to its respective POMs, refineries and kernel crushing plants. Nevertheless, the supply of palm products by its 3rd party suppliers can be very onerous to trace due to the inherent complexities within the supply chain. These suppliers include smallholders, small growers, POMs, refineries or other palm products production plants.

KLK has taken steps to understand the practices of its 3rd party suppliers using a systematic and structured methodology. It will take time and continuous engagement to build up the trust levels and for its suppliers to see the mutual benefit in doing so. KLK will continue to engage with them to enhance its traceability mechanism.

To further improve transparency towards traceable palm products, KLK has also made available the GPS coordinates of its following management units on KLK's website:

(i) POMs and their KLK supply bases (estates); and
(ii) Refineries and Kernel Crushing Plants and their KLK supply bases (i.e. POMs).

SMALLHOLDERS & SMALL GROWERS PROJECT

Inclusion of smallholders into the supply chain is an important facet of KLK's Sustainability Policy. Smallholders produce an estimated 40% of the world's palm oil and helping them to improve productivity and yield by way of best practices can have a positive impact on Land Use Change.

KLK has been collaborating with Wild Asia for its Smallholders' Project in Bornion POM in Sabah. We acknowledge that there are many challenges faced by smallholders and small growers when it comes to complying with the requirements of major players in the production of palm oil. As such, we will continue our engagement with them. Collectively, we expect them to be ready for RSPO Certification by 2016.

Apart from the partnership with Wild Asia, KLK has also signed a similar Memorandum of Understanding with Fuji Oil Holdings Inc. on 25th September 2015. KLK believes that such collaborations are important in achieving its commitment towards traceable production in its supply chain, particularly with smallholders and small growers.

ENVIRONMENT

CARBON MANAGEMENT & GHG

KLK is committed to reducing its GHG emissions. KLK has achieved at least 40% GHG emissions savings, which is above the requirements of the European Union Renewable Energy Directive ("EU RED") of 35% GHG savings against the fossil fuel GHG emissions. We target to achieve 50% savings by 2017.

These GHG emission savings were attained through KLK's methane capture facilities in Sabah, Belitung Island and Riau; and its belt filter press system.

METHANE CAPTURE FACILITIES & RENEWABLE ENERGY

KLK Group has five (5) methane capture facilities in Malaysia, Belitung Island and Riau. The methane gas trapped is used for power generations. The methane capture facility in Sabah is registered as a Clean Development Mechanism project which is advocated as part of the Kyoto Protocol under the United Nations Framework on Climate Change.

BELT FILTER PRESS

Ten (10) of KLK's POMs are installed with a belt filter press. Key benefits of this system include:

a) The reduction of methane formation;
b) The palm oil mill effluent can be treated into organic fertiliser which is then used as manure for our palms; and
c) Water produced as a by-product is used for cleaning purpose.

KLK is currently collaborating with Neste Oil to explore further the potential of this system for further GHG emission reductions and removal of organic matter.

Belt Filter Press

ZERO BURNING POLICY

KLK practices a strict zero-burning policy in relation to all new planting, re-planting and other related development.

During the haze crisis in Indonesia, KLK's subsidiary company in Central Kalimantan supported the *Kotabesi* Sub-District in their Prevention of Forest Fire Campaign. This was done through raising awareness by placing banners on fire-prevention. In addition we have undertaken the following preventive and mitigating measures namely:

a) Deployment of fire patrolling teams in the estate with special focus along the boundaries with smallholders and main roads utilised by general public;
b) Emergency response teams which have been trained to handle firefighting are constantly on standby to put out the fire;
c) Ensuring firefighting equipment namely water pumps, high pressure hoses with nozzles, fire suits, safety boots, spraying pumps and water tanks filled with water are on standby;
d) Extending assistance to the neighbouring villages to put off fire when occurred; and
e) Distribution of water pumps to nearby villages for them to use in times of need to put out fires

NO DEFORESTATION & CONSERVATION OF BIODIVERSITY

HIGH CONSERVATION VALUE ("HCV") AREAS

As a member of the RSPO, KLK is committed to the conservation of primary forests and HCV areas within the KLK context of sustainably managed landscape. HCV areas include areas that contain significant concentration of biological values, areas with rare, threatened and endangered species and areas that provide nature services.

Examples are watersheds, natural forest and riparian boundaries. HCV in the context of RSPO also include:

- Areas fundamental to meeting basic needs of local communities (e.g., subsistence and health)
- Areas critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance identified in co-operation with local communities)

Riparian Reserve in one of the estates in Tawau region, Sabah

PROTECTION OF PEAT AREAS

Peatlands are important stores of carbon and play a critical role in the ecosystem. KLK has made a commitment not to develop on peat regardless of depth. For our existing peat areas, we apply Best Management Practices. We also work with experts to explore options including environmentally friendly alternative land uses or peat restoration for peat areas that are found to be unsuitable for replanting.

BIODIVERSITY

KLK has pledged to conserve biodiversity by identifying, protecting and maintaining high conservation value areas. At KLK, we have zero tolerance for the killing of animals or plants that are protected and endangered.

INTEGRATED PEST MANAGEMENT ("IPM")

KLK uses barn owls and beneficial plants such as *Antigonon leptopus* as part of an IPM solution which reduces the need for chemicals pesticides.

Antigonen leptopus plant is grown at our plantation as part of our IPM

NEW PLANTING PROCEDURE

We are guided by RSPO's Principle 7 on new plantings which includes our commitment to seek consent from relevant stakeholders through the FPIC process. As part of the RSPO guidance, new developments are subject to review by an independent third-party and posted on the RSPO's website for public consultation.

COMMUNITY

EDUCATION

MALAYSIA: EDUCATION CENTRES – HUMANA AND KINDERGARTENS

The United Nations Sustainable Development Goals launched in 2015 calls for inclusive and equitable quality education as well as the promotion of life-long learning. This includes early childhood development and primary education.

In Sabah, KLK provides education for the children of its migrant workers who have little or no access to main-stream education. This is done through our collaboration with Humana Child Aid Society ("Humana"). Humana's vision is to reach out to children as prescribed by the UN's Child Right Convention. The Convention states that all children have a right to a primary education, regardless of background, nationality and legal status. Children attend classes at Humana centres based on their level of education rather than their age. Students learn English, Malay, Mathematics and Science. There are also sports and art activities like music and dance, helping to create well rounded students.

Children at our Humana school in our plantation in Sabah

INDONESIA: LEARNING CENTRES

For our operating centres in Indonesia, KLK collaborates with Indonesia Heritage Fund ("IHF") to provide education for young children. Unlike mainstream education, IHF curriculum focuses on instilling good character and values.

Currently, there are 30 learning centres owned by KLK on our plantations to ensure that the young children received proper education. In addition, we have another 12 learning centres that are done in partnership.

▲ *Classroom at a learning centre on our plantation in Indonesia*

KLK SCHOLARSHIPS

KLK, through its KLK Foundation has been providing scholarships for students in local institutions of higher learning since 1977. We hope that these scholarships contribute to nation building through the development of a highly skilled workforce. As part of their development, scholars are invited to intern with the Company. Successful scholars are offered a position where they will be mentored. Over the years, we have seen our scholars successfully progress to hold leadership positions within the Company.

This year, KLK has provided an additional eight (8) scholarships with a total commitment of over RM300,000 for the students until their graduation.

Similarly in Indonesia, educational aid is provided to support the learning of local students consisting of our employee's children and also those from the nearby villages.

▲ *2015 KLK Scholars*

PACE MENTORSHIP PROGRAMME

The Programme after Class Enrichment ("PACE") is a programme conducted in partnership with The Edge Education Foundation. The pilot project was launched in 2013 and funded by KLK. The focus of the programme is to raise the aspirations of the low performing students and motivate them to do better in school. Overall KLK hopes that it can, together with its partners, help create a future for these students who mostly come from disadvantageous background.

In addition to the programmes organised by the Edge Education Foundation, KLK employees actively participated as mentors for these students over the last two years. Students were taught life skills like entrepreneurship and financial literacy. One of the projects allowed the students to learn how to set up and run a small business, and with the money earned from sales of the products, these students utilised it to open their own savings account.

We are confident that PACE has helped imbue the students with confidence as well and new skills all of which will put them in good stead in their future undertakings.

Volunteers mentor students as well as well as participate in activities designed to motivate them

LIBERIA – EDUCATION FOR CHILDREN, ADULT LITERACY PROGRAMME & GENDER EMPOWERMENT

Due to the civil war that had taken place in Liberia, education was disrupted and with little available infrastructure for education.

We have two (2) schools, one in Butaw and the other in Palm Bay that cater to 905 students. We are pleased to note that there is a balance between male and female students with 487 males and 418 females.

There is also a “lost generation” of adults who, due to the civil war, had none or minimal formal education. We currently support an adult literacy programme that takes place after working hours at schools that we have built. The programme is open to our workforce as well as the local community. Overall we have 41 educators and support staff for our schools and adult literacy programmes.

It is heartening to note that the high uptake of the adult literacy programme by women in the community. Similarly in our workforce in Liberia, 40% of the total workforce is female. The women work on oil palm nurseries, the plantation, clinics and in outreach roles. Additionally, we have contributed funds for the building of a covered women’s market in Buchanan which has provided over 100 stalls for the trading of local goods and produce.

Students after school in Liberia

Adult Literacy Programme in Liberia

40% of our total workforce in Liberia is female

BUILDING COMMUNITIES

MEETING BASIC NEEDS – INFRASTRUCTURE

KLK continues to build and upgrade facilities to help meet the basic needs of our employees and communities. Among them are the provision of clean drinking water, building and upgrading of workers' housing and providing, maintaining and running health clinics and services as well as providing places of worship. The focus is on areas surrounding KLK's plantations given their locations near rural areas.

Example of our employee housing in Indonesia

Water pump in Liberia

Places of Worship

As part of our efforts to build communities, we have also constructed places of worship for our employees and communities on our plantations.

Places of worship at our operating centres in East Kalimantan

Medical Facilities

There are also medical facilities including an ambulance service available for employees on our plantations. This is part of our effort to ensure that employees have access to proper healthcare.

In Liberia, our clinics are open to both our employees and the local community. Between September 2014 to May 2015, there were an average of 932 patients a month at both our clinics in Palm Bay and Butaw Estate. Out of that, 36% were non-employees or from the villages. This is a way of supporting a country that is suffering the after-effects of years of war and suffers a lack of infrastructure.

One of our clinics in Indonesia

We have an in-house doctor for our employees in East Kalimantan

Ambulance facilities are available

FOSTERING UNITY AND TOGETHERNESS

"*Muhibah* (Harmony)" Cup

KLK recognises that sports provides a platform that promotes inclusion and unity within communities. Through sports one learns the true meaning of sportsmanship and helps towards positive physical and mental growth and good relationship with others. KLK organised its inaugural "*Muhibah*" Football Tournament (Boys Under 12 & Under 16 categories) in Ipoh to further strengthen the unity amongst our multi-racial populace where one of the criteria of participation was for every team to be represented by the different races in Malaysia.

Indonesia Independence Day

In Indonesia, KLK celebrates the Indonesia Independence Day annually with its employees. The day was marked by a flag raising ceremony and various games all in the spirit of encouraging unity and togetherness.

Winner for the Under 16 category of KLK Muhibah Cup 2015

Malaysia Day Celebration

This year, KLK Land continued with its 2nd Malaysia Day Celebration which was organised at its Bandar Seri Coalfields township. The celebration featured Malaysian cultural dances, bringing together a crowd of about 2,000 people from the local community. It is hoped that such celebrations promote a sense of belonging within the community regardless of race and religion.

KLK Land Malaysia Day celebration

DONATIONS

KLK CEO handing basic necessities to employees and local communities at Kuala Krai and Tanah Merah who were affected by the flood

The end of December 2014 saw Kelantan being hit by major floods which had caused much devastation and rendered thousands of families helpless. They were left without basic items like food, clothing and shelter. KLK donated RM1 million to help our affected employees as well as the local community living in the vicinity of our estates. The Company also contributed an additional RM200,000 to the TSM Charity Golf Foundation to assist flood victims at other locations in Malaysia.

Apart from the above, other organisations that were supported by KLK include the Alzheimer's Disease Foundation, All Women's Action Society, Perdana Leadership Foundation, Perak Association for the Intellectually Disabled, Perak Disabled Children's Welfare Home, Drug Prevention Malaysia, Olympic Council of Malaysia, Institute of Strategic and International Studies (Malaysia), Perak Society for The Promotion of Mental Health, Universiti Tunku Abdul Rahman Education Foundation, Sports Council of Malaysia, WWF Malaysia, Bursa Malaysia Foundation and PEMANDU.

WORKPLACE

EMPLOYEES CODE OF CONDUCT

As a company we are committed to creating a corporate culture within the Group to operate our businesses in an ethical manner while upholding high standards of professionalism and exemplary corporate conduct. The KLK Code of Conduct for Employees was launched in October 2014 and sets out the principles and standards of business ethics and conduct expected of the Group's employees.

HUMAN CAPITAL DEVELOPMENT

KLK believes that its employees are one of its greatest assets and it is important that people are developed to reach their full potential. Development primarily takes place on the job as well as through various programmes organised by the company.

Managers & Assistant Managers Conferences

The Managers' conference was started 42 years ago by KLK's founding Chairman Tan Sri Lee Loy Seng with the purpose of nurturing the KLK culture and reinforcing KLK values particularly teamwork. The Assistant Managers' conference serves the same purpose in addition to the sharing of technical knowledge and experience.

Similarly structured programmes for employees were organised throughout the FY 2015 to continuously develop our management team. This included collaboration with prominent Strategic Management professors from Nanyang Technological University and leadership professors from Duke University for the Senior Management Development Program. Other programmes include the Supervisor Center of Excellence (SCOE) programme, which uses the Diploma in Manufacturing as a model. In-house experts were also involved in training our engineers, chemists and R&D scientists on technical, technology and process.

TOWNHALL SESSION

KLK Oleo also had a Townhall Session with the CEO and its top Management with two objectives namely a) to allow top Management to share their targets and plans for the year and speak on the newly launched Sustainability Policy; and b) provide a platform for employees to ask questions and share thoughts and observations with top Management.

KLK Oleo 2015 Townhall session with the CEO and top Management

FFB Quality Training at our POM in East Kalimantan

Supervisor Center of Excellence (SCOE) programme

OCCUPATIONAL SAFETY & HEALTH ("OSH")

KLK seeks to conduct its business in accordance with the highest standard of safety & health protection.

Accidents, injuries and occupational illness are prevented through:
(i) Compliance with regulations and codes of practices;
(ii) Through Hazard and Chemical Risk Assessment and implementation of appropriate control measures; and
(iii) Ensuring that our employees are aware of their OSH responsibilities and are held accountable for the same at the workplace.

As part of the continuous improvement process, the Group OSH policy was revised during the FY by Senior Management and it now covers external stakeholders.

ACTIVE & HEALTHY LIFESTYLE

KLK also encourages its employees to have a healthy and balanced lifestyle. We believe that sports not only encourages integration, it also fosters good values like unity and healthy sportsmanship. In Ipoh where our head office is located, there is a yearly Sports Festival where various competitive indoor and outdoor games are organised for employees. KLK also has a clubhouse where employees have free access to the swimming pool and tennis court. In addition, there are yoga and aerobic classes conducted weekly.

Similarly we also provide sporting facilities at our plantations to encourage our employees to adopt a healthy lifestyle.

Employees taking part in Skytrex adventure

Football field for our employees at the plantation

ENCOURAGING VOLUNTEERISM AT KLK

At KLK, employees are encouraged to volunteer in various capacities, be it on a committee or as a volunteer for our CR activities. Overall employees are encouraged to play a leadership role in bringing forward the CR agenda.

Sports day with special needs children

Wishtree-granting the wishes of underprivileged children

Sprucing up a neighborhood park

Dengue prevention campaign

Motivation camp for special needs children

CORPORATE & KEY MILESTONES

A Glimpse of our Key Corporate Milestones and Events for the financial year ended 30 September 2015.

Corporate Milestones

2015

JAN 28

Astra Agro Lestari Tbk ("AAL") became a 50% joint venture partner in PT Kreasijaya Adhikarya ("KA"), a company involved in the business of refinery and trading of palm products. With the addition of AAL, KA is now a joint venture company of KLK.

APR 22

KLK completed the disposal of 20% equity interest in KLK Premier Capital Limited ("KLKPCL") to Mitsui & Co., Ltd.. KLKPCL owns 100% equity interest in Taiko Palm-Oleo (Zhangjiagang) Co., Ltd. ("TPOZ"). The principal activities of TPOZ are manufacturing and trading of acids, glycerine, soap noodles and triacetin.

Sustainability Achievements – Certifications, Policy & Report

2014

NOV 11

Kuala Pertang POM in Peninsular Malaysia certified by the Roundtable on Sustainable Palm Oil ("RSPO").

DEC 1

KLK Sustainability Policy launched.

2015

JAN 6

SWP POM in Belitung Island, Indonesia certified by RSPO.

MAR 15

Dedicated 'Sustainability' section including GPS coordinates of KLK's suppliers to its POMs, refineries and kernal crushing plants made available in its website at *www.klk.com.my*.

APR 30

PT Hutan Hijau Mas in East Kalimantan, Indonesia certified by the Indonesia Sustainable Palm Oil ("ISPO").

APR 30

PT Sekarbumi Alamlestari in Riau, Sumatra, Indonesia certified by ISPO.

MAY 8

PT Parit Sembada in Belitung Island, Indonesia certified by ISPO.

JUL 6

Rimmer POM, Lungmanis POM and Bornion POM in Sabah, Malaysia passed the 5-year RSPO Re-Certification Audit.

JUL 22

KLK's first Sustainability Policy Progress Report published and made available in its corporate website at *www.klk.com.my.*

New Mills & Biogas Plants

2015

FEB

Jabontara POM with a capacity of 60mt/day commissioned at East Kalimantan.

JUN

KMA POM with a capacity of 60mt/day was commisioned at Central Kalimantan.

Exhibitions

2014

OCT 15 - 17

KLK OLEO and KOLB at the SEPAWA Congress, held in Fulda, Germany.

OCT 28 - 29

KLK participated in the Palm Oil Trade Fair and Seminar ("POTS") held in Kuala Lumpur, Malaysia as a Gold Sponsor.

NOV 5 - 7

KLK participated in the Oil & Fats International ("OFI") seminar held in Kuala Lumpur, Malaysia as a Silver Sponsor.

2015

MAR 2 - 4

KLK OLEO participated in the Palm & Lauric Oil Conference ("POC") held in Kuala Lumpur, Malaysia as Gold Sponsor.

APR 14 - 16

KLK OLEO and KOLB at the In-Cosmetics conference held in Barcelona, Spain.

APR 16 - 17

KLK OLEO at the ChemSpec India conference held in Mumbai, India.

MAY 5 - 6

KLK OLEO at the Vitafoods Europe conference held in Geneva, Switzerland.

JUN 30 → JUL 2

KOLB at the Zellcheming Expo (pulp and paper industry) in Frankfurt, Germany.

AUG 2 - 4

KLK OLEO held an exhibition and scientists from Davos Life Science were speakers in the Palm International Nutra-Cosmeceutical Conference ("PINC") held in Kuala Lumpur, Malaysia.

GROUP CORPORATE STRUCTURE

As at 30 September 2015

PLANTATIONS

- 100% Betatechnic Sdn Bhd
- 63% Bornion Estate Sdn Bhd
- 51% Collingwood Plantations Pte Ltd
  - 51% Ang Agro Forest Management Ltd
  - 51% Kubahi Marine Services Ltd
- 63% Equatorial Palm Oil Plc
  - 63% Equatorial Biofuels (Guernsey) Limited
- 100% Fajar Palmkel Sdn Berhad
- 100% Golden Complex Sdn Bhd
  - 92% P.T. Malindomas Perkebunan
- 100% KL-Kepong Edible Oils Sdn Bhd
- 100% KL-Kepong Plantation Holdings Sdn Bhd
  - 51% Astra-KLK Pte Ltd
  - 100% Gunong Pertanian Sdn Bhd
  - 100% Jasachem Sdn Bhd
    - 90% P.T. Karya Makmur Abadi
  - 95% P.T. ADEI Plantation & Industry
  - 95% P.T. Anugrah Surya Mandiri
  - 92% P.T. Hutan Hijau Mas
  - 95% P.T. Jabontara Eka Karsa
  - 100% P.T. KLK Agriservindo
  - 60% P.T. Langkat Nusantara Kepong
  - 80% P.T. Menteng Jaya Sawit Perdana
  - 90% P.T. Mulia Agro Permai
  - 65% P.T. Sekarbumi Alamlestari
    - 62% P.T. Alam Karya Sejahtera AKS
  - 95% P.T. Steelindo Wahana Perkasa
    - 90% P.T. Parit Sembada
- 100% KL-Kepong (Sabah) Sdn Bhd
- 100% KLK Agro Plantations Pte Ltd
  - 50%* Liberian Palm Developments Limited
    - 50%* EBF (Mauritius) Limited
      - 50%* Liberia Forest Products Inc
      - 50%* LIBINC Oil Palm Inc
    - 50%* EPO (Mauritius) Limited
      - 50%* Equatorial Palm Oil (Liberia) Incorporated
      - 50%* Liberian Agriculture Developments Corporation
- 85% KLK Premier Oils Sdn Bhd
  - 85% Golden Yield Sdn Bhd
- 100% Kulumpang Development Corporation Sdn Bhd *[In Members' Voluntary Liquidation]*
- 100% Rubber Fibreboards Sdn Bhd
- 100% Sabah Cocoa Sdn Bhd
- 70% Sabah Holdings Corporation Sdn Bhd
- 100% Taiko Cambodia Rubber Pte Ltd
- 100% Taiko Plantations Sendirian Berhad
  - 100% Taiko Plantations Pte Ltd
- 51% Uni-Agro Multi Plantations Sdn Bhd

PROPERTIES

- 100% KL-K Holiday Bungalows Sendirian Berhad
- 100% KLK Land Sdn Bhd
  - 100% Austerfield Corporation Sdn Bhd *[In Members' Voluntary Liquidation]*
  - 100% Brecon Holdings Sdn Bhd *[In Members' Voluntary Liquidation]*
  - 100% Colville Holdings Sdn Bhd
  - 100% KL-Kepong Complex Sdn Bhd
  - 100% KL-Kepong Country Homes Sdn Bhd
  - 100% KL-Kepong Property Development Sdn Bhd
  - 100% KL-Kepong Property Management Sdn Bhd
  - 80% Kompleks Tanjong Malim Sdn Bhd
  - 100% Palermo Corporation Sdn Bhd
  - 60% Scope Energy Sdn Bhd
  - 100% Selasih Ikhtisas Sdn Bhd

Group Corporate Structure
As at 30 September 2015

MANUFACTURING

100% Davos Life Science Sdn Bhd
100% Davos Life Science Pte Ltd
- 100% Biogene Life Science Pte Ltd
- 100% Centros Life Science Pte Ltd

100% Kolb Distribution Ltd
- 100% Dr. W. Kolb AG
- 100% Dr. W. Kolb Deutschland GmbH
- 100% Dr. W. Kolb Netherlands BV
- 100% Kolb Distribution BV
- 100% Kolb France SARL

100% KL-Kepong Industrial Holdings Sdn Bhd
- 100% B.K.B. Hevea Products Sdn Bhd
  - 100% B.K.B. Flooring Sdn Bhd
- 100% Capital Glogalaxy Sdn Bhd
- 100% KL-Kepong Rubber Products Sdn Bhd
  - 100% Masif Latex Products Sdn Bhd
- 100% P.T. KLK Dumai
- 80% Palm-Oleo Sdn Bhd
  - 80% KSP Manufacturing Sdn Bhd
  - 80% Palmamide Sdn Bhd
  - 80% Palm-Oleo (Klang) Sdn Bhd

96% KL-Kepong Oleomas Sdn Bhd
- 96% KLK Bioenergy Sdn Bhd

100% KLK Emmerich GmbH
100% KLK Overseas Investments Limited
- 100% Standard Soap Company Limited *[In Members' Voluntary Liquidation]*

80% KLK Premier Capital Limited
- 80% Taiko Palm-Oleo (Zhangjiagang) Co Ltd

100% KLK Tensachem SA
100% Shanghai Jinshan Jingwei Chemical Co Ltd
- 100% KLK Oleo (Shanghai) Co Ltd

51% Stolthaven (Westport) Sdn Bhd

INVESTMENT HOLDING & OTHERS

100% Draw Fields Sdn Bhd
100% Kersten Holdings Ltd
100% KL-Kepong Equity Holdings Sdn Bhd
- 100% Ablington Holdings Sdn Bhd
- 100% KL-Kepong International Ltd
- 100% Quarry Lane Sdn Bhd

100% KLK Assurance (Labuan) Limited
100% KLK Capital Resources (L) Ltd
100% KLK Farms Pty Ltd
100% KLK Global Resourcing Sdn Bhd
100% KLKI Holdings Limited
- 100% Kuala Lumpur-Kepong Investments Limited
- 100% Somerset Cuisine Limited

100% Ladang Perbadanan-Fima Berhad
100% Ortona Enterprise Sdn Bhd
100% Richinstock Sawmill Sdn Bhd

ASSOCIATES

50% Applied Agricultural Resources Sdn Bhd
40% Aura Muhibah Sdn Bhd
30% FKW Global Commodities (Pvt) Limited
50% Kumpulan Sierramas (M) Sdn Bhd
38% Malaysia Pakistan Venture Sdn Bhd
30% MAPAK Edible Oils (Private) Limited
30% MEO Trading Sdn Bhd
23% Phytopharma Co Ltd
25% Rainbow State Limited

JOINT VENTURE

50% P.T. Kreasijaya Adhikarya

Note: Shareholdings are shown as Group's percentage interest
** Group's percentage interest is 81.5%*

ACCOUNTABILITY

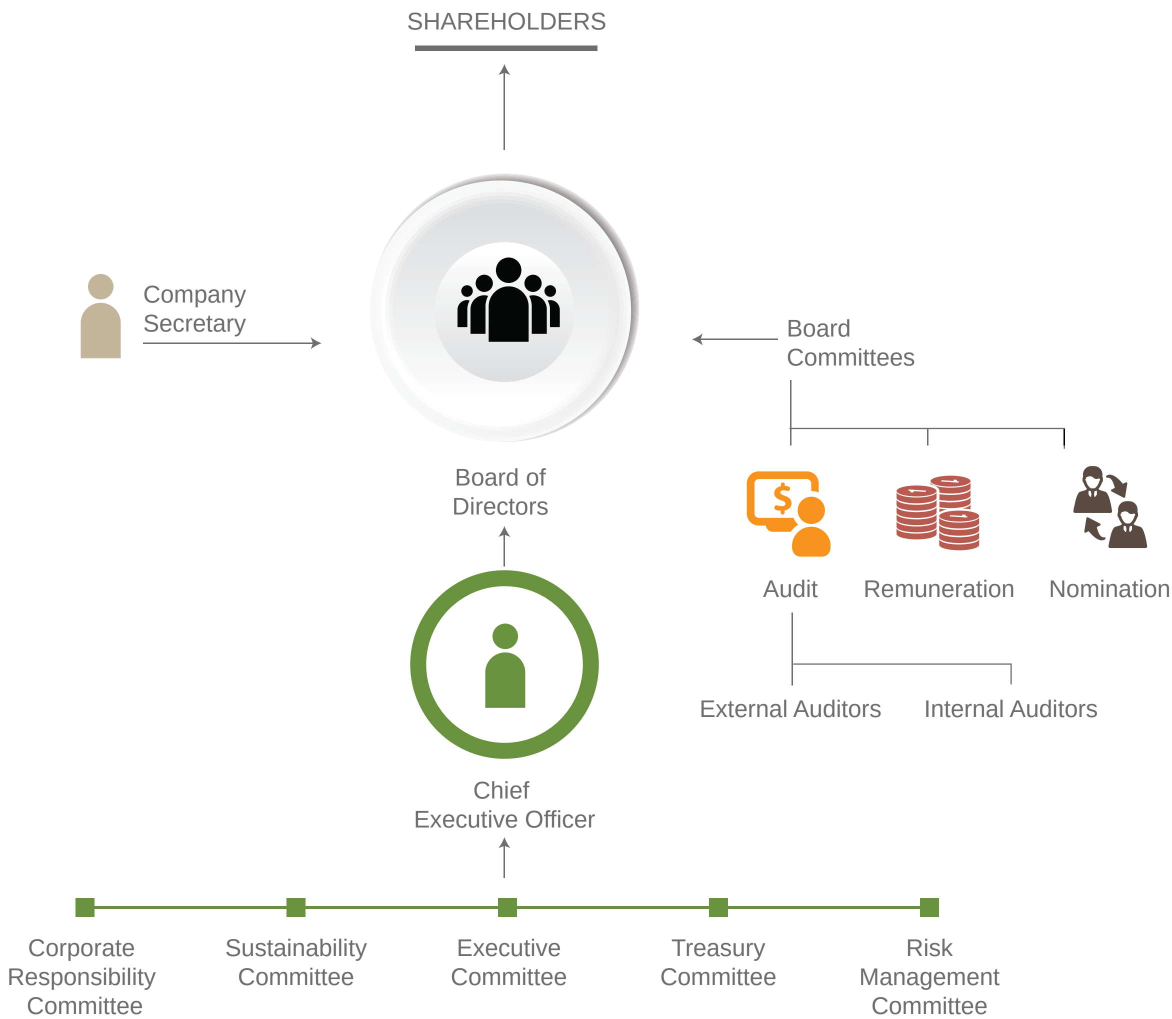
CORPORATE GOVERNANCE STATEMENT

The Board of Directors of KLK recognises the importance of good corporate governance and is committed to practise high standards in corporate governance throughout the Group. Such commitment is based on the belief that a strong culture of good corporate governance practices is fundamental towards enhancing long term shareholders' value, increasing investors' confidence and protecting stakeholders' interests.

The Board supports the Group's adoption of best practices as propounded by the Malaysian Code on Corporate Governance 2012 ("the Code") which sets out broad principles and specific recommendations to promote and cultivate a strong culture of good corporate governance at all levels of the Group's businesses. The Board will continue to review and enhance the Group's corporate governance framework to ensure its relevance and ability in meeting future challenges and to establish long term sustainable shareholders' value.

This statement demonstrates the Board's commitment in sustaining high standards of corporate governance and outlines how the KLK Group has complied with the principles set out in the Code with regards to the recommendations stated under each principle for the year under review.

THE GROUP'S GOVERNANCE MODEL



PRINCIPLE 1 – ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

KLK continues to be led by an experienced, competent and diversified Board that is made up of Directors with appropriate competencies, knowledge, skills and experience from diverse sectors and backgrounds and also in the Group's core businesses. The Directors collectively, have wide and varied technical, financial and commercial experience which facilitates effective, thorough and considered discharge of the Board's statutory and fiduciary duties and responsibilities.

There is a clear division of functions between the Board and the Management to ensure that no one individual or group is dominating the decision-making process. The Board is focused on the Group's overall governance by ensuring the implementation of strategic plans and that accountability to the Group and stakeholders is monitored effectively; whereas the Management is responsible for the implementation of management goals in accordance with the direction of and delegation by the Board.

In a nutshell, the Board leads the Group and plays a strategic role in overseeing the overall activities of the Management. The Management then carries out the delegated duties to achieve the Group's corporate objectives with long term strategic plans of the business.

CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The Board has established clear roles and responsibilities in discharging its fiduciary and leadership functions. In accordance with the Board Charter, the principal functions and responsibilities of the Board include the following:

(a) Providing leadership to the Company by:

- Guiding the development of appropriate standards and values for the Company.
- Acting in a manner consistent with the Directors' Code of Conduct.

(b) Overseeing the development and implementation of corporate strategies by:

- Working with the Senior Management team to ensure that an appropriate strategic direction and set of goals are in place.
- Regularly reviewing and amending or updating the Company's strategic direction and goals.
- Overseeing planning activities including the development and approval of strategic plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets.
- Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews.

(c) Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through its Chairman, being the key interface between the Company and its shareholders.

(d) Overseeing the control and accountability systems that seek to ensure the Company is progressing towards the goals set by the Board and which are in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations.

(e) Ensuring effective risk management, compliance and control systems (including legal compliance) are in place.

(f) Delegating appropriate powers to the Chief Executive Officer ("CEO"), Management and Committees to ensure the effective day-to-day management of the business, and monitoring the exercise of these powers.

CODE OF CONDUCT FOR DIRECTORS

The Board continues to adhere to the Code of Conduct for Directors which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that in turn promotes the values of transparency, integrity, accountability and social responsibility. The Code of Conduct for Directors is available on our corporate website, *www.klk.com.my.*

SUSTAINABILITY OF BUSINESS

KLK believes that doing business in a sustainable manner goes hand-in-hand with corporate responsibility and both are integral to generate and sustain short and long term value for its stakeholders. As such, the Board is committed to promote business sustainability strategies via continuous balanced assessment and development of its operations, whilst simultaneously conserving and improving the natural environment, and uplifting the socio-economic conditions of its employees and local communities.

The Sustainability Policy is available on our corporate website, *www.klk.com.my* and the sustainable development and corporate responsibility programmes of the Group are disclosed on pages 32 to 49.

SUPPLY OF INFORMATION TO BOARD MEMBERS

The Board meets on a quarterly basis and additionally as and when required. Prior to Board meetings, all Directors are furnished with the Agenda which sets out the matters to be discussed not less than 7 days prior to the meetings. Detailed board papers that contain relevant qualitative and/or quantitative information for the Agenda are also circulated to the Directors simultaneously to give Directors time to review the reports, obtain further clarification if necessary and enable focused and constructive deliberation at Board meetings.

Monthly reports on the financial performance of the Company and the Group are also circulated to the Directors for their views and comments. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting in accordance with the provisions of the Companies Act, 1965. Minutes of meetings of each Committee are also tabled to the Board for perusal.

ACCESS TO INFORMATION AND PROFESSIONAL ADVICE

All Directors have unrestricted direct access to the Company's Senior Management and the services of the Company Secretaries to enable them to discharge their duties and responsibilities effectively. The Board is regularly updated and advised on statutory and regulatory requirements by the Company Secretaries who are suitably qualified, experienced and competent. Apart from playing an active role in advising the Board on governance and regulatory matters, the Company Secretaries also organise and attend all Board meetings and ensure that all Directors receive timely, clear and concise information in advance prior to the scheduled meetings.

In the furtherance of its duties, the Board is also authorised to obtain independent professional advice on specific matters, if necessary, at the Company's expense from time to time.

BOARD CHARTER

The Board has adopted a Board Charter which clearly sets out the Board's strategic intent and outlines the Board's roles and functions since 2013. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and Senior Management.

The Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness and consistency with the Board's objectives and corporate vision. The current Board Charter is accessible for reference on our corporate website, *www.klk.com.my.*

PRINCIPLE 2 – STRENGTHEN COMPOSITION

The Board is satisfied with its current composition which comprises of a balanced mix of skills, knowledge and experience in the business and management fields which are relevant to enable the Board to carry out its responsibilities in an effective and efficient manner.

In discharging its duties, the Board is assisted by Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. Each Committee operates within its respective defined Terms of Reference ("TOR") which have been approved by the Board.

The Board Committees periodically review and assess their respective TORs to ensure the TORs remain relevant, adequate and concise in governing the functions and responsibilities of the Committees and reflect the latest developments in the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the Code.

NOMINATION COMMITTEE ("NC")

The NC has been established since 2001. The Committee's responsibility, among others, is to identify and recommend the right candidate with the necessary skills, experience and competencies to be filled in the Board and Board Committees. Recruitment matters are discussed in depth by the Committee before the entire Board makes the final decision on new appointments.

The NC comprises 3 Non-Executive Directors, the majority of whom are Independent. The members are:

Dato' Yeoh Eng Khoon (Chairman)
- Senior Independent Non-Executive Director

R. M. Alias
- Independent Non-Executive Director

Dato' Lee Hau Hian
- Non-Independent Non-Executive Director

The NC convened 2 meetings for the financial year under review and the attendance of the members for the meetings held are as follows:

Members	Number of Meetings Held	Attended
Dato' Yeoh Eng Khoon	2	2
R. M. Alias	2	2
Dato' Lee Hau Hian	2	2

The Committee oversees the selection and assessment of Directors to ensure the Board's composition remains relevant and optimal. The Committee is responsible to review annually the size and composition of the Board in order to ensure the Board has the requisite competencies and capacity to effectively oversee the overall businesses and handle all matters pertaining to the Group.

The Committee is also responsible for assessing the effectiveness of the Board as a whole, the other Committees of the Board and the contributions of each individual Director. Having conducted a detailed review of each Director's personal/professional profile, attendance record, training activities, character and attitude, and participation in Board meetings as well as Group functions for the year, the Committee concluded that each Director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time, participation and dialogue during the year under review.

In accordance with the Company's Articles of Association, one-third of the Directors are required to retire by rotation at each Annual General Meeting ("AGM") subject to the retirement of all Directors at least once in every 3 years. The Directors due to retire at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolutions 2 and 3).

Directors over 70 years old are required to seek re-appointment annually in accordance with the Companies Act, 1965. Directors seeking re-appointment at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolutions 4 and 5).

A summary of key activities undertaken by the NC in the discharge of its duties for the financial year ended 30 September 2015 is set out herebelow:

(1) Reviewed and recommended to the Board for its approval, the re-appointment and re-election of Directors at the forthcoming AGM;
(2) Reviewed the composition of the Board on the required mix of skills, experience and other qualities of the Board;
(3) Reviewed the composition of the Board Committees on their compliances with the provisions of the regulations;
(4) Evaluated the size of the Board to ensure that the Board had the requisite competencies and capacity to effectively handle all matters pertaining to the Group;
(5) Assessed the overall Board and its Committees' performance and effectiveness as a whole;
(6) Reviewed the independence of Independent Directors and their tenure of service;
(7) Considered the adoption of a Boardroom Diversity Policy;

(8) Reviewed the re-appointment of the Group Financial Controller ("GFC") and the Managing Director of Oleochemicals Division;
(9) Reviewed the succession plans of the Board and Senior Management; and
(10) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes.

BOARDROOM DIVERSITY

The Board acknowledges the importance of boardroom diversity and the recommendation of the Code pertaining to the establishment of a gender diversity policy. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. Nevertheless, the Board will only set specific targets in relation to gender diversity if the situation so requires and if it is in the best interest of the Company to do so.

REMUNERATION COMMITTEE ("RC")

The RC has been established since 1994. This Committee's primary responsibility is to structure and review the remuneration policy for executives of the Group, with a view to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value. The Committee's remuneration package for Senior Management and that for the CEO are subject to the approval of the Board, and in the case of Non-Executive Directors' fees including Board Committees' fees, the approval of the shareholders. The members of the RC, the majority of whom are Independent Non-Executive Directors, are as follows:

R. M. Alias (Chairman)
- Independent Non-Executive Director

Dato' Lee Hau Hian
- Non-Independent Non-Executive Director

Tan Sri Azlan Bin Mohd Zainol
- Independent Non-Executive Director

The RC convened 2 meetings for the financial year under review and the attendance of the members for the meetings held are as detailed below:

Members	Number of Meetings Held	Attended
R. M. Alias	2	2
Dato' Lee Hau Hian	2	2
Tan Sri Azlan Bin Mohd Zainol	2	2

DIRECTORS' REMUNERATION

The Company pays its Non-Executive Directors annual fees which are approved annually by the shareholders. The annual fee for the Chairman and other Non-Executive Directors was last revised in 2012 and it had been agreed by the RC and endorsed by the Board that the annual fee for the Chairman and other Non-Executive Directors would be held constant for 3 years. As the 3 years have expired, the annual fees were therefore reviewed during the financial year ended 30 September 2015 and would be subject to shareholders' approval at the Company's AGM. The Non-Executive Directors are paid a meeting allowance for each Board meeting they attend. Similarly, members of Board Committees are also paid a meeting allowance for each Committee meeting they attend. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. In the case of the Executive Directors, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also takes into consideration any relevant information provided by independent consultants or from survey data.

The appropriate Directors' remuneration paid or payable or otherwise made available from the Company and its subsidiary companies for the financial year ended 30 September 2015 are presented in the table below:

(a) Aggregate remuneration of Directors categorised into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus RM'000	Benefits-In-Kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors	-	4,410	4,557	148	1,604	10,719
Non-Executive Directors	1,450	-	-	25	105	1,580

(b) The number of Directors of the Company whose total remuneration band falls within the following bands of RM50,000 is as follows:

Range of Remuneration	Number of Executive Directors	Number of Non-Executive Directors
RM200,001 to RM250,000	-	1
RM250,001 to RM300,000	-	2
RM300,001 to RM350,000	-	1
RM450,001 to RM500,000	-	1
RM2,750,001 to RM2,800,000	1	-
RM7,900,001 to RM8,000,000	1	-

Currently there are no contracts of service between any Director and the Company or its subsidiaries, except for the CEO, Tan Sri Dato' Seri Lee Oi Hian and the Executive Director, Roy Lim Kiam Chye.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

ASSESSMENT OF INDEPENDENCE OF INDEPENDENT DIRECTORS

The Board recognises the importance of independence and objectivity in the decision-making process. The Board and its NC have upon their annual assessment, concluded that each of the 4 Independent Non-Executive Directors continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition and criteria of independence as set out in the Main Market LR.

TENURE OF INDEPENDENT DIRECTORS

The Board notes the Code's recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of 9 years. The NC and the Board have deliberated on the said recommendation and hold the view that a Director's independence cannot be determined solely with reference to tenure of service. Instead, a Director's health, attitude, integrity, ability for dispassionate discourse, business knowledge or judgement, and the discharge of his duties and responsibilities in the best interest of the KLK Group, are also valid criteria to determine his independence and effectiveness. Furthermore, board composition should reflect a balance between effectiveness on the one hand, and the need for renewal and fresh perspectives on the other.

The NC and the Board have determined that R. M. Alias and Dato' Yeoh Eng Khoon, who have served on the Board as Independent Directors, each exceeding a cumulating term of 9 years, remain unbiased, objective and independent in expressing their opinions and in participating in the decision-making of the Board. Each of them has also devoted sufficient time and attention to his responsibilities as an Independent Director besides exercising due care during his tenure as an Independent Director of the Company and carrying out his duty in the best interest of the Company and shareholders.

As the NC and the Board hold the view that independence in thought and action should be evaluated qualitatively and on a case-by-case basis, the Board, upon the recommendation of the NC, has approved the continuation of R. M. Alias and Dato' Yeoh Eng Khoon as Independent Directors of the Company. The Board concluded that the length of their service on the Board has not in any way interfered with their objective and independent judgement in carrying out their roles as members of the Board and Committees. Furthermore, their pertinent expertise, skills and detailed knowledge of the Group's businesses and operations enable them to make significant contributions actively and effectively to the Company's decision making during deliberations or discussions.

In addition, the Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to Board's deliberations.

SEPARATION OF POSITIONS OF THE CHAIRMAN AND CEO

The Board believes that the separation of the roles and responsibilities of the Chairman and the CEO ensures an appropriate balance of power and authority. There is a clear division of responsibilities and accountabilities between the Chairman and the CEO under the present hierarchical structure to facilitate efficiency and expedite decision-making.

Given the current structure of the Board, the Chairman is responsible to lead the Board in the oversight of management, whilst the CEO focuses on the business, organisational effectiveness and day-to-day management of the Group.

COMPOSITION OF THE BOARD

There are 7 members on the Board of Directors, comprising 2 Executive Directors and 5 Non-Executive Directors, 4 of whom are Independent. One of the Executive Directors is the CEO and the Chairman is an Independent Non-Executive Director.

The majority of the Board comprises Independent Directors who are essential in providing unbiased and independent opinion, advice and judgement and thus play a key role in corporate accountability. All Independent Directors act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgement and decision-making.

PRINCIPLE 4 – FOSTER COMMITMENT OF DIRECTORS

The Board is mindful of the importance of devoting sufficient time and effort to carry out their responsibilities and enhance their professional skills. Thus, each Director is expected to commit sufficient time as and when required to carry out their responsibilities, besides attending meetings of the Board and Board Committees.

BOARD MEETINGS

The Board meets at least 4 times a year on a scheduled basis and has a formal schedule of matters reserved for its meetings. The meeting calendar is tabled and confirmed at least 5 months prior to the first scheduled meeting and allows Directors to plan ahead. Additional meetings may be convened as and when necessary should major issues arise that need to be resolved between scheduled meetings. Relevant management personnel are invited to Board meetings to report and apprise the Board on operations and other developments within their respective purview. Where the Board is considering a matter in which a Director has an interest, such Director abstains from all deliberations and decision-making on the subject matter. In the event Directors are unable to attend Board meetings physically, the Company's Articles of Association allow for such meetings to be conducted via telephone, video conference or any other form of electronic or instantaneous communication.

During the financial year ended 30 September 2015, 4 Board meetings were held. The following are the details of attendance of each Director:

Directors	Number of Meetings Held	Attended	Attendance Percentage
R. M. Alias	4	4	100%
Tan Sri Dato' Seri Lee Oi Hian	4	4	100%
Roy Lim Kiam Chye	4	4	100%
Dato' Lee Hau Hian	4	4	100%
Dato' Yeoh Eng Khoon	4	4	100%
Kwok Kian Hai	4	4	100%
Tan Sri Azlan Bin Mohd Zainol	4	4	100%

DIRECTORS' CONTINUING DEVELOPMENT

The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors are encouraged to visit the Group's operating centres to have an insight into the Group's various operations which would assist the Board to make effective decisions relating to the Group.

Directors are encouraged to attend various external professional programmes relevant and useful in contributing to the effective discharge of their duties as Directors. In this respect, in-house briefings by external auditors, solicitors and/or Management are organised from time to time to update Directors on relevant statutory and regulatory requirements and the Group's business and operational practices.

For the financial year under review, all Directors have attended various programmes to keep abreast with general economic, industry and technical developments as well as changes in legislation and regulations affecting the Group's operations. Directors also visited the Group's marketing and operating centres in Malaysia, Singapore, Indonesia, Europe, China, Australia and Papua New Guinea.

Particulars of various training programmes attended by the Directors during the financial year ended 30 September 2015 are as follows:

Conference / Seminar / Workshop	Presenter / Organiser	Date
Oils and Fats International Congress 2014	Malaysian Oils and Scientists' & Technologists' Association	06.11.2014
Briefing on GST Implication to the Directors	RHB Banking Group	05.02.2015
Palm and Lauric Oils Price Outlook Conference & Exhibition 2015	Bursa Malaysia Berhad	02-04.03.2015
Briefing on Bank Negara Malaysia's Annual Report 2014/Financial Stability & Payment Systems Report 2014	Bank Negara Malaysia	11.03.2015
The Boardroom Program – Retail Management Institute	Santa Clara University, USA	16-19.03.2015
Bank Negara Malaysia Composite Risk Rating 2014 Review (for Board)	Bank Negara Malaysia	03.04.2015
Invest Malaysia 2015	CIMB Investment Bank in collaboration with Bursa Malaysia Berhad	23-24.04.2015
12th ASEAN Leadership Forum	Asian Strategy & Leadership Institute	26.04.2015
Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure amongst the Listed Issuers	Bursa Malaysia Berhad	06.05.2015
Global Trader Summit & Dialogue 2015	International Enterprise (IE) Singapore	12.05.2015
Asean Business Club Forum 2015	CIMB ASEAN Research Institute	14.05.2015
Board Chairman Series Part 2: Leadership Excellence from the Chair	Bursa Malaysia Berhad/ICLIF	27.07.2015
Plantation Operations in the Current Sustainability Landscape	Kuala Lumpur Kepong Berhad	18.08.2015
Palm Oil Industry Leadership Forum	Malaysian Palm Oil Council	07.09.2015

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING BY THE COMPANY

FINANCIAL REPORTING

The Board takes due care and responsibility for presenting a fair, balanced and comprehensible assessment of the Group's operations, performance and prospects each time it releases its quarterly and annual financial statements to shareholders and the general public. The Audit Committee ("AC") plays a crucial role in reviewing information to be disclosed to ensure its accuracy, adequacy, transparency and compliance with the appropriate accounting standards and the financial statements give a true and fair view of the state of affairs of the Company and the Group.

In respect of the financial statements for the financial year ended 30 September 2015, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. They have an overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

In assisting the Board to discharge its duties on financial reporting, the Board has established an AC, comprising wholly Independent Non-Executive Directors since 1993.

SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

Through the AC, the Company has established a transparent and professional relationship with the external auditors. The AC met the external auditors twice during the year under review without the presence of the Executive Directors and Management to allow the AC and the external auditors to exchange independent views on matters which require the Committee's attention.

The suitability and independence of external auditors are consistently reviewed by the AC. A summary of the activities of the AC during the year under review is set out in the AC Report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

SOUND RISK MANAGEMENT FRAMEWORK

Within the powers conferred upon the Board by the Company's Articles of Association and in addition to its statutory and fiduciary duties and responsibilities, the Board assumes responsibility for effective stewardship and management of the Company with the strategic objective to build and deliver long term shareholder value whilst meeting the interests of shareholders and other stakeholders. The Board provides strategic direction and formulates corporate policies to ensure the Group's resources and profitability are optimised. The Board is also responsible for assessing the integrity of the Group's financial information and the adequacy and effectiveness of the Group's system of internal control and risk management processes.

The Board is supported by the Group Risk Management Committee which is responsible to oversee the risk management efforts within the Group. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

INTERNAL AUDIT FUNCTION

The Board recognises the importance of risk management and internal controls in the overall management processes. An adequately resourced Internal Audit Division is in place to assist the Board in maintaining a system of internal control to safeguard shareholders' investment and the Group's assets. An overview of the Group's risk management and state of internal controls is set out in the Group's Statement on Risk Management and Internal Control.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Company and the Group are committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. Importance is also placed on timely and equal dissemination of material information to the stakeholders, media and regulators. In this respect, the Company has in place a Corporate Disclosure Policy to ensure that comprehensive, accurate and timely disclosures are provided to shareholders and stakeholders.

The objectives of the Corporate Disclosure Policy are to:

(a) confirm in writing KLK's existing disclosure policies, guidelines and procedures and ensure consistent approach to the Company's disclosure practices throughout the Company;

(b) ensure that all persons to whom this Disclosure Policy applies understand their obligations to preserve the confidentiality of material information;

(c) effectively increase understanding of the Company's business and enhance its corporate image by encouraging practices that reflect openness, accessibility and co-operation; and

(d) reinforce KLK's commitment to compliance with the continuous disclosure obligations imposed by the Malaysian securities law and regulations and the Main Market LR.

Material information will in all cases be disseminated broadly and publicly via Bursa Malaysia, and other means. Summaries of the interim and the full year's results are advertised in the local newspaper. Interested parties may also obtain the full financial results and the Company's announcements from the Company's website at *www.klk.com.my* which are also posted on the Bursa Malaysia's website.

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS

KLK upholds a strong culture of continuous, timely and equal dissemination of material information with shareholders, stakeholders, media and regulators through practicable and legitimate channels. Its commitment, both in principle and practice, is to maximise transparency consistent with good corporate governance, except where commercial confidentiality dictates otherwise.

ANNUAL GENERAL MEETINGS

The AGM is the principal forum for dialogue and interaction with the shareholders of the Company, where they may present their views or to seek clarification on the progress, performance and major developments of the Company. The Board encourages shareholders' active participation at the Company's AGM and endeavours to ensure all Board members, the Company's Senior Management and the Group's external auditors are in attendance to respond to shareholders' queries.

Where it is not possible to provide immediate answers to shareholders' queries, the Board will undertake to provide the answers after the AGM. In addition, shareholders have the right, as provided for in the Articles of Association of the Company, to call for poll voting during general meetings. The results of all resolutions tabled and passed at the AGM are released to Bursa Malaysia immediately after the meeting to enable the public to know the outcome thereof.

At the Forty-Second AGM of the Company, all 7 Directors were present in person to engage directly with the shareholders of the Company. During the AGM, shareholders had actively taken the opportunity to raise questions on the agenda items of the AGM as well as current development of the Group. The Directors and Senior Management responded to all the questions raised and provided clarification as required by the shareholders. To ensure transparency, the Board also shared with the shareholders the Board's responses to questions submitted in advance by the Minority Shareholder Watchdog Group and Employees Provident Fund Board by distributing the replies before the commencement of the meeting.

ANNUAL REPORT

The Company and the Group have consistently been able to publish its Annual Reports in a timely manner. The Notice of AGM is circulated more than 21 days before the date of the meeting to enable shareholders to thoroughly review the Annual Report which contains comprehensive reports on the Group's financial performance, directions and insights.

An abridged version of the Annual Report is published and posted to shareholders together with a CD-ROM. The full version of the Annual Report is available on our corporate website, *www.klk.com.my* and a printed full version will be provided to shareholders upon request within 4 days.

INVESTOR RELATIONS

The Board recognises the importance of keeping shareholders, investors, research analysts, bankers and the press informed of the Group's business performance, operations and corporate developments. The Board's primary contact with major shareholders is via the CEO and the GFC, who have regular dialogues with institutional investors and deliver presentations to analysts periodically.

For the financial year ended 30 September 2015, Management has attended more than 100 meetings including tele-conferences and video-conferences with both local and foreign investors and analysts. These meetings are scheduled to keep the investment community abreast of the Group's strategic developments and financial performance.

The Company's website, *www.klk.com.my* serves as a channel of communication for shareholders, investors and the general public. Information such as disclosures made to Bursa Malaysia (including interim and full year financial results, Annual Report and other announcements on relevant transactions undertaken by the Group) and the Group's business activities can be obtained from the website. Requests for information on the Company can be forwarded to its dedicated Investor Relations & Corporate Communications Department through the same website.

Pursuant to the best practices in corporate governance, Dato' Yeoh Eng Khoon continues to serve as the Senior Independent Non-Executive Director to whom concerns of investors and shareholders may be directed. Dato' Yeoh Eng Khoon is also the Chairman of the AC and NC.

COMPLIANCE STATEMENT

The Board is of the view that the Group has, in all material aspects applied the principles and complied with the recommendations of the Code, save for the recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of 9 years where the non-observance has been explained and the reasons therefor have been included in this Statement.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad, the Board of Directors of KLK is committed to maintaining a sound risk management framework and internal control system in the Group and is pleased to present herewith the Statement on Risk Management and Internal Control which outlines the nature and state of risk management and internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound risk management and internal control system at KLK to safeguard the interest of shareholders, customers, employees and the Group's assets. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than to eliminate, the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations.

CONTROL ENVIRONMENT AND ACTIVITIES

RISK MANAGEMENT FRAMEWORK

A formal risk management framework has been established with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is also designed to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives.

The Group has in place an on-going process for identifying, evaluating and managing the principal risks that affect the attainment of the Group's business objectives and goals for the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

The Board is supported by the Group Risk Management Committee ("GRMC"), headed by the Chief Executive Officer ("CEO") in overseeing the risk management efforts within the Group. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

These on-going processes are co-ordinated by the Internal Audit Division in conjunction with all the business heads within the Group and periodic reporting to the GRMC.

BOARD MEETINGS

The Board meets at least quarterly and has a formal agenda on matters for discussion. The CEO leads the presentation of board papers and provides explanation on pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a timely and regular basis.

ORGANISATIONAL STRUCTURE WITH FORMALLY DEFINED RESPONSIBILITY LINES AND DELEGATION OF AUTHORITY

There is in place an organisational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the evolving business environment, effective supervision of day-to-day business conduct and accountability for operation performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subject to appropriate approval processes.

PERFORMANCE MANAGEMENT FRAMEWORK

Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management in performing financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operation results and compliance with laws and regulations.

The Group has in place a well-controlled budgeting process that provides a responsible accounting framework.

OPERATIONAL POLICIES AND PROCEDURES

The documented policies and procedures form an integral part of the internal control systems to safeguard shareholders' investment and the Group's assets against material losses and ensure complete and accurate financial information. The documents consist of approved memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.

GROUP INTERNAL AUDIT

The Internal Audit Division, which reports directly to the Audit Committee, conducts reviews on the system of internal controls and the effectiveness of the processes that are in place to identify, evaluate, manage and report risks. Routine reviews are conducted on units under the Group's major core activities.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 30 September 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
(b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

STRENGTH IN INTERNAL CONTROL

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this statement for inclusion in the Annual Report, and is of the view that the risk management and internal control system is satisfactory and there were no material losses incurred during the year under review as a result of internal control weakness or adverse compliance events.

For the period under review, the CEO and the Group Financial Controller have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 10 December 2015.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of KLK is pleased to present the AC Report for the financial year ended 30 September 2015 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

MEMBERSHIP AND ATTENDANCE

During the financial year ended 30 September 2015, the AC held 5 meetings. Details of the membership and record of the attendance at these meetings are as follows:

Members	Number of Meetings Attended
Dato' Yeoh Eng Khoon (Chairman) Senior Independent Non-Executive Director	5/5
Kwok Kian Hai Independent Non-Executive Director	5/5
Tan Sri Azlan Bin Mohd Zainol Independent Non-Executive Director and MIA member	5/5

TERMS OF REFERENCE

The AC was established in 1993 to serve as a committee of the Board of KLK. In performing their duties and discharging their responsibilities, the AC is guided by the terms of reference set out below:

COMPOSITION OF THE AC

The AC must be composed of not fewer than 3 members, the majority of whom shall be independent. All members shall be non-executive directors. No alternate director shall be appointed as a member of the AC.

At least one member of the AC:

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if not a member of the Malaysian Institute of Accountants, the member must have at least 3 years' working experience and:

  (a) must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or

  (b) must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or

(iii) must have at least 3 years' post-qualification experience in accounting or finance with either one of the following qualifications:

  (a) a degree/masters/doctorate in accounting or finance; or

  (b) a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; or

(iv) must have at least 7 years' experience as a chief financial officer of a corporation or be primarily responsible for the management of the financial affairs of a corporation; or

(v) fulfils such other requirements as prescribed or approved by Bursa Malaysia.

CHAIRMAN OF THE AC

The Chairman, who shall be elected by the members of the AC, must be an independent non-executive director. In the absence of the Chairman, the members present shall elect a Chairman from amongst them to chair the meeting.

REVIEW OF THE AC

The term of office and performance of each member of the AC shall be reviewed by the Board at least once every 3 years.

FREQUENCY OF MEETINGS

The AC shall meet at least 4 times annually and additional meetings may be called at any time at the Chairman's discretion.

However, the AC shall meet with the external auditors without executive board members present at least twice a year.

QUORUM

The quorum for each meeting shall be 2 members of the AC and the majority of members present must be independent directors.

ATTENDANCE OF MEETING

The external and internal auditors and other members of Senior Management will be invited to attend these meetings upon invitation by the Chairman of the AC.

AUTHORITY

- The AC is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the AC.

- The AC shall have full and unrestricted access to all information and documents which are required to perform its duties as well as direct communication to the internal and external auditors and Senior Management of KLK ("the Company") and all its subsidiaries ("the Group").

- The AC is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

- The AC is authorised to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees, whenever deemed necessary.

DUTIES AND RESPONSIBILITIES

The role of the AC is to assist the Board in its discharge of its statutory responsibilities. In fulfilling this role, the AC undertakes the following duties:

Financial Procedures and Financial Reporting

- Provide assistance to the Board in relation to corporate accounting and reporting practices for the Company and the Group.
- Review the quarterly results and year-end financial statements of the Company and the Group to ensure compliance with appropriate accounting policies, accounting standards and disclosure requirements before submitting them for the Board's approval.

  In connection therewith, the Group Financial Controller attends all the AC meetings.

Related Party Transactions

- Review on a quarterly basis the related party transactions entered into by the Company and the Group.

External Audit

- Review the audit plan of the external auditors.
- Review the external auditors' report and to evaluate their findings and recommendations for actions to be taken.
- Consider the nomination, appointment and the re-appointment of external auditors, their fees and any questions on resignation and dismissal.

Internal Audit

- Review and approve the annual internal audit plan.
- Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
- Review the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.
- Review any appraisal or assessment of the performance of the Internal Audit Division ("IAD") to ensure that they have the standing to exercise independence and professionalism in discharging their duties.
- Approve any appointment or termination of senior staff members of the internal audit function.
- Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

Risk Management

- Review and assess the adequacy of risk management and internal control systems instituted in the Company and the Group.

Other Duties

- Maintain a direct line of communication between the Board and the external auditors and internal auditors through regularly scheduled meetings.

- Act upon the Board's request to investigate and report on any issues or concerns with regard to the management of the Group.

- To report promptly to Bursa Malaysia on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Main Market LR.

SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

In line with the terms of reference of the AC, the following activities were carried out by the AC during the financial year ended 30 September 2015 in the discharge of its functions and duties:

- Reviewed the quarterly financial statements and Annual Report of the Group before presentation for the Board's approval, focusing particularly on:

    - changes in or implementation of major accounting policy;
    - significant and unusual events;
    - the going concern assumption; and
    - compliance with accounting standards and other legal requirements.

- Reviewed the related party transactions that had arisen within the Company or the Group and the disclosure of such transactions in the Annual Report.

- Reviewed with the external auditors their audit plan and scope of work prior to commencement of audit.

- Discussed and reviewed the Group's financial year-end statements with the external auditors including issues and findings noted in the course of the audit of the Group's Financial Statements.

- Reviewed and discussed with the external auditors their evaluation of the system on internal control of the Group including meeting the external auditors without the presence of Management.

- Considered the appointment of external auditors and their request for increase in audit fees.

- Reviewed and deliberated on reports of audits conducted by the IAD.

- Appraised the adequacy of actions and remedial measures taken by the Management in resolving the audit issues reported and recommended further improvement measures.

- Reviewed and assessed the risk management activities of the Company and the Group.

- Reviewed the AC Report, Statement on Risk Management and Internal Control and Corporate Governance Statement before submitting for the Board's approval and inclusion in the Company's Annual Report.

INTERNAL AUDIT FUNCTION

The AC is assisted by the IAD in discharging its duties and responsibilities.

The Group has an adequately resourced and independent in-house IAD, which provides assurance to the AC on the adequacy and effectiveness of risk management, internal control and governance systems. There is also in place an Internal Audit Charter that defines the organisation status, functions and responsibilities of the IAD.

The IAD conducts regular and systematic reviews on the effectiveness of the key controls and processes in the operating units and assesses compliance with the established policies and procedures. This provides reasonable assurance that such systems would continue to operate satisfactorily and effectively in the Company and the Group. In addition, the IAD also prepares the annual risk-based audit plan for the approval of the AC and follows up on management corrective action on audit issues raised in previous internal audit reports.

On a quarterly basis, the IAD submits the audit reports on their activities to the AC for its review and deliberation. The Head of the IAD attends the AC meetings to present the internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the AC's deliberation.

In 2014/2015, a total of 157 audits and reviews were carried out spanning the Group's operations. The total cost incurred for the internal audit function for the financial year ended 30 September 2015 was RM4.55 million.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposals during the financial year under review.

SHARE BUY-BACK

There were no share buy-back transactions or resale of treasury shares during the financial year under review.

OPTIONS OR CONVERTIBLE SECURITIES

The Company did not issue any options or convertible securities during the financial year under review.

SANCTIONS AND/OR PENALTIES

There were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year under review.

NON-AUDIT FEES

The amount of non-audit fees paid to KPMG Malaysia and its affiliates during the financial year under review was RM959,000.

VARIATION IN RESULTS

There were no material variances between the financial results for the financial year ended 30 September 2015 and the unaudited results previously announced by the Company.

PROFIT GUARANTEE

There were no profit guarantees given by the Company during the financial year under review.

MATERIAL CONTRACTS

There were no material contracts other than in the ordinary course of business entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests during the financial year under review.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPTs")

The details of the RRPTs entered into by the Company and its subsidiaries during the financial year under review are disclosed in Note 37 to the financial statements on pages 125 to 126.

FINANCIAL STATEMENTS

The Directors of Kuala Lumpur Kepong Berhad have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2015.

PRINCIPAL ACTIVITIES

The Company carries on the business of producing and processing palm products and natural rubber on its plantations. The Group's subsidiaries, associates and joint venture are involved in the business of plantation, manufacturing, property development and investment holding. There have been no significant changes in the nature of these activities during the financial year ended 30 September 2015.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	1,134,598	1,069,961
Tax expense	(250,560)	(49,229)
Profit for the year	884,038	1,020,732
Attributable to:		
Equity holders of the Company	869,912	1,020,732
Non-controlling interests	14,126	-
	884,038	1,020,732

DIVIDENDS

The amounts paid or declared by way of dividends by the Company since the end of the previous financial year were:

(i) a final single tier dividend of 40 sen per share amounting to RM425,986,000 in respect of the year ended 30 September 2014 was paid on 17 March 2015, as proposed in last year's report; and

(ii) an interim single tier dividend of 15 sen per share amounting to RM159,745,000 in respect of the year ended 30 September 2015 was paid on 11 August 2015.

The Directors recommend the payment of a final single tier dividend of 30 sen per share amounting to RM319,490,000 for the year ended 30 September 2015 which, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company, will be paid on 15 March 2016 to shareholders on the Record of Depositors as at 24 February 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the statements of changes in equity and Note 33 to the financial statements.

ISSUED AND PAID-UP CAPITAL

During the financial year, the Company has not made any purchase of its own shares or re-sale of the treasury shares since the fresh mandate for the share buy back scheme approved by the shareholders of the Company at the AGM held on 16 February 2015. Details of the shares bought back and retained as treasury shares are as follows:

Month	No. Of Shares Bought Back And Held As Treasury Shares	Per Share			Total Consideration RM'000
		Highest Price Paid RM	Lowest Price Paid RM	Average Price Paid RM	
February 1999	1,208,000	5.90	5.10	5.58	6,823
March 1999	1,131,000	5.25	4.72	4.86	5,559
January 2002	200,000	5.30	5.30	5.30	1,065
	2,539,000				13,447

The mandate given by the shareholders will expire at the forthcoming AGM and an ordinary resolution will be tabled at the AGM for shareholders to grant a fresh mandate for another year.

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

DIRECTORS OF THE COMPANY
Directors who served since the date of the last report are shown on page 5.

DIRECTORS' SHAREHOLDINGS
The Directors holding office at the end of the financial year and the details of the Directors' shareholdings in the Company and its holding company as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Shares of RM1 each			
Shares in the Company	**Balance at 1.10.2014**	**Bought**	**Sold**	**Balance at 30.9.2015**
Direct interest				
R. M. Alias	337,500	-	-	337,500
Tan Sri Dato' Seri Lee Oi Hian	72,000	-	-	72,000
Dato' Lee Hau Hian	83,250	-	-	83,250
Dato' Yeoh Eng Khoon	335,000	-	-	335,000
Roy Lim Kiam Chye	4,750	-	-	4,750
Deemed interest				
Tan Sri Dato' Seri Lee Oi Hian	496,350,027	-	-	496,350,027
Dato' Lee Hau Hian	496,350,027	-	-	496,350,027
Dato' Yeoh Eng Khoon	3,189,850	-	-	3,189,850
Shares in the holding company, Batu Kawan Berhad				
Direct interest				
Tan Sri Dato' Seri Lee Oi Hian	854,355	-	-	854,355
Dato' Lee Hau Hian	625,230	583,000	-	1,208,230
Dato' Yeoh Eng Khoon	315,000	-	-	315,000
Deemed interest				
Tan Sri Dato' Seri Lee Oi Hian	207,038,934	-	-	207,038,934
Dato' Lee Hau Hian	205,842,209	-	-	205,842,209
Dato' Yeoh Eng Khoon	15,379,000	12,000	-	15,391,000

Other than as disclosed above, no other Directors who held office at the end of the financial year has any shares in the Company and its related corporations during the financial year.

By virtue of their deemed interests in the shares of the Company and its holding company, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are deemed to have an interest in the shares of all the subsidiaries and related corporations to the extent that the Company and the holding company have interests.

DIRECTORS' BENEFITS
Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Group's financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any deemed benefits that may accrue to certain Directors by virtue of normal trading transactions by the Group and the Company with related parties as disclosed under Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

OPTIONS GRANTED OVER UNISSUED SHARES
No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors of the Company are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and Company inadequate to any substantial extent; or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due except as disclosed in Note 40 to the financial statements.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor have any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

Details of events subsequent to reporting date are disclosed in Note 45 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

R. M. ALIAS
(Chairman)

TAN SRI DATO' SERI LEE OI HIAN
(Chief Executive Officer)

10 December 2015

STATEMENTS OF PROFIT OR LOSS

For The Year Ended 30 September 2015

		Group		Company	
		2015	2014	**2015**	2014
	Note	**RM'000**	RM'000	**RM'000**	RM'000
Revenue	4	**13,649,991**	11,129,973	**1,381,473**	1,664,509
Cost of sales		**(11,684,101)**	(9,007,845)	**(535,581)**	(579,625)
Gross profit		**1,965,890**	2,122,128	**845,892**	1,084,884
Other operating income		**196,436**	71,728	**447,217**	82,848
Distribution costs		**(244,001)**	(281,137)	**(12,002)**	(13,785)
Administration expenses		**(479,256)**	(363,168)	**(76,279)**	(76,879)
Other operating expenses		**(197,596)**	(150,357)	**(63,522)**	(68,077)
Operating profit	5	**1,241,473**	1,399,194	**1,141,306**	1,008,991
Finance costs	6	**(104,507)**	(87,375)	**(71,345)**	(65,590)
Share of profits of equity accounted associates, net of tax		**11,882**	5,878	**-**	-
Share of loss of an equity accounted joint venture, net of tax		**(14,250)**	-	**-**	-
Profit before taxation		**1,134,598**	1,317,697	**1,069,961**	943,401
Tax expense	9	**(250,560)**	(285,003)	**(49,229)**	(81,153)
Profit for the year		**884,038**	1,032,694	**1,020,732**	862,248
Attributable to:					
Equity holders of the Company		**869,912**	991,705	**1,020,732**	862,248
Non-controlling interests		**14,126**	40,989	**-**	-
		884,038	1,032,694	**1,020,732**	862,248
		Sen	Sen	**Sen**	Sen
Earnings per share	10	**81.7**	93.1	**95.8**	81.0

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For The Year Ended 30 September 2015

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Profit for the year	**884,038**	1,032,694	**1,020,732**	862,248
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	**888,475**	(148,282)	**-**	-
Net change in fair value of available-for-sale investments	**669,592**	(80,129)	**288,644**	(32,647)
Realisation on fair value of available-for-sale investments	**(1,466)**	(11,416)	**-**	-
Effect of changes in tax rate on revaluation reserve (Note 23)	**-**	(2,054)	**-**	(2,054)
Currency translation differences on deemed disposal of a subsidiary	**4,319**	-	**-**	-
	1,560,920	(241,881)	**288,644**	(34,701)
Other comprehensive loss that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 33)	**(15,991)**	(19,969)	**-**	-
Total other comprehensive income/(loss) for the year	**1,544,929**	(261,850)	**288,644**	(34,701)
Total comprehensive income for the year	**2,428,967**	770,844	**1,309,376**	827,547
Attributable to:				
Equity holders of the Company	**2,389,625**	734,294	**1,309,376**	827,547
Non-controlling interests	**39,342**	36,550	**-**	-
	2,428,967	770,844	**1,309,376**	827,547

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

At 30 September 2015

	Note	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Assets					
Property, plant and equipment	12	**4,817,725**	4,220,214	**1,161,292**	1,171,584
Prepaid lease payments	13	**285,555**	251,268	**763**	784
Biological assets	14	**2,392,287**	2,081,061	**726,336**	727,393
Land held for property development	15	**226,353**	217,926	**-**	-
Goodwill on consolidation	16	**330,137**	286,969	**-**	-
Intangible assets	17	**15,297**	15,238	**-**	-
Investments in subsidiaries	18	**-**	-	**3,347,846**	3,211,120
Investments in associates	19	**154,493**	172,652	**25,725**	25,725
Investment in a joint venture	20	**144,658**	-	**-**	-
Available-for-sale investments	21	**1,781,642**	884,014	**575,175**	286,531
Other receivable	22	**171,690**	119,940	**-**	-
Amounts owing by subsidiaries	18	**-**	-	**933,621**	-
Deferred tax assets	23	**147,513**	128,025	**-**	-
Total non-current assets		**10,467,350**	8,377,307	**6,770,758**	5,423,137
Inventories	24	**1,613,810**	1,441,441	**51,731**	45,749
Biological assets	14	**32,599**	27,286	**-**	-
Trade receivables	25	**1,711,425**	1,002,081	**29,057**	31,375
Other receivables, deposits and prepayments	26	**939,723**	589,774	**55,614**	41,118
Amounts owing by subsidiaries	18	**-**	-	**754,106**	1,066,361
Tax recoverable		**35,879**	23,034	**-**	-
Property development costs	27	**59,964**	54,316	**-**	-
Derivative financial assets	28	**315,707**	76,585	**-**	1,869
Cash and cash equivalents	29	**2,083,158**	1,295,777	**827,481**	352,627
Total current assets		**6,792,265**	4,510,294	**1,717,989**	1,539,099
Total assets		**17,259,615**	12,887,601	**8,488,747**	6,962,236
Equity					
Share capital	30	**1,067,505**	1,067,505	**1,067,505**	1,067,505
Reserves	31	**8,612,349**	6,697,649	**4,597,513**	3,873,868
		9,679,854	7,765,154	**5,665,018**	4,941,373
Less: Cost of treasury shares		**(13,447)**	(13,447)	**(13,447)**	(13,447)
Total equity attributable to equity holders of the Company		**9,666,407**	7,751,707	**5,651,571**	4,927,926
Non-controlling interests		**461,703**	431,492	**-**	-
Total equity		**10,128,110**	8,183,199	**5,651,571**	4,927,926
Liabilities					
Deferred tax liabilities	23	**257,954**	256,207	**1,491**	4,041
Deferred income	32	**113,154**	101,495	**-**	-
Provision for retirement benefits	33	**356,563**	281,663	**23,406**	22,283
Borrowings	34	**2,681,221**	1,816,243	**2,400,000**	1,600,000
Total non-current liabilities		**3,408,892**	2,455,608	**2,424,897**	1,626,324
Trade payables	35	**713,661**	393,332	**5,883**	4,649
Other payables	36	**704,200**	606,124	**179,504**	179,090
Amounts owing to subsidiaries	18	**-**	-	**211,179**	205,130
Deferred income	32	**6,728**	4,957	**-**	-
Borrowings	34	**1,912,840**	1,094,173	**-**	-
Tax payable		**28,705**	62,982	**2,931**	18,126
Derivative financial liabilities	28	**356,479**	87,226	**12,782**	991
Total current liabilities		**3,722,613**	2,248,794	**412,279**	407,986
Total liabilities		**7,131,505**	4,704,402	**2,837,176**	2,034,310
Total equity and liabilities		**17,259,615**	12,887,601	**8,488,747**	6,962,236

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 September 2015

	Attributable to the equity holders of the Company										
	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 October 2013	1,067,505	1,013,179	81,121	57,083	(180,767)	302,143	5,206,963	(13,447)	7,533,780	419,460	7,953,240
Net change in fair value of available-for-sale investments	-	-	-	-	-	(80,129)	-	-	(80,129)	-	(80,129)
Realisation on fair value of available-for-sale investments	-	-	-	-	-	(11,416)	-	-	(11,416)	-	(11,416)
Transfer from reserves to retained earnings	-	2,519	-	-	(9,148)	-	6,629	-	-	-	-
Remeasurement of defined benefit plans (Note 33)	-	-	-	-	-	-	(19,969)	-	(19,969)	-	(19,969)
Effect of changes in tax rate (Note 23)	-	-	(2,054)	-	-	-	-	-	(2,054)	-	(2,054)
Currency translation differences	-	(210)	-	-	(143,633)	-	-	-	(143,843)	(4,439)	(148,282)
Total other comprehensive income/(loss) for the year	-	2,309	(2,054)	-	(152,781)	(91,545)	(13,340)	-	(257,411)	(4,439)	(261,850)
Profit for the year	-	-	-	-	-	-	991,705	-	991,705	40,989	1,032,694
Total comprehensive income/(loss) for the year	-	2,309	(2,054)	-	(152,781)	(91,545)	978,365	-	734,294	36,550	770,844
Acquisition through business combination	-	-	-	-	-	-	-	-	-	72,347	72,347
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	35,807	35,807
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	16,116	-	16,116	(24,154)	(8,038)
Disposal of shares in a subsidiary	-	-	-	-	-	-	-	-	-	(21,657)	(21,657)
Redemption of redeemable preference shares	-	-	-	2,626	-	-	(2,626)	-	-	(4,500)	(4,500)
Dividend paid - 2013 final	-	-	-	-	-	-	(372,738)	-	(372,738)	-	(372,738)
- 2014 interim	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(82,361)	(82,361)
Total transactions with owners of the Company	-	-	-	2,626	-	-	(518,993)	-	(516,367)	(24,518)	(540,885)
At 30 September 2014	**1,067,505**	**1,015,488**	**79,067**	**59,709**	**(333,548)**	**210,598**	**5,666,335**	**(13,447)**	**7,751,707**	**431,492**	**8,183,199**
Net change in fair value of available-for-sale investments	**-**	**-**	**-**	**-**	**-**	**669,592**	**-**	**-**	**669,592**	**-**	**669,592**
Realisation on fair value of available-for-sale investments	**-**	**-**	**-**	**-**	**-**	**(1,466)**	**-**	**-**	**(1,466)**	**-**	**(1,466)**
Transfer from retained earnings to reserves	**-**	**2,819**	**-**	**121**	**-**	**-**	**(2,940)**	**-**	**-**	**-**	**-**
Remeasurement of defined benefit plans (Note 33)	**-**	**-**	**-**	**-**	**-**	**-**	**(15,991)**	**-**	**(15,991)**	**-**	**(15,991)**
Currency translation differences on deemed disposal of a subsidiary (Note 41)	**-**	**-**	**-**	**-**	**4,319**	**-**	**-**	**-**	**4,319**	**-**	**4,319**
Currency translation differences	**-**	**952**	**-**	**10**	**862,297**	**-**	**-**	**-**	**863,259**	**25,216**	**888,475**
Total other comprehensive income/(loss) for the year	**-**	**3,771**	**-**	**131**	**866,616**	**668,126**	**(18,931)**	**-**	**1,519,713**	**25,216**	**1,544,929**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**869,912**	**-**	**869,912**	**14,126**	**884,038**
Total comprehensive income for the year	**-**	**3,771**	**-**	**131**	**866,616**	**668,126**	**850,981**	**-**	**2,389,625**	**39,342**	**2,428,967**
Effect of changes in shareholdings in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**110,806**	**-**	**110,806**	**40,732**	**151,538**
Dividend paid - 2014 final	**-**	**-**	**-**	**-**	**-**	**-**	**(425,986)**	**-**	**(425,986)**	**-**	**(425,986)**
- 2015 interim	**-**	**-**	**-**	**-**	**-**	**-**	**(159,745)**	**-**	**(159,745)**	**-**	**(159,745)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(49,863)**	**(49,863)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**(474,925)**	**-**	**(474,925)**	**(9,131)**	**(484,056)**
At 30 September 2015	**1,067,505**	**1,019,259**	**79,067**	**59,840**	**533,068**	**878,724**	**6,042,391**	**(13,447)**	**9,666,407**	**461,703**	**10,128,110**
	Note 30	Note 31									

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

For The Year Ended 30 September 2015

	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000
At 1 October 2013	1,067,505	1,087,296	36,265	285	240,381	2,214,577	(13,447)	4,632,862
Net change in fair value of available-for-sale investments	-	-	-	-	(32,647)	-	-	(32,647)
Effect of changes in tax rate (Note 23)	-	-	(2,054)	-	-	-	-	(2,054)
Total other comprehensive loss for the year	-	-	(2,054)	-	(32,647)	-	-	(34,701)
Profit for the year	-	-	-	-	-	862,248	-	862,248
Total comprehensive (loss)/income for the year	-	-	(2,054)	-	(32,647)	862,248	-	827,547
Dividend paid - 2013 final	-	-	-	-	-	(372,738)	-	(372,738)
- 2014 interim	-	-	-	-	-	(159,745)	-	(159,745)
Total transactions with owners of the Company	-	-	-	-	-	(532,483)	-	(532,483)
At 30 September 2014	**1,067,505**	**1,087,296**	**34,211**	**285**	**207,734**	**2,544,342**	**(13,447)**	**4,927,926**
Net change in fair value of available-for-sale investments	**-**	**-**	**-**	**-**	**288,644**	**-**	**-**	**288,644**
Total other comprehensive income for the year	**-**	**-**	**-**	**-**	**288,644**	**-**	**-**	**288,644**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,020,732**	**-**	**1,020,732**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**288,644**	**1,020,732**	**-**	**1,309,376**
Dividend paid - 2014 final	**-**	**-**	**-**	**-**	**-**	**(425,986)**	**-**	**(425,986)**
- 2015 interim	**-**	**-**	**-**	**-**	**-**	**(159,745)**	**-**	**(159,745)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**(585,731)**	**-**	**(585,731)**
At 30 September 2015	**1,067,505**	**1,087,296**	**34,211**	**285**	**496,378**	**2,979,343**	**(13,447)**	**5,651,571**
	Note 30	←		Note 31		→		

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended 30 September 2015

	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before taxation	**1,134,598**	1,317,697
Adjustments for:		
Depreciation of property, plant and equipment	**325,770**	277,680
Amortisation of leasehold land	**3,079**	3,032
Amortisation of prepaid lease payments	**6,501**	5,147
Amortisation of intangible assets	**3,843**	3,653
Amortisation of biological assets	**48,502**	46,320
Amortisation of deferred income	**(5,522)**	(1,779)
Impairment of property, plant and equipment	**-**	424
Impairment of prepaid lease payments	**-**	19,760
Impairment of goodwill	**-**	2,674
Impairment in value of available-for-sale investments	**1,396**	423
Property, plant and equipment written off	**2,821**	1,395
Gain on disposal of property, plant and equipment	**(5,589)**	(1,911)
Surplus on government acquisition of land	**(23,731)**	(4,675)
Surplus on disposal of land	**(13,011)**	(2,224)
Surplus on disposal of available-for-sale investments	**(2,180)**	(11,765)
Surplus on disposal of shares in a subsidiary	**-**	(2,404)
Surplus on deemed disposal of a subsidiary	**(12,266)**	-
Release of inter-company interest capitalised on deemed disposal of a subsidiary	**(12,639)**	-
Negative goodwill derecognised	**-**	(15,847)
Retirement benefits provision	**28,620**	37,092
Finance costs	**104,507**	87,375
Dividend income	**(82,544)**	(42,690)
Interest income	**(43,302)**	(36,109)
Exchange (gain)/loss	**(51,560)**	3,920
Net change in fair value of derivatives measured at fair value	**64,111**	10,641
Share of profits of equity accounted associates, net of tax	**(11,882)**	(5,878)
Share of loss of an equity accounted joint venture, net of tax	**14,250**	-
Operating profit before working capital changes	**1,473,772**	1,691,951
Working capital changes:		
Property development costs	**(2,515)**	(21,970)
Inventories	**(232,953)**	(334,059)
Biological assets	**(5,313)**	(9,475)
Trade and other receivables	**(877,690)**	(323,844)
Trade and other payables	**544,229**	81,040
Deferred income	**17,121**	26,227
Cash generated from operations	**916,651**	1,109,870
Interest paid	**(99,654)**	(87,658)
Tax paid	**(325,636)**	(256,739)
Retirement benefits paid	**(25,030)**	(26,522)
Net cash generated from operating activities	**466,331**	738,951

Consolidated Statement of Cash Flows

For The Year Ended 30 September 2015

	2015 RM'000	2014 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(730,001)**	(754,534)
Payments of prepaid lease	**(23,652)**	(19,487)
Plantation development expenditure	**(198,372)**	(208,524)
Property development expenditure	**(8,975)**	(898)
Purchase of shares in subsidiaries, net of cash acquired (Note B)	**-**	(132,086)
Subscription of shares in associates	**-**	(36,807)
Purchase of shares in an associate	**-**	(29,736)
Purchase of shares from non-controlling interests (Note 41)	**(94)**	(8,175)
Purchase of available-for-sale investments	**(87,983)**	(89,431)
Purchase of intangible assets	**(871)**	(191)
Proceeds from disposal of property, plant and equipment	**8,079**	18,572
Compensation from government on land acquired	**25,463**	5,516
Proceeds from disposal of land	**10,266**	-
Proceeds from disposal of shares in a subsidiary, net of cash disposed (Note C)	**151,632**	1,059
Proceeds from deemed disposal of a subsidiary, net of cash disposed (Note 41)	**(35,089)**	-
Proceeds from disposal of available-for-sale investments	**8,084**	23,178
Repayment of loan from a joint venture	**33,270**	-
Dividends received from associates	**5,677**	3,748
Dividends received from investments	**73,743**	37,655
Interest received	**30,997**	28,007
Net cash used in investing activities	**(737,826)**	(1,162,134)
Cash flows from financing activities		
Term loans received	**147,582**	-
Issuance of Islamic medium term notes	**1,100,000**	-
Repayment of term loans	**(307,245)**	(23,720)
Drawndown of short term borrowings	**596,458**	574,146
Dividends paid to shareholders of the Company	**(585,731)**	(532,483)
Dividends paid to non-controlling interests	**(49,863)**	(82,361)
Issuance of shares to non-controlling interests	**-**	35,807
Redemption of redeemable preference shares from non-controlling interests	**-**	(4,500)
Increase in other receivable	**(22,296)**	(10,932)
Net cash generated from/(used in) financing activities	**878,905**	(44,043)
Net increase/(decrease) in cash and cash equivalents	**607,410**	(467,226)
Cash and cash equivalents at beginning of year	**1,264,854**	1,753,846
Currency translation differences on opening balances	**183,726**	(21,766)
Cash and cash equivalents at end of year (Note A)	**2,055,990**	1,264,854

Notes to the consolidated statement of cash flows

A. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015 RM'000	2014 RM'000
Cash and bank balances	**290,024**	220,953
Deposits with licensed banks	**776,657**	635,492
Short term funds	**1,016,477**	439,332
Bank overdrafts (Note 34)	**(27,168)**	(30,923)
	2,055,990	1,264,854

Consolidated Statement of Cash Flows

For The Year Ended 30 September 2015

	2015 RM'000	2014 RM'000
B. Analysis of purchase of shares in subsidiaries		
Property, plant and equipment	-	112,086
Prepaid lease payments	-	72,447
Biological assets	-	41,664
Net current assets	-	24,430
Deferred income	-	(3,059)
Borrowings	-	(2,752)
Deferred tax liabilities	-	(16,950)
Fair values of identifiable net assets of subsidiaries acquired	-	227,866
Non-controlling interests	-	(72,347)
	-	155,519
Reserve on consolidation	-	(15,847)
Purchase price satisfied by cash	-	139,672
Less: Cash and cash equivalents of subsidiaries acquired	-	(7,586)
Cash outflow on acquisition of subsidiaries	-	132,086
C. Analysis of disposal of shares in a subsidiary		
Property, plant and equipment	-	10,021
Prepaid lease payments	-	7,111
Net current assets	-	13,644
Non-controlling interests	**39,155**	(21,657)
Total assets and liabilities of a subsidiary disposed	**39,155**	9,119
Surplus on disposal of shares in a subsidiary	**112,477**	2,404
Total sale consideration	**151,632**	11,523
Less: Cash and cash equivalents of a subsidiary disposed	-	(10,464)
Cash inflow on disposal of shares in a subsidiary	**151,632**	1,059

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
OF THE COMPANY

For The Year Ended 30 September 2015

	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before taxation	**1,069,961**	943,401
Adjustments for:		
Depreciation of property, plant and equipment	**34,657**	32,519
Amortisation of leasehold land	**3,099**	3,099
Amortisation of prepaid lease payments	**21**	21
Property, plant and equipment written off	**114**	59
Gain on disposal of property, plant and equipment	**(210)**	(311)
Surplus on government acquisition of land	**(21,393)**	(4,675)
Surplus on disposal of land	**(2,414)**	(9,342)
(Surplus)/Deficit on disposal of shares in a subsidiary	**(111,863)**	268
Impairment of advances to subsidiaries	**-**	4,442
Impairment in value of investments in subsidiaries	**9,100**	3,339
Deficit/(Surplus) on liquidation of subsidiaries	**18**	(81,334)
Retirement benefits provision	**2,215**	5,361
Realised foreign exchange (gain)/loss	**(83,704)**	10,437
Unrealised foreign exchange translation (gain)/loss	**(224,569)**	13,650
Net change in fair value of derivatives measured at fair value	**12,782**	(878)
Finance costs	**71,345**	65,590
Dividend income	**(422,245)**	(554,407)
Interest income	**(51,987)**	(41,578)
Operating profit before working capital changes	**284,927**	389,661
Working capital changes:		
Inventories	**(5,982)**	5,129
Trade and other receivables	**(9,980)**	(1,888)
Trade and other payables	**(4,107)**	96,088
Cash generated from operations	**264,858**	488,990
Interest paid	**(65,590)**	(65,590)
Tax paid	**(61,088)**	(63,115)
Retirement benefits paid	**(1,092)**	(3,172)
Net cash generated from operating activities	**137,088**	357,113
Cash flows from investing activities		
Purchase of property, plant and equipment	**(29,143)**	(31,160)
Property, plant and equipment transferred (from)/to subsidiaries	**(520)**	80
Purchase of shares in a subsidiary	**-**	(74,037)
Subscription of shares in subsidiaries	**(431,284)**	(251,981)
Subscription of shares in an associate	**-**	(1,506)
Proceeds from disposal of property, plant and equipment	**496**	314
Compensation from government on land acquired	**24,236**	5,516
Proceeds from disposal of land	**2,427**	9,700
Proceeds from disposal of shares in a subsidiary	**151,632**	-
Redemption of redeemable preference shares by subsidiaries	**1,211**	51,757
Loan to subsidiaries	**(62,566)**	(233,247)
Dividends received from subsidiaries	**382,578**	532,469
Dividends received from associates	**5,676**	3,748
Dividends received from investments	**28,765**	15,379
Interest received	**49,989**	39,994
Net cash generated from investing activities	**123,497**	67,026

Statement of Cash Flows of the Company

For The Year Ended 30 September 2015

	2015 RM'000	2014 RM'000
Cash flows from financing activities		
Issuance of Islamic medium term notes	**1,100,000**	-
Repayment of term loan	**(300,000)**	-
Dividends paid to shareholders of the Company	**(585,731)**	(532,483)
Net cash generated from/(used in) financing activities	**214,269**	(532,483)
Net increase/(decrease) in cash and cash equivalents	**474,854**	(108,344)
Cash and cash equivalents at beginning of year	**352,627**	460,971
Cash and cash equivalents at end of year (Note A)	**827,481**	352,627

Note to the statement of cash flows

A. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015 RM'000	2014 RM'000
Cash and bank balances	**1,588**	2,686
Deposits with licensed banks	**55,452**	70,828
Short term funds	**770,441**	279,113
	827,481	352,627

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at Wisma Taiko, 1, Jalan S P Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan.

The consolidated financial statements as at and for the year ended 30 September 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint venture.

The Company is principally engaged in the business of producing and processing palm products and natural rubber on its plantations while the principal activities of the Group entities are shown in Note 41.

The Company is a subsidiary of Batu Kawan Berhad, a company incorporated in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with Financial Reporting Standards ("FRSs") and the requirements of Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

(a) Amendments to FRSs and interpretation applied

Amendments to FRSs and interpretation effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10 *Consolidated Financial Statements: Investment Entities*
- Amendments to FRS 12 *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to FRS 127 *Separate Financial Statements (2011): Investment Entities*
- Amendments to FRS 132 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 136 *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to FRS 139 *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21 *Levies*

Amendments to FRSs effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to FRS 2 *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 3 *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 8 *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 13 *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to FRS 116 *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 119 *Employee Benefits - Defined Benefit Plans: Employee Contributions*
- Amendments to FRS 124 *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 138 *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to FRS 140 *Investment Property (Annual Improvements 2011-2013 Cycle)*

The initial application of the above amendments to FRSs and interpretation has no significant effect to the financial statements of the Group.

(b) FRSs, amendments to FRSs and interpretation not applied

The following are accounting standards, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been applied by the Group.

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

- FRS 14 *Regulatory Deferral Accounts*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7 *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10 *Consolidated Financial Statements* and FRS 128 *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to FRS 10 *Consolidated Financial Statements*, FRS 12 *Disclosure of Interests in Other Entities* and FRS 128 *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*

- Amendments to FRS 11 *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101 *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116 *Property, Plant and Equipment* and FRS 138 *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119 *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127 *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to FRS 134 *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

FRS effective for annual periods beginning on or after 1 January 2018
- FRS 9 *Financial Instruments (2014)*

The Group plans to apply the abovementioned FRS and amendments to FRSs from the annual period beginning on 1 October 2016 for those FRS and amendments to FRSs that are effective for annual periods beginning on or after 1 January 2016 except for Amendments to FRS 10 *Consolidated Financial Statements*, FRS 12 *Disclosure of Interests in Other Entities* and FRS 128 *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception* which are not applicable to the Group.

The initial application of these FRS and amendments to FRSs is not expected to have any material financial impact to the financial statements of the Group for the current period and prior period.

In November 2011, MASB published the Malaysian Financial Reporting Standards ("MFRS") Framework applicable to all non-private entities with effect from 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including their parents, significant investors and venturers (herein referred as "Transitioning Entities"). However, MASB subsequently deferred the effective date of MFRS Framework for Transitioning Entities to 1 January 2018. Therefore, the Group as a Transitioning Entity will apply the MFRS Framework for the annual period beginning on 1 October 2018. In relation to this, the FRS which is effective for annual period beginning on or after 1 January 2018 will not be applicable to the Group.

The Group is in the process of assessing the impact on the financial statements arising from the transition from FRSs to MFRSs.

2.2 Basis of measurement
The financial statements have been prepared under the historical cost basis except as disclosed in the notes to the financial statements.

2.3 Functional and presentation currency
These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements
The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Notes 12 to 14 and Notes 16 to 21 - Measurement of the recoverable amounts of cash-generating units
- Note 18 - Impairment on investment in subsidiaries
- Note 23 - Recognition of unutilised tax losses and capital allowances
- Note 24 - Impairment/Write down of inventories
- Note 25 - Impairment on trade receivables
- Notes 33 and 40 - Provision for retirement benefits and contingencies

3. SIGNIFICANT ACCOUNTING POLICIES
Summarised below are the significant accounting policies of the Group. The accounting policies applied are consistent with those applied in previous years, unless otherwise stated.

3.1 Basis of consolidation
(a) Subsidiaries
Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

(b) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

(c) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(d) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment at least annually or more frequently when there is objective evidence of impairment.

In respect of equity accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint ventures.

(e) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(f) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition results and reserves of associates is included in the consolidated financial statements and is based on the latest audited and published interim reports in respect of listed companies and latest audited financial statements and unaudited management financial statements in respect of unlisted companies.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(g) Joint ventures

Joint ventures are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns and the Group has rights only to the net assets of the arrangements.

The Group accounts for its interest in the joint ventures using the equity method. Investments in joint ventures are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The costs of investments include transaction costs.

(h) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(i) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Group entities at exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates at that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rates at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the Exchange Fluctuation Reserve in equity.

(b) Operations denominated in functional currencies other than RM

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 October 2006 which are reported using the exchange rates at the dates of acquisitions. The income and expenses of the foreign operations are translated to RM at the average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and accumulated in the Exchange Fluctuation Reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the Exchange Fluctuation Reserve related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation/amortisation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Leasehold land is amortised over the shorter of the lease term and its useful life unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal depreciation/amortisation rates for the current and comparative periods are as follows:

Long term leasehold land	-	Over the lease period ranging from 62 to 931 years
Palm oil mill machinery	-	10% per annum
Plant and machinery	-	4% to 33⅓% per annum
Motor vehicles	-	10% to 50% per annum
Furniture, fittings and equipment	-	5% to 33⅓% per annum
Buildings, factories and mills	-	2% to 25% per annum
Employees' quarters	-	10% per annum
Effluent ponds, roads and bridges	-	10% to 20% per annum

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period and adjusted as appropriate.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

3.4 Leases

(a) Operating leases

Leases are classified as operating leases when the Group does not assume substantially all the risks and rewards of the ownership and the leased assets are not recognised on the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

(b) Prepaid lease payments

Leasehold land which in substance is an operating lease is classified as prepaid lease payments which are amortised over the lease period ranging from 14 to 90 years.

3.5 Biological assets

(a) Plantation development expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised as plantation development expenditure under biological assets. Plantation development expenditure is not amortised except for those short land leases held in Indonesia where the plantation development expenditure is amortised using the straight line method over the estimated productive years of 20 years.

(b) Growing crops and livestock

Growing crops are measured at fair value which is based on the costs incurred to the end of the reporting period for these crops. As at the end of the reporting period, the yield of the crops and the future economic benefits which will flow from the crops are not able to be reliably measured due to the level of growth.

Livestock is measured at fair value less point-of-sale cost, with any change therein recognised in profit or loss. Fair value is based on the market price of livestock of similar age, breed and genetic make-up. Point-of-sale costs include all costs that would be necessary to sell the livestock.

3.6 Replanting expenditure

Replanting expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

3.7 Property development

(a) Land held for property development

Land held for property development shall be classified as non-current asset where no development activites have been carried out or where development activities are not expected to be completed within the normal operating cycle.

The change in the classification of land held for property development to current assets shall be at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(b) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs are stated in the statement of financial position at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of profit or loss and other comprehensive income over billings to purchasers is shown as accrued billings and the excess of billings to purchasers over revenue recognised in the statement of profit or loss and other comprehensive income is shown as progress billings.

3.8 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised initially at their fair values plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

The Group categorises financial assets as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investments in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (Note 3.14(a)).

A regular way purchase or sale is a purchase or sale of the financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

3.9 Embedded Derivatives

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

3.10 Intangible assets

These assets consist mainly of trade marks and patent which are stated at cost less accumulated amortisation and any accumulated impairment losses. These are amortised over the following expected useful lives of the assets:

Trade marks - 5 years
Patent - 10 to 20 years

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

3.11 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity accounted associates and joint ventures ceases once classified as held for sale.

3.12 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories of completed development properties are stated at the lower of cost and net realisable value. Cost consists of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.13 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and short term funds which are readily convertible to cash and have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of its short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.14 Impairment

(a) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(b) Other assets

The carrying amounts of other assets, other than inventories, biological assets and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.15 Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at their fair values plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liabilities.

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3.16 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

3.17 Employee benefits

(a) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(b) Unfunded defined benefit plan

(i) The Group provides for retirement benefits for eligible employees in Malaysia on unfunded defined benefit basis in accordance with the terms of the unions' collective agreements. Full provision has been made for retirement benefits payable to all eligible employees based on the last drawn salaries at the end of the reporting period, the length of service todate and the rates set out in the said agreements.

The present value of these unfunded defined benefit obligations as required by FRS 119 *Employee Benefits* has not been used in arriving at the provision, as the amount involved is insignificant to the Group. Accordingly, no further disclosure as required by the standard is made.

(ii) Subsidiaries in Indonesia provide for retirement benefits for eligible employees on unfunded defined benefit basis in accordance with the Labour Law in Indonesia. Full provision has been made using the actuarial method for retirement benefits payable to all eligible employees based on the last drawn salaries at the end of the reporting period, the length of service and the rates in accordance with the local labour law.

(iii) A subsidiary in Germany provides for retirement benefits for its eligible employees on unfunded defined benefit basis. The obligations of the defined benefit plans are determined annually by an independent qualified actuary. The discount rate is determined using the yield of first class corporate bonds at the valuation date and in the same currency in which the benefits are expected to be paid.

Service and interest cost are recognised immediately in profit or loss. Actuarial gains and losses are recognised in other comprehensive income.

(c) Funded defined benefit plan

A subsidiary in Switzerland operates a funded defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the subsidiary.

The calculation of the funded defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(d) Short term employee benefits

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

3.18 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(a) Ordinary shares

Ordinary shares are classified as equity.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3.19 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position but is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.20 Revenue

(a) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of discounts and returns. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(b) Services
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of performance of services at the end of the reporting period.

(c) Property development
Revenue from property development activities is recognised based on the stage of completion measured by reference to the proportion that property development costs incurred for work performed todate bear to the estimated total property development costs.

Where the financial outcome of a property development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised immediately in profit or loss.

(d) Dividend income
Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

(e) Interest income
Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(f) Government grants
Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, they are then recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on systematic basis in the same periods in which the expenses are recognised.

In the case of the Group, revenue comprises sales to third parties only.

3.21 Research and development expenditure
All general research and development expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

3.22 Borrowing costs
Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.23 Discontinued operations
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with the view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3.24 Earnings per share

The Group presents basic earnings per share data for its shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the year.

3.25 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.26 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. REVENUE

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Sale of goods				
Palm products	**6,976,697**	5,089,772	**791,764**	922,529
Rubber	**109,550**	145,158	**115,269**	145,677
Manufacturing	**6,241,324**	5,634,338	**-**	-
Property development	**123,275**	117,063	**-**	-
Others	**69,367**	60,687	**208**	318
	13,520,213	11,047,018	**907,241**	1,068,524
Rendering of services	**3,932**	4,156	**-**	-
Interest income from financial assets not at fair value through profit or loss	**43,302**	36,109	**51,987**	41,578
Dividend income (Note 8)	**82,544**	42,690	**422,245**	554,407
	13,649,991	11,129,973	**1,381,473**	1,664,509

5. OPERATING PROFIT

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Operating profit is arrived at after charging and (crediting) the following:				
Auditors' remuneration				
- KPMG				
current year	**1,147**	945	**250**	250
under-provision in prior year	**105**	10	**-**	10
audit related work	**179**	129	**140**	126
non-audit work	**65**	4	**56**	4
- other auditors				
current year	**1,798**	1,875	**-**	-
under/(over)-provision in prior year	**9**	(1)	**-**	-
audit related work	**16**	-	**-**	-
non-audit work	**23**	366	**-**	-
Taxation services paid to KPMG Tax Services	**894**	838	**70**	42
Hire of plant and machinery	**18,121**	16,314	**-**	-
Rent on land and buildings	**8,026**	7,627	**1,111**	1,267
Operating lease rentals				
- land and buildings	**10,853**	9,063	**-**	-
- plant and machinery	**1,020**	547	**-**	-
Amortisation of leasehold land (Note 12)	**3,079**	3,032	**3,099**	3,099
Amortisation of prepaid lease payments (Note 13)	**6,501**	5,147	**21**	21
Amortisation of biological assets (Note 14)	**48,502**	46,320	**-**	-
Amortisation of intangible assets (Note 17)	**3,843**	3,653	**-**	-
Depreciation of property, plant and equipment (Note 12)	**325,770**	277,680	**34,657**	32,519
Impairment of				
- property, plant and equipment (Note 12)	**-**	424	**-**	-
- prepaid lease payments (Note 13)	**-**	19,760	**-**	-
- goodwill (Note 16)	**-**	2,674	**-**	-
- trade receivables (Note 25)	**9,339**	1,978	**-**	-
- advances to subsidiaries	**-**	-	**-**	4,442
Impairment in value of				
- investments in subsidiaries (Note 18)	**-**	-	**9,100**	3,339
- available-for-sale investments (Note 21)	**1,396**	423	**-**	-
Replanting expenditure	**59,213**	66,773	**40,039**	45,699
Property, plant and equipment written off	**2,821**	1,395	**114**	59
Personnel expenses (excluding key management personnel)				
- salary	**854,095**	724,335	**221,232**	209,247
- employer's statutory contributions	**75,965**	61,236	**16,207**	15,556
- defined contribution plans	**5,352**	4,223	**-**	-
Research and development expenditure	**18,534**	17,921	**11,254**	10,982
Retirement benefits provision (Note 33)	**28,620**	37,092	**2,215**	5,361
Write down of inventories	**31,561**	37,430	**16,176**	13,628
Reversal of impairment of trade receivables (Note 25)	**-**	(756)	**-**	-
Write back of inventories	**(10,944)**	(9,240)	**-**	-
Amortisation of deferred income (Note 32)	**(5,522)**	(1,779)	**-**	-
Gain on disposal of property, plant and equipment	**(5,589)**	(1,911)	**(210)**	(311)
Surplus on government acquisition of land	**(23,731)**	(4,675)	**(21,393)**	(4,675)
Surplus on disposal of land	**(13,011)**	(2,224)	**(2,414)**	(9,342)
(Surplus)/Deficit on disposal of shares in a subsidiary	**-**	(2,404)	**(111,863)**	268
Surplus on deemed disposal of a subsidiary (Note 41)	**(12,266)**	-	**-**	-
Surplus on disposal of available-for-sale investments	**(2,180)**	(11,765)	**-**	-
Deficit/(Surplus) on liquidation of subsidiaries	**-**	-	**18**	(81,334)
Release of inter-company interest capitalised on deemed disposal of a subsidiary	**(12,639)**	-	**-**	-
Net (gain)/loss in foreign exchange	**(61,085)**	8,698	**(311,518)**	22,482
Rental income from land and buildings	**(1,774)**	(1,212)	**(1,047)**	(1,018)
Gain on redemption of short term funds	**(1,239)**	(4,401)	**(1,043)**	(3,396)
Negative goodwill derecognised (Note 41)	**-**	(15,847)	**-**	-

6. FINANCE COSTS

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Interest expense/Profit payment of financial liabilities that are not at fair value through profit or loss				
Interest expense				
Term loans	**17,179**	17,563	**12,804**	13,950
Overdraft and other interest	**28,787**	18,172	**-**	-
	45,966	35,735	**12,804**	13,950
Profit payment on Islamic medium term notes	**58,541**	51,640	**58,541**	51,640
	104,507	87,375	**71,345**	65,590

7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Short term benefits				
Directors' remuneration				
Fees provided	**1,450**	1,367	**1,450**	1,367
Other emoluments	**10,676**	9,927	**10,620**	9,898
Benefits-in-kind	**173**	153	**173**	153
	12,299	11,447	**12,243**	11,418

Key management personnel comprises Directors of the Group entities, who have authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

8. DIVIDEND INCOME

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Gross dividends from:				
Available-for-sale investments				
Investment in shares quoted in Malaysia	**1,368**	739	**-**	-
Investment in shares quoted outside Malaysia	**69,560**	26,999	**27,041**	10,043
Investment in unquoted shares	**942**	943	**942**	943
Short term funds	**10,674**	14,009	**4,818**	6,354
Unquoted subsidiaries	**-**	-	**383,552**	533,125
Unquoted associates	**-**	-	**5,892**	3,942
	82,544	42,690	**422,245**	554,407

9. TAX EXPENSE

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Components of tax expense				
Current tax expense				
Malaysian taxation	**169,232**	220,514	**50,120**	78,200
Overseas taxation	**95,780**	99,969	**5,885**	3,433
	265,012	320,483	**56,005**	81,633
Deferred tax				
Relating to origination and reversal of temporary differences	**(26,074)**	(31,501)	**(2,522)**	(480)
Relating to reduction in tax rate	**(1,976)**	-	**(28)**	-
Under/(Over)-provision in respect of previous years	**7,520**	(2,610)	**-**	-
	(20,530)	(34,111)	**(2,550)**	(480)
	244,482	286,372	**53,455**	81,153
(Over)/Under-provision of tax expense in respect of previous years				
Malaysian taxation	**(4,821)**	(1,208)	**(4,226)**	-
Overseas taxation	**10,899**	(161)	**-**	-
	6,078	(1,369)	**(4,226)**	-
	250,560	285,003	**49,229**	81,153

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Reconciliation of effective tax expense				
Profit before taxation	**1,134,598**	1,317,697	**1,069,961**	943,401
Taxation at Malaysian income tax rate of 25% (2014: 25%)	**283,650**	329,424	**267,490**	235,850
Effect of different tax rates in foreign jurisdictions	**(2,588)**	(9,020)	**(4,056)**	(1,506)
Withholding tax on foreign dividend and interest income	**37,242**	25,789	**3,181**	2,429
Expenses not deductible for tax purposes	**46,879**	24,318	**8,656**	12,640
Tax exempt and non-taxable income	**(133,775)**	(62,927)	**(218,975)**	(165,514)
Tax incentives	**(4,449)**	(3,897)	**(2,813)**	(2,746)
Deferred tax assets not recognised during the year	**12,811**	7,903	**-**	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(4,688)**	(20,657)	**-**	-
Tax effect on associates' and joint venture's results	**(325)**	(1,469)	**-**	-
Recognition of deferred tax liabilities/(assets) not taken up previously	**2,000**	(4,640)	**-**	-
Under/(Over)-provision of tax expense in respect of previous years	**6,078**	(1,369)	**(4,226)**	-
Under/(Over)-provision of deferred tax in respect of previous years	**7,520**	(2,610)	**-**	-
Effect of changes in tax rates on deferred tax	**(1,976)**	-	**(28)**	-
Others	**2,181**	4,158	**-**	-
Tax expense	**250,560**	285,003	**49,229**	81,153

The Company is able to distribute dividends out of its entire distributable reserves under the single tier company income tax system.

10. EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Company of RM869,912,000 (2014: RM991,705,000) for the Group and RM1,020,732,000 (2014: RM862,248,000) for the Company by the weighted average number of 1,064,965,692 (2014: 1,064,965,692) shares of the Company in issue during the year.

11. DIVIDENDS

	Group and Company	
	2015	2014
	RM'000	RM'000
Dividends recognised in the current year are:		
Final single tier dividend of 40 sen per share for the financial year ended 30 September 2014 (2014: single tier dividend of 35 sen per share)	**425,986**	372,738
Interim single tier dividend of 15 sen per share for the financial year ended 30 September 2015 (2014: single tier dividend of 15 sen per share)	**159,745**	159,745
	585,731	532,483

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2014: 1,064,965,692).

A final single tier dividend of 30 sen (2014: 40 sen) per share amounting to RM319,490,000 (2014: RM425,986,000) has been recommended by the Directors in respect of the financial year ended 30 September 2015 and subject to shareholders' approval at the forthcoming Annual General Meeting. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Long Term Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Capital Work-In-Progress RM'000	Total RM'000
Cost/Valuation								
At 1 October 2013	697,716	242,781	859,261	2,752,906	318,688	259,200	684,156	5,814,708
Reclassification	(6,834)	6,834	102,517	563,326	14,117	42,089	(722,049)	-
Additions	54,775	1,380	43,039	100,819	26,692	22,473	505,356	754,534
Acquisition through business combination	6,218	-	25,649	68,994	7,152	637	3,436	112,086
Disposal	(413)	-	-	(18,535)	(7,701)	(608)	(298)	(27,555)
Disposal of a subsidiary	-	-	(27,085)	(51,898)	(704)	(965)	(70)	(80,722)
Written off	-	-	(1,402)	(14,316)	(5,181)	(3,359)	-	(24,258)
Transfer to land held for property development	(96)	-	-	-	-	-	-	(96)
Currency translation differences	(13,361)	32	(18,473)	(42,795)	(6,624)	(4,587)	(16,094)	(101,902)
At 30 September 2014	738,005	251,027	983,506	3,358,501	346,439	314,880	454,437	6,446,795
Reclassification	-	-	91,260	232,700	5,146	18,066	(347,172)	-
Additions	26,458	-	62,737	155,699	23,959	35,450	425,698	730,001
Disposal	(642)	(255)	(7,360)	(6,016)	(4,213)	(672)	-	(19,158)
Deemed disposal of a subsidiary	-	-	(48,899)	(82,918)	(1,381)	(2,295)	-	(135,493)
Release of inter-company interest capitalised on deemed disposal of a subsidiary	-	-	-	12,885	-	-	-	12,885
Written off	-	-	(1,443)	(1,897)	(8,331)	(1,369)	(1,047)	(14,087)
Currency translation differences	40,671	2,160	88,822	264,539	22,381	24,720	31,014	474,307
At 30 September 2015	804,492	252,932	1,168,623	3,933,493	384,000	388,780	562,930	7,495,250
Accumulated depreciation/amortisation and impairment losses								
At 1 October 2013								
Accumulated depreciation/amortisation	-	53,525	384,750	1,171,266	240,330	168,929	-	2,018,800
Accumulated impairment losses	-	-	6,416	58,187	50	2,650	-	67,303
	-	53,525	391,166	1,229,453	240,380	171,579	-	2,086,103
Depreciation/Amortisation charge	-	3,032	53,492	167,598	36,539	26,725	-	287,386
Impairment losses	-	-	-	424	-	-	-	424
Disposal	-	-	-	(14,556)	(7,450)	(140)	-	(22,146)
Disposal of a subsidiary	-	-	(22,873)	(46,626)	(408)	(794)	-	(70,701)
Written off	-	-	(666)	(14,048)	(5,122)	(3,027)	-	(22,863)
Currency translation differences	-	4	(6,202)	(17,159)	(5,050)	(3,215)	-	(31,622)
At 30 September 2014								
Accumulated depreciation/amortisation	-	56,561	411,689	1,257,973	258,889	188,548	-	2,173,660
Accumulated impairment losses	-	-	3,228	47,113	-	2,580	-	52,921
	-	56,561	414,917	1,305,086	258,889	191,128	-	2,226,581
Depreciation/Amortisation charge	-	3,109	62,143	205,660	37,770	31,971	-	340,653
Disposal	-	(17)	(7,355)	(4,455)	(3,344)	(609)	-	(15,780)
Deemed disposal of a subsidiary	-	-	(5,753)	(8,723)	(700)	(837)	-	(16,013)
Release of inter-company interest capitalised on deemed disposal of a subsidiary	-	-	-	246	-	-	-	246
Written off	-	-	(1,030)	(711)	(8,329)	(1,196)	-	(11,266)
Currency translation differences	-	161	29,232	90,903	16,026	16,782	-	153,104
At 30 September 2015								
Accumulated depreciation/amortisation	-	59,814	488,495	1,540,637	300,312	234,541	-	2,623,799
Accumulated impairment losses	-	-	3,659	47,369	-	2,698	-	53,726
	-	59,814	492,154	1,588,006	300,312	237,239	-	2,677,525
Carrying amounts								
At 1 October 2013	697,716	189,256	468,095	1,523,453	78,308	87,621	684,156	3,728,605
At 30 September 2014	738,005	194,466	568,589	2,053,415	87,550	123,752	454,437	4,220,214
At 30 September 2015	804,492	193,118	676,469	2,345,487	83,688	151,541	562,930	4,817,725

Group	Freehold Land RM'000	Long Term Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Capital Work-In-Progress RM'000	Total RM'000
Property, plant and equipment are included at cost or valuation as follows:								
At 30 September 2014								
Cost	655,254	142,983	983,424	3,358,501	346,439	314,880	454,437	6,255,918
Valuation	82,751	108,044	82	-	-	-	-	190,877
	738,005	251,027	983,506	3,358,501	346,439	314,880	454,437	6,446,795
At 30 September 2015								
Cost	**721,361**	**144,888**	**1,168,541**	**3,933,493**	**384,000**	**388,780**	**562,930**	**7,303,993**
Valuation	**83,131**	**108,044**	**82**	**-**	**-**	**-**	**-**	**191,257**
	804,492	**252,932**	**1,168,623**	**3,933,493**	**384,000**	**388,780**	**562,930**	**7,495,250**

	2015 RM'000	2014 RM'000
Depreciation/Amortisation charge for the year is allocated as follows:		
Recognised in statement of profit or loss (Note 5)		
Depreciation of property, plant and equipment	**325,770**	277,680
Amortisation of leasehold land	**3,079**	3,032
	328,849	280,712
Capitalised in biological assets	**11,804**	6,674
	340,653	287,386

The impairment loss of the Group amounted to RM424,000 in the previous financial year was due to under-performance of a subsidiary's operations in previous year. The impairment was allocated in other operating expenses.

Impairment testing
Property, plant and equipment are tested for impairment by comparing the carrying amount with the recoverable amount of the cash-generating unit ("CGU"). The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections from the financial budgets and forecasts approved by management covering a period ranging from five years to fifteen years.

Key assumptions used in the value in use calculations are:

(i) the pre-tax discount rates which are the weighted average cost of capital used ranged from 8.1% to 13.8% (2014: 7.0% to 12.4%);

(ii) the growth rate used for the plantation companies is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates as well as cost of productions whilst growth rates of companies in other segments are determined based on the industry trends and past performances of the respective companies; and

(iii) profit margins are projected based on historical profit margin achieved.

In assessing the value in use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

Company	Freehold Land RM'000	Long Term Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Capital Work-In-Progress RM'000	Total RM'000
Cost/Valuation								
At 1 October 2013	787,768	239,662	152,904	215,177	78,556	67,603	1,865	1,543,535
Additions	-	-	6,917	7,988	8,037	2,040	6,178	31,160
Reclassification	-	-	77	988	-	696	(1,763)	(2)
Transfer	-	-	-	-	-	(44)	(71)	(115)
Disposal	(510)	-	(4)	(7)	(1,835)	(35)	-	(2,391)
Written off	-	-	(45)	(792)	(1,599)	(1,221)	-	(3,657)
At 30 September 2014	**787,258**	**239,662**	**159,849**	**223,354**	**83,159**	**69,039**	**6,209**	**1,568,530**
Additions	**890**	**-**	**4,585**	**4,950**	**7,861**	**4,274**	**6,583**	**29,143**
Reclassification	**-**	**-**	**3,048**	**132**	**-**	**-**	**(3,180)**	**-**
Transfer	**-**	**-**	**504**	**3,639**	**27**	**74**	**-**	**4,244**
Disposal	**(1,100)**	**(731)**	**-**	**-**	**(979)**	**(21)**	**-**	**(2,831)**
Written off	**-**	**-**	**(194)**	**(708)**	**(2,530)**	**(292)**	**(47)**	**(3,771)**
At 30 September 2015	**787,048**	**238,931**	**167,792**	**231,367**	**87,538**	**73,074**	**9,565**	**1,595,315**
Accumulated depreciation/amortisation								
At 1 October 2013	-	19,834	100,062	137,436	65,822	43,685	-	366,839
Depreciation/Amortisation charge	-	3,099	5,892	14,725	6,190	5,712	-	35,618
Transfer	-	-	-	-	-	(35)	-	(35)
Disposal	-	-	(4)	(7)	(1,832)	(35)	-	(1,878)
Written off	-	-	(41)	(761)	(1,599)	(1,197)	-	(3,598)
At 30 September 2014	**-**	**22,933**	**105,909**	**151,393**	**68,581**	**48,130**	**-**	**396,946**
Depreciation/Amortisation charge	**-**	**3,099**	**6,459**	**15,057**	**6,853**	**6,288**	**-**	**37,756**
Transfer	**-**	**-**	**214**	**3,459**	**(24)**	**75**	**-**	**3,724**
Disposal	**-**	**(32)**	**-**	**-**	**(694)**	**(20)**	**-**	**(746)**
Written off	**-**	**-**	**(188)**	**(665)**	**(2,528)**	**(276)**	**-**	**(3,657)**
At 30 September 2015	**-**	**26,000**	**112,394**	**169,244**	**72,188**	**54,197**	**-**	**434,023**
Carrying amounts								
At 1 October 2013	787,768	219,828	52,842	77,741	12,734	23,918	1,865	1,176,696
At 30 September 2014	787,258	216,729	53,940	71,961	14,578	20,909	6,209	1,171,584
At 30 September 2015	**787,048**	**212,931**	**55,398**	**62,123**	**15,350**	**18,877**	**9,565**	**1,161,292**
Property, plant and equipment are included at cost or valuation as follows:								
At 30 September 2014								
Cost	710,614	194,217	159,849	223,354	83,159	69,039	6,209	1,446,441
Valuation	76,644	45,445	-	-	-	-	-	122,089
	787,258	239,662	159,849	223,354	83,159	69,039	6,209	1,568,530
At 30 September 2015								
Cost	**710,493**	**193,486**	**167,792**	**231,367**	**87,538**	**73,074**	**9,565**	**1,473,315**
Valuation	**76,555**	**45,445**	**-**	**-**	**-**	**-**	**-**	**122,000**
	787,048	**238,931**	**167,792**	**231,367**	**87,538**	**73,074**	**9,565**	**1,595,315**

During the financial year, the titles to the freehold land and long term leasehold land amounting to RM224,091,000 and RM13,612,000 respectively had been transferred from Kulumpang Development Corporation Sdn Bhd to the Company.

Certain freehold land and leasehold land of the Company were revalued by the Directors on 1 October 1980 based on an opinion of value, using the "Investment Method Approach", by a professional firm of Chartered Surveyors on 22 November 1979. Certain freehold land of the Company were revalued by the Directors based on an opinion of value, using "fair market value basis", by a firm of professional valuers on 10 June 1981.

Certain leasehold land of the Group and of the Company were revalued by the Directors between 1978 and 1991, based on professional valuation on the open market basis and upon approval by the relevant government authorities.

Freehold land belonging to an overseas subsidiary was revalued by the Directors based on existing use and has been incorporated in the financial statements on 30 September 1989. Building of a subsidiary had been revalued by the Directors on 28 February 1966.

The Group has availed itself to the transitional provision when the MASB first issued FRS 116_{2004} *Property, Plant and Equipment* in 2000, and accordingly, the carrying amounts of these revalued property, plant and equipment have been retained on the basis of these valuations as though they have never been revalued. The carrying amounts of revalued property, plant and equipment, had these assets been carried at cost less accumulated depreciation/amortisation were as follows:

	Group		**Company**	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Freehold land	**21,578**	21,474	**19,637**	19,672
Leasehold land	**27,021**	27,447	**5,140**	5,234
	48,599	48,921	**24,777**	24,906

Certain property, plant and equipment of the Group with a total carrying amount of RM94,599,000 (2014: RM83,723,000) as at end of the current financial year were charged to banks as security for borrowings (Note 34).

The details of the properties held by the Group are shown on pages 160 to 166.

13. PREPAID LEASE PAYMENTS

	2015			2014		
	Long Term Leasehold Land RM'000	**Short Term Leasehold Land RM'000**	**Total RM'000**	Long Term Leasehold Land RM'000	Short Term Leasehold Land RM'000	Total RM'000
Group						
Cost						
At beginning of the year	**31,894**	**274,595**	**306,489**	31,894	197,954	229,848
Additions	**-**	**23,652**	**23,652**	-	19,487	19,487
Acquisition through business combination	**-**	**-**	**-**	-	72,447	72,447
Disposal of a subsidiary	**-**	**-**	**-**	-	(12,879)	(12,879)
Deemed disposal of a subsidiary	**-**	**(419)**	**(419)**	-	-	-
Currency translation differences	**-**	**19,064**	**19,064**	-	(2,414)	(2,414)
At end of the year	**31,894**	**316,892**	**348,786**	31,894	274,595	306,489
Accumulated amortisation and impairment losses						
At beginning of the year						
Accumulated amortisation	**3,606**	**31,856**	**35,462**	3,188	32,366	35,554
Accumulated impairment losses	**-**	**19,759**	**19,759**	-	1,065	1,065
	3,606	**51,615**	**55,221**	3,188	33,431	36,619
Amortisation charge	**418**	**6,083**	**6,501**	418	4,729	5,147
Impairment loss	**-**	**-**	**-**	-	19,760	19,760
Disposal of a subsidiary	**-**	**-**	**-**	-	(5,768)	(5,768)
Deemed disposal of a subsidiary	**-**	**(395)**	**(395)**	-	-	-
Currency translation differences	**-**	**1,904**	**1,904**	-	(537)	(537)
At end of the year						
Accumulated amortisation	**4,024**	**39,448**	**43,472**	3,606	31,856	35,462
Accumulated impairment losses	**-**	**19,759**	**19,759**	-	19,759	19,759
At end of the year	**4,024**	**59,207**	**63,231**	3,606	51,615	55,221
Carrying amounts	**27,870**	**257,685**	**285,555**	28,288	222,980	251,268

	2015 Short Term Leasehold Land RM'000	2014 Short Term Leasehold Land RM'000
Company		
Cost		
At beginning/end of the year	**1,504**	1,504
Accumulated amortisation		
At beginning of the year	**720**	699
Amortisation charge	**21**	21
At end of the year	**741**	720
Carrying amounts	**763**	784

The impairment loss of the Group amounted to RM19,760,000 in previous financial year was in respect of 38,350 hectares of land held under Special Agricultural & Business Lease ("SABL") in Papua New Guinea ("PNG").

In December 2013, an interim injunction was obtained in the PNG National Court, against PNG Government and the customary owners, restraining the entry or conduct of any activities on this land. PNG Government had chosen not to defend the suit and had entered into a Consent Order resulting in the SABL over the leasehold land being quashed. The Group complied with the terms of the Consent Order and accordingly the carrying amount of this land amounted to RM19,760,000 was impaired and included in other operating expenses.

The Memorandum of Transfer of a long term leasehold land in favour of a subsidiary, KLK Bioenergy Sdn Bhd with carrying amount of RM3,012,000 (2014: RM3,063,000), was presented for registration at the relevant land registry. This matter is now pending issuance of the original document of the title from the said relevant land registry.

The title deed of a long term leasehold land with carrying amount of RM20,179,000 (2014: RM20,459,000) belonging to another subsidiary, Palm-Oleo (Klang) Sdn Bhd, is with the relevant authorities and is in the process of being registered in the name of the subsidiary.

A short term leasehold land of the Group and of the Company was revalued by the Directors on 1 October 1980 based on an opinion of value, using the "Investment Method Approach", by a professional firm of Chartered Surveyors on 22 November 1979.

The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117 *Leases* in 2006.

Impairment testing

Impairment testing on prepaid lease payments is similar to that of property, plant and equipment as disclosed in Note 12.

The details of the prepaid lease payments of the Group are shown on pages 160 to 166.

14. BIOLOGICAL ASSETS

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Plantation development expenditure (included under non-current assets)				
Cost/Valuation				
At beginning of the year	**2,302,798**	2,092,621	**727,393**	728,082
Additions	**210,176**	215,198	**-**	-
Acquisition through business combination	**-**	41,664	**-**	-
Transfer to plasma plantation project	**(3,780)**	-	**-**	-
Disposal	**(800)**	(689)	**(1,057)**	(689)
Currency translation differences	**168,899**	(45,996)	**-**	-
At end of the year	**2,677,293**	2,302,798	**726,336**	727,393
Accumulated amortisation				
At beginning of the year	**221,737**	184,403	**-**	-
Amortisation charge	**48,502**	46,320	**-**	-
Currency translation differences	**14,767**	(8,986)	**-**	-
At end of the year	**285,006**	221,737	**-**	-
Carrying amounts	**2,392,287**	2,081,061	**726,336**	727,393
Biological assets are included at cost or valuation as follows:				
Cost	**2,430,458**	2,055,779	**515,901**	516,774
Valuation	**246,835**	247,019	**210,435**	210,619
	2,677,293	2,302,798	**726,336**	727,393

The biological assets of the Group stated at valuation, previously included in property, plant and equipment, were revalued by the Directors based on independent professional valuations carried out between 1979 and 1991 on the open market value basis. These valuations were for special purposes. It has never been the Group's policy to carry out regular revaluation of its property, plant and equipment.

The Group has availed itself to the transitional provision when the MASB first issued FRS 116_{2004} *Property, Plant and Equipment* in 2000, and accordingly, the carrying amounts of these revalued biological assets have been retained on the basis of these valuations as though they have never been revalued. The carrying amounts of revalued biological assets of the Group and of the Company, had these assets been carried at cost less accumulated amortisation were RM112,621,000 (2014: RM112,743,000) and RM76,631,000 (2014: RM76,753,000) respectively.

	Group	
	2015	2014
	RM'000	RM'000
Biological assets (included under current assets)		
At net realisable value		
Growing crops	**28,603**	25,204
Livestock	**3,996**	2,082
	32,599	27,286

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2015	2014
	RM'000	RM'000
Freehold land at cost		
At beginning of the year	**191,347**	190,962
Additions	**6**	289
Transfer from property, plant and equipment	**-**	96
Disposal	**(543)**	-
At end of the year	**190,810**	191,347
Development expenditure at cost		
At beginning of the year	**26,579**	25,970
Additions	**8,969**	609
Disposal	**(5)**	-
At end of the year	**35,543**	26,579
Total	**226,353**	217,926

The details of the land held for property development by the Group are shown on pages 165 to 166.

16. GOODWILL ON CONSOLIDATION

	Group	
	2015	2014
	RM'000	RM'000
Cost		
At beginning of the year	**286,969**	297,016
Impairment loss (Note 5)	**-**	(2,674)
Currency translation differences	**43,168**	(7,373)
At end of the year	**330,137**	286,969

Impairment of goodwill in previous financial year arose from the under-performance of a subsidiary's operations and was included in other operating expenses.

Impairment testing
For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit identified according to the Group's business segments.

Goodwill is tested for impairment on an annual basis. Impairment testing on goodwill is similar to that of property, plant and equipment as disclosed in Note 12.

17. INTANGIBLE ASSETS

	Group 2015 RM'000	Group 2014 RM'000
Cost		
At beginning of the year	**46,198**	48,151
Additions	**871**	191
Currency translation differences	**12,446**	(2,144)
At end of the year	**59,515**	46,198
Accumulated amortisation and impairment losses		
At beginning of the year		
Accumulated amortisation	**24,908**	22,466
Accumulated impairment losses	**6,052**	6,112
	30,960	28,578
Amortisation charge	**3,843**	3,653
Currency translation differences	**9,415**	(1,271)
At end of the year		
Accumulated amortisation	**36,936**	24,908
Accumulated impairment losses	**7,282**	6,052
	44,218	30,960
Carrying amounts	**15,297**	15,238

The amortisation of intangible assets amounting RM3,843,000 (2014: RM3,653,000) is included in administration expenses.

These assets consist mainly of trade marks and patent.

Impairment testing
Impairment testing on intangible assets is similar to that of property, plant and equipment as disclosed in Note 12.

18. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS OWING BY/TO SUBSIDIARIES

	Company 2015 RM'000	Company 2014 RM'000
Investments in subsidiaries		
Unquoted shares at cost	**2,887,769**	2,510,925
Impairment in value of investments		
At beginning of the year	**(79,273)**	(89,043)
Impairment loss	**(9,100)**	(3,339)
Impairment written off	**-**	13,109
At end of the year	**(88,373)**	(79,273)
	2,799,396	2,431,652
Capital contribution to subsidiaries	**622,303**	835,117
Impairment in capital contribution		
At beginning of the year	**(55,649)**	(52,985)
Impairment loss	**-**	(2,323)
Currency translation differences	**(18,204)**	(341)
At end of the year	**(73,853)**	(55,649)
	548,450	779,468
Total investments in subsidiaries	**3,347,846**	3,211,120

The amounts due from subsidiaries are deemed as capital contribution to subsidiaries as the repayment of these amounts are neither fixed nor expected.

Impairment testing
Impairment testing on investments in subsidiaries is similar to that of property, plant and equipment as disclosed in Note 12.

During the year, the impairment loss of RM9,100,000 is in respect of the impairment in value of investment in a subsidiary arising from the restriction imposed by the local authority on the production of certain products of that subsidiary due to the change in local government plan and policy.

Details of the subsidiaries are shown in Note 41.

Amounts owing by subsidiaries

	Company	
	2015	2014
	RM'000	RM'000
Non-current assets	**933,621**	-
Current assets	**754,106**	1,066,361
	1,687,727	1,066,361

The management had reviewed the expected repayments from subsidiaries and hence had classified certain amounts owing by subsidiaries as non-current.

Amounts owing by subsidiaries are trade and non-trade, unsecured with no fixed terms of repayment and non-interest bearing except for a total amount of RM830,152,000 (2014: Nil) under non-current assets and RM646,672,000 (2014: RM780,770,000) under current assets which are subject to interest charge ranging from 2.0% to 7.0% (2014: 1.0% to 7.0%) per annum.

Amounts owing to subsidiaries
Amounts owing to subsidiaries are trade and non-trade, unsecured, repayment on demand and non-interest bearing.

19. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Shares at cost				
In unquoted corporations	**82,511**	111,092	**25,725**	25,725
Post-acquisition reserves	**53,399**	47,706	**-**	-
	135,910	158,798	**25,725**	25,725
Amount owing by an associate	**18,583**	13,854	**-**	-
	154,493	172,652	**25,725**	25,725

The Group does not have any associate which is individually material to the Group as at 30 September 2015 and 30 September 2014.

	Group	
	2015	2014
	RM'000	RM'000
Summary of financial information of associates:		
Non-current assets	**146,588**	199,608
Current assets	**428,091**	469,696
Non-current liabilities	**(28,380)**	(14,735)
Current liabilities	**(233,520)**	(230,648)
Revenue	**549,204**	895,494
Profit for the year	**24,217**	16,871

The amount owing by an associate, denominated in United States Dollar, was given by an overseas subsidiary which was incorporated in British Virgin Islands. This amount is non-trade, unsecured with no fixed term of repayment and non-interest bearing.

Details of the associates are shown in Note 41.

20. INVESTMENT IN A JOINT VENTURE

	Group	
	2015	2014
	RM'000	RM'000
Shares at cost		
In unquoted corporations	**4,817**	-
Post-acquisition reserves	**(14,975)**	-
	(10,158)	-
Amount owing by the joint venture	**154,816**	-
	144,658	-

PT Kreasijaya Adhikarya, a previous subsidiary of the Group, became a joint venture of the Group during the year after the dilution of the Group's shareholdings in this company as disclosed in Note 41.

The joint venture is not material to the Group as at 30 September 2015.

	Group	
	2015	2014
	RM'000	RM'000
Summary of financial information of a joint venture:		
Non-current assets	**145,752**	-
Current assets	**254,969**	-
Non-current liabilities	**(310,661)**	-
Current liabilities	**(110,377)**	-
Revenue	**689,761**	-
Loss for the year	**(28,501)**	-

The amount owing by the joint venture is deemed as capital contribution to the joint venture as the repayment of this amount is neither fixed nor expected.

Details of the joint venture are shown in Note 41.

21. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Shares at cost				
In unquoted corporations	**33,222**	1,670	**359**	359
Shares at fair value				
In Malaysia quoted corporations	**33,280**	29,886	**-**	-
In overseas quoted corporations	**1,720,977**	857,209	**574,816**	286,172
	1,754,257	887,095	**574,816**	286,172
	1,787,479	888,765	**575,175**	286,531
Impairment in value of investments				
At beginning of the year	**(4,751)**	(5,532)	**-**	-
Impairment loss	**(1,396)**	(423)	**-**	-
Reversal of impairment	**310**	1,204	**-**	-
At end of the year	**(5,837)**	(4,751)	**-**	-
	1,781,642	884,014	**575,175**	286,531
Market value of shares				
In quoted corporations	**1,748,420**	882,344	**574,816**	286,172

22. OTHER RECEIVABLE

Other receivable represents advances to plasma plantation projects.

Plantations subsidiaries in Indonesia have participated in the "Kredit Koperasi Primer untuk Anggotanya" scheme (herein referred to as plasma plantation projects) to provide financing and to assist in the development of oil palm plantations under this scheme for the benefit of the communities in the vicinity of their operations. The advances to plasma plantation projects are subject to interest charge of 8% (2014: 8%) per annum.

23. DEFERRED TAXATION

Recognised deferred tax assets and liabilities are attributable to the following:

	Liabilities		Assets		Net	
	2015	2014	**2015**	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Group						
Property, plant and equipment						
Capital allowances	**206,369**	203,933	**(16,453)**	(16,042)	**189,916**	187,891
Revaluation	**105,108**	101,947	**-**	-	**105,108**	101,947
Unutilised tax losses	**-**	-	**(110,356)**	(85,358)	**(110,356)**	(85,358)
Derivative financial instruments	**-**	1,948	**(8,533)**	(3,144)	**(8,533)**	(1,196)
Other items	**4,915**	1,314	**(70,609)**	(76,416)	**(65,694)**	(75,102)
Tax liabilities/(assets)	**316,392**	309,142	**(205,951)**	(180,960)	**110,441**	128,182
Set off of tax	**(58,438)**	(52,935)	**58,438**	52,935	**-**	-
Net tax liabilities/(assets)	**257,954**	256,207	**(147,513)**	(128,025)	**110,441**	128,182

	Liabilities		Assets		Net	
	2015	2014	**2015**	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Company						
Property, plant and equipment						
Capital allowances	**10,620**	10,950	**-**	-	**10,620**	10,950
Revaluation	**3,350**	3,350	**-**	-	**3,350**	3,350
Other items	**-**	219	**(12,479)**	(10,478)	**(12,479)**	(10,259)
Tax liabilities/(assets)	**13,970**	14,519	**(12,479)**	(10,478)	**1,491**	4,041
Set off of tax	**(12,479)**	(10,478)	**12,479**	10,478	**-**	-
Net tax liabilities	**1,491**	4,041	**-**	-	**1,491**	4,041

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

The components and movements in deferred tax liabilities and deferred tax assets (before offsetting) are as follows:

	Property, Plant and Equipment		Other Taxable	Unutilised	Unabsorbed	Derivatives	Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Tax Losses	Capital Allowances	Financial Instruments	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
At 1 October 2013	198,820	91,595	6,462	(73,071)	(12,648)	(340)	(64,059)	146,759
Recognised in profit or loss	6,206	(8,093)	(1,251)	(17,845)	(3,542)	(773)	(6,203)	(31,501)
Recognised in equity	-	-	-	-	-	-	(8,314)	(8,314)
Addition through business combination	-	16,950	-	-	-	-	-	16,950
Changes in tax rate	-	2,054	-	-	-	-	-	2,054
Under/(Over)-provision in respect of previous years	322	-	(3,781)	1,990	30	32	(1,203)	(2,610)
Currency translation differences	(1,415)	(559)	(116)	3,568	118	(115)	3,363	4,844
At 30 September 2014	**203,933**	**101,947**	**1,314**	**(85,358)**	**(16,042)**	**(1,196)**	**(76,416)**	**128,182**
Recognised in profit or loss	**(2,079)**	**(3,917)**	**3,308**	**(18,731)**	**(373)**	**(7,190)**	**2,908**	**(26,074)**
Recognised in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(3,111)**	**(3,111)**
Deemed disposal of a subsidiary	**1,473**	**-**	**-**	**10,039**	**-**	**-**	**202**	**11,714**
Changes in tax rate	**(3,613)**	**631**	**-**	**306**	**300**	**(145)**	**545**	**(1,976)**
Under/(Over)-provision in respect of previous years	**88**	**-**	**(399)**	**(5,812)**	**256**	**-**	**13,387**	**7,520**
Currency translation differences	**6,567**	**6,447**	**692**	**(10,800)**	**(594)**	**(2)**	**(8,124)**	**(5,814)**
At 30 September 2015	**206,369**	**105,108**	**4,915**	**(110,356)**	**(16,453)**	**(8,533)**	**(70,609)**	**110,441**

	Property, Plant and Equipment		Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000
Company				
At 1 October 2013	11,200	1,296	(10,029)	2,467
Recognised in profit or loss	(250)	-	(230)	(480)
Change in tax rate	-	2,054	-	2,054
At 30 September 2014	**10,950**	**3,350**	**(10,259)**	**4,041**
Recognised in profit or loss	**110**	**-**	**(2,632)**	**(2,522)**
Change in tax rate	**(440)**	**-**	**412**	**(28)**
At 30 September 2015	**10,620**	**3,350**	**(12,479)**	**1,491**

	Group	
	2015	2014
	RM'000	RM'000
No deferred tax assets/(liabilities) have been recognised for the following items:		
Unabsorbed capital allowances	**171,661**	85,533
Deductible temporary differences	**6,682**	-
Unutilised tax losses	**302,640**	326,239
Property, plant and equipment	**(450,086)**	(376,133)
	30,897	35,639

The above unabsorbed capital allowances and deductible temporary differences of the Group do not expire under current tax legislation.

The unutilised tax losses of certain subsidiaries amounting to RM239,731,000 (2014: RM282,639,000) do not expire under current tax legislation.

	Group	
	2015	2014
	RM'000	RM'000
Unutilised tax losses of RM62,909,000 (2014: RM43,600,000) will expire as follows under the respective tax legislation of countries in which certain subsidiaries domicile:		
Year of expiry		
2015	**-**	33,561
2016	**29,649**	9,908
2017	**12,837**	-
2019	**3,404**	131
2020	**17,019**	-
	62,909	43,600

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities have not been provided by a subsidiary on the taxable temporary differences as the subsidiary is unable to estimate reliably the commencement period of its pioneer status due to current market volatility which renders the achievability of future statutory income uncertain.

The Group has tax losses carried forward of RM736,348,000 (2014: RM664,312,000) which give rise to the recognised and unrecognised deferred tax assets in respect of unutilised tax losses above, which are subject to agreement by the tax authorities.

24. INVENTORIES

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Inventories of produce	**963,656**	854,816	**32,691**	32,584
Developed property held for sale	**8,619**	11,349	**-**	-
Stores and materials	**505,010**	412,663	**14,557**	12,123
	1,477,285	1,278,828	**47,248**	44,707
At net realisable value				
Inventories of produce	**126,336**	123,707	**4,483**	1,042
Stores and materials	**10,189**	38,906	**-**	-
	136,525	162,613	**4,483**	1,042
	1,613,810	1,441,441	**51,731**	45,749

Inventories recognised in cost of sales of the Group and of the Company were RM11,097,781,000 (2014: RM8,610,430,000) and RM491,463,000 (2014: RM538,645,000) respectively.

25. TRADE RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**1,721,430**	1,008,054	**29,057**	31,375
Allowance for impairment losses	**(23,476)**	(9,572)	**-**	-
	1,697,954	998,482	**29,057**	31,375
Accrued billings	**13,471**	3,599	**-**	-
	1,711,425	1,002,081	**29,057**	31,375

The ageing of trade receivables as at end of the reporting period was:

	Gross RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Net RM'000
Group				
2015				
Not past due	**1,549,961**	**-**	**-**	**1,549,961**
Past due 1 - 30 days	**111,030**	**-**	**-**	**111,030**
Past due 31 - 60 days	**17,009**	**-**	**-**	**17,009**
Past due 61 - 90 days	**8,615**	**-**	**-**	**8,615**
Past due 91 - 120 days	**1,471**	**44**	**-**	**1,427**
Past due more than 120 days	**33,344**	**23,432**	**-**	**9,912**
	1,721,430	**23,476**	**-**	**1,697,954**
2014				
Not past due	866,732	-	-	866,732
Past due 1 - 30 days	111,308	-	-	111,308
Past due 31 - 60 days	6,931	-	-	6,931
Past due 61 - 90 days	1,227	-	-	1,227
Past due 91 - 120 days	117	-	-	117
Past due more than 120 days	21,739	9,572	-	12,167
	1,008,054	9,572	-	998,482
Company				
2015				
Not past due	**28,934**	**-**	**-**	**28,934**
Past due 1 - 30 days	**123**	**-**	**-**	**123**
	29,057	**-**	**-**	**29,057**
2014				
Not past due	30,313	-	-	30,313
Past due 1 - 30 days	946	-	-	946
Past due 31 - 60 days	116	-	-	116
	31,375	-	-	31,375

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group	
	2015 RM'000	2014 RM'000
At beginning of the year	**9,572**	11,520
Impairment losses	**9,339**	1,978
Reversal of impairment losses	**-**	(756)
Impairment losses written off	**(101)**	(1,946)
Disposal of a subsidiary	**-**	(643)
Currency translation differences	**4,666**	(581)
At end of the year	**23,476**	9,572

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the trade receivables of the Group or the Company that are neither past due nor impaired have been renegotiated during the financial year.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that the recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group's normal trade credit term ranges from 7 to 120 (2014: 7 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Other receivables	**287,187**	275,096	**53,501**	39,223
Indirect tax receivables	**206,024**	125,775	**-**	-
Advance payment for purchase of assets in Emery (Note 45(a))	**199,236**	-	**-**	-
Prepayments	**137,561**	80,580	**1,612**	1,445
Deposit for acquisition of land for property development	**87,120**	87,120	**-**	-
Refundable deposits	**22,595**	21,203	**501**	450
	939,723	589,774	**55,614**	41,118

27. PROPERTY DEVELOPMENT COSTS

	Group	
	2015	2014
	RM'000	RM'000
Property development costs comprise:		
Land costs	**11,083**	3,845
Development costs	**59,069**	36,967
	70,152	40,812
Costs incurred during the year		
Development costs	**64,433**	84,598
	134,585	125,410
Costs recognised as an expense in profit or loss:		
Previous years	**(15,836)**	-
Current year	**(58,785)**	(60,409)
Transfer to inventories	**-**	(10,685)
	59,964	54,316

28. DERIVATIVE FINANCIAL INSTRUMENTS

The Group classifies derivative financial instruments as financial assets or liabilities at fair value through profit or loss.

	Contract/Notional Amount Net long/(short) RM'000	**Assets RM'000**	**Liabilities RM'000**
Group			
2015			
Forward foreign exchange contracts	**(874,878)**	**2,987**	**(134,891)**
Commodities future contracts	**4,221**	**312,720**	**(221,588)**
Total derivative financial instruments		**315,707**	**(356,479)**
2014			
Forward foreign exchange contracts	(987,708)	4,623	(15,943)
Commodities future contracts	79,698	71,962	(71,283)
Total derivative financial instruments		76,585	(87,226)
Company			
2015			
Forward foreign exchange contracts	**(26,314)**	**-**	**(4,022)**
Commodities future contracts	**(60,616)**	**-**	**(8,760)**
Total derivative financial instruments		**-**	**(12,782)**
2014			
Forward foreign exchange contracts	(30,777)	-	(514)
Commodities future contracts	(77,942)	1,869	(477)
Total derivative financial instruments		1,869	(991)

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 currencies 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.

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

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Deposits with licensed banks	**776,657**	635,492	**55,452**	70,828
Short term funds	**1,016,477**	439,332	**770,441**	279,113
Cash and bank balances	**290,024**	220,953	**1,588**	2,686
	2,083,158	1,295,777	**827,481**	352,627
Short term funds comprise:				
Investment in fixed income trust funds in Malaysia				
At fair value through profit or loss	**1,016,477**	439,332	**770,441**	279,113

Investment in fixed income trust funds in Malaysia represents short term investment in highly liquid money market. This investment is readily convertible to cash and have insignificant risk of changes in value.

Included in the Group's cash and bank balances is RM13,415,000 (2014: RM37,536,000) held under Housing Development Accounts. The utilisation of this fund is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

The effective interest rates per annum of deposits with licensed banks and short term funds at reporting dates were as follows:

	Group		Company	
	2015	2014	**2015**	2014
Deposits with licensed banks	**0.01% to 9.25%**	0.01% to 10.75%	**0.01% to 3.10%**	0.15% to 3.10%
Short term funds	**3.62% to 3.92%**	3.43% to 3.59%	**3.62% to 3.92%**	3.53% to 3.59%

The maturities and repricing of deposits with licensed banks and short term funds as at the end of the financial year were as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Within one year				
Deposits with licensed banks	**776,657**	635,492	**55,452**	70,828
Short term funds	**1,016,477**	439,332	**770,441**	279,113
	1,793,134	1,074,824	**825,893**	349,941

Deposit with licensed bank of RM17,329,000 (2014: RM16,293,000) has been pledged for a banking facility granted to an outside party for the purpose of the "Kredit Koperasi Primer untuk Anggotanya" scheme in Indonesia.

30. SHARE CAPITAL

	Group and Company			
	2015 Number of Shares	**2015 RM'000**	2014 Number of Shares	2014 RM'000
Shares of RM1 each				
Authorised				
At 1 October and 30 September	**5,000,000,000**	**5,000,000**	5,000,000,000	5,000,000
Issued and fully paid				
At 1 October and 30 September	**1,067,504,692**	**1,067,505**	1,067,504,692	1,067,505

Of the total 1,067,504,692 issued and fully paid shares, 2,539,000 (2014: 2,539,000) are held as treasury shares by the Company. As at 30 September 2015, the number of outstanding shares in issue and fully paid is 1,064,965,692 (2014: 1,064,965,692).

The shareholders of the Company renewed the authority granted to the Directors to buy back its own shares at the Annual General Meeting held on 16 February 2015. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the buy back plan can be applied in the best interests of the Company and its shareholders.

31. RESERVES

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable				
Capital reserve	**204,048**	204,048	**-**	-
Revaluation reserve	**79,067**	79,067	**34,211**	34,211
Exchange fluctuation reserve	**533,068**	(333,548)	**-**	-
Capital redemption reserve	**59,840**	59,709	**285**	285
Fair value reserve	**878,724**	210,598	**496,378**	207,734
Retained earnings – cost of treasury shares	**13,447**	13,447	**13,447**	13,447
	1,768,194	233,321	**544,321**	255,677
Distributable				
Capital reserve	**815,211**	811,440	**1,087,296**	1,087,296
Retained earnings	**6,028,944**	5,652,888	**2,965,896**	2,530,895
	6,844,155	6,464,328	**4,053,192**	3,618,191
	8,612,349	6,697,649	**4,597,513**	3,873,868

Included under the non-distributable reserves is an amount of RM13,447,000 (2014: RM13,447,000) which was utilised for the purchase of the treasury shares and is considered as non-distributable.

Non-distributable capital reserve mainly comprises post-acquisition reserve capitalised by subsidiaries for their bonus issues. Distributable capital reserve comprises surpluses arising from disposals of quoted investments, properties and government acquisitions of land.

Included in revaluation reserve of the Group was an amount of RM31,362,000 (2014: RM31,362,000), which represented the fair value adjustments on acquisition of a subsidiary, relating to previously held interest.

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

32. DEFERRED INCOME

	Group	
	2015	2014
	RM'000	RM'000
Government grants		
At cost		
At beginning of the year	**109,362**	80,107
Received during the year	**17,121**	29,361
Addition through business combination	**-**	3,059
Refund during the year	**-**	(3,134)
Currency translation differences	**6,118**	(31)
At end of the year	**132,601**	109,362
Accumulated amortisation		
At beginning of the year	**2,910**	1,132
Amortisation charge	**5,522**	1,779
Currency translation differences	**4,287**	(1)
At end of the year	**12,719**	2,910
Carrying amounts	**119,882**	106,452
Deferred income is disclosed under:		
Non-current liabilities	**113,154**	101,495
Current liabilities	**6,728**	4,957
	119,882	106,452

The subsidiaries, KL-Kepong Oleomas Sdn Bhd, Palm-Oleo (Klang) Sdn Bhd and Davos Life Science Sdn Bhd received government grants from Malaysian Palm Oil Board ("MPOB") which were conditional upon the construction of specific projects. The government grants are to be amortised over the life of the assets when the assets are commissioned.

Another subsidiary, Davos Life Science Pte Ltd ("Davos") received government grant from MPOB for the financing of research and development project in the previous year. However, during the financial year ended 30 September 2014, Davos refunded the government grant to MPOB as a result of the termination of the research and development project due to certain technical compliance issue.

33. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Present value of funded obligations	**234,374**	154,791	**-**	-
Fair value of plan assets	**(210,706)**	(145,171)	**-**	-
	23,668	9,620	**-**	-
Unfunded obligations	**332,895**	272,043	**23,406**	22,283
Present value of net obligations	**356,563**	281,663	**23,406**	22,283

Defined benefit obligations

(i) The Group's plantation operations operate defined benefit plans in Malaysia and Indonesia based on the terms of the union's collective agreements in Malaysia and the labour law in Indonesia. These retirement benefit plans are unfunded. The benefits payable on retirement are based on the last drawn salaries, the length of service and the rates set out in the union's collective agreements in Malaysia and the Labour Law in Indonesia.

The present value of these unfunded defined benefit obligations as required by FRS 119 *Employee Benefits* has not been used in arriving at the provision as the amount involved is insignificant to the Group and the Company. Accordingly, no further disclosures as required by the standard are made.

(ii) A subsidiary in Germany, KLK Emmerich GmbH, operates an unfunded retirement benefit plan for its eligible employees. The obligations of the retirement benefit plan are determined by an independent qualified actuary. The last actuarial valuation was on 30 September 2015.

(iii) A subsidiary in Switzerland, Kolb Distribution Ltd, makes contributions to a funded defined benefit plan that provides pension benefits for employees upon retirement. The assets of the plan are held as a segregated fund and administered by trustees.

This funded defined benefit obligation is determined by an independent qualified actuary on an annual basis. The last actuarial valuation was on 30 June 2015 and was subsequently updated to take into consideration of the requirements of FRS 119 in order to assess liabilities of the plan as at 30 September 2015. The plan assets are stated at their market value as at 30 September 2015.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

These defined benefit plans are fully funded by the Group.

The Group expects RM20,393,000 in contribution to be paid to the defined benefit plans in the next financial year.

Movement in Net Defined Benefit Liabilities	Present Value of Funded Obligations RM'000	Unfunded Obligations RM'000	Fair Value of Plan Assets RM'000	Net Defined Benefit Liabilities RM'000
Group				
At 1 October 2013	140,913	251,321	(133,012)	259,222
Included in profit or loss				
Service cost	5,013	31,913	-	36,926
Interest cost/(income)	3,122	-	(2,956)	166
	8,135	31,913	(2,956)	37,092
Included in other comprehensive income				
Remeasurement loss/(gain)				
Actuarial loss from:				
- Financial assumptions	9,418	25,892	-	35,310
- Experience assumptions	6,160	-	-	6,160
Return on plan assets excluding interest income	-	-	(13,187)	(13,187)
	15,578	25,892	(13,187)	28,283
Other				
Contribution paid by employer	-	(21,375)	(5,147)	(26,522)
Employee contributions	3,649	-	(3,649)	-
Benefits paid	(5,854)	-	5,854	-
Currency translation differences	(7,630)	(15,708)	6,926	(16,412)
At 30 September 2014	**154,791**	**272,043**	**(145,171)**	**281,663**
Included in profit or loss				
Service cost	**6,575**	**27,378**	**-**	**33,953**
Past service cost	**(5,506)**	**-**	**-**	**(5,506)**
Interest cost/(income)	**2,889**	**-**	**(2,716)**	**173**
	3,958	**27,378**	**(2,716)**	**28,620**
Included in other comprehensive income				
Remeasurement loss				
Actuarial loss from:				
- Financial assumptions	**11,804**	**3,731**	**-**	**15,535**
- Experience assumptions	**2,351**	**585**	**-**	**2,936**
Return on plan assets excluding interest income	**-**	**-**	**631**	**631**
	14,155	**4,316**	**631**	**19,102**
Other				
Contribution paid by employer	**-**	**(17,180)**	**(7,850)**	**(25,030)**
Employee contributions	**5,592**	**-**	**(5,592)**	**-**
Benefits paid	**3,701**	**-**	**(3,701)**	**-**
Deemed disposal of a subsidiary	**-**	**(206)**	**-**	**(206)**
Currency translation differences	**52,177**	**46,544**	**(46,307)**	**52,414**
At 30 September 2015	**234,374**	**332,895**	**(210,706)**	**356,563**

On 1 January 2015, new regulations became effective in Switzerland which mainly enacted reduction of the conversion rates and increase of the annual savings contributions for the defined benefit plan in Switzerland. A past service credit was recognised in the profit or loss.

The amount of remeasurement loss of RM15,991,000 (2014: loss RM19,969,000) recognised in the other comprehensive income is net of deferred tax of RM3,111,000 (2014: RM8,314,000) (Note 23).

	Group	
	2015 RM'000	2014 RM'000
Plan assets		
Plan assets comprise:		
Equity funds quoted in Switzerland	**60,416**	42,409
Equity funds quoted in the United States of America	**7,981**	6,239
Bond funds quoted in Switzerland	**99,032**	66,548
Real estate funds quoted in Switzerland	**36,146**	25,344
Cash and cash equivalents	**4,411**	4,057
Other assets	**2,720**	574
	210,706	145,171

Fair value of the plan assets is based on the market price information and in the case of quoted securities is the published bid price.

The pension fund's board of trustees is responsible for the risk management of the funds. The cash funding of the plan is designed to ensure that present and future contributions should be sufficient to meet future liabilities.

	Company	
	2015	2014
	RM'000	RM'000
Unfunded obligations		
Movement in the unfunded defined benefit obligations		
At beginning of the year	**22,283**	20,094
Benefits paid	**(1,092)**	(3,172)
Expense recognised in profit or loss		
Service cost	**2,215**	5,361
At end of the year	**23,406**	22,283

	Group	
	2015	2014
	%	%
Actuarial Assumptions		
Principal actuarial assumptions of the funded plan operated by the subsidiary in Switzerland (expressed as weighted averages):		
Discount rates	**1.0**	1.6
Future salary increases	**1.5**	1.5
Principal assumptions of the unfunded plan used by plantations subsidiaries in Indonesia:		
Discount rate	**9.0**	9.0
Future salary increases	**4.5 to 7.0**	5.0 to 6.5
Principal actuarial assumptions of the unfunded plan operated by the subsidiary in Germany:		
Discount rate	**2.2**	2.3
Future salary increase	**2.5**	2.8
Future pension increase	**1.8**	2.0

As at end of the reporting period, the weighted average duration of the funded defined benefit obligation was 15.4 years (2014: 14.9 years).

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Group	
	Defined Benefit Obligation	
	Increase	**Decrease**
	RM'000	**RM'000**
2015		
Discount rate (0.25% movement)	**(16,271)**	**17,524**
Future salary growth (0.25% movement)	**2,932**	**(2,847)**
Life expectancy (1 year movement)	**18,027**	**(18,085)**
2014		
Discount rate (0.25% movement)	(5,573)	5,981
Future salary growth (0.25% movement)	725	(715)
Life expectancy (1 year movement)	2,838	(2,886)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

34. BORROWINGS

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Non-Current				
Secured				
Term loan	**1,286**	1,944	**-**	-
Unsecured				
Term loans	**279,935**	514,299	**-**	300,000
Islamic medium term notes	**2,400,000**	1,300,000	**2,400,000**	1,300,000
	2,679,935	1,814,299	**2,400,000**	1,600,000
	2,681,221	1,816,243	**2,400,000**	1,600,000
Current				
Secured				
Term loan	**1,001**	808	**-**	-
Unsecured				
Bank overdrafts	**27,168**	30,923	**-**	-
Term loans	**186,623**	39,118	**-**	-
Export credit refinancing	**135,920**	63,744	**-**	-
Bankers' acceptance	**554,717**	285,819	**-**	-
Revolving credit	**193,918**	341,377	**-**	-
Trade financing	**813,493**	332,384	**-**	-
	1,911,839	1,093,365	**-**	-
	1,912,840	1,094,173	**-**	-
Total borrowings	**4,594,061**	2,910,416	**2,400,000**	1,600,000

(a) During the financial year ended 30 September 2012, the Company had issued RM300 million 5 years Sukuk Ijarah Islamic Medium Term Notes under the RM300 million Sukuk Ijarah Islamic Commercial Paper ("ICP") and Medium Term Notes ("IMTN") Programme ("1st Programme") at par with a profit of 3.88% per annum.

Salient features of the 1st Programme are as follows:

- Total outstanding nominal value of the ICP and IMTN (collectively known as "Notes") shall not exceed RM300 million.
- The tenure of the 1st Programme is up to 5 years from the date of the first issuance of any Notes under the 1st Programme.
- The ICP will be issued at a discount to the nominal value and has a maturity of either 1, 2, 3, 6, 9 or 12 months and on condition that the maturity dates of the ICP do not exceed the tenure of the 1st Programme. There will not be profit payable on the ICP issued under the 1st Programme in view that they are issued at a discount.
- The IMTN may be issued at a discount or at par to the nominal value and has a maturity of more than 1 year and up to 5 years and on condition that the maturity dates of the IMTN do not exceed the tenure of the 1st Programme. The IMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. The profit is payable semi-annually in arrears from the date of issue of the IMTN with the last profit payment to be made on the maturity dates.
- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the 1st Programme.

(b) During the financial year ended 30 September 2012, the Company had issued another RM1.0 billion 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes under the RM1.0 billion Sukuk Ijarah Multi-Currency Islamic Medium Term Notes ("MCIMTN") Programme ("2nd Programme") at par with a profit of 4.0% per annum.

Salient features of the 2nd Programme are as follows:

- Total outstanding nominal value of the Ringgit Sukuk Ijarah and Non-Ringgit Sukuk Ijarah MCIMTN shall not exceed RM1.0 billion.
- The tenure of the 2nd Programme is up to 10 years from the date of the first issuance of any MCIMTN under the 2nd Programme.
- The MCIMTN has a maturity of more than 1 year and up to 10 years and on condition that the maturity dates of the MCIMTN do not exceed the tenure of the 2nd Programme. The MCIMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. The profit is payable semi-annually in arrears from the date of issue of the MCIMTN with the last profit payment to be made on the maturity dates.

- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the 2nd Programme.

(c) During the financial year ended 30 September 2015, the Company had issued RM1.1 billion 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes under the RM1.6 billion Multi-Currency Sukuk Ijarah and/or Wakalah Islamic Medium Term Notes Programme ("3rd Programme") at par with a profit rate of 4.58% per annum.

The balance of the 3rd Programme of RM500 million may be issued during the tenure of the 3rd Programme.

Salient features of the 3rd Programme are as follows:

- The 3rd Programme shall comprise Ringgit denominated Islamic medium term notes ("Ringgit Sukuk") and non-Ringgit denominated Islamic medium term notes ("Non-Ringgit Sukuk") issuances.
- The aggregate outstanding nominal value of the Ringgit Sukuk and Non-Ringgit Sukuk issued under the 3rd Programme shall not exceed RM1.6 billion (or its equivalent in foreign currencies).
- The tenure of the 3rd Programme shall be more than 1 year and up to 12 years from the date of the first issuance of the programme.
- The Ringgit Sukuk/Non-Ringgit Sukuk under the 3rd Programme may be issued under the Shariah principle(s) of Ijarah and/or Wakalah Bi Al-Istithmar.
- The expected periodic distribution rate (under the principle of Wakalah Bi Al-Istithmar) or periodic distribution rate (under the principle of Ijarah) (if any) shall be determined at the point of issuance. For the Ringgit Sukuk/Non-Ringgit Sukuk with periodic distributions, the profit is payable semi-annually in arrears from the date of issuance of the Ringgit Sukuk/Non-Ringgit Sukuk with the last periodic distribution to be made on the relevant maturity dates.
- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the 3rd Programme.

(d) The secured term loan of the Group is secured by way of a fixed charge on the property, plant and equipment of an overseas subsidiary with carrying amount of RM94,599,000 (2014: RM83,723,000) as at 30 September 2015.

(e) Certain unsecured term loans and bank overdrafts are supported by corporate guarantees of RM682.6 million (2014: RM622.9 million) issued by the Company. The bank overdraft facilities are renewable annually.

(f) The interest rates per annum applicable to borrowings for the year were as follows:

	Group		Company	
	2015	2014	**2015**	2014
Bank overdrafts	**0.60% to 1.94%**	0.71% to 6.50%	**-**	-
Term loans	**1.12% to 4.65%**	1.24% to 5.11%	**4.65%**	4.65%
Trade financing	**0.63% to 1.02%**	0.55% to 0.99%	**-**	-
Export credit refinancing	**3.60% to 3.80%**	3.35% to 3.72%	**-**	-
Bankers' acceptance	**3.37% to 4.59%**	3.29% to 4.46%	**-**	-
Revolving credit	**1.00% to 2.55%**	1.05% to 6.60%	**-**	-
Islamic medium term notes	**3.88% to 4.58%**	3.88% to 4.00%	**3.88% to 4.58%**	3.88% to 4.00%

(g) An amount of RM1,474,500,000 (2014: RM878,299,000) of the Group's borrowings consists of floating rate borrowings which interest rates reprice within a year.

The Company did not have any floating rate borrowings as at end of both the financial years.

35. TRADE PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Trade payables	**713,581**	372,885	**5,883**	4,649
Progress billings	**80**	20,447	**-**	-
	713,661	393,332	**5,883**	4,649

The normal trade credit terms granted to the Group ranging from 7 to 90 (2014: 7 to 90) days.

36. OTHER PAYABLES

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Other payables	**444,388**	401,917	**134,997**	138,865
Accruals	**215,544**	192,643	**42,051**	40,225
Indirect tax payables	**44,268**	11,564	**2,456**	-
	704,200	606,124	**179,504**	179,090

Included under other payables of the Group and of the Company is an amount of RM87,120,000 (2014: RM87,120,000) being deposit received from an associate for the purchase of land from the Company.

37. RELATED PARTY TRANSACTIONS

(a) The Company has a controlling related party relationship with all its subsidiaries. Significant inter-company transactions of the Company are as follows:

	Company	
	2015	2014
	RM'000	RM'000
Sale of goods to subsidiaries	**171,044**	137,139
Purchase of goods from subsidiaries	**11,458**	17,196
Commission received from a subsidiary	**1,846**	1,905
Interest received from subsidiaries	**50,109**	39,618
Rental received from a subsidiary	**600**	600
Management fees paid to subsidiaries	**5,729**	5,840
License fees paid to subsidiaries	**12,978**	17,716

(b) Significant related party transactions
Set out below are the significant related party transactions in the normal course of business for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements).

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
(i) Transactions with associates				
Sale of goods	**3,301**	4,096	**-**	-
Purchase of goods	**3,563**	6,189	**3,193**	6,013
Service charges paid	**3,350**	3,778	**950**	956
Research and development services paid	**11,254**	10,982	**11,254**	10,982
(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	**21,751**	-	**-**	-
Siam Taiko Marketing Co Ltd	**2,149**	2,175	**-**	-
Taiko Marketing Sdn Bhd	**5,612**	4,126	**-**	-
Taiko Marketing (Singapore) Pte Ltd	**2,975**	5,345	**-**	-
Storage tanks rental received				
Taiko Marketing Sdn Bhd	**2,826**	2,904	**-**	-
Barge rental received				
PT Satu Sembilan Delapan	**2,351**	-	**-**	-

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Purchase of goods				
Borneo Taiko Clay Sdn Bhd	**4,228**	4,313	**-**	-
Bukit Katho Estate Sdn Bhd	**3,061**	3,789	**3,061**	3,789
Kampar Rubber & Tin Co Sdn Bhd	**8,617**	10,240	**8,617**	10,240
Kekal & Deras Sdn Bhd	**1,335**	1,689	**1,335**	1,689
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	**2,709**	-	**-**	-
Malay Rubber Plantations (M) Sdn Bhd	**6,382**	8,204	**6,382**	8,204
P.T. Agro Makmur Abadi	**69,984**	68,333	**-**	-
P.T. Safari Riau	**31,670**	29,299	**-**	-
P.T. Satu Sembilan Delapan	**66,162**	56,960	**-**	-
P.T. Taiko Persada Indoprima	**4,554**	18,509	**-**	-
Taiko Clay Marketing Sdn Bhd	**1,915**	1,645	**-**	-
Taiko Drum Industries Sdn Bhd	**2,603**	2,925	**91**	15
Taiko Fertiliser Marketing Sdn Bhd	**5,728**	26,881	**571**	12,892
Taiko Marketing Sdn Bhd	**30,194**	24,975	**-**	-
Yayasan Perak-Wan Yuen Sdn Bhd	**458**	685	**458**	685
Rental of office paid				
Batu Kawan Holdings Sdn Bhd	**3,828**	3,153	**1,151**	1,093
Management fees paid				
Farming Management Services Pty Ltd	**1,597**	1,291	**-**	-
Aircraft operating expenses and management services paid				
Smooth Route Sdn Bhd	**1,508**	1,214	**1,508**	1,214
Supply of contract labour and engineering works				
K7 Engineering Sdn Bhd	**3,146**	2,462	**-**	-
(iii) Transactions between subsidiaries and non-controlling interests				
Sale of goods				
Mitsubishi Corporation	**86,846**	73,253	**-**	-
Mitsui & Co Ltd	**224,549**	127,770	**-**	-
Tejana Trading & Management Services Sdn Bhd	**2,344**	4,326	**-**	-

38. CAPITAL COMMITMENTS

	Group 2015 RM'000	Group 2014 RM'000	Company 2015 RM'000	Company 2014 RM'000
Capital expenditure				
Approved and contracted	**191,494**	264,845	**1,165**	583
Approved but not contracted	**919,924**	911,257	**48,398**	30,275
	1,111,418	1,176,102	**49,563**	30,858
Acquisition of shares in a subsidiary				
Approved and contracted	**1,268**	1,133	**-**	-
Acquisition of land for property development				
Approved and contracted	**784,080**	784,080	**-**	-

39. LEASE COMMITMENTS

	Group	
	2015	2014
	RM'000	RM'000
Lease as a lessee		
Total future minimum lease payments under non-cancellable operating leases are as follows:		
Less than 1 year	**9,830**	5,884
Between 1 and 5 years	**54,779**	41,200
More than 5 years	**131,734**	107,874
	196,343	154,958

40. CONTINGENT LIABILITIES – UNSECURED

(a) The Company has an unsecured contingent liability of RM682.6 million (2014: RM622.9 million) in respect of corporate guarantees given to certain banks for credit facilities utilised by certain subsidiaries at 30 September 2015.

(b) The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

41. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

(a) The names of subsidiaries, associates and joint venture are detailed below:

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2015	2014	Principal Activities
PLANTATIONS					
PENINSULAR MALAYSIA					
Uni-Agro Multi Plantations Sdn Bhd	Malaysia	Malaysia	**51**	51	Plantation
Betatechnic Sdn Bhd	Malaysia	Malaysia	**100**	100	Operating biogas capture plants
Gunong Pertanian Sdn Bhd	Malaysia	Malaysia	**100**	100	Extraction of crude palm oil
KL-Kepong Edible Oils Sdn Bhd	Malaysia	Malaysia	**100**	100	Refining of palm products
Rubber Fibreboards Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing of fibre mat
Taiko Plantations Sdn Bhd †	Malaysia	Malaysia	**100**	100	Management of plantations
Golden Complex Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Jasachem Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KL-Kepong Plantation Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Kulumpang Development Corporation Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant
SABAH					
Bornion Estate Sdn Bhd	Malaysia	Malaysia	**63**	63	Plantation
KL-Kepong (Sabah) Sdn Bhd	Malaysia	Malaysia	**100**	100	Plantation
Sabah Cocoa Sdn Bhd	Malaysia	Malaysia	**100**	100	Plantation
KLK Premier Oils Sdn Bhd	Malaysia	Malaysia	**85**	85	Refining of palm products and kernel crushing
Golden Yield Sdn Bhd	Malaysia	Malaysia	**85**	85	Processing and marketing of oil palm products
Sabah Holdings Corporation Sdn Bhd	Malaysia	Malaysia	**70**	70	Investment holding
Fajar Palmkel Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Golden Sphere Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**-**	100	Liquidated

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2015	2014	Principal Activities
PLANTATIONS					
INDONESIA					
P.T. ADEI Plantation & Industry †	Indonesia	Indonesia	**95**	95	Plantation
P.T. Alam Karya Sejahtera AKS †	Indonesia	Indonesia	**62**	62	Plantation
P.T. Anugrah Surya Mandiri †	Indonesia	Indonesia	**95**	95	Plantation
P.T. Hutan Hijau Mas †	Indonesia	Indonesia	**92**	92	Plantation
P.T. Jabontara Eka Karsa †	Indonesia	Indonesia	**95**	95	Plantation
P.T. Karya Makmur Abadi †	Indonesia	Indonesia	**90**	90	Plantation
P.T. Langkat Nusantara Kepong †	Indonesia	Indonesia	**60**	60	Plantation
P.T. Malindomas Perkebunan †	Indonesia	Indonesia	**92**	92	Plantation
P.T. Menteng Jaya Sawit Perdana †	Indonesia	Indonesia	**80**	80	Plantation
P.T. Mulia Agro Permai †	Indonesia	Indonesia	**90**	90	Plantation
P.T. Parit Sembada †	Indonesia	Indonesia	**90**	90	Plantation
P.T. Steelindo Wahana Perkasa †	Indonesia	Indonesia	**95**	95	Plantation
P.T. Sekarbumi Alamlestari †	Indonesia	Indonesia	**65**	65	Plantation
P.T. KLK Agriservindo †	Indonesia	Indonesia	**100**	100	Management of plantations
SINGAPORE					
Astra-KLK Pte Ltd #	Singapore	Singapore	**51**	51	Marketing of refined palm oil products and provision of logistics services related to palm products
Collingwood Plantations Pte Ltd †	Singapore	Singapore	**51**	51	Investment holding
KLK Agro Plantations Pte Ltd †	Singapore	Singapore	**100**	100	Investment holding
Taiko Cambodia Rubber Pte Ltd †	Singapore	Singapore	**100**	100	Investment holding
Taiko Plantations Pte Ltd †	Singapore	Singapore	**100**	100	Management of plantations
PAPUA NEW GUINEA					
Ang Agro Forest Management Ltd †	Papua New Guinea	Papua New Guinea	**51**	51	Plantation
Kubahi Marine Services Ltd †	Papua New Guinea	Papua New Guinea	**51**	51	Marine transportation
UNITED KINGDOM					
Equatorial Palm Oil Plc †	United Kingdom	United Kingdom	**63**	63	Investment holding
GUERNSEY					
Equatorial Biofuels (Guernsey) Ltd †	Guernsey	Guernsey	**63**	63	Investment holding
MAURITIUS					
Liberian Palm Developments Ltd ††	Mauritius	Mauritius	**82**	82	Investment holding
EBF (Mauritius) Ltd ††	Mauritius	Mauritius	**82**	82	Investment holding
EPO (Mauritius) Ltd ††	Mauritius	Mauritius	**82**	82	Investment holding
LIBERIA					
Liberia Forest Products Inc †	Liberia	Liberia	**82**	82	Plantation
LIBINC Oil Palm Inc †	Liberia	Liberia	**82**	82	Plantation
Equatorial Palm Oil (Liberia) Incorporated †	Liberia	Liberia	**82**	82	Management of plantations
Liberian Agriculture Developments Corporation †	Liberia	Liberia	**82**	82	Dormant

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2015	2014	Principal Activities
MANUFACTURING					
OLEOCHEMICALS					
Palm-Oleo Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of oleochemicals
Palm-Oleo (Klang) Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of oleochemicals
KSP Manufacturing Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of soap noodles
Palmamide Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of industrial amides
KL-Kepong Oleomas Sdn Bhd	Malaysia	Malaysia	**96**	96	Manufacturing of fatty alcohol and methyl esters
Davos Life Science Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing of palm phytonutrients and other palm derivatives
KLK Bioenergy Sdn Bhd	Malaysia	Malaysia	**96**	96	Manufacturing of methyl esters
KLK Emmerich GmbH †	Germany	Germany	**100**	100	Manufacturing of fatty acids and glycerine
Taiko Palm-Oleo (Zhangjiagang) Co Ltd †	People's Republic of China	People's Republic of China	**80**	100	Manufacturing of fatty acids, glycerine, soap noodles and soap bars
Shanghai Jinshan Jingwei Chemical Co Ltd †	People's Republic of China	People's Republic of China	**100**	100	Manufacturing of detergents, auxiliary materials for detergents and cosmetics and investment holding
P.T. KLK Dumai †	Indonesia	Indonesia	**100**	100	Manufacturing of basic organic chemicals from agricultural products
Capital Glogalaxy Sdn Bhd	Malaysia	Malaysia	**100**	100	Trading in commodities
KLK Oleo (Shanghai) Co Ltd †	People's Republic of China	People's Republic of China	**100**	100	Trading and distribution of oleochemicals
KLK Tensachem SA (formerly known as TensaChem SA) #	Belgium	Belgium	**100**	100	Manufacturing of alcohol ether sulphates, alcohol sulphates and sulphonic acids
KL-Kepong Industrial Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KLK Premier Capital Ltd ††	British Virgin Islands	British Virgin Islands	**80**	100	Investment holding and trading in commodities
NON-IONIC SURFACTANTS AND ESTERS					
Dr. W. Kolb AG †	Switzerland	Switzerland	**100**	100	Manufacturing of non-ionic surfactants and esters
Kolb Distribution Ltd †	Switzerland	Switzerland	**100**	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb Netherlands BV †	Netherlands	Netherlands	**100**	100	Manufacturing of non-ionic surfactants and esters
Kolb Distribution BV †	Netherlands	Netherlands	**100**	100	Distribution of non-ionic surfactants and esters
Kolb France SARL †	France	France	**100**	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb Deutschland GmbH †	Germany	Germany	**100**	100	Distribution of non-ionic surfactants and esters

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2015	2014	Principal Activities
MANUFACTURING					
GLOVE PRODUCTS					
KL-Kepong Rubber Products Sdn Bhd †	Malaysia	Malaysia	**100**	100	Manufacturing of household latex gloves
Masif Latex Products Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
PARQUET FLOORING					
B.K.B. Hevea Products Sdn Bhd †	Malaysia	Malaysia	**100**	100	Manufacturing of parquet flooring products
B.K.B. Flooring Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
SOAP					
KLK Overseas Investments Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
Standard Soap Company Ltd † (In Members' Voluntary Liquidation)	England	England	**100**	100	Dormant
NUTRACEUTICAL, COSMETOCEUTICAL & PHARMACEUTICAL PRODUCTS					
Davos Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Sales of pharmaceutical and bio-pharmaceutical intermediates and fine chemicals and investment holding
Biogene Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Research collaboration and investment holding
Centros Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Sales of pharmaceutical and bio-pharmaceutical intermediates fine chemicals
STORAGE & DISTRIBUTION					
Stolthaven (Westport) Sdn Bhd	Malaysia	Malaysia	**51**	51	Storing and distribution of bulk liquid
PROPERTIES					
Colville Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-K Holiday Bungalows Sdn Bhd	Malaysia	Malaysia	**100**	100	Operating holiday bungalows
KL-Kepong Complex Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Country Homes Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Property Development Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Property Management Sdn Bhd	Malaysia	Malaysia	**100**	100	Property management
KLK Land Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Kompleks Tanjong Malim Sdn Bhd	Malaysia	Malaysia	**80**	80	Property development
Palermo Corporation Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
Scope Energy Sdn Bhd	Malaysia	Malaysia	**60**	60	Property development
Selasih Ikhtisas Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
Austerfield Corporation Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant
Brecon Holdings Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2015	2014	Principal Activities
INVESTMENT HOLDING					
Ablington Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Draw Fields Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KL-Kepong Equity Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Ladang Perbadanan-Fima Bhd	Malaysia	Malaysia	**100**	100	Dormant
Ortona Enterprise Sdn Bhd	Malaysia	Malaysia	**100**	100	Money lending
Quarry Lane Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Richinstock Sawmill Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KL-Kepong International Ltd ††	Cayman Islands	Cayman Islands	**100**	100	Investment holding
KLKI Holdings Ltd †	England	England	**100**	100	Investment holding
Kuala Lumpur-Kepong Investments Ltd †	England	Malaysia	**100**	100	Investment holding
Kersten Holdings Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
OTHERS					
Somerset Cuisine Ltd †	England	England	**100**	100	Manufacturing of jams
KLK Farms Pty Ltd #	Australia	Australia	**100**	100	Cereal and sheep farming
KLK Assurance (Labuan) Ltd †	Malaysia	Malaysia	**100**	100	Offshore captive insurance
KLK Capital Resources (L) Ltd	Malaysia	Malaysia	**100**	100	Dormant
KLK Global Resourcing Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant

† Companies not audited by KPMG
# Companies audited by overseas firms of KPMG International
†† These companies are not required to be audited in the country of incorporation. The results of these companies are consolidated based on the unaudited financial statements.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

Associates	Country of Incorporation	Effective Ownership Interest and Voting Interest 2015	2014	Principal Activities
Applied Agricultural Resources Sdn Bhd	Malaysia	**50.0**	50.0	Agronomic service and research
Aura Muhibah Sdn Bhd	Malaysia	**40.0**	40.0	Property development
Carham Assets Ltd	Hong Kong	**-***	45.0	Investment holding
FKW Global Commodities (Pvt) Ltd	Pakistan	**30.0**	30.0	Trading in commodities
Kumpulan Sierramas (M) Sdn Bhd	Malaysia	**50.0**	50.0	Property development
Malaysia Pakistan Venture Sdn Bhd	Malaysia	**37.5**	37.5	Investment holding
MAPAK Edible Oils (Private) Ltd	Pakistan	**30.0**	30.0	Manufacturing and marketing of palm and other soft oils
MEO Trading Sdn Bhd	Malaysia	**30.0**	30.0	Trading in commodities
Phytopharma Co Ltd	Japan	**22.8**	22.8	Import, export and distribution of herbal medicine and raw materials thereof, raw materials of pharmaceutical products and cosmetic products
Rainbow State Ltd	British Virgin Islands	**25.0**	25.0	Owning and operating of aircraft

* During the year, the Group ceased to have significant influence in Carham Assets Ltd Group ("Carham") after the dilution of Carham's equity interest in its only subsidiary which was Carham's only operating unit. Subsequent to the said dilution, Carham lost control in this subsidiary.

Accordingly, Carham ceased to be an associate of the Group and the Group's investment in Carham has been classified as an available-for-sale investment.

Joint venture	Country of Incorporation	Effective Ownership Interest and Voting Interest 2015	2014	Principal Activities
P.T. Kreasijaya Adhikarya	Indonesia	**50.0**	95.0	Refining of crude palm oil

(b) Acquisitions and disposals of subsidiaries

2015

Purchase of shares from non-controlling interest

In January 2015, KL-Kepong Plantation Holdings Sdn Bhd ("KLKPH"), a wholly-owned subsidiary of the Company, acquired an additional 5% equity interest that it did not already own in PT Kreasijaya Adhikarya ("PT Kreasijaya"). Upon the completion of the acquisition of shares, PT Kreasijaya became a wholly-owned subsidiary of KLKPH.

The effect of the acquisition of 5% equity interest in PT Kreasijaya on the financial position of the Group is summarised below:

	RM'000
Consideration paid	**94**
Less: Net liabilities acquired from non-controlling interest	**(1,577)**
Effect of changes in shareholdings in PT Kreasijaya	**1,671**

Deemed disposal of a subsidiary

KLKPH had on 10 November 2014 entered into a Joint Venture Agreement with PT Astra Agro Lestari Tbk ("PT Astra Agro"), whereby PT Astra Agro would be a 50% shareholder in PT Kreasijaya through the subscription of new shares in PT Kreasijaya.

The subscription of 50% new shares in PT Kreasijaya by PT Astra Agro was completed in January 2015 and PT Kreasijaya had ceased to be a subsidiary of the Group. It is now a joint venture of the Group.

The dilution of the Group's equity interest to 50% with a loss of control in PT Kreasijaya is considered as a deemed disposal of a subsidiary and the surplus on disposal is recognised in profit or loss.

The effect of the deemed disposal of PT Kreasijaya on the financial position of the Group is summarised below:

	RM'000
Property, plant and equipment	**119,480**
Prepaid lease payments	**24**
Deferred tax assets	**11,714**
Inventories	**60,691**
Trade and other receivables	**81,023**
Cash and cash equivalents	**56,491**
Trade and other payables	**(318,764)**
Derivative financial liabilities	**(819)**
Provision for retirement benefits	**(206)**
Total identifiable net assets	**9,634**
Less: Share of total identifiable net assets by PT Astra Agro	**4,817**
Group's share of total identifiable net assets after new issue of shares	**4,817**
Less: Group's share of total identifiable net liabilities before new issue of shares	**(31,551)**
Accretion in share of total identifiable net assets	**36,368**
Less: Cost of subscription of new shares	**19,783**
	16,585
Foreign exchange reserve reclassified to profit or loss	**(4,319)**
Surplus on deemed disposal of a subsidiary	**12,266**

	RM'000
Cost of subscription of new shares	**19,783**
Cash and cash equivalents	**56,491**
Less: Cash from issuance of new shares	**(41,185)**
Cash outflow on deemed disposal of a subsidiary	**35,089**

The dilution of the Group's equity interest in PT Kreasijaya is to leverage on synergies from both parties expertise. The Group will bring in its downstream expertise and PT Astra Agro will provide local market insight to supply sourcing as well as significant supply of good quality raw materials.

Disposal of shares in a subsidiary without loss of control
The Company had on 8 January 2015 together with its wholly-owned subsidiary, KLK Premier Capital Ltd ("KLKPCL") entered into a Share Purchase Agreement with Mitsui & Co Ltd, a company incorporated in Japan ("Mitsui"), for the Company to dispose a 20% equity interest in KLKPCL to Mitsui. KLKPCL owns 100% equity interest in Taiko Palm-Oleo (Zhangjiagang) Co Ltd ("TPOZ").

The disposal of shares was completed on 16 April 2015. The Group's effective shareholdings in KLKPCL and TPOZ was reduced to 80%.

The effect of changes in the equity interest in KLKPCL and TPOZ is summarised below:

	RM'000
Proceeds from disposal of shares	**151,632**
Less: Decrease in share of net assets in KLKPCL and TPOZ	**39,155**
Effect of changes in shareholdings in KLKPCL and TPOZ	**112,477**

The disposal of shares in KLKPCL and TPOZ allows the Company to leverage on Mitsui's business and marketing relationship in the People's Republic of China and the technological expertise in oleochemical downstream manufacturing activities.

2014
Acquisitions of subsidiaries
(i) On 11 November 2013, the Group completed the acquisitions of the following:
- 50.0% equity interest in Liberian Palm Developments Ltd ("LPD") for a cash consideration equivalent to RM56,227,000; and
- 20.1% equity interest in Equatorial Palm Oil Plc ("EPO") for a cash consideration equivalent to RM10,494,000.

LPD is a company incorporated in Mauritius and is engaged in the oil palm plantations business in Liberia West Africa through its subsidiaries.

EPO is a company listed on the Alternative Investment Market of the London Stock Exchange and is engaged in the business of oil palm plantations in Liberia via its 50.0% equity interest in LPD.

On date of acquisition, the Group's effective ownership interest and voting interest in EPO and LPD were 20.1% and 60.1% respectively. Subsequently, the Group had increased its effective ownership interest and voting interest in EPO and LPD to 62.9% and 81.5% respectively. Both EPO and LPD are recognised as subsidiaries of the Group as at 30 September 2014.

The acquisitions of shares in EPO and LPD are in line with the Company's strategy to expand its plantation landbank outside Malaysia and Indonesia, for geographical diversification into the West African region where there is a net deficit of edible oils. LPD's concession land is also agronomically suitable and located within 50 km of deep water ports.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	28,115
Prepaid lease payments	72,447
Biological assets	41,664
Inventories	24,256
Trade and other receivables	30,844
Cash and cash equivalents	158
Trade and other payables	(38,260)
Deferred tax liabilities	(4,308)
Total identifiable net assets	154,916

	RM'000
Purchase consideration settled in cash and cash equivalents	66,722
Non-controlling interests based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquirees	72,347
Fair value of identifiable net assets	(154,916)
Negative goodwill recognised in other operating income in profit or loss	(15,847)

The negative goodwill was derived from the excess of fair value of identifiable net assets over the purchase consideration.

	RM'000
Purchase consideration settled in cash and cash equivalents	66,722
Cash and cash equivalents acquired	(158)
Net cash outflow arising from acquisition of a subsidiary	66,564

The Group incurred acquisition-related costs of RM1.973 million related to external legal fees and due diligence costs which have been included in other operating expenses in profit or loss.

In the 11 months to 30 September 2014, the subsidiaries contributed revenue of RM1.575 million and loss of RM21.947 million. If the acquisition had occurred on 1 October 2013, management estimates that consolidated revenue would have been RM11.130 billion and consolidated profit for the financial year ended 30 September 2014 would have been RM1.031 billion.

On 26 November 2013, EPO had issued 153,817,648 new ordinary shares of 1 pence each ("the Subscription Shares") under its existing share capital authorities. The Group, being a significant shareholder of EPO, had subscribed for the Subscription Shares for a total consideration of RM40.310 million ("the Subscription") in order to consolidate its control of both EPO and LPD.

Following the completion of the Subscription, the Group held 54.8% of EPO's enlarged issued share capital and the Group's effective interest in LPD was 77.4%.

As the Group's interest in EPO increased to 54.8%, the Group had made a mandatory cash offer to acquire all of the shares in EPO that it did not already own, at a price of 5 pence per ordinary share pursuant to Rule 9.1 of the United Kingdom City Code on Takeover and Mergers. The Group received valid acceptances in all respects of 29,881,063 EPO shares representing 8.4% of the issued share capital of EPO. After the completion of the mandatory cash offer, the Group's shareholding in EPO increased to 63.2% and its effective interest in LPD increased to 81.6%.

On 23 April 2014, EPO issued 1.95 million new ordinary shares to non-controlling interests, reduced the Group's effective ownership interest in EPO from 63.2% to 62.9% and its effective ownership interest in LPD reduced from 81.6% to 81.5%.

The carrying amount of the net assets of EPO and LPD after the Subscription, mandatory cash offer and issuance of shares to non-controlling interests was RM195,734,000. The Group recognised a decrease in non-controlling interests of RM24,154,000 and an increase in retained earnings of RM16,116,000.

The effect of changes in the equity interest in EPO and LPD that was attributable to owners of the Company is summarised below:

	RM'000
Equity interest in EPO and LPD at date of acquisition	66,720
Effect of increase in Group's ownership interest	64,464
Share of comprehensive income	(13,860)
Equity interest in EPO and LPD at 30 September 2014	117,324

(ii) On 30 September 2014, the Company had completed the acquisition of 100% equity interest in TensaChem SA ("TensaChem") for a cash consideration of RM72,950,000.

TensaChem is a company incorporated in Belgium and manufactures alcohol ether sulphates, alcohol sulphates and sulphonic acids. The acquisition will result in positive synergies for the Group's oleochemical operations in Europe and extend the value chain of the oleochemical division's business.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	83,971
Inventories	14,826
Trade and other receivables	52,019
Cash and cash equivalent	7,428
Trade and other payables	(66,414)
Tax payable	(427)
Borrowings	(2,752)
Deferred income	(3,059)
Deferred tax liabilities	(12,642)
Total identifiable net assets	72,950

	RM'000
Purchase consideration settled in cash and cash equivalents	72,950
Fair value of identifiable net assets	(72,950)
Goodwill on consolidation	-

	RM'000
Purchase consideration settled in cash and cash equivalents	72,950
Cash and cash equivalents acquired	(7,428)
Net cash outflow arising from acquisition of a subsidiary	65,522

The Group incurred acquisition-related costs of RM1.029 million related to external legal fees and due diligence costs which have been included in other operating expenses in profit or loss.

If the acquisition had occurred on 1 October 2013, management estimates that consolidated revenue would have been RM11.492 billion and consolidated profit for the financial year ended 30 September 2014 would have been RM1.034 billion.

(iii) Subscription of shares in a subsidiary
On 5 March 2014, KLK Land Sdn Bhd (formerly known as KL-Kepong Property Holdings Sdn Bhd), a wholly-owned subsidiary of the Group, subscribed for 60% equity interest in Scope Energy Sdn Bhd ("SESB") for a cash consideration of RM52.950 million.

SESB entered into a Sale and Purchase Agreement in February 2014 to acquire 500 acres of freehold land comprising several parcels of freehold land located in Mukim Tanjung Kupang, District of Johor Bahru, Johor ("Gerbang Land") for a purchase consideration of RM871.2 million. SESB shall develop the Gerbang Land into a proposed mixed residential and commercial development which is expected to be developed over a period of 8 years.

The proposed development of the Gerbang Land, being the Group's first property development outside of Selangor, will enable the Group to unlock the value of the Group's property development potential in Peninsular Malaysia.

Disposal of a subsidiary
On 14 May 2014, the Company entered into a conditional share sale and purchase agreement to dispose of its 55% equity interest in Voray Holdings Ltd ("Voray") for a cash consideration of RM11,523,000. The disposal was completed in June 2014 and Voray had ceased to be a subsidiary of the Company.

The disposal of Voray allowed the Company to exit from a non-core business and would enable the Company and its management to focus and harness the potential of its core plantations and oleochemical businesses where the returns are significantly higher.

The effect of disposal of shares in Voray on the financial position of the Group is summarised below:

	RM'000
Property, plant and equipment	10,021
Prepaid lease payments	7,111
Inventories	4,545
Trade and other receivables	6,737
Cash and cash equivalents	13,821
Trade and other payables	(8,102)
Borrowings - bank overdraft	(3,357)
Total identifiable net assets	30,776
Non-controlling interests	(21,657)
	9,119
Surplus on disposal of shares in a subsidiary	2,404
Total sale consideration	11,523
Less: Cash and cash equivalents of a subsidiary disposed	(10,464)
Cash inflow on disposal of shares in a subsidiary	1,059

(c) Material non-controlling interests
The Group does not have any subsidiary which has non-controlling interests that is individually material to the Group as at 30 September 2015 and 30 September 2014.

42. SEGMENT INFORMATION – GROUP

The Group has 5 reportable segments which are the Group's strategic business units. The strategic business units offer different products and are managed separately as they require different technology and marketing strategies. The Group's Chief Executive Officer reviews internal management reports of each of the strategic business units on a monthly basis.

The reportable segments are summarised below:

Plantation	Cultivation and processing of palm and rubber products and refining of palm products
Manufacturing	Manufacturing of oleochemicals, soap noodles, industrial amides, fatty amines, cationic surfactants, rubber gloves, parquet flooring products, pharmaceutical products, non-ionic surfactants and esters, biofuel and storing and distribution of bulk liquid
Property development	Development of residential and commercial properties
Investment holding	Placement of deposits with licensed banks, investment in fixed income trust funds and investment in quoted and unquoted corporations
Others	Cereal and sheep farming, management services and money lending

The accounting policies of the reportable segments are the same as described in Note 3.25.

Inter-segment pricing is determined based on negotiated terms in a manner similar to transactions with third parties.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate with these industries.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities.

(a) Business segment

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2015							
Revenue							
Sale to external customers	7,086,247	6,241,324	123,275	125,846	73,299	-	13,649,991
Inter-segment sales	696,380	26	-	190,341	14,738	(901,485)	-
Total revenue	7,782,627	6,241,350	123,275	316,187	88,037	(901,485)	13,649,991
Results							
Operating results	780,327	218,912	49,448	70,714	14,987	-	1,134,388
Interest income	587	3,997	132	73,089	580	(35,083)	43,302
Finance costs	(4,401)	(37,760)	-	(77,508)	(19,921)	35,083	(104,507)
Share of profits of equity accounted associates, net of tax	4,541	114	11,582	-	(4,355)	-	11,882
Share of loss of an equity accounted joint venture, net of tax	(14,250)	-	-	-	-	-	(14,250)
Segment results	766,804	185,263	61,162	66,295	(8,709)	-	1,070,815
Corporate income							63,783
Profit before taxation							1,134,598
Tax expense							(250,560)
Profit for the year							884,038
Assets							
Operating assets	6,436,286	6,389,884	450,441	3,053,744	446,717	-	16,777,072
Associates	61,826	5,755	68,466	-	18,446	-	154,493
Joint venture	144,658	-	-	-	-	-	144,658
Segment assets	6,642,770	6,395,639	518,907	3,053,744	465,163	-	17,076,223
Unallocated assets							183,392
Total assets							17,259,615
Liabilities							
Segment liabilities	2,167,840	2,216,412	24,744	2,426,765	9,085	-	6,844,846
Unallocated liabilities							286,659
Total liabilities							7,131,505
Other information							
Depreciation of property, plant and equipment	149,882	165,724	854	221	9,089	-	325,770
Amortisation of leasehold land	2,820	231	-	28	-	-	3,079
Amortisation of prepaid lease payments	5,654	847	-	-	-	-	6,501
Amortisation of biological assets	48,502	-	-	-	-	-	48,502
Non-cash expenses							
Property, plant and equipment written off	1,439	1,382	-	-	-	-	2,821
Retirement benefits provision	20,896	7,724	-	-	-	-	28,620
Amortisation of intangible assets	-	3,843	-	-	-	-	3,843

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2014							
Revenue							
Sale to external customers	5,234,930	5,634,338	117,063	78,799	64,843	-	11,129,973
Inter-segment sales	400,127	244	-	31,402	21,122	(452,895)	-
Total revenue	5,635,057	5,634,582	117,063	110,201	85,965	(452,895)	11,129,973
Results							
Operating results	1,006,464	288,077	45,672	33,662	21,279	-	1,395,154
Interest income	815	3,253	143	49,762	412	(18,276)	36,109
Finance costs	(3,089)	(16,700)	-	(69,922)	(15,940)	18,276	(87,375)
Share of profits of equity accounted associates, net of tax	7,256	162	498	-	(2,038)	-	5,878
Segment results	1,011,446	274,792	46,313	13,502	3,713	-	1,349,766
Corporate expense							(32,069)
Profit before taxation							1,317,697
Tax expense							(285,003)
Profit for the year							1,032,694
Assets							
Operating assets	5,190,956	4,993,494	468,004	1,552,064	359,372	-	12,563,890
Associates	69,471	4,264	56,883	-	42,034	-	172,652
Segment assets	5,260,427	4,997,758	524,887	1,552,064	401,406	-	12,736,542
Unallocated assets							151,059
Total assets							12,887,601
Liabilities							
Segment liabilities	1,015,499	1,625,945	56,377	1,679,969	7,423	-	4,385,213
Unallocated liabilities							319,189
Total liabilities							4,704,402
Other information							
Depreciation of property, plant and equipment	137,755	131,852	484	193	7,396	-	277,680
Amortisation of leasehold land	2,747	261	-	24	-	-	3,032
Amortisation of prepaid lease payments	4,420	727	-	-	-	-	5,147
Amortisation of biological assets	46,320	-	-	-	-	-	46,320
Non-cash expenses							
Property, plant and equipment written off	1,066	329	-	-	-	-	1,395
Retirement benefits provision	24,120	12,972	-	-	-	-	37,092
Amortisation of intangible assets	-	3,653	-	-	-	-	3,653
Impairment loss							
- property, plant and equipment	-	424	-	-	-	-	424
- prepaid lease payments	19,760	-	-	-	-	-	19,760
- goodwill	2,674	-	-	-	-	-	2,674
Negative goodwill derecognised (included under corporate expense)	-	-	-	-	-	-	(15,847)

Additions to non-current assets, other than financial instruments (including investment in associates and joint venture) and deferred tax assets, are as follows:

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Total RM'000
2015						
Capital expenditure	**444,425**	**462,424**	**2,174**	**213**	**54,593**	**963,829**
Land held for property development	**-**	**-**	**8,975**	**-**	**-**	**8,975**
Intangible assets	**-**	**871**	**-**	**-**	**-**	**871**
	444,425	**463,295**	**11,149**	**213**	**54,593**	**973,675**
2014						
Capital expenditure	519,418	383,235	914	21	85,631	989,219
Land held for property development	-	-	898	-	-	898
Intangible assets	-	191	-	-	-	191
	519,418	383,426	1,812	21	85,631	990,308

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investment in associates and joint venture) and deferred tax assets.

(i) Revenue from external customers by geographical location of customers

	2015 RM'000	2014 RM'000
Malaysia	**1,971,249**	2,080,151
Far East	**3,944,472**	2,621,778
Middle East	**212,514**	194,499
South East Asia	**2,607,684**	2,051,174
Southern Asia	**1,078,958**	651,756
Europe	**3,104,295**	2,571,431
North America	**349,376**	451,186
South America	**78,761**	54,076
Australia	**103,093**	72,880
Africa	**89,605**	84,344
Others	**109,984**	296,698
	13,649,991	11,129,973

(ii) Non-current assets other than financial instruments (including investment in associates and joint venture) and deferred tax assets and additions to capital expenditure by geographical location of assets

	Non-current Assets		Additions to Capital Expenditure	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Malaysia	**3,711,086**	3,574,129	**285,596**	343,263
Indonesia	**2,171,878**	1,927,662	**303,990**	425,010
Australia	**339,700**	274,855	**54,593**	81,754
People's Republic of China	**398,620**	218,467	**139,110**	19,477
Europe	**1,070,493**	836,005	**106,275**	59,745
Liberia	**318,554**	194,034	**73,748**	53,234
Others	**57,023**	47,524	**517**	6,736
	8,067,354	7,072,676	**963,829**	989,219

(c) There is no single customer with revenue equal or more than 10% of the Group revenue.

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments of the Group and the Company are categorised as follows:

(i) Loans and receivables ("L&R");
(ii) Fair value through profit or loss ("FVTPL");
(iii) Available-for-sale financial assets ("AFS"); and
(iv) Financial liabilities measured at amortised cost ("FL").

	Carrying Amounts RM'000	L&R RM'000	FVTPL RM'000	AFS RM'000	FL RM'000
Group					
2015					
Financial assets					
Available-for-sale investments	**1,781,642**	**-**	**-**	**1,781,642**	**-**
Trade receivables	**1,711,425**	**1,711,425**	**-**	**-**	**-**
Other receivables, net of prepayments	**973,852**	**973,852**	**-**	**-**	**-**
Derivative financial assets	**315,707**	**-**	**315,707**	**-**	**-**
Short term funds	**1,016,477**	**-**	**1,016,477**	**-**	**-**
Cash, deposits and bank balances	**1,066,681**	**1,066,681**	**-**	**-**	**-**
	6,865,784	**3,751,958**	**1,332,184**	**1,781,642**	**-**
Financial liabilities					
Borrowings	**4,594,061**	**-**	**-**	**-**	**4,594,061**
Trade payables	**713,661**	**-**	**-**	**-**	**713,661**
Other payables	**704,200**	**-**	**-**	**-**	**704,200**
Derivative financial liabilities	**356,479**	**-**	**356,479**	**-**	**-**
	6,368,401	**-**	**356,479**	**-**	**6,011,922**
2014					
Financial assets					
Available-for-sale investments	884,014	-	-	884,014	-
Trade receivables	1,002,081	1,002,081	-	-	-
Other receivables, net of prepayments	629,134	629,134	-	-	-
Derivative financial assets	76,585	-	76,585	-	-
Short term funds	439,332	-	439,332	-	-
Cash, deposits and bank balances	856,445	856,445	-	-	-
	3,887,591	2,487,660	515,917	884,014	-
Financial liabilities					
Borrowings	2,910,416	-	-	-	2,910,416
Trade payables	393,332	-	-	-	393,332
Other payables	606,124	-	-	-	606,124
Derivative financial liabilities	87,226	-	87,226	-	-
	3,997,098	-	87,226	-	3,909,872
Company					
2015					
Financial assets					
Available-for-sale investments	**575,175**	**-**	**-**	**575,175**	**-**
Trade receivables	**29,057**	**29,057**	**-**	**-**	**-**
Other receivables, net of prepayments	**54,002**	**54,002**	**-**	**-**	**-**
Amount owing by subsidiaries	**1,687,727**	**1,687,727**	**-**	**-**	**-**
Short term funds	**770,441**	**-**	**770,441**	**-**	**-**
Cash, deposits and bank balances	**57,040**	**57,040**	**-**	**-**	**-**
	3,173,442	**1,827,826**	**770,441**	**575,175**	**-**
Financial liabilities					
Borrowings	**2,400,000**	**-**	**-**	**-**	**2,400,000**
Trade payables	**5,883**	**-**	**-**	**-**	**5,883**
Other payables	**179,504**	**-**	**-**	**-**	**179,504**
Amount owing to subsidiaries	**211,179**	**-**	**-**	**-**	**211,179**
Derivative financial liabilities	**12,782**	**-**	**12,782**	**-**	**-**
	2,809,348	**-**	**12,782**	**-**	**2,796,566**

	Carrying Amounts RM'000	L&R RM'000	FVTPL RM'000	AFS RM'000	FL RM'000
Company					
2014					
Financial assets					
Available-for-sale investments	286,531	-	-	286,531	-
Trade receivables	31,375	31,375	-	-	-
Other receivables, net of prepayments	39,673	39,673	-	-	-
Amount owing by subsidiaries	1,066,361	1,066,361	-	-	-
Derivative financial assets	1,869	-	1,869	-	-
Short term funds	279,113	-	279,113	-	-
Cash, deposits and bank balances	73,514	73,514	-	-	-
	1,778,436	1,210,923	280,982	286,531	-
Financial liabilities					
Borrowings	1,600,000	-	-	-	1,600,000
Trade payables	4,649	-	-	-	4,649
Other payables	179,090	-	-	-	179,090
Amount owing to subsidiaries	205,130	-	-	-	205,130
Derivative financial liabilities	991	-	991	-	-
	1,989,860	-	991	-	1,988,869

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Net (losses)/gains on:				
Financial instruments at fair value through profit or loss	**(60,007)**	(7,039)	**-**	504
Available-for-sale investments				
- recognised in other comprehensive income	**669,592**	(80,129)	**288,644**	(32,647)
- reclassified from equity to profit or loss	**1,466**	11,416	**-**	-
	671,058	(68,713)	**288,644**	(32,647)
Loans and receivables	**160,385**	48,664	**-**	-
Financial liabilities measured at amortised cost	**(170,030)**	(103,850)	**-**	-
	601,406	(130,938)	**288,644**	(32,143)

(c) Financial risk management

The Group has exposure to the following risks from the use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(d) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities and derivative assets used for hedging. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due the agreed credit periods, which are deemed to have higher credit risk, are monitored individually.

None of the receivables are secured by financial guarantees given by banks, shareholders or directors of the customers.

The exposure of credit risk for trade receivables as at end of the reporting period by business segment was:

	Group		Company	
	2015	2014	**2015**	2014
	RM'000	RM'000	**RM'000**	RM'000
Plantation	**771,410**	183,574	**29,057**	31,375
Manufacturing	**884,850**	774,020	**-**	-
Property development	**46,469**	41,334	**-**	-
Others	**8,696**	3,153	**-**	-
	1,711,425	1,002,081	**29,057**	31,375

(ii) Investments and other financial assets
Risk management objectives, policies and processes for managing the risk
Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the Group invested in both domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

(iii) Financial guarantees
Risk management objectives, policies and processes for managing the risk
The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral
As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iv) Inter-company balances
Risk management objectives, policies and processes for managing the risk
The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral
As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses
As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current loans to subsidiaries are not overdue.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains sufficient levels of cash or cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and prudently balances its portfolio with some short and long term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at end of the reporting period based on undiscounted contractual payments:

	Carrying Amounts RM'000	Contractual Interest/ Coupon Rate	Contractual Cash Flows RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2015							
Borrowings	**4,594,061**	**0.60% to 4.58%**	**5,389,206**	**1,920,249**	**580,298**	**466,343**	**2,422,316**
Trade payables	**713,661**	**-**	**713,661**	**713,661**	**-**	**-**	**-**
Other payables	**704,200**	**-**	**704,200**	**704,200**	**-**	**-**	**-**
Derivative financial liabilities	**356,479**	**-**	**356,479**	**356,479**	**-**	**-**	**-**
	6,368,401		**7,163,546**	**3,694,589**	**580,298**	**466,343**	**2,422,316**
2014							
Borrowings	2,910,416	0.60% to 4.65%	3,291,333	1,129,743	250,887	793,552	1,117,151
Trade payables	393,332	-	393,332	393,332	-	-	-
Other payables	606,124	-	606,124	606,124	-	-	-
Derivative financial liabilities	87,226	-	87,226	87,226	-	-	-
	3,997,098		4,378,015	2,216,425	250,887	793,552	1,117,151
Company							
2015							
Borrowings	**2,400,000**	**3.88% to 4.58%**	**3,186,175**	**102,020**	**390,699**	**271,140**	**2,422,316**
Trade payables	**5,883**	**-**	**5,883**	**5,883**	**-**	**-**	**-**
Other payables	**179,504**	**-**	**179,504**	**179,504**	**-**	**-**	**-**
Derivative financial liabilities	**12,782**	**-**	**12,782**	**12,782**	**-**	**-**	**-**
Amounts owing to subsidiaries	**211,179**	**-**	**211,179**	**211,179**	**-**	**-**	**-**
	2,809,348		**3,595,523**	**511,368**	**390,699**	**271,140**	**2,422,316**
2014							
Borrowings	1,600,000	3.88% to 4.65%	1,974,268	65,590	65,590	725,937	1,117,151
Trade payables	4,649	-	4,649	4,649	-	-	-
Other payables	179,090	-	179,090	179,090	-	-	-
Derivative financial liabilities	991	-	991	991	-	-	-
Amounts owing to subsidiaries	205,130	-	205,130	205,130	-	-	-
	1,989,860		2,364,128	455,450	65,590	725,937	1,117,151

(f) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, inter-company advances and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Pound Sterling ("GBP"), Euro, Australian Dollar ("AUD"), Singapore Dollar ("SGD") and Papua New Guinean Kina ("PGK").

Risk management objectives, policies and processes for managing the risk

Foreign currencies exposures of the Group are hedged through forward exchange contracts. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk
The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at end of the reporting period was:

	Denominated in foreign currencies					
	USD	**GBP**	**Euro**	**AUD**	**SGD**	**HKD**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015						
Trade and other receivables	**366,399**	**19,377**	**247,986**	**2,729**	**9,120**	**-**
Cash and cash equivalents	**178,641**	**10,431**	**36,490**	**23,844**	**15,296**	**-**
Borrowings	**(266,798)**	**(26,637)**	**(4,941)**	**-**	**-**	**-**
Trade and other payables	**(58,681)**	**(220)**	**(110,110)**	**-**	**(378)**	**-**
Forward exchange contracts	**(110,977)**	**-**	**(23,563)**	**-**	**-**	**-**
Exposure in the statement of financial position	**108,584**	**2,951**	**145,862**	**26,573**	**24,038**	**-**
2014						
Trade and other receivables	281,406	19,021	212,877	96	5,844	-
Cash and cash equivalents	132,848	8,886	63,636	10,983	13,799	3
Borrowings	(215,256)	(79,802)	-	-	-	-
Trade and other payables	(26,900)	(444)	(109,899)	-	(81)	-
Forward exchange contracts	(16,355)	7	4,981	-	-	-
Exposure in the statement of financial position	155,743	(52,332)	171,595	11,079	19,562	3

	Denominated in foreign currencies					
	USD	**GBP**	**Euro**	**AUD**	**SGD**	**PGK**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2015						
Trade and other receivables	**6,876**	**5,407**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**11,417**	**59**	**34**	**46**	**11,969**	**-**
Amounts owing by subsidiaries	**484,763**	**249,377**	**172,179**	**165,052**	**2,249**	**34,520**
Forward exchange contracts	**(4,022)**	**-**	**-**	**-**	**-**	**-**
Exposure in the statement of financial position	**499,034**	**254,843**	**172,213**	**165,098**	**14,218**	**34,520**
2014						
Trade and other receivables	6,970	4,050	-	-	-	-
Cash and cash equivalents	14,100	30	7,537	39	10,499	-
Amounts owing by subsidiaries	96,926	166,176	74,694	283,680	1,756	25,685
Trade and other payables	-	-	(5,853)	-	-	-
Forward exchange contracts	(514)	-	-	-	-	-
Exposure in the statement of financial position	117,482	170,256	76,378	283,719	12,255	25,685

Currency risk sensitivity analysis
The sensitivities of the Group's profit after tax and equity to the possible change in the following foreign currencies against the respective functional currencies of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 5% strengthening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2015		2014	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
Functional currency/Foreign currency				
RM/GBP	**(315)**	**(28,741)**	(218)	(14,309)
RM/Euro	**12,597**	**-**	5,402	-
RM/USD	**30,801**	**-**	27,083	-
RM/SGD	**(725)**	**(5,250)**	(552)	(1,539)
RM/Rp	**(1,052)**	**-**	-	-
CHF/Euro	**(6,037)**	**-**	(6,991)	-
Rmb/USD	**(1,902)**	**-**	1,100	-
Euro/USD	**(7,550)**	**-**	(4,179)	-
Rp/USD	**9,190**	**-**	9,898	-
USD/GBP	**559**	**(47,016)**	3,256	(22,974)
USD/AUD	**(981)**	**-**	(539)	-
USD/HKD	**-**	**(556)**	-	(414)
USD/RM	**(2,299)**	**-**	-	-
Company				
Functional currency/Foreign currency				
RM/GBP	**(12,674)**	**(28,741)**	(8,462)	(14,309)
RM/Euro	**(8,610)**	**-**	(4,017)	-
RM/USD	**(35,976)**	**-**	(4,463)	-
RM/SGD	**(561)**	**-**	(482)	-
RM/AUD	**(8,254)**	**-**	(14,185)	-
RM/PGK	**(1,726)**	**-**	(1,284)	-

A 5% weakening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have equal but opposite effect on profit after tax and equity.

(ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term funds, short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group through its Treasury Committee reviews the funding requirements for its business operations and capital expenditures and adopts a policy to secure an appropriate mix of fixed and floating rate exposure suitable for the Group.

To achieve this objective, the Group has obtained the most competitive cost of capital through the issuance of Islamic Medium Term Notes, long term and short term borrowings and trade financing facilities.

Exposure in interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		**Company**	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Fixed rate instruments				
Financial assets	**1,793,134**	1,074,824	**825,893**	349,941
Financial liabilities	**(3,119,561)**	(2,032,117)	**(2,400,000)**	(1,600,000)
	(1,326,427)	(957,293)	**(1,574,107)**	(1,250,059)
Floating rate instruments				
Financial assets	**133,938**	92,602	**-**	-
Financial liabilities	**(1,474,500)**	(878,299)	**-**	-
	(1,340,562)	(785,697)	**-**	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change of 50 basis points in interest rates at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2015		2014	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
Floating rate instruments				
Increase by 50 basis points	**(4,969)**	**-**	(3,435)	-
Decrease by 50 basis points	**4,969**	**-**	3,435	-

As the Company did not have any floating rate instruments as at 30 September 2015 and 30 September 2014, a change in interest rates would not have any impact to the profit after tax and equity of the Company.

(iii) Equity price risk

Equity price risk arises from the Group's investments in equity securities.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee of the Group.

Equity price risk sensitivity analysis

The analysis assumes that all other variables remain constant.

A 5% higher in equity prices at the end of the reporting period would have increased the Group's and the Company's equity by RM79,121,000 (2014: RM40,219,000) and RM28,741,000 (2014: RM14,309,000) respectively. A 5% lower in equity prices would have equal but opposite effect on equity.

(iv) Commodity price risk

The Group is exposed to price fluctuation risk on commodities mainly of palm oil and rubber.

Risk management objectives, policy and processes for managing the risk

The prices of these commodities are subject to fluctuations due to uncontrollable factors such as weather, global demand and global production of similar and competitive crops. The Group mitigates the risk to the price volatility through hedging in the futures market and where deemed prudent, the Group sells forward in the physical market.

Commodity price risk sensitivity analysis

A 5% increase/(decrease) of the commodities price at the end of the reporting period, with all other variables held constant, would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2015		2014	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
5% increase in commodities prices	**2,614**	**-**	2,722	-
5% decrease in commodities prices	**(2,614)**	**-**	(2,722)	-
Company				
5% increase in commodities prices	**(3,471)**	**-**	(3,838)	-
5% decrease in commodities prices	**3,471**	**-**	3,838	-

(g) Fair value of financial instruments
The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2015		2014	
	Carrying Amounts RM'000	**Fair Value RM'000**	Carrying Amounts RM'000	Fair Value RM'000
Group				
Investments in quoted shares	**1,748,420**	**1,748,420**	882,343	882,343
Short term funds	**1,016,477**	**1,016,477**	439,332	439,332
Derivative financial instruments				
Forward foreign exchange contracts	**(131,904)**	**(131,904)**	(11,320)	(11,320)
Commodities future contracts	**91,132**	**91,132**	679	679
Other receivable - advance to plasma plantation projects	**171,690**	**171,690**	119,940	119,940
Borrowings	**(4,594,061)**	**(4,594,061)**	(2,910,416)	(2,910,416)
Company				
Investments in quoted shares	**574,816**	**574,816**	286,172	286,172
Short term funds	**770,441**	**770,441**	279,113	279,113
Amount owing by subsidiaries	**1,687,727**	**1,687,727**	1,066,361	1,066,361
Derivative financial instruments				
Forward foreign exchange contracts	**(4,022)**	**(4,022)**	(514)	(514)
Commodities future contracts	**(8,760)**	**(8,760)**	1,392	1,392
Borrowings	**(2,400,000)**	**(2,400,000)**	(1,600,000)	(1,600,000)
Amount owing to subsidiaries	**(211,179)**	**(211,179)**	(205,130)	(205,130)

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

Investments in quoted shares
The fair value of investments that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Short term funds
The fair value of short term funds is based on the net assets value of the funds at the end of the reporting period.

Derivatives
The fair value of forward foreign exchange contracts and commodities future contracts is based on their quoted price at the end of the reporting period.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The interest rates used by the Group and the Company to discount estimated cash flows to determine the fair value of borrowings were 0.60% to 4.58% (2014: 0.60% to 4.65%) and 3.88% to 4.58% (2014: 3.88% to 4.65%) respectively.

(h) Fair value hierarchy
The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2015				
Investments in quoted shares	**1,748,420**	**-**	**-**	**1,748,420**
Short term funds	**-**	**1,016,477**	**-**	**1,016,477`**
Derivative financial instruments				
Forward foreign exchange contracts	**-**	**(131,904)**	**-**	**(131,904)**
Commodities future contracts	**91,132**	**-**	**-**	**91,132**
	1,839,552	**884,573**	**-**	**2,724,125**
2014				
Investments in quoted shares	882,343	-	-	882,343
Short term funds	-	439,332	-	439,332
Derivative financial instruments				
Forward foreign exchange contracts	-	(11,320)	-	(11,320)
Commodities future contracts	679	-	-	679
	883,022	428,012	-	1,311,034
Company				
2015				
Investments in quoted shares	**574,816**	**-**	**-**	**574,816**
Short term funds	**-**	**770,441**	**-**	**770,441**
Derivative financial instruments				
Forward foreign exchange contracts	**-**	**(4,022)**	**-**	**(4,022)**
Commodities future contracts	**(8,760)**	**-**	**-**	**(8,760)**
	566,056	**766,419**	**-**	**1,332,475**
2014				
Investments in quoted shares	286,172	-	-	286,172
Short term funds	-	279,113	-	279,113
Derivative financial instruments				
Forward foreign exchange contracts	-	(514)	-	(514)
Commodities future contracts	1,392	-	-	1,392
	287,564	278,599	-	566,163

44. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The net debt-to-equity ratios at end of the reporting period were:

	Group	
	2015	2014
	RM'000	RM'000
Total borrowings (Note 34)	**4,594,061**	2,910,416
Less: Cash and cash equivalents (Note 29)	**(2,083,158)**	(1,295,777)
Net debt	**2,510,903**	1,614,639
Total equity attributable to equity holders of the Company	**9,666,407**	7,751,707
Net debt-to-equity ratio	**0.26**	0.21

There were no changes in the Group's approach to capital management during the year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is required to maintain the debt-to-equity ratio at not more than one time throughout the tenure of the Islamic Medium Term Notes Programmes (Note 34).

45. EVENTS SUBSEQUENT TO REPORTING DATE

(a) The Company via its wholly-owned subsidiary, KLK Emmerich GmbH had on 27 May 2015 entered into a conditional Asset Purchase Agreement to acquire, for cash, Emery's oleochemical assets and business in Holthausen, Düsseldorf, Germany ("Proposed Transaction") at a purchase price of Euro40.5 million which shall be subjected to adjustments to book value of inventories, short-term personnel liabilities and unfunded pension liabilities upon Completion.

The Proposed Transaction will complement the Group's existing fatty acids and glycerine business and enable it to diversify into the tallow-based market. As part of the transaction, the Group will also acquire both the production know-how and trade name for Triacetin products to enhance its worldwide presence and positioning.

The Proposed Transaction was completed on 1 October 2015.

(b) On 6 October 2015, a subsidiary located in Kundang Rawang had a fire incident in its plant. It is estimated that inventories, plant and machinery with a total carrying value of approximately RM4.557 million were damaged by the fire. Surveyors are in the process of assessing the extent of the loss, following which the subsidiary will file a claim for reimbursement with the insurance company. Although the exact amount of the loss is not currently determinable, the subsidiary expects to recover all losses through insurance proceeds.

46. AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors on 10 December 2015.

47. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at the end of the reporting date into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	**2015 RM'000**	2014 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	**6,517,336**	6,240,146	**2,746,772**	2,538,045
Unrealised	**322,501**	(182,637)	**232,571**	6,297
	6,839,837	6,057,509	**2,979,343**	2,544,342
Total share of retained earnings from associates				
Realised	**73,795**	61,452	**-**	-
Unrealised	**287**	32	**-**	-
	74,082	61,484	**-**	-
Total share of retained earnings/(accumulated loss) from a joint venture				
Realised	**(24,856)**	-	**-**	-
Unrealised	**10,606**	-	**-**	-
	(14,250)	-	**-**	-
	6,899,669	6,118,993	**2,979,343**	2,544,342
Consolidation adjustments	**(857,278)**	(452,658)	**-**	-
Total retained earnings at 30 September	**6,042,391**	5,666,335	**2,979,343**	2,544,342

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

DIRECTORS' STATEMENT

In the opinion of the Directors, the financial statements set out on pages 78 to 149 are drawn up in accordance with the Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2015 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 47 on page 150 to the financial statements has been compiled in accordance with the Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On Behalf of the Board

R. M. ALIAS
(Chairman)

TAN SRI DATO' SERI LEE OI HIAN
(Chief Executive Officer)

10 December 2015

STATUTORY DECLARATION

I, Fan Chee Kum, being the officer primarily responsible for the financial management of Kuala Lumpur Kepong Berhad, do solemnly and sincerely declare that the financial statements set out on pages 78 to 150 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Ipoh in the)
State of Perak Darul Ridzuan this)
10th day of December 2015.)

FAN CHEE KUM

Before me:

CHONG TAT CHEONG
Commissioner for Oaths
Ipoh, Perak Darul Ridzuan,
Malaysia.

REPORT OF THE AUDITORS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUALA LUMPUR KEPONG BERHAD

Report on the Financial Statements
We have audited the financial statements of Kuala Lumpur Kepong Berhad, which comprise the statements of financial position as at 30 September 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 78 to 149.

Directors' Responsibility for the Financial Statements
The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2015 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 41 to the financial statements. We have also considered the unaudited financial statements of subsidiaries identified in Note 41 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 47 on page 150 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF-0758
Chartered Accountants

CHEW BENG HONG
Partner
Approval Number: 2920/02/16(J)
Chartered Accountant

Ipoh
10 December 2015

GROUP PROPERTIES & SHAREHOLDINGS

LOCATION OF PLANTATION OPERATIONS

As at 30 September 2015

LIBERIA

21,018 ha

8%

GEOGRAPHICAL DISTRIBUTION

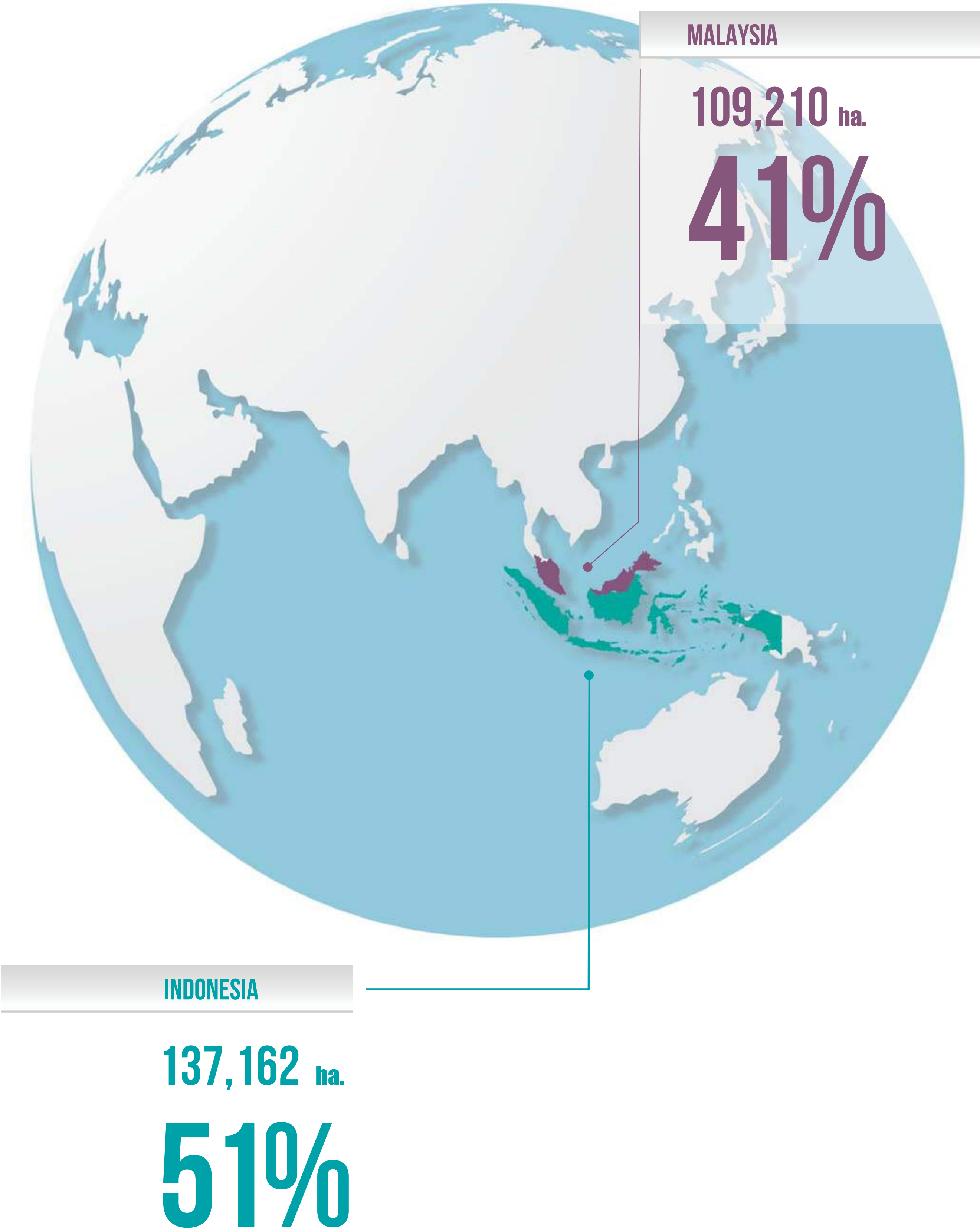
TOTAL

267,390 ha.

100%

Location of Plantation Operations

As at 30 September 2015



Location of Plantation Operations

As at 30 September 2015

MALAYSIA

		Hectares
KEDAH		
1	Pelam	2,959
2	Batu Lintang ▲	1,808
3	Buntar	547
PERAK		
4	Lekir	3,312
5	Changkat Chermin ▲	2,530
6	Raja Hitam	1,497
7	Subur	1,290
8	Glenealy	1,059
9	Serapoh	936
10	Kuala Kangsar	843
11	Allagar	805
SELANGOR		
12	Tuan Mee ▲	1,556
13	Changkat Asa ▲ ■	1,543
14	Kerling	1,222
NEGERI SEMBILAN		
15	Ayer Hitam	2,640
16	Batang Jelai	2,149
17	Jeram Padang ▲ ■	2,114
18	Kombok	1,910
19	Ulu Pedas	922
20	Gunong Pertanian	686
JOHOR		
21	Landak	4,451
22	Kekayaan ▲	4,436
23	Voules ■	2,969
24	Fraser	2,928
25	Paloh ▲	2,003
26	New Pogoh	1,545
27	Sungei Penggeli	942
28	Ban Heng	631
29	Sungai Bekok	625
30	See Sun	589
31	KLK Edible Oils ❖	5
PAHANG		
32	Sungei Kawang	1,889
33	Renjok	1,578
34	Tuan	1,353
35	Selborne ■	1,258
36	Kemasul	459
KELANTAN		
37	Kuala Gris ■	2,429
38	Kerilla ■	2,176
39	Pasir Gajah ▲	2,107
40	Sungai Sokor	1,603
41	Kuala Hau	547
TOTAL		**68,851**

SABAH		
42	**TAWAU REGION**	
	Jatika	3,508
	Sigalong	2,864
	Pangeran ▲	2,855
	Sri Kunak	2,770
	Pang Burong	2,548
	Pinang	2,420
	Tundong ▲▲	2,155
	Ringlet	1,834
43	**LAHAD DATU REGION**	
43A	Bornion ▲	3,233
	Segar Usaha	2,792
43B	Tungku	3,418
	Bukit Tabin	2,916
	Rimmer ▲	2,730
	Sungai Silabukan	2,654
	Lungmanis ▲	1,656
44	KLK Premier Oils ● ❖	6
TOTAL		**40,359**

Location of Plantation Operations

As at 30 September 2015

INDONESIA

	Hectares
BELITUNG	
45 Steelindo Wahana Perkasa ▲❖●	14,065
46 Parit Sembada ▲	3,990
47 Alam Karya Sejahtera	2,336
SUMATRA RIAU REGION	
48 Mandau ▲●❖	14,799
49 Nilo ▲▲	14,260
50 Sekarbumi Alamlestari ▲	6,200
51 **SUMATRA UTARA REGION**	
Tanjung Beringin	3,923
Gohor Lama ▲	3,323
Bekiun	2,979
Maryke	2,704
Basilam	2,697
Tanjung Keliling	2,407
Padang Brahrang	1,949
Bukit Lawang	1,377
KALIMANTAN TIMUR	
52 Jabontara Eka Karsa ▲	14,086
53 Malindomas Perkebunan	7,971
54 Hutan Hijau Mas ▲	7,317
55 Anugrah Surya Mandiri	2,682
KALIMANTAN TENGAH	
56 Karya Makmur Abadi ▲	13,148
57 Mulia Agro Permai ▲	9,056
58 Menteng Jaya Sawit Perdana	5,893
TOTAL	**137,162**

LIBERIA

	Hectares
59 Palm Bay	13,007
60 Butaw	8,011
TOTAL	**21,018**

Legend

- ▲ With Palm Oil Mill
- ● With Kernel Crushing Plant
- ❖ With Refinery
- ■ With Rubber Factory

PROPERTIES HELD BY THE GROUP

At 30 September 2015

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age Of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
PLANTATIONS							
MALAYSIA							
Kedah							
Ladang Pelam Kulim	Freehold	–	2,959	Oil palm and rubber estate	–	50,435	1986 1992
Ladang Batu Lintang Serdang	Freehold	–	1,808	Oil palm estate and palm oil mill	 29	28,181	1986
Ladang Buntar Serdang	Freehold	–	547	Oil palm estate	–	13,801	1986
Perak							
Ladang Lekir Manjung	Freehold	–	3,312	Oil palm estate	–	176,578	2008
Ladang Changkat Chermin Manjung	Leasehold	2080	2,530	Oil palm estate and palm oil mill	 32	108,291	2008
Ladang Raja Hitam Manjung	Freehold	–	1,497	Oil palm estate	–	79,397	2008
Ladang Subur Batu Kurau	Freehold	–	1,290	Oil palm estate	–	14,658	1986
Ladang Glenealy Parit	Freehold	–	1,059	Oil palm and rubber estate	–	15,021	1992
Ladang Serapoh Parit	Freehold	–	936	Oil palm and rubber estate	–	9,257	1979* 1992
Ladang Kuala Kangsar Padang Rengas	Freehold Leasehold	– 2896	510 333	Oil palm and rubber estate	–	6,236	1979*
Ladang Allagar Trong	Freehold Leasehold	– 2908	549 256	Oil palm estate	–	12,921	1986
Selangor							
Ladang Tuan Mee Sungai Buloh	Freehold	–	1,556	Oil palm estate and palm oil mill	 42	18,281	1979*
Ladang Changkat Asa Hulu Selangor	Freehold	–	1,543	Oil palm and rubber estate, palm oil mill and rubber factory	 35 40	17,611	1979*
Ladang Kerling Kerling	Freehold	–	1,222	Oil palm and rubber estate	–	53,585	1979* 1985 2002
Negeri Sembilan							
Ladang Ayer Hitam Bahau	Freehold	–	2,640	Oil palm estate	–	38,765	1985
Ladang Batang Jelai Rompin	Freehold	–	2,149	Oil palm and rubber estate	–	32,573	1985
Ladang Jeram Padang Bahau	Freehold	–	2,114	Oil palm and rubber estate, palm oil mill and rubber factory	 26 26	31,354	1985
Ladang Kombok Rantau	Freehold	–	1,910	Oil palm and rubber estate	–	32,080	1985

* Year of last revaluation

Properties Held by The Group

At 30 September 2015

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age Of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
PLANTATIONS							
Ladang Ulu Pedas Pedas	Freehold	–	922	Oil palm estate	–	17,517	1985
Ladang Gunong Pertanian Simpang Durian	Leasehold	2077	686	Oil palm estate	–	9,493	1985
Johor							
Ladang Landak Paloh	Leasehold	2068 and 2078	4,451	Oil palm estate	–	41,083	1979*
Ladang Kekayaan Paloh	Leasehold	2068 and 2078	4,436	Oil palm estate and palm oil mill	9	61,061	1979*
Ladang Voules Segamat	Freehold	–	2,969	Oil palm and rubber estate and rubber factory	42	25,442	1979*
Ladang Fraser Kulai	Freehold	–	2,928	Oil palm estate	–	34,099	1979*
Ladang Paloh Paloh	Freehold	–	2,003	Oil palm estate and palm oil mill	43	31,803	1979*
Ladang New Pogoh Segamat	Freehold	–	1,545	Oil palm and rubber estate	–	14,099	1979*
Ladang Sungei Penggeli Bandar Tenggara	Leased property	2087	942	Oil palm estate	–	9,639	1988
Ladang Ban Heng Pagoh, Muar	Freehold	–	631	Oil palm estate	–	8,085	1979*
Ladang Sungai Bekok Bekok	Freehold	–	625	Oil palm estate	–	8,139	1979*
Ladang See Sun Renggam	Freehold	–	589	Oil palm estate	–	9,916	1984
KL-Kepong Edible Oils Pasir Gudang	Leasehold	2045	5	Refinery	32	885	1985
Pahang							
Ladang Sungei Kawang Lanchang	Freehold	–	1,889	Oil palm and rubber estate	–	14,961	1979*
Ladang Renjok Bentong	Freehold	–	1,578	Oil palm and rubber estate	–	15,947	1979*
Ladang Tuan Bentong	Freehold Leasehold	– Between 2030 and 2057	910 443	Oil palm and rubber estate	–	10,074	1979*
Ladang Selborne Padang Tengku, Kuala Lipis	Freehold	–	1,258	Rubber estate and rubber factory	46	16,599	1992
Ladang Kemasul Mengkarak	Freehold	–	459	Rubber estate	–	1,022	1983

* Year of last revaluation

Properties Held by The Group

At 30 September 2015

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age Of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
PLANTATIONS							
Kelantan							
Ladang Kuala Gris Kuala Krai	Freehold	–	2,429	Rubber estate and rubber factory	15	29,744	1992
Ladang Kerilla Tanah Merah	Freehold	–	2,176	Oil palm and rubber estate and rubber factory	40	27,551	1992
Ladang Pasir Gajah Kuala Krai	Freehold Leasehold	– 2907	952 1,155	Oil palm estate and palm oil mill	34	21,516	1981*
Ladang Sungai Sokor Tanah Merah	Freehold	–	1,603	Oil palm and rubber estate	–	16,732	1992
Ladang Kuala Hau Machang	Freehold Leasehold	– 2326	305 242	Rubber estate	–	3,155	1980*
Sabah							
Tawau Region							
Ladang Jatika	Leasehold	Between 2068 and 2083	3,508	Oil palm estate	–	46,550	1991
Ladang Sigalong	Leasehold	Between 2063 and 2079	2,864	Oil palm estate	–	26,165	1983
Ladang Pangeran	Leasehold	Between 2063 and 2080	2,855	Oil palm estate and palm oil mill	14	42,040	1983
Ladang Sri Kunak	Leasehold	Between 2063 and 2076	2,770	Oil palm estate	–	33,580	1983
Ladang Pang Burong	Leasehold	Between 2063 and 2080	2,548	Oil palm estate	–	32,838	1983
Ladang Pinang	Leasehold	Between 2067 and 2085	2,420	Oil palm estate	–	36,900	1983
Ladang Tundong	Leasehold	Between 2063 and 2073	2,155	Oil palm estate and palm oil mills	28 & 32	24,918	1983
Ladang Ringlet	Leasehold	Between 2067 and 2080	1,834	Oil palm estate	–	15,276	1989
Lahad Datu Region							
Ladang Tungku	Leasehold	2085	3,418	Oil palm estate	–	27,567	1991*
Ladang Bornion	Leasehold	2078	3,233	Oil palm estate and palm oil mill	17	37,467	1992
Ladang Bukit Tabin	Leasehold	2079	2,916	Oil palm estate	–	34,749	1993
Ladang Segar Usaha	Leasehold	2077	2,792	Oil palm estate	–	31,813	1990*
Ladang Rimmer	Leasehold	2085	2,730	Oil palm estate and palm oil mill	19	24,401	1991*
Ladang Sungai Silabukan	Leasehold	2079	2,654	Oil palm estate	–	31,455	1993
Ladang Lungmanis	Leasehold	2085	1,656	Oil palm estate and palm oil mill	15	16,477	1991*

* Year of last revaluation

Properties Held by The Group

At 30 September 2015

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age Of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
PLANTATIONS							
KLK Premier Oils	Leasehold	2066	4	Kernel crushing plant and refinery	12 8	14,027	1998
	Leasehold	2912	2	PKC warehouse	6	5,762	2007
INDONESIA							
Belitung							
Kebun Steelindo Wahana Perkasa	Hak Guna Usaha	2020	14,065	Oil palm estate, palm oil mill, kernel crushing plant and refinery	16 2 2	47,180	1994
Kebun Parit Sembada	Hak Guna Usaha	2020	3,990	Oil palm estate and palm oil mill	8	13,762	2003
Kebun Alam Karya Sejahtera	Izin Lokasi	–	2,336	Oil palm estate	–	62,728	2010
Sumatra **Riau Region**							
Kebun Mandau	Hak Guna Usaha	Between 2020 and 2075	14,799	Oil palm estate, palm oil mill, kernel crushing plant and refinery	12 8 2	124,549	1996
Kebun Nilo	Hak Guna Usaha	2083	12,860	Oil palm estate and palm oil mills	13 & 4	93,169	1996
	Izin Lokasi	–	1,400	Oil palm estate		11,339	2005
Kebun Sekarbumi Alamlestari	Hak Guna Usaha	2049	6,200	Oil palm estate and palm oil mill	19	74,755	2009
Sumatra Utara Region							
Kebun Tanjung Beringin Langkat	Leased property	2039	3,923	Oil palm estate	–	52,549	2009
Kebun Gohor Lama Langkat	Leased property	2039	3,323	Oil palm estate and palm oil mill	1	55,356	2009
Kebun Bekiun Langkat	Leased property	2039	2,979	Oil palm estate	–	1,505	2009
Kebun Maryke Langkat	Leased property	2039	2,704	Oil palm estate	–	45,840	2009
Kebun Basilam Langkat	Leased property	2039	2,697	Oil palm estate	–	42,779	2009
Kebun Tanjung Keliling Langkat	Leased property	2039	2,407	Oil palm estate	–	41,489	2009
Kebun Padang Brahrang Langkat	Leased property	2039	1,949	Oil palm estate	–	11,771	2009
Kebun Bukit Lawang Langkat	Leased property	2039	1,377	Oil palm estate	–	20,187	2009

Properties Held by The Group

At 30 September 2015

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age Of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
PLANTATIONS							
Kalimantan Timur							
Kebun Jabontara Eka Karsa Berau	Hak Guna Usaha	2033	14,086	Oil palm estate and palm oil mill	<1	207,772	2006
Kebun Malindomas Perkebunan Berau	Hak Guna Usaha	2043	7,971	Oil palm estate	–	126,167	2007
Kebun Hutan Hijau Mas Berau	Hak Guna Usaha	2029 and 2043	7,317	Oil palm estate and palm oil mill	7	113,000	2007 2009
Kebun Anugrah Surya Mandiri Berau	Hak Guna Usaha	2048	2,682	Oil palm estate	–	7,175	2012
Kalimantan Tengah							
Kebun Karya Makmur Abadi Mentaya Hulu	Izin Lokasi	–	13,148	Oil palm estate and palm oil mill	<1	221,418	2007
Kebun Mulia Agro Permai Baamang	Hak Guna Usaha	2040	9,056	Oil palm estate and palm oil mill	2	197,736	2006
Kebun Menteng Jaya Sawit Perdana, Mentaya Hilir Utara	Izin Lokasi	–	5,893	Oil palm estate	–	48,110	2007
LIBERIA							
Palm Bay Estate Grand Bassa County	Leasehold	2057	13,007	Oil palm estate	–	211,283	2013
Butaw Estate Sinoe County	Leasehold	2057	8,011	Oil palm estate	–	94,169	2013
MANUFACTURING							
MALAYSIA							
KL-Kepong Oleomas Klang, Selangor	Leasehold	2097	19	Oleochemicals factory	6 & 9	41,001	2004
Palm-Oleo Rawang, Selangor	Freehold	–	15	Oleochemicals, soap noodles and industrial amides factories	19 & 24	12,559	1991 1994
Palm-Oleo (Klang) Klang, Selangor	Leased property	2088	7	Oleochemicals factory	24 & 34	30,354	2007
B.K.B. Hevea Products Ipoh, Perak	Leasehold	2089	5	Parquet factory	21	3,629	1994
KL-Kepong Rubber Products Ipoh, Perak	Freehold	–	3	Rubber gloves factory	31	15,939	2012
KLK Bioenergy Shah Alam, Selangor	Leasehold	2074	1	Biodiesel plant	30	3,395	2009

Properties Held by The Group

At 30 September 2015

Location	Tenure	Year of Expiry	Titled Area#	Description	Age Of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
MANUFACTURING							
INDONESIA							
PT KLK Dumai Dumai Timur, Riau	Leased property	2031	12,876 sq m	Oleochemicals factory	1	24,200	2011
BELGIUM							
KLK Tensachem SA Liege	Freehold	–	10	Surfactant factory	8 to 85	16,031	2014
CHINA							
Taiko Palm-Oleo (Zhangjiagang) Zhangjiagang City, Jiangsu	Leasehold	2054	20	Oleochemicals factory	10	27,568	2004
Shanghai Jinshan Jingwei Chemical, Jinshan, Shanghai	Leasehold	2052	2	Oleochemicals factory	10	8,710	2008
GERMANY							
KLK Emmerich Emmerich Am Rhein	Freehold	–	21	Oleochemicals factory	22 to 62	24,816	2010
NETHERLANDS							
Dr. W. Kolb Netherlands BV Moerdijk	Freehold	–	8	Ethoxylation factory	22	84,627	2007
SWITZERLAND							
Dr. W. Kolb AG Hedingen	Freehold	–	2	Ethoxylation factory	15 to 51	79,052	2007
PROPERTIES							
MALAYSIA							
KL-Kepong Country Homes Ijok, Selangor	Freehold Freehold Leasehold	– – 2082 and 2108	110 667 11	Property development Property development operating as oil palm estate	– –	15,814 11,134	1979 1979 2010
Colville Holdings Setul, Negeri Sembilan	Freehold	–	422	Property development operating as oil palm estate	–	10,429	1985
KL-Kepong Property Development Gombak, Selangor	Freehold	–	403	Property development operating as oil palm estate	–	140,726	2004
Palermo Corporation Bagan Samak, Kedah	Freehold	–	351	Property development operating as oil palm estate	–	12,977	1986
Kompleks Tanjong Malim Tanjong Malim, Perak	Freehold	–	172	Property development operating as oil palm estate	–	7,549	1979

Titled area is in hectares except otherwise indicated.

Location	Tenure	Year of Expiry	Titled Area#	Description	Age Of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
PROPERTIES							
KL-Kepong Property Management Paloh, Johor	Freehold	–	26	Property development operating as oil palm estate	–	391	1979*
KL-Kepong Complex Sungai Buloh, Selangor	Freehold	–	8	Property development	–	2,806	1979
OTHERS							
SWP Bulking Installation Belitung, Indonesia	Hak Guna Bangunan	2035	20	Bulking installation and jetty	6 & 10 9	4,846	2005
Stolthaven (Westport) Klang, Selangor, Malaysia	Leased property	2024	12	Bulking Installation	18	15,029	2006 2014
Wisma Taiko 1, Jalan S.P. Seenivasagam Ipoh, Perak, Malaysia	Freehold Leasehold	– 2892	2,984 sq m 2,408 sq m	Head Office building	30	4,097 1,606	1983 2000
Kelkay Bulking Installation Port Klang, Selangor, Malaysia	Leased property	2013	3,351 sq m	Bulking Installation	40	439	1975 2014
27, Kelso Place Kensington, London United Kingdom	Freehold	–	489 sq m	Office building	134	32,303	2001
3, 5, 6 & 7, Block C Ruko Puri Mutiara Sunter Agung, Tanjung Priok Jakarta Utara, Indonesia	Hak Guna Bangunan	2027	300 sq m	Office building	8	313	2007
Chilimony Farm Northampton, Western Australia	Freehold	–	16,189	Sheep and cereal farm	–	88,873	2012 2013
Wyunga Farm Dandaragan, Western Australia	Freehold	–	8,466	Cereal farm	–	62,356	2013 2014
Erregulla Farm Mingenew, Western Australia	Freehold	–	5,290	Sheep and cereal farm	–	4,497	1989*
Warrening Gully Farm Williams, Western Australia	Freehold	–	5,119	Sheep and cereal farm	–	29,876	1989* 2014
Jonlorrie Farm York, Western Australia	Freehold	–	4,927	Cereal farm	–	74,582	2013 2014 2015
Tatchbrook Farm Arthur River, Western Australia	Freehold	–	2,789	Cereal farm	–	29,237	2015

* Year of last revaluation
\# Titled area is in hectares except otherwise indicated.

SHARE PRICE & VOLUME TRADED

	Sep 2015	Aug 2015	Jul 2015	Jun 2015	May 2015	Apr 2015	Mar 2015	Feb 2015	Jan 2015	Dec 2014	Nov 2014	Oct 2014
Highest Price (RM)	22.46	22.12	23.00	22.70	22.66	23.42	22.86	23.18	23.02	22.80	23.66	23.44
Lowest Price (RM)	20.40	20.22	21.58	21.00	20.70	22.14	22.10	22.42	21.74	19.90	22.18	19.98
Average Closing Price (RM)	21.36	20.95	22.40	21.58	21.88	22.80	22.45	22.75	22.36	21.47	22.79	21.10
Total Volume ('000 Shares)	13,028	15,726	12,762	11,416	17,983	10,044	10,018	11,430	9,360	8,262	7,075	10,387

CHANGES IN SHARE CAPITAL

Date of Allotment	No. of Shares Allotted	Par Value RM	Type of Issue / Consideration	Cumulative Issued & Paid-Up Share Capital RM
06.07.73	2	1.00	Subscribers' shares	2
01.10.73	147,500,374	1.00	Issue of shares under a scheme of reconstruction	147,500,376
26.05.76	5,000,000	1.00	Allotment of shares to the minority shareholders of Kepong Plantations Bhd ("KPB") in exchange for their shareholdings in KPB	152,500,376
10.05.78	15,000,000	1.00	Bumiputera issue at RM1.15 per share	167,500,376
30.04.81	167,500,376	1.00	Bonus issue of 1 for 1	335,000,752
31.03.84	43,000,000	1.00	Bumiputera issue at RM1.70 per share	378,000,752
17.11.86	43,900,000	1.00	Bumiputera issue at RM1.80 per share	421,900,752
19.03.87	1,800,000	1.00	Special issue of shares to KLK Group's employees at RM1.80 per share	423,700,752
15.08.92	51,500,000	1.00	Issue of shares to Batu Kawan Berhad ("BKB") at RM3.60 per share in satisfaction for the acquisition of BKB's plantation assets and two wholly-owned subsidiaries	475,200,752
02.04.96	237,600,376	1.00	Bonus issue of 1 for 2	712,801,128
29.10.98 & 30.10.98	(285,000)	1.00	Shares bought back and cancelled	712,516,128
08.03.07	354,988,564	1.00	Bonus issue of 1 for 2	1,067,504,692

SHAREHOLDING STATISTICS

As at 1 December 2015

Authorised Share Capital – RM5,000,000,000
Issued and Fully Paid-Up Capital – RM1,067,504,692 (including 2,539,000 treasury shares)
Class of Shares – Shares of RM1 each

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	138	3,477	0.00
100 to 1,000	1,184	773,246	0.07
1,001 to 10,000	2,670	10,329,448	0.97
10,001 to 100,000	1,122	35,819,844	3.36
100,001 to less than 5% of issued shares	311	322,064,862	30.24
5% and above of issued shares	3	695,974,815	65.35
TOTAL	**5,428**	**1,064,965,692**	**100.00**

THIRTY LARGEST REGISTERED HOLDERS

	Name	No. of Shares	% of Issued Share Capital#
1.	Batu Kawan Berhad	495,901,527	46.57
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	133,924,788	12.58
3.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	66,148,500	6.21
4.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	46,939,558	4.41
5.	Kumpulan Wang Persaraan (Diperbadankan)	17,060,000	1.60
6.	AmanahRaya Trustees Berhad - Amanah Saham Wawasan 2020	14,959,500	1.40
7.	AmanahRaya Trustees Berhad - AS 1Malaysia	13,230,600	1.24
8.	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	10,034,899	0.94
9.	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,804,400	0.92
10.	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	8,857,412	0.83
11.	Cartaban Nominees (Tempatan) Sdn Bhd - Exempt AN for Eastspring Investments Berhad	8,439,950	0.79
12.	Cartaban Nominees (Asing) Sdn Bhd - GIC Private Limited for Government of Singapore (C)	8,355,600	0.78
13.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	7,813,858	0.73
14.	AmanahRaya Trustees Berhad - Amanah Saham Malaysia	6,971,200	0.65
15.	AmanahRaya Trustees Berhad - Amanah Saham Didik	6,133,300	0.58
16.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	5,500,000	0.52
17.	AmanahRaya Trustees Berhad - Public Islamic Dividend Fund	5,444,400	0.51
18.	AmanahRaya Trustees Berhad - Public Islamic Select Enterprises Fund	4,861,500	0.46
19.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (NOMURA)	3,999,700	0.38
20.	AmanahRaya Trustees Berhad - Public Islamic Sector Select Fund	3,307,100	0.31

Shareholding Statistics

As at 1 December 2015

	Name	No. of Shares	% of Issued Share Capital#
21.	Yeoh Chin Hin Investments Sdn Berhad	3,058,500	0.29
22.	AmanahRaya Trustees Berhad - Public Islamic Equity Fund	2,930,300	0.28
23.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	2,783,400	0.26
24.	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	2,775,160	0.26
25.	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	2,626,100	0.25
26.	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Bank of New York Mellon (Mellon Acct)	2,512,838	0.24
27.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera 2	2,511,400	0.24
28.	HSBC Nominees (Asing) Sdn Bhd - HSBC BK plc for Abu Dhabi Investment Authority (AGUS)	2,385,000	0.22
29.	Pertubuhan Keselamatan Sosial	2,246,080	0.21
30.	HSBC Nominees (Asing) Sdn Bhd - HSBC BK plc for Abu Dhabi Investment Authority (TRANG)	1,944,257	0.18
	TOTAL	**903,460,827**	**84.83**

Calculated based on 1,064,965,692 shares, which do not include 2,539,000 treasury shares.

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Name	Number of Shares			% of Issued Share Capital#
		Direct	Deemed	Total	
1.	Batu Kawan Berhad	495,901,527	-	495,901,527	46.57
2.	Employees Provident Fund Board	140,503,238[a]	-	140,503,238	13.19
3.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	66,433,500	-	66,433,500	6.24
4.	Wan Hin Investments Sdn Berhad	448,500	495,901,527[b]	496,350,027	46.61
5.	Tan Sri Dato' Seri Lee Oi Hian	72,000	496,350,027[b]	496,422,027	46.61
6.	Dato' Lee Hau Hian	83,250	496,350,027[b]	496,433,277	46.61
7.	Grateful Blessings Inc	-	496,350,027[b]	496,350,027	46.61
8.	Di-Yi Sdn Bhd	-	496,350,027[b]	496,350,027	46.61
9.	Cubic Crystal Corporation	-	496,350,027[b]	496,350,027	46.61
10.	High Quest Holdings Sdn Bhd	-	496,350,027[b]	496,350,027	46.61

Notes:

Calculated based on 1,064,965,692 shares, which do not include 2,539,000 treasury shares.

a Includes those held through Citigroup Nominees (Tempatan) Sdn Bhd.

b Grateful Blessings Inc (which is wholly-owned by Tan Sri Dato' Seri Lee Oi Hian) and Cubic Crystal Corporation (which is wholly-owned by Dato' Lee Hau Hian) are substantial shareholders of Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd respectively, which in turn are substantial shareholders of Wan Hin Investments Sdn Berhad (which is a substantial shareholder of Batu Kawan Berhad). Accordingly all these parties are also substantial shareholders of KLK by virtue of their deemed interests.

DIRECTORS' SHAREHOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name of Directors	Direct	% of Issued Share Capital#	Deemed	% of Issued Share Capital#
	Shares in the Company				
1.	R. M. Alias	337,500	0.03	-	-
2.	Tan Sri Dato' Seri Lee Oi Hian	72,000	0.01	496,350,027 [a]	46.61
3.	Dato' Lee Hau Hian	83,250	0.01	496,350,027 [a]	46.61
4.	Dato' Yeoh Eng Khoon	335,000	0.03	3,189,850 [b]	0.30
5.	Roy Lim Kiam Chye	4,750	*	-	-
6.	Kwok Kian Hai	-	-	-	-
7.	Tan Sri Azlan Bin Mohd Zainol	-	-	-	-
	Shares in the holding company, Batu Kawan Berhad				
1.	Tan Sri Dato' Seri Lee Oi Hian	854,355	0.21	207,038,934 [c]	50.96
2.	Dato' Lee Hau Hian	1,208,230	0.30	205,842,209 [d]	50.66
3.	Dato' Yeoh Eng Khoon	315,000	0.08	15,391,000 [b]	3.79

Notes:

Calculated based on 1,064,965,692 shares, which do not include 2,539,000 treasury shares.

* Less than 0.01%.

a Deemed interest through Grateful Blessings Inc (which is wholly-owned by Tan Sri Dato' Seri Lee Oi Hian) and Cubic Crystal Corporation (which is wholly-owned by Dato' Lee Hau Hian) who are substantial shareholders of Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd respectively, which in turn are substantial shareholders of Wan Hin Investments Sdn Berhad (which is a substantial shareholder of Batu Kawan Berhad).

b Deemed interest through the shares held by his spouse and/or children and Yeoh Chin Hin Investments Sdn Bhd.

c Deemed interest through the shares held by his children, Arusha Enterprise Sdn Bhd, Di-Yi Sdn Bhd (via Grateful Blessings Inc which is wholly-owned by Tan Sri Dato' Seri Lee Oi Hian), Malay-Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Congleton Holdings Sdn Bhd.

d Deemed interest through the shares held by his child, Arusha Enterprise Sdn Bhd, High Quest Holdings Sdn Bhd (via Cubic Crystal Corporation which is wholly-owned by Dato' Lee Hau Hian), Malay-Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Cengal Emas Sdn Bhd.

By virtue of their deemed interests in the shares of the Company and its holding company, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are deemed to have an interest in the shares of the related corporations to the extent that the Company and the holding company have interests.

Other than as disclosed above, none of the other Directors have any interest in the shares of its related corporations.

VOTING RIGHTS OF SHAREHOLDERS

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he is the holder.

NOTICE OF MEETING

Notice is hereby given that the Forty-Third Annual General Meeting of the Company will be held at the Registered Office, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia on Wednesday, 17 February 2016 at 12.00 noon for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 30 September 2015 and the Directors' and Auditors' reports thereon. **(Please refer to Note 3)**

2. To approve the payment of a final single tier dividend of 30 sen per share. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire by rotation in accordance with Article 91(A) of the Company's Articles of Association:

   (i) Roy Lim Kiam Chye **(Ordinary Resolution 2)**

   (ii) Tan Sri Azlan Bin Mohd Zainol **(Ordinary Resolution 3)**

4. To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint the following as Directors of the Company and to hold office until the next Annual General Meeting of the Company:

   (i) R. M. Alias **(Ordinary Resolution 4)**

   (ii) Kwok Kian Hai **(Ordinary Resolution 5)**

5. To approve Directors' fees for the year ended 30 September 2015 amounting to RM1,450,801 (2014: RM1,367,254). **(Ordinary Resolution 6)**

6. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

As Special Business

To consider and, if thought fit, to pass the following Resolutions:

7. **PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY** **(Ordinary Resolution 8)**

   "THAT authority be given to the Company to buy back an aggregate number of shares of RM1.00 each in the Company ("Authority to Buy Back Shares") as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad ("Bursa Malaysia") upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that at the time of purchase, the aggregate number of shares which may be purchased and/or held by the Company as treasury shares pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company and that the maximum funds to be allocated for the Authority to Buy Back Shares shall not exceed the latest audited retained profits of the Company AND THAT the Directors may resolve to cancel the shares so purchased and/or retain the shares so purchased as treasury shares which may be distributed as dividends to the shareholders of the Company and/or resold on Bursa Malaysia and/or cancelled;

AND THAT the Directors be and are hereby empowered to do all such acts and things to give full effect to the Authority to Buy Back Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Authority shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia or any other relevant authority."

8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS** **(Ordinary Resolution 9)**

"THAT approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for the Company's and/or its subsidiaries' day-to-day operations and carried out in the ordinary course of business on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in the Annexure of Part B of the Company's Circular to Shareholders dated 30 December 2015 ("the Mandate");

AND THAT the Directors be and are hereby empowered to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give full effect to the Mandate, with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT the Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting)."

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

Ipoh, Perak
Malaysia.

30 December 2015

Notes:

(1) Members Entitled to Attend

Only members whose names appear on the Register of Members and General Meeting Record of Depositors as at 11 February 2016 will be entitled to attend, speak and vote at the meeting.

(2) Appointment of Proxy

(a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(b) Where the proxy form is executed by a corporation, it must be either under its seal or under the hand of its officer or attorney duly authorised.

(c) If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.

(d) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.

(f) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(g) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed and authorised must be deposited at the Registered Office of the Company not less than 48 hours before the time set for the meeting.

(3) Agenda 1

This item is meant for discussion only as under Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association, the Audited Financial Statements are to be laid at the AGM and do not require a formal approval of the shareholders. Hence, this matter will not be put forward for voting.

(4) Dividend Entitlement and Payment

The final single tier dividend, if approved, will be paid on 15 March 2016 to shareholders appear on the Register of Members as at 24 February 2016.

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

(a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 22 February 2016 in respect of shares which are exempted from Mandatory Deposit;

(b) Shares transferred into the Depositor's securities account before 4.00 p.m. on 24 February 2016 in respect of transfers; and

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

(5) Special Business

(a) Proposed Renewal of Authority to Buy Back Shares

Ordinary Resolution 8 proposed under Item 7 of the Agenda, if passed, is to give authority to the Company to buy back the Company's own shares through Bursa Malaysia Securities Berhad at any time within the time period stipulated by utilising the funds allocated out of the audited retained profits of the Company.

(b) Proposed Shareholders' Mandate

Ordinary Resolution 9 proposed under Item 8 of the Agenda, if passed, will enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of business which are necessary for the Group's day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company.

The procurement of the Proposed Shareholders' Mandate would reduce substantially administrative time, effort and expenses associated with the convening of separate general meetings to seek shareholders' approval as and when potential Recurrent Related Party Transactions arise.

The authority given for Ordinary Resolutions 8 and 9 mentioned above unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on Ordinary Resolutions 8 and 9 is set out in the Circular to Shareholders of the Company dated 30 December 2015 which is despatched together with the Company's Annual Report 2015.

NOTIS MESYUARAT

Adalah dimaklumkan bahawa Mesyuarat Agung Tahunan Syarikat yang Ke-Empat Puluh Tiga akan diadakan di Pejabat Berdaftar, Wisma Taiko, 1 Jalan S.P.Seenivasagam, 30000 Ipoh, Perak, Malaysia pada hari Rabu, 17 Februari 2016 pukul 12.00 tengah hari untuk tujuan-tujuan berikut:

AGENDA

Sebagai Urusan Biasa

1. Untuk menerima Penyata Kewangan bagi tahun berakhir 30 September 2015 berserta laporan Pengarah dan Juruaudit. **(Sila rujuk Nota 3)**

2. Untuk meluluskan pembayaran dividen satu peringkat akhir sebanyak 30 sen sesaham. **(Resolusi Biasa 1)**

3. Untuk mencalonkan semula para Pengarah berikut yang bersara mengikut giliran menurut Artikel 91(A) Tataurusan Pertubuhan Syarikat:

   (i) Roy Lim Kiam Chye **(Resolusi Biasa 2)**

   (ii) Tan Sri Azlan Bin Mohd Zainol **(Resolusi Biasa 3)**

4. Untuk mempertimbangkan dan jika difikirkan sesuai, meluluskan resolusi menurut Seksyen 129(6) Akta Syarikat, 1965 bagi melantik semula para Pengarah yang berikut untuk memegang jawatan sehingga Mesyuarat Agung Tahunan Syarikat yang berikutnya:

   (i) R. M. Alias **(Resolusi Biasa 4)**

   (ii) Kwok Kian Hai **(Resolusi Biasa 5)**

5. Untuk meluluskan yuran para Pengarah bagi tahun berakhir 30 September 2015 berjumlah RM1,450,801 (2014: RM1,367,254). **(Resolusi Biasa 6)**

6. Untuk melantik semula Juruaudit dan memberi kuasa kepada para Pengarah untuk menetapkan bayaran mereka. **(Resolusi Biasa 7)**

Sebagai Urusan Khas

Untuk mempertimbangkan dan jika difikirkan sesuai, meluluskan Resolusi-Resolusi berikut:

7. **CADANGAN PEMBAHARUAN KUASA UNTUK SYARIKAT MEMBELI BALIK SAHAM SYARIKAT** **(Resolusi Biasa 8)**

   "BAHAWA kuasa diberikan kepada Syarikat untuk membeli balik bilangan agregat saham bernilai RM1.00 sesaham dalam Syarikat ("Kuasa untuk Membeli Balik Saham") sepertimana yang ditentukan oleh para Pengarah dari semasa ke semasa melalui Bursa Malaysia Securities Berhad ("Bursa Malaysia") berdasarkan terma dan syarat yang dianggap wajar oleh para Pengarah dan dilakukan demi kepentingan Syarikat dengan syarat pada masa pembelian bilangan agregat saham yang dibeli dan/atau dipegang oleh Syarikat sebagai saham perbendaharaan menurut resolusi ini adalah dihadkan supaya tidak melebihi 10% daripada modal saham Syarikat yang telah diterbitkan dan berbayar dan dana maksimum yang diperuntukkan kepada Kuasa untuk Membeli Balik Saham tidak boleh melebihi keuntungan tersimpan Syarikat yang terkini dan telah diaudit;

DAN BAHAWA para Pengarah diberikan kuasa untuk membatalkan saham yang dibeli dan/atau mengekalkan saham yang dibeli sebagai saham perbendaharaan yang boleh diagihkan sebagai dividen kepada para pemegang saham Syarikat dan/atau dijual semula di Bursa Malaysia dan/atau dibatalkan; DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa sepenuhnya untuk melaksanakan semua tindakan dan perkara yang sedemikian bagi Kuasa untuk Membeli Balik Saham, termasuk mematuhi sebarang syarat, pengubahsuaian, penilaian semula, variasi dan/atau pindaan (jika ada) sepertimana yang dikenakan oleh pihak-pihak berkuasa yang berkenaan; DAN BAHAWA Kuasa tersebut akan bermula selepas resolusi biasa ini diluluskan dan akan tamat pada masa penutupan Mesyuarat Agung Tahunan ("MAT") Syarikat yang berikutnya, berikutan kelulusan resolusi biasa ini atau penamatan tempoh di mana MAT yang berikutnya sepatutnya diadakan mengikut syarat undang-undang (melainkan ditarik balik lebih awal atau diubah melalui resolusi biasa pemegang saham Syarikat dalam mesyuarat agung), namun tidak boleh menggugat penyempurnaan pembelian oleh Syarikat sebelum tarikh akhir yang dinyatakan dan, dalam apa jua keadaan, menurut peruntukan garis panduan yang dikeluarkan oleh Bursa Malaysia atau pihak berkuasa lain yang berkenaan."

8. **CADANGAN MANDAT PEMEGANG SAHAM UNTUK TRANSAKSI PIHAK BERKAITAN BERULANGAN** **(Resolusi Biasa 9)**

"BAHAWA kelulusan diberikan kepada Syarikat dan/atau syarikat subsidiarinya untuk melakukan transaksi yang melibatkan pendapatan atau perdagangan dengan pihak berkaitan berulangan. Transaksi sebegini adalah penting bagi operasi harian Syarikat dan/atau subsidiarinya, dan hendaklah dilaksanakan semasa urusan perniagaan yang biasa mengikut terma-terma komersial yang biasa yang tidak memberikan kelebihan kepada pihak yang berkaitan selain daripada yang biasanya tersedia kepada pihak umum dan tidak menggugat kepentingan pemegang saham minoriti sepertimana yang dinyatakan dalam Lampiran Bahagian B Surat Pekeliling Syarikat kepada Pemegang Saham bertarikh 30 Disember 2015 ("Mandat");

DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa untuk melaksanakan semua tindakan dan perkara (termasuk menandatangani semua dokumen yang diperlukan) yang dianggap perlu atau penting bagi melaksanakan sepenuhnya Mandat, termasuk mematuhi apa-apa syarat, pengubahsuaian, penilaian semula, variasi dan/atau pindaan (jika ada) sepertimana yang dikenakan oleh pihak-pihak berkuasa yang berkenaan; DAN BAHAWA Mandat tersebut akan bermula selepas kelulusan resolusi biasa ini dan akan tamat pada masa penutupan Mesyuarat Agung Tahunan ("MAT") Syarikat yang berikutnya, berikutan kelulusan resolusi biasa ini atau penamatan tempoh di mana MAT yang berikutnya sepatutnya diadakan mengikut undang-undang, tetapi tidak dilanjutkan sepertimana yang dibenarkan menurut Seksyen 143(2) Akta Syarikat, 1965 (melainkan ditarik balik lebih awal atau diubah melalui resolusi biasa pemegang saham Syarikat dalam mesyuarat agung)."

Dengan Perintah Lembaga Pengarah
YAP MIOW KIEN
FAN CHEE KUM
Setiausaha Syarikat

Ipoh, Perak
Malaysia.

30 Disember 2015

Nota:

(1) Ahli-ahli yang Layak Hadir

Hanya ahli-ahli yang namanya tercatat dalam Daftar Ahli dan Rekod Penyimpan Mesyuarat Agung pada 11 Februari 2016 berhak untuk hadir, bersuara dan mengundi di dalam mesyuarat.

(2) Pelantikan Proksi

(a) Ahli Syarikat yang layak untuk hadir dan mengundi pada mesyuarat ini berhak melantik seorang proksi untuk hadir dan mengundi bagi pihaknya. Seseorang proksi mungkin tetapi tidak semestinya ahli Syarikat dan peruntukan-peruntukan Seksyen 149 (1)(a) dan (b) Akta Syarikat, 1965 tidak diguna pakai oleh Syarikat. Seseorang ahli tidak boleh melantik lebih daripada dua (2) proksi untuk menghadiri mesyuarat yang sama. Sekiranya ahli melantik dua (2) proksi, pelantikan tersebut dianggap tidak sah melainkan ahli telah menetapkan bahagian pegangannya yang akan diwakili oleh setiap proksi.

(b) Perlantikan proksi yang dilaksanakan oleh ahli korporat harus ditandatangani di bawah meteri atau ditandatangani oleh pegawainya atau peguam yang dikuasai.

(c) Sekiranya seseorang ahli telah melantik proksi untuk menghadiri mesyuarat agung tetapi akhirnya memilih untuk menghadiri sendiri, pelantikan proksi tersebut akan dianggap batal dan tidak sah dalam mesyuarat tersebut dan proksi itu juga tidak layak untuk menghadiri mesyuarat tersebut.

(d) Bagi nomini yang sah sebagai ahli Syarikat sepertimana yang didefinisikan dalam Akta Perindustrian Sekuriti (Depositori Pusat) 1991 (“SICDA”), beliau adalah layak melantik tidak melebihi dua (2) proksi bagi setiap akaun sekuriti yang dipegangnya dalam saham biasa Syarikat, dalam unit berdasarkan kredit akaun sekuriti tersebut.

(e) Bagi nomini yang sah berkecualian sebagai ahli Syarikat yang memegang saham biasa dalam Syarikat bagi beberapa pihak pemilik benefisial dalam satu (1) akaun sekuriti (“akaun omnibus”), tiada had proksi yang boleh dilantik bagi setiap akaun omnibus yang dipegang. Nomini yang sah berkecualian merujuk kepada nomini yang sah yang didefinisikan di bawah SICDA yang dikecualikan daripada mematuhi peruntukan Subseksyen 25A(1) SICDA.

(f) Di mana ahli atau nomini yang sah melantik dua (2) proksi, atau di mana nomini yang sah berkecualian melantik dua (2) atau lebih proksi, bahagian pegangan saham yang diwakili oleh setiap proksi hendaklah ditetapkan dalam instrumen pelantikan proksi tersebut.

(g) Instrumen pelantikan proksi dan kuasa peguam atau kuasa lain (jika ada) yang ditandatangani dan diiktiraf oleh kuasa perwakilan atau pihak berkuasa yang lain (jika ada) harus disampaikan ke Pejabat Berdaftar Syarikat dalam tempoh tidak kurang dari 48 jam sebelum waktu yang ditetapkan untuk mesyuarat.

(3) Agenda 1

Perkara ini bertujuan untuk perbincangan sahaja sepertimana Seksyen 169(1) Akta Syarikat, 1965 dan Tataurusan Pertubuhan Syarikat, Penyata Kewangan yang Diaudit akan dibentangkan di MAT dan tidak memerlukan kelulusan rasmi para pemegang saham. Oleh yang demikian, perkara ini tidak akan dibentangkan untuk undian.

(4) Pengagihan dan Pembayaran Dividen

Pengagihan dan Pembayaran Dividen satu peringkat akhir, jika diluluskan, akan dibayar pada 15 Mac 2016 kepada semua pemegang saham yang namanya tercatat di dalam Daftar Ahli pada 24 Februari 2016.

Seseorang Pendeposit di Bursa Malaysia Depository Sdn Bhd akan layak untuk menerima dividen hanya jika:

(a) Saham yang didepositkan ke dalam akaun sekuriti Penyimpan sebelum 12.30 petang pada 22 Februari 2016 adalah berkenaan saham yang dikecualikan dari Deposit Mandatori;

(b) Saham yang dipindahkan ke akaun sekuriti Pendeposit sebelum 4.00 petang pada 24 Februari 2016 adalah berkaitan pemindahan; dan

(c) Saham yang dibeli di Bursa Malaysia Securities Berhad berdasarkan keperluan dan kelayakan menurut Undang-Undang Bursa Malaysia Securities Berhad.

(5) Urusan Khas

(a) Cadangan Pembaharuan Kuasa Beli Balik Saham

Resolusi Biasa 8 yang dicadangkan di bawah Perkara 7 Agenda, jika diluluskan, adalah untuk memberi kuasa kepada Syarikat untuk membeli balik saham Syarikat melalui Bursa Malaysia Securities Berhad pada bila-bila masa dalam tempoh yang ditetapkan dengan menggunakan dana yang diperuntukkan daripada keuntungan tersimpan Syarikat yang telah diaudit.

(b) Cadangan Mandat Pemegang Saham

Resolusi Biasa 9 yang dicadangkan di bawah Perkara 8 Agenda, jika diluluskan, akan membolehkan Kumpulan melakukan Transaksi Pihak Berkaitan yang berulangan yang melibatkan pendapatan atau perdagangan dalam urusan perniagaan biasa yang diperlukan untuk operasi harian Kumpulan dan dilakukan mengikut terma-terma komersial biasa yang tidak melebihkan pihak yang berkaitan berbanding dengan yang biasanya tersedia ada untuk pihak umum dan tidak menggugat kepentingan pemegang saham minoriti Syarikat.

Pemerolehan Mandat Pemegang Saham yang dicadangkan dijangka berupaya mengurangkan masa, usaha dan perbelanjaan pentadbiran yang sering dikaitkan dengan mesyuarat agung yang berasingan untuk memperolehi kelulusan pemegang saham apabila ketimbuhan Transaksi Pihak Berkaitan yang berulangan.

Kuasa yang diberikan untuk Resolusi Biasa 8 dan 9 yang dinyatakan di atas, melainkan ditarik balik atau diubah pada mesyuarat agung, akan tamat pada penutupan MAT Syarikat yang berikutnya. Maklumat lanjut mengenai Resolusi Biasa 8 dan 9 dapat diperolehi dalam Surat Pekeliling kepada Pemegang Saham Syarikat bertarikh 30 Disember 2015 yang dihantar bersama dengan Laporan Tahunan Syarikat 2015.

PROXY FORM

KUALA LUMPUR KEPONG BERHAD (15043-V)

No. of Shares Held	CDS Account No.	Tel. No.

I/We ....
(Full Name in Block Letters)

NRIC/Passport/Company No. ....

of ....
being (a) member(s) of KUALA LUMPUR KEPONG BERHAD hereby appoint

.... NRIC/Passport No. ....
(Full Name in Block Letters)

*and/or .... NRIC/Passport No. ....
(Full Name in Block Letters)

or failing him THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at its Registered Office, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak on Wednesday, 17 February 2016 at 12.00 noon and at any adjournment thereof, and to vote as indicated below:

Resolution	Relating to:	For	Against
1	Declaration of Final Single Tier Dividend		
	Re-election of Directors pursuant to Article 91(A) of the Company's Articles of Association:		
2	Roy Lim Kiam Chye		
3	Tan Sri Azlan Bin Mohd Zainol		
	Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965:		
4	R. M. Alias		
5	Kwok Kian Hai		
6	Payment of Directors' fees		
7	Re-appointment of Auditors and their remuneration		
8	Proposed Renewal of Authority to Buy Back Shares		
9	Proposed Shareholders' Mandate for Recurrent Related Party Transactions		

* Please delete if inapplicable.

Please indicate with a tick (✓) how you wish your vote to be cast

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:

	Percentage (%)
Proxy 1	
Proxy 2	

....
Signature of Shareholder/Common Seal

Date: ....

Notes:

(a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(b) Where this proxy form is executed by a corporation, it must be either under its seal or under the hand of its officer or attorney duly authorised.

(c) If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.

(d) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.

(f) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(g) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed and authorised must be deposited at the Registered Office of the Company not less than 48 hours before the time set for the meeting.

(h) Only members whose names appear on the Register of Members and General Meeting Record of Depositors as at 11 February 2016 will be entitled to attend, speak and vote at the meeting.

Personal Data Privacy

By submitting the proxy form, the member consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, including any adjournment thereof.

FOLD HERE

FOLD HERE

AFFIX
STAMP HERE

THE COMPANY SECRETARIES
KUALA LUMPUR KEPONG BERHAD
WISMA TAIKO
1 JALAN S.P. SEENIVASAGAM
30000 IPOH, PERAK
MALAYSIA

FOLD HERE

PLANTATIONS

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Main Office (Liberia)
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