Annual Report

2017

KUALA LUMPUR KEPONG BERHAD

(15043-V)

WHAT'S INSIDE

CORPORATE **PROFILE**

KUALA LUMPUR KEPONG BERHAD ("KLK"), a company incorporated in Malaysia, is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") with a market capitalisation of approximately RM26.156 billion at the end of September 2017.

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.

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

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, Belgium and Indonesia resulting in internationally-scaled oleochemicals operations.

MISSION & VALUES

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.

VALUES

INTEGRITY
We value professional honesty and sincerity above all.

LOYALTY
We care for our colleagues as family and the Company as our own. We uphold the Company's interest through thick and thin.

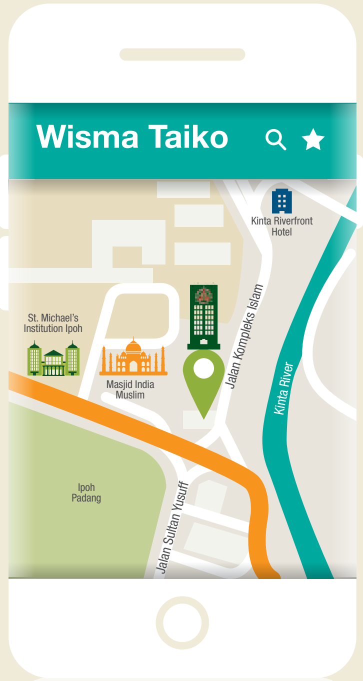
HUMILITY
We respect our colleagues as partners and regard them as valuable contributors to our Company's success.

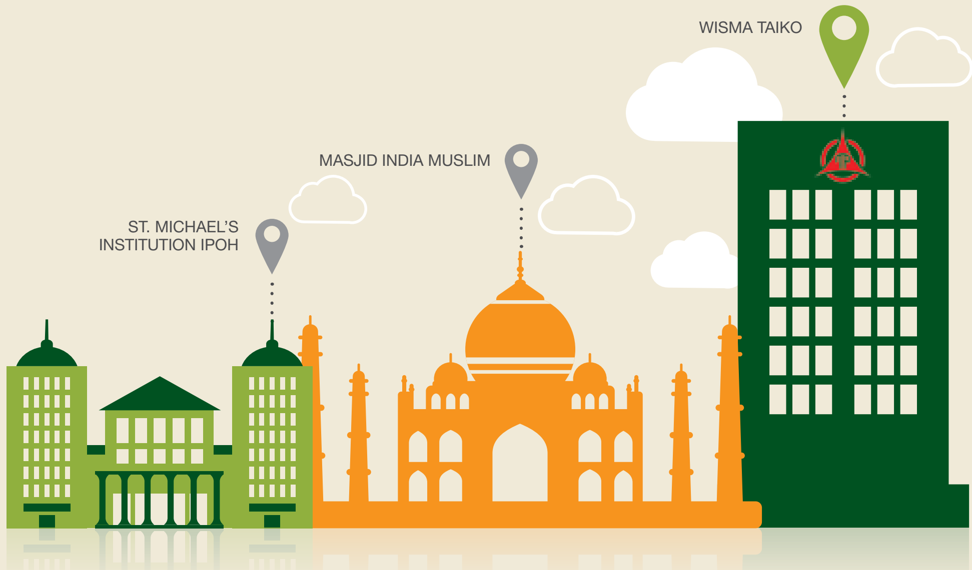
TEAM SPIRIT
We cooperate with our colleagues across geographical, divisional and functional boundaries to achieve Company's goals.

RESULT-ORIENTED PERFORMANCE
We take pride in our work and are happy to walk the extra mile to get the desired results.

INNOVATION
We seek for better ways of doing things and embrace change to adapt our business to the market and environment.

45TH ANNUAL GENERAL MEETING





VENUE : Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia
DATE : 13 February 2018
TIME : 11.00 a.m.

FINANCIAL CALENDAR

FINANCIAL YEAR END 30 September 2017

ANNOUNCEMENT OF RESULTS

2017
FIRST QUARTER
14 FEB

SECOND QUARTER
22 MAY

THIRD QUARTER
15 AUG

FOURTH QUARTER
22 NOV

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

2017
NOTICE OF ANNUAL GENERAL MEETING
29 DEC

2018
45TH ANNUAL GENERAL MEETING
13 FEB

INTERIM DIVIDEND

2017
ANNOUNCEMENT
22 MAY

ENTITLEMENT DATE
17 JUL

PAYMENT DATE
8 AUG

FINAL DIVIDEND

2017
ANNOUNCEMENT
22 NOV

2018
ENTITLEMENT DATE
21 FEB

PAYMENT DATE
13 MAR

KEY INDICATORS

Revenue
RM21.004 billion
FY2016: RM16.506 billion

Profit Before Taxation
RM1.450 billion
FY2016: RM1.712 billion

Dividend Per Share
50 sen
FY2016: 50 sen

Earnings Per Share
94.4 sen
FY2016: 149.5 sen

Market Capitalisation**
RM26.156 billion
30 September 2016: RM25.538 billion

Share Price*
RM24.56
30 September 2016: RM23.98

* *Closing price on 30 September 2017*
** *Based on closing price on 30 September 2017*

CORPORATE INFORMATION

BOARD OF DIRECTORS

R. M. ALIAS
Chairman

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer

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

DATO' YEOH ENG KHOON
Senior Independent
Non-Executive Director

KWOK KIAN HAI
Independent
Non-Executive Director

TAN SRI AZLAN BIN MOHD ZAINOL
Independent
Non-Executive Director

QUAH POH KEAT
Independent
Non-Executive Director

ANNE RODRIGUES
Independent
Non-Executive Director
(Appointed w.e.f. 6 September 2017)

ROY LIM KIAM CHYE
Executive Director
(Retired on 30 September 2017)

COMPANY SECRETARIES

Yap Miow Kien
Soon Wing Chong

AUDITORS

KPMG PLT

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 : +605-240 8000
Fax : +605-240 8115
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 : ssr.helpdesk@symphony.com.my

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad on 6 February 1974

Stock Code : 2445
Stock Name : KLK

PROFILE OF DIRECTORS

R. M. ALIAS
Chairman

Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Nomination Committee
Aged 85, Male, 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, a company listed on the Main Market of Bursa Malaysia 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
Aged 66, Male, Malaysian

Joined the Board on 1 February 1985 and is the CEO of KLK.

Tan Sri Dato' Seri Lee 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.

He is the Chairman of Batu Kawan Berhad, a company listed on the Main Market of Bursa Malaysia. He is also a Director of 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.

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.

PROFILE OF **DIRECTORS**

DATO' LEE HAU HIAN

Non-Independent Non-Executive Director

Member of Remuneration Committee
Member of Nomination Committee
Aged 64, Male, Malaysian

Joined the Board on 20 December 1993.

Dato' Lee 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 Managing Director of Batu Kawan Berhad, a company listed on the Main Market of Bursa Malaysia. He is also a Director of Synthomer plc and 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 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 70, Male, Malaysian

Joined the Board on 24 February 2005.

Dato' Yeoh 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.

His past working experience included banking, manufacturing and retail business.

He is a Director of Batu Kawan Berhad, a company listed on the Main Market of Bursa Malaysia. He is also a Director of See Sen Chemical Berhad as well as a member on the Board of Trustees of Yayasan KLK.

PROFILE OF **DIRECTORS**

KWOK KIAN HAI

Independent Non-Executive Director

Aged 73, Male, Singaporean

Joined the Board on 27 May 2009.

Mr. Kwok 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.

Mr. Kwok will retire from the Board at the conclusion of the forthcoming Annual General Meeting and will not seek re-appointment.

TAN SRI AZLAN BIN MOHD ZAINOL

Independent Non-Executive Director

Member of Audit Committee
Member of Remuneration Committee
Aged 67, Male, Malaysian

Joined the Board on 13 May 2013.

Tan Sri Azlan Zainol is a Fellow of the Institute of Chartered Accountants in England and Wales; a Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants; and a Fellow and Chartered Banker of the Asian Institute of Chartered Bankers.

He served as the Chief Executive Officer of the Employees Provident Fund Board from 2001 to April 2013. He has more than 30 years of experience in the financial sector, having served as the Managing Director of AmFinance Berhad (1982 to 1994), AmBank Berhad (1994 to 2001), and Director for several subsidiaries of AmBank Group (1996 to 2001). Prior to that, he was a partner with Messrs. BDO Binder. He was also a Council Member of the Asian Institute of Chartered Bankers.

Currently, he is the Chairman of RHB Bank Berhad, Malaysian Resources Corporation Berhad, Eco World International Berhad and Grand-Flo Berhad, companies listed on the Main Market of Bursa Malaysia, and the Chairman of RHB Investment Bank Berhad. He is also the Chairman on the Board of Trustees of Yayasan Astro Kasih and a member on the Board of Trustees of the OSK Foundation.

PROFILE OF **DIRECTORS**

QUAH POH KEAT

Independent Non-Executive Director

Member of Audit Committee
Aged 65, Male, Malaysian

Appointed to the Board on 18 February 2016.

Mr. Quah is a Fellow of the Malaysian Institute of Taxation and the Association of Chartered Certified Accountants; and a Member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Chartered Institute of Management Accountants.

He was a partner of KPMG since October 1982 and was appointed Senior Partner (also known as Managing Partner in other practices) in October 2000 until 30 September 2007. He retired from the firm on 31 December 2007.

He had served as a Director of Public Bank Berhad Group from 30 July 2008 to 1 October 2013 until his appointment as the Deputy Chief Executive Officer of Public Bank from 1 October 2013 until 31 December 2015. Prior to that, he was also a Director of IOI Properties Berhad, PLUS Expressways Berhad, IOI Corporation Berhad and Telekom Malaysia Berhad.

Mr. Quah is experienced in auditing, tax and insolvency practices and has worked in Malaysia and the United Kingdom; his field of expertise includes restructuring, demergers and privatisation.

Currently, he is a Director of LPI Capital Bhd, Paramount Corporation Berhad and Malayan Flour Mills Berhad, companies listed on the Main Market of Bursa Malaysia. He also sits on the Boards of Public Mutual Berhad, Lonpac Insurance Berhad, Public Bank (Hong Kong) Ltd, Public Bank Vietnam Limited, Public Finance Ltd, Public Financial Holdings Ltd, Cambodian Public Bank Ltd, Campu Lonpac Insurance Plc and Campu Securities Plc. He also serves as a member on the Board of Trustees of the Public Foundation.

ANNE RODRIGUES

Independent Non-Executive Director

Member of Audit Committee
Aged 67, Female, Malaysian

Appointed to the Board on 6 September 2017.

Mrs. Anne Rodrigues holds a Bachelor of Economics (Class 1 Honours) degree from University of Malaya and obtained her Master in Business Administration (Distinction) from University of Bath. She is also a Fellow of the Association of Chartered Certified Accountants. She has obtained a Certificate on "Project Appraisal and Risk Analysis Management for Bankers" from Harvard Institute for International Development and Institute of Banks Malaysia and has also completed a training programme on the "Japanese Securities Business" provided by the Nomura Securities Co. Ltd. Japan.

She started her career with Federal Land Development Authority ("Felda") in 1973. From 1984 to 1997, she was seconded by Felda to various companies and gained diverse financial experience in Malaysia International Shipping Corporation Berhad and Boustead Group. She returned to serve Felda Holdings Berhad as its Group Finance Director from 1998 to 2006 and Senior Executive Director (Finance) from 2006 to 2009. Thereafter, she was the Group Chief Financial Officer, and subsequently Financial Advisor of Felda Global Ventures Holdings Berhad. Her last position was as Chief Financial Officer of TRT US Inc from September 2011 to 2012.

ADDITIONAL INFORMATION:

1. Save as disclosed in the Profile of Directors, Mr. Kwok Kian Hai and Mrs. Anne Rodrigues have no directorship in public companies and listed issuers.
2. 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.
3. 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 KLK.
4. None of the Directors has:
   (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
   (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.
5. Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Statement on page 93.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SRI DATO' SERI LEE OI HIAN

Chief Executive Officer
Aged 66, Male, Malaysian

Tan Sri Dato' Seri Lee was appointed as the Group's Chairman/CEO in 1993 and held the position until 2008. On 1 May 2008, he relinquished his role as Chairman but has retained his position as Executive Director and CEO of the Group. His profile is listed in the Profile of Directors on page 6.

PATRICK KEE CHUAN PENG

Group Plantations Director
Aged 58, Male, Malaysian

Mr. Patrick Kee was appointed as the Group Plantations Director on 1 October 2017. Prior to his appointment, he was the President Director of KLK's subsidiaries in Indonesia.

He is a holder of AISP (Associate of the Incorporated Society of Planters). He joined KLK on 1 February 1982 and has served KLK's subsidiaries in various capacities from Assistant, Manager, General Manager to Regional Director (both in West Malaysia and Sabah) prior to his posting to Indonesia.

He has attended the Senior Management Development Program conducted by Harvard Business School and Advance Management Program of INSEAD.

YEOW AH KOW

Managing Director, Oleochemicals Division
Aged 63, Male, Malaysian

Mr. Yeow holds a Bachelor of Science in Chemistry from Nanyang University Singapore and a Master of Science in Petro-Chemicals and Hydrocarbon Chemistry from University of Manchester, Institute of Science & Technology, United Kingdom.

Mr. Yeow has been the Managing Director of KLK Oleo since March 1998. He has been with KLK Group for the past 26 years and was instrumental in setting up the cocoa manufacturing business. He started his career as an industrial chemist with Sime Darby Edible Oil Pte Ltd and Sime Darby Oleochemicals Pte Ltd, Singapore. Prior to joining KLK, he was with Behn Meyer & Co (M) Sdn Bhd where he was the Group Manager of the Techno-Chemical Division, in charge of specialty chemicals and equipment trading business.

DATO' DAVID TAN THEAN THYE

Executive Director, Property Division
Aged 63, Male, Malaysian

Dato' David Tan is the Executive Director of KLK Land. He joined the Group on 1 January 2013 and is responsible for overseeing the business development, planning and implementation of KLK property projects.

Dato' David Tan holds a BSc (Hons) in Housing, Building & Planning and MSc in Planning from Universiti Sains Malaysia. He is a Corporate Member of the Malaysian Institute of Planners and a Registered Planner with the Board of Town Planners, Malaysia.

He has more than 36 years of experience in the property industry with 22 years as Head of Property in IOI Group where he was also an Executive Director of IOI Properties Berhad.

PROFILE OF
KEY SENIOR MANAGEMENT

SOON WING CHONG

Group Chief Financial Officer
Aged 55, Male, Malaysian

Mr. Soon holds a Degree in Bachelor of Arts (majoring in Accountancy) from the University of Stirling, Scotland, UK. He is a Member of the Malaysian Institute of Certified Public Accountants. He joined the KLK Group as its Group Chief Financial Officer in April 2017.

Mr. Soon has over 25 years' experience in finance in various industries. He started his career at KPMG and subsequently progressed further with Inchcape Eastern Agencies (M) Sdn Bhd, prior to taking up the position of Financial Controller in Amway (M) Sdn Bhd and DHL Worldwide Express Sdn Bhd.

Between 1998 to 2009, he was with Western Digital (M) Sdn Bhd (Senior Finance Director), Elken (M) Sdn Bhd (Chief Financial Officer) and Dutch Lady Industries Bhd (Director, Finance and Accounting). In 2010, he joined Hong Leong Industries Bhd (Chief Financial Officer) before joining Fraser & Neave Holdings Bhd ("FNH") as its Chief Financial Officer in 2012.

YAP MIOW KIEN

Company Secretary
Aged 48, Female, Malaysian

Ms. Yap has an LL.B (Hons) degree from the University of Leeds, United Kingdom. She also qualified as a Barrister-at-Law of the Middle Temple, London, and as an Advocate & Solicitor of the High Court of Malaya. She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators.

Ms. Yap joined KLK in 2002 as a Legal Manager and was appointed as the Company Secretary of KLK on 2 September 2008 where she oversees the Legal and Secretarial Department. She began her career with a leading law firm in Kuala Lumpur and subsequently joined the private sector as an executive in the legal divisions of the Usaha Tegas Group and Tanjong Plc.

LEONG SEAN MENG

Group Chief Accountant
Aged 58, Male, Malaysian

Mr. Leong holds a Bachelor of Science Degree (Honours) majoring in Mathematics and Physics from the University of Malaya and qualified as an accountant from the Malaysian Institute of Certified Public Accountants. He is also Member of the Malaysian Institute of Accountants.

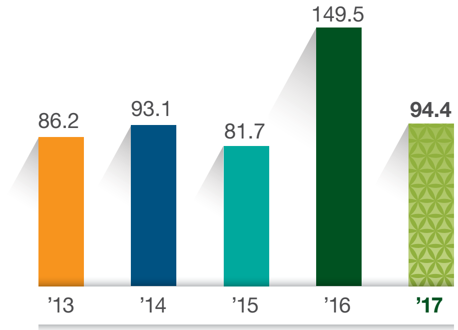
Prior to joining KLK, he pursued a career in accountancy in the public accounting firm of Coopers & Lybrand for 10 years. He has been with KLK Group since 1991 and was appointed as Group Chief Accountant on 1 October 2016. Prior to this, he was the Chief Financial Officer (Plantations).

ADDITIONAL INFORMATION:

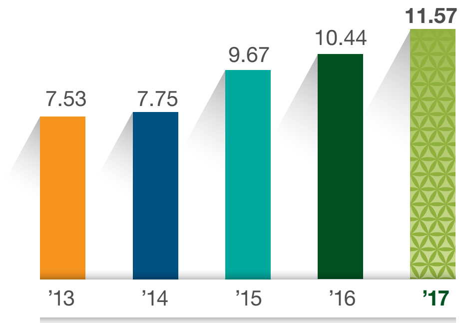
1. Save for Tan Sri Dato' Seri Lee Oi Hian, none of the other Key Senior Management has:
   (i) any directorship in public companies and listed issuers;
   (ii) any family relationship with any Director and/or major shareholder of KLK; and
   (iii) any conflict of interest with KLK.
2. None of the Key Senior Management has:
   (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
   (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

FINANCIAL HIGHLIGHTS

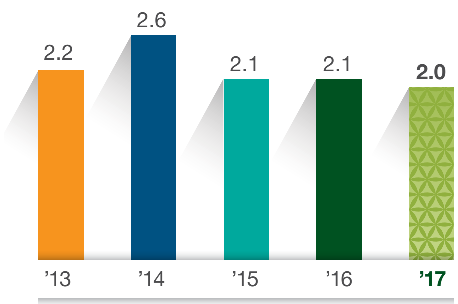
EARNINGS PER SHARE
(sen)



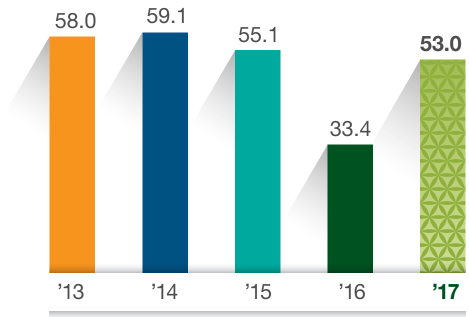
SHAREHOLDERS' EQUITY
(RM billion)



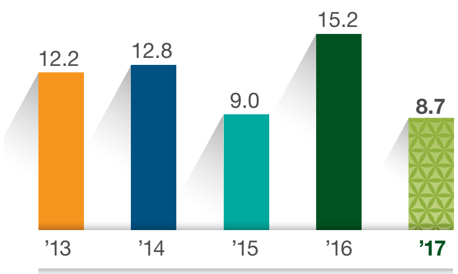
DIVIDEND YIELD
(%)



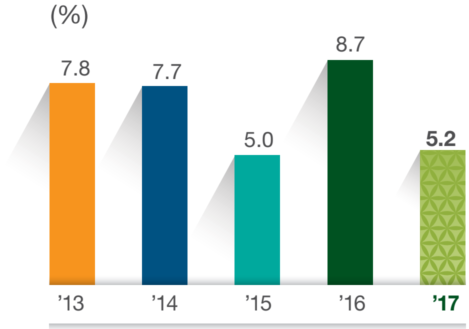
DIVIDEND PAYOUT RATIO
(%)



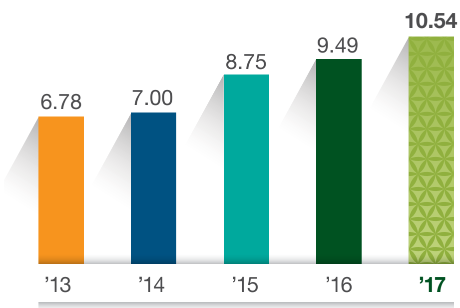
RETURN ON SHAREHOLDERS' EQUITY
(%)



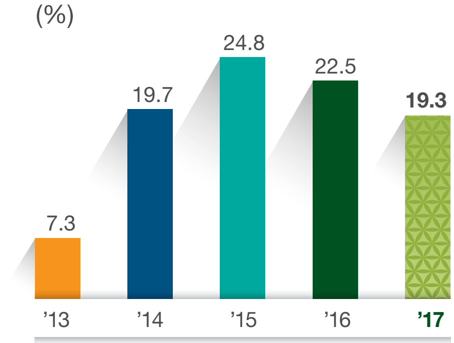
RETURN ON TOTAL ASSETS
(%)



NET TANGIBLE ASSETS PER SHARE
(RM)

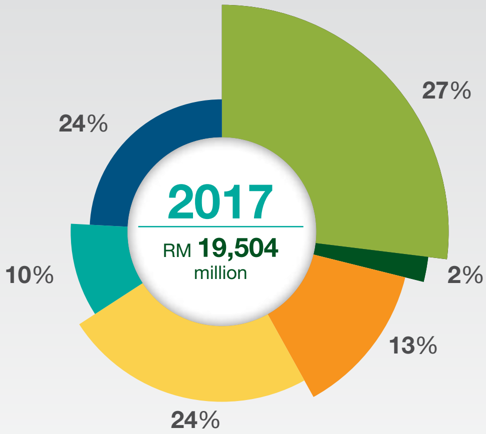


NET DEBT TO EQUITY
(%)

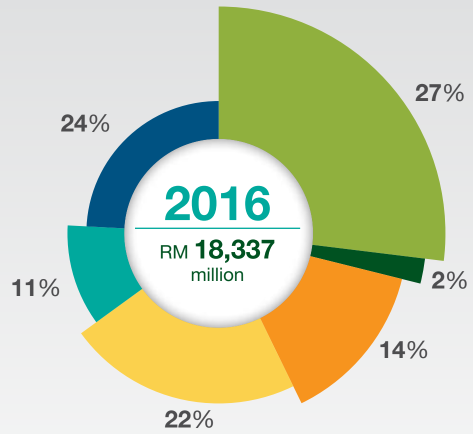


SIMPLIFIED
GROUP ASSETS & LIABILITIES
AS AT 30 SEPTEMBER 2017

TOTAL ASSETS

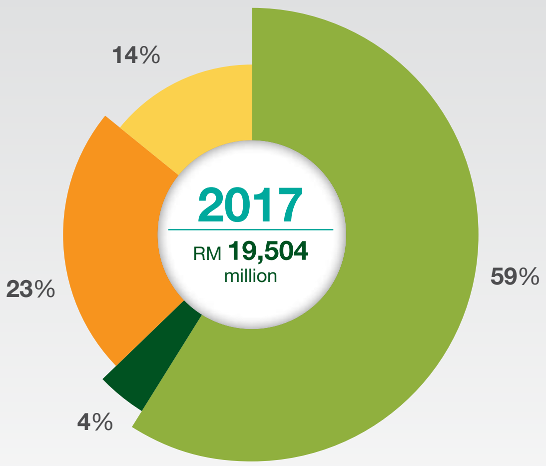


Property, Plant and Equipment	RM5,221	million	27%
Prepaid Lease Payments	RM310	million	2%
Biological Assets	RM2,624	million	13%
Other Non-Current Assets	RM4,655	million	24%
Short Term Funds and Cash and Cash Equivalents	RM2,041	million	10%
Other Current Assets	RM4,653	million	24%

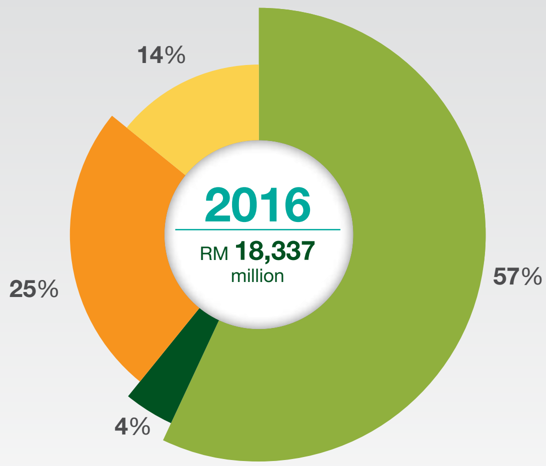


Property, Plant and Equipment	RM5,067	million	27%
Prepaid Lease Payments	RM307	million	2%
Biological Assets	RM2,548	million	14%
Other Non-Current Assets	RM4,046	million	22%
Short Term Funds and Cash and Cash Equivalents	RM2,000	million	11%
Other Current Assets	RM4,369	million	24%

TOTAL EQUITY & LIABILITIES



Shareholders' Equity	RM11,568	million	59%
Non-Controlling Interests	RM872	million	4%
Borrowings	RM4,443	million	23%
Other Liabilities	RM2,621	million	14%



Shareholders' Equity	RM10,445	million	57%
Non-Controlling Interests	RM843	million	4%
Borrowings	RM4,540	million	25%
Other Liabilities	RM2,509	million	14%

5-YEAR
FINANCIAL STATISTICS

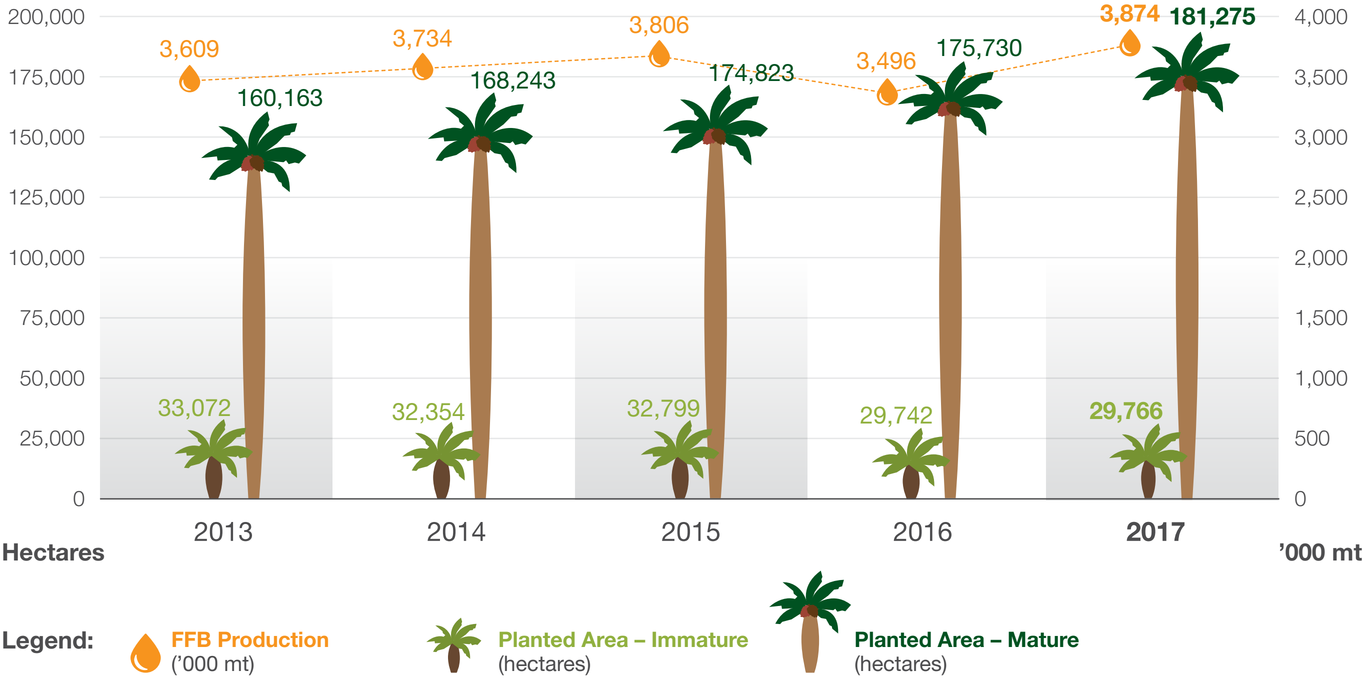
	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
REVENUE					
Plantations	**10,668,581**	8,455,070	7,086,247	5,234,930	4,130,774
Manufacturing	**9,923,716**	7,738,841	6,241,324	5,634,338	4,696,734
Property development	**141,521**	110,693	123,275	117,063	208,589
Investment income	**139,223**	122,542	125,846	78,799	79,750
Others	**130,995**	78,664	73,299	64,843	31,478
	21,004,036	16,505,810	13,649,991	11,129,973	9,147,325
GROUP PROFIT					
Plantations	**1,291,045**	826,369	766,804	1,011,446	791,151
Manufacturing	**134,040**	323,222	185,263	274,792	320,337
Property development	**40,496**	28,632	61,162	46,313	83,627
Investment holding	**37,154**	27,147	66,295	13,502	23,840
Others	**8,270**	(18,133)	(8,709)	3,713	(16,435)
Corporate	**(60,800)**	525,047	63,783	(32,069)	(2,753)
Profit before taxation	**1,450,205**	1,712,284	1,134,598	1,317,697	1,199,767
Tax expense	**(383,329)**	(29,144)	(250,560)	(285,003)	(232,797)
Profit for the year	**1,066,876**	1,683,140	884,038	1,032,694	966,970
Attributable to:					
Equity holders of the Company	**1,005,130**	1,592,191	869,912	991,705	917,743
Non-controlling interests	**61,746**	90,949	14,126	40,989	49,227
	1,066,876	1,683,140	884,038	1,032,694	966,970

5-YEAR FINANCIAL STATISTICS

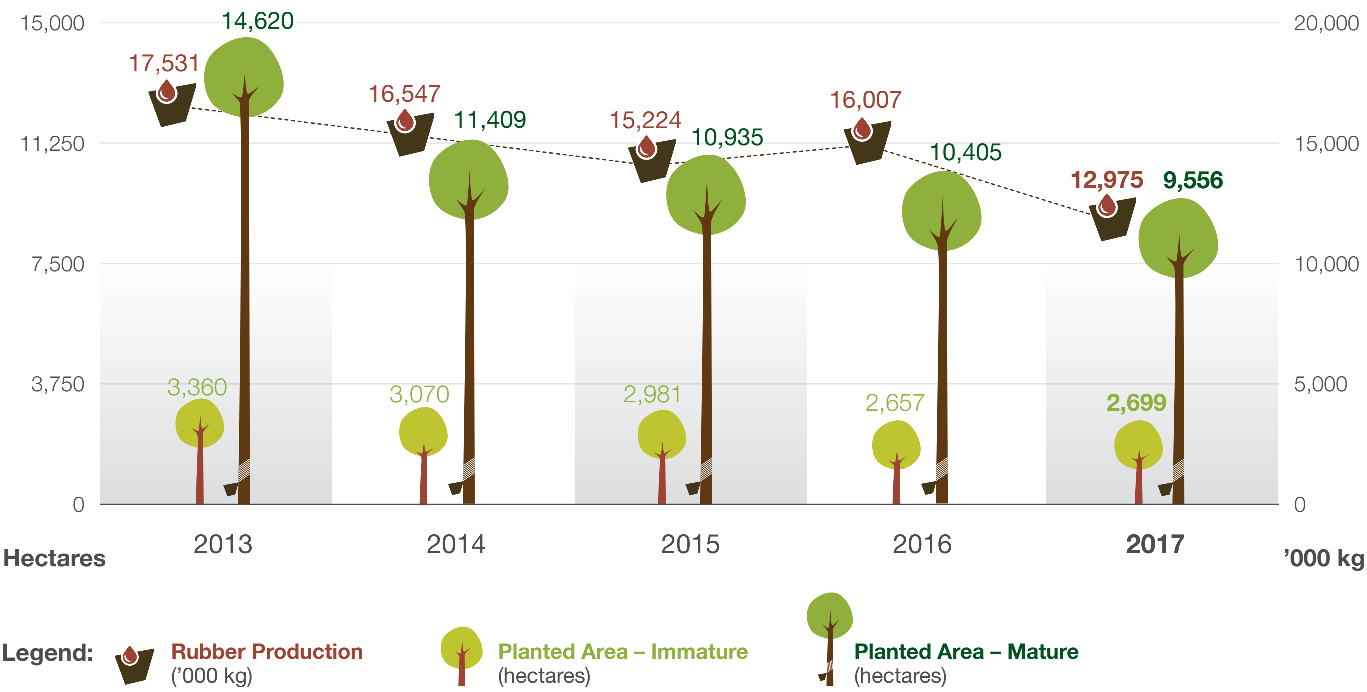
		2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
ASSETS						
Property, plant and equipment		**5,220,852**	5,066,699	4,817,725	4,220,214	3,728,605
Prepaid lease payments		**309,611**	307,068	285,555	251,268	193,229
Biological assets		**2,624,038**	2,548,178	2,392,287	2,081,061	1,908,218
Land held for property development		**1,091,471**	1,130,312	226,353	217,926	216,932
Goodwill on consolidation		**324,686**	321,661	330,137	286,969	297,016
Intangible assets		**15,325**	15,076	15,297	15,238	19,573
Investments in associates		**144,538**	138,803	154,493	172,652	112,477
Investments in joint ventures		**158,902**	173,384	144,658	–	–
Available-for-sale investments		**2,270,239**	1,607,570	1,781,642	884,014	889,422
Other receivable		**210,272**	205,195	171,690	119,940	106,208
Deferred tax assets		**439,794**	454,230	147,513	128,025	103,305
Current assets		**6,694,386**	6,368,397	6,792,265	4,510,294	4,172,921
Total assets		**19,504,114**	18,336,573	17,259,615	12,887,601	11,747,906
EQUITY						
Share capital		**1,184,764**	1,067,505	1,067,505	1,067,505	1,067,505
Reserves		**10,397,158**	9,390,511	8,612,349	6,697,649	6,479,722
Cost of treasury shares		**(13,447)**	(13,447)	(13,447)	(13,447)	(13,447)
Total equity attributable to equity holders of the Company		**11,568,475**	10,444,569	9,666,407	7,751,707	7,533,780
Non-controlling interests		**871,567**	843,457	461,703	431,492	419,460
Total equity		**12,440,042**	11,288,026	10,128,110	8,183,199	7,953,240
LIABILITIES						
Deferred tax liabilities		**259,056**	254,976	257,954	256,207	250,064
Deferred income		**117,365**	118,665	113,154	101,495	72,010
Provision for retirement benefits		**479,132**	495,894	356,563	281,663	259,222
Borrowings		**3,067,168**	2,967,808	2,681,221	1,816,243	1,558,227
Current liabilities		**3,141,351**	3,211,204	3,722,613	2,248,794	1,655,143
Total liabilities		**7,064,072**	7,048,547	7,131,505	4,704,402	3,794,666
Total equity and liabilities		**19,504,114**	18,336,573	17,259,615	12,887,601	11,747,906
SHAREHOLDERS' EARNINGS AND DIVIDENDS						
Earnings per share	(sen)	**94.4**	149.5	81.7	93.1	86.2
Share price at 30 September	(RM)	**24.56**	23.98	21.70	21.08	22.60
Dividend rate	(sen)	**50.0**	50.0	45.0	55.0	50.0
Dividend yield at 30 September	(%)	**2.0**	2.1	2.1	2.6	2.2
P/E ratio at 30 September		**26.0**	16.0	26.6	22.6	26.2

PLANTED AREA AND CROP PRODUCTION

OIL PALM PLANTED AREA/FFB PRODUCTION



RUBBER PLANTED AREA/RUBBER PRODUCTION

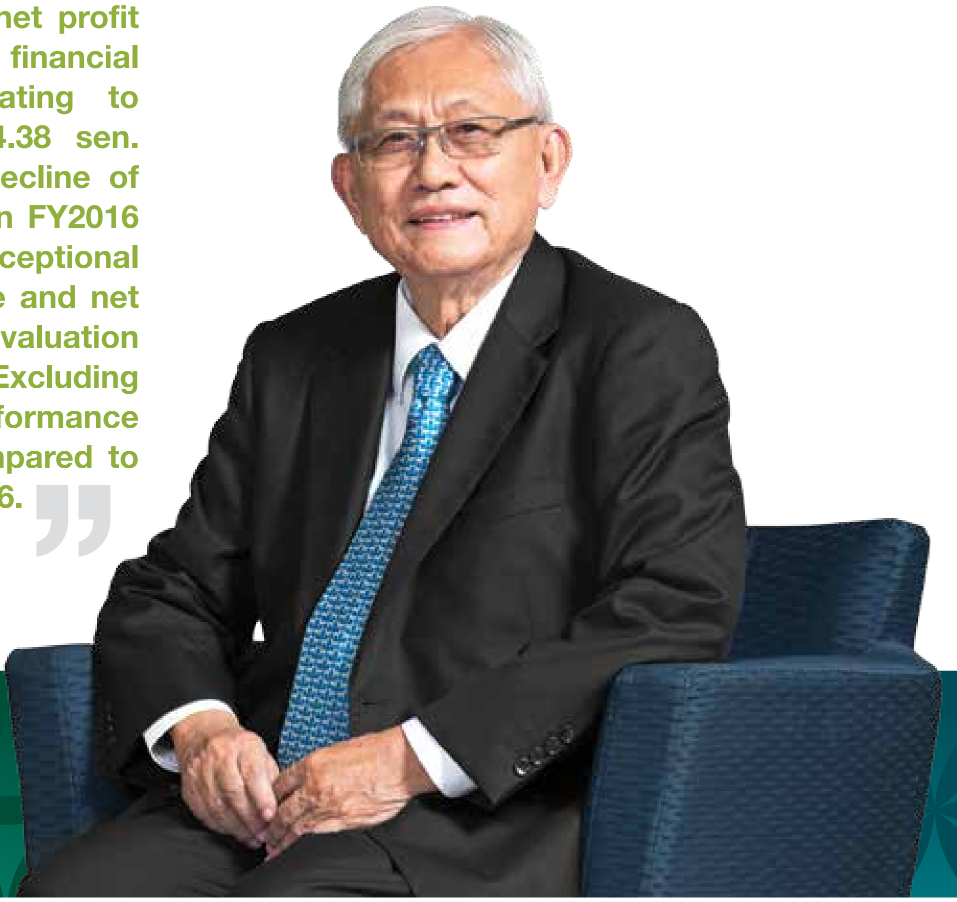


PLANTATIONS
AREA STATEMENT

	AGE IN YEARS	2017 HECTARES	2017 % UNDER CROP	2017 % OF TOTAL PLANTED AREA	2016 HECTARES	2016 % UNDER CROP	2016 % OF TOTAL PLANTED AREA
OIL PALM							
	4 to 9	**57,842**	**28**		56,946	28	
	10 to 18	**67,625**	**32**		69,596	34	
	19 and above	**55,808**	**26**		49,188	24	
	Mature	**181,275**	**86**	**81**	175,730	86	80
	Immature	**29,766**	**14**	**14**	29,742	14	14
	Total	**211,041**	**100**	**95**	205,472	100	94
RUBBER							
	6 to 10	**890**	**7**		1,373	11	
	11 to 15	**2,336**	**19**		2,203	17	
	16 to 20	**3,165**	**26**		2,897	22	
	21 and above	**3,165**	**26**		3,932	30	
	Mature	**9,556**	**78**	**4**	10,405	80	5
	Immature	**2,699**	**22**	**1**	2,657	20	1
	Total	**12,255**	**100**	**5**	13,062	100	6
TOTAL PLANTED AREA		**223,296**		**100**	218,534		100
Plantable Reserves		**17,512**			27,440		
Conservation Areas		**17,857**			12,738		
Building Sites, etc.		**9,873**			9,653		
GRAND TOTAL		**268,538**			268,365		

CHAIRMAN'S STATEMENT

"The KLK Group posted a net profit of RM1.005 billion for our financial year ("FY") 2017, translating to earnings per share of 94.38 sen. The performance was a decline of 37% to the inflated profit in FY2016 which had included the exceptional gains from estate land sale and net deferred tax credits from revaluation of our Indonesian assets. Excluding these items, the FY2017 performance had improved by 13% compared to the adjusted profit of FY2016."



R. M. ALIAS
Chairman

The Board is proposing a final single tier dividend of 35 sen per share, which together with the interim dividend makes a total for the year of 50 sen. Total pay-out of RM532.5 million will account to 53% of the year's net profits.

PERFORMANCE

The Group delivered a revenue of RM21.004 billion, a growth of 27% on the back of improved selling prices of products in our Plantations sector and Oleochemicals business, coupled with an increase in transactions of refined products from our trading arm.

Our Plantations sector was able to register a profit of RM1.291 billion, a sterling improvement of 56% from FY2016. This was mainly due to higher prices of palm commodity products. Prices of palm oil and palm kernel were strongly supported throughout the FY as palm crop production fell short of what was expected causing tight supply. Demand for lauric oils was also healthy with expanding oleochemical capacities.

Efforts to realise the potential of our Indonesian estates have come to fruition as it has started to have a bigger impact on this year's estate operations profitability. However, more remains to be done to improve operational efficiencies.

After an encouraging performance in FY2016, the Oleochemicals division faced a trying period in FY2017 as it had to grapple with erratic price fluctuations of raw materials particularly during the first half of the FY, especially for crude palm kernel oil. The drop in the business operating profit to RM115.5 million triggered by a major stock write-down and asset impairment, was truly disappointing but this will only spur us to push and manage our hedging positions better.

The recognition of profit from properties launched in 2017, namely the Ixora homes, was able to provide a lift to our Property sector's earnings to RM40.5 million, a 41% jump from the previous year.

SUSTAINABILITY

KLK is committed to further enhance and build a sustainable future to ensure the well-being of present and future generations. To attain this, efforts are taken to integrate the principles, value and practice of sustainable development in our employees, supply chain and communities in our surrounding operations.

The Ixora 2 (22'x75') double-storey link homes in Bandar Seri Coalfields, Sungai Buloh

Research & Development Centre in Klang to service and support our oleochemicals business

Houses for estate workers and managers in Belitung Island, Indonesia

Our Sustainability Policy has gone beyond mere compliance of sustainability standards. Our actions in rolling out our commitments strongly demonstrate the principles of No Deforestation, No New Development on Peat Areas and No Exploitation of Workforce and Communities. Engagements with stakeholders are key for us to build trust and provide a learning platform as we collaborate, complement and bridge possible gaps in our quest towards creating a conducive environment for sustainable development.

Our Group's sustainability efforts which are benchmarked against the Global Reporting Initiative standards are accounted for in a separate section in this Annual Report. This further reiterates our pledge for transparency in sharing our sustainability efforts.

PROPOSED REINVESTMENT OF DIVIDENDS

The Board had proposed a reinvestment of dividend scheme ("Proposed Scheme") in November 2017. The Proposed Scheme will provide KLK's shareholders a convenient choice to reinvest in KLK's shares at a discount or to receive their dividend in cash. Further details on the Proposed Scheme are entailed in the Circular enclosed together with our Annual Report.

OUTLOOK

Production of CPO for FY2018 is projected to recover stronger than last year, likely from the Second Quarter of FY2018. Fundamentally, we are still in a situation of ample oilseeds supply, although dry weather conditions have begun to hit certain parts of South America. These conditions could put pressure on CPO prices, as seen from the declining prices in First Quarter FY2018.

For our Plantations sector, we will continue efforts to increase productivity and introduction of mechanisation, grow yields and improving on oil extraction rates. The Oleochemicals division is expected to perform better than FY2017 with raw material prices trending down and stabilising, and continuous efforts to leverage from the integrated value chain while driving for further improvement efficiencies and productivity.

BOARD CHANGE

The composition of our Board continued to evolve during the financial year. Mr Roy Lim, our Executive Director who had served the KLK Group for the last 42 years, stepped down at the end of September 2017. Roy was the Group's Marketing Director in charge of commodities trading before he took on the role of Group Plantations Director. As a member of the Board since 2007, Roy had shared his wisdom and knowledge from his years as part of the Group's Senior Management. We wish to express our deepest and sincere appreciation to Roy for his enormous contributions and our best wishes for the future.

I would also like to take this opportunity to thank our director, Mr Kwok Kian Hai who has decided not to seek for a re-appointment at this Annual General Meeting. Kian Hai has been an effective Board member for the past 8 years and will be dearly missed. He had served the KLK Group with utmost dedication, professionalism and integrity. Let us join hands in wishing him well in his future endeavours.

As we embrace board diversity, we also announced the appointment of Mrs Anne Rodrigues as a non-executive independent director and a member of the Audit Committee. Anne brings with her more than 40 years of diverse financial experience and we believe Anne will be able to execute her role as a Board member effectively and play a part in providing effective challenge and oversight in support of the continuing transformation of the Group.

APPRECIATION

On behalf of the Board, I wish to thank the employees of KLK whose hard work and dedication in delivering results in sometimes difficult and challenging environments is truly encouraging.

Last but not least, I would like to express my sincere appreciation to all shareholders, partners and all stakeholders for their continuous support.

KENYATAAN PENGERUSI

"Kumpulan KLK mencatatkan keuntungan bersih sebanyak RM1.005 bilion bagi tahun kewangan ("TK") 2017, menjadikan pendapatan sesaham 94.38 sen. Prestasi ini merupakan penyusutan sebanyak 37% daripada keuntungan lebih tinggi pada tahun 2016 yang meliputi laba luar biasa daripada penjualan tanah ladang dan kredit cukai tertunda bersih daripada penilaian semula aset kami di Indonesia. Tanpa perkara-perkara ini, prestasi TK2017 meningkat 13% berbanding keuntungan TK2016 yang dilaras."

R. M. ALIAS
Pengerusi

Lembaga Pengarah mengesyorkan dividen satu peringkat akhir sebanyak 35 sen sesaham, di mana bersama dividen interim menjadikan jumlah pembayarannya pada tahun ini sebanyak 50 sen. Keseluruhan pembayaran tersebut yang berjumlah RM532.5 juta merupakan 53% daripada keuntungan bersih pada tahun ini.

PRESTASI

Kumpulan menjana hasil sebanyak RM21.004 bilion yang merupakan pertumbuhan sebanyak 27% berikutan harga jualan produk dalam sektor Perladangan dan perniagaan Oleokimia yang bertambah baik, diikuti dengan peningkatan transaksi produk bertapis daripada bahagian perdagangan kami.

Sektor Perladangan kami mampu mencatat keuntungan sebanyak RM1.291 bilion, lonjakan 56% yang mengagumkan berbanding pencapaian pada TK2016. Ini disebabkan terutamanya oleh harga produk komoditi sawit yang lebih tinggi. Harga minyak sawit dan isirung sawit disokong teguh sepanjang TK ini berikutan pencapaian pengeluaran tanaman sawit kurang daripada yang dijangka telah menyebabkan kekurangan bekalan. Pemintaan untuk minyak laurik juga memuaskan dengan kapasiti oleokimia yang semakin mengembang.

Usaha untuk merealisasi potensi ladang-ladang kami di Indonesia telah membuahkan hasil kerana ia mula memberi kesan yang lebih besar kepada keuntungan operasi ladang pada tahun ini. Walau bagaimanapun, lebih banyak usaha perlu dilakukan untuk menambah baik tahap kecekapan operasi.

Selepas menikmati prestasi memberangsangkan pada TK2016, bahagian Oleokimia menghadapi tempoh yang mencabar pada TK2017 apabila terpaksa berhadapan dengan turun naik harga bahan mentah yang tidak menentu terutamanya sepanjang separuh tahun pertama TK, khususnya minyak isirung sawit mentah. Kejatuhan keuntungan operasi perniagaan ini kepada RM115.5 juta yang dicetuskan oleh penurunan nilai stok dan kemerosotan nilai aset amatlah mengecewakan, namun ia akan membangkitkan semangat kami untuk melaksana dan mengurus kedudukan lindung nilai kami dengan lebih baik lagi.

Pengiktirafan keuntungan daripada hartanah yang dilancarkan pada tahun 2017 iaitu kediaman Ixora, mampu meningkatkan pendapatan sektor Hartanah kami kepada RM40.5 juta, lonjakan sebanyak 41% berbanding pada tahun sebelumnya.

KEMAMPANAN

KLK komited untuk mempertingkat dan membina masa depan yang mampan bagi memastikan kesejahteraan generasi sekarang dan masa depan. Bagi mencapai matlamat ini, usaha diambil untuk mengintegrasi prinsip, nilai dan amalan pembangunan mampan di kalangan kakitangan, rantaian bekalan dan masyarakat yang terlibat dengan operasi kami.

Dasar Kemampanan kami telah menjangkau bukan sekadar pematuhan kepada piawaian kemampanan sahaja. Tindakan kami melancarkan komitmen kami membuktikan keteguhan prinsip Tiada Penebangan Hutan, Tiada Pembangunan Baharu di Kawasan Tanah Gambut dan Tiada Eksploitasi Tenaga Kerja dan Masyarakat. Penglibatan dengan para pemegang kepentingan merupakan kunci utama kepada kami untuk membina kepercayaan, menyediakan platform

KENYATAAN **PENGERUSI**

pembelajaran sambil bekerjasama, saling melengkapi dan menghubung sebarang kemungkinan jurang dalam usaha kami ke arah mewujudkan persekitaran kondusif bagi mencapai pembangunan mampan.

Usaha kemampanan Kumpulan yang diukur rujuk kepada piawaian Inisiatif Laporan Global dibentangkan dalam bahagian berasingan dalam Laporan Tahunan ini. Langkah ini mengukuhkan lagi ikrar kami untuk bersikap telus dalam berkongsi usaha kemampanan yang kami jalankan.

CADANGAN PELABURAN SEMULA DIVIDEN

Lembaga Pengarah telah mencadangkan sebuah skim pelaburan semula dividen ("Skim Cadangan") pada bulan November 2017. Skim Cadangan ini akan menyediakan suatu pilihan kepada para pemegang saham KLK samada untuk melabur semula dalam saham KLK pada kadar diskaun atau menerima dividen mereka dalam bentuk tunai. Butiran lanjut mengenai Skim Cadangan ini dimuatkan dalam Pekeliling yang disertakan bersama dengan Laporan Tahunan ini.

MASA DEPAN

Pengeluaran minyak sawit bagi TK2018 diunjur akan pulih lebih teguh berbanding tahun lepas, kemungkinan mulai Suku Kedua TK2018. Pada asasnya, kami berada dalam situasi bekalan bijirin minyak yang mencukupi, walaupun keadaan cuaca kering telah mula menimpa sesetengah kawasan di Amerika Selatan. Keadaan ini boleh memberi tekanan kepada harga minyak sawit, seperti yang boleh dilihat daripada penyusutan harga pada Suku Pertama TK2018.

Bagi sektor Perladangan pula, kami akan meneruskan usaha meningkatkan produktiviti serta pengenalan penggunaan jentera, mengembangkan hasil serta menambah baik kadar perahan minyak. Bahagian Oleokimia dijangka akan menampilkan prestasi lebih baik berbanding pada TK2017 dengan harga bahan mentah yang semakin murah dan stabil serta usaha berterusan untuk memanfaatkan rantaian nilai bersepadu. Pada masa yang sama, pihak Pengurusan akan terus mendorong penambahbaikan tahap kecekapan dan produktiviti.

PERUBAHAN LEMBAGA PENGARAH

Komposisi Lembaga Pengarah kami terus berubah pada tahun kewangan ini. Encik Roy Lim, Pengarah Eksekutif kami yang telah berkhidmat dengan Kumpulan KLK sejak 42 tahun lepas telah meletakkan jawatan pada akhir bulan September 2017. Roy adalah Pengarah Pemasaran Kumpulan yang mengendalikan perdagangan komoditi sebelum menyandang jawatan Pengarah Perladangan Kumpulan. Sebagai ahli Lembaga Pengarah sejak tahun 2007, Roy telah berkongsi kebijaksanaan serta pengetahuan mendalam beliau sepanjang bertugas sebagai Pengurusan Kanan Kumpulan. Kami ingin menyampaikan ucapan setinggi-tinggi penghargaan yang tulus ikhlas kepada Roy atas sumbangan besar beliau, semoga beliau beroleh kesejahteraan pada masa depan.

Saya juga ingin mengambil kesempatan di sini untuk mengucapkan terima kasih kepada pengarah kami, Encik Kwok Kian Hai yang memutuskan untuk tidak menawarkan diri untuk pelantikan semula pada Mesyuarat Agung Tahunan ini. Kian Hai telah menjalankan tanggungjawab sebagai ahli lembaga yang cekap sepanjang 8 tahun lepas dan kami akan terasa ketiadaan beliau. Beliau telah berkhidmat bersama Kumpulan KLK dengan penuh dedikasi, bersikap profesional dan berwibawa. Marilah kami bersama-sama mengucapkan selamat maju jaya kepada beliau dalam semua usaha pada masa depan.

Seiring dengan amalan kepelbagaian dalam lembaga pengarah, kami telah mengumumkan pelantikan Puan Anne Rodrigues sebagai Pengarah bebas bukan eksekutif dan ahli Jawatankuasa Audit. Anne mempunyai lebih 40 tahun pengalaman dalam pelbagai bidang kewangan dan kami percaya Anne akan mampu melaksanakan peranan beliau sebagai ahli Lembaga Pengarah dengan berkesan dan memainkan peranan dalam menyediakan cabaran yang efektif serta kawal selia untuk menyokong transformasi Kumpulan yang berterusan.

PENGHARGAAN

Saya bagi pihak Lembaga Pengarah dengan sukacitanya ingin mengucapkan terima kasih kepada kakitangan KLK atas ketekunan dan dedikasi mereka yang amat menggalakkan untuk mencatat prestasi keputusan cemerlang dalam persekitaran yang adakalanya getir dan mencabar.

Tidak dilupakan juga, saya ingin menyampaikan ucapan penghargaan setulus ikhlas kepada semua pemegang saham, rakan-rakan perniagaan dan pemegang kepentingan atas sokongan yang tidak berbelah bahagi selama ini.

MANAGEMENT DISCUSSION & ANALYSIS

"The journey of recovery post-El Niño will continue into FY2018 and the future prospects of our two (2) main core business segments will remain dependent on prices, and the demand and supply dynamics of palm-based commodities."

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer

OVERVIEW

2017 was a year of recovery for the plantation industry as production of fresh fruit bunches ("FFB") began to pick up after El Niño, although at a pace slower than anticipated. The subdued production supported crude palm oil ("CPO") prices, as prices picked up momentum and rallied to RM3,300/mt during the first half of the financial year ("FY") before tapering to RM2,700/mt by the end of the financial period with the uptrend of palm oil stocks. The average prices for palm kernel ("PK") also surged as there was tight supply for lauric materials (with low production PK and shortage of coconut oil due to the occasional typhoons in Philippines), evidenced where in extreme volatility, prices rose to an unprecedented high of RM4,000/mt before rapidly collapsing to RM1,950/mt during Second Quarter FY2017.

Our average selling prices (ex-mill) for CPO, PK and crude palm kernel oil ("CPKO") at RM2,735/mt, RM2,534/mt and RM5,985/mt respectively were the highest achieved in the last five (5) years. On our prices realised in Indonesia, the discount to its Malaysian counterpart had narrowed as sales were mostly done on spot positions due to the tightness in supply and therefore, able to ride on the backwardation market with high prices during the FY.

The improvement in our FFB production raised our yield to 21.39 mt/ha (FY2016:19.82 mt/ha) but not in a spectacular way as it was merely recovering from a low base of last year. Despite the better yield, our oil extraction rate ("OER") was lower at 21.68% (FY2016:22.28%) as quality of the fruit formation post-El Niño was affected (lower oil-to-bunch ratio) and accentuated by wet weather.

While our Plantations business benefitted from the high prices of PK and CPKO, the same could not be said for our Oleochemicals division as it recorded a dismal RM115.5 million profit before taxation. The extreme surge in CPKO prices during the first half of FY2017 and the drastic drop in the middle of the FY made raw material hedging extremely difficult for the business. This necessitated the write-down of inventory costs to net realisable value by RM60.3 million in Third Quarter FY2017, resulting in a loss position for that period. However, it was encouraging to note that the Oleochemicals division bounced back in the last Quarter as CPKO price had bottomed out.

MANAGEMENT DISCUSSION & ANALYSIS

OUTLOOK AND IMMEDIATE PRIORITIES

The journey of recovery post-El Niño will continue into FY2018 and the future prospects of our two (2) main core business segments will remain dependent on prices, and the demand and supply dynamics of palm-based commodities. External factors such as the increase in level of protectionism in the form of tariff hikes in India, potential ban of palm oil biodiesel, new certification standards by the European Union ("EU"), fluctuation of currencies, changes in weather patterns, crude petroleum prices and ample supply of oilseeds, all have strong influences in putting pressure on commodity prices. The Group will mitigate the risks by focusing on raising efficiency and productivity and be prudent in managing costs, and where necessary consider the closure of unproductive facilities such as mills and/or rubber factories.

For our Plantations business, shortage of labour and skilled workers and the trend of rising labour wages are unavoidable. As we continue our efforts to reduce dependence on manpower through the introduction of mechanisation where possible, we will also invest in human resources, particularly on leadership programmes which emphasise on strategic thinking, motivational skills and effective execution. This is crucial as our replanting programme is dependent on discipline and strict adherence to best agricultural practices to ensure that we meet our FFB yield target of 20 mt/ha in the first year of harvesting and achieving an average of 6 mt/ha of CPO for the existing mature harvesting areas.

Commitment towards environmental, labour, social obligations will be further strengthened as we accelerate to enhance our sustainability standards and efforts which include pursuing certification schemes to meet the various needs of our stakeholders. We have completed the Malaysian Sustainable Palm Oil ("MSPO") certification audits in all our Malaysian mills and we expect to be fully certified under the Malaysian certification standards by end 2017. For Indonesia, our target completion for Indonesian Sustainable Palm Oil ("ISPO") and Roundtable on Sustainable Palm Oil ("RSPO") certifications will be in 2018 and 2019 respectively.

We expect the performance of our Oleochemicals division to improve. Despite operating in a global environment of excess capacities, Management's focus on operational efficiencies and efforts to turn-around under-performing business units are beginning to show some encouraging results, helped by the increased stability in raw material prices.

Aerial view of Kekayaan Palm Oil Mill in Johor, Malaysia

MANAGEMENT
DISCUSSION & ANALYSIS

FINANCIAL REVIEW

GROUP HIGHLIGHTS

		2017	2016	2015	2014	2013
FINANCIAL						
Revenue	(RM'000)	**21,004,036**	16,505,810	13,649,991	11,129,973	9,147,325
Profit:						
– before taxation	(RM'000)	**1,450,205**	1,712,284	1,134,598	1,317,697	1,199,767
– attributable to equity holders of the Company	(RM'000)	**1,005,130**	1,592,191	869,912	991,705	917,743
Earnings per share	(sen)	**94.4**	149.5	81.7	93.1	86.2
Dividend per share (single tier)	(sen)	**50.0**	50.0	45.0	55.0	50.0
Net tangible assets	(RM'000)	**11,228,464**	10,107,832	9,320,973	7,449,500	7,217,191
Net tangible assets per share	(RM)	**10.54**	9.49	8.75	7.00	6.78
KEY CORPORATE RATIOS						
Dividend Yield[(1)]	(%)	**2.0**	2.1	2.1	2.6	2.2
Dividend Payout Ratio[(2)]	(%)	**53.0**	33.4	55.1	59.1	58.0
Return on Shareholders' Equity[(3)]	(%)	**8.7**	15.2	9.0	12.8	12.2
Return on Total Assets[(4)]	(%)	**5.2**	8.7	5.0	7.7	7.8
Net Debt to Equity[(5)]	(%)	**19.3**	22.5	24.8	19.7	7.3

(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 Short Term Funds and Cash and Cash Equivalents) expressed as a percentage of Total Equity

REVENUE

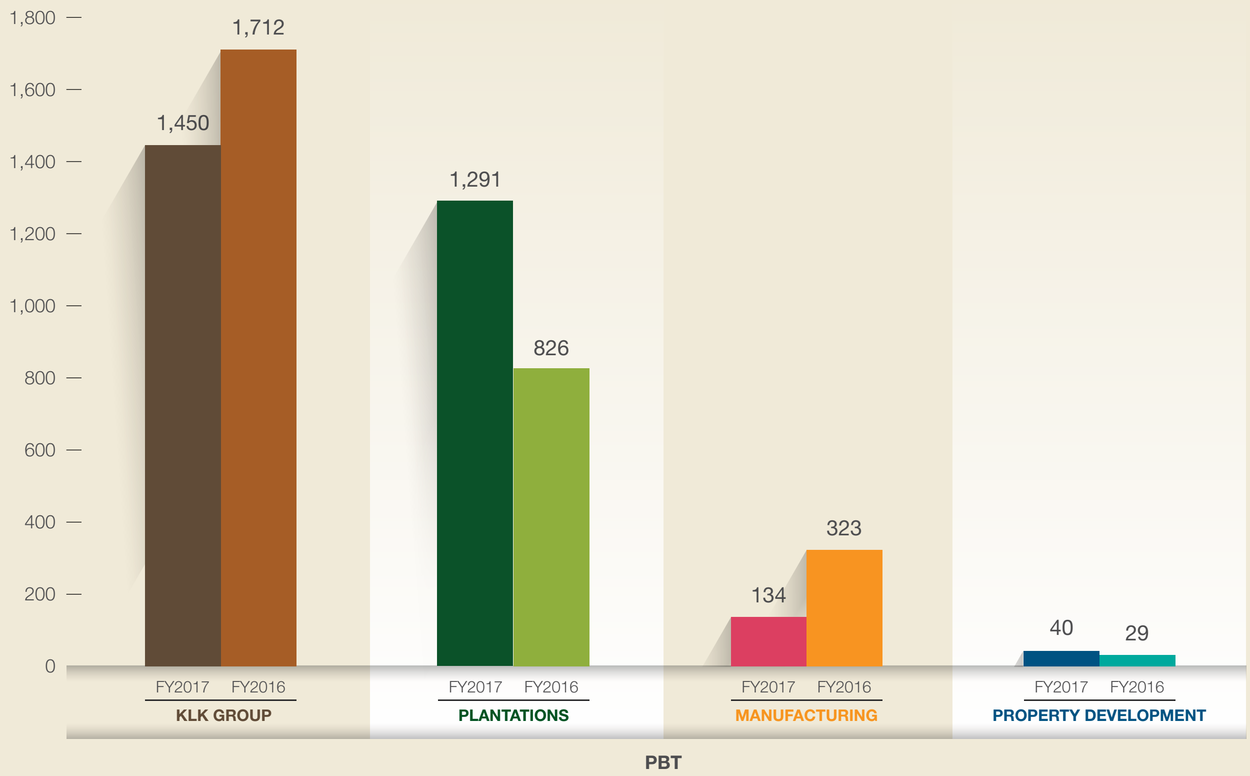
The Group revenue for FY2017 increased by 27% to RM21.004 billion compared to last year's revenue of RM16.506 billion, contributed mainly by the Plantations and Manufacturing business sectors. The Plantations sector recorded a higher revenue at RM10.669 billion (a 26% increase) on the back of substantial rise in the average selling prices of CPO and PK and higher trading volumes. Revenue in the Manufacturing sector was up by 28% to RM9.924 billion, attributed mainly to higher sales volume and selling prices of its Oleochemicals division products.

MANAGEMENT
DISCUSSION & ANALYSIS

FINANCIAL REVIEW

PROFIT BEFORE TAXATION ("PBT")

RM MIL



PROFIT BEFORE TAXATION ("PBT")

The Group's PBT of RM1.450 billion was a decrease of 15% from the previous year's profit of RM1.712 billion. It should be noted that for FY2016, the PBT had included a one-off exceptional gain of RM489.3 million from a sale of estate land in Kulai to Aura Muhibah Sdn Bhd, a joint venture company with UEM Land Berhad. If this exceptional item was to be excluded, the adjusted PBT for FY2016 would stand at RM1.223 billion. To put it in better perspective and for the purpose of comparing the performance of our operations, the PBT for FY2017 showed a 19% increase from the previous year's profit.

Plantations

Plantations sector's profit improved 56% to RM1.291 billion (FY2016:RM826.4 million) driven by:-

- Higher realised average selling prices for the following products:

		FY2017	FY2016	% Change
CPO	(RM/mt ex-mill)	**2,735**	2,270	20
PK	(RM/mt ex-mill)	**2,534**	1,881	35

- Higher FFB production at 3.87 million mt (FY2016:3.50 million mt), an increase of 11% as the palms recovered, albeit at a slower pace than expected, from the effects of the El Niño.

MANAGEMENT **DISCUSSION & ANALYSIS**

FINANCIAL REVIEW

Manufacturing

The Manufacturing sector reported a 59% decrease in profits to RM134.0 million (FY2016:RM323.2 million) as its core contributing Oleochemicals business was substantially affected by the volatility of raw materials prices, particularly CPKO.

KLK OLEO's profit was hit by the high prices of CPKO during the first half of the FY, causing a huge stock write-down of RM60.3 million in Third Quarter FY2017. Margins were also eroded due to higher raw materials cost, despite selling at higher prices. Additionally, the protracted period of low oil petroleum price had also weakened demand for our sulphonated methyl ester ("SME"). This resulted in an asset impairment adjustment of RM30.9 million at the end of the FY. Consequently, the Oleochemicals division's profit dropped by 61% to RM115.5 million (FY2016:RM299.4 million) which also included the unrealised gain of RM10.7 million from changes in fair value on outstanding derivative contracts.

Property Development

The 41% increase in profit to RM40.5 million was due to recognition of profit from units sold during the FY, mainly from the Ixora 1 (22'x75') double-storey link homes in Bandar Seri Coalfields.

DIVIDENDS

The Board has recommended a final single tier dividend of 35 sen per share, making a total of 50 sen for the FY. The total pay-out declared for FY2017 will amount to RM532.5 million, a net pay-out ratio of 53%. The Company takes the approach of maintaining a balance between a reasonable return to our shareholders and conserving resources to ensure the growth of our Company.

RETURNS ON SHAREHOLDERS' EQUITY AND TOTAL ASSETS

The Group recorded lower Returns on Shareholders' Equity and Total Assets of 8.7% and 5.2% respectively (FY2016:15.2% and 8.7% respectively) as the profits attributable to shareholders last year had taken into account the surplus from the sale of estate land and the net deferred tax benefit from the revaluation of our biological assets in Indonesia, totalling in aggregate, RM699.6 million.

GEARING

Our net debt to equity ratio at 19.3% was lower than FY2016 of 22.5% as there was a redemption of the Islamic Medium-Term Notes of RM300.0 million coupled with net increase in Total Equity during the FY (from higher profit and net increase in fair value of available-for-sale investments).

CAPITAL EXPENDITURE

The amount to be spent for capital expenditure is dependent on the Group's planned expansion and determined on a year-to-year basis. For FY2017, RM675.8 million was spent mainly for immature area upkeep in Sabah, Indonesia and Liberia which are on-going, new capital projects (upgrading, expansion and construction of new mills, putting in place a new biogas plant for greenhouse gas ("GHG") emission reduction programme, expansion of ester plant in Germany), and additions/replacements of fixed assets.

For FY2018, the Group has budgeted approximately RM650 million for capital expenditure where most of the amount will be allocated to the Plantations sector to embark on new plantings and replantings targeted in Indonesia and Liberia, upgrade and new facilities to cater for higher FFB harvest and improvement in logistics.

MANAGEMENT
DISCUSSION & ANALYSIS

PLANTATIONS

Plantations being KLK's core business activity has yet again contributed the most to the Group's results as it constitutes 89% of the profit before taxation for FY2017. 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 (Palm Bay and Butaw).

It has a planted area of 223,296 ha, whereby 95% is planted with oil palm. In terms of geographical distribution, 53% of the oil palm planted area is located in Indonesia, 43% in Malaysia and 4% in Liberia. Rubber is only planted in Peninsular Malaysia.

Processing of the crop, i.e. fresh fruit bunches ("FFB") is carried out at 25 of KLK's own palm oil mills. The Group also operates four (4) refineries which process CPO into refined bleached deodorised ("RBD") palm oil, RBD olein, RBD stearin and palm fatty acid distillate. Further value is derived from palm kernels ("PK") which are crushed by three (3) plants to produce CPKO and expellers.

Biogas power plants are another value-add improvement that the Plantations sector has invested in to reduce GHG emissions. The Group currently has six (6) power generating biogas plants in its palm oil mills, including the latest which was commissioned in November 2017.

KLK's rubber business, whilst comprising only 5% of total planted area, remain important to the Plantations operations. KLK continues to maintain a strong position in latex concentrate market due to our long-established EXCELTEX® brand name.

TOTAL PLANTED AREA
223,296 HA

OIL PALM 95%
RUBBER 5%

PALM OIL MILLS	REFINERIES	KERNEL CRUSHING PLANTS
25	4	3

LOCATION OF PLANTED AREA
OIL PALM
211,041 HA

INDONESIA	MALAYSIA	LIBERIA
53%	43%	4%

PRODUCTION CAPACITY

PALM OIL MILLS	REFINERIES	KERNEL CRUSHING PLANTS
FROM 20 TO 120 FFB MT/HR	PHYSICAL 3,400 CPO MT/DAY	1,500 PK MT/DAY

BIOGAS POWER PLANTS 6

TOTAL INSTALLED POWER 16 MW (ELECTRICITY)

MANAGEMENT DISCUSSION & ANALYSIS

PLANTATIONS

SECTORAL PERFORMANCE

The slower than anticipated recovery in production growth which was as a result of the devastating effects of El Niño and the weaker Ringgit against USD, had assisted in supporting the higher prices of palm products. Our Plantations sector reported a higher profit in FY2017 at RM1.291 billion, a jump of 56% over the previous year (FY2016:RM826.4 million) on the back of a turnover of RM10.669 billion.

The Group's average selling prices (ex-mill) for CPO and PK were RM2,735/mt and RM2,534/mt (FY2016:RM2,270/mt and RM1,881/mt) respectively. The CPO price had increased significantly especially during the first half of the FY partly on the account of smaller than expected increase in production and the relatively low palm oil stocks. PK prices had also been volatile and saw a sharp spike especially during the January to March 2017 period (to a record high of RM4,000/mt). The average selling price of rubber improved to 895 sen/kg from last year's 667 sen/kg despite a laggard market partly due to the rally in Third Quarter FY2017 which was driven by reduced production resulting from excessive rainfall in southern Thailand.

Arising from the better prices realised for the year, the estate operations contributed RM1.293 billion to profit, an approximately 64% increase from the previous year's results of RM788.6 million. Palm products accounted for RM1.259 billion and rubber RM33.8 million (FY2016:RM773.4 million and RM15.2 million respectively). The average profit per matured hectare (after replanting) for palm products and rubber also recorded improvements to RM6,815/ha and RM3,256/ha respectively, benefitting from the higher prices of CPO, PK and rubber.

Our Indonesia operations also showed a very encouraging contribution of RM553.1 million in FY2017 as they had benefitted from the narrowed discount to Malaysian prices and their overall improving yields due to its younger palms. The smaller discount arose as sales were mostly done on spot positions due to the tightness in supply and therefore, enabling them to ride on the backwardation market.

Profit in our refining, crushing and trading operations, however, declined to RM44.6 million (FY2016:RM105.4 million). It was primarily generated by our kernel crushing activities but was still unable to fully offset the losses incurred by the refining operations with the business facing tighter supply of its feedstock, i.e. CPO with thin or negative margins earlier in the FY.

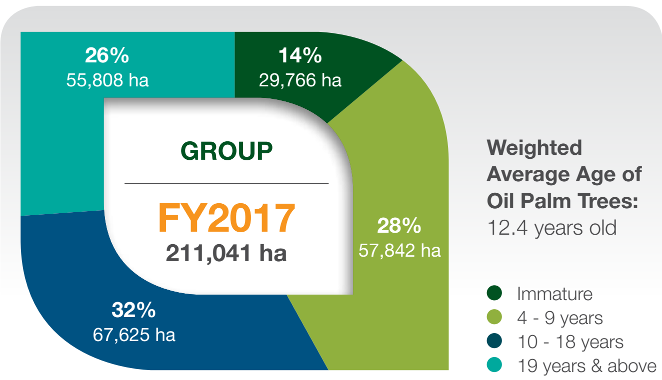
OIL PALM

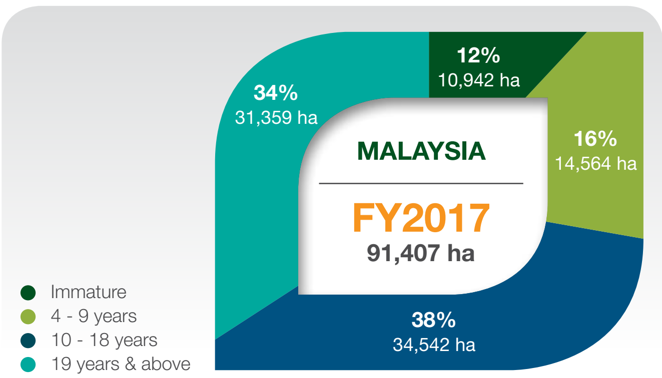
FFB Production

The Group's overall FFB production was up by 11% to 3.87 million mt with Indonesia operations comprising close to 52% of the total production. FFB yield per hectare improved to 21.39 mt/ha (FY2016:19.82 mt/ha) and CPO/ha to 4.64 mt/ha (FY2016:4.42 mt/ha). However, the improvement was due to the recovery from the El Niño phenomenon and we were coming off from a lower base. Our Sabah operations, particularly the Lahad Datu region was badly affected with negative growth as progressive replanting had taken place in the area.

Taking into consideration the age profile of our palms particularly in Indonesia (Group weighted average age at 12.4 years old) and with no drastic change in weather patterns, we expect yields to be on the uptrend and correspondingly, FFB production to continue to pick up, with stronger growth expected in the Second Half of 2018.

Age Profile of Oil Palm Trees
As at 30 September 2017





MANAGEMENT
DISCUSSION & ANALYSIS

PLANTATIONS

OER and Costs

The Group's OER took a hit at 21.68% as the estates were affected by the slower recovery from El Niño and higher rainfall. We will continue with our stringent monitoring and frequent audits to check on gaps on operational practices in relation to ripeness, loose fruit collection and mill losses.

Both the Group's FFB and CPO cost remained almost unchanged at RM240/mt ex-estate and RM1,389/mt ex-mill (excluding windfall profit levy and Sabah sales tax) respectively. While we continue to improve our cost structure, we do anticipate that labour wages could rise further in view of government policies, for example yearly increase in minimum wages in Indonesia. As such, productivity improvement would be driven by a reduction of high dependency on labour, through mechanised processes, where possible.

Replanting and New Plantings

The Group took on a more aggressive replanting exercise after the El Niño experience especially in Sabah (Lahad Datu region) and Indonesia. A total of 7,200 hectares were replanted (with both the areas above accounting for 74% of the replanted area) with a cost of approximately RM86.7 million (FY2016:RM55.1 million). For the next FY, 11,000 hectares have been targeted for replanting.

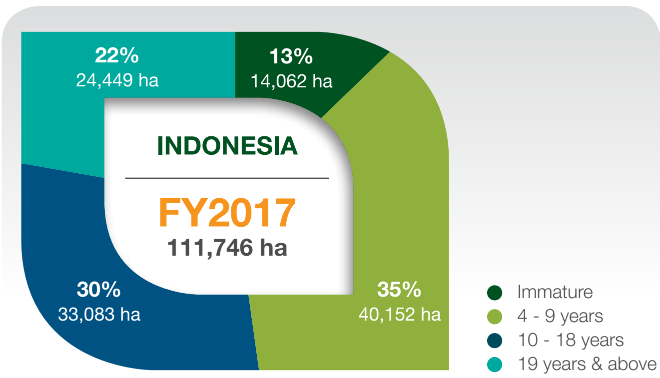
There has been no material change in the hectarage of productive areas from last year as there were no significant new acquisitions and no new plantings in the remaining plantable reserves in Indonesia. Progress is still slow in Liberia whilst awaiting the resolution of several land issues, execution of recommendations by the peer review committee of the High Carbon Stock Approach methodology, as well as social impact exercise through the free, prior and informed consent with local communities.

Infrastructure and Facilities

In addition to the existing 25 palm oil mills, two (2) new palm oil mills are currently being constructed in Liberia and Medan, North Sumatra respectively. The 30 mt/hour mill in Palm Bay, Liberia (expandable to 60 mt/hour) is to cater for the maturity of close to 8,000 hectares already planted. The other mill to be built in Medan area will have a capacity of 60 mt/hour. Commissioning of both these mills is expected to take place by Third Quarter of 2018.

Following the construction of the palm oil mill in Liberia, there are plans to expand the infrastructure and facilities to ensure smoother despatches of our products. Discussions are underway to build a bulking installation at Port Buchanan to facilitate the shipment of our CPO in the future. Consistent with our groupwide policy to reduce GHG emissions, a biogas power plant will be installed in the palm oil mill. Both these projects are expected to commission in Fourth Quarter of 2018.

Replanting in Ladang Rimmer, Lahad Datu, Sabah



MANAGEMENT DISCUSSION & ANALYSIS

PLANTATIONS

Plans to upgrade SWP Mill in Belitung Island, Indonesia with the latest vertical sterilisers' technology is also on-going to improve milling efficiencies.

The construction of a new refinery in East Kalimantan, Indonesia is still at the planning stage. This is a joint-venture effort together with IJM Plantations Berhad and part of KLK's expansion strategy of its palm oil downstream businesses in the area. The commissioning of the refinery would allow for more efficient logistics to process our feedstock from KLK's palm oil mills located in East Kalimantan.

RUBBER

The contribution to profit from rubber of RM33.8 million (doubling from last FY's RM15.2 million) was attributed to higher prices as heavier than expected rainfalls, especially in southern Thailand, hampered production but had helped to support prices.

Rubber production of 12,975 mt was 19% lower than that of last year and yield dropped by 14% to 1,331 kg/ha. This had effectively increased the ex-estate cost to RM4.20/kg (FY2016:RM3.82/kg).

Going forward, with the anticipation of weak demand and the continuing dwindling of planted rubber areas (due to replanting of old and unproductive rubber areas to oil palm), we do not expect any material impact on the Group's profits from our rubber business.

RESEARCH & DEVELOPMENT

KLK's associate company, Applied Agricultural Resources Sdn Bhd ("AAR") has continued to apply biotechnological tools for crop improvement, genomewide selection of new generation planting materials and parents for seeds production, methodology development for marker assisted germplasm conservation and Ganoderma disease tolerance palms.

The application of rapid and non-destructive portable sensors including the use of a portable photosynthetic meter to assess growth responses of different oil palm planting materials are also being investigated. AAR's recent extension into oil palm metabolomics and physiology to complement the agronomy research is providing a further in-depth perspective to facilitate our search for palms with better nutrient use efficiency or basically "more efficient palms".

GIS/GPS technologies play an integral role in oil palm agricultural management and the advancement of technologies such as drones are now being adopted by KLK's operating centres.

Progressive testing of the next generation AA Hybrida II planting materials has continued to show its superiority against AA Hybrida I by 15% higher oil yield, equivalent to a 57% increase compared to its first-generation planting materials ("AA DxP"). AAR long stalk DxP oil palms, which are derived from parents with long stalk i.e. long stalk Ulu Bernam Deli dura and long stalk Yangambi pisifera, have oil yield as good as AA Hybrida IS. The added-value trait of 20 to 30 cm longer stalk should ease harvesting and improve pollination of young inflorescences.

OUTLOOK

While a strong yield recovery is expected for the new FY, this situation could also pose a few challenges which will have an impact on profitability as CPO price could be depressed with ample oil seed supplies. Prices would also be affected by the higher import tax introduced by India, possibility of the import ban of palm-based biodiesel into the EU and its new certification standards to be introduced. In addition, the shortage of foreign labour and high dependency on them will severely affect harvesting and production should the situation not be managed well.

In view of these limiting factors, efforts will be continuing to focus on driving productivity in terms of both yield growth and labour. We will also ensure our replanting standards are closely monitored as we work towards realising our target of 20 mt/ha for the first year of harvest and achieving an average of 6 mt/ha of CPO for the mature areas.

MANAGEMENT
DISCUSSION & ANALYSIS

PLANTATIONS

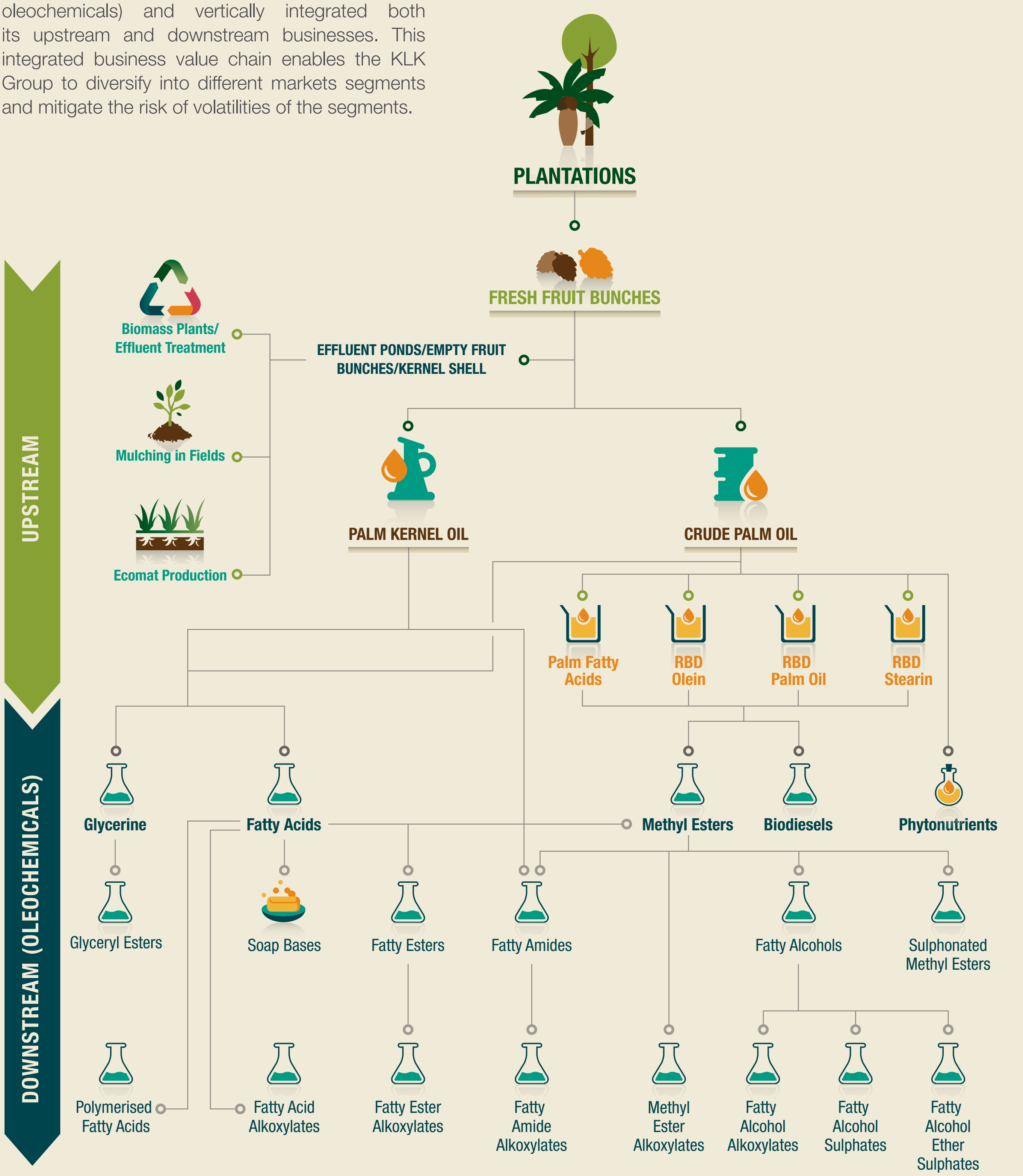
5-YEAR PLANTATIONS STATISTICS

		2017	2016	2015	2014	2013
OIL PALM						
FFB Production						
- Own estates	(mt)	**3,873,805**	3,495,931	3,806,043	3,733,867	3,608,636
- Sold	(mt)	**85,964**	58,461	36,373	40,630	142,189
- Purchased	(mt)	**791,128**	715,644	886,918	1,052,395	940,925
- Total processed	(mt)	**4,578,969**	4,153,114	4,656,588	4,745,632	4,407,372
Weighted Average Hectarage						
- Mature	(ha)	**181,139**	176,391	173,313	166,781	160,328
- Immature	(ha)	**33,686**	35,183	35,936	38,000	35,904
Total planted area	(ha)	**214,825**	211,574	209,249	204,781	196,232
FFB yield per mature hectare	(mt/ha)	**21.39**	19.82	21.96	22.39	22.51
CPO yield per mature hectare	(mt/ha)	**4.64**	4.42	4.91	4.93	4.83
Mill Production						
- CPO	(mt)	**992,524**	925,421	1,040,171	1,044,099	945,693
- PK	(mt)	**199,157**	187,986	217,310	218,952	203,886
Oil Extraction Rate						
- CPO	(%)	**21.68**	22.28	22.34	22.00	21.46
- PK	(%)	**4.35**	4.53	4.67	4.61	4.63
Cost of Production						
- FFB	(RM/mt ex-estate)	**240**	244	222	208	230
- CPO (exclude windfall profit levy and Sabah sales tax)	(RM/mt ex-mill)	**1,389**	1,381	1,268	1,197	1,301
Average Selling Prices						
- Refined palm products	(RM/mt ex-refinery)	**2,884**	2,392	2,227	2,519	2,460
- CPO	(RM/mt ex-mill)	**2,735**	2,270	2,106	2,396	2,275
- PKO	(RM/mt ex-mill)	**5,985**	4,191	3,205	3,294	2,225
- Palm kernel cake	(RM/mt ex-mill)	**323**	277	262	430	401
- PK	(RM/mt ex-mill)	**2,534**	1,881	1,424	1,576	1,105
- FFB	(RM/mt)	**579**	575	462	520	317
Average profit per mature hectare (after replanting expenditure)	(RM)	**6,815**	4,014	4,381	5,964	4,200
RUBBER						
Production						
- Own estates	('000 kg)	**12,975**	16,007	15,224	16,547	17,531
- Sold	('000 kg)	**–**	–	–	70	189
- Purchased	('000 kg)	**1,803**	1,282	1,314	1,726	2,104
- Total processed	('000 kg)	**14,778**	17,289	16,538	18,203	19,446
Weighted Average Hectarage						
- Mature	(ha)	**9,746**	10,305	10,777	12,456	15,029
- Immature	(ha)	**3,309**	3,364	3,500	3,678	3,670
Total planted area	(ha)	**13,055**	13,669	14,277	16,134	18,699
Yield per mature hectare	(kg/ha)	**1,331**	1,553	1,413	1,328	1,166
Cost of Production	(sen/kg ex-estate)	**420**	382	409	426	441
Average Selling Prices (net of cess)	(sen/kg)	**895**	667	681	800	942
Average profit per mature hectare (after replanting expenditure)	(RM)	**3,256**	974	404	1,602	3,021

MANAGEMENT DISCUSSION & ANALYSIS

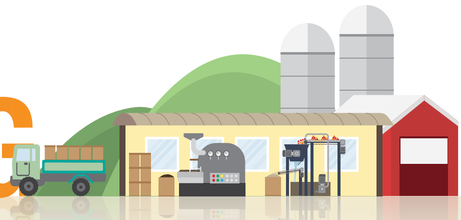
INTEGRATED BUSINESS VALUE CHAIN

Since the 1990's, the KLK Group had diversified into resource-based manufacturing (predominantly oleochemicals) and vertically integrated both its upstream and downstream businesses. This integrated business value chain enables the KLK Group to diversify into different markets segments and mitigate the risk of volatilities of the segments.



MANAGEMENT
DISCUSSION & ANALYSIS

MANUFACTURING



KLK OLEO

OLEOCHEMICALS

Since the 1990's, the Group had diversified into resource-based manufacturing (predominantly oleochemicals) and vertically integrated both its upstream and downstream businesses. Its operations have expanded through joint-ventures, acquisitions and organic growth in Malaysia, the People's Republic of China, Europe and Indonesia, allowing the Oleochemicals division (i.e. KLK OLEO) to venture further downstream.

KLK OLEO's production portfolio ranges from basic oleochemical products, such as fatty acids, glycerine, fatty alcohols and fatty esters, all the way down the spectrum to specialties, such as sulphonated methyl esters, surfactants and phytonutrients. Our products are used in diverse end-use applications, including home & personal health care, cosmetics & toiletries, food, flavours & fragrances, lubricants and industrial chemicals.

Backed by a firm belief in innovation and a strong R&D culture, the creation of new downstream businesses continues to be the cornerstone of our strategy to capitalise on the integrated value chain.

KLK OLEO's global presence also facilitates world class standards in support and servicing of its clientele.

VISION

Growing to be the most trusted global partner in oleo-based products and solutions, thus enriching human lives in a sustainable manner every day.

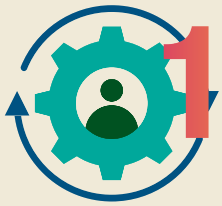
MISSION

- Consistent delivery of competitive high-quality products and solutions that are focused on meeting and exceeding customer expectations.
- Value addition through commitment to the highest standards of operational excellence driven by a culture of continuous improvement and innovation.
- Cultivating a team that values and develops people of all backgrounds through empowerment and recognition.
- Values built on the legacy of ethical practices embraced by its founder, committed to operate responsibly and with integrity.

TOTAL MANUFACTURING SITES

13

TOTAL MANUFACTURING FACILITIES



14

PRODUCTION CAPACITY

3 MIL MT PA

SUPPLY TO

123

COUNTRIES

MANAGEMENT DISCUSSION & ANALYSIS

MANUFACTURING

KL-Kepong Oleomas, Westport, Port Klang

SECTORAL PERFORMANCE

FY2017 has been a particularly challenging year for the KLK OLEO Group. The Oleochemicals business achieved a profit before taxation of RM115.5 million compared with RM299.4 million in the previous year, a substantial 61% reduction.

Results were significantly impacted by the very high CPKO prices during the first half of the FY, and further compounded by its sharp drop in the middle of the FY, which necessitated the write-down of inventory costs to net realisable value of RM60.3 million. The big detachment between the physical and Bursa Malaysia Derivatives CPO Futures prices made raw material hedging extremely difficult, as Management tried to balance between the high-price inventory, and keeping the plants full to meet "on time and in-full" ("OTIF") demands from customer orders.

Overall, the high feedstock prices weighed down on the performance of our Malaysian operations. While our fatty acids business remained stable, our soap business was very much affected, with weak volumes for the first three Quarters, followed by a modest recovery during the last Quarter when feedstock prices eased. Petrochemical-based products also had a significant cost advantage especially over our fatty alcohols, with many producers in the region operating below nameplate capacity due to severe margin erosion of CPKO-based products.

The protracted period of low oil petroleum price had also detracted the demand for our sulphonated methyl ester ("SME"), as the preference for natural ingredients as a substitute for petroleum-based products seems to have taken a back seat. Our SME business was still incurring loss, as efforts on optimising plant operations and rectifying technical issues were being progressed. At the end of the FY, the division took an asset impairment adjustment to reflect the slow demand. Management also has reorganised the sales team to put more focus on building market awareness and seeding of our product, which has gained good traction especially towards the year end. Marketing and promotion activities were stepped up, and we are beginning to see positive interests from the market. Many countries are leading the call for improved environmental protection and we saw a sudden surge in demand for our SME, being a green chemical, early in the new FY.

MANAGEMENT
DISCUSSION & ANALYSIS

MANUFACTURING

Comparatively, our specialties business remained healthy. Our ethylene-bis-stearamide ("EBS") unit performed strongly during the FY, making sturdy inroads into the Asian market, with China becoming a strong emerging market after Taiwan. EBS is used in acrylonitrile butadiene styrene ("ABS") plastics, consumed mostly in the automobile industry followed by high-end toys and home appliances industries. Palm-Oleo Klang's fourth specialty esters reactor had commenced operations. This new ester plant will offer not only more capacity, but also greater flexibility in meeting customers' needs for a wider range of esters and their applications. This expansion project will further strengthen KLK OLEO's foothold in the specialty chemical segment, especially in the cosmetics & toiletries and bio-lubricants industries.

Our overseas units also had a tough year. Our China unit Taiko Palm-Oleo (Zhangjiagang) ("TPOZ") had taken a longer than anticipated time to build up the customer base to fully fill up its new expanded capacity. The high feedstock prices during the first half of the FY further exacerbated the matter. As the capacity was not fully utilised, the site was struggling to cover its fixed cost base. We saw an improvement in order books in the last Quarter of the FY, as feedstock prices have become more competitive, although the unit continues to face stiff challenge from Indonesian imports. Indonesian fatty acids are imported free of duty under the ASEAN-China Free Trade Agreement ("ACFTA"), compared to RBD Palm Stearin feedstock imports which are dutiable, which puts further cost disadvantage on a local producer like TPOZ.

On a positive note, the triacetin business at our China operations is making good progress, supported by the superior product quality and has become well received in the food and fragrance industry.

In Europe, our basic oleochemical unit KLK Emmerich faced similar challenges. High volatility in lauric prices had pushed customers to adopt the wait-and-see approach when booking new orders. The reinstatement of Indonesia's Generalised Scheme of Preferences ("GSP") status has put European producers under pressure, with products ex-Indonesia enjoying price advantage. In an effort to counter the imports, our European units continue to push for improvement in plant efficiency and quality. KLK Emmerich has successfully commissioned its second ester plant at the end of the FY. While the first plant is focused on sorbitan ester, this new plant will produce mid-chain triglycerides, hence creating more synergies for our global ester business.

At our Kolb unit in the Netherlands, the completion of the new jetty and storage tank facilities further enhances our European supply chain hub to better support our customers in region, reinforcing KLK OLEO's commitment to the European market. The Hedingen unit has obtained the Good Manufacturing Practice ("GMP") Swiss Medic certification which will give access to the higher-margin pharma markets. Our surfactants unit KLK Tensachem has also completed various improvement and debottlenecking projects. We foresee great opportunities ahead to further strengthen our position in the European surfactants market through the strong synergies within the different operating units in the region.

The Oleochemicals division had also added dimerised fatty acids to its product portfolio. This product will be manufactured in Europe as well as China, to take advantage of the local feedstocks available within the regions. The applications for this product are diverse, it can be used to synthesise polyamide resins and hot melt adhesives, and it also be used in adhesives, surfactants, fuel oil additives and lubricants.

OUTLOOK

The Group anticipates that the tough business condition and overcapacity situation will persist into the new FY. However, with feedstock prices trending down from 2017's near record highs, there will be increased fresh demand supported by market correction to restock depleting inventory levels, leading to a stronger delivery in the new FY.

NON-OLEOCHEMICALS

For the FY under review, the other non-oleochemicals manufacturing units comprising of rubber gloves and parquet flooring businesses recorded lower profit at RM18.5 million (FY2016:RM23.8 million). This was mainly due to the lower profit recorded by the rubber gloves unit as it was affected by higher raw material price, leading to lower sales.

Process improvement with further adoption of automation where possible, innovation and product development will continue to be the emphasis of these manufacturing businesses to remain competitive in the volatile and fluctuation raw material prices and foreign exchange rates.

MANAGEMENT
DISCUSSION & ANALYSIS

PROPERTY DEVELOPMENT

KLK LAND

The Property business started in the 1990s when the Group capitalised on its strategic location of its land bank in Peninsular Malaysia. Its latest project, the 1,000 acres Bandar Seri Coalfields ("BSC") township is located in the vicinity of Sg. Buloh, Selangor and will be developed over the next 15 years. This is in addition to the nearby Desa Coalfields and Sierramas projects which have since been completed.

Future developments are expected to take place in Johor namely at Iskandar North Kulai and Gerbang Nusajaya.

VISION
Developer of Choice

MISSION
The Nation's Preferred Property Developer

Aerial view of Ixora link homes at BSC, Sg Buloh

MANAGEMENT
DISCUSSION & ANALYSIS

PROPERTY DEVELOPMENT

INDUSTRY OVERVIEW

The property market remained soft throughout FY2017. The landed residential market fared slightly better as these cater for the owner-occupant market. The rising cost of living, continued cooling measures implemented and weak buyer sentiments are expected to cause the industry to remain weak in the coming FY.

SECTORAL PERFORMANCE

Despite the weak market, the Property sector recorded an increase in profit of 41% to RM40.5 million (FY2016:RM28.6 million). Revenue for the business sector stood at RM141.5 million with a remaining RM30.4 million unbilled sales.

During the FY, KLK Land launched the Ixora 2 (22'x75') double-storey link homes and Hibiscus 3 (18'x60') double-storey homes, both receiving good responses. There was also an Open Day held to offer the balance units of Hibiscus 2 (18'x60'), to the market which were fully sold and successfully completed in Fourth Quarter FY2017.

The semi-detached homes (40'x100') in Hemingway Residences, North Haven

FUTURE FOCUS

A school has been added to the existing amenities within the BSC township with the construction of the renowned Wesley Methodist School ("WMS") well underway and expected to be completed for the January 2019 intake. As an academic excellence educationist, WMS BSC will offer a Dual Language programme to enhance the learning experience, as well as an array of co-curricular choices, to create a well-rounded generation.

Planning of the new BSC Sales Gallery and Clubhouse situated next to the 50-acre central park is in the pipeline, with opening targeted at the end of 2018. There will be facilities to cater to families to live an active lifestyle such as badminton, basketball and tennis courts, a swimming pool, gym and football field. Security is continuously being upgraded within the township and the Auxiliary Police Force are in place to provide the township with security 24-hours daily.

In First Quarter FY2018, KLK Land will be unveiling an exclusive residential enclave in BSC, known as North Haven. Located on higher ground, North Haven will offer premium freehold landed homes with breathtaking views over the surrounding area. The first phase of North Haven, Hemingway, will comprise of a total 158 units of superlink (24'x90') and 94 units of semi-detached (40'x100') homes. The large lot sizes offer a spacious and comfortable home environment for family living.

KLK Land is committed to continue developing quality products as well as building a vibrant and sustainable township, providing conducive living environment for its residents.

Artist impression showing the interior of Ixora 2 at BSC

SUSTAINABILITY STATEMENT & REPORT

SUSTAINABILITY MISSION STATEMENT

KLK is committed to creating sustainable stakeholders values by integrating environmental and societal concerns into its business strategies and performance.

Such values are realised through continuous balanced assessment and development of its operations, which simultaneously conserving and improving the natural environment, and uplifting the socio-economic conditions of the employees and communities. The management of sustainable business and corporate responsibility activities are focused on four (4) core areas, namely:

This Sustainability Report ("Report") had been prepared with guidance from Bursa Malaysia's Sustainability Reporting Framework and the Global Reporting Initiative G4 ("GRI") guidelines. This Report lays out our ways of working, and how they relate to our Company's performance on an operational and business level. This Report focuses on the Plantations and the Oleochemicals division ("KLK OLEO"), which are our largest and most established business sectors.

The economic, environmental and social ("EES") performance in the following pages covers data which have been compiled internally for the 12-month period from 1 October 2016 to 30 September 2017, and where applicable, historical data of the preceding year have been included for comparison. We will move towards seeking external assurance for future reports. Our goal with this Report is to share our progress, development and improvements relating to sustainability. More specifically, in addition to managing sustainability governance, sustainable product development and environmental stewardship, we also advance our people and partner with the community for balanced development.

SUSTAINABILITY
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KLK SUSTAINABILITY MILESTONES

1999

APR ASEAN adopted Zero Burning Policy

2004

OCT KLK became a Member of Roundtable on Sustainable Palm Oil ("RSPO")

2009

MAR KLK received its first RSPO Principle & Criteria ("P&C") certification for two of its palm oil mills in Sabah

2012

SEPT RSPO Supply Chain Certification ("SCC") Multisite Certificate awarded to KLK OLEO

2014

FEB All KLK refineries and kernel crushing plants successfully certified under RSPO SCC

JUN KLK OLEO RSPO SCC Multisite Certification extended to Indonesia site

NOV All KLK Malaysian palm oil mills successfully certified under RSPO P&C

DEC KLK Sustainability Policy launched

2015

JAN KLK OLEO RSPO SCC Multisite Certification extended to China site

SEPT KLK Sustainability Steering Committee chaired by CEO was formed

2016

APR KLK OLEO Sustainability Initiatives (Social & Environment) Training Programs were conducted: ISO 14001, OHSAS 18001 and SA 8000

JUL KLK OLEO RSPO SCC Multisite Certification extended to Germany (Dusseldorf) and Belgium sites

OCT Malaysian Sustainable Palm Oil ("MSPO") Certification awarded to Kekayaan Palm Oil Mill

2017

JUL KLK OLEO launched Supplier Code of Conduct for its palm sourcing suppliers

THE JOURNEY CONTINUES...

SUSTAINABILITY
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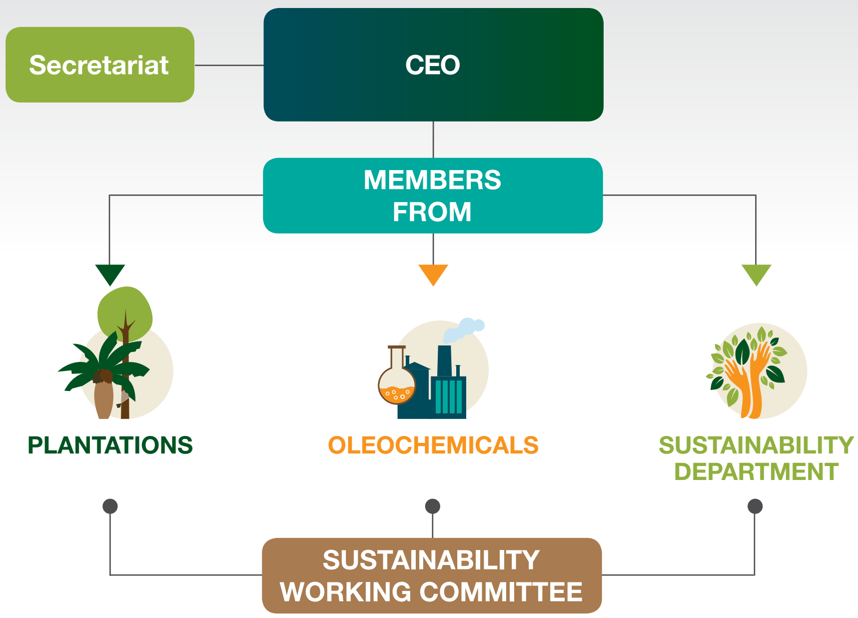
SUSTAINABILITY GOVERNANCE

At KLK, sustainability is an organic journey and a fundamental aspect of how it conducts its business. Sustainability governance is done through the Sustainability Steering Committee ("SSC") formed in September 2015, chaired by the CEO whilst members of the SSC include the Group Plantations Director, Managing Director of KLK OLEO and representatives from the Sustainability team.

The mandate of the SSC is to develop sustainable strategies and policies, and to guide decision-making efforts for the Group. The SSC also has a monitoring role to ensure that KLK meets both its compliance and sustainable development responsibilities. The CEO updates the Board of Directors on the Group's progress pertaining to its Sustainability Agenda.

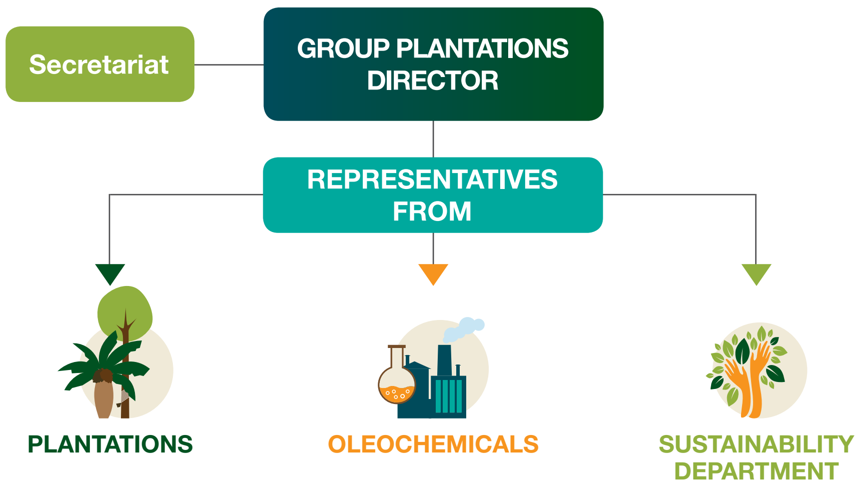
The SSC is supported by the Sustainability Working Committee ("SWC"). The SWC discusses operational matters that center around sustainability, recommends and implements solutions.

Sustainability Steering Committee



Roles:

- Develop Group strategies and policies
- Monitoring sustainable performance



Roles:

- Ensure consistent implementation of sustainability practices and standards
- Raising sustainability practices awareness amongst employees
- Continues stakeholders engagement efforts

SUSTAINABILITY
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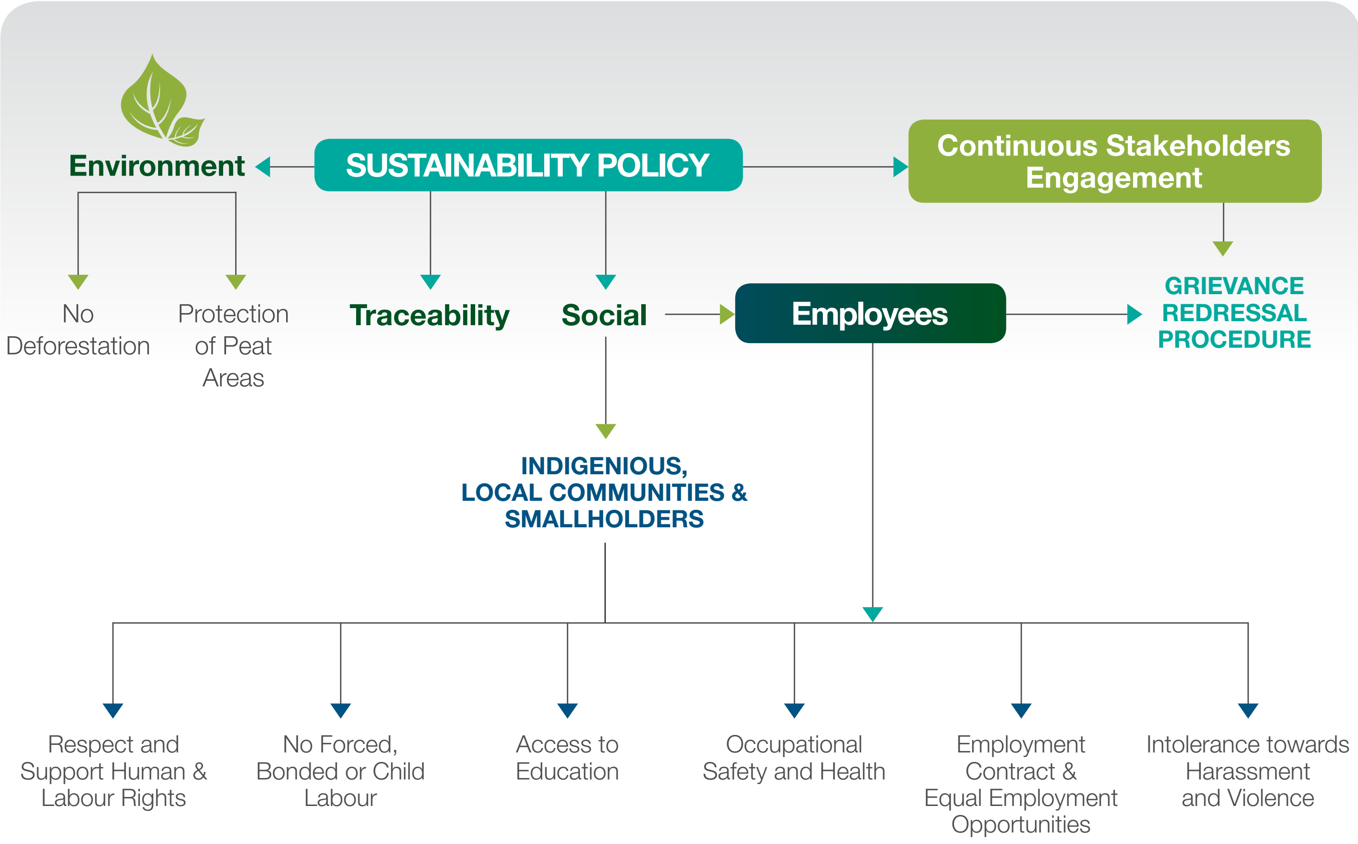
Sustainability Policy

Sustainability has been embedded in our operations since the early 2000s. This is evidenced by our longstanding implementation of good agricultural practices, including a strict Zero Burning Policy for new plantings and replanting.

In line with this, in December 2014, we have developed our comprehensive Sustainability Policy ("Policy"). This publicly available Policy helps us keep our values, sustainability pillars and commitments in check. KLK adopts the Principles & Criteria ("P&C") set out by the RSPO as the foundation of its sustainable practices and are further guided by the areas stipulated in its Policy. The focus areas would include:

- No deforestation;
- No development on peatland for new plantation areas; and
- No exploitation of stakeholders which include employees, local & indigenious communities and smallholders.



The Policy is currently being reviewed for relevance and will be amended (including complimentary policies issued to support the Policy) , where applicable, to reflect developments that have taken place during the last three (3) years since its introduction. The review will also look into a new timeline for our supply chain to fully comply with the Policy, in view of the challenge for third party suppliers and dealers to fully adhere to the commitments in the Policy. The revised Policy is expected to be announced at the end of March 2018.

KLK is also committed to provide updates as and when there are new developments and not on a half yearly basis as stipulated in the Policy.

SUSTAINABILITY STATEMENT & REPORT

Policy Action Plan & Implementation Status

OCT 2016 - SEPT 2017	
Action Plan	**SUMMARY OF IMPLEMENTATION**
• To continue engagement sessions with external suppliers, customers and Non-Government Organisations ("NGOs") – both upstream and downstream.	• Engagement with stakeholders are important element in our policy.
• Continue assistance to certify Smallholders.	• Certification completed in April 2017. We will continue to support the certified Smallholders to meet with the expected standards.
• Apply the High Carbon Stock ("HCS") Approach methodology to new planting areas in Liberia and Indonesia.	• Completed HCS Approach assessment operations in Indonesia and Liberia in April and August 2017 respectively.
• Review Malaysian and Indonesian labour practices. Implementing measures to reduce or close the gaps.	• Continuos review of labour practices between Malaysia and Indonesia. Areas of high priority includes ensuring there is no bondage or forced labour and adherence to our Policy by external contractors appointed for specific work in the fields.
• Initiate field assessment on external suppliers to ascertain level of compliance with Policy.	• Field assessment was undertaken for three (3) external suppliers and one (1) dealer. We will continue with the engagement with other suppliers and carry out the field assessments in FY2018.
• All MSPO Certification audits to be completed by November 2017.	• We obtained our first MSPO certification for our Kekayaan Palm Oil Mill. All our remaining Malaysian palm oil mills have been audited in November 2017 and are awaiting their certification, expected to be obtained by end December 2017.

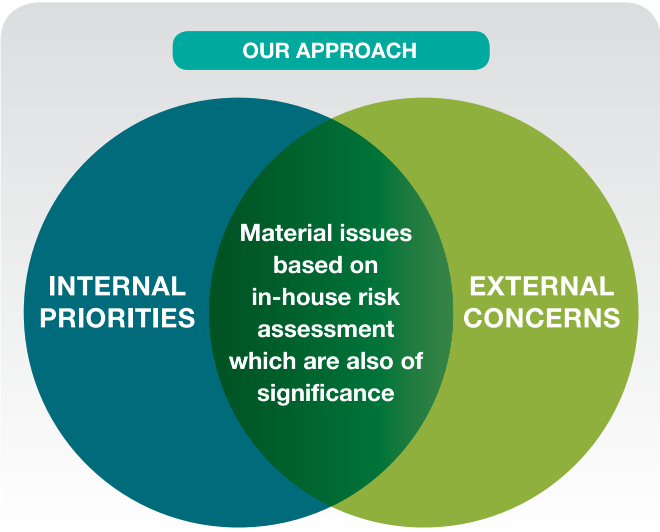
MATERIALITY MATRIX

According to the GRI, materiality refers to aspects that reflect an organisation's significant EES impact, and how a company can have a substantial influence on stakeholder assessments and decisions.

During the preparation of KLK's first Report for FY2016, we conducted a materiality assessment exercise which involved a combination of in-house risk assessment and identification of external stakeholder expectations and trends. The Senior Management reviewed key EES issues which our stakeholders are most concerned with, against potential financial, operational and reputational impact that these issues may have on the Company. The Materiality Matrix ("MM") was drawn up based on this.

We realise that in today's globalised and fast-paced world, material issues are always evolving. However, since there has been no major corporate developments or developments specific to the Company's Plantations and KLK OLEO for FY2017, our MM remains the same for most of the part, except in the increased importance of Water Footprint and Community Investment.

It should be noted that material issues that fall outside the scope of coverage are no less important considerations to us and disclosure of our progress in addressing these concerns continue to be made through other appropriate channels.



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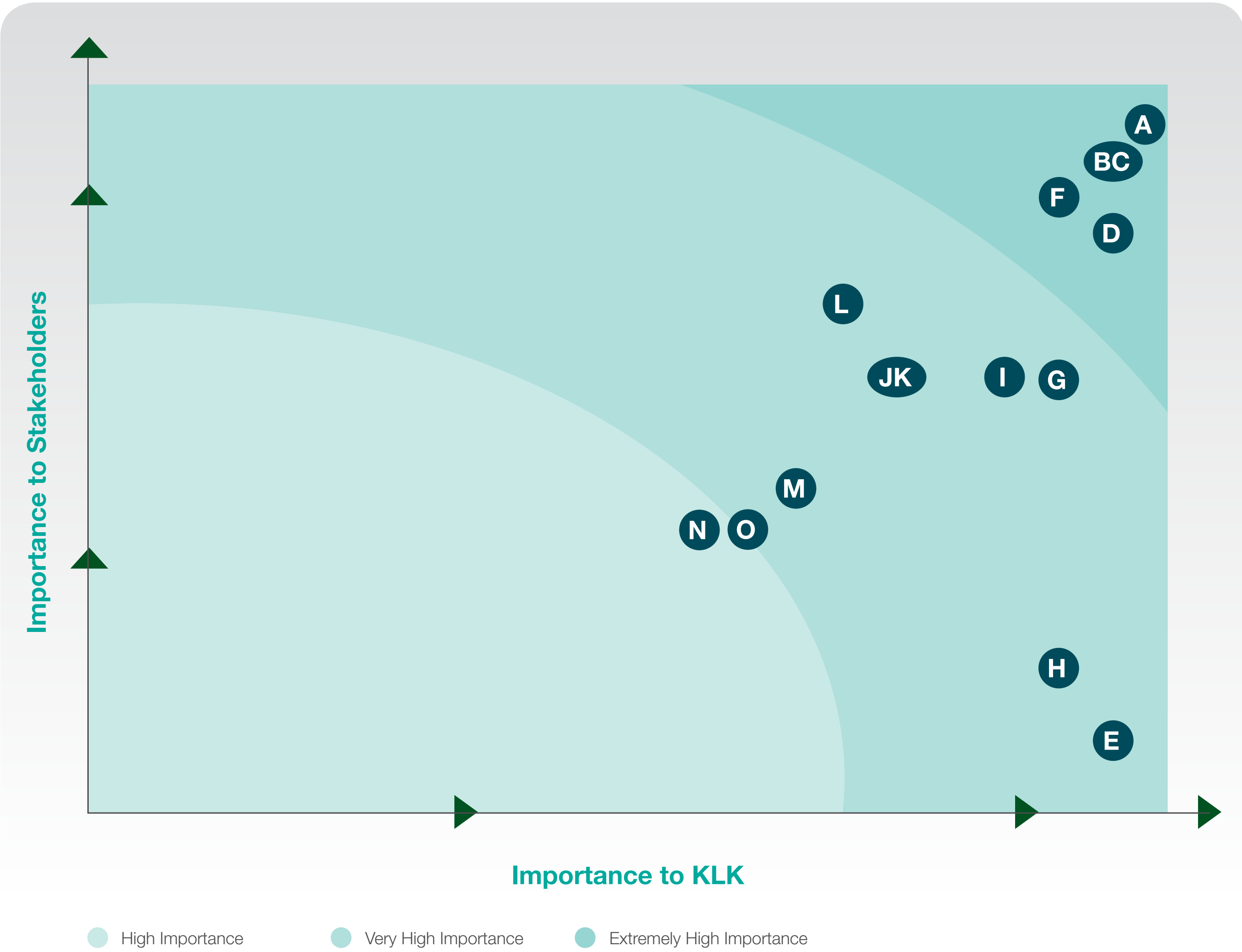

A. Deforestation of HCS Forests and Peatlands
B. Degradation of High Conservation Value and Biodiversity
C. Traceability
D. Legal Compliance
E. Employee Retention
F. FPIC
G. Product Certification
H. Operational & Development Cost
I. Health and Safety
J. Labour Relations and Human Rights
K. Sustainable Development of Smallholders
L. Carbon Footprint
M. Water Footprint
N. Community Investment
O. Training and Education

SUSTAINABILITY
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TRACEABILITY

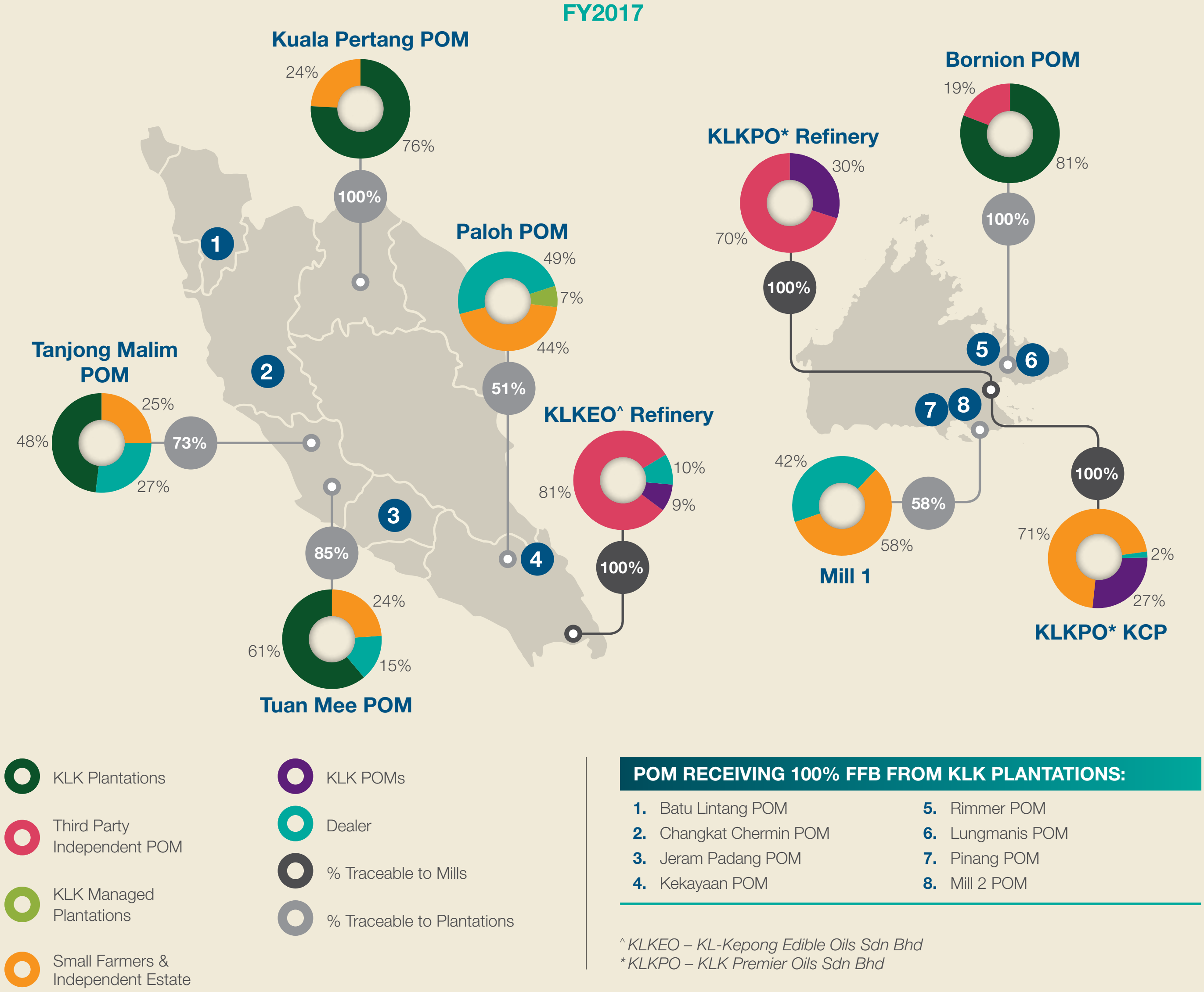
Traceability is of utmost importance to our business where supply chains run across business sectors i.e. Plantations and KLK OLEO. It is to ensure that our end products are sustainably produced, which is an increasingly important consideration for our stakeholders.

Traceability at Plantations

The palm products produced at KLK are traceable right up to its respective palm oil mills ("POMs"), refineries and kernel crushing plants ("KCPs"). The next step of tracing the source of palm products of its third-party suppliers, remains a huge challenge. These suppliers include Smallholders, Small Growers, external POMs, external refineries and other palm products production plants. KLK has taken steps to understand the practices of its third-party suppliers and to include them in its traceable data. This is a long-term process and KLK will strive to convince its third-party suppliers of the importance of adopting traceability requirements.

To further improve transparency towards traceable palm products, KLK has also made available the GPS coordinates of its POMs in its corporate website, *www.klk.com.my*.

KLK POMs, Refineries and KCPs in Malaysia FY2017



POM RECEIVING 100% FFB FROM KLK PLANTATIONS:

1. Batu Lintang POM	**5.** Rimmer POM
2. Changkat Chermin POM	**6.** Lungmanis POM
3. Jeram Padang POM	**7.** Pinang POM
4. Kekayaan POM	**8.** Mill 2 POM

^ KLKEO – KL-Kepong Edible Oils Sdn Bhd
** KLKPO – KLK Premier Oils Sdn Bhd*

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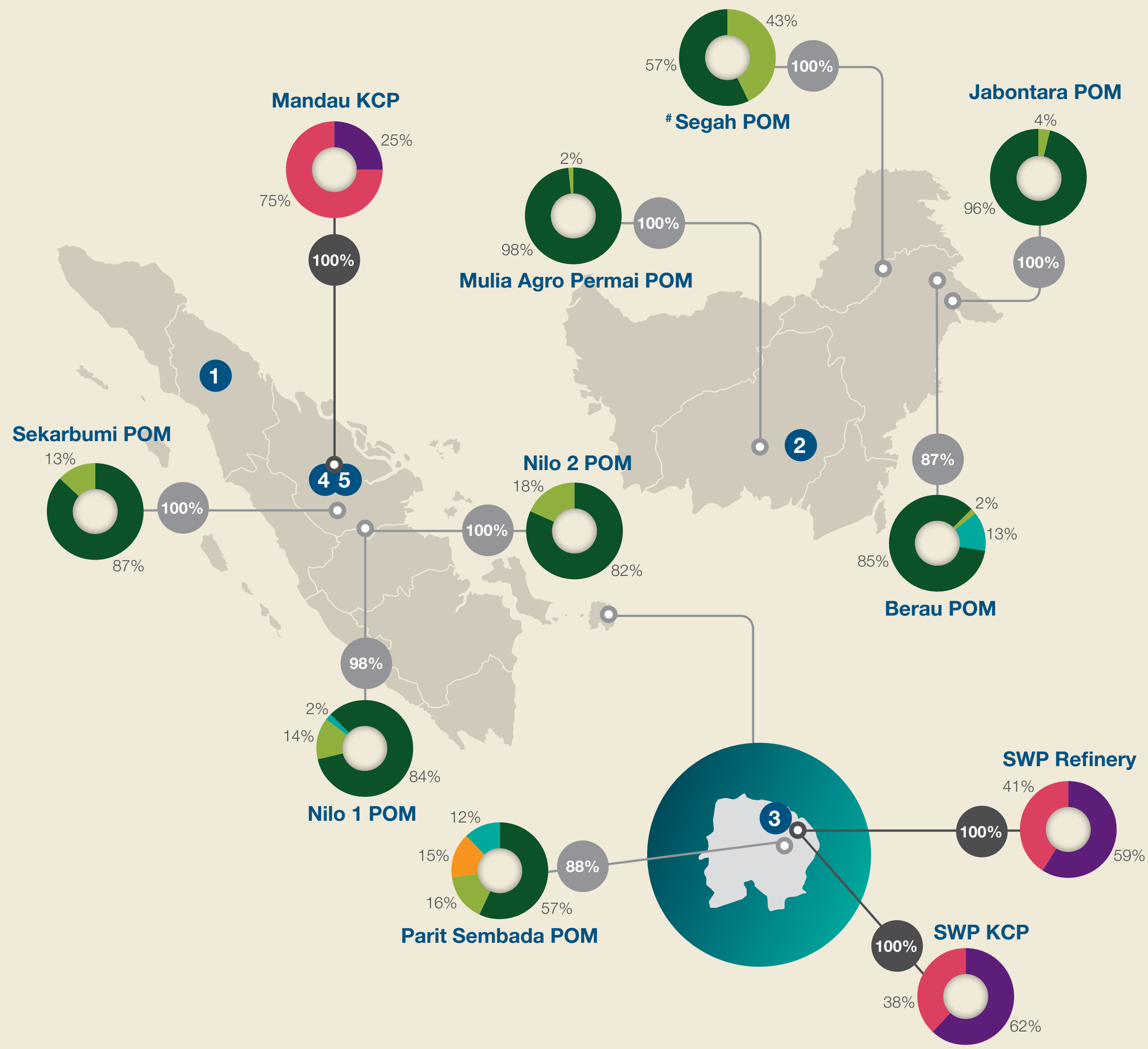
KLK POMs, Refineries and KCPs in Indonesia FY2017



- KLK Plantations
- Third Party Independent POM
- KLK Managed Plantations & Plasma
- Small Farmers
- KLK POMs
- Dealer
- % Traceable to Mills
- % Traceable to Plantations

POM RECEIVING 100% FFB FROM KLK PLANTATIONS:	MANDAU REFINERY RECEIVING 100% PKO FROM:
1. Stabat POM	**5.** Mandau KCP
2. Karya Makmur Abadi POM	
3. Steelindo Wahana Perkasa POM	
4. Mandau POM	

 # Managed by KLK

SUSTAINABILITY STATEMENT & REPORT

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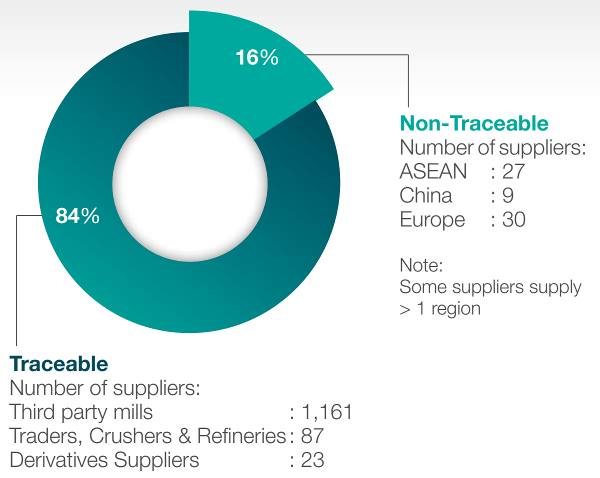
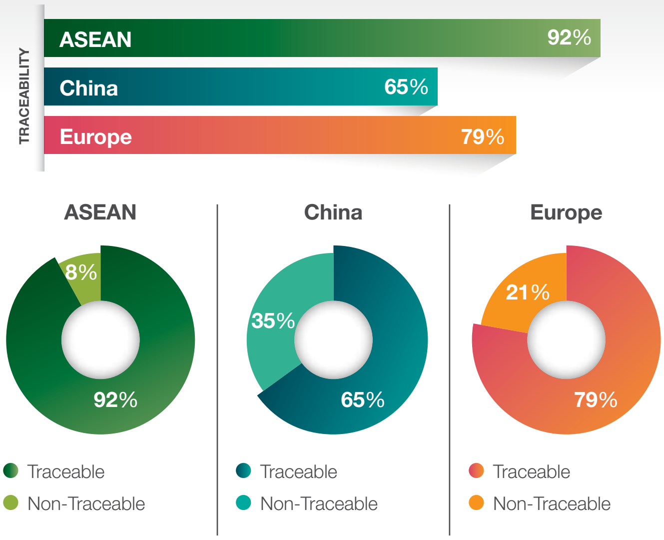
Traceability at KLK OLEO

With the inherent complexity in KLK's supply chain, traceability for its downstream business is mapped to the POM level and the data provided are estimates. The percentages disclosed were tabulated based on the weighted average purchases for oils and derivatives processed in its OCs in China, Europe, Indonesia and Malaysia and taking into consideration the information publicly available and those provided by its suppliers (with verification exercises still on-going).

KLK OLEO Traceability Status FY2017

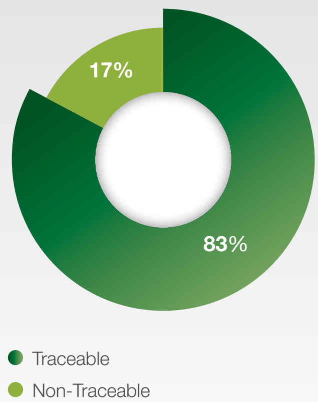


Traceability (By Region) FY2017

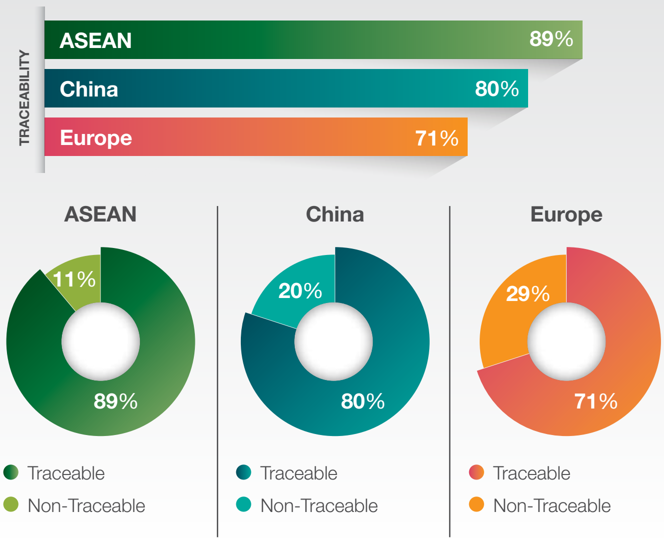


Traceability (By Feedstock) FY2017

Palm Kernel Based



Palm Kernel Based (By Region)



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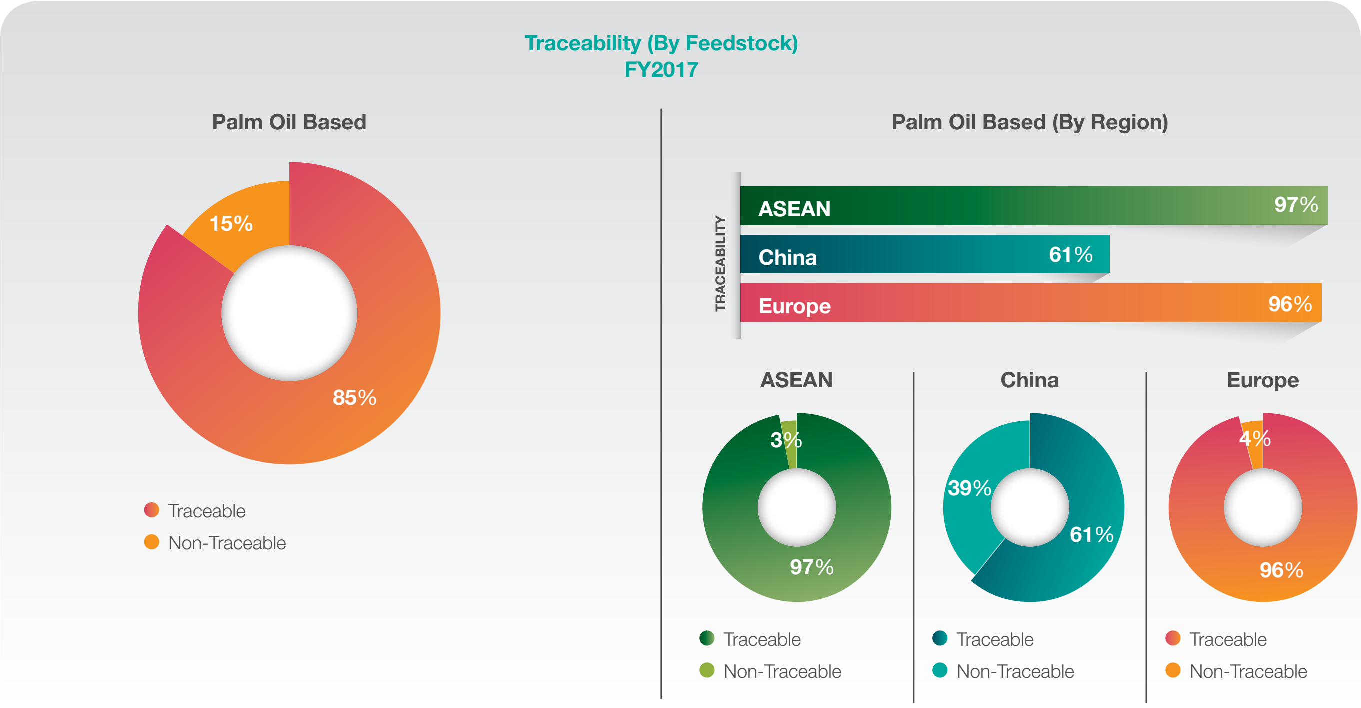

Supply Chain Sustainability Risk Management

At KLK OLEO, we strive to manage sustainability risks throughout the supply chain. To handle this, we developed a risk-based sustainability sourcing framework, presented below. During the FY, we have been implementing the sourcing framework, shown below, with our tier 1 suppliers. We believe continuous engagement with our suppliers together with cooperation and collaboration are key to successful supply chain management.

Milestones - Third Party Supply Chain Management Programme

MILESTONE	DELIVERABLE & TIMELINE	STATUS
1. **Assess current state**	January – February 2017	✔
2. **Conduct sustainability lab**	28 February 2017	✔
3. **Develop sustainability sourcing framework**	• Sustainability sourcing framework & Supplier Code of Conduct: March – June 2017	✔
	• 2 on-site audit pilot tests on direct suppliers: i. Palm Oil Mill (29 May 2017) ii. Kernel Crusher & Refinery (8 June 2017)	✔
4. **Perform supplier engagement sessions**	• Sustainability Talk: 26 July 2017	✔
	• Webinar 1: 22 August 2017	✔
	• Webinar 2: 20 September 2017	✔
5. **Execute sustainability sourcing framework**	• Scheduled from August – December 2017	On-going
	• Primary, secondary and tertiary assessments	On-going
	• Perform on-site audits for selected high-risk suppliers	In Pipeline
6. **Review risk mitigation plan**	• Scheduled from January 2018 onwards	In Pipeline

Legend
✔ Implemented   On-going   In Pipeline

SUSTAINABILITY STATEMENT & REPORT

MARKETPLACE

STAKEHOLDERS ENGAGEMENT

With stakeholder engagement as a cornerstone of KLK's sustainability approach, the Group actively meets, converses, consults and works with a broad cross-section of stakeholders to address areas of shared interests and concerns. Our commitment to continuously engage with them echoes our support for Free, Prior and Informed Consent ("FPIC") process.

Regular engagements are held with internal and external stakeholder groups to keep them updated on the latest developments within our Company. At least once a year, all our operating centres ("OCs") hold both internal and external stakeholder meetings. These meetings allow us to communicate information on Company policies and activities and further discuss on issues that could impact stakeholders' interests. We record these communication sessions in stakeholder meeting minutes, which are available at our mills and estates.

Apart from official meetings, information is also provided to stakeholders upon request to our Management.

Our website *www.klk.com.my* is one of the channels to further enhance stakeholders communication. Information pertaining to the Group including announcements, news releases, stakeholders responses, quarterly financial announcements and reports are made available online. All such communications are guided by our Corporate Disclosure Policy. We also have a dedicated email account, *sustainability@klk.com.my* for direct communication with us and a Grievance Redressal Procedure in place. We aim to address any grievance or complaints between the Group and other parties fairly and effectively. Our channels provide a framework for non-discriminatory and fair treatment to all parties.

Stakeholder Groups and Key Engagement Conducted in FY2017

STAKEHOLDER GROUP	HOW KLK ENGAGES WITH STAKEHOLDERS	OUTCOME
Employees	• Team building, sport and social activities • Annual training programmes • Building different employee committees	• First-aid, RSPO P&C, environment, social and safety aspects training • Employees are provided avenues to share their needs and desires
Local Communities	• Meetings with different stakeholders • Organise joint exercises with different stakeholders	**Liberia** • Signed Memorandum of Understanding ("MoU") with different stakeholders • Initiated the Smallholder Tree Crops Revitalisation Support Project in collaboration with Liberia's Ministry of Agriculture and World Bank assisting oil palm smallholders • Developed joint participatory mapping • Conflict resolutions including settling land claims • Oil palm maintenance training • All communities agreed with the initiated village buffer zone in Liberia **Other regions (Malaysia and Indonesia)** • Training programme for Smallholders supplying to Bornion Palm Oil Mill, Sabah • Engaging and organising community projects that involve local communities such as "*gotong-royong*" at village, health talks and checks for villagers and festive celebrations

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STAKEHOLDER GROUP	HOW KLK ENGAGES WITH STAKEHOLDERS	OUTCOME
Governments	Engage with different ministries and involve them in our projects	Compensation process and venue
Media	Involve media in our local projects, invite them to our meetings	Articles published about our projects
Secretariat of certification bodies such as: RSPO, MSPO, ISPO, ISCC	Regular reporting: meetings	Actively engaged as a member of the RSPO
Certification Bodies	One-on-one meetings	Audit and certification
NGOs	Involve different NGOs in meetings and joint exercises	Collaboration with Smallholders, development of programmes
Schools and Universities	• Provide scholarships for students • Talks held in schools and universities	• Opportunities for underprivileged children to further their studies • Awareness about oil palm development and the palm oil industry • Create awareness about working life and expectations of graduates • Develop a training programme to provide a skill and improve the employability of school dropouts
Consumers	Invite consumers for discussions regarding social and environmental issues	Consumers are actively involved in the production and co-creation of programmes
Consultancies	Involve consultants in project development for specific fields	Successful execution and project results
Investors	One-on-one meetings for investment discussions	Business improvement and better business performances


Engagement with delegates from Indonesian Ministry


Estate visit by investors & fund managers

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Stakeholders Engagement in Liberia

The effort around our commitment to respecting local communities rights at our concessions in Liberia, i.e. Palm Bay Estate and Butaw Estate during this period focused on stakeholder engagements between our subsidiary Equatorial Palm Oil plc ("EPO") with the respective land owners. Numerous meetings have taken place and were mainly in relation to:

1) the completion of the remaining crop counting and compensation payment exercises and the endorsement of the land use plan at Palm Bay Estate, and

2) dissemination and discussion on the outcome of the High Conservation Value ("HCV") assessment with local authorities and other stakeholders in Monrovia, and most importantly to the respective communities, in Butaw Estate. Likewise, the preliminary outcome of the recent HCS assessment was also presented to the communities here.

Arising from the land deeds produced by Winston Farm and Weleysama Town in Palm Bay Estate, EPO has initiated engagements with representative(s) of both parties for their views on its development plan for the area. Relevant authorities were also engaged to confirm the land deeds and to lead the subsequent participatory mapping exercise. These engagement processes are still ongoing. EPO will respect the land owner's decision and should they decide not to be a party to the planned development, the affected area will be delineated and excluded.

From February 2017, EPO had also initiated preliminary engagements with Palm Bay Estate's Phase 2 communities. The engagements were mainly intended to obtain a general view of the communities on EPO's proposed development for their area. Going forward, EPO hopes to be able to have the presence of Sustainable Development Institute ("SDI"), a non-governmental organisation to participate in EPO's FPIC engagements with these communities.

MONTH	SPECIFIC STAKEHOLDER MEETING IN LIBERIA
Oct 2016	Met with communities of Kampala, Moarse, Payes, Gbenee and Wesseh led by Ministry of Agriculture and witnessed and attested by the District Superintendent and the District Commissioner to: • distribute finalised crop compensation documents to the farmers, • conduct crop compensation payment and endorsement on the land use map Held preliminary community engagements to give explanation of EPO's intent in relation to Palm Bay Phase 2 communities of Sammy, Nuhn and Weleysama
Nov 2016	Met with the House of Representatives and community representatives on EPO's application for the extension of the concession agreement's rehabilitation period
Dec 2016	Conducted the crop compensation payment for the remaining 11 farmers from Kampala and Payes
Jan 2017	Met with Smallholder Tree Crop Revitalisation Support Project ("STCRSP") programme representatives on the smallholders replanting programme Held preliminary engagements with Rivercess communities to provide explanation of the EPO's plan
Feb 2017	Conducted boundary resurvey of Winston Farm based on their land deed Held preliminary community engagements with Palm Bay Phase 2 communities of Nuhn, Weleysama, Takpelleh and Sammy to provide explanation of Company's plan

SUSTAINABILITY
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MONTH	SPECIFIC STAKEHOLDER MEETING IN LIBERIA
Mar 2017	Met with community of Sugarhill led by Ministry of Agriculture to conduct crop counting exercise Met with the STCRSP programme representatives to finalise the smallholders replanting programme Received consent letter for development from Weleysama and Takpelleh Town Met with Tarsue and Karboh communities on the resolution of the land claim issues Participated in the public consultation of the HCV assessment findings of Butaw at project site and Monrovia
Apr 2017	Met with Winston Farm owner to discuss on development options Received consent letter for development from Gbah Town Conducted preliminary engagements with Rivercess to provide explanation of EPO's plan
Jun 2017	Engaged with communities residing on the eastern side of Winston Farm to initiate/brief crop counting exercise Met with community of Sugarhill led by Ministry of Agriculture to resume the conduct of crop counting exercise Conducted boundary resurvey of the area indicated in the land deed submitted by Weleysama Town Met with SDI to discuss the option of leading the FPIC engagements in Phase 2
Jul 2017	Met with SDI and community representatives of Qlapojelay, Tarloe, Nuhn, Blayah, Sammy and Zaymatas Town pertaining to the development of their area Met with community representatives of Rivercess from Monrovia
Aug 2017	Met with communities of Tarsue and Karboh to initiate and subsequently close the HCS assessment process
Sept 2017	Held preliminary meeting with communities of New Town and Mboe Town as well as the Bah Family from Monrovia on EPO's development plan

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PALM BAY AND BUTAW ESTATES: FPIC ENGAGEMENTS

Crop compensation and farm verification exercise at Palm Bay Estate

Community engagement team visited villages and towns to obtain general views of the community on EPO's development plan

SMALLHOLDERS' PROJECT

Our engagement with stakeholders goes beyond mere dialogue, as we also seek to empower and enable stakeholders to fulfill their aspirations. Our Plantations sector has led us to interiors, placing us at the doorsteps of often isolated communities. By having a presence in these remote localities, we are in a unique position to make a positive impact to the livelihoods of the rural folks.

Bornion Smallholders' Project

In April 2017, Neste joined KLK and Fuji Oil Holdings Inc. as partners, and together, are undertaking the Smallholders' Project in KLK's Bornion Palm Oil Mill in Sabah. Training programmes facilitated by Wild Asia had been organised for the smallholders with topics that include concepts relating to labour contracts and wages, environmental sustainability and HCV, best management practices, Occupational Safety and Health, storage facilities, general housekeeping and domestic & scheduled waste management. The first batch of 55 Smallholders and Small Growers under this project were successfully certified under the RSPO Certification in April 2017. With this, Bornion POM's intake of certified fresh fruit bunches ("FFB") increased from 75% to 90%.

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While we have been able to certify these 55 Smallholders and Small Growers, we acknowledge that there are many challenges faced by this group of producers when it comes to complying with the requirements of major players in the production of palm oil. As such, continuous engagement sessions with our Smallholders and Small Growers suppliers will be carried out. KLK and Wild Asia will continue to strive to achieve 100% certified FFB intake.

Smallholder Tree Crops Revitalisation Support Project

In Liberia, out of the 54 cooperative farmers initially identified for the Smallholder Tree Crops Revitalisation Support Project in District #4 of Grand Bassa County, 33 of them qualified for the project. These eligible farmers have since benefited from the project, from receiving various farming tools, supplies of good planting materials and fertilisers funded by World Bank to receiving technical support from EPO for replanting works in their oil palm farms. To-date, the project has successfully completed the replanting work at these farms.

CERTIFICATIONS

Certification is indispensable and central to any meaningful pursuit. It serves to provide reliable assurance to stakeholders that the Company's products are produced ethically and responsibly, with the necessary safeguards put in place to mitigate risks. We prioritise recognised standards which are consistent with our core commitments and add value through improved market access, enhanced brand reputation and advancement of best-in-class practices.

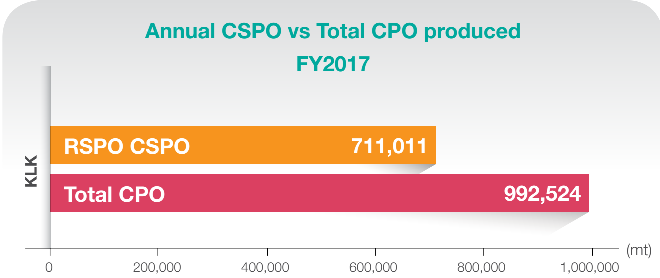
Roundtable on Sustainable Palm Oil ("RSPO")

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 is one of its pioneer members and is fully committed to certify all of its OCs. KLK's Malaysian operations have been fully certified since 2014. For its Indonesia operations, KLK targets to achieve full certification by end of 2019 to allow sufficient time to resolve technical matters peculiar to Indonesia.

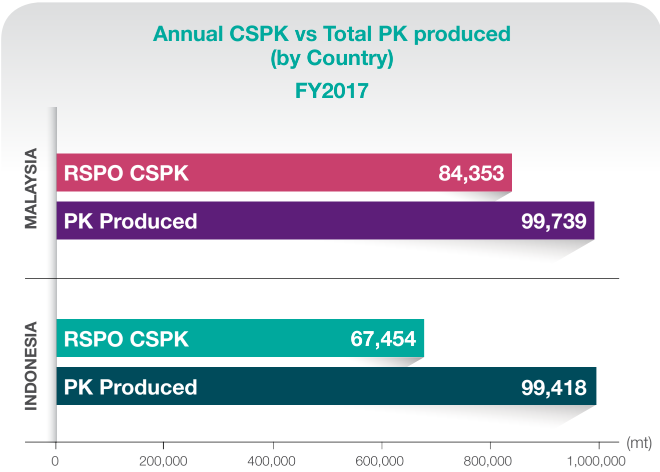
RSPO Certified Sustainable Palm Oil ("CSPO")

Our current estimated annual production of RSPO CSPO has reached 711,011 mt, which represents approximately 72% of our total CPO produced.



RSPO Certified Sustainable Palm Kernel ("CSPK")

In Malaysia, KLK certified 84,353 mt of CSPK under the RSPO certification scheme. This accounts for 85% of the total PK produced in Malaysia. In Indonesia 68% has been certified in FY2017 representing a total quantity of 67,454 mt.



RSPO Supply Chain Certificate ("SCC")

Supply Chain Certification assures customers that the palm oil and palm kernel oil used in the production of finished goods, actually comes from the claimed RSPO source. Four (4) refineries and three (3) KCPs in Malaysia and Indonesia, together with KLK OLEO in Malaysia, Indonesia, China and Europe, are RSPO SCC certified. With the SCC, it can satisfy the product and sustainable development needs of its customers.

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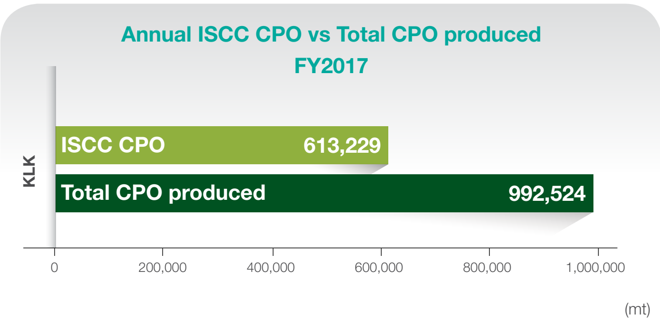
Malaysian Standard on Sustainable Palm Oil ("MSPO")

The MSPO provides general principles for the implementation, establishment and improvement of the operational practices of a sustainability system incorporated in Malaysia to ensure the sustainability of palm oil. This certification standard currently covers the oil palm industry supply chain comprising independent and organised smallholders, plantations and POMs. It also includes grouping smallholders into Sustainable Palm Oil Clusters ("SPOC") or other group management systems. Certification of palm kernel crushers, refineries and palm biomass and biofuel plants will be implemented once the standards are ready. KLK targets to achieve full certification for Malaysian operations by end of 2017, a year ahead of the mandatory timeline for producers that already have RSPO certifications.

International Sustainability and Carbon Certification ("ISCC")

ISCC is a system for certifying the biomass and bioenergy industries. The system focuses on reducing Greenhouse Gas ("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 compliant with the EU Renewable Energy Directive's ("RED") requirements. As of September 2017, KLK had reached a production of approximately 613,229 mt ISCC certified palm oil.



Indonesia Sustainable Palm Oil ("ISPO")

The government of Indonesia established the mandatory ISPO certification scheme to improve the sustainability and competitiveness of the Indonesian palm oil industry. This scheme also supports the Indonesian government's objectives to reduce GHG emissions and draws attention to environmental issues. Similar to the RSPO, the ISPO Standard includes legal, economic, environmental and social requirements, which are based largely on existing national regulations. Currently, nine (9) (an addition of four (4) compared to previous FY) of KLK's POMs in Indonesia are ISPO certified. Full certification is targetted to be obtained by end of 2018.

Certifications for KLK OLEO

Many of our Oleochemicals division's products and processes have been certified by various international bodies as having world-class standards.

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HIGH CARBON STOCK ("HCS")

Background

The No Deforestation commitment among growers in their oil palm operations and supply chains has seen many developments, primarily the merging of the two prominent methodologies - HCS Approach and HCS+ in November 2016. This convergence resulted in a single and coherent set of rules to drive this commitment. It has brought about refinements, additions and important changes to the first version of the HCS Approach Toolkit through which the methodology is standardised and made available to all practitioners. A new HCS Approach Toolkit ver. 2.0 was subsequently released this year. It incorporates the latest scientific research, feedback from on-the-ground trials as well as new topics and inputs from working groups of the HCS Approach Steering Group.

HCS Toolkit (Ver. 2.0): Putting No Deforestation into Practice

This toolkit was launched on 3 May 2017. It provides guidance to users through the steps in identifying HCS forest in fragmented forest landscapes and mosaics in the humid tropics, from initial stratification of the vegetation classes using satellite images and field plots, through a Decision Tree process to assess the conservation value of the HCS forest patches in the landscape and ensure communities' rights and livelihoods are respected, to making the final conservation and land use map. It also takes into consideration other parallel land use and conservation strategies, which include FPIC and the protection of peatlands, riparian zones, HCV areas, and areas of cultural or economic importance to local communities and indigenous people. This has kickstarted the work around the development of procedures for integrated HCV-HCS assessments to identify HCS forests alongside HCVs areas – a collaboration effort between HCS Approach Steering Group and HCV Resource Network (HCVRN).

Updates on Implementation of No Deforestation Commitment

KLK is committed to its No Deforestation and No New Peat area policy. Since the release of the HCS Toolkit ver. 2.0, KLK has had HCS assessments conducted using this methodology at its concessions in Indonesia and Liberia during the FY.

The HCS assessment of P.T. Karya Makmur Abadi in Indonesia was completed in April 2017. It is currently at the final stage of the quality assurance process, a process which involves an independent review of the assessment report. The latter will be published in the HCS Approach website, *http://highcarbonstock.org/*. Similarly, another HCS assessment took place in August 2017 at Butaw Estate, Liberia. Its report is currently being finalised and once completed it will also undergo the same quality assurance process and publication.

GREENHOUSE GAS ("GHG") MANAGEMENT

In producing sustainable palm oil, attention should duly be given to GHG emissions across all aspects of plantation development and KLK OLEO. In this regard, the measurement of relevant GHG emission data is important in serving as a basis for objective evaluation of the impact of businesses on the environment, which in turn provides the essential guidance on effective mitigation measures to be taken. As noted in our Policy, we are committed to reduce our GHG emissions with two (2) approaches: First, through the installation of biogas plants; second, by employing the use of the filter belt-press system. Not only are these safe methods of managing waste, they also promote greater energy self-sufficiency and provide input-cost savings.

Biogas Power Plants

Our biggest source of emissions come from POM effluent ("POME"). POME is the waste water discharged from the milling process and it produces methane gas from its anaerobic digestion. Methane gas is very potent as it traps about 34 times as much heat as carbon dioxide. To decrease methane gas emissions, KLK currently has six (6) operational biogas power plants, spread across Malaysia and Indonesia. These plants help to trap methane gas and prevent it from being released into the atmosphere. They also have the capacity to generate 16 MV of electricity which are being supplied to the national grid of both countries and POM boilers.

Filter Belt-Press ("FBP")

Besides the use of methane capture facilities, KLK also installs FBP in its POMs. The FBP system removes the bottom slurry solids from effluent ponds. This reduces soluble organic matters and substantially lowers the biological nutrient loading to effluent ponds. The biomass can be used as fertiliser in the estates. Also, water extracted from this system is recycled for cleaning purposes. To-date, we have 17 mills with FBPs installed, while six (6) are in the process of installation.

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In collaboration with Neste, ISCC and IDH Sustainable Trade Initiative, we have commissioned external GHG experts from Meo Carbon Solutions GmbH to conduct on-site measurements of methane and Chemical Oxygen Demand on our FBPs. It has been determined that the FBP system does indeed provide a significant impact in GHG reduction. In a case study conducted in one of our palm oil mill, the FBP system led to a considerable reduction in the GHG emissions of 130 kg carbon diocide equivalent (“CO2$_e$”) per tonne of CPO.

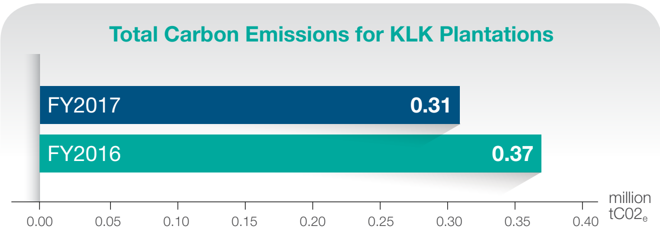
Reduction of GHG

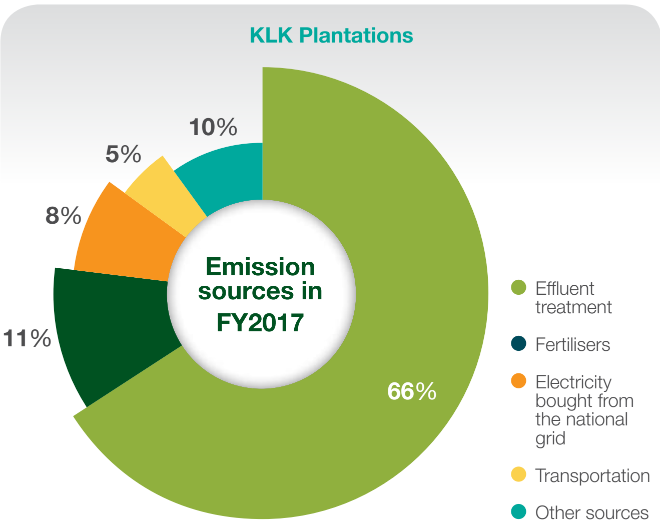
During the period under review, GHG emissions were scheduled to be progressively reduced in existing plantations within OCs through the methane capture facilities and the FBP system. Efforts to reduce GHG emissions are also supported by national as well as international legislation, such as the European Renewable Energy Directive (“EU RED”).

As at 30 September 2017, KLK Plantations and Mills in Malaysia recorded an emission of 0.31 million tonnes of CO2$_e$, a reduction of 16% compared to the last FY.

The treatment of effluent accounts for 66% of GHG emissions, followed by fertilisers at estates (11%), electricity bought from the national grid (8%), transportation (5%) and other sources (10%).

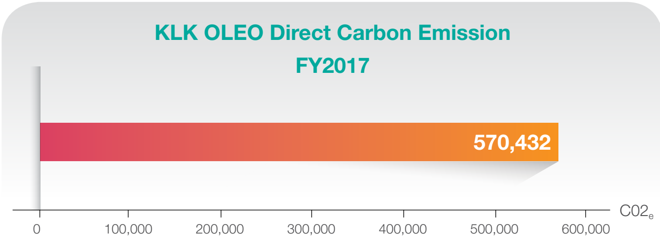
KLK strives to reduce GHG emissions by 20% using FY2016 figure as the base.





GHG Management at KLK OLEO

At KLK OLEO, we strive to reduce our carbon emissions in order to lower the environmental impact. On one hand, the emphasis is on increasing the efficiency of our industrial process to enhance our productivity, while on the other hand we attempt to reduce the use of resources and fossil fuels. Our Oleochemicals division closely monitors the direct carbon emissions into the atmosphere. The following figures of direct carbon emission are from KLK OLEO:



Gas Turbine Generator (“GTG”) Project

In July 2017, a new Gas Turbine Co-Generation (“COGEN”) Plant was successfully commissioned at KL-Kepong Oleomas Sdn Bhd (“Oleomas”), Selangor, Malaysia. The COGEN Plant consists of a GTG, a heat recovery steam generator and other supporting equipment. In the COGEN Plant, piped-in natural gas is combusted in the GTG which in turn produces electricity. Waste heat from the GTG is then used to generate steam.

When operating at its full capacity, the COGEN Plant is capable of generating 6.31 MW of electricity and 17.43 mt/hr of steam. As a result, one unit of the existing steam boilers can be shut down. The cost of electricity generated by the GTG is comparable to the price of electricity from the Malaysian electricity utility company. Overall, there is a significant saving of natural gas consumption.

Besides saving energy and improving production efficiency, the net reduction in carbon dioxide emission from the COGEN Plant is estimated at 13,000 mt per year. With its built-in Dry Low Emission technology, the COGEN Plant also has low nitrogen oxide and carbon monoxide emissions.

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A new COGEN at Oleomas

Besides generating electricity and steam, there is net reduction in GHG emission from the use of the GTG

PEAT LAND PROTECTION

Peat land is a natural area that is accumulated with partially decayed vegetation or organic matter, vital stores of carbon. Peat land plays a vital role in providing drinking water, biodiversity maintenance, carbon-water storage and regulation. It undoubtedly has significant functional roles in environmental conservation and the provision of eco-system services. KLK is committed to play its part to preserve ecosystems of conservation value and ensure no development in peat areas for its new plantation areas, regardless of depth.

KLK would also apply best management practices to peat land that exist within its plantations. In areas that are found to be unsuitable for replanting, it will work with experts to explore options, including environmentally-friendly alternative uses or peat restoration.

ZERO BURNING POLICY ("ZBP")

KLK maintains a strict ZBP in relation to all new planting, replanting and other related development. This policy is also extended to all plasma schemes managed by KLK.

Recognising the relatively higher risk in our Indonesia OCs, the Haze Task Force was set up at the Indonesia Head Office to monitor and manage the haze situation in our OCs. Standardised practices of managing the possibility of any fire outbreak within or outside the OCs have been adopted. These would include mapping of any high-risk fire zones, setting up of hotlines in each estate, building of additional fire monitoring towers, making available more fire-fighting equipment like Shibaura water-pump, setting up fire index signages to create awareness, daily satellite monitoring of hotspots in and outside our plantations (within the radius of approximately three (3) km). Canal blocking has also been set up with the assistance of the police force to ensure sufficient water is available during dry periods.

Each OC is also equipped with a fire-fighting team, trained by the local government fire-fighting department (*Dinas Pemadam Kebakaran*). Managers, assistants, relevant staff, workers and members from the communities in surrounding areas also take part in the training to equip them with the relevant information and knowledge in combating incidences of fire. Our fire patrolling teams continue to monitor the estates and also neighbouring villages.

SOIL ENRICHMENT AND CHEMICAL REDUCTION

The implementation of the ZBP minimises smoke pollution, reduces GHG emissions and promotes economic and ecological sustainability. By recycling plant biomass, the zero burning technique improves soil organic matter, moisture retention and soil fertility. By knowing where and how fertiliser losses occur, we are able to minimise these losses, enabling us to use less fertiliser to achieve the same impact. This reduces the overall requirement for inorganic fertilisers and decreases the risk of water pollution through leaching or surface wash of nutrients.

Agronomic benefits can be enhanced if the oil palm seedlings are planted directly on the residue piles, rather than on bare soil. Through this approach higher levels of total nitrogen, potassium, calcium and magnesium can be obtained, releasing nutrients over a longer period of time.

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Minimising Usage of Herbicides

In order to develop and improve the quality of KLK's plantations, it is essential to cut back on reliance on fertilisers, pesticides and herbicides. By focusing on the use of non-chemical pest control, plants and owls, KLK's Plantations Sector in Malaysia was able to reduce herbicide consumption from 2.45 litres/ha to 1.14 litres/ha and reduction of fertiliser consumption from 1.36 mt/ha to 1.18 mt/ha. This also includes reducing the total volumes of pesticides applied. We adopted a policy to stop the use of herbicide paraquat with effect from July 2011 in Malaysia operations and subsequently in Indonesia and Liberia operations on January 2017 as it has been highlighted as a chemical of concern by stakeholders due to widespread misuse.

Non-chemical Pest Control

We adopt environmentally friendly techniques and used them to innovate our Integrated Pest Management System ("IPMS"). These techniques are used when we clear out the old palm trees. Small pieces of pulverised palms are spread widely across the whole field, effectively destroying potential breeding sites of pests such as rhinoceros beetles and rats. This form of non-chemical pest management system ensures that the decomposed biomass eventually adds back the soil's organic matter and reduces the use of pesticides.

Beneficial plants such as *antigonon leptopus*, *turnera subulata* and *cassia cobanensis* provide shelter and supplementary food such as nectar. These plants also encourage the population of predators and parasites. Barn owls cull rat population, resulting in major reduction of rodent damage. It is a much simpler and less risky approach to pest management.

BIODIVERSITY PROTECTION

Commercial palm oil cultivation and care for the environment should not be viewed as opposing pursuits. In fact, the two can be mutually reinforcing in securing a new sustainable future for all.

KLK pledges to conserve biodiversity by identifying, protecting and maintaining areas of HCV. This would include areas that contain significant concentration of biological values, rare, threatened and endangered species and areas that provide eco-system services. Examples are hot springs and riparian boundaries.

In the context of RSPO, HCV areas would also include:

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

Barn owl in one of KLK's estates

Our Group works closely with local NGOs and the State Wildlife Agency when rare and endangered species are found within these HCV sites. Their habitats are conserved and appropriate management and monitoring plans are implemented. For example, when we discovered falcons at some of our European sites, we recognised the significance of their presence and considered it our responsibility to provide a suitable habitat for their return.

In line with this objective, KLK also adheres to the best soil conservation practices. In order to minimise soil degradation, we cultivate leguminous cover crop during replants resulting in minimum top soil losses and enrichment of soil.

ENERGY MANAGEMENT

Recognising that energy has implications on the environment, our Group commits to sound energy management which addresses energy conservation, green energy usage and energy efficiency. We are mindful that while usage of non-renewable energy sources cannot be avoided altogether for now, earnest efforts are made to ensure these resources are used optimally and efficiently. Towards this end, we have adopted a variety of energy management practices and in 2017, we used an average of 0.08GJ per mt of CPO produced.

At our POMs, by-products such as Palm Pressed Fiber ("PPF") and kernel shells are increasingly being used as an alternative energy source. The use of PPF as a green energy source presents multiple benefits as it helps reduce consumption of fossil fuels. Improved thermal efficient boilers and steam turbines are installed at KLK's POMs to make energy utilisation more efficient. Energy efficiency is also a primary consideration in designing new oil mill projects with the aim of reducing overall energy consumption and generating greater cost savings.

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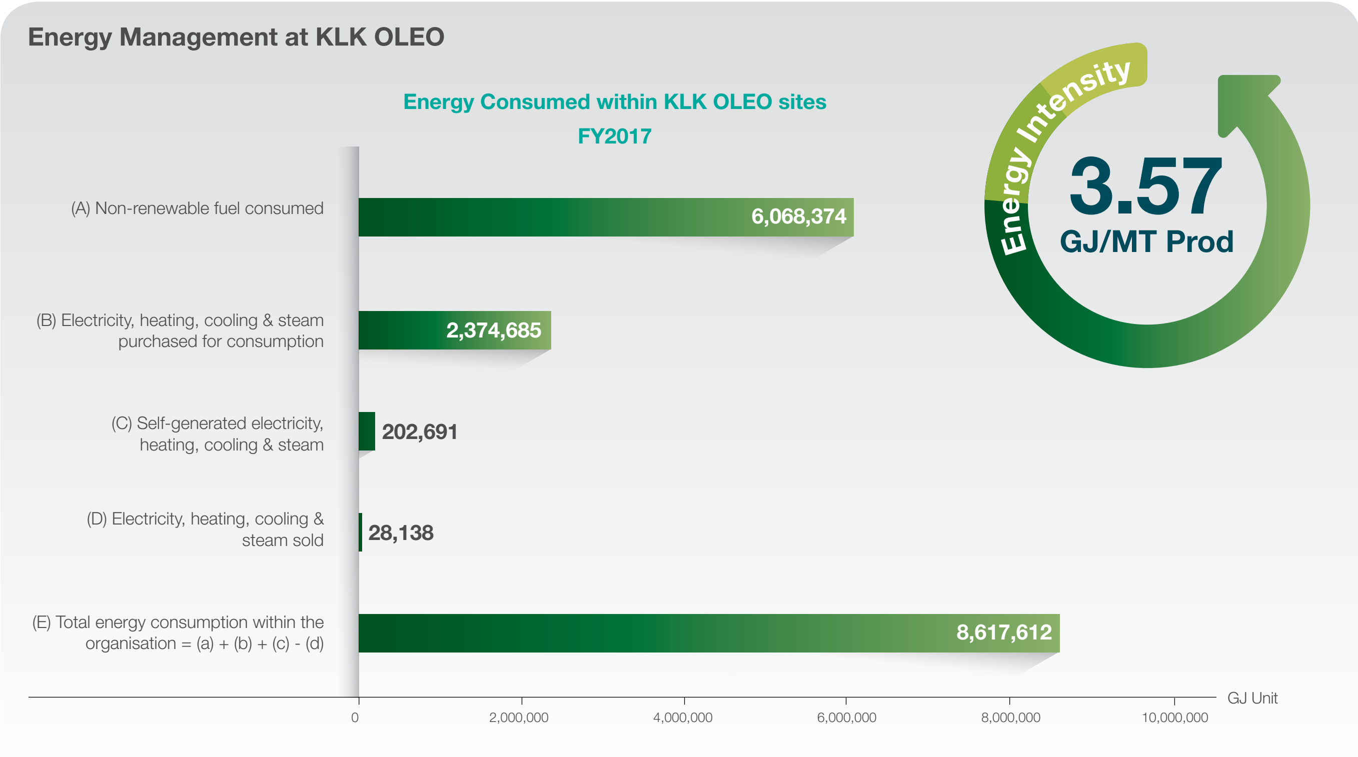

This includes the data from the following sites of KLK OLEO:

- KL- Kepong Oleomas Sdn Bhd
- KLK Bioenergy Sdn Bhd
- Palm-Oleo Sdn Bhd
- Palm-Oleo (Klang) Sdn Bhd
- Davos Life Science Sdn Bhd
- KLK Emmerich GmbH
- KLK Emmerich GmbH (Dusseldorf site)
- KSP Manufacturing Sdn Bhd
- Palmamide Sdn Bhd
- P.T. KLK Dumai
- Taiko Palm-Oleo (Zhangjiagang) Co Ltd
- Kolb Distribution AG
- KLK Tensachem SA

Kolb Hedingen ("Kolb"), one of the subsidiaries of KLK OLEO, committed itself for a second time in 2013 to a contract with the Swiss Energy Agency, of a CO_2 emission cap of 22,432 mt of $CO2_e$ until 2020. In the first contract (i.e. from year 2008 to 2012), Kolb was able to save 38% of CO2 compared to 2007.

WASTE MANAGEMENT

Proper waste disposal has wide ranging implications on the environment and human health. Eliminating waste altogether is obviously the ideal scenario. Though it is admittedly a daunting goal for the palm oil industry, our Group nevertheless seeks to contribute to whatever extent feasible towards its eventual realisation.

All waste products, including domestic waste, agricultural waste, biomass or by-products generated by our Plantations or Manufacturing business sectors, are, if not recycled, then required to be safely disposed of in accordance with the prevailing regulations and the best practices.

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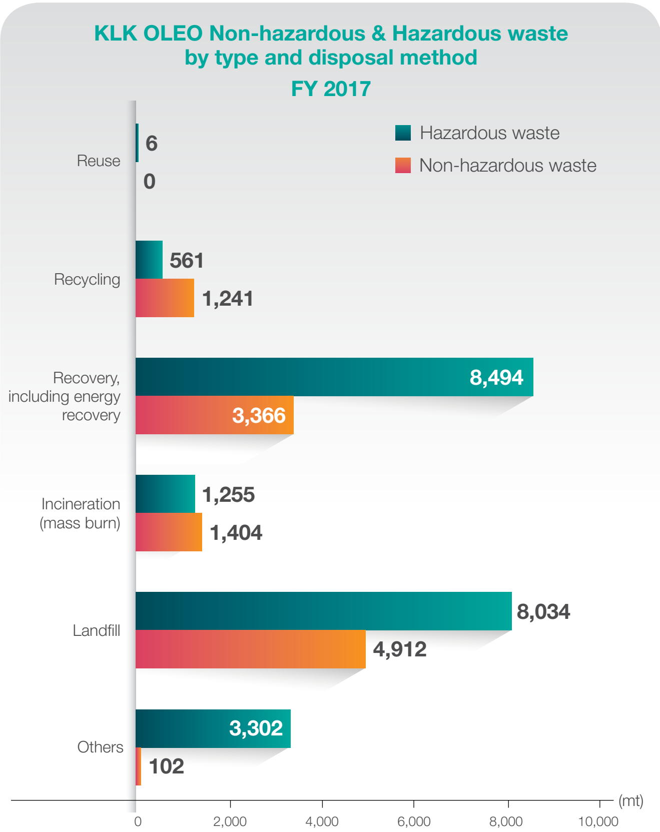


WATER MANAGEMENT

Waste Water Management

Since the beginning, Oleomas has used conventional chemical and biological treatment technology for the Industrial Effluent Treatment System ("IETS"). The waste from the filter press has to be disposed to a government approved managed landfill site. With new expansion, a new technology for IETS technology was selected. The technology uses double biological process where the waste is non-hazardous, purely organic and can be directly used as fertiliser ingredient mix.

Impact Achieved

- Compact layout, thus requires less carbon footprint by about 40% saving of land space.
- Less chemical consumption since no chemical treatment is required, resulting in savings of RM50,000 annually.
- No new hazardous sludge produced. Sludge cake waste reduction is about 60% - 70%.

Reuse of Water

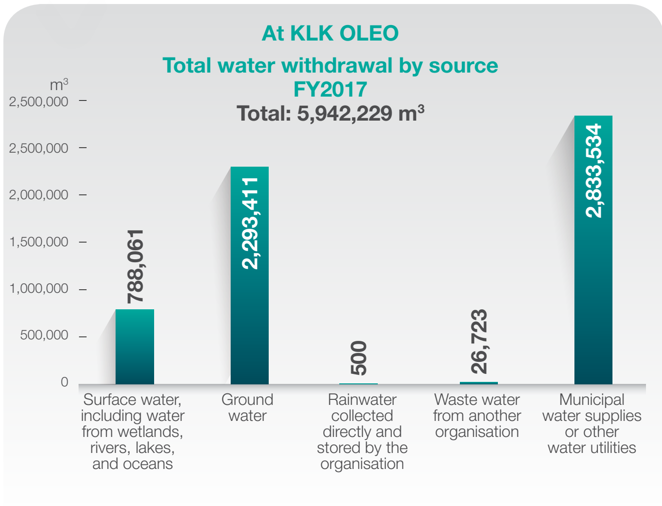
At Oleomas, treated water from 3 units of IETS was previously discharged to outside drain upon complying with DOE Standard B parameters. Due to shortage of water supply in Pulau Indah area, this initiative was implemented to reprocess and reuse the treated water for plant use.

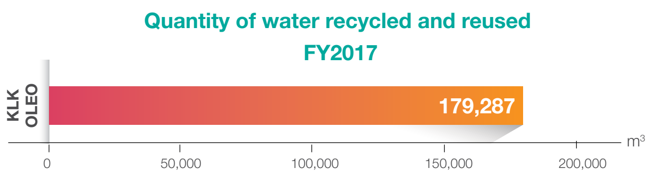
Now, treated water goes into a new Ultra Filtration & Reverse Osmosis Plant with design capacity of 750 m^3/day of feed. Reverse Osmosis water produced is then used as make up water for Cooling Tower ("CT101") or as boiler feed water.

Impact Achieved

- About 50% of treated water from IETS can be recycled.
- Reduced municipal water supplies by 180 m^3/day or 5% of total consumption.

3%
Percentage of total water recycled and reused





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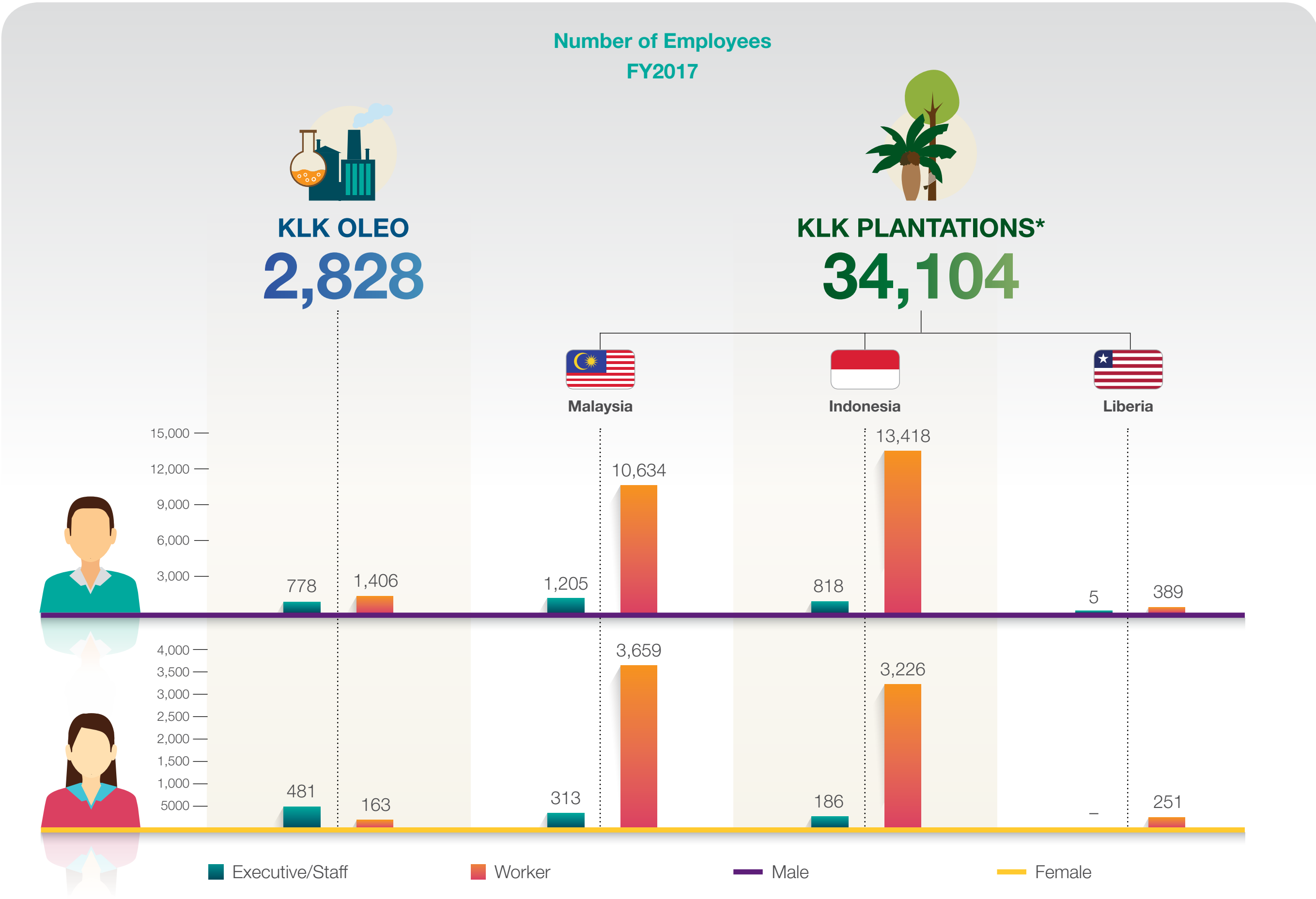

Gender distribution and executive worker distribution at KLK
** KLK Plantations data is for Malaysia (Peninsular Malaysia, Sabah), Indonesia and Liberia*

KLK believes that its employees are one of its greatest assets and employee welfare remains its top priority. KLK has a workforce of close to 37,000 employees, at locations all over the world. We value our people, and reward their hard work with fair remuneration, career development opportunities, scholarships and further training prospects.

FAIR EMPLOYMENT PRACTICES

In an industry with strong competition and a shortage of skilled labour, we are conscious of the need to maintain our edge as a preferred and fair employer. KLK embraces diversity within its workforce, which comprises a mix of employees from different genders, age groups and ethnicity. We also believe in practising non-discrimination regardless of race, caste, national origin, religion, marital status, union membership or political affiliation.

Freedom of Association and Collective Bargaining

Employees and workers have the right to form and become members of labour unions recognised by KLK. Through unions, workers have the right to carry out collective bargaining as permitted under Malaysia and Indonesia laws.

For FY2017, 53% and 5% of our Peninsular Malaysia employees are members of The Malaysian Agricultural Producers Association/The National Union of Plantation Workers ("MAPA/NUPW") and The Malaysian Agricultural Producers Association/The All Malayan Estates Staff Union ("MAPA/AMESU") respectively.

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CAREER DEVELOPMENT OPPORTUNITIES

We place significant importance in upgrading of skills for our people as we firmly believe that our success is founded on their abilities. We invest in talent development and training sessions for our employees which cover areas such as technical skills, business and human resources, personal development and leadership excellence.

Human Capital Development

Human capital is the backbone of KLK and it places great emphasis in developing its people to reach their full potential. This development is achieved through structured training programmes and exposure on the job. Various initiatives undertaken include conducting training, encouraging workplace diversity, promoting employee welfare.

General Training

The key to a competent and committed workforce lies in efforts to provide continuous learning and development opportunities for employees. For the Plantations sector, all newly recruited planters and engineers are required to undergo orientation and induction programmes. For our Manufacturing sector, the Supervisor Centre of Excellence programme is designed to develop the skills of our existing supervisors. Regardless of the type of training, all employees are grounded in the KLK core values of integrity, loyalty and teamwork.

Intentional Mentoring Programme (“IMP”)

At KLK, we understand that mentoring is an important aspect of helping our people move forward in their careers. To that end, we have set up a two-phased training structure for plantation staff and executives, consisting of IMP at our KLK Training Centre.

The mentoring courses last for a minimum of nine (9) months, and cover all necessary knowledge surrounding plantation management for oil palm and rubber planting in 11 field modules. For the duration of the course, trainees will be rotated through five (5) selected OCs. For the purpose of monitoring, on a quarterly basis, the Estate Manager will submit a progress report for each trainee on the scheduled and completed subjects. These reports will be compiled by the Training Manager at the KLK Training Centre, where they will be evaluated by Senior Management as a source of reference for the next phase of training programme.

Trainees will then continue to the KLK Training Centre in Ipoh, to address any knowledge gaps. A wide range of topics are covered in the Phase Two modular courses, ranging from technical and administrative knowledge to soft skills and motivational talks. The weeklong courses are conducted twice a year.

HEALTH AND WELL-BEING OF EMPLOYEES

The welfare of our people is also a major priority. Apart from equal opportunities for personal and career development, we are also committed to providing an inclusive and conducive working and living environment for our employees.

Occupational Safety and Health (“OSH”) Compliance

Being a responsible company, KLK conducts its business with a high standard of safety and health protection for our employees and stakeholders.

Our target is to achieve zero fatal accidents and to reduce serious accident cases by 10% compared to the previous financial year. We have no reported cases of fatalities at our Group’s estates and POMs in Malaysia for FY2017. We have achieved zero fatal accident record in Malaysia for two consecutive financial years.

We also strive to prevent accidents and injuries and take necessary preventive steps to reduce them. Lower incident rates bring lower staff turnover, lower absenteeism and higher productivity. Awareness, education and improved reporting are our key tools to achieving this goal.

The Plantations OSH department at the Group’s Head Office is headed by an OSH Senior Manager, working alongside a team of Department of Occupational Safety and Health Green Book certified officers. They are guided by the KLK OSH Manual and Guidelines to ensure that OSH requirements are applied uniformly and consistently across all OCs.

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Audits and Training

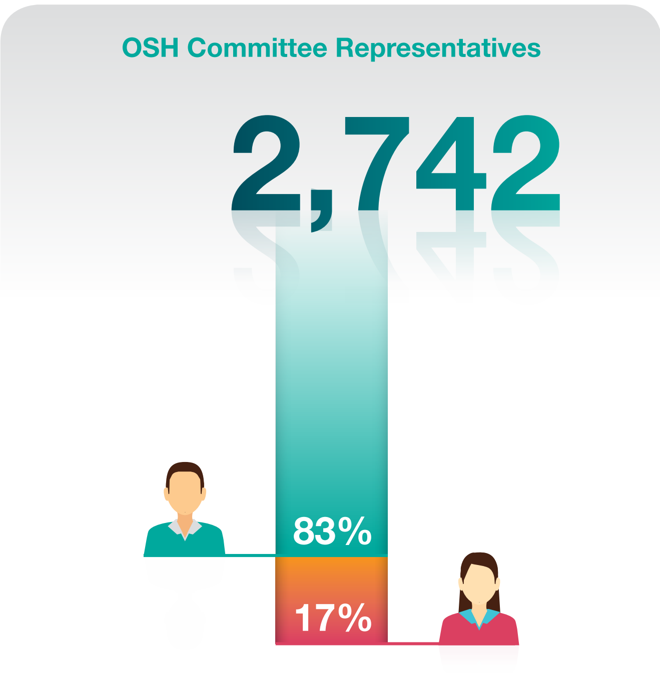
OSH audits are carried out twice a year ensuring that all OCs are always in compliance and any other uncertain issues are addressed accordingly.

Training is carried out during all audit visits and when requested by OCs. Compulsory in-house training and competency tests for Tractor Drivers and Safety and Health Committee ("SHC") members are carried out yearly. This is to ensure all KLK Tractor Drivers are competent, qualified and to create awareness among SHC members to play their role as OSH ambassadors.

Awareness training is also carried out during OSH field audits for Chemical Sprayers, Fertiliser Applicators and Oil Palm Harvesters to constantly remind them of the dangers faced when carrying out their duties.

Competent external training providers were engaged to carry out First Aiders Course for all regions. Also, OCs are engaging with their respective suppliers to carry out technical training on safe handling of worker equipment.

OSH training is also provided to all OC executives in collaboration with KLK Training School based on modules and working experience as part of the Company's effort and responsibility to instil OSH culture and awareness.



Source from Plantations (Peninsular Malaysia, Sabah, Indonesia) and KLK OLEO

Safety and Health Committees ("SHC")

In order to effectively identify and manage occupational risk, a SHC was set up at each OC. KLK currently has close to 2,000 OSH Committee representatives in all of its Plantations OCs. Compliance with the Chemical Health Risk Assessment, Chemical Exposure Monitoring, Medical Surveillance, Audiometric Testing, the use of Personal Protective Equipment ("PPE") and annual medical surveillance are mandatory and strictly monitored across all OCs.

We have implemented various activities and initiatives to provide a safe and occupational-illness free environment to our employees. These activities and initiatives include:

- Safety training – fire drills, first aid training, safety and health talks;
- Regular medical and physical checkups;
- Substitution – higher class of chemicals to lower class (less hazardous); high frequency of spraying rounds to less frequency; and from high volume spraying equipment to ultra-low volume;
- Engineering Controls – fencing of all moving machinery parts, construction of noise reductions rooms and placement of guardrails/handrails where needed; and
- Safe Work System – safety briefings and toolbox meetings, risk assessment programmes, worker supervision, safe operating procedures, availability of the OSH Manual, standardisation of the OSH filing system, maintenance and updating of the workers' compliance and non-compliance book, workplace inspections and speedy placement of safety and warning signboards.

Accident Monitoring

KLK has achieved zero fatal accident record for two consecutive FYs in Malaysia: FY2016 and FY2017. Our accident severity rate, which refers to absenteeism of more than 5 days due to an accident, remains low, with most accident cases involving minor injuries such as cuts and thorn pricks.

Operating under the system of continuous improvement, the OSH department reviews the Lost Time Injury ("LTI") on a monthly basis. The results produced will be monitored and aspects of our operations that may pose OSH impacts will be identified. Through this we take action to improve the LTI rate and severity rate of the LTI. The low LTI rate is a reflection of the commitment and joint efforts by Management, Safety and Health Officers, OSH Committees, workers and contractors to reduce workplace accidents.

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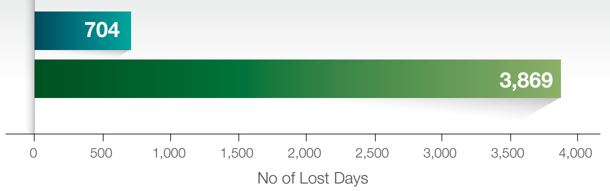
Our OC in Central Kalimantan, P.T. Mulia Agro Permai ("P.T. MAP") has again for the fourth consecutive year been recognised by the Indonesian Ministry of Manpower and Transmigration for its excellence in creating a safe and healthy work environment for workers with the Zero Accident Award. P.T. MAP was also recognised for a third consecutive year for its continuous efforts and programmes related to prevention and countermeasures of HIV/AIDS in the work place.

These achievements are a testament of the high standards of OSH practices in our OCs.



The data for plantations is from Malaysia (Peninsular Malaysia, Sabah)
The data for KLK OLEO is from 14 contributing sites

	ACCIDENTS			LOST DAYS	
	FATALITY	MAJOR	MINOR	MAJOR	MINOR
KLK Plantations					
Peninsular Malaysia	0	136	447	2,798	719
Sabah	0	1	206	15	337
Indonesia	2	39	1,995	15,361	
Liberia	0	45	96	Not available	
KLK OLEO	0	22	65	704	

KLK OLEO Loss Time Injury Rate

LTI Frequency Rate

3.67

(No. of accidents x 1,000,000) / total man-hours worked

LTI Severity Rate

99.28

(No. of days lost due to LTI x 1,000,000) / total man-hours worked

Training on importance of PPE in Butaw Estate, Liberia

PPE issuance and training for tractor drivers

Chemical Sprayer equipped with appropriate Personal Protective Equipment

Independent Labour Audit

As part of KLK's continuous self-improvement programme and to ensure the welfare of its employees are consistently taken into consideration, we undertook a voluntary labour audit during the previous FY. With the findings at hand now, we are taking measures to reduce or diminish the gaps in the implementation of its Sustainability Policy and any inconsistent practices highlighted served as a guide in the Group's overall enhancement programme. Labour practices are now being streamlined across our Indonesian estates and Malaysia and where applicable, other improvements are being rolled out simultaneously.

SUSTAINABILITY
STATEMENT & REPORT

WORKPLACE

Labour Practices Streamlined for Malaysia and Indonesia Operations

MATTER	ACTION PLAN	STATUS AND TIMELINE	
		MALAYSIA	INDONESIA
(a) **Workers' awareness** • Improve awareness on Sustainability Policy and plantations procedures through refresher training programmes by giving written policies, procedures • To formulate mechanism to gauge effectiveness	The socialisation programmes were rolled out in each of the operating centres beginning from February 2015 for new and existing employees to create awareness of the Policy and ensure that they are mindful of the importance of sustainable practices in their daily work. Q&A sessions will be used after training to ensure that they fully understand the objectives of the commitments stated in the Policy and all the procedures are adhered to. This would provide an indication on the effectiveness of the training programme. An annual refresher course will be conducted for all employees to embed the importance of sustainability in their mind.	✓	✓
• Enhanced disclosure pertaining to computation of wages, benefit and deductions • Workers able to understand and compute own wages	The recommended enhancement in disclosure in the payslip for the workers have been incorporated. Workers who require further clarification or unable to understand the computation of their wages can contact the relevant executives/staff in their respective offices.	✓	✓ except for Belitung Island which is expected to be completed by end of 2017.
(b) **Facility Records and Documentation** • Ensure employees themselves sign the employment agreement to avoid any forgery of signatures	To avoid forgery, thumb print will be affixed to the contract of employment.	Implemented. The translation of contracts into the worker's own language will be issued individually to enhance transparency. The workers will acknowledge receipt by affixing their thumb print on the copy of the document.	The biometrics system had been implemented in several operating centres. The full adoption is expected to be completed by end of 2017. At the meantime, those without biometrics will continue to observe the use of thumb prints for all workers, including contract workers.
(c) **Child Labour** • No underage labour detected	KLK had been consistent and strict on not hiring underaged labour.	✓	✓
(d) **Freedom of Association** • Ensure union is independent of management • Guarantee workers' right to freedom of association	• Management, consistent with the statement in the Policy continues to respect employees' rights to form trade unions if they desire so, subject to the requirement of the law. • All workers have been informed of their freedom to be part of an association.	✓	✓
(e) **Forced Labour**	Management has installed safety boxes in each foreign workers' room for them to keep their passports. The workers are responsible for their own passports and are custodian to the key to their respective safety box. Management does not have direct access to these safety boxes.	(On-going) Target completion of installation by end of 2017.	N/A
(f) **Work Hours** • Review work hours policy to include master roll call as part of working hours	The normal working hours shall not be more than 8 hours inclusive of master roll call.	✓	✓
• Ensure overtime within legal limit and employees provided with at least one day off in every seven days	Started a new overtime system and expected to be fully rolled out for the whole Group by Jun 2018. The objective of the new system is curb unnecessary overtime hours.	(On-going) Group wide implementation by June 2018.	(On-going) Group wide implementation by June 2018.
(g) **External Contractors**	A checklist had been developed to ensure external contractors appointed for work at all KLK operating centres are in compliance with KLK Sustainability Policy.	(On-going) Group wide implementation by December 2018.	(On-going) Group wide implementation by December 2018.

Legend
✓ Implemented (On-going icon) On-going

SUSTAINABILITY **STATEMENT & REPORT**

WORKPLACE

Safety boxes in worker's room

Foreign workers are the custodian of the key to their respective locked safety box

Passport is kept in the safety box provided

Liberia - Human Rights Impact Assessment ("HRIA")

EPO commits to respecting, supporting and upholding fundamental human rights throughout its operations. To meet its responsibility, EPO has engaged in a human rights due diligence exercise to better understand the impacts and address them. To this end, EPO has engaged business and human rights expert Anna Triponel to conduct a HRIA as an initial step in its work implementing the UN Guiding Principles on Business and Human Rights. The assessment encompassed the types of impact that this assessment could unveil and eventually considering the recommended actions to strengthen EPO's approach to human rights.

The HRIA commenced in April 2017 with a conversation with the company's board of directors followed by a comprehensive desktop review of relevant materials, and finally a one week on site assessment from 5 June 2017 to 9 June 2017. It then concluded with follow-up telephone conversations with individuals based in Liberia and the drafting of the resulting report.

Through this process, EPO identified the salient areas on which it should focus as a priority. The areas of high priority include contractor wages and employment status, accidents on the plantations, the impact of use of land on communities, employee housing conditions, the health and wellbeing of the company's executives, and exercising the right to freedom of association. Moving forward, these are the areas that the company will be focusing to address and strengthen through a range of actions.

Housing and Living Amenities

KLK believes Corporate Responsibility starts from our workplace. Hence, we strive to provide a safe and healthy work environment to our employees. We provide high quality housing and living amenities for our employees and their families. Apart from the essential living amenities like electricity and clean water, we also provide places of worship, clinics, kindergarten, creches, club houses as well as recreational and sports facilities.

Provision of sports facilities at KLK's estates

Free houses provided to the estate staff and workers

Free medical service is provided to employees and the local community in Liberia

SUSTAINABILITY
STATEMENT & REPORT

WORKPLACE

Health And Well-being Of Our Employees

Improving the health and well-being of employees are certainly KLK's top priority. We believe that through sports, one learns the true meaning of sportsmanship which helps towards positive physical and mental growth. KLK encourages its employees to adopt an active and healthy lifestyle through sports and leisure activities such as badminton, football, fun-walk, yoga and bowling.

In an effort to improve employee engagement, KLK also encourages its employees to take part in various activities to maintain a good work-life balance and lifestyle. These activities include the annual Sports Festivals, Family Days, health campaigns, religious and festivals get together with an aim to encourage team spirit and to foster a closer working relationship amongst our employees.

Employees are encouraged to take part in sports activities

KLK employees participate in an internally organised bowling tournament

KLK Plantations Southern Region Football Tournament

KLK's health fun-walk at Jiyang Lake, Zhangjiagang City, China

Tan Sri Lee Oi Hian and fellow colleagues at the Majlis Berbuka Puasa

SUSTAINABILITY
STATEMENT & REPORT

COMMUNITY

> **"At KLK, we believe in growing our business in a sustainable and responsible manner – we empower the communities where we operate to ensure continued growth of the present and the future generations."**

EMPOWERING THE YOUNG GENERATION THROUGH EDUCATION

Access To Education

We believe that education is an important catalyst for positive change in the community. We create appropriate educational inroads and pathways in areas where we operate via collaborations with the Humana Child Aid Society in Sabah, the Indonesia Heritage Foundation in Indonesia and the Ministry of Education in Liberia to provide basic education to children who have no access to mainstream education.

In FY2017, more than 5,000 students received education at our 61 learning centres, kindergartens and primary schools.

In addition to that, and to further create a conducive and nurturing learning environment, we also provided the necessary infrastructure at these learning centres, kindergartens and schools – including the provision of free transportation to students in need of a means to reach these centres of learning.

MALAYSIA
5 + 18 Learning Centres, Kindergartens | 2 Primary Schools
1,543 Students for FY2017

INDONESIA
17 + 11 Learning Centres, Kindergartens | 6 Primary Schools
2,512 Students for FY2017

LIBERIA
2 Learning Centres
957 Students for FY2017

KLK's learning centre in Indonesia

KLK provides basic education to children in Sabah

Provision of free school bus service to children in Liberia

Students in KLK's Palm Bay Learning Centre, Liberia

SUSTAINABILITY
STATEMENT & REPORT

COMMUNITY

Scholarships and Career Opportunities

In support of our efforts to create a positive difference in the lives of many in the community, and with our key focus being value creation through the provision of education and career opportunities, the Yayasan KLK Scholarship Award Programme is offered to deserving students.

Yayasan KLK is an educational foundation which has been providing scholarships and career opportunities to outstanding Malaysians to pursue their undergraduate studies related to the Group's business nature.

As part of the scholarship programme, KLK has also created the Career Connection Internship programme to improve the sustainable economic development of the college community by providing undergraduates the opportunity to practice their skills in a real working environment. In addition, the scholars are also given the opportunity to take part in the Group's Corporate Responsibility ("CR") activities to help them develop more awareness of their social responsibilities as well as to impart caring values to young minds.

Yayasan KLK Scholars

Yayasan KLK Scholars participate in the Company's project

Youth Development Programme

As empowering youth through education is the key to stability and sustainable development, KLK volunteers have actively organised and participated in various educational CR activities.

KLK Palm Oil Education Programme

During the FY, KLK initiated the KLK Palm Oil Education Programme which aims to create awareness with regard to palm oil attributes and career opportunities in the palm oil industry amongst secondary school students. Students are educated on the importance of the Malaysian palm oil industry as it is a significant contributor to the overall economy, providing both employment and income from exports.

A total of 1,150 students from five (5) schools, namely, SMK Bandar Utama, SMK(P) Sri Aman, SMK Pulau Indah, SMK Seri Kundang in Selangor and SMK Taman Desa in Kuala Lumpur participated in the programme and the students were also given the opportunity to experience soap making activity.

Students learn about palm oil and its derivatives to produce home and personal care ingredients

SUSTAINABILITY STATEMENT & REPORT

COMMUNITY

1,150 STUDENTS FROM 5 SECONDARY SCHOOLS PARTICIPATED IN THE PROGRAMME

"Money & Me" Youth Financial Empowerment Programme

KLK, in collaboration with The Edge Education Foundation conducted the "MONEY & ME" – Youth Financial Empowerment Programme which aimed to teach secondary students the importance of saving and encouraging them to adopt good spending habits. In addition, through this programme the students are exposed to basic entrepreneurship skills to help them improve their economic prospects for the future. In this programme, KLK volunteers facilitated the teaching of various modules for 26 students at SMK Bandar Utama.

Students experience hands-on soap making activity

Students participate in the interactive activity during the "Money & Me" programmes

Students are happy with their hand-made soap

SUSTAINABILITY STATEMENT & REPORT

COMMUNITY

REACHING OUT TO OUR COMMUNITY

Through the years, the local community has always been and continues to be, at the forefront of the KLK Group's business plans and CR activities. Through various targeted activities, community health and well-being campaigns, sporting events and charitable donations, we have established our commitment to making a positive difference to the well-being of our local communities.

Engaging Students With Special Needs

Children with physical and learning difficulties often face hurdles in joining sports activities. Naturally, parents and caretakers worry about their children being hurt during these sports activities.

Since 2014, the KLK Group has been supporting students with special needs by engaging children with learning difficulties in motivational and sports activities.

In FY2017, KLK organised a Sports Day and Motivational Camp for the special needs children to enable them to experience equality, freedom and a dignified means for empowerment. Sports is a unique life-changing vehicle for people with learning difficulties and we hope to instill both self-confidence and sense of belonging through the sports and motivational activities.

MOTIVATIONAL CAMP

20 KLK Volunteers | 15 Teachers + 30 Students

SPORTS DAY

63 KLK Volunteers | 62 Teachers + 182 Students

Volunteer with student of SK Telok Gadong

Volunteers assist student in playing games

Special needs children dress up for the Sports Day Parade

Motivational Camp participants from SK Telok Gadong

SUSTAINABILITY
STATEMENT & REPORT

COMMUNITY

Enriching The Lives Of Our Communities

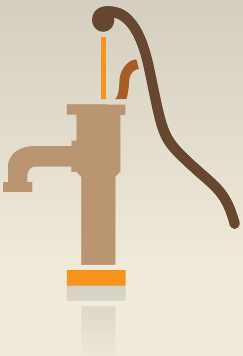
KLK Group is committed to uplifting the well-being of the communities within our plantations. Various initiatives were undertaken by KLK to improve the basic infrastructure including provision of clean water for drinking, upgrading roads, places of worship and free medical facilities.

KLK has provided handpumps to supply clean water for 32 villages surrounding our plantations in Liberia. We have also constructed and upgraded over 500km of road access to ensure that an improved quality of life is attained and enjoyed by the local communities in Liberia.

KLK strives to ensure healthcare is accessible to its employees on the plantations. In addition to the provision of free medical services at our clinics, we also organise visits by qualified medical personnel and disease prevention awareness campaigns to the villages near our operating centres for the benefit of the local communities there.

CONTRUCTED & MAINTENANCE
OVER
500KM
ROAD ACCESS

KLK provides basic infrastructure to the communities in Liberia



LIBERIA
PROVISION OF
HANDPUMPS
TO 32 VILLAGES

Provision of hand pumps to supply clean drinking water to the local communities in Liberia

SUSTAINABILITY
STATEMENT & REPORT

COMMUNITY

Connecting People Through Sports

All around the world, sports is one the significant driving forces for peace and development. It is also a great vehicle to ensure respect for each other, regardless of ethnicity, culture or religion.

KLK organised the Muhibah Cup to encourage and provide a platform for our multiracial populace to come together and play a game of football and at the same time, promote healthy lifestyles and national unity amongst the youth. The Muhibah Cup was participated by over 700 young talented football players in the Under-12 and Under-16 years of age categories.

KLK's Muhibah Cup aims at promoting racial harmony

PRESERVING ENVIRONMENT FOR FUTURE GENERATIONS

The KLK Group places great importance on the protection and preservation of the environment and this is reflected in our core business practices and policies. We have always striven to achieve long term sustainability in all that we do because we strongly believe that our livelihoods depend on a healthier, and more livable world for us today and our future generations.

Waste Separation and Upcycling Awareness Campaign

KLK organised waste separation and upcycling workshops at SJKC Kundang with the aim of creating awareness of waste reduction and environmental protection amongst young children.

In collaboration with the Lovely Disabled Home, the waste separation workshop which comprised an informative talk and interactive games related to upcycling and waste separation was attended by more than 150 students and teachers of SJKC Kundang.

SUSTAINABILITY
STATEMENT & REPORT

COMMUNITY

WASTE SEPARATION AND UPCYCLING WORKSHOP


KLK volunteer teaches students to make handicraft from recycle materials


Students showing their hand-made handicraft


Students of SJKC Kundang participated in the waste separation awareness campaign

A GLIMPSE OF KLK'S OTHER CR INITIATIVES


KLK Academic Awards for Southern Region estates


KLK volunteers working together with the teachers and students of SJK Seri Kundang to beautify the schools surrounding by planting vegetable and herbs at the community garden


KLK volunteer spreading joy to Yi Qing Yuan Nursing Home residents in Houcheng Town, Zhangjiagang City, China

SUSTAINABILITY
STATEMENT & REPORT

COMMUNITY


Donation of rice to the surrounding community in Liberia's estate


Volunteers engaging the elderly people at Rumah Sejahtera Jelapang, Ipoh


Blood donation campaign in Indonesia

Visit to the Tawau Old Folks Home, Sabah

CORPORATE CALENDAR

A GLIMPSE OF OUR CORPORATE ACTIVITIES FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017

2 NOV 2016

Taiko Palm-Oleo (Zhangjiagang) Co. Limited launched its new 20,000 mt triacetin and 150,000 mt Phase II fatty acid plants in China.

8 DEC 2016

Two of KLK's estates, namely Ladang Raja Hitam and Ladang Menglembu won the MPOB & Oil Palm Industry Night of Excellence 2016 award for their outstanding achievement and best management practices in the oil palm sector. The estates were crowned as the award winners under the 500 ha - 2,000 ha category and below 500 ha category respectively.

DEC 2016

KLK OLEO adopted the SAP ECC6 system to unifiy the different IT systems into a single global platform.

19 DEC 2016


The INQUIRER
...Several Others Receive Honors

KLK's subsidiary Equatorial Palm Oil awarded "Concession Company of the Year 2016" by The Inquirer Newspaper, a leading independent daily national newspaper in Liberia.

22-23 MAR 2017

KLK participated in the Global Transformation Forum 2017, themed "Driving Transformation" held in Kuala Lumpur, Malaysia.

CORPORATE **CALENDAR**

A GLIMPSE OF OUR CORPORATE MILESTONES
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2017.

16 APR 2017

KLK launched its Kekayaan Biogas Power Plant in Johor, Malaysia.

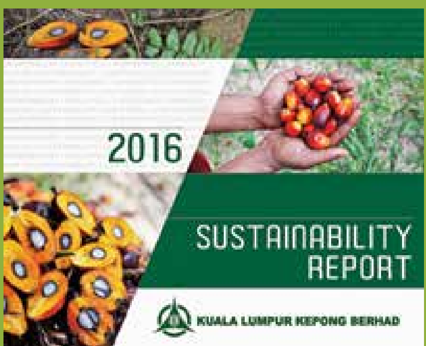
22-23 APR 2017

KLK Land unveiled a new phase, IXORA 2, the final phase of Link Homes in Bandar Seri Coalfields.

26 APR 2017

KLK issued the Group's first Corporate Responsibility Report.

27 APR 2017



KLK issued the inaugural standalone Sustainability Report based on the Global Reporting Initiative standards.

MAY 2017

KLK, together with the industry, celebrated 100 years of Malaysian Palm Oil.

25 JUL 2017

KLK participated in The Edge Kuala Lumpur Rat Race 2017.

26 JUL 2017

KLK OLEO launched its Supplier Code of Conduct and organised a "Sustainability Talk" for its palm sourcing suppliers.

21 AUG 2017

KLK named winner for the Highest Return On Equity (over three years) category with the Gold Award under the Plantations Sector at The Edge Billion Ringgit Club & Corporate Awards 2017.

GROUP CORPORATE STRUCTURE

AS AT 30 SEPTEMBER 2017

Plantations

- **100%** Betatechnic Sdn Bhd
- **63%** Bornion Estate Sdn Bhd
- **82%** Collingwood Plantations Pte Ltd
  - **82%** Ang Agro Forest Management Ltd
  - **82%** 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 [1]
    - **50%** EBF (Mauritius) Limited [1]
      - **50%** Liberia Forest Products Inc [1]
      - **50%** LIBINC Oil Palm Inc [1]
    - **50%** EPO (Mauritius) Limited [1]
      - **50%** Equatorial Palm Oil (Liberia) Incorporated [1]
      - **50%** Liberian Agriculture Developments Corporation [1]
- **85%** KLK Premier Oils Sdn Bhd
  - **85%** Golden Yield Sdn Bhd
- **100%** Kulumpang Development Corporation Sdn Bhd [2]
  [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

Property Development

- **100%** KL-K Holiday Bungalows Sendirian Berhad
- **100%** KLK Land Sdn Bhd
  - **100%** Austerfield Corporation Sdn Bhd [2]
    [In Members' Voluntary Liquidation]
  - **100%** Brecon Holdings Sdn Bhd [3]
    [In Members' Voluntary Liquidation]
  - **100%** Colville Holdings Sdn Bhd
  - **100%** KLK Landscape Services Sdn Bhd
  - **100%** KLK Park Homes Sdn Bhd
  - **100%** KLK Retail Centre Sdn Bhd
  - **100%** KLK Security Services 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 2017

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 AG
  - 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
- 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 [4]
  [In Members' Voluntary Liquidation]
- 100% KLK Farms Pty Ltd
- 100% KLK Global Resourcing Sdn Bhd
- 100% KLK Overseas Investments Limited
- 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

Joint Ventures

- 50% P.T. Kreasijaya Adhikarya
- 50% Rainbow State Limited

Notes:

Shareholdings are shown as Group's percentage interest.
[1] Group's percentage interest is 81.5%.
[2] These companies will be dissolved on 31 January 2018.
[3] This company will be dissolved on 5 March 2018.
[4] This company commenced liquidation on 6 March 2017 and was dissolved on 5 October 2017.

MEDIA
HIGHLIGHTS

ACCOUNTABILITY

CORPORATE GOVERNANCE STATEMENT

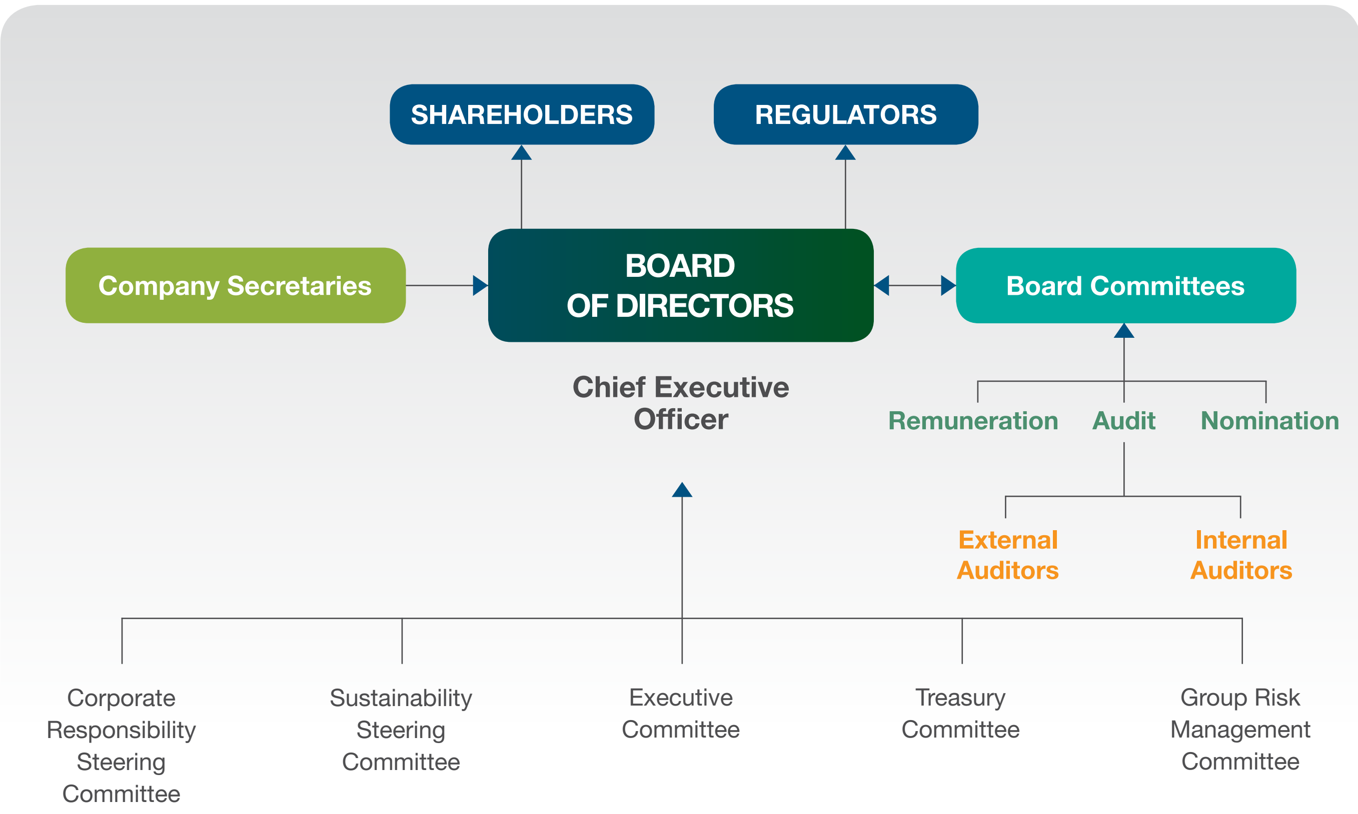
The Board of Directors of KLK recognises the importance of good corporate governance and is committed to practise high standards in corporate governance throughout the Group. Such commitment is based on the belief that a strong culture of good corporate governance practices is fundamental towards enhancing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

The Board had been supportive of 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.

Following the introduction of the new Malaysian Code on Corporate Governance 2017 ("MCCG 2017") by Securities Commission Malaysia on 26 April 2017, the Board is cognisant of the increasing governance expectations and will take further steps to strengthen the corporate governance and internal controls of the Group to ensure that a higher standard of corporate governance is adopted throughout the Group. Although compliance with MCCG 2017 is not mandatory, public listed companies are required to disclose their state of application therewith in annual reports issued for financial year ending on or after 31 December 2017. As such, KLK will commence with such disclosure in its 2018 Annual Report and thereafter.

This statement demonstrates the Board's commitment in sustaining high standards of corporate governance and provides an insight on all the key corporate governance practices of KLK Group with reference to the principles and recommendations as laid down under each principle in the Code during the financial year under review.

THE GROUP'S GOVERNANCE MODEL



CORPORATE GOVERNANCE STATEMENT

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 conduct of the Group's affairs and 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 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 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 developed by the Senior Management.
- Providing guidance and leadership to the Senior Management and ensuring that adequate resources are available to meet its objectives.
- Overseeing planning activities including the development and approval of strategic plans, major funding proposals, investment and divestment proposals, 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.

CORPORATE **GOVERNANCE STATEMENT**

(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.

(g) Reviewing potential candidates for the Board and Senior Management positions across the Group through the Nomination Committee to ensure efficient succession planning and continuity of the vision and mission of the Group.

(h) Embedding sustainability and corporate responsibility practices as part of Group strategy.

BOARD CHARTER

The Board is guided by its Board Charter which clearly sets out the Board's strategic intent, roles and responsibilities in discharging its fiduciary and leadership functions. The Board Charter is a source reference and primary induction literature, providing insights to prospective Board members and Senior Management. Hence, 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*.

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 Board recognises the importance of adhering to and complying with the provisions of the Code of Conduct for Directors in their day-to-day functioning. Thus, the Board collectively and individually acts within the authority conferred upon them in the best interest of the Group and:

(a) acts in the best interest of, and fulfils their fiduciary obligations to the Group and its shareholders;
(b) acts honestly, fairly, ethically and with integrity;
(c) conducts themselves in a professional, courteous and respectful manner without taking improper advantage of their position;
(d) acts in good faith, responsibly, with due care, competence and diligence without allowing their independent judgement to be subordinated;
(e) uses their prudent judgement to avoid/abstain from all situations, decisions or relationships which give or could give rise to conflict of interest or appear to conflict with their responsibilities within the Group, and to inform the Board, at the earliest opportunity, of any existing or potential conflict of interest situation;
(f) not exploit for his own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the Group declines to pursue such opportunity for its business interest;
(g) acts to enhance and maintain the reputation of the Group; and
(h) strives to contribute towards the growth and stability of the Group.

The Code of Conduct for Directors is available on our corporate website, *www.klk.com.my*.

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CODE OF CONDUCT FOR MANAGEMENT AND EMPLOYEES

The Board is committed to a corporate culture which supports the operation of its businesses in an ethical manner, and upholds high standards of professionalism and exemplary corporate conduct at the work place.

The Code of Conduct sets out the standards of behaviour expected of all employees when dealing with customers, business associates, regulators, colleagues and other stakeholders. It gives guidance in areas where employees may need to make personal and ethical decisions.

All employees are individually responsible for ensuring they are familiar with and understand the Code of Conduct, as well as complying with it. In addition to the Code of Conduct, employees are also given access to grievance redressal procedures which provide a formal and transparent platform for employees to air their grievances, file complaints or report problems in relation to KLK and its operations.

Both the Code of Conduct for Employees and Group Employee Grievance Redressal Policy are 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 38 to 75.

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 seven (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 2016. Minutes of meetings of each Committee are also tabled to the Board for perusal and the Directors may request clarification or raise comments on the minutes wherever necessary.

ACCESS TO MANAGEMENT, COMPANY SECRETARIES AND INDEPENDENT PROFESSIONAL ADVICE

To ensure that Directors are well supported by accurate, complete and timely information, 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.

The Company Secretaries are responsible to provide clear and professional advice to the Board on all governance matters and assist the Board on the implementation of an effective corporate governance system. 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.

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GOVERNANCE STATEMENT

In order to ensure uniformity of Board conduct, the Company Secretaries also have oversight of the overall corporate secretarial functions of the Group, both locally and in the countries where its subsidiaries are operating, and serve as an adviser on matters pertaining to governance.

In the furtherance of its duties, the Board is also authorised to obtain at the Company's expense, independent professional advice on specific matters, if necessary, to enable the Board to discharge its functions in the decision-making process.

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.

Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, have been constituted to assist the Board in the discharge of specific duties and responsibilities. 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, authority, responsibilities of each Committee as well as qualifications for committee membership. The TORs are also reviewed as and when required to ensure their compliance with the latest developments in the Main Market Listing Requirements ("Main LR") of Bursa Malaysia and the Code.

NOMINATION COMMITTEE ("NC")

The NC has been established since 2001. The NC'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 NC before the entire Board makes the final decision on new appointments.

The NC comprises three (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 two (2) meetings for the financial year under review and the attendance of the members for the meetings held are as follows:

	NUMBER OF MEETINGS	
MEMBERS	HELD	ATTENDED
Dato' Yeoh Eng Khoon	2	2
R. M. Alias	2	2
Dato' Lee Hau Hian	2	2

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The NC oversees the selection and assessment of Directors to ensure the Board's composition remains relevant and optimal. Each year, the NC reviews the composition and size of the Board and each Board Committee and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills and experience. The NC also takes into account gender diversity in relation to the composition of the Board.

The NC 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 NC 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.

Apart from reviewing the size, composition and diversity of the Board annually, the NC also assesses the suitability of identified candidates for membership of the Board and its Committees. The criteria for selection thereto would include but not be limited to the candidates' skills, knowledge, expertise, experience, professionalism and integrity. The NC is also responsible for developing succession plans to identify potential and suitable successors for key senior management positions in the Group.

A summary of key activities undertaken by the NC in the discharge of its duties for the financial year ended 30 September 2017 is set out herebelow:

(1) Identified, selected and interviewed candidates for Board membership taking into account the importance of boardroom diversity, particularly in terms of gender;
(2) Reviewed and assessed the suitability of Mrs. Anne Rodrigues, and recommended to the Board her appointment as an Independent Non-Executive Director, by taking into consideration her qualification, experience, expertise, knowledge and skills. A rigorous process was conducted to determine whether the appointment is fit and proper in accordance with the requirements and needs of the Board;
(3) Reviewed and approved the orientation programme for the new Director;
(4) Reviewed and assessed the performance, and made recommendations to the Board for its approval, regarding the Directors who are seeking re-appointment and re-election at the forthcoming Annual General Meeting ("AGM");
(5) Reviewed the composition of the Board based on the required mix of skills, experience and other qualities considered important by the Board;
(6) Reviewed the composition of the Board Committees based on their compliances with the provisions of the relevant guidelines and regulations;
(7) 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;
(8) Assessed the overall Board and its Committees' performance and effectiveness as a whole;
(9) Reviewed and assessed the independence of Independent Directors and their tenure of service;
(10) Reviewed and recommended to the Board the extension of the service contract of the Group Plantations Director ("GPD") from 30 June 2017 to 30 September 2017 to facilitate a smooth handover of duties to his successor;
(11) Reviewed the succession plans of the Board and Senior Management in order to ensure that there are appropriate plans in place to fill vacancies and to meet the Group's future needs. In this respect, the NC reviewed and recommended the appointment of a new GPD and Group Chief Financial Officer ("Group CFO");
(12) Reviewed the appointment or nominations of directors and commissioners to the boards of certain subsidiaries in the Group;
(13) Assessed Directors' training needs to ensure all Directors receive appropriate continuous development programmes; and
(14) Reviewed and assessed the term of office and performance of the Audit Committee and each of its members.

CORPORATE GOVERNANCE STATEMENT

RE-APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

The Company's Articles of Association also provides that the Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill up a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with the Articles of Association. Any Director so appointed shall hold office only until the next following AGM and shall then be eligible for re-election. The Director due to retire at the forthcoming AGM, and being eligible, offered herself for re-election, is shown in the Notice of Meeting (Ordinary Resolution 4).

At the last AGM, two (2) Directors over the age of 70 years had sought annual re-appointment in accordance with the provisions of the Companies Act, 1965, to hold office until the forthcoming AGM of the Company.

As such provisions have now been repealed, R. M. Alias will seek re-appointment at the forthcoming AGM to enable him to continue in his office as a Director of the Company and his continuation in office will thereafter be subject to retirement in accordance with the Articles of Association. Mr. Kwok Kian Hai is also due for re-appointment at the forthcoming AGM. However, he had advised that he will not be seeking re-appointment at the forthcoming AGM.

Details of the Director seeking such re-appointment at the forthcoming AGM is shown in the Notice of Meeting (Ordinary Resolution 5).

The performance and commitment of those Directors who are subject to re-election and re-appointment at the forthcoming AGM were reviewed and assessed by the NC before recommendations were made to the Board for its approval to table the proposed re-election and re-appointment at the forthcoming AGM for shareholders' approval.

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. Despite no specific targets being set in relation to boardroom diversity, the Board is committed to improving boardroom diversity to create a diverse Board in terms of race, religion, gender, regional and industry experience, cultural and geographical background, ethnicity, age and perspective.

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. Hence, the Board will consider the use of independent sources or search firms to identify suitably qualified candidates, instead of relying solely on the existing Board, CEO or major shareholders.

There were nine (9) members on the Board of Directors for the financial year ended 30 September 2017, one (1) of whom is a female. The appointment of Mrs. Anne Rodrigues to the Board during the financial year, widens the gender diversity of the Board and contributes value to Board deliberations by harnessing different perspectives and insights.

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REMUNERATION COMMITTEE ("RC")

The RC has been established since 1994. Its 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 RC's recommendations on the 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

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

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

The RC convened two (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
Tan Sri Azlan Bin Mohd Zainol	2	2
Dato' Lee Hau Hian	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 2015 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 three (3) years. 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 proposed Directors' fees for the financial year ended 30 September 2017 and the proposed payment of Directors' benefits for the period from 31 January 2017 until the next AGM to be held in 2019, will be tabled at the forthcoming AGM.

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.

CORPORATE GOVERNANCE STATEMENT

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 2017 are presented in the table below:

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

MEMBERS	FEES		SALARIES*	BONUS*	BENEFITS-IN-KIND*	OTHER EMOLUMENTS*
	COMPANY RM'000	GROUP RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors	–	–	5,220	6,045	190	2,104
Non-Executive Directors	1,687	1,745	–	–	42	68

** Paid by the Company*

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
Below RM50,000	–	1
RM250,000 to RM300,000	–	5
RM500,000 to RM550,000	–	1
RM3,450,000 to RM3,500,000	1	–
RM10,050,000 to RM10,100,000	1	–

There were 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, Mr. Roy Lim Kiam Chye for the financial year ended 30 September 2017.

PRINCIPLE 3 – REINFORCE INDEPENDENCE

ASSESSMENT OF INDEPENDENCE OF INDEPENDENT DIRECTORS

The Board recognises the importance of independence and objectivity in the decision-making process. Over the course of the year, the Board and its NC assessed the independence of the six (6) Independent Non-Executive Directors based on the criteria prescribed under the Main LR in which an Independent Director should be independent and free from any business or other relationship which could interfere with the exercise of independent judgement, or the ability to act in the best interest of the Company.

The Board and its NC have upon their annual assessment, concluded that the independence criteria as set out in the Main LR have been fulfilled by each of the six (6) Independent Non-Executive Directors and each of them continues to demonstrate intrinsic independent values, conduct and behaviour that are essential indicators of independence.

CORPORATE
GOVERNANCE STATEMENT

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 nine (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 nine (9) years, remain unbiased, objective and independent in expressing their opinions and in participating in the decision-making of the Board. 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 based on the following justifications:

(a) each of them fulfils the criteria of an independent director pursuant to the Main LR;
(b) each of them is familiar with and has wide experience relating to the Company's business operations;
(c) each of them has devoted sufficient time and attention to his responsibilities as an independent director of the Company; and
(d) each of them has exercised due care during his tenure as an independent director of the Company and carried out his duty in the best interest of the Company and shareholders.

The Board concluded that the length of their service on the Board had 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 interest of the Company and bringing independent and professional judgement to Board's deliberations.

SEPARATION OF POSITIONS OF THE CHAIRMAN AND THE 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.

The Chairman is responsible for leading the Board in discharging its duties effectively, and enhancing the Group's standards of corporate governance. He promotes an open environment for debate, and ensures that all Directors are able to speak freely and contribute effectively at Board meetings. The Chairman also provides clear leadership to the Board with respect to the Group's long-term growth and strategy.

The CEO focuses on the business, organisational effectiveness and day-to-day management of the Group. He also executes the Board's decisions and strategic policies, and chairs the Executive Committee, which comprises Senior Management executives to oversee the operations of the KLK Group.

CORPORATE GOVERNANCE STATEMENT

COMPOSITION OF THE BOARD

There were nine (9) members on the Board of Directors for the financial year ended 30 September 2017, comprising two (2) Executive and seven (7) Non-Executive Directors, six (6) 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.

As the Board believes that it is impractical to specifically set out the minimum/maximum time commitment expected of its Directors, each Director is expected to devote sufficient time to attend AGMs, EGMs, Directors' training and site visits apart from all meetings of the Board and Board Committees. In this respect, none of the Directors hold more than five (5) directorships each in listed corporations.

BOARD MEETINGS

The Board meets at least four (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 five (5) months prior to the first scheduled meeting and allows Directors to plan ahead. All Directors are furnished with the Agenda and board papers in hard copies at least seven (7) days prior to the meetings. This allows Directors to have ample time for prior review and, if necessary, the acquisition of further details for deliberation at the meeting.

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.

CORPORATE GOVERNANCE STATEMENT

During the financial year ended 30 September 2017, seven (7) Board meetings were held. All Directors have complied with the Main LR that all Directors have had attended more than 50% of the Board Meetings held during the financial year. The following are the details of attendance of each Director:

DIRECTORS	NUMBER OF MEETINGS HELD [1]	NUMBER OF MEETINGS ATTENDED	ATTENDANCE PERCENTAGE
R. M. Alias	7	7	100%
Tan Sri Dato' Seri Lee Oi Hian	7	7	100%
Roy Lim Kiam Chye	7	6	86%
Dato' Lee Hau Hian	7	7	100%
Dato' Yeoh Eng Khoon	7	7	100%
Kwok Kian Hai	7	5	71%
Tan Sri Azlan Bin Mohd Zainol	7	7	100%
Quah Poh Keat	7	7	100%
Anne Rodrigues[2]	1	1	100%

Notes:
[1] *Reflects the number of meetings held during the time the Directors held office*
[2] *Appointed w.e.f. 6 September 2017*

INDUCTION OR ORIENTATION FOR NEW DIRECTOR

The Board recognises the importance of conducting a comprehensive induction or orientation programme for a new director in order to familiarise the new director with the businesses and governance practices of the Group. The programmes also allow the new director to get acquainted with Senior Management, thereby facilitating board interaction and independent access to Senior Management. Upon appointment, the new Director goes through a comprehensive induction or orientation programme and is briefed on the Group's activities, operations and policies during visits to various KLK Group operating centres to enable him/her to assimilate into the new role.

CONTINUOUS DEVELOPMENT PROGRAMME FOR ALL DIRECTORS

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.

The Directors recognise the importance of continuing development by attending conferences, briefings and workshops to update their knowledge and enhance their skills. All 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, 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 and Australia with the aim of enhancing their understanding and knowledge on the technical and operational aspects of industry-related issues.

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Particulars of various training programmes attended by the Directors during the financial year ended 30 September 2017 are as follows:

CONFERENCE/SEMINAR/WORKSHOP	PRESENTER/ORGANISER	DATE
American Oil Chemists' Society (AOCS) – Fabric & Home Care World Conference	AOCS	05-07.10.2016
In-house Directors' Training on Sustainability Policies & Strategies to Deliver Sustainable Performance	Eco World International Berhad (by Terus Mesra Sdn Bhd)	11.10.2016
Palm Oil Trade Fair and Seminar 2016	Malaysian Palm Oil Council	12-13.10.2016
Oils & Fats International Congress 2016	Malaysian Oil Scientists' & Technologists' Association (MOSTA)	19-21.10.2016
Training on Anti-Money Laundering/Counter Financing of Terrorism – Approaches to Address Regulatory Concerns for Board of Directors & Group Senior Management	RHB Banking Group	31.10.2016
Briefing on Companies Bill 2016	RHB Banking Group (by Zaid Ibrahim & Co)	01.11.2016
Corporate Governance Breakfast Series with Directors: "The Cybersecurity Threat and How Board should Mitigate the Risks"	Bursa Malaysia Berhad and Malaysian Directors Academy	18.11.2016
Briefing on P2P/Crowd Funding/Crowd Sourcing	RHB Banking Group	10.01.2017
Briefing to the Board of Directors on Sustainability Reporting	Eco World International Berhad (by Ernst & Young)	13.01.2017
Briefing on Blockchain Technology and Potential Use Cases in Financial Services	RHB Banking Group	06.02.2017
Global Business Insights Series: Embracing Paradoxes by Professor Salvatore Cantale	Securities Industry Development Corporation	02.03.2017
Palm and Lauric Oils Price Outlook Conference & Exhibition	Bursa Malaysia Berhad	06-08.03.2017
Breakfast Talk with ACGA: CG Watch 2016 - Ecosystems Matter	The Iclif Leadership and Governance Centre and Malaysian Directors Academy	07.03.2017
Global Transformation Forum 2017	Performance Management and Delivery Unit (PEMANDU)	22-23.03.2017
Briefing on Bank Negara Malaysia Annual Report 2016/Financial Stability and Payment Systems Report 2016	Bank Negara Malaysia	23.03.2017

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CONFERENCE/SEMINAR/WORKSHOP	PRESENTER/ORGANISER	DATE
Audit Committee Institute Breakfast Roundtable 2017	Audit Committee Institute Malaysia	28.04.2017
Islamic Banking by 2030: Impact of Digital Economy, Fintech & Sustainability as Force of Change	RHB Banking Group (by SHARE® Knowledge Services, Kuwait)	03.05.2017
Efficient Inefficiency: Making Boards Effective in a Changing World by Professor Sampler	FIDE FORUM	04.05.2017
Compliance Conference 2017	Bank Negara Malaysia	18.05.2017
Exclusive Workshop for Nomination Committee, Chairman and Members: Board Selection – Engagement with Potential Directors	FIDE FORUM	23.05.2017
Business Leaders Roundtable Meeting – Women on Board	Securities Commission Malaysia	06.06.2017
Fintech: Opportunities for the Financial Services Industry in Malaysia	FIDE FORUM	11.07.2017
Fraud Risk Management Workshop	Bursa Malaysia Berhad	13.07.2017
ISP National Seminar 2017	The Incorporated Society of Planters (ISP)	17.07.2017
Board in the Digital Economy	Securities Industry Development Corporation	17.07.2017
Invest Malaysia 2017	CIMB Group Holdings Berhad in collaboration with Bursa Malaysia Berhad	25.07.2017
AICB Banking Conference – China's Banking Industry: Opportunities for Growth	Asian Institute of Chartered Bankers (AICB)	02.08.2017
Malaysian Code on Corporate Governance: Expectations & Implications	Securities Industry Development Corporation	02.08.2017
National Transformation (TN50) Workshop	Economic Planning Unit	03.08.2017
ASIAN Science Camp	University Tunku Abdul Rahman	22.08.2017
Value-Based Intermediation Dialogue	Bank Negara Malaysia	24.08.2017
Oil Palm Best Practices Workshop 2017	MOSTA	12.09.2017
Malaysian Code on Corporate Governance 2017	PricewaterhouseCoopers (In-house)	26.09.2017

CORPORATE GOVERNANCE STATEMENT

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 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 2017, 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 2016. 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 to oversee the integrity of the Group's financial reporting.

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. The review process covers the assessment of the independence of the external auditors and the evaluation of their performance, quality of work, non-audit services provided and timeliness of services deliverables. A summary of the work of the AC during the year under review is set out in the AC Report.

PRINCIPLE 6 – RECOGNISE AND MANAGE RISKS

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 briefed on any potential fraud, whistleblowing and internal audit findings in order to enable them to assess 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.

CORPORATE
GOVERNANCE STATEMENT

SOUND RISK MANAGEMENT FRAMEWORK

The Board is supported by the Group Risk Management Committee (headed by the CEO), 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.

Under the risk management framework, the Board, through the Group Risk Management Committee, sets out the risk appetite of the Group whilst the Group Risk Management Committee ensures the effectiveness of risk management and adherence to the risk appetite established by the Board.

ETHICS AND WHISTLEBLOWING

The Group is committed to maintain high work standards and ethics in all of its practices. As whistleblowing is viewed positively by the Group as a means in ensuring the standards by which the Group subscribes to are upheld and maintained at the highest level, the Group has adopted a Whistleblowing Policy to enable stakeholders to raise in confidence possible corporate misdemeanours without fear of intimidation or reprisal.

The Whistleblowing Policy provides an avenue for stakeholders to raise a legitimate concern about any actual or suspected improprieties involving the resources of the KLK Group at the earliest opportunity for expeditious investigation. The Group is committed to absolute confidentiality and fairness in relation to all matters raised and will support and protect those who report violations in good faith.

The details of the Whistleblowing Policy are available on our corporate website, *www.klk.com.my*.

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, which is accessible on our corporate website, *www.klk.com.my*, 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 LR.

CORPORATE GOVERNANCE STATEMENT

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 our corporate 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.

At AGMs, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Senior Management. Shareholders are also informed of the rules, including the voting procedures that govern the AGMs.

At the 44th AGM of the Company, all eight (8) 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 provided shareholders the Company'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.

In line with the new requirement of the Main LR, electronic poll voting had been implemented at the last AGM for greater transparency and efficiency in the voting process. All shareholders were briefed on the voting procedures by the poll administrator and an independent external party was also appointed as scrutineers for the electronic poll voting process. The Chairman announced the voting results of all resolutions tabled before the closure of the AGM and the results were released to Bursa Malaysia immediately after the meeting to enable the public to know the outcome thereof. The summary of AGM proceedings was also made available on our corporate website, *www.klk.com.my*.

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 30 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. Such active step of serving the Notices of AGM earlier than the minimum notice period allows shareholders ample time in planning their meeting attendance as well as enables institutional shareholders who hold shares through custodians, to communicate voting instructions to the custodian and ensure that these are acted on.

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 four (4) days.

CORPORATE
GOVERNANCE STATEMENT

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 Group CFO, who have regular dialogues with institutional investors and deliver presentations to analysts periodically.

For the financial year ended 30 September 2017, Management has attended approximately 90 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), Company Profile, Corporate Information, Group Policies, Corporate Mission & Values, the respective TORs of the AC and NC, Corporate Disclosure Policy and an overview of the Group's business activities etc., 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 nine (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 LR") of Bursa Malaysia, the Board of Directors of KLK is committed to maintain 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

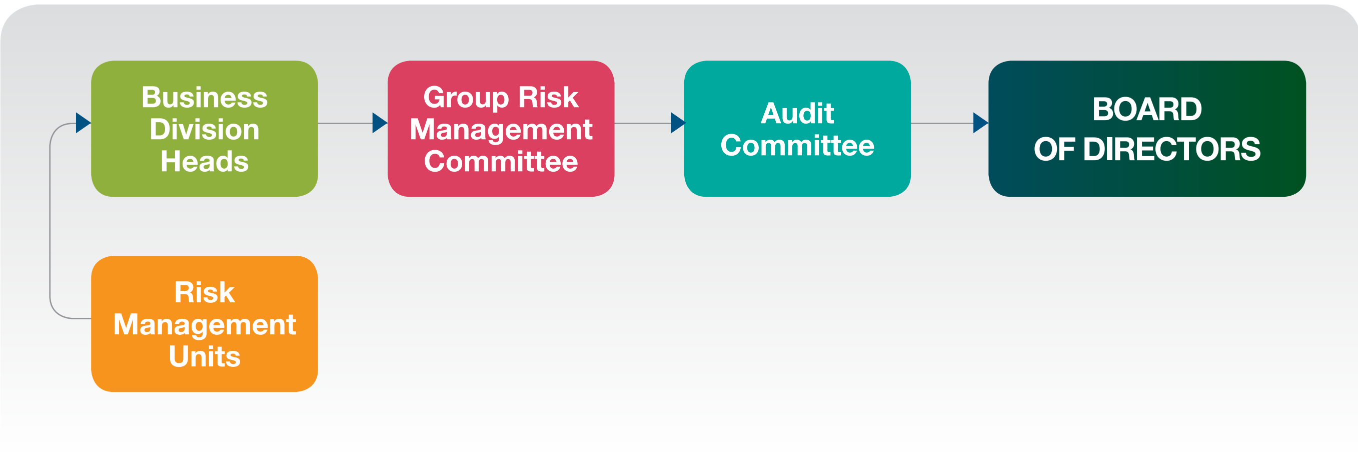
RISK MANAGEMENT FRAMEWORK

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.

The Group's risk management framework is set out in the diagram below:



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The GRMC directs the Risk Management Units ("RMUs") on the guidelines and timeline for the submissions of the risk reports to the GRMC. The RMUs revise or identify new risks based on risk appetite in terms of its magnitude of the financial or non-financial impact against the likelihood of the occurrence of the risk. The RMUs submit the risk reports to the Business Division Head ("BDHs") for review. The BDHs review the risks associated with the Group's strategic objectives and overall risks appetite to ensure all principal risks are adequately addressed by the RMUs. The principal risks and remedial actions are deliberated in the GRMC meeting and reported to the Board yearly. Any changes highlighted by the Board would then be cascaded to the RMUs for remedial action plans. Notwithstanding the above, any emerging principal risks that may arise during the year will be escalated immediately to the GRMC.

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

The principal risks for the financial year 2017 have been reviewed by the Board of Directors and are as follows:

Sustainability Risks

Sustainability standards for all businesses are becoming onerous. Demand by consumers on traceability of palm products, in particular the palm oil supply chain, to enhance visibility and transparency of relevant operations at various stages has increased further. The Non-Governmental Organisations' (NGOs') activities have increased, with special focus on plantation companies including their downstream businesses, their clients and financiers on issues such as deforestation, protection of peat land, violation of communities' rights and labour practices. KLK has a Sustainability Policy and Grievance Procedure in place, to address these areas of concern. A copy of the Sustainability Policy and Grievance Procedure is available on the Company's website at *www.klk.com.my*.

KLK abides by the Principles & Criteria of Roundtable on Sustainability Policy ("RSPO"), Malaysian Sustainable Palm Oil ("MSPO") and Indonesia Sustainable Palm Oil ("ISPO"). KLK believes in open dialogue, transparency, cooperation and actively engaging with stakeholders, particularly the communities living in the vicinity of the Group's operation. The Group aspires to contribute to the socio-economic development of the communities concerned. Similarly, the Group will take actions to mitigate adverse impact on the communities arising from its operations.

The Group also has in place a Sustainability Steering Committee which oversees the management policies, processes and strategies to manage social, environmental and reputational risks. The Group on a periodic basis, reports to the public in relation to its efforts and status of compliance with the KLK Sustainability Policy.

Regulatory Risks

The Group businesses are governed by relevant laws, regulations and standards. The Group as and when needed assesses the impact of new laws and regulations affecting its businesses to ensure its processes and infrastructure setting are able to operate under new requirements.

In Indonesia, there are relevant laws and regulations governing plantation operations which are complex. Penalties can be invoked on any plantations investor who fails to comply with such laws and regulations. A committee comprising of members of Senior Management had been set up to carry out intensive due diligence on the status of land and compliance to ensure the regulatory risk is managed systematically. Management has been continuously conducting intensive check of all legal requirements, licences etc. by individual region.

STATEMENT ON RISK MANAGEMENT & **INTERNAL CONTROL**

Market and Commodity Risks

(i) Expectation of lower commodity prices

The current price of crude palm oil ("CPO") is expected to be on a downward trend. According to the Malaysian Palm Oil Council ("MPOC"), the average price trend of CPO for the second half of 2017 is forecast to settle at an approximate price range between RM2,300/mt to RM2,700/mt[1] compared to RM2,900/mt in the first half of 2017. The lower price is due to the recovery of palm oil production from the effects of El Niño experienced by Malaysia and Indonesia in 2016 – the global CPO production for 2017 is expected to rise 11% to 65.0 million mt compared to 58.3 million mt[2] in 2016. However, the demand for CPO is not in tandem with the increase in supply. Likewise, the ample supply of competing oil seeds like soybean and sunflower coming on stream would also cause negative impact on the CPO prices.

As a mitigating control, the Group intends to continuously develop new markets and evaluate domestic and international markets for competitive pricing. Management also integrates the supply from the Group's mills with its own refineries, wherever possible, to optimise the lower export duties for refined products, especially in its Indonesian operations.

(ii) Low crude oil prices

The low crude oil prices have impacted on the economic feasibility of producing biofuel. The current low crude oil prices level is still not sufficient to soften the negative impact on the demand of CPO. The recent European Union ("EU") resolution to phase out the palm oil for biofuel by 2020[3] would further weaken the demand for CPO in the long run for the production of biofuel.

The Malaysian and Indonesian governments are lobbying with the EU on the resolution by European parliament members concerning palm oil and deforestation to sustain the demand for CPO.

(iii) Excess Refining Capacity in Indonesia

The rate of increase in Indonesia's refining capacity had been much faster than the production of CPO for the past years. This had resulted in competition of securing feedstock and thus, eroding refinery margins. Refineries are also at risk of not being able to run at full capacity due to insufficient feedstock.

The Group is addressing this risk by leveraging on smart partnerships with key upstream players to fill up the refining capacity. The Group continues to develop supply from other upstream players via the dynamic and aggressive procurement team.

(iv) Limited Supply of Lauric Oil

The Oleochemicals Division, in particular its fatty alcohol business requires substantial lauric oil, i.e. the crude palm kernel oil ("CPKO") as raw material for its production process. Hence, huge fluctuations in CPKO prices and limited availability in its supply had rendered buyers extremely prudent in products' purchase. The price fluctuations may have an impact on the margins of the Oleochemical Division.

The Group manages this business risk with clear visibility of forward months' raw material price and cost structure. The Group also widens its sourcing from Indonesia and integrates with the Plantations Division wherever possible for long term supply of raw materials.

STATEMENT ON RISK MANAGEMENT & **INTERNAL CONTROL**

(v) Over Supply of Fatty Alcohol

The fatty alcohol business continued to be affected by the bullish CPKO price and buyers of fatty alcohol switching to lower cost synthetic-based alternatives creates an oversupply of fatty alcohol in the market. The significant cost disadvantage over synthetic alcohol may impact the profitability of Oleochemicals Division.

The Group is managing the risk by improving its product management and production efficiency in producing high quality of alcohol products. This includes the raw material sourcing and its hedging mechanism to mitigate drastic fluctuation of raw material prices.

Operational Risks

(i) Labour Shortages and Escalating Operational & Development Costs in the Plantations Sector

Plantation operations are labour intensive. The Group faces challenges in the form of inadequate skilled workers for its harvesting operations. Though efforts are being made to recruit local workers, the reliance on foreign workers particularly for Malaysian's operations remains heavy. Labour supply in Malaysia is also tightening due to rising wages in Indonesia resulting in less Indonesian workers being incentivised to work abroad. Further increase in the minimum wages and other operational costs such as chemicals and fertiliser would also be a cause of concern.

To mitigate the above risk, the Group is continuously devising ways to mechanise and increase efficiency and productivity by reducing 'workers to hectare ratio'. The Group is also exploring to recruit workers from Bangladesh and others to reduce the dependence on Indonesian workers and to have more balance spread of foreign workers. The Group is continuously devising efforts to achieve higher productivity in harvesting areas. Prudent cost control measures are in place through budgeting process and monitoring system. Management also carried out consistent replanting programmes and introduced new planting materials to increase the production yields.

(ii) Industrial Risks

The Oleochemicals division uses hydrogen/methanol/hydrogen peroxide in its production processes. Likewise, in the Plantations sector, the Palm Fibre Oil Extraction Plant and Palm Kernel Cake Oil Extraction Plant use solvent, i.e. hexane to recover residual oil from the palm pressed fibre and palm kernel cake respectively. These gases and solvent are hazardous and can cause explosion and fire.

The Group adhered strictly to the safety and security policies which takes into account the changing risk landscape to manage industrial risks. The Emergency Response Team is properly trained to contain and control leakages or fire. To mitigate the financial impact, these plants are adequately insured under Industrial All Risk Policy and Fire-Industrial Policy for Oleochemicals division and Plantations sector respectively.

STATEMENT ON RISK MANAGEMENT & **INTERNAL CONTROL**

OTHER ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

Board Meetings

At a minimum, the Board meets on a Quarterly basis and has a formal agenda on matters for discussion. The CEO leads the presentation of board papers and provides explanation on pertinent issues. A thorough deliberation and discussion by the Board is a prerequisite before arriving at any decision. 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. The limit of authorities for approval levels is established for budgeted and non-budgeted capital expenditure.

Performance Management Framework

Management reports are generated on a monthly and consistent basis to facilitate the Board and the Group's Management in performing financial and operation 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. The Group's annual budget is approved by the Board prior to implementation.

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.

Whistleblowing Policy

A Whistleblowing Policy has been established to provide clarity of oversight of the whistleblowing process, protection and the confidentiality provided to whistleblowers. The Policy provides a protocol to employees and stakeholders to raise genuine possibilities of improprieties, malpractices and misconduct within the Group for remedial action. In addition, the Group had also implemented an Employee Grievance Redressal Policy to provide a clear and transparent framework for employees to raise any grievances. These policies are available on the Company's website at *www.klk.com.my*.

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.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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 2017, and reported to the Board that nothing has come to their attention that caused 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.

CONCLUSION

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 Chief Financial Officer 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 8 December 2017.

Source of information:

1 CPO Price Trend for 2nd Half 2017. Retrieved from *http://www.mpoc.org.my/CPO_Price_Trend_for_2nd_Half_2017.aspx*

2 Global palm oil output seen rising 11% in 2017. Retrieved from *http://www.theedgemarkets.com/article/global-palm-oil-output-seen-rising-11-2017*

3 Mah: EU palm oil resolution unfair. Retrieved from *https://www.thestar.com.my/news/nation/2017/04/06/mah-eu-palm-oil-resolution-unfair-malaysia-and-indonesia-teaming-up-to-convince-european-lawmakers/*

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of KLK is pleased to present the AC Report for the financial year ended 30 September 2017 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Main LR") of Bursa Malaysia.

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 its Terms of Reference. The AC's Terms of Reference is available at the Company's website at *www.klk.com.my*.

COMPOSITION AND MEETINGS

The AC convened five (5) meetings during the financial year ended 30 September 2017. Details of the membership and their attendance at the meetings, are as follows:

	NUMBER OF MEETINGS	
MEMBERS	**HELD[1]**	**ATTENDED**
Dato' Yeoh Eng Khoon (Chairman) Senior Independent Non-Executive Director	5	5
Tan Sri Azlan Bin Mohd Zainol Independent Non-Executive Director	5	5
Quah Poh Keat Independent Non-Executive Director	5	5
Anne Rodrigues[2] Independent Non-Executive Director	–	–

Notes:

1 *Reflects the number of meetings held during the time the AC members held office*

2 *Appointed w.e.f. 1 December 2017*

Tan Sri Azlan Bin Mohd Zainol and Mr. Quah Poh Keat are members of the Malaysian Institute of Accountants. The AC, therefore, meets the requirements of Paragraph 15.09(1)(c) of the Main LR which stipulate that at least one (1) member of the AC must be a qualified accountant.

SUMMARY OF THE WORK OF THE AC

In line with the Terms of Reference of the AC, the work carried out by the AC in the discharge of its functions and duties for the financial year ended 30 September 2017 are as follows:

Financial Procedures and Financial Reporting

- Reviewed the Group's quarterly results and financial statements, and made recommendations to the Board for approval of the same, as detailed below:

DATE OF AC MEETINGS	QUARTERLY RESULTS/FINANCIAL STATEMENTS REVIEWED
14 February 2017	Unaudited first quarter results for the period ended 31 December 2016
22 May 2017	Unaudited second quarter results for the period ended 31 March 2017
14 August 2017	Unaudited third quarter results for the period ended 30 June 2017
21 November 2017	Unaudited fourth quarter results for the period ended 30 September 2017 and the unaudited results of the Group for the financial year ended 30 September 2017
5 December 2017	Audited Financial Statements for the year ended 30 September 2017

AUDIT COMMITTEE **REPORT**

The review of the unaudited quarterly financial results is to ensure the disclosures are in compliance with the Financial Reporting Standard 134 – Interim Financial Reporting and applicable disclosure provisions in the Main LR.

The AC had also reviewed the audited financial statements of the Company and the Group for the financial year ended 30 September 2017 which covers the financial position and performance for the year and ensure that it complied with all disclosures and regulatory requirements and recommended the audited financial statements to the Board for approval.

- Reviewed the significant matters highlighted by the external auditors in the financial statements and significant judgements made by Management.

External Audit

- Reviewed and endorsed the external auditors' audit strategy, scope of work and audit plan for the year, including the review on audit documentation of significant component auditors in the subsidiaries.
- Met with the external auditors twice a year without the presence of Management to review and discuss on the key issues within their duties and responsibilities. There were no major concerns raised by the external auditors at the meetings.
- Evaluated the performance of the external auditors and made recommendations to the Board on their re-appointment and audit fees.
- Reviewed and approved the audit and non-audit services provided by the external auditors. The amounts of audit and non-audit fees are disclosed in the Additional Compliance Information on page 109.
- Obtained written assurance from the external auditors to confirm on their independence throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- The AC was satisfied with the work performed by the external auditors based on the quality of services, sufficiency of resources, performance, independence and professionalism, and their ability to conduct the external audit within an agreeable timeline fixed by the Management. Accordingly, it was recommended to the Board to re-appoint KPMG PLT as the Auditors of the Company as well as proposed audit fees for approval. A resolution for their re-appointment will be tabled for shareholders' approval at the forthcoming Annual General Meeting.

Internal Audit

- Reviewed the risk-based annual audit plan to ensure adequate scope and coverage on the activities of the Company and the Group.
- Reviewed and deliberated on reports of audits conducted by the Internal Audit Division ("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 the adequacy of staff resources and access to information to ensure audit works were carried out effectively.

AUDIT COMMITTEE **REPORT**

Related Party Transactions which include Recurrent Related Party Transactions ("RPTs")

- Reviewed the RPTs entered into by the Company and the Group and disclosure of such transactions pursuant to Chapter 10 of the Main LR, Financial Reporting Standard 124 and the repealed Companies Act, 1965 (now known as Companies Act 2016).

- Reviewed the Circular to Shareholders in relation to the proposed shareholders' mandate for recurrent related party transactions.

- Reviewed the processes and procedures in the Policy on RPTs to ensure that related parties are appropriately identified and that RPTs are appropriately declared, approved and reported.

Risk Management

- Reviewed the Group Risk Management Committee's meeting minutes and reports, and deliberated on the principal risks highlighted and the controls to mitigate the risks.

Other Duties

- 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.

SUMMARY OF THE WORK OF THE INTERNAL AUDIT FUNCTION

The Group has an independent in-house IAD whose primary function is to assist the AC in discharging its duties and responsibilities. Currently, there are a total of 55 internal auditors across the Group in Peninsular Malaysia, Sabah and Indonesia.

The IAD's role is to provide the AC with independent and objective reports on the adequacy and effectiveness of the internal controls and procedures in the operating units within the Group and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with the applicable laws and regulations.

The Internal Audit's activities are guided by the Internal Audit Charter and the IAD adopts a risk-based approach focusing on high risks areas. The IAD conducts regular and systematic reviews on the effectiveness of key controls and processes in the operating units to provide reasonable assurance that such systems would continue to operate satisfactorily and effectively.

For the financial year under review, the IAD conducted audit assignments on various operating units in Malaysia, Indonesia, China, Europe and Liberia. The audit reports incorporating audit recommendations and management responses on the control issues were submitted to the AC on a quarterly basis. Periodic follow-up audits were carried out where appropriate to ensure recommendations for corrective actions were implemented and enforced.

The IAD had reviewed the quarterly financial reports to ensure disclosures are in compliance with the Financial Reporting Standard 134 – Interim Financial Reporting and Main LR. IAD had participated in User Acceptance Testing, User Requirement Study and System Design on the implementation of new IT systems in the Group to ensure that pertinent controls are adequately in place. IAD will continue to leverage on data analytics tools to improve the efficiency and effectiveness of data retrieval and analytics capabilities for the audit processes.

IAD had conducted in-house audit training for auditors to enhance competencies and practices. IAD also conducted training for the operating units' personnel to enhance their internal control awareness.

The total costs incurred for the internal audit function of the Group for the financial year ended 30 September 2017 was RM5.01 million.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with the Main Market Listing Requirements of Bursa Malaysia:

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

AUDIT AND NON-AUDIT FEES

(i) The amount of audit fees paid or payable to the external auditors, KPMG PLT, for services rendered to the Company and the Group for the financial year ended 30 September 2017 amounted to RM240,000 and RM848,000 respectively.

(ii) The amount of non-audit fees paid or payable to the external auditors, KPMG PLT and its affiliates, for services rendered to the Company and the Group for the financial year ended 30 September 2017 amounted to RM59,000 and RM1,216,000 respectively.

MATERIAL CONTRACTS

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

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 are disclosed in Note 38 to the financial statements on pages 160 to 162.

FINANCIAL STATEMENTS

REPORT
OF THE DIRECTORS

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 2017.

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 ventures are involved in the business of plantation, manufacturing, property development and investment holding.

ULTIMATE HOLDING COMPANY
The Company is a subsidiary of Batu Kawan Berhad, of which is incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

SUBSIDIARIES
The details of the Company's subsidiaries are disclosed in Note 42 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	1,450,205	755,164
Tax expense	(383,329)	(89,922)
Profit for the year	1,066,876	665,242
Attributable to:		
Equity holders of the Company	1,005,130	665,242
Non-controlling interests	61,746	-
	1,066,876	665,242

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 35 sen per share amounting to RM372,738,000 in respect of the year ended 30 September 2016 was paid on 14 March 2017, 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 2017 was paid on 8 August 2017.

The Directors recommend the payment of a final single tier dividend of 35 sen per share amounting to RM372,738,000 for the year ended 30 September 2017 which, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company, will be paid on 13 March 2018. The entitlement date for the dividend shall be 21 February 2018.

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 34 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 15 February 2017. 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: Highest Price Paid RM	Per Share: Lowest Price Paid RM	Per Share: Average Price Paid RM	Total Consideration RM'000
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 issued and paid-up capital of the Company during the financial year.

REPORT
OF THE DIRECTORS

DIRECTORS OF THE COMPANY
The Directors who served during the financial year until the date of this 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 ultimate holding company as recorded in the Register of Directors' Shareholdings were as follows:

	Number of Shares of RM1 * each			
Shares in the Company	**Balance at 1.10.2016/ Date of Appointment**	**Bought**	**Sold**	**Balance at 30.9.2017**
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
Anne Rodrigues nee Koh Lan Heong	1,500	-	-	1,500
Deemed interest				
R. M. Alias	1,000	-	-	1,000
Tan Sri Dato' Seri Lee Oi Hian	496,350,027	22,000	-	496,372,027
Dato' Lee Hau Hian	496,350,027	22,000	-	496,372,027
Dato' Yeoh Eng Khoon	3,189,850	-	-	3,189,850
Shares in the ultimate holding company, Batu Kawan Berhad				
Direct interest				
Tan Sri Dato' Seri Lee Oi Hian	854,355	4,950,000	4,950,000	854,355
Dato' Lee Hau Hian	1,208,230	217,300	-	1,425,530
Dato' Yeoh Eng Khoon	315,000	-	-	315,000
Deemed interest				
Tan Sri Dato' Seri Lee Oi Hian	207,038,934	7,469,771	780,000	213,728,705
Dato' Lee Hau Hian	205,842,209	6,689,771	-	212,531,980
Dato' Yeoh Eng Khoon	15,391,000	-	-	15,391,000

* Upon the effective date of the Companies Act 2016 as of 31 January 2017, the shares do not have any par value.

By virtue of their deemed interests in the shares of the Company and its ultimate 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 ultimate holding company have interests.

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.

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 those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as 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 in Note 38 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 in or debentures of the Company or any other body corporate.

REPORT OF THE DIRECTORS

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of the Group are covered under the Directors' and Officers' Liability Insurance Policy in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the Policy. The total amount of directors' and officers' liability insurance effected for the Directors and Officers of the Group was RM35 million.

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 the 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 except as disclosed in Note 41 to the financial statements.

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.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2017 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.

AUDITORS

The auditors, KPMG PLT (converted from a conventional partnership, KPMG, on 27 December 2016), have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 5 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)

8 December 2017

STATEMENTS OF **PROFIT OR LOSS**

FOR THE YEAR ENDED 30 SEPTEMBER 2017

		Group		Company	
	Note	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000
Revenue	4	**21,004,036**	16,505,810	**1,554,813**	1,251,922
Cost of sales		**(18,291,454)**	(14,391,426)	**(627,188)**	(543,408)
Gross profit		**2,712,582**	2,114,384	**927,625**	708,514
Other operating income		**138,001**	854,395	**124,526**	874,232
Distribution costs		**(331,443)**	(312,975)	**(13,427)**	(11,855)
Administration expenses		**(536,872)**	(503,310)	**(81,864)**	(78,572)
Other operating expenses		**(357,878)**	(287,436)	**(85,765)**	(182,125)
Operating profit	5	**1,624,390**	1,865,058	**871,095**	1,310,194
Finance costs	6	**(169,849)**	(157,776)	**(115,931)**	(113,813)
Share of profits of equity accounted associates, net of tax		**12,932**	865	**-**	-
Share of (losses)/profits of equity accounted joint ventures, net of tax		**(17,268)**	4,137	**-**	-
Profit before taxation		**1,450,205**	1,712,284	**755,164**	1,196,381
Tax expense	9	**(383,329)**	(29,144)	**(89,922)**	(38,940)
Profit for the year		**1,066,876**	1,683,140	**665,242**	1,157,441
Attributable to:					
Equity holders of the Company		**1,005,130**	1,592,191	**665,242**	1,157,441
Non-controlling interests		**61,746**	90,949	**-**	-
		1,066,876	1,683,140	**665,242**	1,157,441
		Sen	Sen	**Sen**	Sen
Earnings per share	10	**94.4**	149.5	**62.5**	108.7

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

STATEMENTS OF
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Profit for the year	**1,066,876**	1,683,140	**665,242**	1,157,441
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	**115,626**	(93,737)	**-**	-
Net change in fair value of available-for-sale investments	**519,458**	(174,557)	**198,962**	(71,619)
Realisation on fair value of available-for-sale investments	**(5,238)**	(1,726)	**-**	-
	629,846	(270,020)	**198,962**	(71,619)
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 34)	**28,011**	(61,382)	**-**	-
Total other comprehensive income/(loss) for the year	**657,857**	(331,402)	**198,962**	(71,619)
Total comprehensive income for the year	**1,724,733**	1,351,738	**864,204**	1,085,822
Attributable to:				
Equity holders of the Company	**1,663,987**	1,265,174	**864,204**	1,085,822
Non-controlling interests	**60,746**	86,564	**-**	-
	1,724,733	1,351,738	**864,204**	1,085,822

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

STATEMENTS OF **FINANCIAL POSITION**
AS AT 30 SEPTEMBER 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Assets					
Property, plant and equipment	12	**5,220,852**	5,066,699	**1,169,811**	1,139,035
Prepaid lease payments	13	**309,611**	307,068	**721**	742
Biological assets	14	**2,624,038**	2,548,178	**735,741**	718,154
Land held for property development	15	**1,091,471**	1,130,312	**-**	-
Goodwill on consolidation	16	**324,686**	321,661	**-**	-
Intangible assets	17	**15,325**	15,076	**-**	-
Investments in subsidiaries	18	**-**	-	**4,728,169**	4,492,654
Investments in associates	19	**144,538**	138,803	**25,725**	25,725
Investments in joint ventures	20	**158,902**	173,384	**-**	-
Available-for-sale investments	21	**2,270,239**	1,607,570	**702,517**	503,556
Other receivable	22	**210,272**	205,195	**-**	-
Amounts owing by subsidiaries	18	**-**	-	**1,331,771**	1,282,763
Deferred tax assets	23	**439,794**	454,230	**3,144**	-
Total non-current assets		**12,809,728**	11,968,176	**8,697,599**	8,162,629
Inventories	24	**1,796,929**	1,898,109	**39,891**	42,615
Biological assets	14	**37,806**	43,697	**-**	-
Trade receivables	25	**1,816,627**	1,470,271	**40,877**	48,975
Other receivables, deposits and prepayments	26	**697,762**	695,345	**35,386**	44,101
Amounts owing by subsidiaries	18	**-**	-	**22,524**	139,501
Tax recoverable		**38,642**	57,987	**-**	1,083
Property development costs	27	**154,696**	83,463	**-**	-
Derivative financial assets	28	**110,748**	119,454	**463**	2,508
Short term funds	29	**578,489**	1,029,711	**383,629**	841,492
Cash and cash equivalents	30	**1,462,687**	970,360	**253,151**	203,856
Total current assets		**6,694,386**	6,368,397	**775,921**	1,324,131
Total assets		**19,504,114**	18,336,573	**9,473,520**	9,486,760
Equity					
Share capital	31	**1,184,764**	1,067,505	**1,067,790**	1,067,505
Reserves	32	**10,397,158**	9,390,511	**5,535,536**	5,204,100
		11,581,922	10,458,016	**6,603,326**	6,271,605
Less: Cost of treasury shares		**(13,447)**	(13,447)	**(13,447)**	(13,447)
Total equity attributable to equity holders of the Company		**11,568,475**	10,444,569	**6,589,879**	6,258,158
Non-controlling interests		**871,567**	843,457	**-**	-
Total equity		**12,440,042**	11,288,026	**6,589,879**	6,258,158
Liabilities					
Deferred tax liabilities	23	**259,056**	254,976	**-**	313
Deferred income	33	**117,365**	118,665	**-**	-
Provision for retirement benefits	34	**479,132**	495,894	**24,137**	24,148
Borrowings	35	**3,067,168**	2,967,808	**2,600,000**	2,600,000
Total non-current liabilities		**3,922,721**	3,837,343	**2,624,137**	2,624,461
Trade payables	36	**795,316**	657,159	**6,309**	10,545
Other payables	37	**767,507**	685,015	**106,200**	105,807
Amounts owing to subsidiaries	18	**-**	-	**125,582**	184,661
Deferred income	33	**7,808**	6,328	**-**	-
Borrowings	35	**1,375,596**	1,572,222	**-**	300,000
Tax payable		**90,511**	71,694	**21,236**	-
Derivative financial liabilities	28	**104,613**	218,786	**177**	3,128
Total current liabilities		**3,141,351**	3,211,204	**259,504**	604,141
Total liabilities		**7,064,072**	7,048,547	**2,883,641**	3,228,602
Total equity and liabilities		**19,504,114**	18,336,573	**9,473,520**	9,486,760

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	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 2015	1,067,505	1,019,259	79,067	59,840	533,068	878,724	6,042,391	(13,447)	9,666,407	461,703	10,128,110
Net change in fair value of available-for-sale investments	-	-	-	-	-	(174,557)	-	-	(174,557)	-	(174,557)
Realisation on fair value of available-for-sale investments	-	-	-	-	-	(1,726)	-	-	(1,726)	-	(1,726)
Transfer from retained earnings to reserves	-	3,103	(342)	2,170	-	-	(4,931)	-	-	-	-
Remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	-	(60,459)	-	(60,459)	(923)	(61,382)
Currency translation differences	-	166	-	(3)	(90,438)	-	-	-	(90,275)	(3,462)	(93,737)
Total other comprehensive income/(loss) for the year	-	3,269	(342)	2,167	(90,438)	(176,283)	(65,390)	-	(327,017)	(4,385)	(331,402)
Profit for the year	-	-	-	-	-	-	1,592,191	-	1,592,191	90,949	1,683,140
Total comprehensive income/(loss) for the year	-	3,269	(342)	2,167	(90,438)	(176,283)	1,526,801	-	1,265,174	86,564	1,351,738
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	-	324,800	324,800
Effect of changes in share-holdings in a joint venture	-	-	-	-	-	-	(7,777)	-	(7,777)	-	(7,777)
Dividend paid - 2015 final	-	-	-	-	-	-	(319,490)	-	(319,490)	-	(319,490)
- 2016 interim	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(29,610)	(29,610)
Total transactions with owners of the Company	-	-	-	-	-	-	(487,012)	-	(487,012)	295,190	(191,822)
At 30 September 2016	**1,067,505**	**1,022,528**	**78,725**	**62,007**	**442,630**	**702,441**	**7,082,180**	**(13,447)**	**10,444,569**	**843,457**	**11,288,026**
Net change in fair value of available-for-sale investments	**-**	**-**	**-**	**-**	**-**	**519,458**	**-**	**-**	**519,458**	**-**	**519,458**
Realisation on fair value of available-for-sale investments	**-**	**-**	**-**	**-**	**-**	**(5,238)**	**-**	**-**	**(5,238)**	**-**	**(5,238)**
Transfer from retained earnings to reserves	**-**	**5,611**	**-**	**-**	**-**	**-**	**(5,611)**	**-**	**-**	**-**	**-**
Remeasurement of defined benefit plans (Note 34)	**-**	**-**	**-**	**-**	**-**	**-**	**28,911**	**-**	**28,911**	**(900)**	**28,011**
Currency translation differences	**-**	**86**	**-**	**2**	**115,638**	**-**	**-**	**-**	**115,726**	**(100)**	**115,626**
Total other comprehensive income/(loss) for the year	**-**	**5,697**	**-**	**2**	**115,638**	**514,220**	**23,300**	**-**	**658,857**	**(1,000)**	**657,857**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,005,130**	**-**	**1,005,130**	**61,746**	**1,066,876**
Total comprehensive income for the year	**-**	**5,697**	**-**	**2**	**115,638**	**514,220**	**1,028,430**	**-**	**1,663,987**	**60,746**	**1,724,733**
Issuance of shares to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,292**	**10,292**
Redemption of redeemable preference shares	**55,250**	**-**	**-**	**-**	**-**	**-**	**(55,250)**	**-**	**-**	**-**	**-**
Effect of change in shareholdings in a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**(7,598)**	**-**	**(7,598)**	**7,598**	**-**
Dividend paid - 2016 final	**-**	**-**	**-**	**-**	**-**	**-**	**(372,738)**	**-**	**(372,738)**	**-**	**(372,738)**
- 2017 interim	**-**	**-**	**-**	**-**	**-**	**-**	**(159,745)**	**-**	**(159,745)**	**-**	**(159,745)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(50,526)**	**(50,526)**
Total transactions with owners of the Company	**55,250**	**-**	**-**	**-**	**-**	**-**	**(595,331)**	**-**	**(540,081)**	**(32,636)**	**(572,717)**
Reclassification of capital redemption reserve to share capital pursuant to Section 618(2) of the Companies Act 2016	**62,009**	**-**	**-**	**(62,009)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 30 September 2017	**1,184,764**	**1,028,225**	**78,725**	**-**	**558,268**	**1,216,661**	**7,515,279**	**(13,447)**	**11,568,475**	**871,567**	**12,440,042**
	Note 31	Note 32									

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 2017

	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 2015	1,067,505	1,087,296	34,211	285	496,378	2,979,343	(13,447)	5,651,571
Net change in fair value of available-for-sale investments	-	-	-	-	(71,619)	-	-	(71,619)
Transfer from revaluation reserve to retained earnings	-	-	(342)	-	-	342	-	-
Total other comprehensive (loss)/income for the year	-	-	(342)	-	(71,619)	342	-	(71,619)
Profit for the year	-	-	-	-	-	1,157,441	-	1,157,441
Total comprehensive (loss)/income for the year	-	-	(342)	-	(71,619)	1,157,783	-	1,085,822
Dividend paid - 2015 final	-	-	-	-	-	(319,490)	-	(319,490)
- 2016 interim	-	-	-	-	-	(159,745)	-	(159,745)
Total transactions with owners of the Company	-	-	-	-	-	(479,235)	-	(479,235)
At 30 September 2016	**1,067,505**	**1,087,296**	**33,869**	**285**	**424,759**	**3,657,891**	**(13,447)**	**6,258,158**
Net change in fair value of available-for-sale investments	**-**	**-**	**-**	**-**	**198,962**	**-**	**-**	**198,962**
Total other comprehensive income for the year	**-**	**-**	**-**	**-**	**198,962**	**-**	**-**	**198,962**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**665,242**	**-**	**665,242**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**198,962**	**665,242**	**-**	**864,204**
Dividend paid - 2016 final	**-**	**-**	**-**	**-**	**-**	**(372,738)**	**-**	**(372,738)**
- 2017 interim	**-**	**-**	**-**	**-**	**-**	**(159,745)**	**-**	**(159,745)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**(532,483)**	**-**	**(532,483)**
Reclassification of capital redemption reserve to share capital pursuant to Section 618(2) of the Companies Act 2016	**285**	**-**	**-**	**(285)**	**-**	**-**	**-**	**-**
At 30 September 2017	**1,067,790**	**1,087,296**	**33,869**	**-**	**623,721**	**3,790,650**	**(13,447)**	**6,589,879**
	Note 31			Note 32				

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 RM'000	2016 RM'000
Cash flows from operating activities		
Profit before taxation	**1,450,205**	1,712,284
Adjustments for:		
Depreciation of property, plant and equipment	**393,528**	376,582
Amortisation of leasehold land	**3,069**	3,092
Amortisation of prepaid lease payments	**7,061**	6,974
Amortisation of biological assets	**68,061**	57,556
Amortisation of intangible assets	**2,163**	4,650
Amortisation of deferred income	**(6,252)**	(6,397)
Impairment of property, plant and equipment	**30,940**	-
Impairment of leasehold land	**-**	8,096
Impairment of goodwill	**-**	952
Impairment in value of available-for-sale investments	**32,625**	1,548
Property, plant and equipment written off	**6,320**	5,346
Biological assets written off	**-**	70
Gain on disposal of property, plant and equipment	**(4,057)**	(2,587)
Surplus on government acquisition of land	**(4,892)**	(40,701)
Surplus on disposal of land	**(5,611)**	(496,542)
Surplus on disposal of available-for-sale investments	**(11,898)**	(1,790)
Retirement benefits provision	**31,573**	38,938
Finance costs	**169,849**	157,776
Dividend income	**(64,744)**	(66,093)
Interest income	**(74,479)**	(56,449)
Exchange loss/(gain)	**16,054**	(19,438)
Net change in fair value of derivatives measured at fair value	**(107,290)**	37,967
Share of profits of equity accounted associates, net of tax	**(12,932)**	(865)
Share of losses/(profits) of equity accounted joint ventures, net of tax	**17,268**	(4,137)
Operating profit before working capital changes	**1,936,561**	1,716,832
Working capital changes:		
Property development costs	**(9,873)**	(20,396)
Inventories	**135,906**	(306,149)
Biological assets	**7,783**	(10,192)
Trade and other receivables	**(337,153)**	429,624
Trade and other payables	**208,875**	(68,213)
Deferred income	**6,194**	11,741
Cash generated from operations	**1,948,293**	1,753,247
Interest paid	**(173,848)**	(146,249)
Tax paid	**(338,406)**	(278,271)
Retirement benefits paid	**(32,138)**	(32,011)
Net cash generated from operating activities	**1,403,901**	1,296,716

CONSOLIDATED STATEMENT OF **CASH FLOWS**
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 RM'000	2016 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(517,901)**	(711,538)
Payments of prepaid lease	**(8,823)**	(26,524)
Plantation development expenditure	**(142,511)**	(167,801)
Property development expenditure	**(17,129)**	(903,959)
Subscription of shares in an associate	**-**	(324,800)
Subscription of shares in a joint venture	**-**	(54,440)
Purchase of available-for-sale investments	**(277,990)**	(41,183)
Purchase of intangible assets	**(1,426)**	(5,333)
Proceeds from disposal of property, plant and equipment	**12,863**	7,920
Compensation from government on land acquired	**7,011**	41,553
Proceeds from disposal of land	**-**	873,651
Proceeds from disposal of available-for-sale investments	**152,255**	5,235
Repayment of loan from joint ventures	**-**	24,641
Payment of real property gains tax	**-**	(42,230)
Decrease/(Increase) in short term funds	**454,288**	(1,029,711)
Dividends received from associates	**8,294**	6,051
Dividends received from investments	**67,148**	65,315
Interest received	**50,526**	40,261
Net cash used in investing activities	**(213,395)**	(2,242,892)
Cash flows from financing activities		
Drawdown of term loans	**116,249**	20,943
Issuance of Islamic medium term notes	**-**	500,000
Repayment of term loans	**(91,855)**	(3,784)
Redemption of Islamic medium term notes	**(300,000)**	-
Drawdown/(Repayment) of short term borrowings	**58,510**	(495,600)
Dividends paid to shareholders of the Company	**(532,483)**	(479,235)
Dividends paid to non-controlling interests	**(50,526)**	(29,610)
Issuance of shares to non-controlling interests	**10,292**	324,800
Decrease/(Increase) in other receivable	**13,374**	(10,097)
Net cash used in financing activities	**(776,439)**	(172,583)
Net increase/(decrease) in cash and cash equivalents	**414,067**	(1,118,759)
Cash and cash equivalents at beginning of year	**929,650**	2,055,990
Currency translation differences on opening balances	**(5,154)**	(7,581)
Cash and cash equivalents at end of year (Note A)	**1,338,563**	929,650

Note to the consolidated statement of cash flows

A. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash and bank balances (Note 30)	**331,351**	205,168
Deposits with licensed banks (Note 30)	**1,131,336**	478,258
Fixed income trust funds (Note 30)	**-**	286,934
Bank overdrafts (Note 35)	**(124,124)**	(40,710)
	1,338,563	929,650

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

STATEMENT OF
CASH FLOWS OF THE COMPANY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 RM'000	2016 RM'000
Cash flows from operating activities		
Profit before taxation	**755,164**	1,196,381
Adjustments for:		
Depreciation of property, plant and equipment	**30,028**	32,078
Amortisation of leasehold land	**3,099**	3,099
Amortisation of prepaid lease payments	**21**	21
Property, plant and equipment written off	**31**	797
Gain on disposal of property, plant and equipment	**(286)**	(245)
Surplus on government acquisition of land	**(4,892)**	(40,701)
Surplus on disposal of land	**-**	(819,659)
(Reversal of impairment)/Impairment of advances to subsidiaries	**(68,640)**	22,547
Retirement benefits provision	**902**	1,818
Realised foreign exchange loss	**7,893**	5,370
Unrealised foreign exchange translation (gain)/loss	**(43,364)**	95,024
Net change in fair value of derivatives measured at fair value	**(286)**	620
Finance costs	**115,931**	113,813
Dividend income	**(322,497)**	(295,759)
Interest income	**(75,729)**	(54,659)
Operating profit before working capital changes	**397,375**	260,545
Working capital changes:		
Inventories	**2,724**	9,116
Trade and other receivables	**22,740**	(21,765)
Trade and other payables	**1,841**	(78,848)
Cash generated from operations	**424,680**	169,048
Interest paid	**(121,615)**	(104,000)
Tax paid	**(69,688)**	(42,770)
Retirement benefits paid	**(913)**	(1,076)
Net cash generated from operating activities	**232,464**	21,202
Cash flows from investing activities		
Purchase of property, plant and equipment	**(65,821)**	(18,204)
Plantation development expenditure	**(17,819)**	-
Subscription of shares in subsidiaries	**(900,377)**	(1,267,682)
Proceeds from disposal of property, plant and equipment	**286**	301
Compensation from government on land acquired	**7,011**	41,552
Payment of real property gains tax	**-**	(42,230)
Proceeds from disposal of land	**-**	873,651
Proceeds from distribution by a liquidated subsidiary	**-**	880
Redemption of redeemable preference shares by subsidiaries	**550,000**	9,200
Loan repayments from subsidiaries	**227,979**	228,843
Decrease/(Increase) in short term funds	**457,863**	(841,492)
Dividends received from subsidiaries	**288,162**	249,567
Dividends received from associates	**8,294**	6,050
Dividends received from investments	**25,103**	40,459
Interest received	**68,633**	53,513
Net cash generated from/(used in) investing activities	**649,314**	(665,592)

STATEMENT OF
CASH FLOWS OF THE COMPANY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 RM'000	2016 RM'000
Cash flows from financing activities		
Issuance of Islamic medium term notes	**-**	500,000
Drawdown of short term borrowings	**-**	400,000
Redemption of Islamic medium term notes	**(300,000)**	-
Repayment of short term borrowings	**-**	(400,000)
Dividends paid to shareholders of the Company	**(532,483)**	(479,235)
Net cash (used in)/generated from financing activities	**(832,483)**	20,765
Net increase/(decrease) in cash and cash equivalents	**49,295**	(623,625)
Cash and cash equivalents at beginning of year	**203,856**	827,481
Cash and cash equivalents at end of year (Note A)	**253,151**	203,856

Note to the statement of cash flows

A. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash and bank balances (Note 30)	**2,304**	3,085
Deposits with licensed banks (Note 30)	**250,847**	54,075
Fixed income trust funds (Note 30)	**-**	146,696
	253,151	203,856

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

NOTES TO 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 2017 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 ventures.

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 42.

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 2016 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

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

Amendments to FRSs effective for annual periods beginning on or after 1 January 2017
- Amendments to FRS 12 *Disclosure of Interests in Other Entities (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 107 *Statement of Cash Flows – Disclosure Initiative*
- Amendments to FRS 112 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

FRS, Interpretation and Amendments to FRSs effective for annual periods beginning on or after 1 January 2018
- FRS 9 *Financial Instruments (2014)*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 2 *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to FRS 4 *Insurance Contracts – Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts*
- Amendments to FRS 128 *Investments in Associates and Joint Ventures (Annual Improvements to FRS Standards 2014-2016 Cycle)*
- Amendments to FRS 140 *Investment Property – Transfers of Investment Property*

Interpretation to FRS effective for annual periods beginning on or after 1 January 2019
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*

Amendments to FRSs effective for annual periods beginning on or after a date yet to be confirmed
- 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*

The Group falls within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for the Construction of Real Estate*. Therefore, the Group is currently exempted from adopting the Malaysian Financial Reporting Standards ("MFRS") and is referred to as a "Transitioning Entity". 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, interpretation and amendments to FRSs which are effective for annual period beginning on or after 1 January 2018 will not be applicable to the Group.

The Group plans to apply from the annual period beginning on 1 October 2017 for those amendments to FRSs that are effective for annual periods beginning on 1 January 2017.

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

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

NOTES TO THE
FINANCIAL STATEMENTS

2.2 Basis of measurement

The financial statements have been prepared under the historical cost basis other than as disclosed in Note 3.

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 investments 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 34 and 41 - Provision for retirement benefits and contingencies

3. SIGNIFICANT ACCOUNTING POLICIES

Summarised below are the significant accounting policies of the Group. The accounting policies have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, 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 classified as 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.

NOTES TO THE
FINANCIAL STATEMENTS

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.

NOTES TO THE **FINANCIAL STATEMENTS**

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 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 currencies 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 gain 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.

NOTES TO THE
FINANCIAL STATEMENTS

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	-	3⅓% to 33⅓% per annum
Motor vehicles	-	10% to 50% per annum
Furniture, fittings and equipment	-	5% to 40% 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 88 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.

NOTES TO THE
FINANCIAL STATEMENTS

(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 activities 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.

Costs associated with the acquisition of land include 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 statement 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), contingent consideration in a business combination 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 3.15(a)).

A regular way purchase or sale is a purchase or sale of a 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. 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.

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Trade marks	-	5 to 15 years
Patent	-	10 to 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

3.11 Non-current 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.

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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, which are held for sale, are stated at the lower of costs and net realisable value. Costs consist 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 Short term funds

Short term funds represent funds placed in highly liquid money market instruments which are readily convertible to known amount of cash and have an insignificant risk of changes in fair value with original maturities of more than three months.

3.14 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and fixed income trust funds which are readily convertible to known amount of 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3.15 Impairment

(a) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments 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.

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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.

3.16 Financial liabilities

Financial liabilities are recognised in the statement 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), contingent consideration in a business combination 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.

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3.17 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 incentives 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 incentives can be utilised.

3.18 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 plans

(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. The obligations of the defined benefit plans are calculated as the present values of obligations at end of the reporting period using the projected unit credit method which is based on the last drawn salaries at the end of the reporting period, age and the length of service.

Service and interest costs are recognised in profit or loss. Remeasurements of the defined benefit plans which comprise actuarial gains and losses are recognised in other comprehensive income in the year in which they occur.

(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 costs are recognised immediately in profit or loss. Remeasurements of the defined benefit plans which comprise 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.

3.19 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.

3.20 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 statement of financial position and 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.

3.21 Revenue and other income

(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.

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(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) Rental income
Rental income is recognised based on the accruals basis.

(g) Government grants
Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that 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 a 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.

3.22 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.

3.23 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.

3.24 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.

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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 revenue 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	
	2017	2016	**2017**	**2016**
	RM'000	RM'000	**RM'000**	**RM'000**
Sale of goods				
Palm products	**10,527,908**	8,345,079	**1,011,874**	785,095
Rubber	**140,673**	109,991	**144,315**	115,773
Manufacturing	**9,923,716**	7,738,841	**-**	-
Property development	**141,521**	110,693	**-**	-
Others	**126,774**	74,834	**398**	636
	20,860,592	16,379,438	**1,156,587**	901,504
Rendering of services	**4,221**	3,830	**-**	-
Interest income from financial assets not at fair value through profit or loss	**74,479**	56,449	**75,729**	54,659
Dividend income (Note 8)	**64,744**	66,093	**322,497**	295,759
	21,004,036	16,505,810	**1,554,813**	1,251,922

5. OPERATING PROFIT

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Operating profit is arrived at after charging and (crediting) the following:				
Auditors' remuneration				
- KPMG Malaysia				
current year	**848**	830	**240**	240
under/(over)-provision in prior year	**5**	-	**-**	(10)
audit related work	**134**	132	**134**	132
non-audit work	**2**	33	**2**	4
- overseas affiliates of KPMG				
current year	**815**	371	**-**	-
under-provision in prior year	**30**	11	**-**	-
audit related work	**58**	-	**-**	-
non-audit work	**303**	-	**-**	-
- other auditors				
current year	**1,743**	2,013	**-**	-
(over)/under-provision in prior year	**(19)**	9	**-**	-
audit related work	**42**	19	**-**	-
non-audit work	**38**	34	**-**	-

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	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Taxation services paid to KPMG Tax Services	**1,214**	792	**57**	43
Hire of plant and machinery	**26,055**	20,694	**-**	-
Rent on land and buildings	**9,743**	9,994	**1,248**	1,225
Operating lease rentals				
- land and buildings	**22,099**	10,939	**-**	-
- plant and machinery	**1,416**	1,443	**-**	-
Depreciation of property, plant and equipment (Note 12)	**393,528**	376,582	**30,028**	32,078
Amortisation of leasehold land (Note 12)	**3,069**	3,092	**3,099**	3,099
Amortisation of prepaid lease payments (Note 13)	**7,061**	6,974	**21**	21
Amortisation of biological assets (Note 14)	**68,061**	57,556	**-**	-
Amortisation of intangible assets (Note 17)	**2,163**	4,650	**-**	-
Impairment of				
- property, plant and equipment (Note 12)	**30,940**	-	**-**	-
- leasehold land (Note 12)	**-**	8,096	**-**	-
- goodwill (Note 16)	**-**	952	**-**	-
- trade receivables (Note 25)	**7,681**	707	**-**	-
- advances to subsidiaries	**-**	-	**1,151**	22,547
Impairment in value of available-for-sale investments (Note 21)	**32,625**	1,548	**-**	-
Replanting expenditure	**100,547**	64,155	**55,218**	41,634
Property, plant and equipment written off	**6,320**	5,346	**31**	797
Biological assets written off (Note 14)	**-**	70	**-**	-
Personnel expenses (excluding key management personnel)				
- salary	**1,073,812**	990,566	**222,708**	223,896
- employer's statutory contributions	**105,509**	95,324	**16,033**	16,077
- defined contribution plans	**6,038**	6,037	**-**	-
Research and development expenditure	**21,420**	24,026	**14,435**	13,218
Retirement benefits provision (Note 34)	**31,573**	38,938	**902**	1,818
Write down of inventories	**23,453**	17,315	**329**	712
Reversal of impairment of				
- trade receivables (Note 25)	**(20)**	(2,942)	**-**	-
- advances to subsidiaries (Note 18)	**-**	-	**(69,791)**	-
Write back of inventories	**(1,587)**	(11,086)	**-**	-
Amortisation of deferred income (Note 33)	**(6,252)**	(6,397)	**-**	-
Gain on disposal of property, plant and equipment	**(4,057)**	(2,587)	**(286)**	(245)
Surplus on government acquisition of land	**(4,892)**	(40,701)	**(4,892)**	(40,701)
Surplus on disposal of land	**(5,611)**	(496,542)	**-**	(819,659)
Surplus on disposal of available-for-sale investments	**(11,898)**	(1,790)	**-**	-
Net loss/(gain) in foreign exchange	**3,586**	(15,754)	**(33,922)**	100,262
Rental income from land and buildings	**(1,929)**	(2,081)	**(1,013)**	(999)
Loss/(Gain) on redemption of fixed income trust funds	**532**	(401)	**556**	(40)
Distribution by a liquidated subsidiary	**-**	-	**-**	(880)

6. FINANCE COSTS

	Group		Company	
	2017	2016	**2017**	2016
	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	**9,886**	8,428	**-**	-
Overdraft and other interest	**46,046**	36,984	**-**	1,449
Inter-company interest	**-**	-	**2,014**	-
	55,932	45,412	**2,014**	1,449
Profit payment on Islamic medium term notes	**113,917**	112,364	**113,917**	112,364
	169,849	157,776	**115,931**	113,813

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7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Short term benefits				
Directors' remuneration				
Fees provided	**1,745**	1,649	**1,687**	1,593
Other emoluments	**13,437**	11,678	**13,437**	11,678
Benefits-in-kind	**232**	186	**232**	186
	15,414	13,513	**15,356**	13,457

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	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Gross dividends from:				
Available-for-sale investments				
Investment in shares quoted in Malaysia	**1,015**	992	**-**	-
Investment in shares quoted outside Malaysia	**53,664**	33,411	**16,321**	12,010
Investment in unquoted shares	**566**	377	**566**	377
Fixed income trust funds	**9,499**	31,313	**8,881**	27,532
Unquoted subsidiaries	**-**	-	**288,162**	249,567
Unquoted associates	**-**	-	**8,567**	6,273
	64,744	66,093	**322,497**	295,759

9. TAX EXPENSE

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Components of tax expense				
Current tax expense				
Malaysian taxation	**192,885**	143,088	**87,596**	38,214
Overseas taxation	**175,429**	115,010	**1,371**	1,362
	368,314	258,098	**88,967**	39,576
Deferred tax				
Relating to origination and reversal of temporary differences	**9,829**	2,683	**(3,457)**	(1,178)
Relating to revaluation of biological assets	**-**	(268,037)	**-**	-
Relating to changes in tax rate	**-**	535	**-**	-
Over-provision in respect of previous years	**(3,677)**	(8,884)	**-**	-
	6,152	(273,703)	**(3,457)**	(1,178)
	374,466	(15,605)	**85,510**	38,398
Final tax on revaluation of biological assets	**-**	32,534	**-**	-
Under-provision of tax expense in respect of previous years				
Malaysian taxation	**1,636**	533	**4,412**	542
Overseas taxation	**7,227**	11,682	**-**	-
	8,863	12,215	**4,412**	542
	383,329	29,144	**89,922**	38,940

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Reconciliation of effective tax expense				
Profit before taxation	**1,450,205**	1,712,284	**755,164**	1,196,381
Taxation at Malaysian income tax rate of 24% (2016: 24%)	**348,049**	410,948	**181,239**	287,131
Effect of different tax rates	**(4,136)**	871	**(8,316)**	-
Withholding tax on foreign dividend and interest income	**36,625**	23,565	**1,371**	1,362
Expenses not deductible for tax purposes	**80,019**	48,879	**33,383**	44,166
Final tax on revaluation of biological assets	**-**	32,534	**-**	-
Tax exempt and non-taxable income	**(89,428)**	(222,478)	**(118,703)**	(291,089)
Tax incentives	**(4,066)**	(7,675)	**(3,464)**	(3,172)
Deferred tax assets not recognised during the year	**23,611**	15,710	**-**	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(3,797)**	(11,303)	**-**	-
Tax effect on associates' and joint ventures' results	**1,041**	(1,200)	**-**	-
Recognition of deferred tax assets not taken up previously	**(11,436)**	(333)	**-**	-
Recognition of unutilised reinvestment allowance	**(4,153)**	-	**-**	-
Deferred tax assets on revaluation of biological assets	**-**	(268,037)	**-**	-
Under-provision of tax expense in respect of previous years	**8,863**	12,215	**4,412**	542
Over-provision of deferred tax in respect of previous years	**(3,677)**	(8,884)	**-**	-
Effect of changes in tax rates on deferred tax	**-**	535	**-**	-
Others	**5,814**	3,797	**-**	-
Tax expense	**383,329**	29,144	**89,922**	38,940

In year 2016, the Indonesian Government issued special tax regulations which allowed entities in Indonesia to revalue their fixed assets for tax purposes and pay special final tax rates ranging 3% to 6% on the excess of the revalued amount over the net book value of the fixed assets.

During the financial year ended 30 September 2016, the Group's certain plantations subsidiaries in Indonesia performed revaluation on their biological assets and paid a final tax of RM32.5 million on the revaluation surplus of these assets. At the same time, these subsidiaries had also recognised deferred tax benefits amounting to RM268.0 million related to additional future deductible expense arising from the increase in revalued amount of the biological assets for tax computation. The final tax paid of RM32.5 millon and the deferred tax benefit of RM268.0 million had been recognised in tax expense for the financial year ended 30 September 2016.

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 RM1,005,130,000 (2016: RM1,592,191,000) for the Group and RM665,242,000 (2016: RM1,157,441,000) for the Company by the weighted average number of 1,064,965,692 (2016: 1,064,965,692) shares of the Company in issue during the year.

11. DIVIDENDS

	Group and Company	
	2017	2016
	RM'000	RM'000
Dividends recognised in the current year are:		
Final single tier dividend of 35 sen per share for the financial year ended 30 September 2016 (2016: single tier dividend of 30 sen per share)	**372,738**	319,490
Interim single tier dividend of 15 sen per share for the financial year ended 30 September 2017 (2016: single tier dividend of 15 sen per share)	**159,745**	159,745
	532,483	479,235

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2016: 1,064,965,692).

A final single tier dividend of 35 sen (2016: 35 sen) per share amounting to RM372,738,000 (2016: RM372,738,000) has been recommended by the Directors in respect of the financial year ended 30 September 2017 and subject to shareholders' approval at the forthcoming Annual General Meeting. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

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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 2015	804,492	252,932	1,168,623	3,933,493	384,000	388,780	562,930	7,495,250
Reclassification	-	-	77,667	461,208	1,564	5,715	(546,154)	-
Additions	46,591	-	55,239	343,576	20,673	41,815	203,644	711,538
Disposals	(4,214)	-	(1,399)	(17,401)	(6,013)	(1,242)	-	(30,269)
Written off	-	-	(3,469)	(30,585)	(9,141)	(617)	(1)	(43,813)
Currency translation differences	461	(851)	8,458	(55,309)	5,732	694	(15,299)	(56,114)
At 30 September 2016	**847,330**	**252,081**	**1,305,119**	**4,634,982**	**396,815**	**435,145**	**205,120**	**8,076,592**
Reclassification	**-**	**-**	**58,172**	**123,086**	**2,086**	**9,825**	**(193,169)**	**-**
Additions	**58,625**	**-**	**38,052**	**180,725**	**20,944**	**33,778**	**185,777**	**517,901**
Disposals	**(1,347)**	**(389)**	**(150)**	**(8,569)**	**(11,966)**	**(3,869)**	**-**	**(26,290)**
Written off	**-**	**-**	**(6,787)**	**(2,740)**	**(7,438)**	**(1,998)**	**(16)**	**(18,979)**
Currency translation differences	**17,056**	**570**	**8,253**	**78,416**	**(601)**	**1,853**	**4,154**	**109,701**
At 30 September 2017	**921,664**	**252,262**	**1,402,659**	**5,005,900**	**399,840**	**474,734**	**201,866**	**8,658,925**
Accumulated depreciation/amortisation and impairment losses								
At 1 October 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
Reclassification	-	-	11	4,386	281	(4,678)	-	-
Depreciation/Amortisation charge	-	3,092	58,641	253,652	32,533	39,808	-	387,726
Impairment loss	-	8,096	-	-	-	-	-	8,096
Disposals	-	-	(1,197)	(12,706)	(5,451)	(1,161)	-	(20,515)
Written off	-	-	(2,721)	(26,013)	(9,139)	(594)	-	(38,467)
Currency translation differences	-	(118)	4,511	(13,219)	5,471	(1,117)	-	(4,472)
At 30 September 2016								
Accumulated depreciation/amortisation	**-**	**62,868**	**547,936**	**1,746,836**	**324,007**	**266,746**	**-**	**2,948,393**
Accumulated impairment losses	**-**	**8,016**	**3,463**	**47,270**	**-**	**2,751**	**-**	**61,500**
	-	**70,884**	**551,399**	**1,794,106**	**324,007**	**269,497**	**-**	**3,009,893**
Depreciation/Amortisation charge	**-**	**3,069**	**59,506**	**271,083**	**29,571**	**39,955**	**-**	**403,184**
Impairment loss	**-**	**-**	**-**	**30,940**	**-**	**-**	**-**	**30,940**
Disposals	**-**	**-**	**-**	**(4,007)**	**(9,562)**	**(1,902)**	**-**	**(15,471)**
Written off	**-**	**-**	**(1,711)**	**(1,578)**	**(7,437)**	**(1,933)**	**-**	**(12,659)**
Currency translation differences	**-**	**56**	**207**	**22,122**	**(1,280)**	**1,081**	**-**	**22,186**
At 30 September 2017								
Accumulated depreciation/amortisation	**-**	**65,982**	**605,896**	**2,034,432**	**335,299**	**303,929**	**-**	**3,345,538**
Accumulated impairment losses	**-**	**8,027**	**3,505**	**78,234**	**-**	**2,769**	**-**	**92,535**
	-	**74,009**	**609,401**	**2,112,666**	**335,299**	**306,698**	**-**	**3,438,073**
Carrying amounts								
At 1 October 2015	804,492	193,118	676,469	2,345,487	83,688	151,541	562,930	4,817,725
At 30 September 2016	847,330	181,197	753,720	2,840,876	72,808	165,648	205,120	5,066,699
At 30 September 2017	**921,664**	**178,253**	**793,258**	**2,893,234**	**64,541**	**168,036**	**201,866**	**5,220,852**

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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 2016								
Cost	768,126	144,037	1,305,037	4,634,982	396,815	435,145	205,120	7,889,262
Valuation	79,204	108,044	82	-	-	-	-	187,330
	847,330	252,081	1,305,119	4,634,982	396,815	435,145	205,120	8,076,592
At 30 September 2017								
Cost	**842,167**	**144,218**	**1,402,577**	**5,005,900**	**399,840**	**474,734**	**201,866**	**8,471,302**
Valuation	**79,497**	**108,044**	**82**	**-**	**-**	**-**	**-**	**187,623**
	921,664	**252,262**	**1,402,659**	**5,005,900**	**399,840**	**474,734**	**201,866**	**8,658,925**

	2017 RM'000	2016 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	**393,528**	376,582
Amortisation of leasehold land	**3,069**	3,092
	396,597	379,674
Capitalised in biological assets	**6,587**	8,052
	403,184	387,726

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 6.2% to 11.2% (2016: 7.2% to 12.1%);

(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.

Impairment loss
The impairment loss of the Group amounted to RM30,940,000 for financial year ended 30 September 2017 was due to under performance of a specialised oleochemical plant. The impairment loss of the Group amounted to RM8,096,000 for financial year ended 30 September 2016 was due to cessation of a subsidiary's operation. The impairment losses were included in other operating expenses.

The values assigned to the key assumptions used in the impairment testing of the specialised oleochemical plant represent management's assessment of future trends in the oleochemical industry and are based on internal sources (historical data).

The above estimates are particularly sensitive in the following cases:

(i) an increase of 1 percentage point in the discount rate used would have increased the impairment loss by RM23,437,000.

(ii) a 10% decrease in future planned revenue would have increased the impairment loss by RM21,833,000.

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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 2015	787,048	238,931	167,792	231,367	87,538	73,074	9,565	1,595,315
Additions	-	-	3,562	3,584	5,095	1,943	4,020	18,204
Reclassification	-	-	5,415	5,556	-	50	(11,021)	-
Disposals	(4,214)	-	(800)	(537)	(1,204)	(3)	-	(6,758)
Written off	-	-	(147)	(2,780)	(3,090)	(274)	(1)	(6,292)
At 30 September 2016	**782,834**	**238,931**	**175,822**	**237,190**	**88,339**	**74,790**	**2,563**	**1,600,469**
Additions	**40,182**	**-**	**6,472**	**3,877**	**5,020**	**2,410**	**7,860**	**65,821**
Reclassification	**-**	**-**	**1,360**	**1,788**	**-**	**1,283**	**(4,431)**	**-**
Disposals	**(1,347)**	**(392)**	**(183)**	**(9)**	**(1,693)**	**-**	**-**	**(3,624)**
Written off	**-**	**-**	**(93)**	**(295)**	**(1,440)**	**(417)**	**(16)**	**(2,261)**
At 30 September 2017	**821,669**	**238,539**	**183,378**	**242,551**	**90,226**	**78,066**	**5,976**	**1,660,405**
Accumulated depreciation/amortisation								
At 1 October 2015	-	26,000	112,394	169,244	72,188	54,197	-	434,023
Depreciation/Amortisation charge	-	3,099	6,575	12,861	7,236	5,406	-	35,177
Disposals	-	-	(598)	(521)	(1,151)	(1)	-	(2,271)
Written off	-	-	(135)	(2,000)	(3,088)	(272)	-	(5,495)
At 30 September 2016	**-**	**29,099**	**118,236**	**179,584**	**75,185**	**59,330**	**-**	**461,434**
Depreciation/Amortisation charge	**-**	**3,099**	**6,664**	**12,629**	**5,895**	**4,840**	**-**	**33,127**
Disposals	**-**	**(2)**	**(33)**	**(9)**	**(1,693)**	**-**	**-**	**(1,737)**
Written off	**-**	**-**	**(93)**	**(295)**	**(1,440)**	**(402)**	**-**	**(2,230)**
At 30 September 2017	**-**	**32,196**	**124,774**	**191,909**	**77,947**	**63,768**	**-**	**490,594**
Carrying amounts								
At 1 October 2015	787,048	212,931	55,398	62,123	15,350	18,877	9,565	1,161,292
At 30 September 2016	782,834	209,832	57,586	57,606	13,154	15,460	2,563	1,139,035
At 30 September 2017	**821,669**	**206,343**	**58,604**	**50,642**	**12,279**	**14,298**	**5,976**	**1,169,811**
Property, plant and equipment are included at cost or valuation as follows:								
At 30 September 2016								
Cost	710,389	193,486	175,822	237,190	88,339	74,790	2,563	1,482,579
Valuation	72,445	45,445	-	-	-	-	-	117,890
	782,834	238,931	175,822	237,190	88,339	74,790	2,563	1,600,469
At 30 September 2017								
Cost	**749,224**	**193,094**	**183,378**	**242,551**	**90,226**	**78,066**	**5,976**	**1,542,515**
Valuation	**72,445**	**45,445**	**-**	**-**	**-**	**-**	**-**	**117,890**
	821,669	**238,539**	**183,378**	**242,551**	**90,226**	**78,066**	**5,976**	**1,660,405**

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.

It has never been the Group's policy to carry out regular revaluation of its property, plant and equipment.

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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**	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Freehold land	**20,112**	20,025	**18,031**	18,031
Leasehold land	**26,170**	26,596	**4,952**	5,046
	46,282	46,621	**22,983**	23,077

Certain property, plant and equipment of the Group with a total carrying amount of RM150,996,000 (2016: RM116,799,000) as at end of the financial year ended 30 September 2017 were charged to banks as security for borrowings (Note 35).

The details of the properties held by the Group are shown on pages 192 to 198.

13. PREPAID LEASE PAYMENTS

	2017			2016		
	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	**46,626**	**330,805**	**377,431**	31,894	316,892	348,786
Additions	**-**	**8,823**	**8,823**	14,732	11,792	26,524
Currency translation differences	**1,047**	**(325)**	**722**	-	2,121	2,121
At end of the year	**47,673**	**339,303**	**386,976**	46,626	330,805	377,431
Accumulated amortisation and impairment losses						
At beginning of the year						
Accumulated amortisation	**4,608**	**45,996**	**50,604**	4,024	39,448	43,472
Accumulated impairment losses	**-**	**19,759**	**19,759**	-	19,759	19,759
	4,608	**65,755**	**70,363**	4,024	59,207	63,231
Amortisation charge	**589**	**6,472**	**7,061**	582	6,392	6,974
Currency translation differences	**19**	**(78)**	**(59)**	2	156	158
At end of the year						
Accumulated amortisation	**5,216**	**52,390**	**57,606**	4,608	45,996	50,604
Accumulated impairment losses	**-**	**19,759**	**19,759**	-	19,759	19,759
	5,216	**72,149**	**77,365**	4,608	65,755	70,363
Carrying amounts	**42,457**	**267,154**	**309,611**	42,018	265,050	307,068

	2017 Short Term Leasehold Land RM'000	2016 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	**762**	741
Amortisation charge	**21**	21
At end of the year	**783**	762
Carrying amounts	**721**	742

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The Memorandum of Transfer of a long term leasehold land in favour of a subsidiary, KLK Bioenergy Sdn Bhd with carrying amount of RM2,910,000 (2016: RM2,961,000), has been presented for registration at the relevant land registry previously. This matter is now pending issuance of the original document of the title from the said relevant land registry. The leasehold land cannot be transferred, charged or mortgaged without prior consent of the relevant authority of the Selangor State Government.

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 192 to 198.

14. BIOLOGICAL ASSETS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Plantation development expenditure (included under non-current assets)				
Cost/Valuation				
At beginning of the year	**2,907,379**	2,677,293	**718,154**	726,336
Additions	**149,098**	175,853	**17,819**	-
Disposals	**(232)**	(8,182)	**(232)**	(8,182)
Written off	**-**	(70)	**-**	-
Currency translation differences	**(11,219)**	62,485	**-**	-
At end of the year	**3,045,026**	2,907,379	**735,741**	718,154
Accumulated amortisation				
At beginning of the year	**359,201**	285,006	**-**	-
Amortisation charge	**68,061**	57,556	**-**	-
Currency translation differences	**(6,274)**	16,639	**-**	-
At end of the year	**420,988**	359,201	**-**	-
Carrying amounts	**2,624,038**	2,548,178	**735,741**	718,154
Biological assets are included at cost or valuation as follows:				
Cost	**2,806,332**	2,668,685	**533,446**	515,859
Valuation	**238,694**	238,694	**202,295**	202,295
	3,045,026	2,907,379	**735,741**	718,154

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 biological assets.

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 RM108,492,000 (2016: RM108,492,000) and RM72,502,000 (2016: RM72,502,000) respectively.

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	Group	
	2017	2016
	RM'000	RM'000
Biological assets (included under current assets)		
At net realisable value		
Growing crops	**33,510**	40,170
Livestock	**4,296**	3,527
	37,806	43,697

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2017	2016
	RM'000	RM'000
Freehold land at cost		
At beginning of the year	**1,073,886**	190,810
Additions	**-**	883,076
Transfer to property development costs	**(6,791)**	-
At end of the year	**1,067,095**	1,073,886
Development expenditure at cost		
At beginning of the year	**56,426**	35,543
Additions	**17,129**	20,883
Transfer to property development costs	**(49,179)**	-
At end of the year	**24,376**	56,426
Total	**1,091,471**	1,130,312

The details of the land held for property development by the Group are shown on page 197.

16. GOODWILL ON CONSOLIDATION

	Group	
	2017	2016
	RM'000	RM'000
Cost		
At beginning of the year	**321,661**	330,137
Impairment loss (Note 5)	**-**	(952)
Currency translation differences	**3,025**	(7,524)
At end of the year	**324,686**	321,661

During the financial year ended 30 September 2016, impairment of goodwill was due to the cessation 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.

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17. INTANGIBLE ASSETS

	Group	
	2017	2016
	RM'000	RM'000
Cost		
At beginning of the year	**61,768**	59,515
Additions	**1,426**	5,333
Currency translation differences	**2,294**	(3,080)
At end of the year	**65,488**	61,768
Accumulated amortisation and impairment losses		
At beginning of the year		
Accumulated amortisation	**39,543**	36,936
Accumulated impairment losses	**7,149**	7,282
	46,692	44,218
Amortisation charge	**2,163**	4,650
Currency translation differences	**1,308**	(2,176)
At end of the year		
Accumulated amortisation	**42,841**	39,543
Accumulated impairment losses	**7,322**	7,149
	50,163	46,692
Carrying amounts	**15,325**	15,076

The amortisation of intangible assets amounting to RM2,163,000 (2016: RM4,650,000) 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	
	2017	2016
	RM'000	RM'000
Investments in subsidiaries		
Unquoted shares at cost	**4,496,627**	4,146,251
Impairment in value of investments		
At beginning/end of the year	**(88,373)**	(88,373)
	4,408,254	4,057,878
Capital contribution to subsidiaries	**322,302**	504,371
Impairment in capital contribution		
At beginning of the year	**(69,595)**	(73,853)
Impairment loss	**(63)**	-
Reversal of impairment	**69,791**	-
Currency translation differences	**(2,520)**	4,258
At end of the year	**(2,387)**	(69,595)
	319,915	434,776
Total investments in subsidiaries	**4,728,169**	4,492,654

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.

The impairment loss of RM63,000 included in other operating expenses for the financial year ended 30 September 2017 was due to impairment of carrying amount deemed as capital contribution in a subsidiary which will be dissolved subsequent to year end.

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The reversal of impairment loss of RM69,791,000 recognised in other operating income for the financial year ended 30 September 2017 was a result of significant improvement of a subsidiary's net assets during the financial year.

Details of the subsidiaries are shown in Note 42.

Amounts owing by subsidiaries

	Company	
	2017	2016
	RM'000	RM'000
Non-current assets	**1,331,771**	1,282,763
Current assets	**22,524**	139,501
	1,354,295	1,422,264

The management reviewed the expected repayments from subsidiaries and hence 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. These are non-interest bearing except for a total amount of RM1,331,771,000 (2016: RM1,282,763,000) under non-current assets and RM18,577,000 (2016: RM95,840,000) under current assets which are subject to interest charge ranging from 1.5% to 7.0% (2016: 1.8% 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	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Shares at cost				
In unquoted corporations	**81,197**	80,820	**25,725**	25,725
Post-acquisition reserves	**63,341**	57,983	**-**	-
	144,538	138,803	**25,725**	25,725

The Group does not have any associate which is individually material to the Group as at 30 September 2017 and 30 September 2016.

	Group	
	2017	2016
	RM'000	RM'000
Summary of financial information of associates:		
Non-current assets	**975,844**	972,199
Current assets	**405,946**	366,315
Non-current liabilities	**(40,037)**	(17,599)
Current liabilities	**(178,303)**	(180,137)
Revenue	**612,761**	567,622
Profit/(Loss) for the year	**36,311**	(8,612)

Details of the associates are shown in Note 42.

20. INVESTMENTS IN JOINT VENTURES

	Group	
	2017	2016
	RM'000	RM'000
Shares at cost		
In unquoted corporations	**59,257**	59,257
Post-acquisition reserves	**(43,204)**	(25,740)
	16,053	33,517
Amounts owing by joint ventures	**142,849**	139,867
	158,902	173,384

The Group does not have any joint venture which is individually material to the Group as at 30 September 2017 and 30 September 2016.

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	Group 2017 RM'000	Group 2016 RM'000
Summary of financial information of joint ventures:		
Non-current assets	**187,768**	181,552
Current assets	**423,821**	316,196
Non-current liabilities	**(234,350)**	(227,926)
Current liabilities	**(345,131)**	(202,787)
Revenue	**1,274,361**	883,014
(Loss)/Profit for the year	**(34,537)**	8,273

The amounts owing by joint ventures are deemed as capital contribution to the joint ventures as the repayments of these amounts are neither fixed nor expected.

Details of the joint ventures are shown in Note 42.

21. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Shares at cost				
In unquoted corporations	**34,164**	30,847	**359**	359
Shares at fair value				
In Malaysia quoted corporations	**20,707**	33,726	**-**	-
In overseas quoted corporations	**2,254,730**	1,549,897	**702,158**	503,197
	2,275,437	1,583,623	**702,158**	503,197
	2,309,601	1,614,470	**702,517**	503,556
Impairment in value of investments				
At beginning of the year	**(6,900)**	(5,837)	**-**	-
Impairment loss	**(32,625)**	(1,548)	**-**	-
Reversal of impairment	**1,349**	485	**-**	-
Currency translation differences	**(1,186)**	-	**-**	-
At end of the year	**(39,362)**	(6,900)	**-**	-
	2,270,239	1,607,570	**702,517**	503,556

Out of the total impairment loss of RM32.6 million for the financial year ended 30 September 2017, RM32.1 million represented the full impairment on a non-core and non-performing investment in China. The impairment loss was included in other operating expenses.

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% (2016: 8%) per annum.

23. DEFERRED TAXATION

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

	Liabilities		Assets		Net	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000	**2017 RM'000**	2016 RM'000
Group						
Property, plant and equipment						
Capital allowances	**(49,294)**	(59,203)	**(18,340)**	(15,519)	**(67,634)**	(74,722)
Revaluation	**93,205**	94,238	**-**	-	**93,205**	94,238
Unutilised tax losses	**-**	-	**(110,878)**	(132,536)	**(110,878)**	(132,536)
Unutilised reinvestment allowance	**-**	-	**(4,153)**	-	**(4,153)**	-
Derivative financial instruments	**-**	2,809	**(2,033)**	-	**(2,033)**	2,809
Other items	**11,242**	6,977	**(100,487)**	(96,020)	**(89,245)**	(89,043)
Tax liabilities/(assets)	**55,153**	44,821	**(235,891)**	(244,075)	**(180,738)**	(199,254)
Set off of tax	**203,903**	210,155	**(203,903)**	(210,155)	**-**	-
Net tax liabilities/(assets)	**259,056**	254,976	**(439,794)**	(454,230)	**(180,738)**	(199,254)

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	Liabilities		Assets		Net	
	2017	2016	**2017**	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Company						
Property, plant and equipment						
Capital allowances	**7,283**	7,998	**-**	-	**7,283**	7,998
Revaluation	**3,350**	3,350	**-**	-	**3,350**	3,350
Other items	**-**	-	**(13,777)**	(11,035)	**(13,777)**	(11,035)
Tax liabilities/(assets)	**10,633**	11,348	**(13,777)**	(11,035)	**(3,144)**	313
Set off of tax	**(10,633)**	(11,035)	**10,633**	11,035	**-**	-
Net tax liabilities/(assets)	**-**	313	**(3,144)**	-	**(3,144)**	313

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	Unutilised	Derivatives	Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Tax Losses	Capital Allowances	Reinvestment Allowance	Financial Instruments	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
At 1 October 2015	206,369	105,108	4,915	(110,356)	(16,453)	-	(8,533)	(70,609)	110,441
Recognised in profit or loss	10,226	(9,376)	1,769	(7,453)	(105)	-	11,312	(3,690)	2,683
Recognised in equity	-	-	-	-	-	-	-	(22,671)	(22,671)
Revaluation of biological assets	(268,037)	-	-	-	-	-	-	-	(268,037)
Changes in tax rate	-	-	535	-	-	-	-	-	535
(Over)/Under-provision in respect of previous years	(147)	-	-	(9,976)	1,365	-	-	(126)	(8,884)
Currency translation differences	(7,614)	(1,494)	(242)	(4,751)	(326)	-	30	1,076	(13,321)
At 30 September 2016	**(59,203)**	**94,238**	**6,977**	**(132,536)**	**(15,519)**	**-**	**2,809**	**(96,020)**	**(199,254)**
Recognised in profit or loss	**(1,038)**	**(2,375)**	**4,199**	**23,233**	**97**	**(4,153)**	**(572)**	**(9,562)**	**9,829**
Recognised in equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,674**	**10,674**
Under/(Over)-provision in respect of previous years	**7,858**	**-**	**-**	**(2,098)**	**(2,992)**	**-**	**(4,225)**	**(2,220)**	**(3,677)**
Currency translation differences	**3,089**	**1,342**	**66**	**523**	**74**	**-**	**(45)**	**(3,359)**	**1,690**
At 30 September 2017	**(49,294)**	**93,205**	**11,242**	**(110,878)**	**(18,340)**	**(4,153)**	**(2,033)**	**(100,487)**	**(180,738)**

	Property, Plant and Equipment		Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000
Company				
At 1 October 2015	10,620	3,350	(12,479)	1,491
Recognised in profit or loss	(2,622)	-	1,444	(1,178)
At 30 September 2016	**7,998**	**3,350**	**(11,035)**	**313**
Recognised in profit or loss	**(715)**	**-**	**(2,742)**	**(3,457)**
At 30 September 2017	**7,283**	**3,350**	**(13,777)**	**(3,144)**

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	Group	
	2017	2016
	RM'000	RM'000
No deferred tax assets/(liabilities) have been recognised for the following items:		
Unabsorbed capital allowances	**382,791**	297,323
Deductible temporary differences	**357**	357
Unutilised tax losses	**422,203**	277,279
Property, plant and equipment	**(615,866)**	(571,306)
	189,485	3,653

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 RM418,647,000 (2016: RM243,079,000) do not expire under current tax legislation.

	Group	
	2017	2016
	RM'000	RM'000
Unutilised tax losses of RM3,556,000 (2016: RM34,200,000) will expire as follows under the respective tax legislation of countries in which certain subsidiaries domicile:		
Year of expiry		
2017	**-**	11,506
2018	**-**	2,192
2019	**3,528**	4,238
2020	**28**	16,264
	3,556	34,200

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 RM867,660,000 (2016: RM808,841,000) 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	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Inventories of produce	**1,021,420**	1,155,821	**24,785**	25,192
Developed property held for sale	**7,034**	11,802	**-**	-
Stores and materials	**494,121**	473,350	**14,397**	14,025
	1,522,575	1,640,973	**39,182**	39,217
At net realisable value				
Inventories of produce	**273,979**	254,891	**709**	3,398
Developed property held for sale	**209**	-	**-**	-
Stores and materials	**166**	2,245	**-**	-
	274,354	257,136	**709**	3,398
	1,796,929	1,898,109	**39,891**	42,615
Recognised in profit or loss:				
Inventories recognised as cost of sales	**17,583,379**	13,666,809	**606,627**	513,429
Write down of inventories	**23,453**	17,315	**329**	712
Write back of inventories	**(1,587)**	(11,086)	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

25. TRADE RECEIVABLES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**1,844,473**	1,490,114	**40,877**	48,975
Allowance for impairment losses	**(27,846)**	(19,843)	**-**	-
	1,816,627	1,470,271	**40,877**	48,975

Included in the trade receivables are amounts owing by related parties of RM235,413,000 (2016: RM137,499,000).

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				
2017				
Not past due	**1,604,573**	**135**	**-**	**1,604,438**
Past due 1 - 30 days	**109,504**	**18**	**-**	**109,486**
Past due 31 - 60 days	**34,344**	**19**	**-**	**34,325**
Past due 61 - 90 days	**53,469**	**-**	**-**	**53,469**
Past due 91 - 120 days	**2,416**	**4**	**-**	**2,412**
Past due more than 120 days	**40,167**	**27,670**	**-**	**12,497**
	1,844,473	**27,846**	**-**	**1,816,627**
2016				
Not past due	1,317,618	-	-	1,317,618
Past due 1 - 30 days	97,448	-	-	97,448
Past due 31 - 60 days	28,513	-	-	28,513
Past due 61 - 90 days	17,347	-	-	17,347
Past due 91 - 120 days	1,629	-	-	1,629
Past due more than 120 days	27,559	19,843	-	7,716
	1,490,114	19,843	-	1,470,271
Company				
2017				
Not past due	**40,877**	**-**	**-**	**40,877**
2016				
Not past due	48,975	-	-	48,975

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

	Group	
	2017	2016
	RM'000	RM'000
At beginning of the year	**19,843**	23,476
Impairment losses	**7,681**	707
Reversal of impairment losses	**(20)**	(2,942)
Currency translation differences	**342**	(1,398)
At end of the year	**27,846**	19,843

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 180 (2016: 7 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

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26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Other receivables	**364,703**	381,100	**33,043**	41,682
Indirect tax receivables	**213,238**	198,173	**-**	-
Prepayments	**66,097**	94,519	**1,837**	1,913
Refundable deposits	**53,724**	21,553	**506**	506
	697,762	695,345	**35,386**	44,101

27. PROPERTY DEVELOPMENT COSTS

	Group	
	2017	2016
	RM'000	RM'000
Property development costs comprise:		
Land costs	**11,083**	11,083
Development costs	**221,638**	123,502
	232,721	134,585
Transfer from land held for property development		
Land costs	**6,791**	-
Development costs	**49,179**	-
	55,970	-
Costs incurred during the year		
Development costs	**95,023**	98,136
	383,714	232,721
Costs recognised as an expense in profit or loss:		
Previous years	**(146,547)**	(74,621)
Current year	**(79,287)**	(71,926)
Transfer to inventories	**(3,184)**	(2,711)
	154,696	83,463

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			
2017			
Forward foreign exchange contracts	**(990,336)**	**18,330**	**(2,194)**
Commodities future contracts	**51,459**	**92,418**	**(102,419)**
Total derivative financial instruments		**110,748**	**(104,613)**
2016			
Forward foreign exchange contracts	(1,095,734)	375	(24,499)
Commodities future contracts	(318,252)	119,079	(194,287)
Total derivative financial instruments		119,454	(218,786)

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	Contract/Notional Amount Net long/(short) RM'000	Assets RM'000	Liabilities RM'000
Company			
2017			
Forward foreign exchange contracts	**(32,471)**	**375**	**-**
Commodities future contracts	**(46,541)**	**88**	**(177)**
Total derivative financial instruments		**463**	**(177)**
2016			
Forward foreign exchange contracts	(32,136)	-	(631)
Commodities future contracts	(23,186)	2,508	(2,497)
Total derivative financial instruments		2,508	(3,128)

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. SHORT TERM FUNDS

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Deposits with licensed banks	**578,489**	194,520	**383,629**	6,301
Fixed income trust funds, at fair value through profit or loss	**-**	835,191	**-**	835,191
	578,489	1,029,711	**383,629**	841,492

Short term funds represent funds placed in highly liquid money market instruments which are readily convertible to known amount of cash and have insignificant risk of changes in fair value with original maturities of more than three months.

The effective interest rates per annum of deposits with licensed banks and fixed income trust funds at the end of the reporting dates were as follows:

	Group		Company	
	2017	2016	**2017**	2016
Deposits with licensed banks	**0.75% to 7.00%**	1.25% to 7.75%	**1.33% to 3.92%**	1.33%
Fixed income trust funds	**-**	3.45% to 4.00%	**-**	3.45% to 4.00%

The maturities and repricing of deposits with licensed banks and fixed income trust funds at the end of the reporting dates were as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Maturities above 3 months to 1 year				
Deposits with licensed banks	**578,489**	194,520	**383,629**	6,301
Fixed income trust funds	**-**	835,191	**-**	835,191
	578,489	1,029,711	**383,629**	841,492

Deposit with licensed bank of the Group amounting to RM14,618,000 (2016: RM18,261,000) as at 30 September 2017 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.

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30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**1,131,336**	478,258	**250,847**	54,075
Fixed income trust funds, at fair value through profit or loss	**-**	286,934	**-**	146,696
Cash and bank balances	**331,351**	205,168	**2,304**	3,085
	1,462,687	970,360	**253,151**	203,856

Deposits with licensed banks and investment in fixed income trust funds in Malaysia represent short term investments in highly liquid money market. These investments are readily convertible to cash and have insignificant risk of changes in value with original maturities of three months or less.

Included in the Group's cash and bank balances as at 30 September 2017 was RM29,975,000 (2016: RM16,041,000) 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 fixed income trust funds at the end of the reporting dates were as follows:

	Group		Company	
	2017	2016	**2017**	2016
Deposits with licensed banks	**0.01% to 7.55%**	0.01% to 9.00%	**0.63% to 3.84%**	0.45% to 2.85%
Fixed income trust funds	**-**	3.17% to 4.00%	**-**	3.17% to 4.00%

The maturities and repricing of deposits with licensed banks and fixed income trust funds as at the end of the reporting dates were as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Maturities of 3 months or below				
Deposits with licensed banks	**1,131,336**	478,258	**250,847**	54,075
Fixed income trust funds	**-**	286,934	**-**	146,696
	1,131,336	765,192	**250,847**	200,771

31. SHARE CAPITAL

	Group and Company			
	2017 Number of Shares	**2017 RM'000**	2016 Number of Shares	2016 RM'000
Authorised				
At 1 October and 30 September	**-**	**-**	5,000,000,000	5,000,000

	Group		Company	
	Number of Shares	**RM'000**	**Number of Shares**	**RM'000**
Issued and fully paid				
At 1 October 2015 and 30 September 2016	**1,067,504,692**	**1,067,505**	**1,067,504,692**	**1,067,505**
Reclassification from capital redemption reserve pursuant to Section 618(2) of the Companies Act 2016	**-**	**62,009**	**-**	**285**
Transfer from retained earnings on redemption of redeemable preference shares	**-**	**55,250**	**-**	**-**
At 30 September 2017	**1,067,504,692**	**1,184,764**	**1,067,504,692**	**1,067,790**

In accordance with Section 618(2) of the Companies Act 2016 which was effected on 31 January 2017,

(i) the shares of the Company ceased to have a par value; and

(ii) the amount standing to the credit of the capital redemption reserve has become part of the Group's and the Company's share capital.

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During the financial year ended 30 September 2017, certain subsidiaries used the amount standing to the credit of their share premium accounts to provide for the premium paid on redemption of their redeemable preference shares which were issued before 31 January 2017 in accordance with Section 618(3) of the Companies Act 2016.

Of the total 1,067,504,692 (2016: 1,067,504,692) issued and fully paid shares, 2,539,000 (2016: 2,539,000) are held as treasury shares by the Company. As at 30 September 2017, the number of outstanding shares in issue and fully paid is 1,064,965,692 (2016: 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 15 February 2017. 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.

32. RESERVES

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Non-distributable				
Capital reserve	**204,048**	204,048	**-**	-
Revaluation reserve	**78,725**	78,725	**33,869**	33,869
Exchange fluctuation reserve	**558,268**	442,630	**-**	-
Capital redemption reserve	**-**	62,007	**-**	285
Fair value reserve	**1,216,661**	702,441	**623,721**	424,759
Retained earnings – cost of treasury shares	**13,447**	13,447	**13,447**	13,447
	2,071,149	1,503,298	**671,037**	472,360
Distributable				
Capital reserve	**824,177**	818,480	**1,087,296**	1,087,296
Retained earnings	**7,501,832**	7,068,733	**3,777,203**	3,644,444
	8,326,009	7,887,213	**4,864,499**	4,731,740
	10,397,158	9,390,511	**5,535,536**	5,204,100

Included under the non-distributable reserves is an amount of RM13,447,000 (2016: 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 (2016: 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.

33. DEFERRED INCOME

	Group	
	2017	2016
	RM'000	RM'000
Government grants		
At cost		
At beginning of the year	**143,823**	132,601
Received during the year	**6,194**	11,741
Currency translation differences	**645**	(519)
At end of the year	**150,662**	143,823
Accumulated amortisation		
At beginning of the year	**18,830**	12,719
Amortisation charge	**6,252**	6,397
Currency translation differences	**407**	(286)
At end of the year	**25,489**	18,830
Carrying amounts	**125,173**	124,993
Deferred income is disclosed under:		
Non-current liabilities	**117,365**	118,665
Current liabilities	**7,808**	6,328
	125,173	124,993

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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 which were conditional upon the construction of specific projects.

Another subsidiary, KLK Tensachem SA received government grants from its local government to finance its capital expenditure.

The government grants are to be amortised over the life of the assets when the assets are commissioned.

34. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Present value of funded obligations	**248,079**	240,890	**-**	-
Fair value of plan assets	**(226,534)**	(201,634)	**-**	-
	21,545	39,256	**-**	-
Unfunded obligations	**457,587**	456,638	**24,137**	24,148
Present value of net obligations	**479,132**	495,894	**24,137**	24,148

Defined benefit obligations

(i) The Group's plantation operations in Malaysia operate defined benefit plans based on the terms of the union's collective agreements in Malaysia. 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.

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) All the plantations subsidiaries in Indonesia operate unfunded defined benefit plans for all its eligible employees. The obligations of the retirement benefit plans are calculated using the projected unit credit method.

(iii) A subsidiary in Germany, KLK Emmerich GmbH ("KLK Emmerich"), 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 2017.

(iv) A subsidiary in Switzerland, Kolb Distribution AG, 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 2017 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 2017. The plan assets are stated at their market value as at 30 September 2017.

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 RM20,437,000 in contributions to be paid to the defined benefit plans in the next financial year.

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Movement in Net Defined Benefit Liabilities	Present Value of Funded Obligations RM'000	Unfunded Obligations RM'000	Fair Value of Plan Assets RM'000	Present Value of Net Obligations RM'000
Group				
At 1 October 2015	234,374	332,895	(210,706)	356,563
Included in profit or loss				
Service cost	9,329	17,588	-	26,917
Interest cost/(income)	2,164	11,680	(1,933)	11,911
Administration cost	110	-	-	110
	11,603	29,268	(1,933)	38,938
Included in other comprehensive income				
Remeasurement loss/(gain)				
Actuarial loss/(gain) from:				
- Financial assumptions	19,804	64,490	-	84,294
- Demographic assumptions	(3,121)	-	-	(3,121)
- Experience assumptions	4,309	5,310	-	9,619
Return on plan assets excluding interest income	-	-	(6,739)	(6,739)
	20,992	69,800	(6,739)	84,053
Other				
Contribution paid by employer	-	(24,776)	(7,235)	(32,011)
Employee contributions	5,224	-	(5,224)	-
Benefits paid	(18,028)	-	18,028	-
Addition	-	57,885	-	57,885
Currency translation differences	(13,275)	(8,434)	12,175	(9,534)
At 30 September 2016	**240,890**	**456,638**	**(201,634)**	**495,894**
Included in profit or loss				
Service cost	**9,536**	**21,350**	**-**	**30,886**
Past service cost	**(10,419)**	**-**	**-**	**(10,419)**
Interest cost/(income)	**769**	**10,860**	**(646)**	**10,983**
Administration cost	**123**	**-**	**-**	**123**
	9	**32,210**	**(646)**	**31,573**
Included in other comprehensive income				
Remeasurement (gain)/loss				
Actuarial (gain)/loss from:				
- Financial assumptions	**(12,437)**	**(30,654)**	**-**	**(43,091)**
- Demographic assumptions	**(5,069)**	**-**	**-**	**(5,069)**
- Experience assumptions	**12,046**	**2,520**	**-**	**14,566**
Return on plan assets excluding interest income	**-**	**-**	**(5,091)**	**(5,091)**
	(5,460)	**(28,134)**	**(5,091)**	**(38,685)**
Other				
Contribution paid by employer	**-**	**(24,637)**	**(7,501)**	**(32,138)**
Employee contributions	**5,397**	**-**	**(5,397)**	**-**
Benefits deposited	**1,816**	**-**	**(1,816)**	**-**
Currency translation differences	**5,427**	**21,510**	**(4,449)**	**22,488**
At 30 September 2017	**248,079**	**457,587**	**(226,534)**	**479,132**

On 1 October 2015, KLK Emmerich completed its acquisition of the oleochemical assets and business of Emery Oleochemical GmbH ("Emery") in Holthausen, Dusseldorf, Germany. Arising from this, KLK Emmerich assumed the obligations of Emery's unfunded retirement plan amounting to RM57,885,000.

The amount of remeasurement gain of RM28,011,000 (2016: loss RM61,382,000) recognised in the other comprehensive income is net of deferred tax liability of RM10,674,000 (2016: deferred tax asset RM22,671,000) (Note 23).

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	Group 2017 RM'000	Group 2016 RM'000
Plan assets		
Plan assets comprise:		
Equity funds quoted in Switzerland	**35,623**	60,228
Equity funds quoted in the United States of America	**29,738**	8,334
Bond funds quoted in Switzerland	**81,506**	91,162
Real estate funds quoted in Switzerland	**50,708**	34,684
Cash and cash equivalents	**12,785**	5,612
Other assets	**16,174**	1,614
	226,534	201,634

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 2017 RM'000	Company 2016 RM'000
Unfunded obligations		
Movements in the unfunded defined benefit obligations		
At beginning of the year	**24,148**	23,406
Benefits paid	**(913)**	(1,076)
Expense recognised in profit or loss		
Service cost	**902**	1,818
At end of the year	**24,137**	24,148

	Group 2017 %	Group 2016 %
Actuarial assumptions		
Principal actuarial assumptions of the funded plan operated by the subsidiary in Switzerland (expressed as weighted averages):		
Discount rates	**0.7**	0.3
Future salary increases	**1.5**	1.5
Principal assumptions of the unfunded plan used by plantations subsidiaries in Indonesia:		
Discount rate	**8.3**	8.8
Future salary increases	**6.0 to 8.0**	6.0 to 7.0
Principal actuarial assumptions of the unfunded plan operated by the subsidiary in Germany:		
Discount rate	**1.8**	1.1
Future salary increases	**2.5**	2.5
Future pension increases	**1.8**	1.8

As at end of the reporting period, the weighted average duration of the funded defined benefit obligation was 14.4 years (2016: 16.7 years).

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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 RM'000	**Decrease RM'000**
2017		
Discount rate (0.25% movement)	**(22,722)**	**25,347**
Future salary growth (0.25% movement)	**22,045**	**(14,072)**
Life expectancy (1 year movement)	**14,864**	**(14,920)**
2016		
Discount rate (0.25% movement)	(25,847)	28,691
Future salary growth (0.25% movement)	6,375	(5,706)
Life expectancy (1 year movement)	22,577	(22,619)

Although the analysis does not account for the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

35. BORROWINGS

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Non-Current				
Secured				
Term loan	**31,104**	11,424	**-**	-
Unsecured				
Term loans	**436,064**	356,384	**-**	-
Islamic medium term notes	**2,600,000**	2,600,000	**2,600,000**	2,600,000
	3,036,064	2,956,384	**2,600,000**	2,600,000
	3,067,168	2,967,808	**2,600,000**	2,600,000
Current				
Secured				
Term loan	**11,739**	7,899	**-**	-
Unsecured				
Bank overdrafts	**124,124**	40,710	**-**	-
Term loans	**24,923**	82,459	**-**	-
Export credit refinancing	**225,059**	287,125	**-**	-
Bankers' acceptance	**350,787**	433,741	**-**	-
Revolving credit	**217,933**	126,934	**-**	-
Trade financing	**421,031**	293,354	**-**	-
Islamic medium term notes	**-**	300,000	**-**	300,000
	1,363,857	1,564,323	**-**	300,000
	1,375,596	1,572,222	**-**	300,000
Total borrowings	**4,442,764**	4,540,030	**2,600,000**	2,900,000

(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.

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- 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.

The RM300 million IMTN under the 1st Programme was redeemed in October 2016.

(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.

During the financial year ended 30 September 2016, the Company had issued the balance of the 3rd Programme of RM500 million 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes at par with a profit rate of 4.65% per annum.

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 RM150,996,000 (2016: RM116,799,000) as at 30 September 2017.

(e) Certain unsecured term loans, bank overdrafts and revolving credit are supported by corporate guarantees of RM804.6 million (2016: RM610.6 million) issued by the Company. The bank overdraft facilities are renewable annually.

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(f) The interest rates per annum applicable to borrowings for the year were as follows:

	Group		Company	
	2017	2016	**2017**	2016
Bank overdrafts	**0.33%**	0.33% to 0.34%	**-**	-
Term loans	**0.71% to 2.88%**	1.12% to 2.86%	**-**	-
Trade financing	**0.93% to 2.06%**	0.66% to 1.67%	**-**	-
Export credit refinancing	**3.40% to 3.60%**	3.40% to 3.80%	**-**	-
Bankers' acceptance	**3.07% to 4.04%**	3.04% to 4.30%	**-**	-
Revolving credit	**0.90% to 4.79%**	1.00% to 4.53%	**-**	4.53%
Islamic medium term notes	**3.88% to 4.65%**	3.88% to 4.65%	**3.88% to 4.65%**	3.88% to 4.65%

(g) An amount of RM1,074,536,000 (2016: RM760,224,000) 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.

36. TRADE PAYABLES

	Group		Company	
	2017 **RM'000**	2016 RM'000	**2017** **RM'000**	2016 RM'000
Trade payables	**788,505**	643,876	**6,309**	10,545
Progress billings	**6,811**	13,283	**-**	-
	795,316	657,159	**6,309**	10,545

Included in the trade payables are amounts owing to related parties of RM77,645,000 (2016: RM9,816,000).

The normal trade credit terms granted to the Group ranging from 7 to 90 (2016: 7 to 90) days.

37. OTHER PAYABLES

	Group		Company	
	2017 **RM'000**	2016 RM'000	**2017** **RM'000**	2016 RM'000
Other payables	**402,501**	390,909	**49,084**	49,847
Accruals	**334,981**	286,348	**54,432**	54,212
Indirect tax payables	**30,025**	7,758	**2,684**	1,748
	767,507	685,015	**106,200**	105,807

38. 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	
	2017 **RM'000**	2016 RM'000
Sale of goods to subsidiaries	**197,026**	143,829
Purchase of goods from subsidiaries	**11,396**	9,461
Commission received from a subsidiary	**1,959**	1,853
Interest received from subsidiaries	**59,197**	52,071
Interest paid to subsidiaries	**2,014**	-
Rental received from a subsidiary	**600**	600
Management fees paid to subsidiaries	**11,039**	5,811
License fees paid to subsidiaries	**13,223**	11,446

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(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	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
(i) Transactions with associates and joint ventures				
Sale of goods	**3,391**	5,029	**-**	-
Purchase of goods	**1,278,632**	874,566	**860**	2,136
Service charges paid	**2,524**	2,414	**871**	953
Research and development services paid	**14,435**	13,218	**14,435**	13,218
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest				
Sale of goods				
P.T. Satu Sembilan Delapan	**7,056**	22,011	**-**	-
Siam Taiko Marketing Co Ltd	**3,611**	3,592	**-**	-
Taiko Marketing Sdn Bhd	**7,974**	5,503	**-**	-
Taiko Marketing (Singapore) Pte Ltd	**2,807**	4,939	**-**	-
Storage tanks rental received				
Taiko Marketing Sdn Bhd	**3,709**	3,077	**-**	-
Barge rental received				
P.T. Satu Sembilan Delapan	**-**	347	**-**	-
Purchase of goods				
Borneo Taiko Clay Sdn Bhd	**4,494**	4,776	**-**	-
Bukit Katho Estate Sdn Bhd	**4,894**	3,336	**4,894**	3,336
Kampar Rubber & Tin Co Sdn Bhd	**7,933**	7,531	**7,933**	7,531
Kekal & Deras Sdn Bhd	**1,998**	1,312	**1,998**	1,312
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	**568**	2,153	**-**	-
Malay Rubber Plantations (M) Sdn Bhd	**8,521**	5,042	**8,521**	5,042
P.T. Agro Makmur Abadi	**81,734**	53,334	**-**	-
P.T. Bumi Karyatama Raharja	**-**	1,931	**-**	-
P.T. Safari Riau	**41,735**	28,350	**-**	-
P.T. Satu Sembilan Delapan	**17,909**	55,525	**-**	-
Taiko Acid Works Sdn Bhd	**1,007**	155	**-**	-
Taiko Clay Marketing Sdn Bhd	**2,426**	1,663	**-**	-
Taiko Drum Industries Sdn Bhd	**2,531**	3,339	**35**	37
Taiko Fertiliser Marketing Sdn Bhd	**-**	16	**-**	16
Taiko Marketing Sdn Bhd	**30,981**	27,406	**-**	-
Yayasan Perak-Wan Yuen Sdn Bhd	**-**	118	**-**	118
Rental of office paid				
Batu Kawan Holdings Sdn Bhd	**4,341**	4,261	**1,353**	1,369
Management fees paid				
Farming Management Services Pty Ltd	**2,284**	1,832	**-**	-
Aircraft operating expenses and management services paid				
Smooth Route Sdn Bhd	**1,789**	1,641	**1,789**	1,641
Supply of contract labour and engineering works				
K7 Engineering Sdn Bhd	**2,946**	3,436	**-**	-
Yeow Brothers Engineering Sdn Bhd	**1,394**	723	**-**	-

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	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
(iii) Transactions between subsidiaries and non-controlling interests				
Sale of goods				
Mitsubishi Corporation	**70,036**	195,152	**-**	-
Mitsui & Co Ltd	**418,796**	314,023	**-**	-
Tejana Trading & Management Services Sdn Bhd	**10,760**	4,830	**-**	-
Purchase of goods				
Mitsubishi Gas Chemical Singapore Pte Ltd	**3,217**	-	**-**	-
P.T. Eka Dura Indonesia	**-**	23,243	**-**	-
P.T. Letawa	**-**	43,980	**-**	-
P.T. Tanjung Bina Lestari	**205,883**	-	**-**	-
P.T. Tanjung Sarana Lestari	**1,648,180**	1,220,434	**-**	-
Tejana Trading & Management Services Sdn Bhd	**5,007**	-	**-**	-

39. CAPITAL COMMITMENTS

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Capital expenditure				
Approved and contracted	**120,589**	251,874	**1,361**	51,616
Approved but not contracted	**539,995**	626,106	**28,693**	28,724
	660,584	877,980	**30,054**	80,340
Acquisition of shares in a company				
Approved and contracted	**1,322**	1,336	**-**	-

40. LEASE COMMITMENTS

	Group	
	2017	2016
	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	**14,177**	6,395
Between 1 and 5 years	**50,322**	47,636
More than 5 years	**105,150**	116,752
	169,649	170,783

41. CONTINGENT LIABILITIES – UNSECURED

(a) The Company has an unsecured contingent liability of RM804.6 million (2016: RM610.6 million) in respect of corporate guarantees given to certain banks for credit facilities utilised by certain subsidiaries at 30 September 2017.

(b) The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

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

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42. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) The names of subsidiaries, associates and joint ventures are detailed below:

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2017	2016	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
INDONESIA					
P.T. ADEI Plantation & Industry †	Indonesia	Indonesia	**95**	95	Plantation, refining of palm products and kernel crushing
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, refining of palm products and kernel crushing
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

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Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest **2017**	2016	Principal Activities
PLANTATIONS					
SINGAPORE					
Collingwood Plantations Pte Ltd †	Singapore	Singapore	**82**	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	**82**	51	Plantation
Kubahi Marine Services Ltd †	Papua New Guinea	Papua New Guinea	**82**	51	Dormant
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
MANUFACTURING					
OLEOCHEMICALS					
Palm-Oleo Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of fatty acids
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**	80	Manufacturing and trading of fatty acids, glycerine, soap noodles, triacetin, special paper chemicals and surfactants

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Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2017	2016	Principal Activities
MANUFACTURING					
OLEOCHEMICALS					
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	Dormant
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 #	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	Malaysia	**80**	80	Investment holding and trading in commodities
NON-IONIC SURFACTANTS AND ESTERS					
Kolb Distribution AG †	Switzerland	Switzerland	**100**	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb AG †	Switzerland	Switzerland	**100**	100	Manufacturing 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
GLOVE PRODUCTS					
KL-Kepong Rubber Products Sdn Bhd †	Malaysia	Malaysia	**100**	100	Manufacturing and trading in rubber products
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
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

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Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2017	2016	Principal Activities
MANUFACTURING					
NUTRACEUTICAL, COSMETOCEUTICAL & PHARMACEUTICAL PRODUCTS					
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 and property development
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
KLK Landscape Services Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
KLK Park Homes Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
KLK Retail Centre Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
KLK Security Services Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
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
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
Ortona Enterprise Sdn Bhd	Malaysia	Malaysia	**100**	100	Money lending
Quarry Lane Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KL-Kepong International Ltd ††	Cayman Islands	Cayman Islands	**100**	100	Investment holding
KLK Overseas Investments Ltd ††	British Virgin Islands	British Virgin 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
Ladang Perbadanan-Fima Bhd	Malaysia	Malaysia	**100**	100	Dormant
Richinstock Sawmill Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant

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Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2017	2016	Principal Activities
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 and preserves
KLK Farms Pty Ltd #	Australia	Australia	**100**	100	Farming
KLK Assurance (Labuan) Ltd †	Malaysia	Malaysia	**100**	100	Offshore captive insurance
KLK Capital Resources (L) Ltd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant
KLK Global Resourcing Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant

† Companies not audited by KPMG
# Companies audited by overseas affiliates of KPMG
†† 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 2017	2016	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
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
Joint ventures				
P.T. Kreasijaya Adhikarya	Indonesia	**50.0**	50.0	Refining of crude palm oil and bulking installation
Rainbow State Ltd	British Virgin Islands	**50.0**	50.0	Owning and operating of aircraft

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(b) Acquisitions and disposals of subsidiaries

2017

Purchase of shares from non-controlling interest

In January 2017, KLK Overseas Investments Ltd ("KLKOI"), a wholly-owned subsidiary of the Company, acquired an additional 31% equity interest for a cash consideration of RM4 in Collingwood Plantations Pte Ltd ("Collingwood"), a 51% owned subsidiary of KLKOI. Upon the completion of this acquisition, KLKOI's shareholdings in Collingwood increased to 82%.

The effect of the acquisition of 31% equity interest in Collingwood on the financial position of the Group was summarised below:

	RM'000
Consideration paid	**-** *
Less: Net liabilities acquired from non-controlling interest	**(7,598)**
Effect of changes in shareholdings in Collingwood	**7,598**

* Consideration paid was only RM4.

2016

Acquisition of subsidiaries

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

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

(c) Material non-controlling interests

As at 30 September 2017 and 30 September 2016, other than the non-controlling interest in Scope Energy Sdn Bhd ("Scope Energy"), the Group does not have any other subsidiary which has non-controlling interests that are individually material to the Group.

	2017	2016
Non-controlling interests' percentage of ownership interest and voting interest in Scope Energy	**40%**	40%

	2017 RM'000	2016 RM'000
Carrying amount of non-controlling interest in Scope Energy	**360,592**	360,400
Profit allocated to non-controlling interest in Scope Energy	**192**	281

Summarised financial information (before inter-company elimination) of Scope Energy:

	2017 RM'000	2016 RM'000
(i) Summarised statement of financial position as at 30 September:		
Non-current assets	**883,590**	883,590
Current assets	**17,934**	17,421
Current liabilities	**(43)**	(10)
Net assets	**901,481**	901,001
(ii) Summarised statement of comprehensive income for the year ended 30 September:		
Dividend and interest income	**637**	599
Profit for the year	**480**	703
Total comprehensive income	**480**	703
(iii) Summarised cash flows for the year ended 30 September:		
Cash flows from operating activities	**(76)**	87,082
Cash flows from investing activities	**617**	(883,036)
Cash flows from financing activities	**-**	812,000
Net increase in cash and cash equivalents	**541**	16,046

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43. 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, refining of palm products, kernel crushing and trading of palm products
Manufacturing	Manufacturing of oleochemicals, non-ionic surfactants and esters, rubber gloves, parquet flooring products, pharmaceutical products 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	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.

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(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
2017							
Revenue							
Sale to external customers	10,668,581	9,923,716	141,521	139,223	130,995	-	21,004,036
Inter-segment sales	1,391,807	-	-	109,469	1,273	(1,502,549)	-
Total revenue	12,060,388	9,923,716	141,521	248,692	132,268	(1,502,549)	21,004,036
Results							
Operating results	1,307,728	193,410	39,056	52,907	17,610	-	1,610,711
Interest income	680	6,701	413	107,360	1,065	(41,740)	74,479
Finance costs	(12,565)	(67,324)	-	(123,113)	(8,587)	41,740	(169,849)
Share of profits of equity accounted associates, net of tax	10,652	1,253	1,027	-	-	-	12,932
Share of losses of equity accounted joint ventures, net of tax	(15,450)	-	-	-	(1,818)	-	(17,268)
Segment results	1,291,045	134,040	40,496	37,154	8,270	-	1,511,005
Corporate expense							(60,800)
Profit before taxation							1,450,205
Tax expense							(383,329)
Profit for the year							1,066,876
Assets							
Operating assets	6,493,109	6,759,093	1,385,280	3,525,054	559,702	-	18,722,238
Associates	65,845	7,214	71,479	-	-	-	144,538
Joint ventures	150,556	-	-	-	8,346	-	158,902
Segment assets	6,709,510	6,766,307	1,456,759	3,525,054	568,048	-	19,025,678
Unallocated assets							478,436
Total assets							19,504,114
Liabilities							
Segment liabilities	1,515,797	2,522,196	67,139	2,600,046	9,327	-	6,714,505
Unallocated liabilities							349,567
Total liabilities							7,064,072
Other information							
Depreciation of property, plant and equipment	145,952	233,932	976	-	12,668	-	393,528
Amortisation of leasehold land	2,760	276	-	33	-	-	3,069
Amortisation of prepaid lease payments	5,969	1,092	-	-	-	-	7,061
Amortisation of biological assets	68,061	-	-	-	-	-	68,061
Non-cash expenses							
Property, plant and equipment written off	5,119	1,200	1	-	-	-	6,320
Retirement benefits provision	22,602	8,971	-	-	-	-	31,573
Amortisation of intangible assets	-	2,163	-	-	-	-	2,163
Impairment of property, plant and equipment	-	30,940	-	-	-	-	30,940
Impairment in value of available-for-sale investments (included under corporate expense)	-	-	-	-	-	-	32,625

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	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2016							
Revenue							
Sale to external customers	8,455,070	7,738,841	110,693	122,542	78,664	-	16,505,810
Inter-segment sales	951,341	-	-	37,423	1,212	(989,976)	-
Total revenue	9,406,411	7,738,841	110,693	159,965	79,876	(989,976)	16,505,810
Results							
Operating results	827,277	370,610	25,219	60,006	450	-	1,283,562
Interest income	723	5,653	6	86,748	742	(37,423)	56,449
Finance costs	(11,041)	(53,157)	-	(119,607)	(11,394)	37,423	(157,776)
Share of profits/(loss) of equity accounted associates, net of tax	4,985	116	3,407	-	(7,643)	-	865
Share of profit/(loss) of equity accounted joint ventures, net of tax	4,425	-	-	-	(288)	-	4,137
Segment results	826,369	323,222	28,632	27,147	(18,133)	-	1,187,237
Corporate income							525,047
Profit before taxation							1,712,284
Tax expense							(29,144)
Profit for the year							1,683,140
Assets							
Operating assets	6,171,205	6,506,518	1,321,245	3,009,481	503,720	-	17,512,169
Associates	62,602	5,749	70,452	-	-	-	138,803
Joint ventures	163,472	-	-	-	9,912	-	173,384
Segment assets	6,397,279	6,512,267	1,391,697	3,009,481	513,632	-	17,824,356
Unallocated assets							512,217
Total assets							18,336,573
Liabilities							
Segment liabilities	1,306,873	2,462,692	43,487	2,900,020	8,805	-	6,721,877
Unallocated liabilities							326,670
Total liabilities							7,048,547
Other information							
Depreciation of property, plant and equipment	147,937	216,360	949	-	11,336	-	376,582
Amortisation of leasehold land	2,801	260	-	31	-	-	3,092
Amortisation of prepaid lease payments	5,908	1,066	-	-	-	-	6,974
Amortisation of biological assets	57,556	-	-	-	-	-	57,556
Non-cash expenses							
Property, plant and equipment written off	1,977	3,369	-	-	-	-	5,346
Retirement benefits provision	18,583	20,355	-	-	-	-	38,938
Amortisation of intangible assets	-	4,650	-	-	-	-	4,650
Impairment of leasehold land (included under corporate income)	-	-	-	-	-	-	8,096
Impairment of goodwill (included under corporate income)	-	-	-	-	-	-	952

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Additions to non-current assets, other than financial instruments (including investment in associates and joint ventures) 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
2017						
Capital expenditure	**360,352**	**271,631**	**514**	**-**	**43,325**	**675,822**
Land held for property development	**-**	**-**	**17,129**	**-**	**-**	**17,129**
Intangible assets	**-**	**1,426**	**-**	**-**	**-**	**1,426**
	360,352	**273,057**	**17,643**	**-**	**43,325**	**694,377**
2016						
Capital expenditure	364,498	477,552	870	-	70,995	913,915
Land held for property development	-	-	903,959	-	-	903,959
Intangible assets	-	5,333	-	-	-	5,333
	364,498	482,885	904,829	-	70,995	1,823,207

(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 ventures) and deferred tax assets.

(i) Revenue from external customers by geographical location of customers

	2017 RM'000	2016 RM'000
Malaysia	**2,663,704**	2,242,078
Far East	**4,826,479**	4,686,690
Middle East	**328,689**	256,448
South East Asia	**5,731,372**	3,557,706
Southern Asia	**1,838,105**	1,094,233
Europe	**4,593,877**	3,790,710
North America	**314,306**	328,238
South America	**75,159**	101,724
Australia	**163,181**	96,202
Africa	**170,029**	122,926
Others	**299,135**	228,855
	21,004,036	16,505,810

(ii) Non-current assets other than financial instruments (including investment in associates and joint ventures) and deferred tax assets and additions to capital expenditure by geographical location of the assets

	Non-current Assets		Additions to Capital Expenditure	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Malaysia	**4,533,287**	4,587,204	**192,699**	159,537
Indonesia	**2,404,767**	2,385,759	**206,931**	265,576
Australia	**450,195**	405,191	**43,145**	70,893
People's Republic of China	**401,007**	400,692	**18,545**	69,042
Europe	**1,360,686**	1,220,294	**159,658**	292,586
Liberia	**398,453**	348,257	**54,191**	55,905
Others	**37,588**	41,597	**653**	376
	9,585,983	9,388,994	**675,822**	913,915

(c) There is no single customer with revenue equal or more than 10% of the Group revenue.

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44. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments of the Group and of 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					
2017					
Financial assets					
Available-for-sale investments	**2,270,239**	**-**	**-**	**2,270,239**	**-**
Trade receivables	**1,816,627**	**1,816,627**	**-**	**-**	**-**
Other receivables, net of prepayments	**628,699**	**628,699**	**-**	**-**	**-**
Derivative financial assets	**110,748**	**-**	**110,748**	**-**	**-**
Cash, deposits and bank balances	**2,041,176**	**2,041,176**	**-**	**-**	**-**
	6,867,489	**4,486,502**	**110,748**	**2,270,239**	**-**
Financial liabilities					
Borrowings	**4,442,764**	**-**	**-**	**-**	**4,442,764**
Trade payables	**795,316**	**-**	**-**	**-**	**795,316**
Other payables	**737,482**	**-**	**-**	**-**	**737,482**
Derivative financial liabilities	**104,613**	**-**	**104,613**	**-**	**-**
	6,080,175	**-**	**104,613**	**-**	**5,975,562**
2016					
Financial assets					
Available-for-sale investments	1,607,570	-	-	1,607,570	-
Trade receivables	1,470,271	1,470,271	-	-	-
Other receivables, net of prepayments	806,021	806,021	-	-	-
Derivative financial assets	119,454	-	119,454	-	-
Fixed income trust funds	1,122,125	-	1,122,125	-	-
Cash, deposits and bank balances	877,946	877,946	-	-	-
	6,003,387	3,154,238	1,241,579	1,607,570	-
Financial liabilities					
Borrowings	4,540,030	-	-	-	4,540,030
Trade payables	657,159	-	-	-	657,159
Other payables	685,015	-	-	-	685,015
Derivative financial liabilities	218,786	-	218,786	-	-
	6,100,990	-	218,786	-	5,882,204
Company					
2017					
Financial assets					
Available-for-sale investments	**702,517**	**-**	**-**	**702,517**	**-**
Trade receivables	**40,877**	**40,877**	**-**	**-**	**-**
Other receivables, net of prepayments	**33,549**	**33,549**	**-**	**-**	**-**
Amounts owing by subsidiaries	**1,354,295**	**1,354,295**	**-**	**-**	**-**
Derivative financial assets	**463**	**-**	**463**	**-**	**-**
Cash, deposits and bank balances	**636,780**	**636,780**	**-**	**-**	**-**
	2,768,481	**2,065,501**	**463**	**702,517**	**-**
Financial liabilities					
Borrowings	**2,600,000**	**-**	**-**	**-**	**2,600,000**
Trade payables	**6,309**	**-**	**-**	**-**	**6,309**
Other payables	**103,516**	**-**	**-**	**-**	**103,516**
Amounts owing to subsidiaries	**125,582**	**-**	**-**	**-**	**125,582**
Derivative financial liabilities	**177**	**-**	**177**	**-**	**-**
	2,835,584	**-**	**177**	**-**	**2,835,407**

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	Carrying Amounts RM'000	L&R RM'000	FVTPL RM'000	AFS RM'000	FL RM'000
Company					
2016					
Financial assets					
Available-for-sale investments	503,556	-	-	503,556	-
Trade receivables	48,975	48,975	-	-	-
Other receivables, net of prepayments	42,188	42,188	-	-	-
Amounts owing by subsidiaries	1,422,264	1,422,264	-	-	-
Derivative financial assets	2,508	-	2,508	-	-
Fixed income trust funds	981,887	-	981,887	-	-
Cash, deposits and bank balances	63,461	63,461	-	-	-
	3,064,839	1,576,888	984,395	503,556	-
Financial liabilities					
Borrowings	2,900,000	-	-	-	2,900,000
Trade payables	10,545	-	-	-	10,545
Other payables	105,807	-	-	-	105,807
Amounts owing to subsidiaries	184,661	-	-	-	184,661
Derivative financial liabilities	3,128	-	3,128	-	-
	3,204,141	-	3,128	-	3,201,013

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss *	**14,188**	(61,885)	**8,611**	32,404
Available-for-sale investments				
- recognised in other comprehensive income	**519,458**	(174,557)	**198,962**	(71,619)
- reclassified from equity to profit or loss	**5,238**	1,726	**-**	-
- recognised in profit or loss *	**22,620**	33,232	**16,887**	12,387
	547,316	(139,599)	**215,849**	(59,232)
Loans and receivables *	**66,392**	50,104	**116,415**	(63,144)
Financial liabilities measured at amortised cost *	**(185,477)**	(129,758)	**(115,931)**	(113,813)
	442,419	(281,138)	**224,944**	(203,785)

* Comparative figures have been restated to conform with current year's presentation.

(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.

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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	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Plantation	**736,170**	422,996	**40,877**	48,975
Manufacturing	**1,048,528**	995,418	**-**	-
Property development	**28,478**	48,173	**-**	-
Others	**3,451**	3,684	**-**	-
	1,816,627	1,470,271	**40,877**	48,975

(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.

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(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.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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							
2017							
Borrowings	**4,442,764**	**0.33% to 4.65%**	**5,260,216**	**1,502,037**	**281,758**	**1,638,358**	**1,838,063**
Trade payables	**795,316**	**-**	**795,316**	**795,316**	**-**	**-**	**-**
Other payables	**767,507**	**-**	**767,507**	**767,507**	**-**	**-**	**-**
Derivative financial liabilities	**104,613**	**-**	**104,613**	**104,613**	**-**	**-**	**-**
	6,110,200		**6,927,652**	**3,169,473**	**281,758**	**1,638,358**	**1,838,063**
2016							
Borrowings	4,540,030	0.33% to 4.65%	5,462,397	1,690,249	124,485	709,651	2,938,012
Trade payables	657,159	-	657,159	657,159	-	-	-
Other payables	685,015	-	685,015	685,015	-	-	-
Derivative financial liabilities	218,786	-	218,786	218,786	-	-	-
	6,100,990		7,023,357	3,251,209	124,485	709,651	2,938,012
Company							
2017							
Borrowings	**2,600,000**	**4.00% to 4.65%**	**3,392,532**	**113,630**	**113,630**	**1,337,822**	**1,827,450**
Trade payables	**6,309**	**-**	**6,309**	**6,309**	**-**	**-**	**-**
Other payables	**106,200**	**-**	**106,200**	**106,200**	**-**	**-**	**-**
Derivative financial liabilities	**177**	**-**	**177**	**177**	**-**	**-**	**-**
Amounts owing to subsidiaries	**125,582**	**-**	**125,582**	**125,582**	**-**	**-**	**-**
	2,838,268		**3,630,800**	**351,898**	**113,630**	**1,337,822**	**1,827,450**
2016							
Borrowings	2,900,000	3.88% to 4.65%	3,806,481	413,949	113,630	340,890	2,938,012
Trade payables	10,545	-	10,545	10,545	-	-	-
Other payables	105,807	-	105,807	105,807	-	-	-
Derivative financial liabilities	3,128	-	3,128	3,128	-	-	-
Amounts owing to subsidiaries	184,661	-	184,661	184,661	-	-	-
	3,204,141		4,110,622	718,090	113,630	340,890	2,938,012

(f) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that 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"), Indonesian Rupiah ("Rp") 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.

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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**	**Rp**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017						
Trade and other receivables	**413,413**	**12,543**	**268,932**	**3,234**	**673**	**23,671**
Deposits with licensed banks under short term funds	**1,482**	**-**	**-**	**-**	**6,533**	**-**
Cash and cash equivalents	**99,895**	**1,807**	**46,808**	**20,191**	**35,856**	**-**
Borrowings	**(232,875)**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**(121,413)**	**(397)**	**(130,310)**	**(115)**	**(2,389)**	**-**
Forward exchange contracts	**16,306**	**(2)**	**(286)**	**-**	**-**	**-**
Exposure in the statement of financial position	**176,808**	**13,951**	**185,144**	**23,310**	**40,673**	**23,671**
2016						
Trade and other receivables	417,361	17,938	243,123	3,555	1,051	23,841
Deposits with licensed banks under short term funds	1,443	-	-	-	6,301	-
Cash and cash equivalents	201,579	4,928	14,770	21,505	8,589	-
Borrowings	(348,556)	-	-	-	-	-
Trade and other payables	(65,850)	(442)	(115,807)	-	(245)	-
Forward exchange contracts	(19,150)	(14)	(4,902)	(63)	-	-
Exposure in the statement of financial position	186,827	22,410	137,184	24,997	15,696	23,841

	Denominated in foreign currencies					
	USD	**GBP**	**Euro**	**AUD**	**SGD**	**PGK**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2017						
Trade and other receivables	**7,355**	**5,320**	**-**	**-**	**-**	**-**
Deposits with licensed banks under short term funds	**-**	**-**	**-**	**-**	**6,533**	**-**
Cash and cash equivalents	**29,012**	**4**	**34**	**50**	**3,766**	**-**
Amounts owing by subsidiaries	**441,592**	**97,951**	**-**	**218,971**	**2,108**	**1,724**
Forward exchange contracts	**375**	**-**	**-**	**-**	**-**	**-**
Exposure in the statement of financial position	**478,334**	**103,275**	**34**	**219,021**	**12,407**	**1,724**
2016						
Trade and other receivables	6,910	4,770	-	-	-	-
Deposits with licensed banks under short term funds	-	-	-	-	6,301	-
Cash and cash equivalents	5,463	4	32	48	4,550	-
Amounts owing by subsidiaries	457,439	101,561	-	243,216	2,042	8,604
Forward exchange contracts	(631)	-	-	-	-	-
Exposure in the statement of financial position	469,181	106,335	32	243,264	12,893	8,604

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.

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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:

	2017		2016	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
Functional currency/Foreign currency				
RM/GBP	**(262)**	**(35,108)**	(248)	(25,160)
RM/Euro	**6,410**	**-**	13,591	-
RM/USD	**31,037**	**-**	27,589	-
RM/SGD	**(2,092)**	**(570)**	(743)	(1,780)
RM/Rp	**(1,184)**	**-**	(1,192)	-
CHF/Euro	**(7,633)**	**-**	(5,969)	-
Rmb/USD	**147**	**-**	944	-
Euro/USD	**(6,767)**	**-**	(8,628)	-
Rp/USD	**7,958**	**-**	4,938	-
USD/GBP	**(26)**	**-**	(604)	(41,158)
USD/AUD	**(1,025)**	**-**	(1,073)	-
USD/RM	**(922)**	**-**	(2,131)	-
Company				
Functional currency/Foreign currency				
RM/GBP	**(12,096)**	**(35,108)**	(10,598)	(25,160)
RM/Euro	**(8,725)**	**-**	(8,146)	-
RM/USD	**(21,918)**	**-**	(30,736)	-
RM/SGD	**(620)**	**-**	(645)	-
RM/AUD	**(10,951)**	**-**	(12,163)	-
RM/PGK	**(86)**	**-**	(430)	-

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. Fixed income trust funds, deposits with licensed banks, 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 to 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**	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Fixed rate instruments				
Financial assets	**1,709,825**	1,794,903	**634,476**	1,042,263
Financial liabilities	**(3,368,227)**	(3,779,806)	**(2,600,000)**	(2,900,000)
	(1,658,402)	(1,984,903)	**(1,965,524)**	(1,857,737)
Floating rate instruments				
Financial assets	**247,652**	107,976	**-**	-
Financial liabilities	**(1,074,537)**	(760,224)	**-**	-
	(826,885)	(652,248)	**-**	-

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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.

	2017		2016	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
Floating rate instruments				
Increase by 50 basis points	**(4,102)**	**-**	(2,822)	-
Decrease by 50 basis points	**4,102**	**-**	2,822	-

As the Company did not have any floating rate instruments as at 30 September 2017 and 30 September 2016, 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 RM113,469,000 (2016: RM78,542,000) and RM35,108,000 (2016: RM25,160,000) 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:

	2017		2016	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
5% increase in commodities prices	**754**	**-**	(23,925)	-
5% decrease in commodities prices	**(754)**	**-**	23,925	-
Company				
5% increase in commodities prices	**(2,335)**	**-**	(1,159)	-
5% decrease in commodities prices	**2,335**	**-**	1,159	-

(g) Fair value of financial instruments
The carrying amounts of cash and bank balances, deposits with licensed banks, short term receivables and payables and short term borrowings reasonably 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.

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The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	2017		2016	
	Carrying Amounts RM'000	**Fair Value RM'000**	Carrying Amounts RM'000	Fair Value RM'000
Group				
Investments in quoted shares	**2,269,379**	**2,269,379**	1,576,723	1,576,723
Fixed income trust funds	**-**	**-**	1,122,125	1,122,125
Derivative financial instruments				
Forward foreign exchange contracts	**16,136**	**16,136**	(24,124)	(24,124)
Commodities future contracts	**(10,001)**	**(10,001)**	(75,208)	(75,208)
Other receivable - advance to plasma plantation projects	**210,272**	**210,272**	205,195	205,195
Borrowings	**(4,442,764)**	**(4,442,764)**	(4,540,030)	(4,540,030)
Company				
Investments in quoted shares	**702,158**	**702,158**	503,197	503,197
Fixed income trust funds	**-**	**-**	981,887	981,887
Amounts owing by subsidiaries	**1,354,295**	**1,354,295**	1,422,264	1,422,264
Derivative financial instruments				
Forward foreign exchange contracts	**375**	**375**	(631)	(631)
Commodities future contracts	**(89)**	**(89)**	11	11
Borrowings	**(2,600,000)**	**(2,600,000)**	(2,900,000)	(2,900,000)
Amounts owing to subsidiaries	**(125,582)**	**(125,582)**	(184,661)	(184,661)

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.

Fixed income trust funds
The fair value of fixed income trust funds was 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 0.33% to 4.65% (2016: 0.33% to 4.65%) and 4.00% to 4.65% (2016: 3.88% to 4.65%) respectively.

(h) Fair value hierarchy
The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed.

	2017				2016			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group								
Fair value of financial instruments carried at fair value								
Investments in quoted shares	**2,269,379**	**-**	**-**	**2,269,379**	1,576,723	-	-	1,576,723
Fixed income trust funds	**-**	**-**	**-**	**-**	-	1,122,125	-	1,122,125
Derivative financial instruments								
Forward foreign exchange contracts	**-**	**16,136**	**-**	**16,136**	-	(24,124)	-	(24,124)
Commodities future contracts	**(10,001)**	**-**	**-**	**(10,001)**	(75,208)	-	-	(75,208)
	2,259,378	**16,136**	**-**	**2,275,514**	1,501,515	1,098,001	-	2,599,516
Fair value of financial instruments not carried at fair value								
Other receivable – advance to plasma plantation projects	**-**	**-**	**210,272**	**210,272**	-	-	205,195	205,195
Borrowings	**-**	**-**	**(4,442,764)**	**(4,442,764)**	-	-	(4,540,030)	(4,540,030)
	-	**-**	**(4,232,492)**	**(4,232,492)**	-	-	(4,334,835)	(4,334,835)

NOTES TO THE
FINANCIAL STATEMENTS

	2017				2016			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company								
Fair value of financial instruments carried at fair value								
Investments in quoted shares	**702,158**	**-**	**-**	**702,158**	503,197	-	-	503,197
Fixed income trust funds	**-**	**-**	**-**	**-**	-	981,887	-	981,887
Derivative financial instruments								
Forward foreign exchange contracts	**-**	**375**	**-**	**375**	-	(631)	-	(631)
Commodities future contracts	**(89)**	**-**	**-**	**(89)**	11	-	-	11`
	702,069	**375**	**-**	**702,444**	503,208	981,256	-	1,484,464
Fair value of financial instruments not carried at fair value								
Amounts owing by subsidiaries	**-**	**-**	**1,354,295**	**1,354,295**	-	-	1,422,264	1,422,264
Borrowings	**-**	**-**	**(2,600,000)**	**(2,600,000)**	-	-	(2,900,000)	(2,900,000)
Amounts owing to subsidiaries	**-**	**-**	**(125,582)**	**(125,582)**	-	-	(184,661)	(184,661)
	-	**-**	**(1,371,287)**	**(1,371,287)**	-	-	(1,662,397)	(1,662,397)

45. 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	
	2017 RM'000	2016 RM'000
Total borrowings (Note 35)	**4,442,764**	4,540,030
Less: Short term funds (Note 29)	**(578,489)**	(1,029,711)
Less: Cash and cash equivalents (Note 30)	**(1,462,687)**	(970,360)
Net debt	**2,401,588**	2,539,959
Total equity	**12,440,042**	11,288,026
Net debt-to-equity ratio	**0.19**	0.23

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 35).

46. AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors on 8 December 2017.

NOTES TO THE
FINANCIAL STATEMENTS

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**	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	**8,465,944**	7,679,586	**3,648,428**	3,529,225
Unrealised	**554,618**	637,076	**142,222**	128,666
	9,020,562	8,316,662	**3,790,650**	3,657,891
Total share of retained earnings from associates				
Realised	**80,547**	68,658	**-**	-
Unrealised	**730**	238	**-**	-
	81,277	68,896	**-**	-
Total share of (accumulated losses)/retained earnings from joint ventures				
Realised	**(58,873)**	(28,105)	**-**	-
Unrealised	**15,971**	10,214	**-**	-
	(42,902)	(17,891)	**-**	-
	9,058,937	8,367,667	**3,790,650**	3,657,891
Consolidation adjustments	**(1,543,658)**	(1,285,487)	**-**	-
Total retained earnings at 30 September	**7,515,279**	7,082,180	**3,790,650**	3,657,891

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 Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

DIRECTORS' STATEMENT
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 114 to 181 are drawn up in accordance with the Financial Reporting Standards and the requirements of Companies Act 2016 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 2017 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 47 on page 182 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)

8 December 2017

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Soon Wing Chong, 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 114 to 182 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)
8th day of December 2017.)

SOON WING CHONG

Before me,

WONG HOCK SENG
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 Audit of the Financial Statements

Opinion
We have audited the financial statements of Kuala Lumpur Kepong Berhad, which comprise the statements of financial position as at 30 September 2017 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 114 to 181.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2017, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion
We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities
We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. **Carrying Value of Goodwill**
   Refer to Note 3.1(d) – Significant accounting policy: "Goodwill" and Note 16 – "Goodwill on consolidation", to the financial statements.

   The key audit matter
   Over the years, the Group has expanded its activities through the acquisition of subsidiaries and as a result, the Group's net assets as at 30 September 2017 included a significant amount of goodwill of RM325 million.

   In light of the palm products prices challenges, there was a risk that the carrying value of the cash generating units to which the Group's goodwill was allocated may exceed the recoverable amount and therefore an impairment was required.

   This was one of the key judgemental areas we focused in our audit because the assessment of the carrying value of goodwill required the Group to exercise significant judgement due to the inherent uncertainty involved in forecasting and discounting future cash flows which were used as the basis for the assessment of recoverable amount.

   How the matter was addressed in our audit
   We evaluated the Group's forecasting procedures (upon which projections were based) and the appropriateness of the discounted future cash flow models. We assessed the historical accuracy of forecasts by comparing the actual results for the year with the original forecasts.

   We challenged the Group's key assumptions such as projected economic growth, weighted average cost of capital, operational costs in plantation, inflation rate, crude palm oil prices and volumes which were approved by the Directors by making comparisons with actual results, externally derived data and industry norms.

   We also considered the adequacy of the Group's disclosures in respect of impairment testing and assessed the sensitivity of the impairment calculations by factoring changes to variables in the key assumptions.

2. **Carrying Value of Property, Plant and Equipment**
   Refer to Note 3.3 – Significant accounting policy: "Property, plant and equipment" and Note 12 – "Property, plant and equipment", to the financial statements.

REPORT OF **THE AUDITORS**

The key audit matter
Property, plant and equipment represents the single largest category of assets on the statement of financial position of the Group of RM5.2 billion as at 30 September 2017.

During the year, the specialised oleochemical plant of a subsidiary was under performing, hence, there was a risk that the carrying value of property, plant and equipment may exceed the recoverable amount and therefore an impairment was required.

This was one of the key judgemental areas we focused in our audit because the cash flow projections prepared by the Group involved significant judgement, particularly in estimating future revenue, discount rate, long term growth rate and palm products prices.

How the matter was addressed in our audit
We considered the appropriateness of Directors' assessment on the existence of impairment indicators for property, plant and equipment. We challenged the Group's assumptions on the recoverability on the cash flow projections which are based on projected revenue growth, discount rate, long term growth rate and palm products prices and compared against the actual results, externally derived data and industry norms.

We also considered the adequacy of the Group's disclosures in respect of impairment testing and assessed the sensitivity of the outcome of the impairment assessment to changes in key assumptions.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon
The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements
The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

REPORT OF **THE AUDITORS**

- Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 42 to the financial statements.

Other Reporting Responsibilities
The supplementary information set out in Note 47 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter
This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

CHEW BENG HONG
Partner
Approval Number: 2920/02/18(J)
Chartered Accountant

Ipoh
8 December 2017

GROUP PROPERTIES & **SHAREHOLDINGS**

LOCATION OF THE GROUP'S OPERATIONS

AS AT 30 SEPTEMBER 2017

Plantations

MALAYSIA
Peninsular Malaysia
Sabah

INDONESIA
Belitung Island
Central Kalimantan
East Kalimantan
Sumatra

LIBERIA

Manufacturing

MALAYSIA
Peninsular Malaysia

CHINA

INDONESIA
Sumatra

SWITZERLAND

BELGIUM

GERMANY

THE NETHERLANDS

Property Development

MALAYSIA
Peninsular Malaysia


ASIA
CHINA
Peninsular Malaysia,
MALAYSIA
Sabah,
MALAYSIA
East Kalimantan,
INDONESIA
Sumatra,
INDONESIA
Central Kalimantan,
INDONESIA
Belitung
Island,
INDONESIA
AUSTRALIA

LOCATION OF THE GROUP'S **PLANTATIONS OPERATIONS**

AS AT 30 SEPTEMBER 2017

MALAYSIA

KEDAH
1. Batu Lintang
2. Buntar
3. Pelam

PERAK
4. Allagar
5. Changkat Chermin
6. Glenealy
7. Kuala Kangsar
8. Lekir
9. Raja Hitam
10. Serapoh
11. Subur

SELANGOR
12. Changkat Asa
13. Kerling
14. Tuan Mee

NEGERI SEMBILAN
15. Ayer Hitam
16. Batang Jelai
17. Gunong Pertanian
18. Jeram Padang
19. Kombok
20. Ulu Pedas

JOHOR
21. Ban Heng
22. Fraser
23. Kekayaan
24. KLK Edible Oils
25. Landak
26. New Pogoh
27. Paloh
28. See Sun
29. Sungai Bekok
30. Sungei Penggeli
31. Voules

PAHANG
32. Kemasul
33. Renjok
34. Selborne
35. Sungei Kawang
36. Tuan

KELANTAN
37. Kerilla
38. Kuala Gris
39. Kuala Hau
40. Pasir Gajah
41. Sungai Sokor

SABAH
42. **Tawau Region**
Jatika
Pang Burong
Pangeran
Pinang
Ringlet
Sigalong
Sri Kunak
Tundong
43. **Lahad Datu Region**
43a. Bornion
Segar Usaha
43b. Bukit Tabin
Lungmanis
Rimmer
Sungai Silabukan
Tungku
44. KLK Premier Oils

INDONESIA

BELITUNG ISLAND

45. Alam Karya Sejahtera
46. Parit Sembada
47. Steelindo Wahana Perkasa

SUMATRA

Riau Region

48. Mandau
49. Nilo
50. Sekarbumi Alamlestari

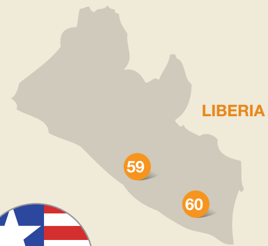
51. **North Sumatra Region**
    - Basilam
    - Bekiun
    - Bukit Lawang
    - Gohor Lama
    - Maryke
    - Padang Brahrang
    - Tanjung Beringin
    - Tanjung Keliling

CENTRAL KALIMANTAN

52. Karya Makmur Abadi
53. Menteng Jaya Sawit Perdana
54. Mulia Agro Permai

EAST KALIMANTAN

55. Anugrah Surya Mandiri
56. Hutan Hijau Mas
57. Jabontara Eka Karsa
58. Malindomas Perkebunan



LIBERIA

59. Palm Bay Estate
60. Butaw Estate

PROPERTIES HELD BY THE GROUP

AS AT 30 SEPTEMBER 2017

PLANTATIONS

LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA HECTARES	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
MALAYSIA							
KEDAH							
Ladang Pelam Baling	Freehold	–	2,959	Oil palm and rubber estate	–	50,640	1986 1992
Ladang Batu Lintang Serdang	Freehold	–	1,808	Oil palm estate and palm oil mill	 31	27,952	1986
Ladang Buntar Serdang	Freehold	–	547	Oil palm estate	–	13,958	1986
PERAK							
Ladang Lekir Manjung	Freehold	–	3,311	Oil palm estate	–	176,105	2008
Ladang Changkat Chermin Manjung	Leasehold	2080	2,530	Oil palm estate and palm oil mill	 34	105,212	2008
Ladang Raja Hitam Manjung	Freehold	–	1,497	Oil palm estate	–	78,966	2008
Ladang Kuala Kangsar Padang Rengas	Freehold Leasehold	– 2896	1,007 333	Oil palm and rubber estate	–	64,458	1979* 2016
Ladang Subur Batu Kurau	Freehold	–	1,290	Oil palm estate	–	14,800	1986
Ladang Glenealy Parit	Freehold	–	1,059	Oil palm and rubber estate	–	15,320	1992
Ladang Serapoh Parit	Freehold	–	936	Oil palm and rubber estate	–	9,225	1979* 1992
Ladang Allagar Trong	Freehold Leasehold	– 2908	525 248	Oil palm estate	–	10,776	1986
SELANGOR							
Ladang Changkat Asa Hulu Selangor	Freehold	–	1,543	Oil palm and rubber estate, palm oil mill and rubber factory	 37 42	17,223	1979*
Ladang Tuan Mee Sungai Buloh	Freehold	–	1,488	Oil palm estate and palm oil mill	 44	17,443	1979*
Ladang Kerling Kerling	Freehold	–	1,222	Oil palm and rubber estate	–	53,819	1979* 1985 2002
NEGERI SEMBILAN							
Ladang Ayer Hitam Bahau	Freehold	–	2,640	Oil palm estate	–	38,702	1985
Ladang Batang Jelai Rompin	Freehold	–	2,149	Oil palm and rubber estate	–	32,528	1985
Ladang Jeram Padang Bahau	Freehold	–	2,114	Oil palm and rubber estate, palm oil mill and rubber factory	 28 28	34,986	1985
Ladang Kombok Rantau	Freehold	–	1,910	Oil palm and rubber estate	–	32,080	1985
Ladang Ulu Pedas Pedas	Freehold	–	922	Oil palm estate	–	17,537	1985
Ladang Gunong Pertanian Simpang Durian	Leasehold	2077	686	Oil palm estate	–	9,317	1985

* *Year of last revaluation*

PROPERTIES HELD BY **THE GROUP**

AS AT 30 SEPTEMBER 2017

PLANTATIONS

LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA HECTARES	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
JOHOR							
Ladang Landak Paloh	Leasehold	2068 and 2078	4,451	Oil palm estate	–	41,269	1979*
Ladang Kekayaan Paloh	Leasehold	2068 and 2078	4,436	Oil palm estate and palm oil mill	11	61,327	1979*
Ladang Voules Segamat	Freehold	–	2,969	Oil palm and rubber estate and rubber factory	44	25,489	1979*
Ladang Paloh Paloh	Freehold	–	2,003	Oil palm estate and palm oil mill	45	30,733	1979*
Ladang Fraser Kulai	Freehold	–	1,915	Oil palm estate	–	22,366	1979*
Ladang New Pogoh Segamat	Freehold	–	1,545	Oil palm and rubber estate	–	14,074	1979*
Ladang Sungei Penggeli Bandar Tenggara	Leased property	2087	942	Oil palm estate	–	9,333	1988
Ladang Ban Heng Pagoh, Muar	Freehold	–	631	Oil palm estate	–	8,294	1979*
Ladang Sungai Bekok Bekok	Freehold	–	625	Oil palm estate	–	8,036	1979*
Ladang See Sun Renggam	Freehold	–	589	Oil palm estate	–	9,843	1984
KL-Kepong Edible Oils Pasir Gudang	Leasehold	2045	5	Refinery	34	1,763	1985
PAHANG							
Ladang Sungei Kawang Lanchang	Freehold	–	1,889	Oil palm and rubber estate	–	15,127	1979*
Ladang Renjok Bentong	Freehold	–	1,578	Oil palm and rubber estate	–	16,121	1979*
Ladang Tuan Bentong	Freehold Leasehold	– 2030 and 2057	910 443	Oil palm and rubber estate	–	10,076	1979*
Ladang Selborne Padang Tengku, Kuala Lipis	Freehold	–	1,258	Rubber estate and rubber factory	48	16,497	1992
Ladang Kemasul Mengkarak	Freehold	–	459	Oil palm and rubber estate	–	1,001	1983
KELANTAN							
Ladang Kuala Gris Kuala Krai	Freehold	–	2,429	Oil palm and rubber estate and rubber factory	17	31,412	1992
Ladang Kerilla Tanah Merah	Freehold	–	2,176	Oil palm and rubber estate and rubber factory	42	27,594	1992
Ladang Pasir Gajah Kuala Krai	Freehold Leasehold	– 2907	952 1,155	Oil palm estate and palm oil mill	36	22,106	1981*
Ladang Sungai Sokor Tanah Merah	Freehold	–	1,603	Oil palm and rubber estate	–	17,180	1992
Ladang Kuala Hau Machang	Freehold Leasehold	– 2326	305 242	Rubber estate	–	3,123	1980*

* *Year of last revaluation*

PROPERTIES HELD BY **THE GROUP**
AS AT 30 SEPTEMBER 2017

PLANTATIONS

LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA HECTARES	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
SABAH							
TAWAU REGION							
Ladang Jatika	Leasehold	Between 2068 and 2083	3,508	Oil palm estate	–	46,119	1991
Ladang Sigalong	Leasehold	Between 2063 and 2079	2,864	Oil palm estate	–	25,702	1983
Ladang Pangeran	Leasehold	Between 2063 and 2080	2,855	Oil palm estate and palm oil mill	16	40,964	1983
Ladang Sri Kunak	Leasehold	Between 2063 and 2076	2,770	Oil palm estate	–	33,237	1983
Ladang Pang Burong	Leasehold	Between 2063 and 2080	2,548	Oil palm estate	–	32,427	1983
Ladang Pinang	Leasehold	Between 2068 and 2085	2,420	Oil palm estate	–	36,166	1983
Ladang Tundong	Leasehold	Between 2063 and 2073	2,155	Oil palm estate and palm oil mills	30 & 34	24,804	1983
Ladang Ringlet	Leasehold	Between 2065 and 2081	1,834	Oil palm estate	–	15,021	1989
LAHAD DATU REGION							
Ladang Tungku	Leasehold	2085	3,418	Oil palm estate	–	27,458	1991*
Ladang Bornion	Leasehold	2078	3,233	Oil palm estate and palm oil mill	19	37,542	1992
Ladang Bukit Tabin	Leasehold	2079	2,916	Oil palm estate	–	34,350	1993
Ladang Segar Usaha	Leasehold	2077	2,792	Oil palm estate	–	31,381	1990*
Ladang Rimmer	Leasehold	2085	2,730	Oil palm estate and palm oil mill	21	24,537	1991*
Ladang Sungai Silabukan	Leasehold	2079	2,654	Oil palm estate	–	31,500	1993
Ladang Lungmanis	Leasehold	2085	1,656	Oil palm estate and palm oil mill	17	16,388	1991*
KLK Premier Oils	Leasehold	2066	4	Kernel crushing plant and refinery	14 10	12,037	1998
	Leasehold	2110	2	PKC warehouse	8	5,296	2007

INDONESIA

LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA HECTARES	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
BELITUNG ISLAND							
Kebun Steelindo Wahana Perkasa	Hak Guna Usaha	2020	14,065	Oil palm estate, palm oil mill, refinery and kernel crushing plant	 18 4 4	46,534	1994
Kebun Parit Sembada	Hak Guna Usaha	2020	3,990	Oil palm estate and palm oil mill	10	12,160	2003
Kebun Alam Karya Sejahtera	Izin Lokasi	–	2,336	Oil palm estate	–	60,434	2010

* *Year of last revaluation*

PROPERTIES HELD BY **THE GROUP**

AS AT 30 SEPTEMBER 2017

PLANTATIONS

LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA HECTARES	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
SUMATRA							
RIAU REGION							
Kebun Mandau	Hak Guna Usaha	2020	14,837	Oil palm estate, palm oil mill, kernel crushing plant and refinery	 14 10 4	162,076	1996
Kebun Nilo	Hak Guna Usaha	2028	12,860	Oil palm estate and palm oil mills	15 & 6	121,265	1996
	Izin Lokasi	–	1,400	Oil palm estate		12,281	2005
Kebun Sekarbumi Alamlestari	Hak Guna Usaha	2024	6,200	Oil palm estate and palm oil mill	21	70,630	2009
NORTH SUMATRA REGION							
P.T. Langkat Nusantara Kepong**	Leased property	2039	21,372	Oil palm estate and palm oil mill	3	292,697	2009
EAST KALIMANTAN							
Kebun Jabontara Eka Karsa Berau	Hak Guna Usaha	2033	14,086	Oil palm estate and palm oil mill	2	251,745	2006
Kebun Malindomas Perkebunan Berau	Hak Guna Usaha	2043	7,971	Oil palm estate	–	131,070	2007
Kebun Hutan Hijau Mas Berau	Hak Guna Usaha	2029 and 2043	7,317	Oil palm estate and palm oil mill	9	114,878	2007 2009
Kebun Anugrah Surya Mandiri Berau	Hak Guna Usaha	2048	2,682	Oil palm estate	–	6,751	2012
CENTRAL KALIMANTAN							
Kebun Karya Makmur Abadi Mentaya Hulu	Hak Guna Usaha	2051	9,397	Oil palm estate and palm oil mill	2	292,170	2007
	Izin Lokasi	2018	3,406	Oil palm estate			
Kebun Mulia Agro Permai Baamang	Hak Guna Usaha	2040	9,056	Oil palm estate and palm oil mill	4	212,220	2006
Kebun Menteng Jaya Sawit Perdana Mentaya Hilir Utara	Izin Lokasi	2020	5,893	Oil palm estate	–	47,567	2007

LIBERIA

Palm Bay Estate Grand Bassa County	Leasehold	2057	13,007	Oil palm estate	–	221,747	2013
Butaw Estate Sinoe County	Leasehold	2057	8,011	Oil palm estate	–	110,666	2013

** *P.T. Langkat Nusantara Kepong operates on the property owned by the joint venture partner, P.T. Perkebunan Nusantara II*

PROPERTIES HELD BY **THE GROUP**

AS AT 30 SEPTEMBER 2017

MANUFACTURING

LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA#	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
MALAYSIA							
KL-Kepong Oleomas Klang, Selangor	Leasehold	2097	19	Oleochemicals factory	7 to 11	40,991	2004
Palm-Oleo Rawang, Selangor	Freehold	–	15	Oleochemicals, soap noodles and industrial amides factories	21 & 26	15,287	1991 1994
Palm-Oleo (Klang) Klang, Selangor	Leased property	2088	7	Oleochemicals factory	26 & 36	28,667	2007
B.K.B. Hevea Products Ipoh, Perak	Leasehold	2089	5	Parquet factory	23	3,436	1994
KL-Kepong Rubber Products Ipoh, Perak	Freehold	–	3	Rubber gloves factory	33	15,616	2012
KLK Bioenergy Shah Alam, Selangor	Leasehold	2074	1	Biodiesel plant	32	3,222	2009
INDONESIA							
P.T. KLK Dumai Dumai Timur, Riau	Leased property	2031	12,876 sq m	Oleochemicals factory	3	22,976	2011
BELGIUM							
KLK Tensachem SA Ougree	Freehold	–	10	Surfactant factory	10 to 87	21,507	2014
CHINA							
Taiko Palm-Oleo (Zhangjiagang) Zhangjiagang City, Jiangsu	Leasehold	2054	20	Oleochemicals factory	12	42,635	2004
Shanghai Jinshan Jingwei Chemical, Jinshan, Shanghai	Leasehold	2052	2	Oleochemicals factory	12	2,979	2008
GERMANY							
KLK Emmerich Emmerich Am Rhein	Freehold	–	21	Oleochemicals factory	24 to 64	18,523	2010
KLK Emmerich Dusseldorf	Leasehold	2104	6	Oleochemicals factory	12 to 107	45,923	2015
NETHERLANDS							
Dr. W. Kolb Netherlands BV Moerdijk	Freehold	–	8	Ethoxylation factory	24	85,031	2007
SWITZERLAND							
Dr. W. Kolb AG Hedingen	Freehold	–	2	Ethoxylation factory	17 to 53	74,595	2007

Titled area is in hectares except otherwise indicated

PROPERTIES HELD BY **THE GROUP**

AS AT 30 SEPTEMBER 2017

PROPERTY DEVELOPMENT

LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA HECTARES	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
MALAYSIA							
KL-Kepong Country Homes Ijok, Selangor	Freehold	–	110	Property development	–	20,485	1979
	Freehold Leasehold	– 2082 and 2108	667 11	Property development operating as oil palm estate	–	11,134	1979 2010
Colville Holdings Setul, Negeri Sembilan	Freehold	–	421	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	–	141,909	2004
Palermo Corporation Bagan Samak, Kedah	Freehold	–	351	Property development operating as oil palm estate	–	13,017	1986
Scope Energy Tanjung Kupang, Johor	Freehold	–	203	Property development	–	883,590	2016
Kompleks Tanjong Malim Hulu Selangor, Selangor	Freehold	–	172	Property development operating as oil palm estate	–	7,609	1979
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

* *Year of last revaluation*

PROPERTIES HELD BY **THE GROUP**
AS AT 30 SEPTEMBER 2017

OTHERS

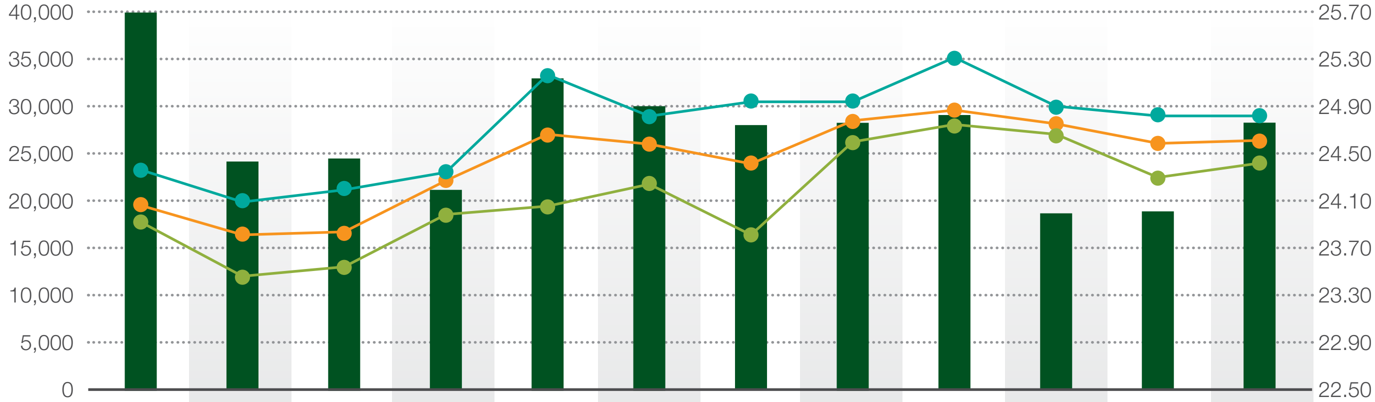
LOCATION	TENURE	YEAR OF EXPIRY	TITLED AREA#	DESCRIPTION	AGE OF BUILDINGS YEARS	CARRYING AMOUNTS RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
SWP Bulking Installation Belitung Island, Indonesia	Hak Guna Bangunan	2035	20	Bulking installation and jetty	8 & 12 11	11,701	2005
Stolthaven (Westport) Klang, Selangor, Malaysia	Leased property	2024	12	Bulking installation	3 & 19	15,077	2006 2014
P.T. Hutan Hijau Mas Berau, East Kalimantan Indonesia	Hak Pakai	2035	8	Jetty	3	2,353	2010
Wisma Taiko 1, Jalan S.P. Seenivasagam Ipoh, Perak, Malaysia	Freehold Leasehold	– 2892	2,984 sq m 2,408 sq m	Head Office building	32	3,769 1,600	1983 2000
Kelkay Bulking Installation Port Klang, Selangor, Malaysia	Leased property	2013	3,351 sq m	Bulking installation	42	376	1975 2014
27, Kelso Place Kensington, London United Kingdom	Freehold	–	489 sq m	Office building	136	30,355	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	10	55	2007
Chilimony Farm Northampton Western Australia	Freehold	–	16,189	Cereal farm	–	96,216	2012 2013
Wyunga Farm Dandaragan Western Australia	Freehold	–	14,418	Cereal and cattle farm	–	114,034	2013 2014 2016
Erregulla Farm Mingenew, Western Australia	Freehold	–	5,290	Cereal and sheep farm	–	4,781	1989*
Warrening Gully Farm Williams, Western Australia	Freehold	–	5,119	Cereal and sheep farm	–	32,517	1989* 2014
Jonlorrie Farm York, Western Australia	Freehold	–	4,927	Cereal and sheep farm	–	79,719	2013 2014
Tatchbrook Farm Arthur River Western Australia	Freehold	–	7,194	Cereal and sheep farm	–	58,551	2015 2016 2017

 # Titled area is in hectares except otherwise indicated   ** Year of last revaluation*

SHARE PRICE & VOLUME TRADED

Total Volume Traded ('000 Shares)

Share Price (RM)



	OCT 2016	NOV 2016	DEC 2016	JAN 2017	FEB 2017	MAR 2017	APR 2017	MAY 2017	JUN 2017	JUL 2017	AUG 2017	SEP 2017
	24.36	24.10	24.20	24.34	25.16	24.82	24.92	24.92	25.30	24.90	24.82	24.82
	23.92	23.46	23.54	24.00	24.08	24.20	23.82	24.60	24.74	24.66	24.30	24.42
	24.06	23.81	23.84	24.15	24.66	24.58	24.41	24.78	24.86	24.75	24.57	24.61
	39,943	24,214	24,473	21,102	32,998	29,975	28,008	28,246	29,063	18,706	18,901	28,247

Legend: Highest Price (RM); Lowest Price (RM); Average Closing Price (RM); Total Volume ('000 Shares)

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 (2) 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

* Par value was abolished after the Companies Act 2016 came into effect on 31 January 2017

SHAREHOLDING STATISTICS

AS AT 30 NOVEMBER 2017

Issued and Fully Paid-Up Capital – RM1,067,504,692 (including 2,539,000 treasury shares)
Class of Shares – Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
Less than 100	136	3,247	0.00
100 to 1,000	1,196	754,659	0.07
1,001 to 10,000	2,494	9,700,768	0.91
10,001 to 100,000	1,097	34,992,755	3.29
100,001 to less than 5% of issued shares	338	395,075,248	37.10
5% and above of issued shares	2	624,439,015	58.63
TOTAL	**5,263**	**1,064,965,692**	**100.00**

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL#
1.	Batu Kawan Berhad	500,901,527	47.03
2.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	123,537,488	11.60
3.	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	50,000,000	4.69
4.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account for Lembaga Kemajuan Tanah Persekutuan (415321)	38,000,000	3.57
5.	Cartaban Nominees (Asing) Sdn Bhd – Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	14,049,336	1.32
6.	DB (Malaysia) Nominee (Asing) Sdn Bhd – BNYM SA/NV for First State Investments ICVC – Stewart Investors Global Emerging Markets Leaders Fund	12,873,600	1.21
7.	Amanahraya Trustees Berhad – Amanah Saham Wawasan 2020	12,840,500	1.21
8.	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	10,069,400	0.95
9.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	10,000,000	0.94
10.	AmanahRaya Trustees Berhad – Amanah Saham Malaysia	9,777,000	0.92
11.	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	8,932,904	0.84
12.	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Equity Fund	8,271,050	0.78
13.	ABB Nominee (Tempatan) Sdn Bhd – Pledged Securities Account For Lembaga Kemajuan Tanah Persekutuan (FELDA)	7,000,000	0.66
14.	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera 2	6,897,700	0.65
15.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Total International Stock Index Fund	6,776,986	0.64
16.	AmanahRaya Trustees Berhad – Amanah Saham Didik	6,491,500	0.61
17.	AmanahRaya Trustees Berhad – AS 1Malaysia	6,007,600	0.56
18.	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	5,981,600	0.56

SHAREHOLDING **STATISTICS**
AS AT 30 NOVEMBER 2017

	NAME	NO. OF SHARES	% OF ISSUED SHARE CAPITAL#
19.	HSBC Nominees (Asing) Sdn Bhd – HSBC BK Plc for Stewart Investors Global Emerging Markets Leaders Fund	4,589,200	0.43
20.	AMSEC Nominees (Tempatan) Sdn Bhd – MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	4,482,500	0.42
21.	Cartaban Nominees (Asing) Sdn Bhd – RBC Investor Services Bank S.A. for Robeco Capital Growth Funds	4,455,400	0.42
22.	Pertubuhan Keselamatan Sosial	3,981,680	0.37
23.	AmanahRaya Trustees Berhad – Public Islamic Dividend Fund	3,850,100	0.36
24.	DB (Malaysia) Nominee (Asing) Sdn Bhd – BNYM SA/NV for First State Investments ICVC – Stewart Investors Asia Pacific Fund	3,622,900	0.34
25.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt AN for AIA Bhd	3,539,600	0.33
26.	HSBC Nominees (Asing) Sdn Bhd – TNTC for Mahout Global Emerging Markets Leaders Fund (DST)	3,275,500	0.31
27.	Yeoh Chin Hin Investments Sdn Berhad	3,058,500	0.29
28.	AmanahRaya Trustees Berhad – Public Islamic Select Enterprises Fund	2,799,600	0.26
29.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Flexshares Morningstar Global Upstream Natural Resources Index Fund	2,745,900	0.26
30.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	2,626,100	0.25
	TOTAL	**881,435,171**	**82.78**

Note:
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

		NUMBER OF SHARES			
	NAME	DIRECT INTEREST	DEEMED INTEREST	TOTAL	% OF ISSUED SHARE CAPITAL#
1.	Batu Kawan Berhad	500,901,527	–	500,901,527	47.03
2.	Employees Provident Fund Board	125,621,988[a]	–	125,621,988	11.80
3.	Wan Hin Investments Sdn Berhad	448,500	500,901,527[b]	501,350,027	47.08
4.	Tan Sri Dato' Seri Lee Oi Hian	72,000	501,372,027[c]	501,444,027	47.09
5.	Dato' Lee Hau Hian	83,250	501,372,027[b]	501,455,277	47.09
6.	Grateful Blessings Foundation	–	501,372,027[b]	501,372,027	47.08
7.	Grateful Blessings Inc	–	501,372,027[b]	501,372,027	47.08
8.	Di-Yi Sdn Bhd	22,000	501,350,027[b]	501,372,027	47.08
9.	High Quest Anstalt	–	501,372,027[b]	501,372,027	47.08
10.	Cubic Crystal Corporation	–	501,372,027[b]	501,372,027	47.08
11.	High Quest Holdings Sdn Bhd	22,000	501,350,027[b]	501,372,027	47.08

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 Deemed interest by virtue of section 8(4) of the Companies Act 2016
c Deemed interest by virtue of section 8(4) of the Companies Act 2016. Nevertheless he does not have any economic or beneficial interest in the shares of KLK as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council)

SHAREHOLDING **STATISTICS**
AS AT 30 NOVEMBER 2017

DIRECTORS' SHAREHOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	NAME	DIRECT INTEREST	% OF ISSUED SHARE CAPITAL[#]	DEEMED INTEREST	% OF ISSUED SHARE CAPITAL[#]
	Shares in the Company				
1.	R. M. Alias	337,500	0.03	1,000[a]	*
2.	Tan Sri Dato' Seri Lee Oi Hian	72,000	0.01	501,372,027[b]	47.08
3.	Dato' Lee Hau Hian	83,250	0.01	501,372,027[c]	47.08
4.	Dato' Yeoh Eng Khoon	335,000	0.03	3,189,850[d]	0.30
5.	Kwok Kian Hai	–	–	–	–
6.	Tan Sri Azlan Bin Mohd Zainol	–	–	–	–
7.	Quah Poh Keat	–	–	–	–
8.	Anne Rodrigues	1,500	*	–	–
	Shares in the holding company, Batu Kawan Berhad				
1.	Tan Sri Dato' Seri Lee Oi Hian	854,355	0.21	213,728,705[e]	53.17
2.	Dato' Lee Hau Hian	1,425,530	0.35	212,531,980[f]	52.87
3.	Dato' Yeoh Eng Khoon	315,000	0.08	15,391,000[d]	3.83

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 the shares held by his child

[b] Deemed interest by virtue of section 8(4) of the Companies Act 2016. Nevertheless he does not have any economic or beneficial interest in the shares of KLK as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council)

[c] Deemed interest by virtue of section 8(4) of the Companies Act 2016

[d] Deemed interest through the shares held by his spouse and/or children, and by virtue of section 8(4) of the Companies Act 2016

[e] Deemed interest through the shares held by his children. Tan Sri Dato' Seri Lee Oi Hian is also deemed to have an interest by virtue of section 8(4) of the Companies Act 2016 although he does not have any economic or beneficial interest in the shares of Batu Kawan Berhad as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council)

[f] Deemed interest through the shares held by his child and by virtue of section 8(4) of the Companies Act 2016

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.

GLOBAL REPORTING
INITIATIVE INDEX

KLK uses the Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines, combined with stakeholder feedback to help identify the indicators we publicly report. This report was prepared in accordance with the Guidelines at the Core option level. This report did not undergo external assurance.

GRI is an internationally accepted framework for reporting an organisation's economic, environmental and social performance to a diverse set of stakeholders worldwide. For more information on GRI, please visit *www.globalreporting.org*.

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NOTICE OF MEETING

Notice is hereby given that the Forty-Fifth Annual General Meeting of Kuala Lumpur Kepong Berhad ("KLK" or "Company") will be held at its Registered Office, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia on Tuesday, 13 February 2018 at 11.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 30 September 2017 and the Directors' and Auditors' reports thereon.
2. To approve the payment of a final single tier dividend of 35 sen per share for the financial year ended 30 September 2017. **(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) Tan Sri Dato' Seri Lee Oi Hian **(ORDINARY RESOLUTION 2)**

   (ii) Tan Sri Azlan Bin Mohd Zainol **(ORDINARY RESOLUTION 3)**
4. To re-elect Anne Rodrigues nee Koh Lan Heong who retires in accordance with Article 91(E) of the Company's Articles of Association. **(ORDINARY RESOLUTION 4)**
5. To re-appoint R. M. Alias whose term of office shall be expiring at the conclusion of the Forty-Fifth Annual General Meeting. **(ORDINARY RESOLUTION 5)**
6. To approve Directors' fees for the year ended 30 September 2017 amounting to RM1,686,109 (2016: RM1,593,388). **(ORDINARY RESOLUTION 6)**
7. To approve the payment of Directors' benefits (other than Directors' fees) to Non-Executive Directors for the period from 31 January 2017 until the next Annual General Meeting to be held in 2019. **(ORDINARY RESOLUTION 7)**
8. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **(ORDINARY RESOLUTION 8)**

As Special Business

To consider and, if thought fit, to pass the following Resolutions:

9. **PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY** **(ORDINARY RESOLUTION 9)**

   "THAT authority be given to the Company to buy back an aggregate number of shares in the Company ("Authority to Buy Back Shares") as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the best interest 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 ten percent (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;

NOTICE OF **MEETING**

THAT the shares purchased by the Company pursuant to Authority to Buy Back Shares may be dealt with by the Directors in all or any of the following manner:

(a) distribute the shares as share dividends to the shareholders; or

(b) resell the shares or any of the shares on Bursa Malaysia Securities Berhad; or

(c) transfer the shares or any of the shares for the purposes of or under an employees' shares scheme; or

(d) transfer the shares or any of the shares as purchase consideration; or

(e) cancel the shares or any of the shares; or

(f) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

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 Securities Berhad or any other relevant authority."

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** **(ORDINARY RESOLUTION 10)**

"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 Appendix I of the Company's Circular to Shareholders dated 29 December 2017 ("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 340(4) of the Companies Act 2016 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting)."

NOTICE OF **MEETING**

11. **PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF KUALA LUMPUR KEPONG BERHAD ("KLK" OR "COMPANY") WITH AN OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND(S) DECLARED BY KLK IN NEW ORDINARY SHARES OF KLK ("KLK SHARES") ("PROPOSED DRP")** **(ORDINARY RESOLUTION 11)**

"THAT subject to the approvals of the relevant regulatory authorities for the Proposed DRP being obtained and to the extent permitted by law, the Proposed DRP be and is hereby approved, and that the Board of Directors of the Company ("Board") be and is hereby authorised:

(a) to establish and implement the Proposed DRP;

(b) to determine, in their sole and absolute discretion, whether the Proposed DRP will apply to any cash dividend(s) (whether interim, final, special or any other cash dividend) declared and/or approved by the Company ("Dividend") and the portion of such Dividend to which the option to reinvest such Dividend in new KLK Shares applies;

(c) to allot and issue such number of new KLK Shares from time to time as may be required to be allotted and issued pursuant to the Proposed DRP ("New Shares") upon such terms and conditions as the Board may, in its absolute discretion deem fit and in the best interest of the Company, including but not limited to determining the issue price of the New Shares ("Issue Price") and the extent of discount to be applied in relation to the Issue Price; and

(d) to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Proposed DRP, with full power to assent to any conditions, modifications, variations and/or amendments including amendments, modification, suspension and termination of the Proposed DRP as the Board may, in its absolute discretion, deem fit and in the best interest of the Company and/or may be imposed or agreed to by any relevant authorities;

AND THAT the New Shares shall, upon allotment and issue, rank equally in all respects with the existing KLK Shares, save and except that the holders of the New Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which are declared, made or paid, in respect of which the entitlement date is before the allotment of the New Shares issued pursuant to the Proposed DRP."

12. **PROPOSED ISSUANCE OF NEW SHARES IN RELATION TO THE PROPOSED DIVIDEND REINVESTMENT PLAN ("PROPOSED ISSUANCE OF NEW SHARES")** **(ORDINARY RESOLUTION 12)**

"THAT subject to the passing of Ordinary Resolution 11 above, and the approvals of all relevant regulatory authorities being obtained, where required, approval be and is hereby given to the Board to allot and issue such number of new ordinary shares of the Company ("New Shares") pursuant to the proposed Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company, upon such terms and conditions as the Board may, in their sole and absolute discretion, deem fit and in the best interest of the Company;

PROVIDED THAT, the issue price of the New Shares which will be determined by the Board on the price fixing date to be determined, shall be the adjusted volume weighted average price ("VWAMP") for the five (5) market days immediately prior to the price fixing date after applying a discount of not more than ten percent (10%). The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price.

NOTICE OF **MEETING**

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose any terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Proposed Issuance of New Shares, with full power to assent to any conditions, modifications, variations and/or amendments, as the Board may, in its absolute discretion, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

13. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

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

Ipoh, Perak
Malaysia.

29 December 2017

Notes:

(1) Members Entitled to Attend
Only members whose names appear on the Register of Members or General Meeting Record of Depositors as at 7 February 2018 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. 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 24 hours before the time set for the meeting.

(3) Voting by Poll
Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by poll.

(4) Explanatory Notes on Ordinary Businesses:

(i) Agenda 1- Audited Financial Statements
This item is meant for discussion only as under section 340(1) of the Companies Act 2016, the Audited Financial Statements are to be laid at the Annual General Meeting and do not require a formal approval of the shareholders. Hence, this matter will not be put forward for voting.

(ii) Ordinary Resolution 2 - Final Single Tier Dividend
The final single tier dividend, if approved, will be paid to the shareholders on 13 March 2018. The entitlement date for the dividend shall be 21 February 2018.

A Depositor with Bursa Malaysia Depository Sdn Bhd shall qualify for the entitlement to the dividend only in respect of:
(a) securities deposited into the Depositor's Securities Account before 12.30 p.m. on 19 February 2018 in respect of securities which are exempted from mandatory deposit;
(b) securities transferred into the Depositor's Securities Account before 4.00 p.m. on 21 February 2018 in respect of transfers; and
(c) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

NOTICE OF **MEETING**

(iii) Ordinary Resolution 5 - Re-appointment of Director

The proposed Ordinary Resolution 5 is to seek shareholders' approval on the re-appointment of R. M. Alias who was re-appointed as a Director of the Company at the last Annual General Meeting held on 15 February 2017 pursuant to Section 129 of the repealed Companies Act, 1965 to hold office until the conclusion of this Annual General Meeting. The Companies Act 2016 (which repealed the Companies Act, 1965) no longer requires the continuation in office by a director over 70 years of age to be subject to shareholders' approval at an annual general meeting. Therefore, the proposed Ordinary Resolution 5, if passed, will enable him to continue his office as a Director of the Company following the conclusion of this Annual General Meeting and his continuation in office will thereafter be subject to retirement in accordance with the Company's Articles of Association.

Mr. Kwok Kian Hai is also due for re-appointment at the forthcoming Annual General Meeting. However, he has advised that he will not be seeking re-appointment at the Annual General Meeting.

(iv) Ordinary Resolution 7 - Payment of Directors' Benefits (excluding Directors' Fees)

The Company is seeking shareholders' approval for the following payment of benefits to its Non-Executive Directors (pursuant to section 230(1) of the Companies Act 2016 which came into effect on 31 January 2017) for the period commencing 31 January 2017 until the conclusion of the next Annual General Meeting of the Company in 2019:

TYPE OF BENEFIT/ALLOWANCE	AMOUNT
Meeting Allowance (Board and Committees)	RM1,000 per meeting
Travelling (Overseas) Allowance	RM1,000 per day
Other Benefits	• Company car, petrol and driver • Business travel, insurance coverage, and other claimables and reimbursables for the purpose of enabling the Directors to perform their duties

(5) Explanatory notes on Special Businesses:

(i) Ordinary Resolution 9 - Proposed Renewal of Authority to Buy Back Shares

Ordinary Resolution 9 proposed under Item 9 of the Agenda, if passed, will empower the Directors of 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.

(ii) Ordinary Resolution 10 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 10 proposed under Item 10 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.

(iii) Ordinary Resolution 11 - Proposed Dividend Reinvestment Plan

Ordinary Resolution 11 proposed under Item 11 of the Agenda, if passed, will provide shareholders with an opportunity to reinvest their cash dividend, which includes any interim, final, special or other cash dividend ("Dividend"), in new ordinary shares of the Company ("New Shares") instead of receiving it in cash. The Board may, at its absolute discretion, determine whether to offer shareholders an option to reinvest such Dividends in New Shares ("Reinvestment Option") and where applicable, the portion of such Dividend to which the Reinvestment Option applies ("Electable Portion"). In this respect, the Electable Portion may encompass the whole Dividend declared or only a portion of the Dividend. In the event the Electable Portion is not applicable for the whole Dividend declared, the remaining portion of the Dividend ("Non-Electable Portion") will be paid in cash.

Shareholders shall have the following options in respect of the Reinvestment Option announced by the Board under the proposed Dividend Reinvestment Plan:

(i) to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in New Shares at an issue price to be determined on a price fixing date to be announced later and to receive the Non-Electable Portion in cash;

(ii) to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in New Shares at the issue price and to receive the balance of the Electable Portion and Non-Electable Portion in cash; or

(iii) to elect not to participate in the Reinvestment Option and thereby receive the entire Dividend entitlement (both Electable Portion and Non-Electable Portion) in cash.

(iv) Ordinary Resolution 12 - Proposed Issuance of New Shares

Ordinary Resolution 12, proposed under Item 12 of the Agenda, if passed, will give authority to the Directors to issue new shares of the Company in respect of the dividends to be declared, if any, under the Dividend Reinvestment Plan, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at subsequent Annual General Meeting.

The authority given for Ordinary Resolutions 9, 10 and 12 mentioned above unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information on Ordinary Resolutions 9, 10, 11 and 12 is set out in the Circular to Shareholders of the Company dated 29 December 2017 which is despatched together with the Company's Annual Report 2017.

NOTIS MESYUARAT

Notis dengan ini diberikan bahawa Mesyuarat Agung Tahunan Kuala Lumpur Kepong Berhad ("KLK" atau "Syarikat") yang Ke-Empat Puluh Lima akan diadakan di Pejabat Berdaftar, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia pada hari Selasa, 13 Februari 2018 pada pukul 11.00 pagi untuk tujuan-tujuan berikut:

AGENDA

Sebagai Urusan Biasa

1. Untuk menerima Penyata Kewangan telah diaudit bagi tahun berakhir 30 September 2017 berserta Laporan Pengarah dan Juruaudit yang berkaitan dengannya.

2. Untuk meluluskan bayaran dividen akhir setingkat sebanyak 35 sen sesaham bagi tahun kewangan berakhir 30 September 2017. **(RESOLUSI BIASA 1)**

3. Untuk memilih semula para Pengarah berikut yang akan bersara mengikut giliran menurut Artikel 91(A) Tataurusan Pertubuhan Syarikat:

   (i) Tan Sri Dato' Seri Lee Oi Hian **(RESOLUSI BIASA 2)**

   (ii) Tan Sri Azlan Bin Mohd Zainol **(RESOLUSI BIASA 3)**

4. Untuk memilih semula Anne Rodrigues nee Koh Lan Heong yang akan bersara menurut Artikel 91(E) Tataurusan Pertubuhan Syarikat. **(RESOLUSI BIASA 4)**

5. Untuk melantik semula R. M. Alias di mana tempoh jawatannya sebagai Pengarah Syarikat akan berakhir pada Mesyuarat Agung Tahunan yang Ke-Empat Puluh Lima ini. **(RESOLUSI BIASA 5)**

6. Untuk meluluskan bayaran yuran para Pengarah berjumlah RM1,686,109 bagi tahun berakhir 30 September 2017 (2016: RM1,593,388). **(RESOLUSI BIASA 6)**

7. Untuk meluluskan bayaran imbuhan para Pengarah (tidak termasuk yuran para Pengarah) kepada Pengarah Bukan Eksekutif bagi tempoh dari 31 Januari 2017 sehingga Mesyuarat Agung Tahunan Syarikat yang akan diadakan pada tahun 2019. **(RESOLUSI BIASA 7)**

8. Untuk melantik semula Juruaudit dan memberi kuasa kepada para Pengarah untuk menetapkan imbuhan Juruaudit. **(RESOLUSI BIASA 8)**

Sebagai Urusan Khas

Untuk mempertimbangkan dan jika difikirkan sesuai, meluluskan Resolusi-Resolusi berikut:

9. **CADANGAN PEMBAHARUAN KUASA UNTUK SYARIKAT MEMBELI BALIK SAHAM SYARIKAT** **(RESOLUSI BIASA 9)**

   "BAHAWA kuasa diberikan kepada Syarikat untuk membeli balik agregat saham Syarikat ("Kuasa untuk Membeli Balik Saham") dengan jumlah saham ditentukan oleh para Pengarah dari semasa ke semasa melalui Bursa Malaysia Securities Berhad berdasarkan terma dan syarat yang dianggap sesuai dan wajar oleh para Pengarah demi kepentingan Syarikat tertakluk kepada jumlah saham yang dibeli melalui resolusi ini tidak melebihi sepuluh peratus (10%) daripada jumlah modal saham terbitan dan berbayar Syarikat dan amaun maksima yang diperuntukkan kepada Kuasa untuk Membeli Balik Saham tidak melebihi jumlah keuntungan terkumpul Syarikat yang terkini dan telah diaudit;

NOTIS
MESYUARAT

BAHAWA saham yang dibeli oleh Syarikat melalui Kuasa untuk Membeli Balik Saham boleh diuruskan oleh para Pengarah dalam semua atau mana-mana cara yang berikut:

(a) membahagikan saham tersebut sebagai dividen kepada pemegang saham; atau

(b) menjual semula saham tersebut atau mana-mana bahagian daripada saham itu mengikut kaedah-kaedah yang berkaitan dengan bursa saham; atau

(c) memindah milik saham itu, atau mana-mana bahagian daripada saham itu bagi maksud atau di bawah suatu skim saham pekerja; atau

(d) memindah milik saham itu, atau mana-mana bahagian daripada saham sebagai balasan pembelian; atau

(e) membatalkan saham itu atau mana-mana bahagian daripada saham itu; atau

(f) menjual, memindah milik atau selainnya menggunakan saham itu bagi apa-apa maksud lain sebagaimana yang dibenarkan oleh Akta Syarikat 2016.

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 Securities Berhad atau pihak berkuasa lain yang berkenaan."

10. **CADANGAN MANDAT PEMEGANG SAHAM UNTUK TRANSAKSI PIHAK BERKAITAN BERULANGAN** **(RESOLUSI BIASA 10)**

"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 Appendik I Surat Pekeliling Syarikat kepada Pemegang Saham bertarikh 29 Disember 2017 ("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 340(4) Akta Syarikat 2016 (melainkan ditarik balik lebih awal atau diubah melalui resolusi biasa pemegang saham Syarikat dalam mesyuarat agung)."

NOTIS
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11. **CADANGAN PENUBUHAN PELAN PELABURAN SEMULA DIVIDEN SYARIKAT YANG MEMBERIKAN OPSYEN KEPADA PEMEGANG SAHAM KUALA LUMPUR KEPONG BERHAD ("KLK") UNTUK MELABUR SEMULA DIVIDEN TUNAI MEREKA KE DALAM SAHAM BIASA BARU KLK ("SAHAM KLK") ("CADANGAN PELAN PELABURAN SEMULA DIVIDEN")** **(RESOLUSI BIASA 11)**

"BAHAWA tertakluk kepada kelulusan daripada pihak-pihak berkuasa berkenaan bagi Cadangan Pelan Pelaburan Semula Dividen dan terhad kepada kuasa yang dibenarkan oleh undang-undang berkenaan, Cadangan Pelan Pelaburan Semula Dividen dengan ini diluluskan dan Lembaga Pengarah Syarikat diberikan kuasa:

(a) untuk menubuhkan dan melaksanakan Cadangan Pelan Pelaburan Semula Dividen;

(b) untuk menentukan, di dalam pertimbangan mutlak para Pengarah, sama ada Cadangan Pelan Pelaburan Semula Dividen tersebut akan digunakan pada mana-mana dividen tunai (sama ada interim, akhir, khas atau dividen tunai yang lain) yang diisytiharkan atau diluluskan oleh Syarikat ("Dividen") dan bahagian Dividen yang akan digunakan dalam opsyen untuk pelaburan terhadap Saham KLK baru;

(c) untuk memperuntukkan dan menerbitkan Saham KLK baru dari semasa ke semasa, sebagaimana diperlukan bagi tujuan Cadangan Pelan Pelaburan Semula Dividen ("Saham Baru") menurut terma dan syarat dan mengikut budi bicara mutlak Lembaga Pengarah yang dianggap wajar dan demi kepentingan terbaik Syarikat, termasuk menetapkan harga terbitan Saham Baru ("Harga Terbitan") dan peratusan diskaun yang digunakan bagi Harga Terbitan; dan

(d) untuk melakukan segala tindakan berkenaan dan melaksanakan semua urus niaga, pengaturan dan perjanjian berkenaan dan bagi melaksanakan, memeterai dan menyerahkan untuk dan bagi pihak Syarikat, segala dokumen berkenaan dan mengenakan mana-mana terma dan syarat atau mewakilkan semua atau mana-mana bahagian kuasanya sebagaimana perlu atau wajar untuk menguatkuasakan sepenuhnya Cadangan Pelan Pelaburan Semula Dividen, dengan kuasa penuh untuk menerima sebarang syarat, pengubahsuaian, variasi dan/atau pindaan (jika ada) termasuk pindaan, pengubahsuaian, penggantungan dan penamatan Cadangan Pelan Pelaburan Semula Dividen sebagaimana yang Lembaga Pengarah boleh, mengikut budi bicara mutlak mereka, anggap wajar dan demi kepentingan terbaik Syarikat dan/atau sebagaimana yang dikenakan atau dipersetujui oleh mana-mana pihak berkuasa yang berkaitan.

DAN BAHAWA Saham Baru akan, selepas ia diperuntukkan dan diterbit, akan berdarjat sama dengan Saham KLK yang sedia ada, kecuali bahawa pemegang Saham Baru tidak berhak kepada sebarang dividen, hak-hak, peruntukan dan/atau agihan yang telah diisytiharkan atau dibayar, pada tarikh sebelum peruntukan Saham Baru tersebut diterbitkan selaras dengan Cadangan Pelan Pelaburan Semula Dividen."

12. **CADANGAN UNTUK MENERBITKAN SAHAM-SAHAM BARU UNTUK TUJUAN PELAN PELABURAN SEMULA DIVIDEN SYARIKAT ("CADANGAN TERBITAN SAHAM BARU")** **(RESOLUSI BIASA 12)**

"BAHAWA tertakluk kepada kelulusan Resolusi Biasa 11 di atas, dan kelulusan oleh pihak-pihak berkuasa yang berkaitan, jika diperlukan, Lembaga Pengarah dengan ini diberi kuasa untuk memperuntukkan dan menerbitkan sejumlah saham biasa baru Syarikat ("Saham Baru") untuk tujuan cadangan Pelan Pelaburan Semula Dividen sehingga tamatnya Mesyuarat Agung Tahunan berikutnya, menurut terma-terma dan syarat-syarat, mengikut budi bicara mutlak Lembaga Pengarah yang dianggap wajar dan demi kepentingan terbaik Syarikat;

DENGAN SYARAT harga terbitan Saham Baru yang akan ditetapkan oleh Lembaga Pengarah tidak melebihi sepuluh peratus (10%) diskaun dari nilai harga pasaran purata wajaran lima (5) hari ("NHPPW") yang diselaraskan bagi Saham Baru sejurus sebelum tarikh penetapan harga, yang mana NHPPW hendaklah diselaraskan ex-dividen sebelum menerapkan diskaun yang tersebut dalam penentuan harga terbitan;

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DAN BAHAWA Lembaga Pengarah dengan ini diberi kuasa untuk melakukan segala tindakan berkenaan dan melaksanakan semua urus niaga, pengaturan dan perjanjian berkenaan dan bagi melaksanakan, memeterai dan menyerahkan untuk dan bagi pihak Syarikat, segala dokumen berkenaan dan mengenakan mana-mana terma dan syarat atau mewakilkan semua atau mana-mana bahagian kuasanya sebagaimana perlu atau wajar untuk menguatkuasakan sepenuhnya Cadangan Terbitan Saham Baru, dengan kuasa penuh untuk menerima sebarang syarat, pengubahsuaian, variasi dan/atau pindaan (jika ada) sebagaimana yang Lembaga Pengarah boleh, mengikut budi bicara mutlak mereka, anggap wajar dan demi kepentingan terbaik Syarikat dan/atau sebagaimana yang dikenakan atau dipersetujui oleh mana-mana pihak berkuasa yang berkaitan.

13. Untuk melaksanakan sebarang urusan lain yang mana notis sewajarnya telah diberikan menurut Akta Syarikat 2016.

Dengan Perintah Lembaga Pengarah
YAP MIOW KIEN
SOON WING CHONG
Setiausaha-setiausaha Syarikat

Ipoh, Perak
Malaysia.

29 Disember 2017

Nota:

(1) Kelayakan pemegang saham menghadiri mesyuarat
Hanya pemegang saham yang namanya terkandung di dalam Rekod Pendeposit atau Rekod Pendaftaran Ahli pada 7 Februari 2018 adalah layak untuk menghadiri mesyuarat ini atau melantik proksi untuk hadir dan mengundi bagi pihaknya.

(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. 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) Pelantikan proksi yang dilaksanakan oleh ahli korporat harus ditandatangani di bawah meterai 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 24 jam sebelum waktu yang ditetapkan untuk mesyuarat.

(3) Pengundian
Menurut Perenggan 8.29A(1) Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad, semua resolusi yang terkandung di dalam Notis harus dilaksanakan dengan pengundian.

(4) Nota Penjelasan berkenaan Urusan-urusan Biasa:

(i) Agenda 1 – Penyata Kewangan yang telah Diaudit
Perkara ini bertujuan untuk perbincangan sahaja. Menurut seksyen 340(1) Akta Syarikat 2016, Penyata Kewangan yang telah Diaudit hanyalah dibentangkan di Mesyuarat Agung Tahunan dan tidak memerlukan kelulusan rasmi daripada para pemegang saham. Oleh yang demikian, Agenda ini tidak akan dibentangkan untuk pengundian.

(ii) Resolusi Biasa 2 - Dividen Akhir Setingkat
Dividen akhir setingkat, jika diluluskan, akan dibayar pada 13 Mac 2018 kepada para pemegang saham. Tarikh kelayakan untuk menerima dividen tersebut adalah pada 21 Februari 2018.

Seseorang pendeposit di Bursa Malaysia Depository Sdn Bhd akan layak untuk menerima dividen hanya jika:

(a) saham-saham yang didepositkan ke dalam Akaun Sekuriti Pendeposit sebelum pukul 12.30 petang pada 19 Februari 2018 bagi saham yang dikecualikan daripada deposit mandatori;

(b) saham-saham yang dipindahkan ke dalam Akaun Sekuriti Pendeposit sebelum pukul 4.00 petang pada 21 Februari 2018 bagi pemindahan; dan

(c) saham-saham yang dibeli di Bursa Malaysia Securities Berhad atas dasar kelayakan menurut Peraturan-peraturan Bursa Malaysia Securities Berhad.

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(iii) Resolusi Biasa 5 - Pelantikan semula Pengarah

Cadangan Resolusi Biasa 5 adalah untuk mendapatkan kelulusan daripada pemegang saham bagi pelantikan R. M. Alias yang telah dilantik semula sebagai Pengarah Syarikat pada Mesyuarat Agung Tahunan yang diadakan pada 15 Februari 2017 menurut Seksyen 129 Akta Syarikat, 1965 yang telah dimansuhkan, untuk memegang jawatan sebagai Pengarah Syarikat sehingga tamatnya Mesyuarat Agung Tahunan ini. Peruntukan Akta Syarikat 2016 (yang telah memansuhkan Akta Syarikat, 1965) tidak memerlukan persaraan seseorang pengarah yang berumur 70 tahun dan ke atas pada setiap Mesyuarat Agung Tahunan dan pelantikan semula pengarah tersebut diluluskan oleh para pemegang saham. Oleh itu, Resolusi Biasa 5, jika diluluskan, akan membolehkan R. M. Alias untuk meneruskan tempoh jawatannya sebagai Pengarah Syarikat berikutan penamatan Mesyuarat Agung Tahunan ini dan tempoh jawatannya yang seterus akan diperuntukkan mengikut persaraan bergilir dalam Tataurusan Syarikat.

Encik Kwok Kian Hai juga merupakan Pengarah yang tertakluk kepada pelantikan semula pada Mesyuarat Agung Tahunan yang akan datang. Manakala, beliau telah memaklumkan untuk tidak dilantik semula pada Mesyuarat Agung Tahunan.

(iv) Resolusi Biasa 7 - Pembayaran Imbuhan Pengarah (tidak termasuk yuran Pengarah)

Syarikat telah mengemukakan cadangan pembayaran imbuhan yang terdiri daripada elaun dan faedah berikut, kepada para Pengarah Bukan Eksekutif (menurut seksyen 230 Akta Syarikat 2016 yang berkuatkuasa pada 31 Januari 2017) bagi tempoh dari 31 Januari 2017 sehingga tamat Mesyuarat Agung Tahunan Syarikat 2019, untuk kelulusan para pemegang saham:

JENIS FAEDAH/ELAUN	AMAUN
Elaun Mesyuarat (Lembaga Pengarah dan Jawatankuasa lain)	RM1,000 setiap mesyuarat
Elaun Perjalanan (Luar Negara)	RM1,000 setiap hari
Faedah lain	• Kereta syarikat, petrol dan pemandu • Perjalanan perniagaan, insuran, dan segala bayaran balik dan tuntutan bagi para Pengarah menjalankan tugasnya

(5) Nota Penjelasan berkenaan Urusan-urusan Khas:

(i) Resolusi Biasa 9 - Cadangan Pembaharuan Kuasa Beli Balik Saham

Resolusi Biasa 9 yang dicadangkan di bawah Agenda 9, jika diluluskan, akan memberi kuasa kepada para Pengarah 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.

(ii) Resolusi Biasa 10 - Cadangan para Pemegang Saham memberi Mandat untuk meluluskan Transaksi Dagangan Sering Berulang dengan Pihak-pihak yang Berkaitan

Resolusi Biasa 10 yang dicadangkan di bawah Agenda 10, jika diluluskan, akan membolehkan Kumpulan melakukan Transaksi Dagangan Sering Berulang dengan Pihak-pihak yang Berkaitan dalam urusan perniagaan biasa yang diperlukan untuk operasi harian Kumpulan dan dilakukan mengikut terma-terma komersial biasa yang tidak berat sebelah berbanding dengan yang tersedia ada untuk pihak umum dan tidak menggugat kepentingan para pemegang saham minoriti Syarikat.

Dengan memperolehi Mandat Pemegang Saham yang dicadangkan, masa pentadbiran, kesulitan dan perbelanjaan yang berkaitan dengan mengadakan mesyuarat agung yang berasingan akan dapat dijimatkan tanpa menjejaskan objectif Korporat Kumpulan dan peluang perniagaan yang sedia ada kepada Kumpulan.

(iii) Resolusi Biasa 11 - Cadangan Pelan Pelaburan Semula Dividen

Resolusi Biasa 11 yang dicadangkan di bawah Agenda 11, jika diluluskan, akan memberi peluang kepada para pemegang saham untuk membuat pelaburan semula terhadap dividen tunai mereka (sama ada interim, akhir, khas atau dividen tunai yang lain) sebagai saham biasa baru Syarikat ("Saham Baru") sebagai ganti untuk menerima dividen dalam tunai. Lembaga Pengarah boleh, dengan ini diberi kuasa sama ada untuk menawarkan opsyen kepada para pemegang saham untuk membuat pelaburan semula terhadap dividen tunai tersebut ke dalam Saham Baru ("Opsyen Pelaburan Semula") dan di mana sesuai digunakan, bahagian kepada dividen tersebut di mana Opsyen Pelaburan Semula digunakan ("Bahagian Dipilih"). Bahagian Dipilih boleh merangkumi seluruh dividen yang diisytiharkan. Apabila Bahagian Dipilih tidak digunakan pada seluruh dividen yang diisytiharkan, bahagian dividen yang tidak digunakan ("Bahagian Tidak Dipilih") akan dibayar secara tunai.

Para pemegang saham akan mempunyai opsyen-opsyen berikut yang selaras dengan Opsyen Pelaburan Semula yang telah diumumkan oleh Lembaga Pengarah di bawah Cadangan Pelan Pelaburan Semula Dividen:

(i) pilih untuk menyertai dalam Opsyen Pelaburan Semula dengan melabur semula seluruh Bahagian Dipilih dalam Saham Baru pada harga terbitan yang ditentukan pada tarikh penetapan harga dan menerima Bahagian Tidak Dipilih secara tunai;

(ii) pilih untuk menyertai dalam Opsyen Pelaburan Semula dengan melabur sebahagian Bahagian Dipilih dalam Saham Baru pada harga terbitan, dan menerima sebahagian Bahagian Dipilih dan Bahagian Tidak Dipilih secara tunai; atau

(iii) pilih untuk tidak menyertai dalam Opsyen Pelaburan Semula dan menerima seluruh dividen yang dilayak (kedua-dua Bahagian Dipilih dan Bahagian Tidak Dipilih) secara tunai.

(iv) Resolusi Biasa 12 - Cadangan Terbitan Saham Baru

Resolusi Biasa 12 yang dicadangkan di bawah Agenda 12, jika diluluskan, akan memberikan kuasa kepada para Pengarah untuk menerbitkan saham baru Syarikat selaras dengan dividen yang akan diisytiharkan, (jika ada) di bawah Pelan Pelaburan Semula Dividen sehingga tamat Mesyuarat Agung Tahunan yang berikutnya. Pembaharuan kuasa ini akan dikemukakan di Mesyuarat Agung Tahunan yang berikutnya.

Kuasa yang diberikan untuk Resolusi Biasa 9, 10 dan 12 yang dinyatakan di atas, melainkan ditarik balik atau diubah pada mesyuarat agung, akan tamat pada penutupan Mesyuarat Agung Tahunan Syarikat yang berikutnya. Maklumat lanjut mengenai Resolusi Biasa 9, 10, 11 dan 12 dapat diperolehi dalam Surat Pekeliling kepada Pemegang Saham Syarikat bertarikh 29 Disember 2017 yang dihantar bersama dengan Laporan Tahunan Syarikat 2017.

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 Tuesday, 13 February 2018 at 11.00 a.m. 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	Tan Sri Dato' Seri Lee Oi Hian		
3	Tan Sri Azlan Bin Mohd Zainol		
4	Re-election of Anne Rodrigues nee Koh Lan Heong pursuant to Article 91(E) of the Company's Articles of Association.		
5	Re-appointment of R. M. Alias whose term of office shall be expiring at the conclusion of the Forty-Fifth Annual General Meeting.		
6	Payment of Directors' fees		
7	Payment of Directors' benefits		
8	Re-appointment of Auditors and their remuneration		
9	Proposed Renewal of Authority to Buy Back Shares		
10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
11	Proposed Dividend Reinvestment Plan		
12	Proposed Issuance of New Shares		

* 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	

* Please delete if inapplicable.

....
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. 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 24 hours before the time set for the meeting.

(h) Only members whose names appear on the Register of Members or General Meeting Record of Depositors as at 7 February 2018 will be entitled to attend, speak and vote at the meeting.

(i) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by poll.

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.

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AFFIX
STAMP HERE

THE COMPANY SECRETARIES
KUALA LUMPUR KEPONG BERHAD

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

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DIRECTORY

Plantations

Head Office
Wisma Taiko
1 Jalan S.P. Seenivasagam
30000 Ipoh
Perak, Malaysia
Tel : +605-240 8000
Fax : +605-240 8115
Email : contactus@klk.com.my
Website : *www.klk.com.my*

Main Office (Sabah)
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Tel : +6089-975 111
Fax : +6089-975 445
Email : kdc@klk.com.my

Main Office (Indonesia)
Komplek Ruko Puri Mutiara
Blok C, No. 3, 5, 6 & 7
Sunter Griya, Kel. Sunter Agung
Jakarta Utara 14350, Indonesia
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Fax : +62 21 6531 0749
Email : klk-jakarta@klk.co.id

Main Office (Liberia)
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Lower Harlandsville
Buchanan City
Grand Bassa County
Republic of Liberia
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Fax : +603-7726 2868
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Palmamide Sdn Bhd
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