Annual Report

2016

KUALA LUMPUR KEPONG BERHAD

(15043-V)

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GROUP PROPERTIES & SHAREHOLDINGS

KUALA LUMPUR KEPONG BERHAD ("KLK"), a company incorporated in Malaysia, is listed on the Main Market of Bursa Malaysia Securities Berhad with a market capitalisation of approximately RM25.5 billion at the end of September 2016.

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

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

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

MISSION

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.

KEY INDICATORS

Revenue
RM16.5 billion

Profit Before Taxation
RM1.7 billion

Share Price*
RM23.98

Dividend Per Share
50 sen

Market Capitalisation**
RM25.5 billion

Earnings Per Share
149.5 sen

* *Closing price on 30 September 2016*
** *Based on closing price on 30 September 2016*

44TH ANNUAL GENERAL MEETING

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

DATE : 15 February 2017
TIME : 11.00 a.m.

FINANCIAL YEAR END

2016 SEP 30

FINANCIAL CALENDAR

ANNOUNCEMENT OF RESULTS — 2016

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
FEB 17	MAY 16	AUG 17	NOV 16

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

2016	2017
Notice of Annual General Meeting	44th Annual General Meeting
DEC 30	FEB 15

INTERIM DIVIDEND — 2016

Announcement	Entitlement Date	Payment Date
MAY 16	JULY 18	AUG 9

FINAL DIVIDEND

2016	2017	
Announcement	Entitlement Date	Payment Date
NOV 16	FEB 22	MAR 14

BOARD OF DIRECTORS

R. M. Alias
Chairman

Roy Lim Kiam Chye
Executive Director

Dato' Yeoh Eng Khoon
Senior Independent Non-Executive Director

Tan Sri Azlan Bin Mohd Zainol
Independent Non-Executive Director

Tan Sri Dato' Seri Lee Oi Hian
Chief Executive Officer

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

Kwok Kian Hai
Independent Non-Executive Director

Quah Poh Keat
Independent Non-Executive Director
(Appointed w.e.f. 18 February 2016)

COMPANY SECRETARIES

Yap Miow Kien
Fan Chee Kum

AUDITORS

KPMG

PLACE OF INCORPORATION AND DOMICILE

In Malaysia as a public limited liability company

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

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

Tel : +605-240 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

BOARD OF DIRECTORS

Sitting from left to right:

R. M. ALIAS
TAN SRI DATO' SERI LEE OI HIAN

Standing from left to right:

QUAH POH KEAT
ROY LIM KIAM CHYE
TAN SRI AZLAN BIN MOHD ZAINOL
KWOK KIAN HAI
DATO' LEE HAU HIAN
DATO' YEOH ENG KHOON

R. M. ALIAS
Chairman

Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Nomination Committee
Aged 84, 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
Chairman of the Group Risk Management Committee
Aged 65, Male, Malaysia

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

ROY LIM KIAM CHYE
Executive Director

Aged 66, Male, Malaysian

Joined the Board on 1 June 2007.

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

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

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

Member of Remuneration Committee

Member of Nomination Committee

Aged 63, 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 69, 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.

KWOK KIAN HAI

Independent Non-Executive Director

Aged 72, 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.

PROFILE OF DIRECTORS

TAN SRI AZLAN BIN MOHD ZAINOL

Independent Non-Executive Director
Member of Audit Committee
Member of Remuneration Committee
Aged 66, 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 29 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 Malaysian Resources Corporation Berhad and RHB Bank Berhad, companies listed on the Main Market of Bursa Malaysia. He is also the Chairman of Eco World International Berhad, RHB Investment Bank Berhad; and sits on the Boards of Jardine Cycle & Carriage Limited and RHB Hong Kong Limited. 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.

QUAH POH KEAT

Independent Non-Executive Director
Member of Audit Committee
Aged 64, 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.

Mr. Quah was a partner of KPMG since 1 October 1982 and was the Senior Partner of the Firm from 1 October 2000 until his retirement 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.

Currently, he is a Director of LPI Capital Berhad and Paramount Corporation Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad. 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.

Additional Information:

1. Save as disclosed in the Profile of Directors, Mr. Roy Lim Kiam Chye and Mr. Kwok Kian Hai 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 69.

Sport

Piala Muhibah KLK

Tan Sri Lee Loy Seng Chess Championship – Ipoh Leg

Sport

KLK Muhibah Cup

For the second consecutive year, Kuala Lumpur Kepong Berhad (KLK) hosted a goodwill football tournament for boys under 16 to provide a platform for the multiracial populace to interact and play together. It followed a similar tournament for boys under 12 in May.

Held at the D R Seenivasagam Park and the adjacent field at YMCA, the two-day competition was jointly organised by Ipoh Bug, a sports event management entity.

A total of 15 teams from schools and football clubs in Perak competed in the spirit

Business News

Monday, 4 July 2016

Kuala Lumpur Kepong forays further downstream

BY HANIM ADNAN

THE STAR ONLINE

Business News

KLK is example of growing from small to giant size company

theSun PROPERTY

A gem in Greater KL North

> Upcoming township offers landed property

Utusan ONLINE

KLK Land sasar 6 bulan habiskan jualan

business 17

A focal point for families

Sungai Buloh development holds promise for young households

KEY SENIOR MANAGEMENT

Sitting from left to right:

FAN CHEE KUM
ROY LIM KIAM CHYE
TAN SRI DATO' SERI LEE OI HIAN
YAP MIOW KIEN

Standing from left to right:

YEOW AH KOW
DATO' DAVID TAN THEAN THYE
LEONG SEAN MENG

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer
Aged 65, 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 7.

ROY LIM KIAM CHYE
Group Plantations Director
Aged 66, Male, Malaysian

Mr. Lim was appointed as the Group Plantations Director of KLK on 1 October 2003. His profile is listed in the Profile of Directors on page 8.

YEOW AH KOW
Managing Director, Oleochemicals Division
Aged 62, 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 25 years and was instrumental in setting up the cocoa manufacturing business. He started his career as 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 62, 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 36 years of experience in the property industry with 22 years as Head of Property in IOI Group where he was also a Director of IOI Properties Berhad.

FAN CHEE KUM
Group Chief Financial Officer
Aged 64, Male, Malaysian

Mr. Fan is a Fellow Member of the Association of Chartered Certified Accountants UK, Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators, and Member of the Malaysian Institute of Accountants.

Mr. Fan has served the KLK Group for the past 34 years in various capacities including Group Financial Controller and Financial Accountant. He was recently appointed as Group Chief Financial Officer on 10 October 2016. In addition to his other directorships in KLK Group subsidiaries, he is also a Director of Ladang Perbadanan-Fima Berhad. Prior to joining KLK, he had 9 years working experience in the Federal Land Consolidation and Rehabilitation Authority (FELCRA) where he last held the position of Senior Accountant.

LEONG SEAN MENG
Group Chief Accountant
Aged 57, 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).

YAP MIOW KIEN
Company Secretary
Aged 47, 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.

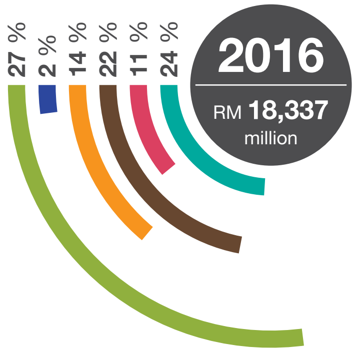
Additional Information:

1. Save for Tan Sri Dato' Seri Lee Oi Hian and Mr. Fan Chee Kum, none of the other Key Senior Management has any directorship in public companies and listed issuers.
2. Save for Tan Sri Dato' Seri Lee Oi Hian, none of the other Key Senior Management has any family relationship with any Director and/or major shareholder of KLK.
3. Save for Tan Sri Dato' Seri Lee Oi Hian, none of the other Key Senior Management has any conflict of interest with KLK.
4. 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.

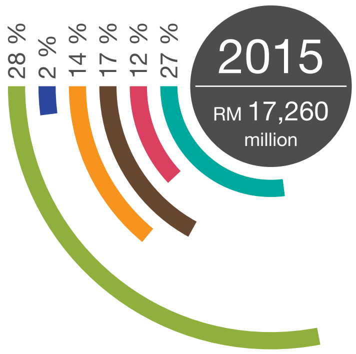
SIMPLIFIED GROUP ASSETS & LIABILITIES

As at 30 September 2016

TOTAL ASSETS

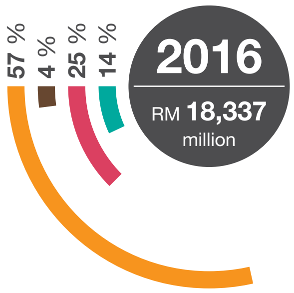


Property, Plant and Equipment	RM **5,067** million	**27%**
Prepaid Lease Payments	RM **307** million	**2%**
Biological Assets	RM **2,548** million	**14%**
Other Non-Current Assets	RM **4,046** million	**22%**
Short Term Funds and Cash and Cash Equivalents	RM **2,000** million	**11%**
Other Current Assets	RM **4,369** million	**24%**

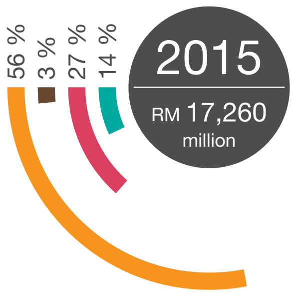


Property, Plant and Equipment	RM 4,818 million	28%
Prepaid Lease Payments	RM 286 million	2%
Biological Assets	RM 2,392 million	14%
Other Non-Current Assets	RM 2,972 million	17%
Short Term Funds and Cash and Cash Equivalents	RM 2,083 million	12%
Other Current Assets	RM 4,709 million	27%

TOTAL EQUITY & LIABILITIES



Shareholders' Equity	RM **10,445** million	**57%**
Non-Controlling Interests	RM **843** million	**4%**
Borrowings	RM **4,540** million	**25%**
Other Liabilities	RM **2,509** million	**14%**



Shareholders' Equity	RM 9,666 million	56%
Non-Controlling Interests	RM 462 million	3%
Borrowings	RM 4,594 million	27%
Other Liabilities	RM 2,538 million	14%

		2016	2015	2014	2013	2012
FINANCIAL						
Revenue	(RM'000)	**16,505,810**	13,649,991	11,129,973	9,147,325	10,570,188
Profit:						
– before taxation	(RM'000)	**1,712,284**	1,134,598	1,317,697	1,199,767	1,560,436
– attributable to equity holders of the Company	(RM'000)	**1,592,191**	869,912	991,705	917,743	1,211,244
Earnings per share	(sen)	**149.5**	81.7	93.1	86.2	113.7
Dividend per share (single tier)	(sen)	**50.0**	45.0	55.0	50.0	65.0
Net tangible assets	(RM'000)	**10,107,832**	9,320,973	7,449,500	7,217,191	6,803,553
Net tangible assets per share	(RM)	**9.49**	8.75	7.00	6.78	6.39
KEY CORPORATE RATIOS						
Dividend Yield[(1)]	(%)	**2.1**	2.1	2.6	2.2	2.9
Dividend Payout Ratio[(2)]	(%)	**33.4**	55.1	59.1	58.0	57.2
Return on Shareholders' Equity[(3)]	(%)	**15.2**	9.0	12.8	12.2	17.0
Return on Total Assets[(4)]	(%)	**8.7**	5.0	7.7	7.8	10.6
Net Debt to Equity[(5)]	(%)	**22.5**	24.8	19.7	7.3	1.6

(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

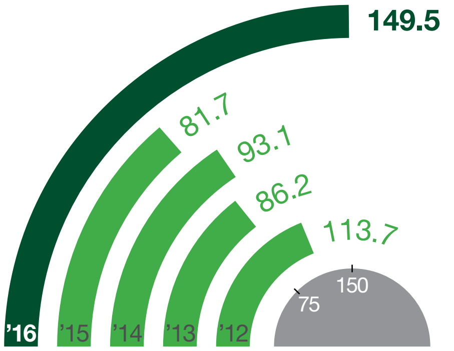
PRODUCTION

		2016	2015	2014	2013	2012
Fresh Fruit Bunches	(mt)	**3,495,931**	3,806,043	3,733,867	3,608,636	3,259,342
Rubber	('000 kg)	**16,007**	15,224	16,547	17,531	18,997

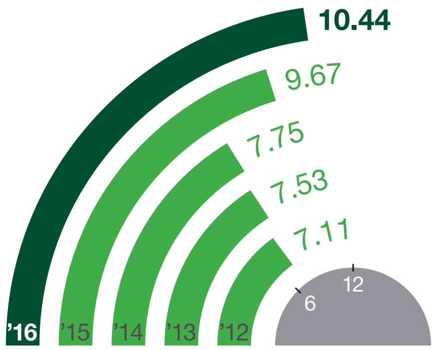
QUARTERLY FINANCIAL		2016	FOURTH QUARTER	THIRD QUARTER	SECOND QUARTER	FIRST QUARTER
Revenue	(RM'000)	**16,505,810**	4,542,961	3,922,489	3,702,559	4,337,801
Operating profit	(RM'000)	**1,865,058**	286,776	351,379	280,134	946,769
Profit before taxation	(RM'000)	**1,712,284**	243,968	314,342	242,881	911,093
Profit attributable to equity holders of the company	(RM'000)	**1,592,191**	375,057	253,392	168,532	795,210
Earnings per share - basic	(sen)	**149.5**	35.2	23.8	15.8	74.7
Dividend per share	(sen)	**50**	35	–	15	–

FINANCIAL HIGHLIGHTS

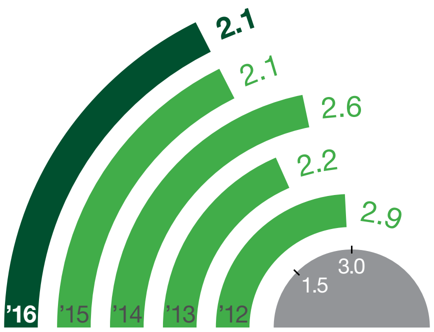
EARNINGS PER SHARE (SEN)



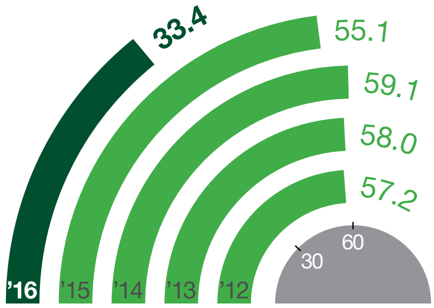
SHAREHOLDERS' EQUITY (RM BILLION)



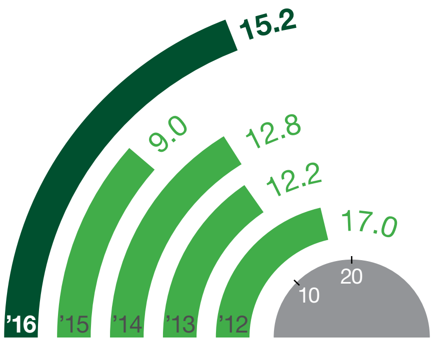
DIVIDEND YIELD (%)



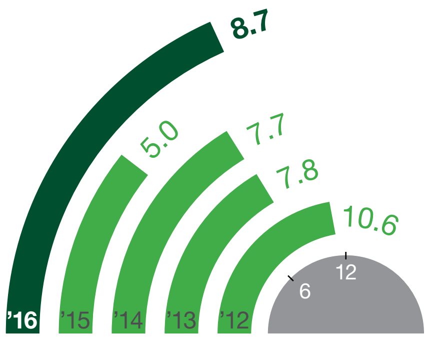
DIVIDEND PAYOUT RATIO (%)



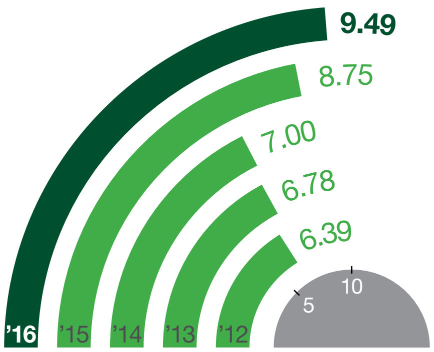
RETURN ON SHAREHOLDERS' EQUITY (%)



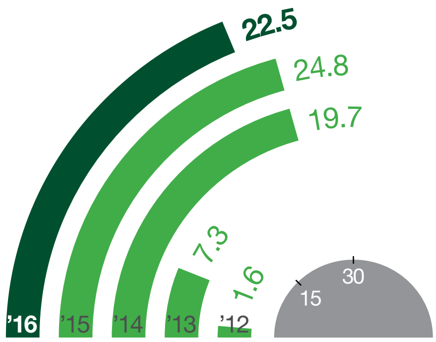
RETURN ON TOTAL ASSETS (%)



NET TANGIBLE ASSETS PER SHARE (RM)



NET DEBT TO EQUITY (%)



5-YEAR PLANTATION STATISTICS

		2016	2015	2014	2013	2012
OIL PALM						
FFB production						
– own estates	(mt)	**3,495,931**	3,806,043	3,733,867	3,608,636	3,259,342
– sold	(mt)	**58,461**	36,373	40,630	142,189	122,673
– purchased	(mt)	**715,644**	886,918	1,052,395	940,925	819,796
– total processed	(mt)	**4,153,114**	4,656,588	4,745,632	4,407,372	3,956,465
Yield per mature hectare	(mt FFB)	**19.82**	21.96	22.39	22.51	21.33
Profit per mature hectare (before replanting expenditure)	(RM)	**4,327**	4,668	6,307	4,599	7,218
Average selling prices:						
Refined palm products	(RM/mt ex-refinery)	**2,392**	2,227	2,519	2,460	3,220
Crude palm oil	(RM/mt ex-mill)	**2,270**	2,106	2,396	2,275	2,829
Palm kernel oil	(RM/mt ex-mill)	**4,191**	3,205	3,294	2,225	3,295
Palm kernel cake	(RM/mt ex-mill)	**277**	262	430	401	286
Palm kernels	(RM/mt ex-mill)	**1,881**	1,424	1,576	1,105	1,580
FFB	(RM/mt)	**575**	462	520	317	506
RUBBER						
Production						
– own estates	('000 kg)	**16,007**	15,224	16,547	17,531	18,997
– sold	('000 kg)	**–**	–	70	189	–
– purchased	('000 kg)	**1,282**	1,314	1,726	2,104	2,524
– total processed	('000 kg)	**17,289**	16,538	18,203	19,446	21,521
Yield per mature hectare	(kg)	**1,553**	1,413	1,328	1,166	1,191
Profit per mature hectare (before replanting expenditure)	(RM)	**1,934**	1,551	2,421	3,577	7,210
Average selling price (net of cess)	(sen/kg)	**667**	681	800	942	1,220
PLANTED AREA (Weighted Average Hectares):						
OIL PALM						
Mature		**176,391**	173,313	166,781	160,328	152,829
Immature		**35,183**	35,936	38,000	35,904	39,595
RUBBER						
Mature		**10,305**	10,777	12,456	15,029	15,957
Immature		**3,364**	3,500	3,678	3,670	3,623
TOTAL PLANTED AREA		**225,243**	223,526	220,915	214,931	212,004

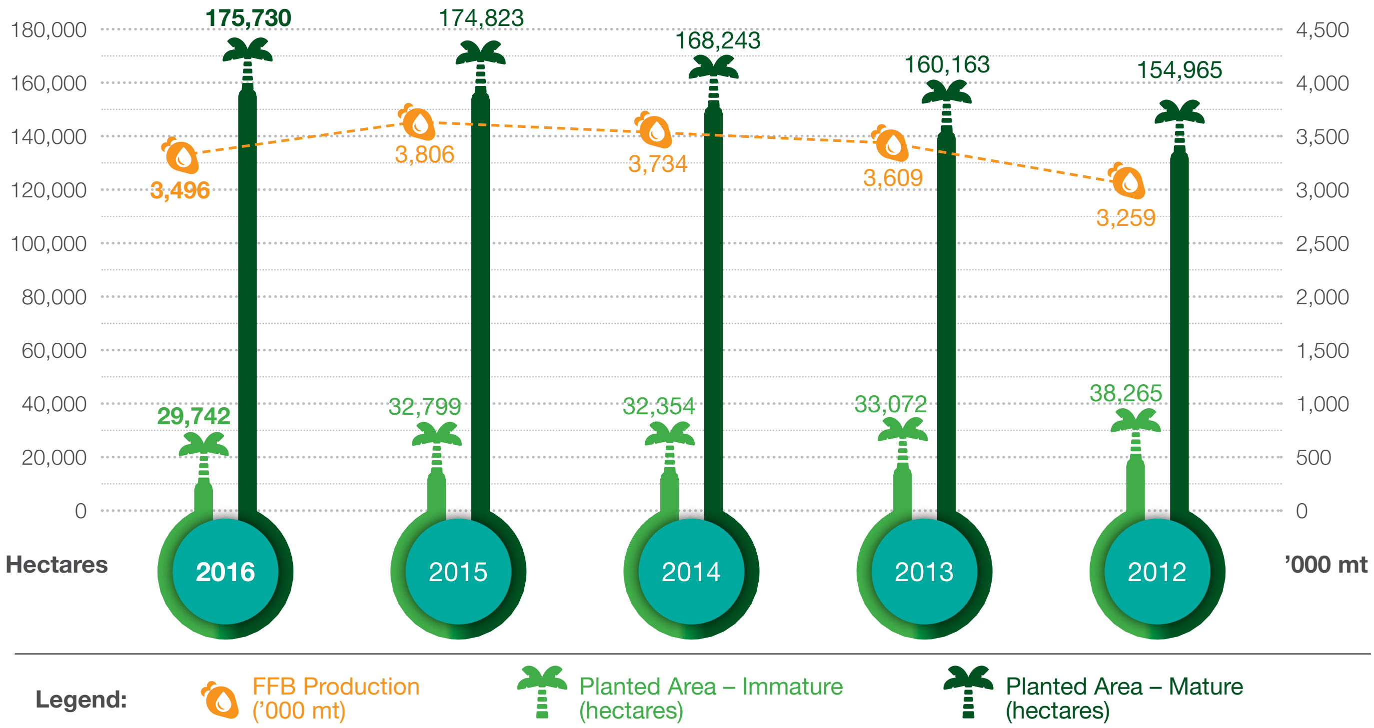
5-YEAR FINANCIAL STATISTICS

	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
REVENUE					
Palm products	**8,345,079**	6,976,697	5,089,772	3,952,232	4,487,975
Rubber	**109,991**	109,550	145,158	178,542	258,484
Manufacturing	**7,738,841**	6,241,324	5,634,338	4,696,734	5,057,812
Retailing	**–**	–	–	–	502,777
Property development	**110,693**	123,275	117,063	208,589	172,516
Investment income	**122,542**	125,846	78,799	79,750	62,922
Others	**78,664**	73,299	64,843	31,478	27,702
	16,505,810	13,649,991	11,129,973	9,147,325	10,570,188
GROUP PROFIT					
Palm products	**817,160**	775,606	985,875	734,689	1,069,504
Rubber	**10,117**	4,721	20,589	45,804	109,340
Manufacturing	**370,610**	218,912	288,077	329,275	187,736
Retailing	**–**	–	–	–	27,744
Property development	**25,219**	49,448	45,672	80,807	36,879
Investment holding	**60,006**	70,714	33,662	59,117	35,127
Interest income	**56,449**	43,302	36,109	29,363	27,442
Finance costs	**(157,776)**	(104,507)	(87,375)	(80,902)	(66,225)
Others	**450**	14,987	21,279	(9,065)	4,404
Share of profits of equity accounted associates, net of tax	**865**	11,882	5,878	13,432	10,567
Share of profits/(loss) of equity accounted joint ventures, net of tax	**4,137**	(14,250)	–	–	–
Corporate	**525,047**	63,783	(32,069)	(2,753)	117,918
Profit before taxation	**1,712,284**	1,134,598	1,317,697	1,199,767	1,560,436
Tax expense	**(29,144)**	(250,560)	(285,003)	(232,797)	(300,347)
Profit for the year	**1,683,140**	884,038	1,032,694	966,970	1,260,089
Attributable to:					
Equity holders of the Company	**1,592,191**	869,912	991,705	917,743	1,211,244
Non-controlling interests	**90,949**	14,126	40,989	49,227	48,845
	1,683,140	884,038	1,032,694	966,970	1,260,089
ASSETS					
Property, plant and equipment	**5,066,699**	4,817,725	4,220,214	3,728,605	3,146,674
Prepaid lease payments	**307,068**	285,555	251,268	193,229	164,427
Biological assets	**2,548,178**	2,392,287	2,081,061	1,908,218	1,893,993
Land held for property development	**1,130,312**	226,353	217,926	216,932	239,095
Goodwill on consolidation	**321,661**	330,137	286,969	297,016	285,675
Intangible assets	**15,076**	15,297	15,238	19,573	20,609
Investments in associates	**138,803**	154,493	172,652	112,477	94,009
Investments in joint ventures	**173,384**	144,658	–	–	–
Available-for-sale investments	**1,607,570**	1,781,642	884,014	889,422	586,340
Other receivable	**205,195**	171,690	119,940	106,208	83,279
Deferred tax assets	**454,230**	147,513	128,025	103,305	54,249
Current assets	**6,368,397**	6,792,265	4,510,294	4,172,921	4,814,792
Total assets	**18,336,573**	17,259,615	12,887,601	11,747,906	11,383,142

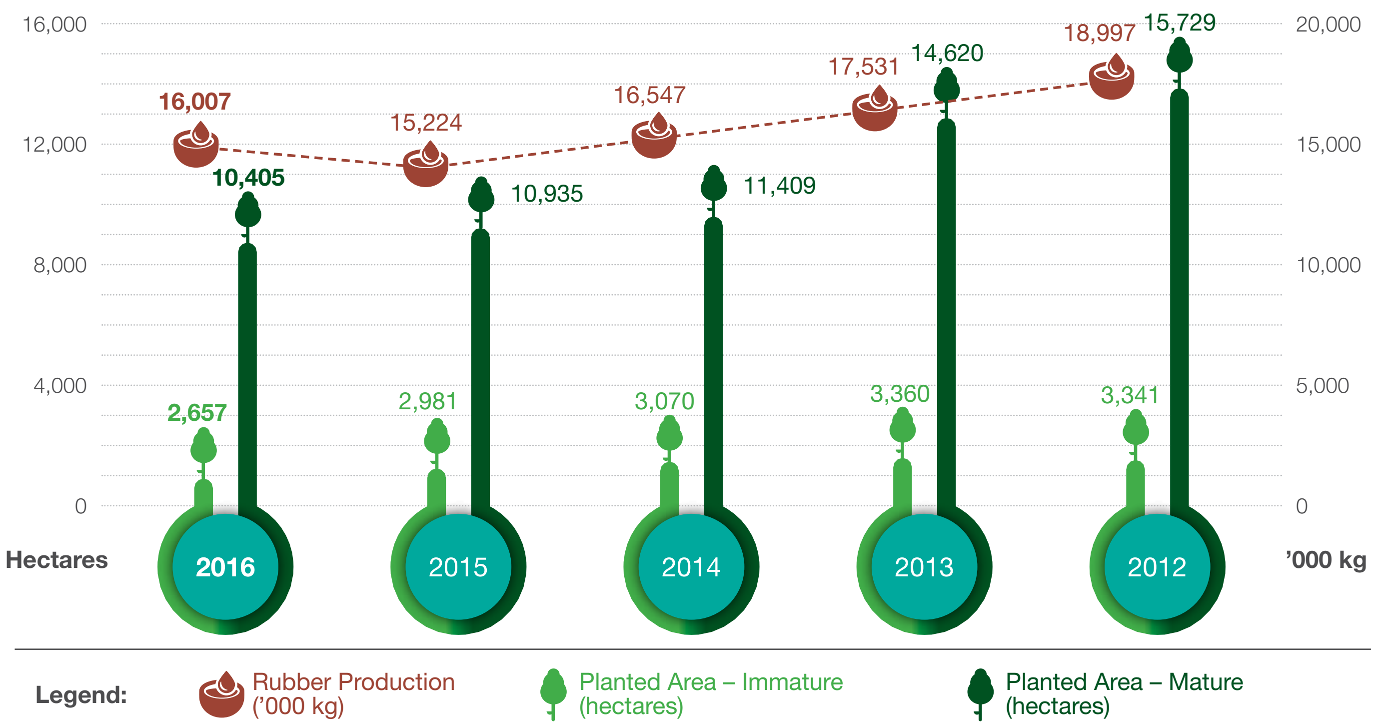
		2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
EQUITY						
Share capital		**1,067,505**	1,067,505	1,067,505	1,067,505	1,067,505
Reserves		**9,390,511**	8,612,349	6,697,649	6,479,722	6,055,779
Cost of treasury shares		**(13,447)**	(13,447)	(13,447)	(13,447)	(13,447)
Total equity attributable to equity holders of the Company		**10,444,569**	9,666,407	7,751,707	7,533,780	7,109,837
Non-controlling interests		**843,457**	461,703	431,492	419,460	397,751
Total equity		**11,288,026**	10,128,110	8,183,199	7,953,240	7,507,588
LIABILITIES						
Deferred tax liabilities		**254,976**	257,954	256,207	250,064	241,823
Deferred income		**118,665**	113,154	101,495	72,010	22,765
Provision for retirement benefits		**495,894**	356,563	281,663	259,222	248,478
Borrowings		**2,967,808**	2,681,221	1,816,243	1,558,227	1,782,714
Current liabilities		**3,211,204**	3,722,613	2,248,794	1,655,143	1,579,774
Total liabilities		**7,048,547**	7,131,505	4,704,402	3,794,666	3,875,554
Total equity and liabilities		**18,336,573**	17,259,615	12,887,601	11,747,906	11,383,142
SHAREHOLDERS' EARNINGS AND DIVIDENDS						
Earnings per share	(sen)	**149.5**	81.7	93.1	86.2	113.7
Share price at 30 September	(RM)	**23.98**	21.70	21.08	22.60	22.06
Dividend rate	(sen)	**50.0**	45.0	55.0	50.0	65.0
Dividend yield at 30 September	(%)	**2.1**	2.1	2.6	2.2	2.9
P/E ratio at 30 September		**16.0**	26.6	22.6	26.2	19.4

PLANTED AREA AND CROP PRODUCTION

OIL PALM PLANTED AREA/FFB PRODUCTION



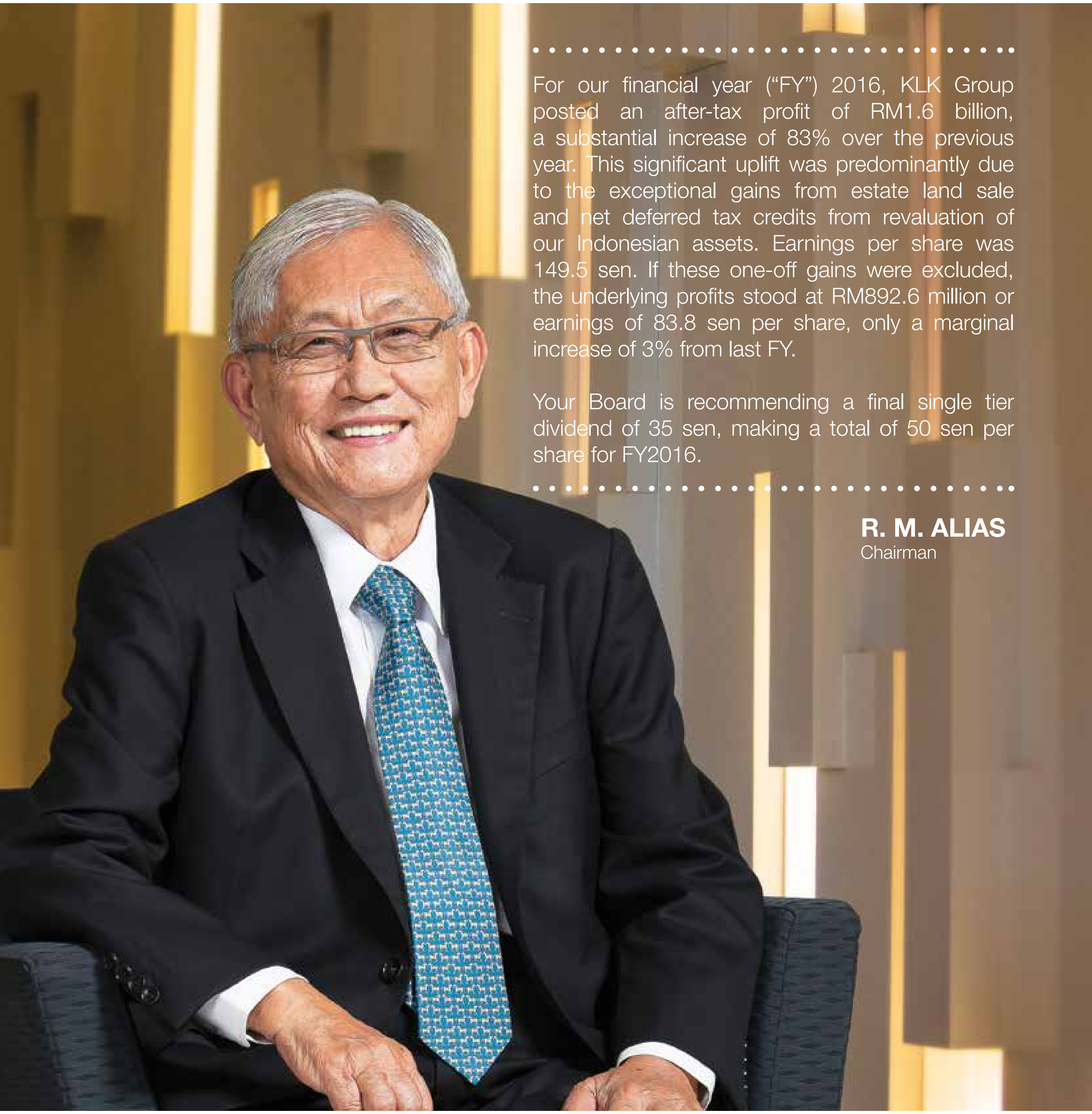
RUBBER PLANTED AREA/RUBBER PRODUCTION



	Age in Years	2016 Hectares	2016 % Under Crop	2016 % of Total Planted Area	2015 Hectares	2015 % Under Crop	2015 % of Total Planted Area
OIL PALM							
	4 to 9	**56,946**	**28**		60,556	29	
	10 to 18	**69,596**	**34**		71,974	35	
	19 and above	**49,188**	**24**		42,293	20	
	Mature	**175,730**	**86**	**80**	174,823	84	79
	Immature	**29,742**	**14**	**14**	32,799	16	15
	Total	**205,472**	**100**	**94**	207,622	100	94
RUBBER							
	6 to 10	**1,373**	**11**		1,569	12	
	11 to 15	**2,203**	**17**		2,247	16	
	16 to 20	**2,897**	**22**		2,516	18	
	21 and above	**3,932**	**30**		4,603	33	
	Mature	**10,405**	**80**	**5**	10,935	79	5
	Immature	**2,657**	**20**	**1**	2,981	21	1
	Total	**13,062**	**100**	**6**	13,916	100	6
TOTAL PLANTED		**218,534**		**100**	221,538		100
Plantable Reserves		**27,440**			24,981		
Conservation Areas		**12,738**			12,813		
Building Sites, etc.		**9,653**			10,110		
GRAND TOTAL		**268,365**			269,442		

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

CHAIRMAN'S STATEMENT



For our financial year ("FY") 2016, KLK Group posted an after-tax profit of RM1.6 billion, a substantial increase of 83% over the previous year. This significant uplift was predominantly due to the exceptional gains from estate land sale and net deferred tax credits from revaluation of our Indonesian assets. Earnings per share was 149.5 sen. If these one-off gains were excluded, the underlying profits stood at RM892.6 million or earnings of 83.8 sen per share, only a marginal increase of 3% from last FY.

Your Board is recommending a final single tier dividend of 35 sen, making a total of 50 sen per share for FY2016.

R. M. ALIAS
Chairman

SECTORAL PERFORMANCE

Revenue for the Group increased to RM16.5 billion from RM13.6 billion last year, reflecting an improvement in the overall palm products prices achieved and with more activity in our oleochemicals and refineries downstream businesses.

Operating conditions in FY2016 were largely influenced by trends similar to FY2015. Ample supply of oilseeds, weak petroleum price and uncertainties in the economic and political environment were offset by the firmer prices arising from the drastic decline in palm crop production due to the El Niño effects and producing countries' biodiesel mandates.

The upsurge in both palm oil and kernel prices was mainly in the last quarter, resulting in low average prices achieved. The El Niño caused our palm oil yield per hectare to be only 4.42 mt/ha, the lowest in 10 years, a 10% reduction from last year.

Efforts are being enhanced in the Indonesian estates as current results have a huge potential for improvements in profitability. Due to fortuitous trading positions, our downstream oil refineries and kernel crushing plants generated an excellent contribution of RM105.4 million.

We delivered a good performance in our Oleochemicals business. Despite the market remaining extremely competitive particularly from Indonesian counterparts, lower prices of synthetic based alternatives and bullish raw material prices, it contributed RM299.4 million in pre-tax profits, a substantial improvement from last FY. It is encouraging to know that the continuous efforts to improve our efficiencies and productivity are showing positive results with the turnaround of our European and China operations.

Our Property Division only managed RM28.6 million profits during the FY as the general weak sentiments for the property market continued to affect demand.

REINFORCING OUR SUSTAINABILITY AGENDA

We remain steadfast and ever conscious of our responsibilities in ensuring no deforestation, preservation of High Carbon Stock areas and improving the welfare of our team of 40,000 workers worldwide, besides the communities in the areas that we operate in.

Investments in new housing or upgrading them with better supporting infrastructure such as medical facilities (clinics), schools and 24-hour electricity are priorities that your Board drives. As part of KLK's continuous self-improvement programme, a voluntary labour audit in East Kalimantan was completed. Gaps and inconsistent practices in implementation of labour policies are being addressed. The summary of our action plan to bridge these gaps is made available on our website, *www.klk.com.my*.

KLK will persist and welcome our engagements in our transparent discussions with all stakeholders, particularly like-minded NGOs on the issues of preserving environment and fairness to the communities. Indeed, along this journey we have benefited from such interactions and feedback.

LOOKING AHEAD

Production of fresh fruit bunches in both Indonesia and Malaysia are expected to recover in mid-2017 and in 2018. Current price assisted by the weak Ringgit is buoyant but uncertain in the later part of next year. Nevertheless, a good start is foreseen for the first half of FY2017.

We will also continue to look to increasing productivity, yields and improving on oil extraction rates.

For the Oleochemicals Division, we will continue to optimise the integrated value chain while driving for further improvement efficiencies and productivity.

APPRECIATION

The year 2016 marked two separate milestones for the KLK Group. As we continue our 110th year journey in our Plantations business, our Oleochemicals operations celebrated its silver jubilee. Reflecting on our achievements and challenges, we are reminded of the strong core values that have become a part of the KLK DNA in the way its people behave and do business. As we enter the next chapter of our history, these values will be essential for us to adapt to the ever changing business environment.

On behalf of the Board, I would like to state my gratitude to all employees, through the ages, for their continuous contributions, support, dedication, loyalty and making KLK truly special.

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

KENYATAAN PENGERUSI

Kumpulan KLK mencatatkan keuntungan selepas cukai sebanyak RM1.6 bilion bagi tahun kewangan ("TK") 2016, peningkatan ketara sebanyak 83% berbanding pada tahun sebelumnya. Lonjakan ketara ini telah disebabkan terutamanya oleh laba luar biasa yang diperolehi daripada penjualan tanah ladang dan kredit cukai tertunda bersih daripada penilaian semula aset kami di Indonesia. Perolehan sesaham yang dicapai pula adalah sebanyak 149.5 sen. Jika semua butiran laba luar biasa yang diperolehi sekali sahaja ini tidak diambilkira, keuntungan bersih dasar adalah sebanyak RM892.6 juta atau perolehan sebanyak 83.8 sen sesaham, iaitu peningkatan kecil sebanyak 3% sahaja berbanding pada TK sebelumnya.

Lembaga Pengarah anda mengesyorkan dividen satu peringkat akhir sebanyak 35 sen, menjadikan jumlah pembayaran dividen bagi TK2016 sebanyak 50 sen sesaham.

R. M. ALIAS
Pengerusi

PRESTASI SEKTOR

Hasil Kumpulan meningkat daripada RM13.6 bilion pada tahun lepas kepada RM16.5 bilion pada tahun ini, menggambarkan peningkatan harga produk sawit secara keseluruhan dan kepesatan aktiviti perniagaan hiliran oleokimia serta penapisan.

Keadaan operasi pada TK2016 sebahagian besarnya dipengaruhi oleh arah aliran yang serupa seperti pada TK2015. Bekalan minyak bijirin yang mencukupi, kelemahan harga petroleum serta ketidaktentuan persekitaran ekonomi dan politik telah dibendung oleh harga bekalan yang lebih teguh ekoran kemerosotan mendadak pengeluaran tanaman sawit akibat kesan El Niño serta mandat biodiesel negara-negara pengeluar.

Sebahagian besar lonjakan harga minyak sawit dan isirung hanya dicapai pada suku terakhir TK dan ini memberi kesan kepada harga-harga purata dicapai yang rendah. El Niño telah menyebabkan penghasilan minyak sawit setiap hektar berjumlah 4.42 mt/ha sahaja, pencapaian paling rendah sepanjang tempoh 10 tahun dan menguncup sebanyak 10% berbanding pada tahun sebelumnya.

Usaha yang dijalankan di ladang-ladang kami di Indonesia akan dilipat gandakan kerana keputusan semasa yang dicapai menandakan potensi besar untuk meningkatkan keuntungan. Disebabkan oleh kedudukan dagangan yang menguntungkan, kilang penapis minyak hiliran dan kilang penghancur isirung menjana sumbangan cemerlang sebanyak RM105.4 juta.

Kami menampilkan prestasi yang baik dalam perniagaan Oleokimia. Walaupun berdepan dengan persaingan hebat di pasaran, terutamanya daripada syarikat-syarikat di Indonesia, harga produk alternatif yang berasaskan sintetik yang rendah serta harga bahan mentah yang tinggi, namun ia mampu menyumbang keuntungan sebelum cukai sebanyak RM299.4 juta, iaitu peningkatan ketara berbanding dengan TK lepas. Usaha-usaha berterusan untuk menambahbaik tahap kecekapan dan produktiviti yang diambil sebelum ini, kini menunjukkan keputusan yang positif berikutan pemulihan semula operasi kita di Eropah dan China.

Bahagian Hartanah kami hanya mampu mencatatkan keuntungan sebanyak RM28.6 juta pada TK ini disebabkan sentimen lemah pasaran hartanah secara umumnya telah menjejaskan permintaan secara berterusan.

MEMPERKUKUH AGENDA KEMAMPANAN KAMI

Kami terus berpegang teguh dan lebih prihatin terhadap tanggungjawab kami untuk memastikan tiada penebangan hutan, memulihara kawasan-kawasan Stok Karbon Tinggi serta menambahbaik kebajikan pasukan kerja kami seramai 40,000 orang pekerja di seluruh dunia, di samping komuniti di kawasan-kawasan di mana kami beroperasi.

Pelaburan untuk perumahan baharu atau menaik taraf kawasan perumahan tersebut dengan infrastruktur sokongan yang lebih baik seperti kemudahan perubatan (klinik), sekolah dan bekalan elektrik 24 jam menjadi keutamaan yang diterajui oleh Lembaga Pengarah anda. Sebagai sebahagian daripada program penambahbaikan diri yang dilaksanakan secara berterusan oleh KLK, satu audit buruh secara sukarela telah disempurnakan di Kalimantan Timur. Jurang dan amalan tidak konsisten dalam melaksanakan dasar buruh kami sedang ditangani. Ringkasan pelan tindakan kami untuk merapatkan jurang ini disediakan di laman sesawang kami di *www.klk.com.my.*

KLK akan meneruskan dan menyambut baik penglibatan dalam perbincangan telus bersama seluruh pemegang kepentingan kami, terutamanya NGO yang sealiran dengan fikiran kami mengenai isu memulihara alam sekitar serta kesaksamaan kepada komuniti. Malah, sepanjang perjalanan ini kami telah mendapat manfaat daripada interaksi dan maklum balas sedemikian.

MENUJU KE HADAPAN

Pengeluaran buah tandan segar baik di Indonesia mahupun Malaysia dijangka pulih pada pertengahan tahun 2017 dan tahun 2018. Harga semasa yang dibantu oleh kelemahan nilai Ringgit adalah menggalakkan, tetapi tidak menentu untuk tempoh akhir tahun depan. Walau bagaimanapun, permulaan yang baik adalah diramalkan bagi tempoh setengah tahun pertama TK2017.

Kami juga akan terus berusaha untuk meningkatkan produktiviti, penghasilan dan menambahbaik kadar perahan minyak sawit kita.

Bagi Bahagian Oleokimia pula, kita akan terus mengoptimum rantaian nilai bersepadu dan pada masa yang sama, meningkatkan selanjutnya tahap kecekapan dan produktiviti.

PENGHARGAAN

Tahun 2016 mencatatkan dua mercu tanda berasingan bagi Kumpulan KLK. Semasa meraikan perjalanan kami selama 110 tahun dalam perniagaan Peladangan, operasi Oleokimia kami pula merayakan jubli peraknya. Dalam menampilkan pencapaian yang kami tempa dan cabaran yang telah diharungi, kami dapat melihat betapa teguhnya nilai-nilai teras yang menjadi sebahagian daripada DNA KLK, baik dari segi bagaimana modal insannya menerapkan amalan baik dan mengendalikan perniagaan. Sambil memasuki lembaran sejarah baharu, nilai-nilai ini akan kekal menjadi asas semasa kami untuk menyesuaikan diri kepada persekitaran perniagaan yang sentiasa berubah.

Saya bagi pihak Lembaga Pengarah ingin merakamkan ucapan penghargaan kepada semua kakitangan yang telah berterusan gigih menyumbang, menyokong, menampilkan semangat kesungguhan, kesetiaan dan atas usaha anda sekalian untuk menjadikan KLK benar-benar istimewa.

Akhir sekali, saya juga ingin menyampaikan ucapan terima kasih setulus ikhlas kepada semua pemegang saham, rakan-rakan perniagaan serta semua pemegang kepentingan atas keyakinan, kepercayaan dan sokongan berterusan yang diberikan.

CEO’S REVIEW OF OPERATIONS

The drought brought on by the effects of El Niño caused a setback in fresh fruit bunches (“FFB”) production, but this was also an impetus for the increase in palm products prices. Crude palm oil (“CPO”) was about RM2,200/mt at the start of our FY and rose gradually to approximately RM2,800/mt by the end of the FY, after which it further rallied to above RM3,000/mt towards the end of 2016. A weak Ringgit, especially in the Fourth Quarter of FY2016, also contributed to the higher prices. Our average selling price for CPO was RM2,270/mt ex-mill basis after having taken into account the discounted prices for our Indonesian production due to the export levy, geographical discount and high logistics costs.

TAN SRI DATO’ SERI LEE OI HIAN
Chief Executive Officer

The dramatic drop in our FFB production, inevitably raised our cost of production and reduced our FFB yield per hectare to only 19.82 mt which was the lowest in ten years. CPO per hectare was also significantly lower at 4.42 mt/ha although our oil extraction rate ("OER") was just a tick lower at 22.28%.

Whilst this may put a damper on our aspiration for 6 mt CPO/ha, we believe that the continuous efforts to enhance operational efficiencies and labour productivity in order to contain costs, will start to bear fruit in the near future. The trend of rising costs is inevitable with inflationary pressures on wages and fertiliser, as well as increased costs related to certification schemes and sustainability standards. The Group will be prudent in managing costs and will focus on raising efficiency and productivity.

Despite global overcapacities, the Oleochemicals Division was able to deliver a better performance compared with the previous FY as profit before taxation rose nearly 75%. This was achieved on the back of an unrelenting emphasis on operational improvements, quality enhancements and widening of products range. Although there was a hiccup in the last quarter of FY2016 in the form of sluggish demand and higher raw material prices, we are confident that these challenging conditions will be managed.

PLANTATIONS

Our Plantations Division continued to face a very challenging year, having endured one of the most severe El Niño in recent times. The prolonged drought and haze that it created slashed our Group's overall FFB production and yield per hectare to substantially below last FY's achievements. The effects were strongly felt in Belitung Island and Central Kalimantan where drought persisted for a period of about five months, with adverse outcomes on production and costs. Even when the full force of El Niño had abated, its effect on production will continue to linger on into next year.

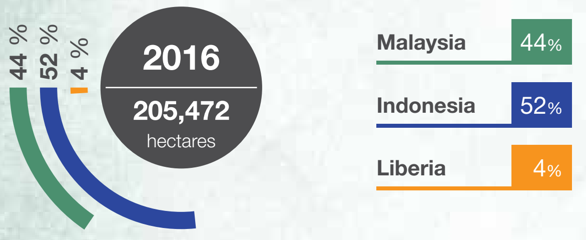
However, El Niño did have a positive consequence, as reduced production led to tight stocks and firmer palm products prices. Consequently, CPO prices rose gradually from about RM2,200/mt to RM2,800/mt as consumers sought cover to replenish their low inventories. Refineries competed for CPO and in Indonesia, this had the effect of narrowing their discount to Malaysian prices to the delight of Indonesian growers, at least for a while. Even more profound was the massive rise in the price of palm kernels to about RM2,800/mt due to rationing of lauric oils in meeting the demands of the oleochemicals and specialty fats industries.

In the international scene, the ideal weather in the USA is set to yield a very big crop of soybeans, a good part of which, fortunately, will go to meet the huge appetite of China. Generally, crushing activity was subdued as meal demand has not increased correspondingly and prices are relatively low, necessitating soybean oil prices to remain high to support crushing margins. This indirectly supported CPO prices.

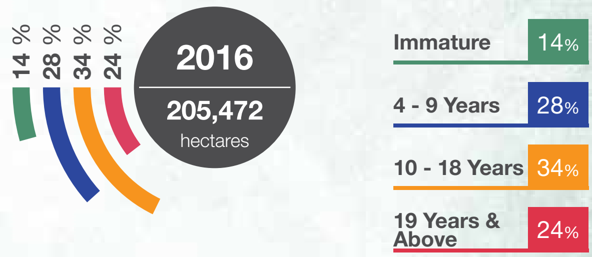
Under such a scenario and, despite the lower production and higher cost, the Plantations Division's contribution to profit improved by 8% to RM826.4 million on a turnover of RM8.5 billion. Other than higher prices of palm products contributing to this improvement in profit, were the sterling performance from our processing, crushing and trading sector which turnaround from a loss of RM2.4 million in the last FY to a profit of RM105.4 million this FY.

Aerial view of PT Steelindo Wahana Perkasa in Belitung Island, Indonesia

Geographical Location of Oil Palm Planted Areas
As at 30 September 2016



Age Profile of Oil Palm Trees
As at 30 September 2016



Group Weighted Average Age of Palm: 12 years old

Estate operations brought in a profit contribution of RM788.6 million, with palm products accounting for RM773.4 million and rubber RM15.2 million. Our average profit per matured hectare (after replanting) for palm products and rubber was RM4,014/ha and RM974/ha respectively, the former being diluted by our Indonesian operations which have yet to reach full potential and in addition suffered from the discounted prices for both CPO and palm kernels.

The Group's average selling price for CPO was RM2,270/mt ex-mill, whilst that for palm kernels was RM1,881/mt ex-mill, both having taken into account the discounted prices for our Indonesian production and high logistics costs. The average selling price of rubber was about unchanged from last year at 667 sen/kg due to a lethargic, well supplied and depressed market. Encouragingly, there has been some rebound in prices lately.

Oil Palm

There has been no significant change in the productive areas from last year as there were no new acquisitions and no new plantings in the remaining plantable reserves in Indonesia. Progress was also slow in Liberia whilst awaiting the resolution of several land issues and completion of the studies using the High Carbon Stock Approach methodology, as well as social impact exercise through the free, prior and informed consent ("FPIC") with local communities. As such, the immature areas have declined slightly with no massive new plantings, whilst the older palms have increased marginally with impending large scale replanting in Sabah (Lahad Datu region) and Indonesia (Belitung Island region) in the coming few years. The Group has a consistent policy for replanting and for FY2016 expended RM55.1 million in replanting expenditure for oil palm and RM9.9 million for rubber.

FFB Production, Costs and OER

Dry weather reduced the Group's overall FFB production by 8% to 3.50 million mt. In tandem with lower crops, the Group's yield per hectare of FFB declined by 10% to 19.82 mt/ha which was the lowest in a decade.

Inevitably, the Group's FFB cost increased by 10% to RM244/mt ex-estate whilst CPO cost rose by 9% to RM1,381/mt ex-mill exclusive of windfall tax and Sabah sales tax.

Our OER was about unchanged at 22.28% with stringent monitoring and frequent audits to check on ripeness, loose fruit collection and mill losses. However, with the lower FFB yield/ha, our CPO/ha was lower by 10% at 4.42 mt/ha. The Group will continue to focus on sustaining and improving the OER as there is still room for improvement. Going forward, Management will also focus on Indonesian operations where the challenge is to bring some of the areas to be on par with Malaysian operations in order to realise its full potential.

Rubber

The contribution to profit from rubber of RM15.2 million, was slightly more than double that from last FY's RM6.1 million, attributed to higher output by 5% at about sixteen thousand metric tonnes. Yield at 1,553 kg/ha was a 10% improvement over last FY. Nevertheless, this had no significant impact on the Group's profits due to the low price of rubber and the continued dwindling of planted rubber area (due to substitution of old and unproductive rubber areas to oil palm). The higher productivity and recent rebound in prices of rubber shows promise of a better result for this crop next FY.

Other Developments

The Group has started planning for two new palm oil mills - a 30 mt/hour mill in Liberia expandable to 60 mt/hour to cater for the maturity of some 7,000 hectares already planted. The other mill will be built in Medan area with a capacity of 60 mt/hour. Earthworks for both have been completed and contracts for construction have been awarded with estimated commissioning in about two years' time.

Due to the expectation of further increase in FFB harvest, the Group will upgrade the capacity in two other palm oil mills i.e. Parit Sembada Mill in Belitung Island will be expanded from 60 mt/hour to 90 mt/hour and Mandau Mill in Riau will increase its capacity from the current 60 mt/hour to 80 mt/hour. Both these mills will be equipped with the latest vertical sterilisers' technology and are expected to be ready for commissioning in mid-2017.

After a long and onerous process, our Kekayaan Mill's Biogas project has finally been connected to Tenaga Nasional Berhad's transmission and distribution system in September 2016 to supply 2MW of electricity, whilst Jeram Padang Mill will do the same to supply 1MW electricity to the grid when ready sometime in April/May 2017. The same is replicated in Berau Mill in East Kalimantan, Indonesia and when our biogas plant is ready by the end of this year, it will supply 200KW power to the Indonesian grid whilst reserving 800KW to support our mill and estate requirements.

On infrastructure development in Indonesia, we will build two (2) jetty terminals - one in Central Kalimantan and the other in East Kalimantan to replace the current expensive land transportation with water/river transport. Permission from the authorities has been received for the former and permit for the other may be expected shortly. Both terminals will commence construction in 2017. In the meantime, our bulking installation of 5,600 mt in Sampit, Central Kalimantan has been completed and should be operational by end 2016 which would open up options to send our CPO to the highest paying region.

Our upgraded fractionation plant of 500 mt/day in Pasir Gudang, Johor has been commissioned and has been running well for about three months with improved quality and yield for RBD Olein which will enable us to target the packer's market. Another new fractionation plant of about 1,000 mt/day in Belitung Island has just been commissioned and is running smoothly. When in full swing, it will definitely provide more options for marketing out of Belitung Island by offering different grades or combination of grades of refined oils.

Research and Development ("R&D")

KLK's associate company, Applied Agricultural Resources Sdn. Bhd. ("AAR") has a 30-year strong history in plantation R&D and over the years has not only helped establish good agricultural policies for KLK's plantations but also benefited the oil palm industry as a whole. For its numerous outstanding scientific contributions to the oil palm industry, AAR was acknowledged by the Malaysian Oil Scientists' and Technologists' Association ("MOSTA") and awarded the inaugural MOSTA Outstanding Research Award in 2016.

AAR is a pioneer in the implementation of GIS/GPS in plantations and now amongst the first few to adopt the use of UAVs (Unmanned Aerial Vehicles) for the purpose of field mapping, assessment, palm counting as well as generating digital terrain models. Information and maps generated using UAVs are being utilised by KLK's plantations for drainage, road and infrastructure planning, planting operations during replanting as well as to monitor progress and quality of replanting programmes which include pest controls.

The search for control measures against basal stem rot disease caused by the pathogen *Ganoderma boninense* continues. The increasing spread of the disease has led AAR to progress in various research avenues to address the disease and one of them is the use of viable biocontrol agents. *Scytalidium parasiticum* is a new fungus species discovered and named by AAR which is capable of reducing *Ganoderma* basal stem rot disease incidence and severity in oil palm. The use of this new species against *Ganoderma* is being field tested.

The current high OER observed in mills processing sufficient clonal crop of AAR tissue culture ramets, proved the quality of AA Vitroa. The approach of emphasizing high oil-to-bunch ratio in the ortet is now proven commercially and in the current selection, some have oil-to-bunch near to 36% on laboratory testing.

AAR will continue to intensify its R&D efforts for crop improvement and look into areas to increase the genetic yield potential that would lead to increased productivity per unit land area.

MANUFACTURING

Oleochemicals

The KLK OLEO Group achieved a pre-tax profit of RM299.4 million compared with RM171.3 million for the previous FY. Included in the results was the adverse impact of RM66.4 million arising form the changes in fair value on outstanding derivative contracts, attributed to the impact of the decline of the Ringgit at the end of the FY, and raw materials hedging position where there was big detachment between the physical and Bursa CPO Futures prices.

Despite a weak Fourth Quarter performance arising mainly from fair value changes on outstanding derivative contracts, overall the oleochemical business performed much better than the previous year. The improved results were contributed by several factors namely stronger sales at our overseas units which benefited from recent capacity expansions giving the business a more competitive cost structure, and better contribution from our specialty segment paying testament to our strategy of further downstream value extraction in our integrated value chain.

Overall, FY2016 has been a challenging year especially for our basic oleochemical segment which was very much affected by the high uncertainties in the commodity market and sluggish demand, as bullish crude palm kernel oil ("CPKO") prices forced many customers to be prudent in placing new orders. It is very difficult to manage the added value with the weakening and uncertain movement of the Ringgit affecting hedging in Bursa Futures. Petrochemical-based products also had a significant cost advantage especially over our fatty alcohols and sulphonated methyl ester ("SME"). The South East Asian producers were operating below nameplate capacity due to severe margin erosion of CPKO-based products.

Performance of our Malaysian operations was mixed. Our fatty acids and glycerine business recorded weaker sales and margins were also squeezed, as the subdued fatty alcohol sales had a spiral effect on the upstream fatty acid captive sales. Comparatively, our specialty business was healthier. The commissioning of the new Ethylene Bis-Stearamides ("EBS") plant in Third Quarter helped bolster sales. The additional capacity will also pave the way to develop new international customers.

With better operational efficiency and quality improvement, our soap business did well, as we continued to work with major multinationals and regional soap brand owners to provide a stable outlet for our products. There was also much interest in our certified sustainable soap, and sales were robust.

Ester sales remained solid although we see strong price competition ahead. The specialty ester sector chalked steady increase, whilst we face keen competition in the industrial lubricants sector. The division of Esters portfolio into specialty and industrial segments has given the business more focus, enabling the business to pursue expansion plans. The construction of a new ester plant in Malaysia that will be completed by early FY2017 is expected to pave the way for the business to venture into more products for cosmetic & toiletries and biolubricant applications.

For our fatty alcohol business, performance was adversely affected by the huge lauric price premium that prompted customers to switch to lower-cost synthetic-based alternatives. There was limited purchasing interest from Asia.

The SME business was also difficult, experiencing a lower market offtake due to strong headwinds from cheaper synthetic materials particularly linear alkyl benzene sulphonic acid ("LABSA"), making it difficult to persuade customers to switch to natural source, with some key customers even switching back to synthetics. Despite these challenges, we still see interest for this product especially in Asia, though it takes time to develop. Our SME is a highly biodegradable surfactant produced from palm oil and proven to have excellent quality based on various studies at renowned universities. There is a lot of interest in this green technology especially from customers in China and East Asia where responsible sourcing is gaining traction. We believe our natural SME will gain demand from detergent producers over time.

Our China operations are showing steady growth, benefiting from new capacity expansion. Despite a market slowdown, the unit is realising additional volumes. The successful commissioning of the new plant will also broaden our China unit's product portfolio with the introduction of liquid oleic acid, dimerised fatty acid and triacetin. After the lengthy approval process and stringent regulatory compliance, our triacetin is currently increasingly being used by major key customers.

KLK Emmerich continued to do well, and the strategy to balance key account sales with distribution channel sales is on track. The integration of the Düsseldorf unit is progressing smoothly, with several activities to further de-bottleneck its current capacities. KLK Emmerich's first ester plant has commenced production in the Second Half of FY2016. A second ester plant is also in the pipeline and is scheduled to complete next year, some output of which will be channelled to KOLB for production of ethoxylates. KLK Emmerich has also added dimerised fatty acid to the product portfolio as part of our downstream initiative.

KOLB's sales performance improved compared to the previous FY, despite a force majeure on ethylene oxide supply during the year. As for our new surfactants unit KLK Tensachem SA, various improvement projects are targeted to complete in FY2017, which will give KLK OLEO a stronger presence in the European surfactants market.

Following the stabilisation of our tocotrienol plant technology, we have expanded our palm-based phytonutrient portfolio to include beta carotene. This has helped our phytonutrient unit in Westport turn in a small profit, as beta carotene sales provided a much needed volume boost to the business. The project on high purity carotene extraction is ongoing, and is expected to complete in FY2017. We are also undertaking a rebranding exercise of our tocotrienols from Naturale E^3 (Naturale^3) to DavosLife E3 to build a stronger brand identity in the market place.

Through the journey of the last 25 years, the KLK OLEO Group vision is to grow to be the most trusted global partner in oleo-based products and solutions, thus enriching human lives in a sustainable manner every day. We will continue to put our effort in sustainable development engaging our suppliers in our supply chain mapping and improvement projects, at the same time strive for further cost efficiency and value addition.

Non-Oleochemicals

For the FY under review, both the rubber gloves and parquet flooring businesses recorded encouraging results, with profits of RM13.4 million and RM3.9 million respectively. Their improved performances were aided by the stronger USD against Ringgit as these business units had improved in terms of competitiveness in the export market and also penetrated into new markets.

Going forward, ensuring product quality, emphasis on R&D activities to drive innovation and improve processes are the priorities for these businesses to remain competitive in their respective markets.

Triacetin plant at KLK Emmerich (Dusseldorf site), Germany

PROPERTY

The general weak sentiments for the property market lingered during the FY, inducing softer demand as buyers continued to adopt the 'wait and see' attitude in anticipation of lower selling prices. This had affected the profit from the Property Division, at RM28.6 million, almost half of what it had reported for the preceding FY, with unbilled sales at RM48.9 million.

For FY2016, our Property Division mainly focused on intensifying efforts to enhance the occupancy rate and vibrancy of Bandar Seri Coalfields ("BSC"). These included improvements to the quality of the township's environment and security.

Emphasis has been placed on beautification works of the environment by the in-house landscape, maintenance and quality-control departments. The permit to set up our own Auxiliary Police team was obtained during the FY, with the first batch of personnel having recently completed their training. While waiting for the Auxiliary Police service to commence, KLK Land has been providing security services to the township.

Plans to construct a private school offering kindergarten and primary school education is underway. The school, Wesley Methodist School, is expected to commence operations in January 2019.

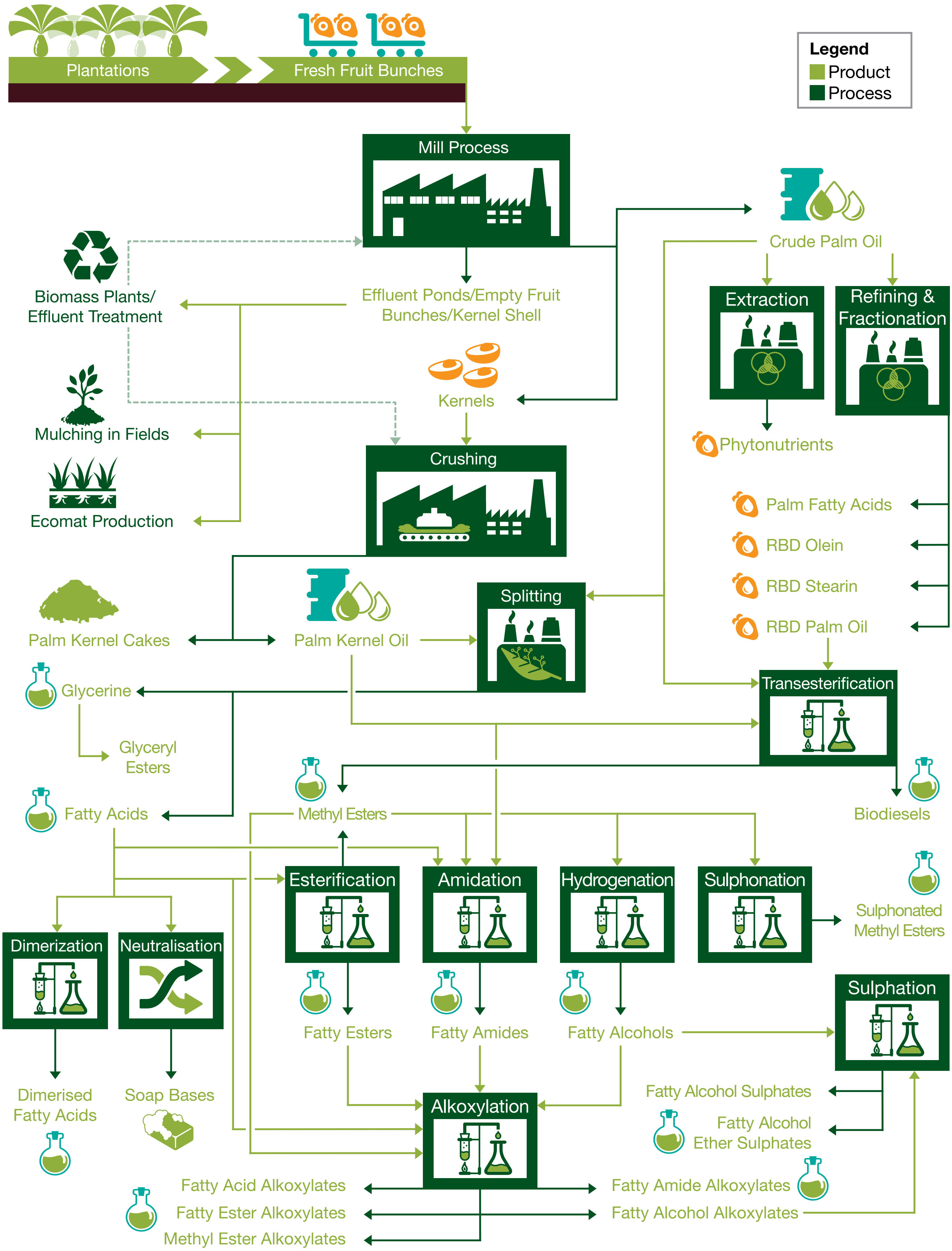
The Ixora (22' x 75') terrace homes and Hibiscus 2 (18' x 60') affordable homes saw good take up rates towards end of Q4 with 81% and 72% of units sold respectively. These are expected to be completed and handed over in early 2017.

The Senna (20' x 70') terrace homes were successfully handed over and was the first phase in the township planned as a guarded community complete with security anti-scale fencing and guardhouse. The houses in this phase, with its lush landscaping and underground utility and services, received a high-quality rating under The Construction Quality Assessment System ("Conquas"), attesting to the high standards of the development.

As the lacklustre sentiment towards property is expected to last for another year, KLK Land will continue to emphasise on enhancing amenities, landscaping, security, improve accessibility to BSC and talent development. It will also look to offer a selection of products to meet the needs of different income groups. More affordable homes are in the pipeline while a wider selection of more up-market homes will be made available towards 2018 when the market is expected to recover.

The Senna (20' x 70') terrace homes in Bandar Seri Coalfields, Sungai Buloh

INTEGRATED BUSINESS VALUE CHAIN



MISSION STATEMENT

"Creating sustainable stakeholder value by integrating environmental and societal concerns into business strategies and performance."

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 values for its stakeholders. The management of sustainable business and corporate responsibity activities are focused on four (4) core areas, namely:

KLK SUSTAINABILTY MILESTONES

APR 1999
ASEAN adopted Zero Burning Policy

OCT 2004
KLK became a Member of Roundtable on Sustainable Palm Oil ("RSPO")

MAR 2009
KLK received its first RSPO Principle & Criteria ("P&C") certification for two of its palm oil mills in Sabah

SEPT 2012
RSPO Supply Chain Certification ("SCC") Multisite Certificate awarded to KLK OLEO

JAN 2014
KLK became a signatory to the Sustainable Palm Oil Manifesto

FEB 2014
All KLK refineries and kernel crushing plants successfully certified under RSPO SCC

JUN 2014
KLK OLEO RSPO SCC Multisite Certification extended to Indonesia site

NOV 2014
All KLK Malaysian palm oil mills successfully certified under RSPO P&C

DEC 2014
KLK Sustainability Policy launched

JAN 2015
KLK OLEO RSPO SCC Multisite Certification extended to China site

SEPT 2015
KLK Sustainability Steering Committee chaired by CEO was formed

APR 2016
KLK OLEO Sustainability Initiatives (Social & Environment) Training Programs were conducted: ISO 14001, OHSAS 18001 and SA 8000

JULY 2016
KLK OLEO RSPO SCC Multisite Certification extended to Germany (Dusseldorf) and Belgium sites

The Journey Continues...

MARKETPLACE

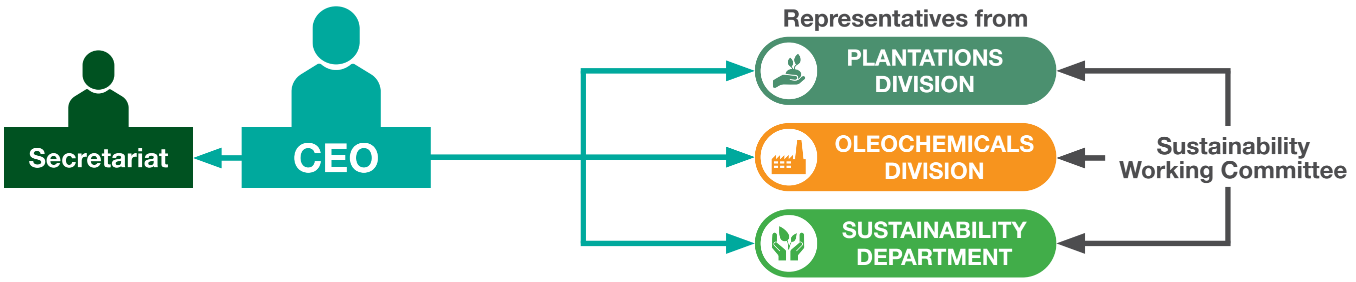
SUSTAINABILITY GOVERNANCE

1.1 Strengthening of Sustainability Governance

At KLK, sustainability is an organic journey and a fundamental aspect of how it conducts its business. Sustainability governance is done at the highest level through the Sustainability Steering Committee ("SSC") formed in September 2015, chaired by the Chief Executive Officer ("CEO") whilst members of the SCC include the Group Plantations Director, Managing Director of Oleochemicals Division 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 KLK 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.

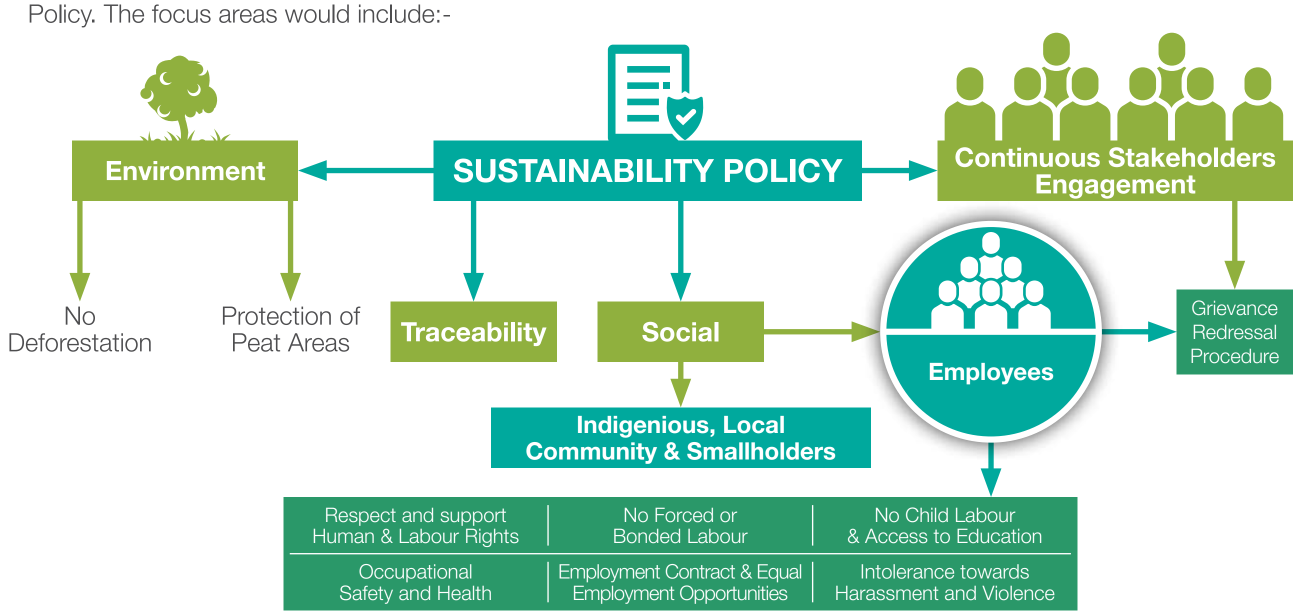
The SSC is supported by the Sustainability Working Committee ("SWC"). The SWC discusses operational matters that center around sustainability, recommends and implements solutions.

Sustainability Steering Committee



1.2 Sustainability Policy

KLK has a Sustainability Policy ("Policy") put into action since December 2014. 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 Sustainability Policy. The focus areas would include:-



1.3 Policy Action Plan & Implementation

JUL-DEC 2015

- Undertook a baseline assessment and analysis of responses to questionnaires sent out during the period of January – June 2015. This assessment was used to determine potential 'gaps' of KLK's suppliers in complying the KLK Sustainability Policy.
- Held face-to-face engagement sessions with external suppliers, customers and Non-Government Organisations ("NGOs") – both upstream and downstream.
- Continuation of Smallholders Project to assist them in achieving certification.
- Undertook independent audit on labour practices in East Kalimantan.
- Applied the High Carbon Stock Approach methodology to new planting areas in Liberia (Palm Bay – Phase 1 and Butaw concession areas).
- Setup of KLK SSC and SWC.

JAN-SEPT 2016

- Preparation of Smallholders for internal and external RSPO Audit.
- Implementation of External Stakeholders Grievance Procedure.
- Consolidation of Group Level Employee Grievance Redressal Policy.
- Continuation of face-to-face engagement with external suppliers, customers and NGOs.
- Initiated field assessment on external suppliers.

KLK believes in engaging with its stakeholders in a timely and effective manner. Both internal and external stakeholder meetings were carried out at least once a year in all its operating units. These meetings allow KLK to disseminate accurate and quality insights, communicate latest updates and gather feedback and comments for improvements on the Group's development and performance.

KLK's website at *www.klk.com.my* is one of the channels to further enhance stakeholders communication. Information pertaining to the Group include announcements, news releases, stakeholders responses, quarterly financial announcements and reports are made available online. Regular meetings are also held to keep stakeholders abreast with the developments in the Group.

A robust community engagement framework such as Free, Prior and Informed Consent ("FPIC") process is also crucial to manage risks to its business. As such, the potential impacts of plantations operations on local communities present in all of its concession areas are managed via the FPIC process guided by recommendations in the RSPO P&C.

KLK also acknowledges that the implementation of its Sustainability Policy and its effectiveness would require the support and co-operation of its supply chain partners. In this respect, KLK has developed a grievance procedure process, made available on its website for a transparent and responsible handling of all complaints and grievances on matters relating to its own operations and those of its suppliers. This avenue will be in addition to the existing grievance framework of the RSPO. The feedback, input and constructive comments from external stakeholders in the process of dealing with the grievance will be taken into consideration as KLK continues its journey for continuous improvement to ensure its products are produced in a sustainable manner.

Stakeholder Engagement – Liberia

KLK's commitment to continuous engagement with its stakeholders and respect for their rights (through the FPIC process) has brought about numerous meetings and engagements with its stakeholders.

One such occasion took place at Palm Bay estate between KLK's subsidiary in Liberia, Equatorial Palm Oil Plc ("EPO") and the non-consenting group within the Joghban communities and their representative, Sustainable Development Institute. This engagement exercise had resulted in the signing of a Memorandum of Understanding ("MoU") in May 2016. A joint resolution with regards to the planned development of the area was reached. Subsequently there were many participatory exercises which included demarcation of villages buffer zone, site verification and crop counting. Similar engagements also took place at EPO's Butaw estate which saw the details of the planned development being deliberated with the respective communities.

Designated community leaders signed a MoU with EPO through the FPIC process

Stakeholder Groups And Key Engagements Conducted In FY2016

Stakeholder Group	How KLK Engages with Stakeholders	Outcomes
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 integrated to share their needs and desires
Local Communities	• Meetings with different stakeholders • Organise joint exercises with different stakeholders	**Liberia**: • Signed 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 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
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	Article published about our projects
Secretariat of certification bodies such as: RSPO, ISPO, ISCC	Regular reporting: meetings	Actively engaged as a member of the RSPO
Certification Bodies	One-on-one meetings	Audit and provided us the 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 study • Awareness about oil palm development and the palm oil industry • Create awareness about working life and expectations of graduates
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 projects results
Investors	One-on-one meetings for investment discussions	Business improvement and better business performances

1.5 Certifications

Roundtable on Sustainable Palm Oil ("RSPO")

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 early members.

KLK is fully committed to certify all of its operating centres. KLK's Malaysian operations have been fully certified since 2014. For its Indonesia operations, KLK targets to achieve full certification by end of 2017.

RSPO Supply Chain Certification ("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. Five (5) refineries and three (3) kernel crushing plants in Malaysia and Indonesia, together with KLK Oleochemicals Division in Malaysia and Europe, are RSPO SCC certified. With the SCC, it can satisfy the product and sustainable development needs of its customers.

RSPO Certified Sustainable Palm Oil ("CSPO")

As of September 2016, KLK's estimated annual production of RSPO CSPO stood at 603,254 mt.

RSPO Certified Sustainable Palm Kernel ("CSPK")

As of September 2016, the estimated production of RSPO CSPK stood at 134,304 mt.

International Sustainability and Carbon Certification ("ISCC")

ISCC is a system for certifying the biomass and bioenergy industries. The system focuses on reducing GHG emissions, sustainable use of land, protection of natural biospheres and social sustainability. It has received official state recognition through the German government's biomass sustainability ordinance (BioNachV) and is recognised by the European Commission as a certification scheme compliant with the EU Renewable Energy Directive's ("RED") requirements. As of September 2016, KLK had reached a production of approximately 537,129 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 Greenhouse Gases ("GHG") emissions and draw attention to environmental issues. Similar to the RSPO, the ISPO Standard include legal, economic, environmental and social requirements, which are based largely on existing national regulations. Currently, five (5) of KLK's palm oil mills ("POMs") in Indonesia are ISPO certified.

Certifications for KLK OLEO

Our manufacturing facilities are certified with various international standards. As an example, all the certification mark shown below belongs to Palm-Oleo Sdn Bhd.

CERT. NO. : SG96 / 07145

CERT. NO. : SG09 / 02651

CERT. NO. : MY09 / 00406

N° MY005120

MS1500 : 2009
CERT. NO. : 1100-06 / 2004

KOSHER

Responsible Care®

HACCP
SIRIM
CERTIFIED TO MS 1480:1999
CERT. NO. : AR 4868

GOOD MANUFACTURING PRACTICE
SIRIM
CERT. NO. : GMP 004

GMP+ Feed Safety Assurance

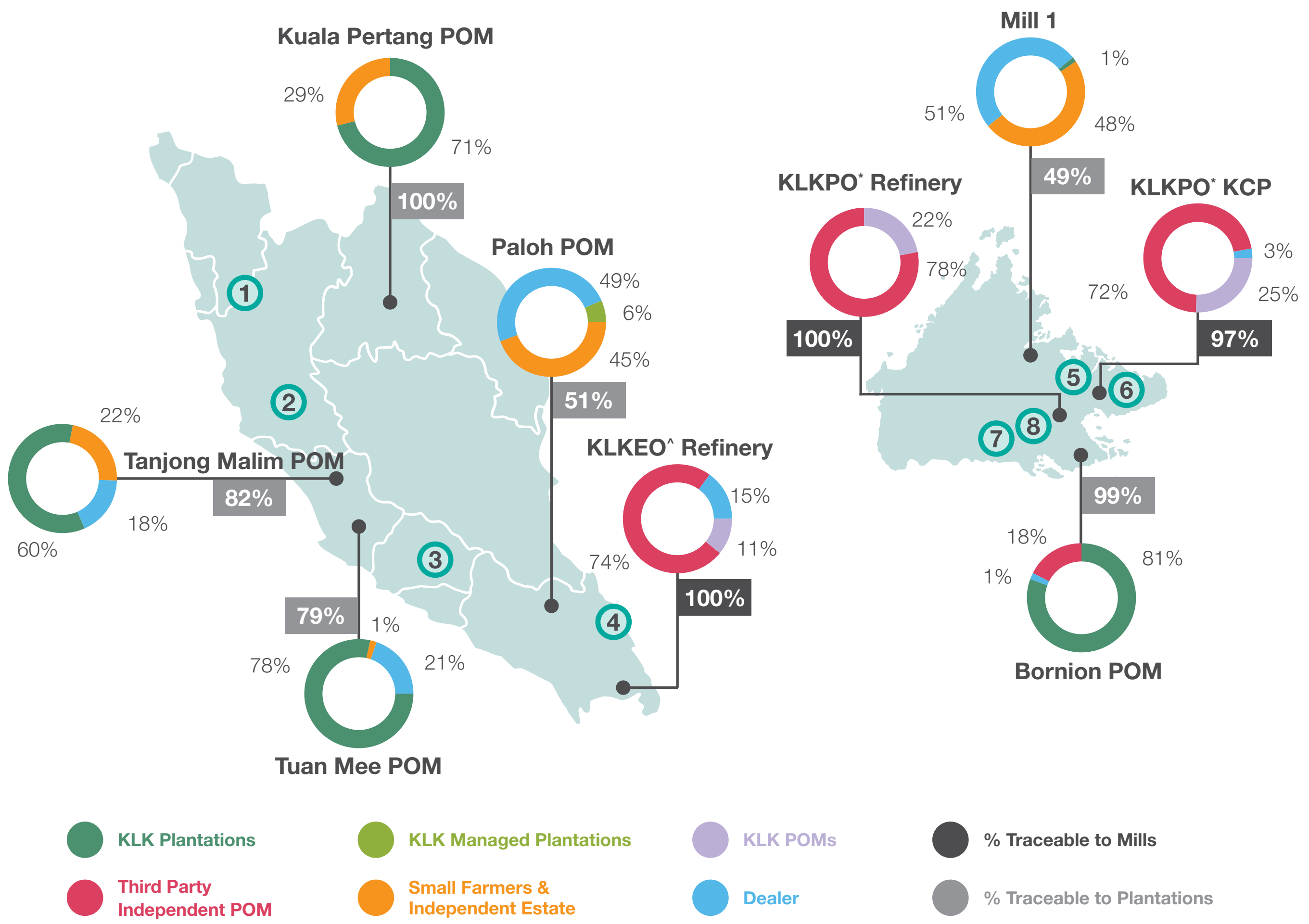
1.6 Traceability

Traceability is an important goal within palm oil sector. The palm products produced at KLK are traceable right up to its respective POMs, refineries and kernel crushing plants ("KCP"). 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, POMs, 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 the GPS coordinates of its POMs available in their corporate website, *www.klk.com.my.*

Plantations – KLK POMs, Refineries and KCPs in Malaysia

As at 30 September 2016

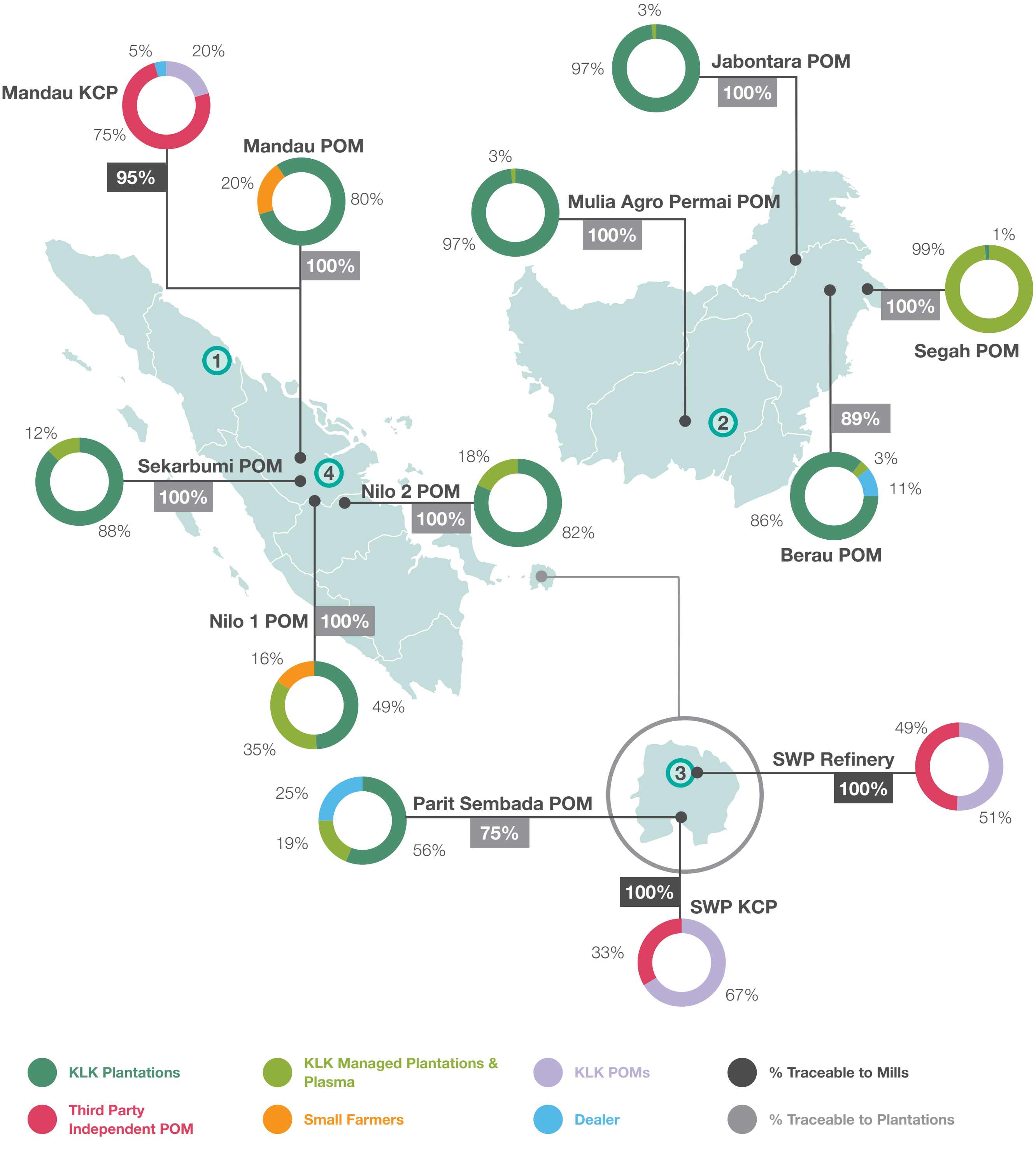


POM receiving 100% FFB from KLK Plantations:	
1 Batu Lintang POM	5 Rimmer POM
2 Changkat Chermin POM	6 Lungmanis POM
3 Jeram Padang POM	7 Pinang POM
4 Kekayaan POM	8 Mill 2 POM

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

Plantations – KLK POMs (including those managed by KLK), Refineries and KCPs in Indonesia

As at 30 September 2016



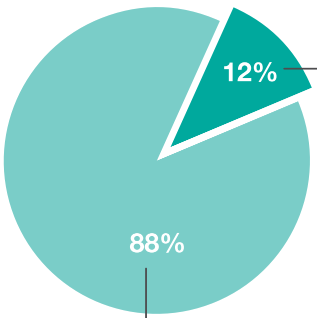
POM receiving 100% FFB from KLK Plantations:	Mandau Refinery receiving 100% PKO from:
1 Stabat POM	4 Mandau KCP
2 Karya Makmur Abadi POM	
3 Steelindo Wahana Perkasa POM	

Oleochemicals Division

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 operating centres 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).

Traceability levels for KLK OLEO

As at 30 September 2016



1.7 Smallholders & Small Growers Project

KLK together with Fuji Oil Holdings Inc. are currently undertaking a Smallholders' Project in KLK's Bornion POM in Sabah facilitated by Wild Asia. KLK believes that such collaborations are important in achieving its commitment towards traceable production in its supply chain, particularly with smallholders and small growers.

Training programmes have 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. We acknowledge that there are many challenges faced by small growers when it comes to complying with the requirements of major players in the production of palm oil. As such, we will continue our engagement with smallholders. The first batch of 55 smallholders and small growers under this project are expected to be certified under the RSPO Certification by early 2017.

Additionally, in line with KLK's pledge to drive positive socio-economic changes, EPO has collaborated with Liberia's Ministry of Agriculture and World Bank to initiate the Smallholder Tree Crops Revitalisation Support Project in June 2016 to assist the rehabilitation and provide necessary information required for the future replanting by the smallholders. To-date, a total of 54 farmers in District #4 of Grand Bassa County have been identified to participate in this project.

ENVIRONMENT

2.1 Management of GHG

KLK is committed to take all possible measures to manage and reduce GHG emission in its operations.

From Emissions to Renewable Resource

To achieve less emissions, KLK currently has four (4) operational methane capture plants, with two (2) more in the process of installation spread across Malaysia and Indonesia. Our biggest source of emissions come from palm oil mill effluent ("POME"), the breakdown of wastewater from the mills which releases methane gas. The biogas plants help to trap methane gas and prevent it from being released into the atmosphere. Trapping methane gas helps generate power for electricity and is an efficient way to avoid the release of methane.

BIOGAS PLANTS – Methane Capture

Malaysia

The 3MW biogas plant in Kekayaan POM is currently supplying 2MW power to the Malaysian Government Grid.

In mid of 2017, the 2MW biogas plant at Jeram Padang POM is expected to be commissioned, and supplying 1MW to the grid.

Indonesia

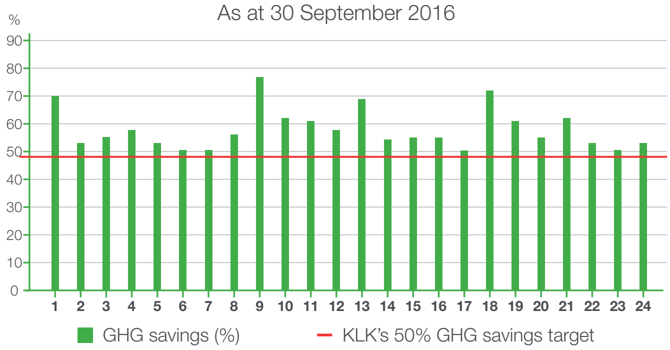
In Indonesia, the biogas plant in Berau POM, East Kalimantan to be commissioned by end 2016, will supply about 200KW to the Indonesian Government Grid while reserving 800KW to support its own requirements.

Methane Capture Plant in Kekayaan POM

Filter Belt-Press at Kekayaan

GHG Savings of KLK POMs (including those managed by KLK)

As at 30 September 2016



List of POMs					
1.	Kekayaan	**9.**	Mill 2	**17.**	Jabontara
2.	Changkat Chermin	**10.**	Lungmanis	**18.**	Mandau
3.	Tuan Mee	**11.**	Rimmer	**19.**	Nilo 1
4.	Tanjung Malim	**12.**	Bornion	**20.**	Nilo 2
5.	Batu Lintang	**13.**	SWP	**21.**	Tapung Kanan
6.	Jeram Padang	**14.**	Parit Sembada	**22.**	Stabat
7.	Kuala Pertang	**15.**	Segah	**23.**	Karya Makmur Abadi
8.	Pinang	**16.**	Berau	**24.**	Mulia Agro Permai

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 and helps to reduce the formation of methane gas. In addition, it treats the POME into organic fertiliser which is then reapplied to our palms. Water extracted from this system is also recycled for cleaning purposes. To-date, we have 14 FBP installed and nine (9) are in the process of installation.

KLK is currently collaborating with Neste Oil, ISCC and Initiatief Duurzame Handel ("IDH") to explore further the potential of the FBP system for further GHG emission reductions and removal of organic matter.

2.2 Reduction of GHG

During the period under review, GHG emissions were scheduled to be progressively reduced on existing plantations and within operating centres 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 2016, KLK has achieved GHG reduction target of 50% against fossil fuel emissions for all its existing POMs - well ahead of the EU RED Requirement target of 2018.

KLK will fully adopt the RSPO and ISCC P&C to minimise GHG emissions for all new developments, and continue to reduce those emissions on existing plantations and operations.

2.3 No Deforestation

Protecting the forests is a very important responsibility that KLK undertakes. Its Policy lays out its strong commitment to comply with national laws and international conventions and agreements.

KLK acknowledges that there is a need to have a single methodology to implement no deforestation commitments. There is now an agreement to converge the HCS Approach[1] and HCS+[2] methodologies to constructively develop recommendations to provide a roadmap going forward to address the outstanding issues in a collaborative and integrated manner. Decisions from this convergence exercise will be reflected in the revised HCS Approach Toolkit. In the interim, and until the results of the convergence are adopted, KLK will adopt the current HCS Approach methodology for all new oil palm development.

2.4 Protection of Peat Lands

Peat land is a natural area that is accumulated with partially decayed vegetation or organic matter. Peat land plays a vital role in providing drinking water, biodiversity maintenance, carbon-water storage and regulation. KLK is committed to ensuring no new development in peat areas, regardless of depth.

[1] *a methodology developed by a multi-stakeholder body called the High Carbon Stock Approach Steering Group. The HCS Approach distinguishes forest areas for protection from degraded lands with low carbon and biodiversity values.*

[2] *a methodology from a study commissioned by a group of grower companies and agribusinesses. The HCS+ focused on the GHG emissions and the opportunities for improved livelihood by permitting some level of responsible conversion of land to oil palm plantations.*

KLK would also apply best management practices to peat lands 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.

2.5 Zero Burning Policy

KLK maintains a strict Zero Burning Policy in relation to all new planting, re-planting and other related development. This policy is also extended to all plasma schemes managed by KLK.

Haze Task Force was set up at the Indonesia Head Office to monitor and manage the haze situation in our operating centres. Standardised practices of managing possibility of any fire outbreak within or outside the operating centres have been adopted. These would include the 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 operating centre 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 are deployed to monitor the estates and also neighbouring villages.

Fire index signboards set up in KLK estates in Indonesia

Promoting improved land conditions

The implementation of the Zero Burning Policy 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. 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.

2.6 Fertilisers, Herbicides and Pest Management

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 Division in Malaysia was able to reduce herbicide consumption from 2.94 litres/ha to 2.45 litres/ha and reduction of fertiliser consumption from 1.38 mt/ha to 1.36 mt/ha. This also includes reducing the total volumes of pesticides applied.

Non-chemical pest control

We have adopted 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.

Plants and barn owls as pest managers

Pulverised palms are not the only way to control pests. Beneficial plants such as Antigonon leptopus, Turnera subulata, Cassia cobanensis and the use of barn owls are also integrated into our IPMS. The additional uses of plants and barn owls have proven to be effective biological controls. A much simpler and less risky approach to pest management.

2.7 Biodiversity

KLK pledges to conserve biodiversity by identifying, protecting and maintaining areas of High Conservation Value ("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 watersheds, waterfalls, hot springs, natural forests 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).

In line with this objective, KLK also undertakes rehabilitation programmes for steep, degraded slopes by planting them with forest trees and grown for forest regeneration.

Conservation of the natural hot springs in Sabah

WORKPLACE

KLK believes that its employees are one of its greatest assets and employee welfare remains its top priority. KLK has a workforce of over 40,000 enthusiastic employees, at locations all over the world. We value our people, and reward their hard work with career development opportunities, scholarships and further training prospects.

3.1 Occupational Safety & Health ("OSH")

Being a responsible company, KLK seeks to conduct its business with highest standard of safety and health protection for our employees and stakeholders. We are committed to continuously identify and eliminate or manage any safety risks associated with the Group's activities.

The Plantations OSH department at the Group's Head Office, guided by the KLK OSH Manual and Guidelines ensures that OSH requirements are applied uniformly and consistently across all operating centres. In order to effectively identify and manage occupational risk, a Safety and Health Committee ("SHC") was set up at each operating centre. KLK currently has close to 2,000 OSH Committee representatives in all of its Plantations operating centres. All operating centres would also undergo annual audit for its OSH procedures and compliance in order to uphold the high OSH standards that have been established through the years.

During the year under review, we have implemented various activities to provide a safe and occupational-illness free environment to our employees. These programmes include:

- Safety training (eg. fire drills, first aid training, safety and healthy talks, etc);
- Conducting regular medical and physical checkups;
- Chemical Health Risk Assessment; and
- Introducing noise reduction rooms

Tractor Driver Training carried out by the Estate Manager

Chemical Sprayer equipped with appropriate personal protection equipment

KLK employees receiving the training from the fire department

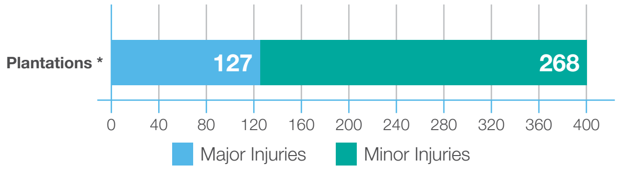
Workplace safety training such as working at heights was conducted at Kolb for all engineers

Accident Monitoring

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.

Loss Time Injury (Number of Cases Reported)

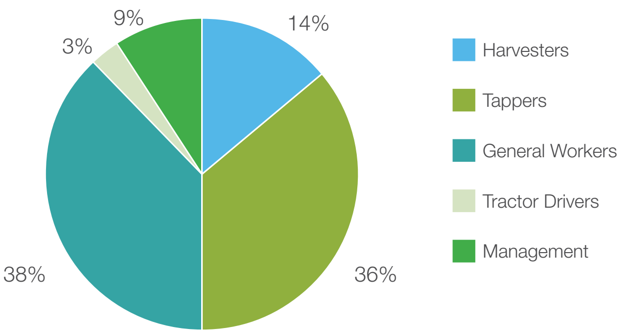
As at 30 September 2016



* *Data reported is for plantation operations in Peninsular Malaysia only.*

Major^ Accidents Reported Per Category*

As at 30 September 2016



^ *An accident is deemed to be major if five (5) medical days or more are taken.*

* *Data reported is for plantation operations in Peninsular Malaysia only.*

Our operating centre in Central Kalimantan, PT. Mulia Agro Permai ("PT. 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.

PT. MAP was also recognised for a third consecutive year for its continuous efforts and programmes related to prevention and countermeasures of HIV/AIDS in work place.

In our manufacturing operations, our colleagues at KOLB in Europe have achieved an outstanding 730 days or in other words for two (2) years without an accident with lost days.

These achievements are a testment of the high standards of OSH practices in our operating centres.

PT. MAP has been recognised for its excellence in creating a safe and healthy work environment for workers

3.2 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, it undertook a voluntary labour audit during the FY, focusing on the practices of its East Kalimantan operations. 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 have now been standardised across its Indonesian operating centres and where applicable, other improvements will be rolled out simultaneously. KLK had also made the findings of the audit transparent for stakeholders and it is available on its website, *www.klk.com.my.*

3.3 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 such as 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 Division, all newly recruited planters and engineers are required to undergo orientation and induction programmes. For our Manufacturing side, the Supervisor Centre of Excellence proramme 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 plantations staff and executives, consisting of IMP at our KLK Training Centre.

Intentional mentoring course for plantations executives

The mentoring courses last for a minimum of nine 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 selected operating centres. 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.

Annual Sports Festival in Sabah

3.4 Health and Wellbeing of Employees

KLK encourages its employees to adopt a healthy lifestyle. We believe that sports not only encourage integration, it also fosters good values like unity and healthy sportsmanship. KLK provides sporting facilities at its plantations operating centres to encourage its employees to adopt an active and healthy lifestyle.

Employees at KLK are encouraged to take part in the various activities to maintain a balanced lifestyle. These activities include the annual Sports Festivals, Family Days, health campaigns, religious festivals and an annual employee dinner, all of which serve as catalyst to encourage strong team work, comradeship and discipline.

Team building exercise is an important aspect here at KLK. It helps to make our teams stronger and more attuned to one another. We are committed to workplace diversity and this can be seen in our practices which do not discriminate stakeholders on account of race, age, gender and minorities. It is here that our employees and workers learn more about one another and their similarities, making it easier to communicate more clearly with each other.

Cultural performance by KLK's employees during annual dinner in Sabah

Team building activity

3.5 Employee Engagement

Company-wide, we always have our employees' best interests at heart. We strive to engage them in activities and knowledge sharing, to keep everyone at KLK informed about the updates in the Company.

Communications through KLK Newsletters and internal email blasts to all employees within the KLK Group allow sharing of information and development within the various business divisions of the Group as we operate in a diverse environment.

Managers' and Assistant Managers' Conferences

Continuing with the practice started by KLK's founding chairman, the late Tan Sri Lee Loy Seng, KLK organises its Managers' and Assistant Managers' Conferences for its Plantations Division as part of its development programme. These conferences also serve as a platform to reinforce the Company's values and also for the Company to show appreciation to its employees.

Participants from all operating centres are able to share technical knowledge and experience in facing different challenges on the ground as they operate in vast areas spreading across Peninsular Malaysia, Sabah, five (5) regions in Indonesia and Liberia.

Townhall Sessions

Townhall sessions are held at KLK OLEO to allow employees to share thoughts and observations with senior management. Such events also allows Management to share the aspirations and plans for the year.

Team building activities held prior to Managers' Conference to strengthen the spirit of camaraderie amongst colleagues

Colleagues from various regions discussing and articulating opinions during conferences

Colleagues getting together for a fun evening after conferences

KLK Plantations Malaysian Managers' Conference 2016 held in Kota Kinabalu, Sabah

MADE LEDRA
INDONESIAN
4 years in KLK, Currently works in Nursery

Throughout my time with KLK, safety has always held high priority in my work. I started off as a spraying operator on the estate for two years. Thereafter, I worked in the fertiliser section for eight months and now I'm being kept busy in the nursery.

On my very first day of work I received safety and job training. Even though it has been four years since I started working at KLK, I still receive regular training sessions. Taking necessary precautions whilst maintaining the nursery is my main focus. I like working here, and enjoy being valued by the Company and my colleagues.

AHMAD AZMIL
(Lab Technician)
MALAYSIAN, Aged 28
3 years in KLK

I get great satisfaction working in KLK. Here we have good career advancement prospects, great support from the organisation and annual training, which help to keep me up-to-date in my field of work as well as of the knowledge about the latest lab innovations. I hope to work for many more years in KLK.

I am working in a pleasant environment, with a healthy subsidised lunch programme and plenty of fun activities organised by the Company. It is a total package, in my opinion.

MOHD ABDUL KALAM
(Collector)
BANGLADESHI, Aged 38
Family lives in Bangladesh, 2 years of service in KLK

I enjoy working at KLK, and have been able to grow within my job since joining.

I like the fact that my steady job here allows me to send money to my family in Bangladesh each month. The working environment here is very pleasant, and the Company watches out for me by, for example, giving me regular training and my own set of PPE for my safety. KLK provides me with adequate housing, and even pays the utilities – including the costs of cable television for entertainment.

KHOO PING KHEAN
(Executive Director of Palm-Oleo Sdn Bhd)
MALAYSIAN, 37 years in KLK

I started working in KLK in 1979 as a Cadet Engineer. Throughout the 80s and 90s, I was able to work in various departments within KLK.

It has been my life's work to improve safety, quality and health and security within KLK – from both an employee and a product perspective. I remain committed to the welfare and career security of my colleagues and myself, and enjoy seeing hard workers bloom in their respective career paths.

Now at Palm-Oleo Sdn Bhd, I look forward to more years of work to bring about sustainable solutions at KLK. After all, for a sustainable future, we must not be complacent; we must be open minded and receptive to changes.

COMMUNITY

"At KLK, we recognise the importance of a strong and healthy community, and we endeavour to do our part to maintain and protect those communities in which we operate."

4.1 Educational Programmes and Campaigns

One of the major causes supported by KLK is education, as it creates a sustainable future for the individual, especially children and has a long-term impact on the community at large.

Humana Schools ("Humana")

In Sabah, KLK collaborates with Humana Child Aid Society with the aim of providing basic primary education to the children of plantations workers and other underprivileged children in remote areas in Sabah that have little or no access to mainstream education. Starting with the first learning centre at KLK Mill Complex in Tawau, Sabah, it has now since grown to five (5) learning centres in various KLK's estates in Sabah. For FY2016, total enrolment is 835 children.

In addition to providing funding for basic infrastructure, transportation is provided for the children to travel to and from the learning centres. These educational centres are equipped with libraries, basic sciences laboratories, computer rooms, canteens, playgrounds and other amenities.

Children in Humana school in Sabah

Indonesia: Learning Centres

Partnering the Indonesia Heritage Foundation ("IHF"), KLK has developed a programme to provide kindergartens for the children of our estate workers in Indonesia and those living in the vicinity of these estates. The focus of the IHF curriculum is to instill good character and values at young age.

There are currently 30 learning centres set up by KLK in our operating centres in Indonesia; 12 of which are in collaboration with IHF. In addition, we also have three (3) primary schools in our Riau operating centres. Free bus services are provided to ferry students to the learning centres.

Children in one of KLK's learning centres in Indonesia

Liberia: Education for Children, Adult Literacy Programme

In Liberia, we have two (2) schools providing free education to the children of our workers as well as those from the surrounding villages. This is done in partnership with the Liberian Ministry of Education. In total, there are 980 students with 485 males and 495 females. Free adult literacy classes are also provided for the adults after working hours.

Children waiting for the class to start at the school in Liberia

School bus provided for children in Liberia

KLK Scholarship

Yayasan KLK, an educational foundation has been supporting needy and deserving Malaysians to continue their tertiary education with focus areas in Agricultural Sciences and Engineering. As part of the scholarship programme, Yayasan scholars are given practical training and internship to enable them to gain an insight into the business environment. Upon completion of their studies, successful scholars are given opportunities to take up employment in the Group where they will be mentored. Currently, KLK is sponsoring 36 scholarships.

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

Deserving students awarded the KLK Scholarship to pursue a degree at local higher-learning institutions in Malaysia

Educational aid provided to employees' children and also those from nearby villages in Indonesia

4.2 Community Health and Wellbeing Campaigns

Building Infrastructure and Places of Worship

KLK Group is committed to providing and maintaining a healthy and safe working environment for its employees while working together with the communities to improve their quality of life. Projects carried out include provision of clean, safe water for drinking, places of worship and availability of nurseries for babies and very young children.

In terms of housing and amenities, continuous efforts are made to inculcate a "maintenance culture" including timely repairs and repainting of workers' quarters; and beautifying their compounds.

Houses for estate workers and managers

Automated Teller Machine facility for employees at estate in Indonesia

Clean drinking water provided for employees at PT Malindomas Perkebunan, East Kalimantan

Medical Facilities and Disease Prevention

KLK strives to ensure that healthcare is accessible to its employees on the plantations. In addition to the provision of clinics in the estates, we also organise visits by qualified medical personnel to the villages in the vicinity of our operating centres for the benefits of the local communities. Updated medical facilities and emergency contact such as free ambulance service was also being put up on the notice board in every operating centres.

There are regular health campaigns organised in order to raise public awareness on disease prevention. An on-going campaign on Dengue fever was conducted across all KLK estates to ensure employees are aware of the symptoms of the disease and method of prevention.

A child in Liberia getting free medical check in KLK's clinic

4.3 Fostering Unity and Togetherness

“*Muhibah* (Harmony)” Cup

KLK believes that through sports one learns the true meaning of sportsmanship and helps toward positive physical and mental growth. It also helps to forge a harmonious and good relationship with others. KLK organised its second “*Muhibah*” Football Tournament (Boys Under 12 & Under 16 categories) in Ipoh. A total of 25 teams competed in this tournament in which each team represented by players of various races.

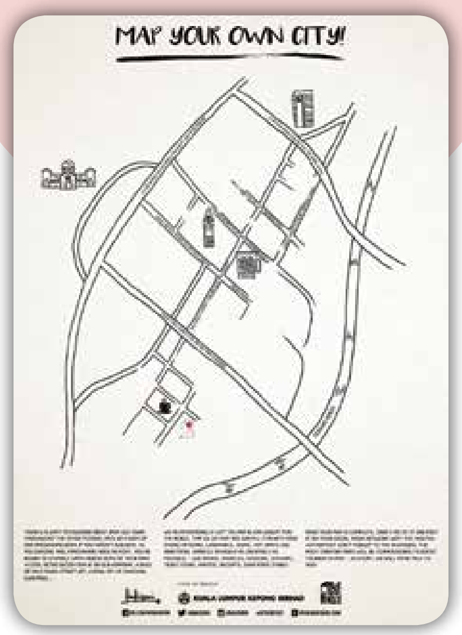
Players from the Under 12 category

Winning team for the Under 16 category

Children from different races & backgrounds coming together for a football tournament

The OTHER Festival

KLK collaborated with Kakiseni (a non-profit organisation dedicated to develop the Malaysian arts industry) to hold The Other Festival in Ipoh. The festival that took place from 22 Oct - 8 Nov 2015 was a celebration of Ipoh Old Town’s history, food and arts. Themed ‘Mapping the City’, this inaugural festival focused on a series of trails designed by popular personalities who are either Ipoh natives or have a connection to the city. The idea is to encourage festival goers to explore Old Town on foot and discover the inspiring tales that await behind the crumbling facades of heritage buildings.



The trail map of the old Ipoh town sponsored by KLK

In conjunction with The OTHER Festival, KLK also organised a Tote Art Competition for primary schools across the Kinta district where close to 700 primary school children participated. Themed "My Ipoh in the Future", these children came up with some amazing artwork to illustrate what they envisage Ipoh to be in the future through their young eyes. It is hoped that such events promote a sense of belonging within the community regardless of race and region.

Additionally, KLK hosted a fun day out with about 70 underprivileged children from three (3) children homes to explore the old town of Ipoh city through a heritage trail walk where they were able to learn and experience the wonders of what the town has to offer.

Themed "My Ipoh in the Future", close to 700 bags were submitted with artwork illustrating what children envisage Ipoh be like in the future

The children and KLK volunteers at the front of the "Ipoh Tree" with the Ipoh Railway Station set as a backdrop

The 'Kopi' Break, one of the seven popular street murals in Ipoh

4.4 Volunteerism and Philanthropic Deeds

At KLK, employees are encouraged to volunteer in various capacities to encourage the spirit of giving back to society and caring for the environment. KLK also continued to support numerous charitable initiatives in the form of grants, direct cash donations and other gifts in kind for causes related to education, community welfare, sports and the performing arts.

A Glimpse of KLK's Volunteerism Activities

Blood donation campaigns are held on an annual basis

KLK volunteers giving a children's home in Perak a makeover

KLK volunteers from Sabah made their way to Tawau Old Folks Home to mingle with the elderly and donated some necessity to the home

KLK's estate managers turned speakers in a motivational seminar held at Sabah where they shared their life experiences, the importance of education and tips to develop self-motivation

Volunteers from KLK OLEO participated in the "Program Pendidikan Khas Integrasi" to beautify Sekolah Kebangsaan Taman Klang Jaya in Selangor to provide a clean and conducive environment for the students

KLK volunteers including Senior Management taking part in a story-telling competition held for students from SJK (C) Papan in Perak, with the aim to promote the use of English in the school

Volunteers from KLK OLEO collaborated with a special needs school, Sekolah Kebangsaan Telok Gadong, Klang to organised a motivational camp for the children

KLK employees contributed to the annual "Wish Tree" project to spread cheer and joy to the underprivileged children of Ipoh during the holiday season

Volunteers from KLK Emmerich GmbH teach and help out in the daycare facility in Germany under its assit the refugees campaign

Volunteers from KLK OLEO served as mentors to motivate secondary school going children under the Programme After Class Enrichment project organised by the Edge Education Foundation

Apart from the above, other organisations that were supported by KLK include Perak Association for Intellectually Disabled, Perdana Leadership Foundation, Yayasan Nurul Yaqeen, Olympic Council of Malaysia, Malaysian Care, Perak Women for Women Society, Ray of Hope and National Sports Council of Malaysia.

CORPORATE & KEY MILESTONES

A Glimpse of our Corporate Milestones for the financial year ended 30 September 2016.

2015

OCT 1

KLK completed the acquisition of Emery Oleochemicals GmbH's oleochemicals assets and business in Holthausen, Düsseldorf, Germany.

OCT 21

KLK participated in the International Global Transformation Forum 2015 organised by PEMANDU.

DEC 8

Taiko Palm-Oleo Zhangjiagang successfully commissioned a new plant EP2 which have a splitting capacity of 150,000 mt per annum, with dimer and oleic acid production capacity.

DEC 30

KLK Land Sdn Bhd, a wholly-owned subsidiary of KLK completed the sale and purchase of various parcels of freehold land totaling approximately 3,000 acres in Johor for purpose of future joint development with UEM Land Berhad.

2016

JAN

KLK Bioenergy was recognised for its safety record with one million total worked hours without a lost time incident.

MAR 9

KLK OLEO celebrated its 25th year anniversary together with key suppliers, partners and customers at the Palm and Lauric Oils Price Outlook Conference & Exhibition 2016.

APR 1

KLK Land issued the inaugural issue of e-newsletter.

APR 19

KLK participated in the Minggu Saham Amanah Malaysia 2016 organised by Permodalan Nasional Berhad held in Tapah, Perak, Malaysia.

MAY 2

Equatorial Palm Oil Plc signed a Memorandum of Understanding with designated community leaders over four (4) key aspects of Palm Bay estate for the development of its oil palm activities.

2016

MAY 9

KLK issued 2nd Sustainability Policy Implementation Progress Report.

MAY 18

PT. Mulia Agro Permai from the Kalimantan Tengah region has for the fourth consecutive year been recognised by the Ministry of Manpower and Transmigration for its excellence in creating a safe and healthy work environment for workers.

MAY 19

KLK Plantations marked its 110th year anniversary.

JUNE

Procter & Gamble had awarded KOLB for "Excellence in Maintaining P&G supply chains" during the European Ethylene Crisis.

JULY 4

KLK issued its Grievance Procedure with regards to its Sustainability Policy, made available in its website at *www.klk.com.my*.

AUG 23

Minister of Plantation Industries and Commodities together with the ministerial delegation visited the KL-Kepong Oleomas Sdn Bhd's plant in Port Klang, Selangor, Malaysia.

SEP 5

KLK awarded the "Excellence in Plantations & Commodities" during the Pangkor Dialogue Awards 2016 ceremony.

AUG 25

KLK Land Sdn Bhd signed a Memorandum of Understanding with Wesley Methodist School for the building and the running of a private school at its Bandar Seri Coalfields Township.

GROUP CORPORATE STRUCTURE

As at 30 September 2016

Plantations

100% Betatechnic Sdn Bhd
63% Bornion Estate Sdn Bhd
51% Collingwood Plantations Pte Ltd
- 51% Ang Agro Forest Management Ltd
- 51% Kubahi Marine Services Ltd

63% Equatorial Palm Oil Plc
- 63% Equatorial Biofuels (Guernsey) Limited

100% Fajar Palmkel Sdn Berhad
100% Golden Complex Sdn Bhd
- 92% P.T. Malindomas Perkebunan

100% KL-Kepong Edible Oils Sdn Bhd
100% KL-Kepong Plantation Holdings Sdn Bhd
- 51% Astra-KLK Pte Ltd
- 100% Gunong Pertanian Sdn Bhd
- 100% Jasachem Sdn Bhd
  - 90% P.T. Karya Makmur Abadi
- 95% P.T. ADEI Plantation & Industry
- 95% P.T. Anugrah Surya Mandiri
- 92% P.T. Hutan Hijau Mas
- 95% P.T. Jabontara Eka Karsa
- 100% P.T. KLK Agriservindo
- 60% P.T. Langkat Nusantara Kepong
- 80% P.T. Menteng Jaya Sawit Perdana
- 90% P.T. Mulia Agro Permai
- 65% P.T. Sekarbumi Alamlestari
  - 62% P.T. Alam Karya Sejahtera AKS
- 95% P.T. Steelindo Wahana Perkasa
  - 90% P.T. Parit Sembada

100% KL-Kepong (Sabah) Sdn Bhd
100% KLK Agro Plantations Pte Ltd
- 50% Liberian Palm Developments Limited [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 *[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

100% KL-K Holiday Bungalows Sendirian Berhad
100% KLK Land Sdn Bhd
- 100% Austerfield Corporation Sdn Bhd *[In Members' Voluntary Liquidation]*
- 100% Brecon Holdings Sdn Bhd *[In Members' Voluntary Liquidation]*
- 100% Colville Holdings Sdn Bhd
- 100% 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

Manufacturing

- 100% Davos Life Science Sdn Bhd
- 100% Davos Life Science Pte Ltd
  - 100% Biogene Life Science Pte Ltd
  - 100% Centros Life Science Pte Ltd
- 100% Kolb Distribution Ltd
  - 100% Dr. W. Kolb AG
  - 100% Dr. W. Kolb Deutschland GmbH
  - 100% Dr. W. Kolb Netherlands BV
  - 100% Kolb Distribution BV
  - 100% Kolb France SARL
- 100% KL-Kepong Industrial Holdings Sdn Bhd
  - 100% B.K.B. Hevea Products Sdn Bhd
    - 100% B.K.B. Flooring Sdn Bhd
  - 100% Capital Glogalaxy Sdn Bhd
  - 100% KL-Kepong Rubber Products Sdn Bhd
    - 100% Masif Latex Products Sdn Bhd
  - 100% P.T. KLK Dumai
  - 80% Palm-Oleo Sdn Bhd
    - 80% KSP Manufacturing Sdn Bhd
    - 80% Palmamide Sdn Bhd
    - 80% Palm-Oleo (Klang) Sdn Bhd
- 96% KL-Kepong Oleomas Sdn Bhd
  - 96% KLK Bioenergy Sdn Bhd
- 100% KLK Emmerich GmbH
- 100% KLK Overseas Investments Limited
  - 100% Standard Soap Company Limited [2] *[In Members' Voluntary Liquidation]*
- 80% KLK Premier Capital Limited
  - 80% Taiko Palm-Oleo (Zhangjiagang) Co Ltd
- 100% KLK Tensachem SA
- 100% Shanghai Jinshan Jingwei Chemical Co Ltd
  - 100% KLK OLEO (Shanghai) Co Ltd
- 51% Stolthaven (Westport) Sdn Bhd

Investment Holding & Others

- 100% Draw Fields Sdn Bhd
- 100% Kersten Holdings Ltd
- 100% KL-Kepong Equity Holdings Sdn Bhd
  - 100% Ablington Holdings Sdn Bhd
  - 100% KL-Kepong International Ltd
  - 100% Quarry Lane Sdn Bhd
- 100% KLK Assurance (Labuan) Limited
- 100% KLK Capital Resources (L) Ltd
- 100% KLK Farms Pty Ltd
- 100% KLK Global Resourcing Sdn Bhd
- 100% KLKI Holdings Limited
  - 100% Kuala Lumpur-Kepong Investments Limited
  - 100% Somerset Cuisine Limited
- 100% Ladang Perbadanan-Fima Berhad
- 100% Ortona Enterprise Sdn Bhd
- 100% Richinstock Sawmill Sdn Bhd

Associates

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

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] The company was dissolved on 18 October 2016.

ACCOUNTABILITY

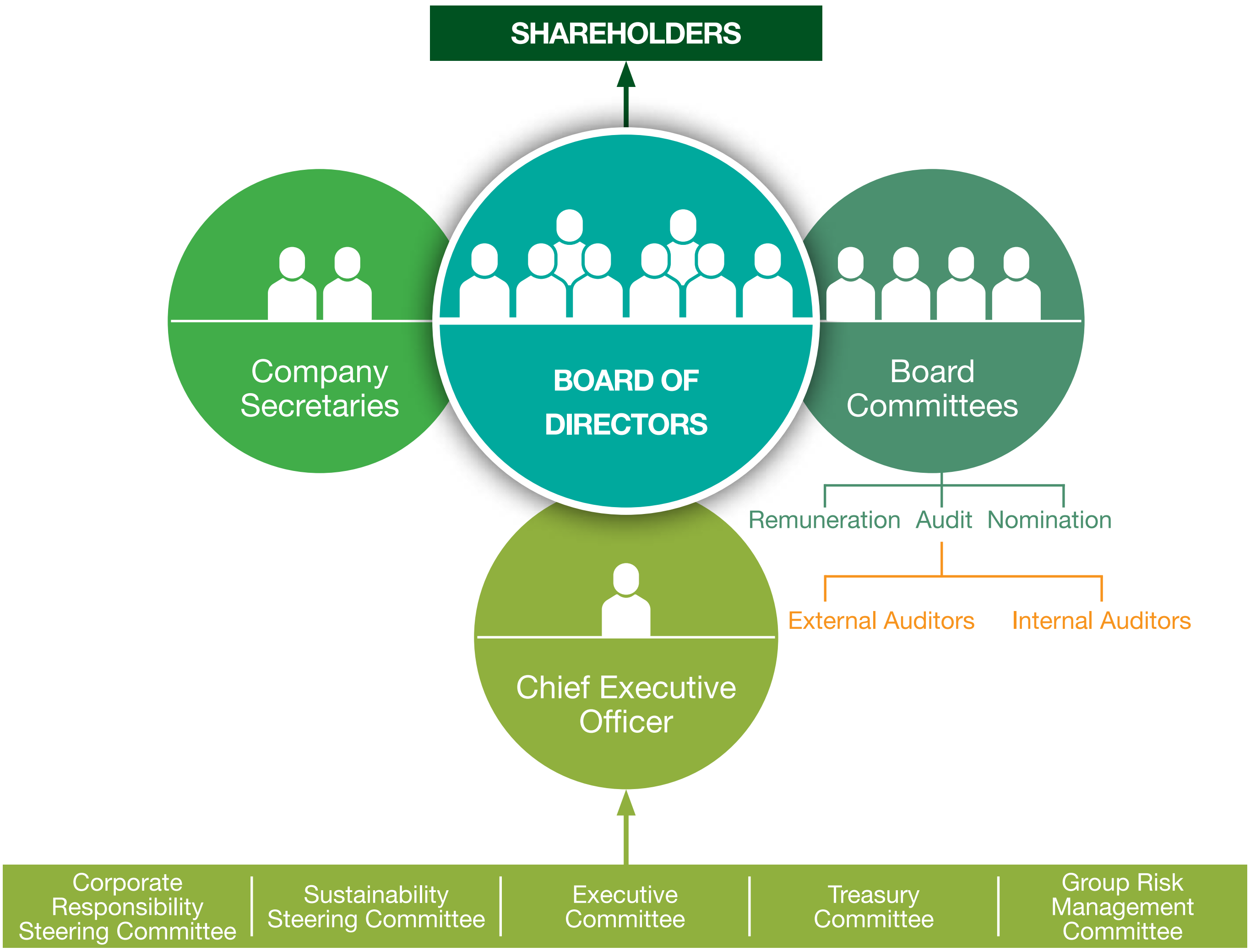
CORPORATE GOVERNANCE STATEMENT

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

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

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

THE GROUP'S GOVERNANCE MODEL



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

CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

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

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

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

CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD

The 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.
- Overseeing planning activities including the development and approval of strategic plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets.
- Reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews.

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

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

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

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

(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.

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 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*.

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 34 to 55.

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, 1965. 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

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.

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

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

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

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

NOMINATION COMMITTEE ("NC")

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

The NC comprises 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 three (3) meetings for the financial year under review and the attendance of the members for the meetings held are as follows:

Members	Number of Meetings	
	Held	Attended
Dato' Yeoh Eng Khoon	3	3
R. M. Alias	3	3
Dato' Lee Hau Hian	3	3

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

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

Apart from reviewing the size, composition and diversity of the Board annually, the Committee 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 2016 is set out herebelow:

(1) Assessed the suitability of Mr. Quah Poh Keat based on his professional qualifications and proven track record of integrity, ability and reliability in the corporate services and business sectors, and recommended to the Board his appointment as an Independent Non-Executive Director and Member of the Audit Committee ("AC");
(2) Reviewed and approved the orientation programme for the new Director;
(3) 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");
(4) Reviewed the composition of the Board based on the required mix of skills, experience and other qualities of the Board;
(5) Reviewed the composition of the Board Committees based on their compliances with the provisions of the regulations;
(6) 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;
(7) Assessed the overall Board and its Committees' performance and effectiveness as a whole;
(8) Reviewed and assessed the independence of Independent Directors and their tenure of service;
(9) Considered the adoption of a Boardroom Diversity Policy to ensure there is appropriate expertise and diversity on the Board;
(10) Assessed and recommended to the Board the extension of the service contract of the CEO, the Group Plantations Director and the Group Financial Controller ("GFC");
(11) Reviewed the responsibilities of the GFC, and recommended to the Board the streamlining of its roles and responsibilities in order for the GFC to better focus on directing the other fiscal and corporate functions of the Group;
(12) Reviewed and assessed the functions of the Chief Financial Officer ("CFO") (Plantations) and recommended to the Board the restructuring of its roles and responsibilities;
(13) 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, and in this respect, recommended the appointment of a deputy GFC to be filled by the current CFO (Plantations);
(14) Assessed Directors' training needs to ensure all Directors receive appropriate continuous training programmes;
(15) Reviewed and assessed the term of office and performance of the AC and each of its members; and
(16) Reviewed and revised the TOR in the light of new amendments to the Main LR affecting the NC, for recommendation to the Board for its approval.

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 himself for re-election, is shown in the Notice of Meeting (Ordinary Resolution 4).

Directors over 70 years old are required to seek re-appointment annually in accordance with the Companies Act, 1965. Details of Directors seeking re-appointment at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolutions 5 and 6).

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. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender.

The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. Despite no specific targets are set in relation to boardroom diversity, the Board is continuously working towards boardroom diversity to create a diverse Board in terms of regional and industry experience, cultural and geographical background, ethnicity, age and perspective.

REMUNERATION COMMITTEE ("RC")

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

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

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	1
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 Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. In the case of the Executive Directors, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also takes into consideration any relevant information provided by independent consultants or from survey data.

The appropriate Directors' remuneration paid or payable or otherwise made available from the Company and its subsidiary companies for the financial year ended 30 September 2016 are presented in the table below:

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

	Fees		Salaries* RM'000	Bonus* RM'000	Benefits-In-Kind* RM'000	Other Emoluments* RM'000
	Company RM'000	Group RM'000				
Executive Directors	–	–	4,860	4,935	160	1,763
Non-Executive Directors	1,593	1,649	–	–	26	120

** 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
RM150,001 to RM200,000	–	1
RM250,001 to RM300,000	–	3
RM300,001 to RM350,000	–	1
RM500,001 to RM550,000	–	1
RM2,900,001 to RM2,950,000	1	–
RM8,750,001 to RM8,800,000	1	–

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

PRINCIPLE 3 – REINFORCE INDEPENDENCE

ASSESSMENT OF INDEPENDENCE OF INDEPENDENT DIRECTORS

The Board recognises the importance of independence and objectivity in the decision-making process. The Board and its NC assessed the independence of the five (5) 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 five (5) Independent Non-Executive Directors and each of them continues to demonstrate intrinsic independent values, conduct and behaviour that are essential indicators of independence.

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 has not in any way interfered with their objective and independent judgement in carrying out their roles as members of the Board and Committees. Furthermore, their pertinent expertise, skills and detailed knowledge of the Group's businesses and operations enable them to make significant contributions actively and effectively to the Company's decision-making during deliberations or discussions.

In addition, the Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best 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.

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

COMPOSITION OF THE BOARD

There are eight (8) members on the Board of Directors, comprising two (2) Executive Directors and six (6) Non-Executive Directors, five (5) 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.

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 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.

During the financial year ended 30 September 2016, six (6) 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		Attendance Percentage
	Held [1]	Attended	
R. M. Alias	6	6	100%
Tan Sri Dato' Seri Lee Oi Hian	6	6	100%
Roy Lim Kiam Chye	6	6	100%
Dato' Lee Hau Hian	6	6	100%
Dato' Yeoh Eng Khoon	6	6	100%
Kwok Kian Hai	6	5	83%
Tan Sri Azlan Bin Mohd Zainol	6	5	83%
Quah Poh Keat [2]	3	3	100%

Notes:
[1] *Reflects the number of meetings held during the time the Director held office.*
[2] *Appointed w.e.f. 18 February 2016.*

DIRECTORS' CONTINUING DEVELOPMENT

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

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, all Directors have attended various programmes to keep abreast with general economic, industry and technical developments as well as changes in legislation and regulations affecting the Group's operations. Directors also visited the Group's marketing and operating centres in Malaysia, Singapore, Indonesia, Europe and Australia with the aim of enhancing their understanding and knowledge on the technical and operational aspects of industry-related issues.

Particulars of various training programmes attended by the Directors during the financial year ended 30 September 2016 are as follows:

Conference/Seminar/Workshop	Presenter/Organiser	Date
Briefings on Overseas Tax and Malaysian Financial Reporting Standard 9 – Financial Instruments	RHB Banking Group	01.10.2015
Khazanah Megatrends Forum 2016	Khazanah Nasional	05-06.10.2015
International Palm Oil Congress (PIPOC) 2015	Malaysian Palm Oil Board	06.10.2015
Capital Market Director Programme – **Module 1 : Director as Gatekeepers of Market Participants** **Module 2A : Business Challenges and Regulatory Expectations** **Module 2B : Business Challenges and Regulatory Expectations** **Module 3 : Risk Oversight and Compliance Action Plan for Board of Directors** **Module 4 : Current and Emerging Regulatory Issues in the Capital Market**	Securities Commission Malaysia	19-21.10.2015
Global Transformation Forum 2015	Big Fast Results Institute Sdn Bhd	21-23.10.2015
The Palm Oil Refiners Association of Malaysia (PORAM) Annual Events 2015	PORAM	20-21.11.2015
APAC Pricing Strategy Forum – Global Pricing and Sales Excellence	Simon-Kucher & Partners	25.11.2015
Special Commemorative Seminar on Tun Abdul Razak	ASLI & Yayasan Cemerlang	14.01.2016
Corporate Governance Breakfast Series for Directors – Improving Board Risk Oversight Effectiveness	Bursa Malaysia Berhad	26.02.2016
Advanced Retail Management Programme – The Future of Retailing and United Kingdom Retail Study Tour	Institute of Retail Management, Said Business School, Oxford University, United Kingdom	07-11.03.2016
Corporate Governance Breakfast Series for Directors – Future of Auditor Reporting : The Game Changer for Boardroom	Bursa Malaysia Berhad in collaboration with the MIA-MICPA Joint Working Group	09.03.2016

Conference/Seminar/Workshop	Presenter/Organiser	Date
Briefing on Bank Negara Malaysia Annual Report 2015/ Financial Stability and Payments Systems Report 2015	Bank Negara Malaysia	23.03.2016
Briefing on British Anti – Corruption Act	Eco World International Bhd	24.03.2016
Independent Directors Programme – The Essence of Independence	Bursa Malaysia Berhad	28.03.2016
Briefing on Trans-Pacific Partnership Agreement	RHB Banking Group	29.03.2016
Sustainability Engagement Series for Directors/Chief Executive Officers	Bursa Malaysia Berhad in collaboration with INSEAD	31.03.2016
Nomination Committee – Effective Board Evaluations	Bursa Malaysia Berhad	11.04.2016
Invest Malaysia 2016	Malayan Banking Berhad in collaboration with Bursa Malaysia Berhad	12.04.2016
Vision & Mission Oleo Development Workshop	Kuala Lumpur Kepong Berhad	13-14.04.2016
Corporate Governance Breakfast Series with Directors – The Strategy, the Leadership, the Stakeholders and the Board	Bursa Malaysia Berhad in collaboration with MINDA	06.05.2016
Sustainability Engagement Program	Bursa Malaysia Berhad	02.06.2016
Briefing on Malaysian Financial Reporting Standard 9	RHB Banking Group	25.07.2016
Media Coaching	Ogilvy	15.08.2016
FIDE FORUM's Directors Register – Identify the Right Board Talent	FIDE FORUM	14.09.2016
Islamic Banking: Compliance, Innovation, Profitability and Social Entrepreneur/Social Responsibility Investment	RHB Banking Group	15.09.2016
Future Finance Conference	Bank Negara Malaysia	23.09.2016
Presentation on impact from Brexit Referendum	EcoWorld-Ballymore	27.09.2016
Managers' Conference 2016 – Living the KLK DNA	Kuala Lumpur Kepong Berhad	29.09.2016

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 2016, the Directors have:

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

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

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

SOUND RISK MANAGEMENT FRAMEWORK

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

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

INTERNAL AUDIT FUNCTION

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

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. It is the usual practice of the Chairman to inform the shareholders of their rights, as provided for in the Articles of Association of the Company, to call for poll voting at the commencement of the AGM or any other general meetings. Nevertheless, voting of all resolutions at all forthcoming general meetings shall be conducted by poll pursuant to Paragraph 8.29A(1) of the Main LR. The Board will consider using the most feasible voting method for polling to facilitate shareholders' voting process by taking into account its practicability, efficiency and reliability.

At the 43rd AGM of the Company, all seven (7) Directors were present in person to engage directly with the shareholders of the Company. During the AGM, shareholders had actively taken the opportunity to raise questions on the agenda items of the AGM as well as current development of the Group. The Directors and Senior Management responded to all the questions raised and provided clarification as required by the shareholders. To ensure transparency, the Board also shared with the shareholders the Board's responses to questions submitted in advance by the Minority Shareholder Watchdog Group and Employees Provident Fund Board by distributing the replies before the commencement of the meeting. The results of all resolutions tabled and passed at the AGM were released to Bursa Malaysia immediately after the meeting to enable the public to know the outcome thereof. In addition, 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 21 days before the date of the meeting to enable shareholders to thoroughly review the Annual Report which contains comprehensive reports on the Group's financial performance, directions and insights.

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

INVESTOR RELATIONS

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

For the financial year ended 30 September 2016, Management has attended more than 100 meetings including tele-conferences and video-conferences with both local and foreign investors and analysts. These meetings are scheduled to keep the investment community abreast of the Group's strategic developments and financial performance.

The Company's website, *www.klk.com.my* serves as a channel of communication for shareholders, investors and the general public. Information such as disclosures made to Bursa Malaysia (including interim and full year financial results, Annual Report and other announcements on relevant transactions undertaken by the Group), 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 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:

The GRMC directs the Risk Management Units ("RMUs") on the guidelines and time line for the submission 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 Heads ("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 Audit Committee and 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 2016 include:

Sustainability Risks

Sustainability standards for all businesses are becoming more onerous. Demand by consumers on traceability of palm products, in particular the palm oil supply chain to enhance visibility and transparency of operations at various stages, has increased. In addition, Non-Governmental Organisations ("NGOs") activities have intensified and specifically focus on Plantation companies and their downstream business, its clients and financiers in relation to issues such as deforestation, protection of peat land, violations of communities' rights and labour practices. KLK has a Sustainability Policy that addresses these areas of concern. A copy of the Sustainability Policy is available on the Company's website at *www.klk.com.my*.

KLK abides by the Principle & Criteria of Roundtable on Sustainability Policy ("RSPO") and the Indonesia Sustainable Palm Oil ("ISPO"). KLK believes in open dialogue, cooperation and transparency and actively engages with stakeholders, particularly the communities living in the vicinity of the Company's operations. Such engagement is focused on KLK's contribution to the socio-economic development of these communities and the measures taken to mitigate possible adverse impact on the communities arising from KLK's operations. KLK currently subscribes to the High Carbon Stock ("HCS") Approach for any new oil palm development and has imposed a moratorium on areas unsuitable for oil palm development. An independent third party had been engaged to undertake a voluntary audit focusing on labour practices, and the audit report has been published. Gaps highlighted in the report will serve as a guide in the Group's overall enhancement programme.

The Company has also formed a Sustainability Steering Committee overseeing the management policies, processes and strategies designed to manage social, environmental and reputational risks. The Company on a periodic basis, reports to the public in relation to the efforts and status of compliance to the KLK Sustainability Policy.

Regulatory Risks

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

In Indonesia, the preliminary procedures are complex and penalties can be invoked on any plantations investor who fails to perform the expected obligation. A committee chaired by 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.

Market and Commodity Prices Risks

(i) Low crude oil prices

Low crude oil prices have a negative impact on the economic feasibility of producing biodiesel which in turn affects the demand and price of Crude Palm Oil ("CPO"). To mitigate the effect of low CPO prices, the Company had implemented measures to reduce CPO production cost and improve productivity.

The Indonesian government is also making efforts to boost the demand for biodiesel by imposition of export levy of USD50/MT for CPO and USD30/MT for processed products to subsidise its biodiesel industry.

(ii) Excess Refining Capacity in Indonesia

The rate of increase in Indonesia's refining capacity is much faster than the production of CPO. 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 CPO output available in Indonesia is estimated at 31 million tonne but the total refining capacity in Indonesia is estimated at 47 million tonne in 2016.

The Company is addressing this risk by leveraging on smart partnerships with key upstream players to fill up the refining capacity. The Company had also focused on developing supply from other upstream players via the dynamic and aggressive procurement team.

(iii) 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 Company manages this business risk with clear visibility of forward month raw material price and cost structure. The Company also enhances the coordination with the factory management on the usage of additional types of raw materials other than CPKO.

(iv) 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 created an oversupply of fatty alcohol in the market. The significant cost disadvantage to synthetic alcohol had impacted the profitability of Oleochemicals Division.

The Company 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 Division

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 remains heavy. Labour supply is also tightening due to rising wages in Indonesia. Further increase in the minimum wages and other operational costs such as chemicals and fertilisers would be also a cause of concern.

To mitigate the above risk, the Company is continuously devising ways to mechanise and increase efficiency and productivity by reducing the 'workers to hectare ratio'. Prudent cost control measures are in place through a budgeting process and monitoring system. Management also carried out consistent replanting programmes and introduced new planting materials to increase production yields.

(ii) Industrial Risks

The Oleochemicals Division uses hydrogen/methanol/hydrogen peroxide in its production processes. Likewise, in Plantation Division, the Palm Fibre Oil Extraction Plant uses solvent, i.e. hexane to recover residual oil from the palm pressed fibre. These gases and solvent are hazardous and can cause explosion and fire.

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

OTHER ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

BOARD MEETINGS

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

ORGANISATIONAL STRUCTURE WITH FORMALLY DEFINED RESPONSIBILITY LINES AND DELEGATION OF AUTHORITY

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

PERFORMANCE MANAGEMENT FRAMEWORK

Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management in performing financial and 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.

GROUP INTERNAL AUDIT

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

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Recommended Practice Guide ("RPG") 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the year ended 30 September 2016, 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 2016.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of KLK is pleased to present the AC Report for the financial year ended 30 September 2016 in compliance with Paragraph 15.15 of the 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 2016. Details of the membership and their attendance at the meetings, are as follows:

Members	Number of Meetings	
	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	4
Kwok Kian Hai [2] Independent Non-Executive Director	5	5
Quah Poh Keat [3] Independent Non-Executive Director	1	1

Notes:
[1] *Reflects the number of meetings held during the time the Directors held office.*
[2] *Resigned on 19 October 2016.*
[3] *Appointed w.e.f. 16 May 2016.*

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 2016 are as follows:

Financial Procedures and Financial Reporting

- Reviewed the following Group financial statements and made recommendations to the Board for approval of the same:

Date of AC Meetings	Quarterly Results/Financial Statements Reviewed
16 February 2016	Unaudited first quarter results for the period ended 31 December 2015
15 May 2016	Unaudited second quarter results for the period ended 31 March 2016
16 August 2016	Unaudited third quarter results for the period ended 30 June 2016
15 November 2016	Unaudited fourth quarter results for the period ended 30 September 2016 and the unaudited results of the Group for the financial year ended 30 September 2016
6 December 2016	Audited Financial Statements for the year ended 30 September 2016

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 2016 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 the Management.

External Audit

- Reviewed and endorsed the external auditors' audit strategy, scope of work and audit plan for the year.
- 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.
- The AC was satisfied with the work performed by KPMG 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 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.

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

- Formalised the Policy on RPTs ("the Policy") in a single cohesive document for orderly treatment. The Policy was adopted in July 2016.
- 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 Companies Act, 1965.
- 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 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. 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 operation units in Malaysia, Indonesia, China and Europe. 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 also reviewed the quarterly financial reports to ensure disclosures are in compliance with the Financial Reporting Standard 134 – Interim Financial Reporting and Main LR.

The User Acceptance Testing on the new in-house IT systems was performed before implementation. IAD also conducts 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 2016 was RM4.73 million.

The following information is provided in accordance with Paragraph 9.25 of the Main LR of Bursa Malaysia as set out in Part A of Appendix 9C thereto.

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, for services rendered to the Company and the Group for the financial year ended 30 September 2016 amounted to RM240,000 and RM830,000 respectively.

(ii) The amount of non-audit fees paid or payable to the external auditors, KPMG and its affiliates, for services rendered to the Company and the Group for the financial year ended 30 September 2016 amounted to RM47,000 and RM825,000 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 134 to 136.

FINANCIAL STATEMENTS

The Directors of Kuala Lumpur Kepong Berhad have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2016.

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. There have been no significant changes in the nature of these activities during the financial year ended 30 September 2016.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	1,712,284	1,196,381
Tax expense	(29,144)	(38,940)
Profit for the year	1,683,140	1,157,441
Attributable to:		
Equity holders of the Company	1,592,191	1,157,441
Non-controlling interests	90,949	-
	1,683,140	1,157,441

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 30 sen per share amounting to RM319,490,000 in respect of the year ended 30 September 2015 was paid on 15 March 2016, 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 2016 was paid on 9 August 2016.

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 2016 which, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company, will be paid on 14 March 2017. The entitlement date for the dividend shall be 22 February 2017.

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 17 February 2016. 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 authorised, issued and paid-up capital of the Company during the financial year.

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

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

	Number of Shares of RM1 each			
Shares in the Company	**Balance at 1.10.2015**	**Bought**	**Sold**	**Balance at 30.9.2016**
Direct interest				
R. M. Alias	337,500	-	-	337,500
Tan Sri Dato' Seri Lee Oi Hian	72,000	-	-	72,000
Dato' Lee Hau Hian	83,250	-	-	83,250
Dato' Yeoh Eng Khoon	335,000	-	-	335,000
Roy Lim Kiam Chye	4,750	-	-	4,750
Deemed interest				
R. M. Alias	-	1,000	-	1,000
Tan Sri Dato' Seri Lee Oi Hian	496,350,027	-	-	496,350,027
Dato' Lee Hau Hian	496,350,027	-	-	496,350,027
Dato' Yeoh Eng Khoon	3,189,850	-	-	3,189,850
Shares in the holding company, Batu Kawan Berhad				
Direct interest				
Tan Sri Dato' Seri Lee Oi Hian	854,355	-	-	854,355
Dato' Lee Hau Hian	1,208,230	-	-	1,208,230
Dato' Yeoh Eng Khoon	315,000	-	-	315,000
Deemed interest				
Tan Sri Dato' Seri Lee Oi Hian	207,038,934	-	-	207,038,934
Dato' Lee Hau Hian	205,842,209	-	-	205,842,209
Dato' Yeoh Eng Khoon	15,391,000	-	-	15,391,000

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

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

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

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

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

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

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

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

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and 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.

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 2016 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.

EVENT SUBSEQUENT TO REPORTING DATE
Details of event subsequent to reporting date are disclosed in Note 46 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 2016

STATEMENTS OF PROFIT OR LOSS

For The Year Ended 30 September 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	4	**16,505,810**	13,649,991	**1,251,922**	1,381,473
Cost of sales		**(14,391,426)**	(11,684,101)	**(543,408)**	(535,581)
Gross profit		**2,114,384**	1,965,890	**708,514**	845,892
Other operating income		**854,395**	196,436	**874,232**	447,217
Distribution costs		**(312,975)**	(244,001)	**(11,855)**	(12,002)
Administration expenses		**(503,310)**	(479,256)	**(78,572)**	(76,279)
Other operating expenses		**(287,436)**	(197,596)	**(182,125)**	(63,522)
Operating profit	5	**1,865,058**	1,241,473	**1,310,194**	1,141,306
Finance costs	6	**(157,776)**	(104,507)	**(113,813)**	(71,345)
Share of profits of equity accounted associates, net of tax		**865**	11,882	**-**	-
Share of profits/(loss) of equity accounted joint ventures, net of tax		**4,137**	(14,250)	**-**	-
Profit before taxation		**1,712,284**	1,134,598	**1,196,381**	1,069,961
Tax expense	9	**(29,144)**	(250,560)	**(38,940)**	(49,229)
Profit for the year		**1,683,140**	884,038	**1,157,441**	1,020,732
Attributable to:					
Equity holders of the Company		**1,592,191**	869,912	**1,157,441**	1,020,732
Non-controlling interests		**90,949**	14,126	**-**	-
		1,683,140	884,038	**1,157,441**	1,020,732
		Sen	Sen	**Sen**	Sen
Earnings per share	10	**149.5**	81.7	**108.7**	95.8

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

For The Year Ended 30 September 2016

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Profit for the year	**1,683,140**	884,038	**1,157,441**	1,020,732
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Currency translation differences	**(93,737)**	888,475	**-**	-
Net change in fair value of available-for-sale investments	**(174,557)**	669,592	**(71,619)**	288,644
Realisation on fair value of available-for-sale investments	**(1,726)**	(1,466)	**-**	-
Currency translation differences on deemed disposal of a subsidiary	**-**	4,319	**-**	-
	(270,020)	1,560,920	**(71,619)**	288,644
Other comprehensive loss that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 34)	**(61,382)**	(15,991)	**-**	-
Total other comprehensive (loss)/income for the year	**(331,402)**	1,544,929	**(71,619)**	288,644
Total comprehensive income for the year	**1,351,738**	2,428,967	**1,085,822**	1,309,376
Attributable to:				
Equity holders of the Company	**1,265,174**	2,389,625	**1,085,822**	1,309,376
Non-controlling interests	**86,564**	39,342	**-**	-
	1,351,738	2,428,967	**1,085,822**	1,309,376

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

STATEMENTS OF FINANCIAL POSITION

At 30 September 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Assets					
Property, plant and equipment	12	**5,066,699**	4,817,725	**1,139,035**	1,161,292
Prepaid lease payments	13	**307,068**	285,555	**742**	763
Biological assets	14	**2,548,178**	2,392,287	**718,154**	726,336
Land held for property development	15	**1,130,312**	226,353	**-**	-
Goodwill on consolidation	16	**321,661**	330,137	**-**	-
Intangible assets	17	**15,076**	15,297	**-**	-
Investments in subsidiaries	18	**-**	-	**4,492,654**	3,347,846
Investments in associates	19	**138,803**	154,493	**25,725**	25,725
Investments in joint ventures	20	**173,384**	144,658	**-**	-
Available-for-sale investments	21	**1,607,570**	1,781,642	**503,556**	575,175
Other receivable	22	**205,195**	171,690	**-**	-
Amounts owing by subsidiaries	18	**-**	-	**1,282,763**	933,621
Deferred tax assets	23	**454,230**	147,513	**-**	-
Total non-current assets		**11,968,176**	10,467,350	**8,162,629**	6,770,758
Inventories	24	**1,898,109**	1,613,810	**42,615**	51,731
Biological assets	14	**43,697**	32,599	**-**	-
Trade receivables	25	**1,470,271**	1,711,425	**48,975**	29,057
Other receivables, deposits and prepayments	26	**695,345**	939,723	**44,101**	55,614
Amounts owing by subsidiaries	18	**-**	-	**139,501**	754,106
Tax recoverable		**57,987**	35,879	**1,083**	-
Property development costs	27	**83,463**	59,964	**-**	-
Derivative financial assets	28	**119,454**	315,707	**2,508**	-
Short term funds	29	**1,029,711**	-	**841,492**	-
Cash and cash equivalents	30	**970,360**	2,083,158	**203,856**	827,481
Total current assets		**6,368,397**	6,792,265	**1,324,131**	1,717,989
Total assets		**18,336,573**	17,259,615	**9,486,760**	8,488,747
Equity					
Share capital	31	**1,067,505**	1,067,505	**1,067,505**	1,067,505
Reserves	32	**9,390,511**	8,612,349	**5,204,100**	4,597,513
		10,458,016	9,679,854	**6,271,605**	5,665,018
Less: Cost of treasury shares		**(13,447)**	(13,447)	**(13,447)**	(13,447)
Total equity attributable to equity holders of the Company		**10,444,569**	9,666,407	**6,258,158**	5,651,571
Non-controlling interests		**843,457**	461,703	**-**	-
Total equity		**11,288,026**	10,128,110	**6,258,158**	5,651,571
Liabilities					
Deferred tax liabilities	23	**254,976**	257,954	**313**	1,491
Deferred income	33	**118,665**	113,154	**-**	-
Provision for retirement benefits	34	**495,894**	356,563	**24,148**	23,406
Borrowings	35	**2,967,808**	2,681,221	**2,600,000**	2,400,000
Total non-current liabilities		**3,837,343**	3,408,892	**2,624,461**	2,424,897
Trade payables	36	**657,159**	713,661	**10,545**	5,883
Other payables	37	**685,015**	704,200	**105,807**	179,504
Amounts owing to subsidiaries	18	**-**	-	**184,661**	211,179
Deferred income	33	**6,328**	6,728	**-**	-
Borrowings	35	**1,572,222**	1,912,840	**300,000**	-
Tax payable		**71,694**	28,705	**-**	2,931
Derivative financial liabilities	28	**218,786**	356,479	**3,128**	12,782
Total current liabilities		**3,211,204**	3,722,613	**604,141**	412,279
Total liabilities		**7,048,547**	7,131,505	**3,228,602**	2,837,176
Total equity and liabilities		**18,336,573**	17,259,615	**9,486,760**	8,488,747

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 September 2016

	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 2014	1,067,505	1,015,488	79,067	59,709	(333,548)	210,598	5,666,335	(13,447)	7,751,707	431,492	8,183,199
Net change in fair value of available-for-sale investments	-	-	-	-	-	669,592	-	-	669,592	-	669,592
Realisation on fair value of available-for-sale investments	-	-	-	-	-	(1,466)	-	-	(1,466)	-	(1,466)
Transfer from retained earnings to reserves	-	2,819	-	121	-	-	(2,940)	-	-	-	-
Remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	-	(15,991)	-	(15,991)	-	(15,991)
Currency translation differences on deemed disposal of a subsidiary (Note 42)	-	-	-	-	4,319	-	-	-	4,319	-	4,319
Currency translation differences	-	952	-	10	862,297	-	-	-	863,259	25,216	888,475
Total other comprehensive income/(loss) for the year	-	3,771	-	131	866,616	668,126	(18,931)	-	1,519,713	25,216	1,544,929
Profit for the year	-	-	-	-	-	-	869,912	-	869,912	14,126	884,038
Total comprehensive income for the year	-	3,771	-	131	866,616	668,126	850,981	-	2,389,625	39,342	2,428,967
Effect of changes in shareholdings in subsidiaries	-	-	-	-	-	-	110,806	-	110,806	40,732	151,538
Dividend paid - 2014 final	-	-	-	-	-	-	(425,986)	-	(425,986)	-	(425,986)
- 2015 interim	-	-	-	-	-	-	(159,745)	-	(159,745)	-	(159,745)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(49,863)	(49,863)
Total transactions with owners of the Company	-	-	-	-	-	-	(474,925)	-	(474,925)	(9,131)	(484,056)
At 30 September 2015	**1,067,505**	**1,019,259**	**79,067**	**59,840**	**533,068**	**878,724**	**6,042,391**	**(13,447)**	**9,666,407**	**461,703**	**10,128,110**
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 shareholdings 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**
	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 2016

	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 2014	1,067,505	1,087,296	34,211	285	207,734	2,544,342	(13,447)	4,927,926
Net change in fair value of available-for-sale investments	-	-	-	-	288,644	-	-	288,644
Total other comprehensive income for the year	-	-	-	-	288,644	-	-	288,644
Profit for the year	-	-	-	-	-	1,020,732	-	1,020,732
Total comprehensive income for the year	-	-	-	-	288,644	1,020,732	-	1,309,376
Dividend paid - 2014 final	-	-	-	-	-	(425,986)	-	(425,986)
- 2015 interim	-	-	-	-	-	(159,745)	-	(159,745)
Total transactions with owners of the Company	-	-	-	-	-	(585,731)	-	(585,731)
At 30 September 2015	**1,067,505**	**1,087,296**	**34,211**	**285**	**496,378**	**2,979,343**	**(13,447)**	**5,651,571**
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**
	Note 31	←		Note 32		→		

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

	2016 RM'000	2015 RM'000
Cash flows from operating activities		
Profit before taxation	**1,712,284**	1,134,598
Adjustments for:		
Depreciation of property, plant and equipment	**376,582**	325,770
Amortisation of leasehold land	**3,092**	3,079
Amortisation of prepaid lease payments	**6,974**	6,501
Amortisation of intangible assets	**4,650**	3,843
Amortisation of biological assets	**57,556**	48,502
Amortisation of deferred income	**(6,397)**	(5,522)
Impairment of leasehold land	**8,096**	-
Impairment of goodwill	**952**	-
Impairment in value of available-for-sale investments	**1,548**	1,396
Property, plant and equipment written off	**5,346**	2,821
Biological assets written off	**70**	-
Gain on disposal of property, plant and equipment	**(2,587)**	(5,589)
Surplus on government acquisition of land	**(40,701)**	(23,731)
Surplus on disposal of land	**(496,542)**	(13,011)
Surplus on disposal of available-for-sale investments	**(1,790)**	(2,180)
Surplus on deemed disposal of a subsidiary	**-**	(12,266)
Release of inter-company interest capitalised on deemed disposal of a subsidiary	**-**	(12,639)
Retirement benefits provision	**38,938**	28,620
Finance costs	**157,776**	104,507
Dividend income	**(66,093)**	(82,544)
Interest income	**(56,449)**	(43,302)
Exchange gain	**(19,438)**	(51,560)
Net change in fair value of derivatives measured at fair value	**37,967**	64,111
Share of profits of equity accounted associates, net of tax	**(865)**	(11,882)
Share of (profits)/loss of equity accounted joint ventures, net of tax	**(4,137)**	14,250
Operating profit before working capital changes	**1,716,832**	1,473,772
Working capital changes:		
Property development costs	**(20,396)**	(2,515)
Inventories	**(306,149)**	(232,953)
Biological assets	**(10,192)**	(5,313)
Trade and other receivables	**429,624**	(877,690)
Trade and other payables	**(68,213)**	544,229
Deferred income	**11,741**	17,121
Cash generated from operations	**1,753,247**	916,651
Interest paid	**(146,249)**	(99,654)
Tax paid	**(278,271)**	(325,636)
Retirement benefits paid	**(32,011)**	(25,030)
Net cash generated from operating activities	**1,296,716**	466,331

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended 30 September 2016

	2016 RM'000	2015 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(711,538)**	(730,001)
Payments of prepaid lease	**(26,524)**	(23,652)
Plantation development expenditure	**(167,801)**	(198,372)
Property development expenditure	**(903,959)**	(8,975)
Subscription of shares in an associate	**(324,800)**	-
Subscription of shares in a joint venture	**(54,440)**	-
Purchase of shares from non-controlling interests (Note 42)	**-**	(94)
Purchase of available-for-sale investments	**(41,183)**	(87,983)
Purchase of intangible assets	**(5,333)**	(871)
Proceeds from disposal of property, plant and equipment	**7,920**	8,079
Compensation from government on land acquired	**41,553**	25,463
Proceeds from disposal of land	**873,651**	10,266
Proceeds from disposal of shares in a subsidiary, net of cash disposed (Note B)	**-**	151,632
Proceeds from deemed disposal of a subsidiary, net of cash disposed (Note 42)	**-**	(35,089)
Proceeds from disposal of available-for-sale investments	**5,235**	8,084
Payment of real property gains tax	**(42,230)**	-
Repayment of loan from joint ventures	**24,641**	33,270
Increase in short term funds	**(1,029,711)**	-
Dividends received from associates	**6,051**	5,677
Dividends received from investments	**65,315**	73,743
Interest received	**40,261**	30,997
Net cash used in investing activities	**(2,242,892)**	(737,826)
Cash flows from financing activities		
Term loans received	**20,943**	147,582
Issuance of Islamic medium term notes	**500,000**	1,100,000
Repayment of term loans	**(3,784)**	(307,245)
(Repayment)/Drawdown of short term borrowings	**(495,600)**	596,458
Dividends paid to shareholders of the Company	**(479,235)**	(585,731)
Dividends paid to non-controlling interests	**(29,610)**	(49,863)
Issuance of shares to non-controlling interests	**324,800**	-
Increase in other receivable	**(10,097)**	(22,296)
Net cash (used in)/generated from financing activities	**(172,583)**	878,905
Net (decrease)/increase in cash and cash equivalents	**(1,118,759)**	607,410
Cash and cash equivalents at beginning of year	**2,055,990**	1,264,854
Currency translation differences on opening balances	**(7,581)**	183,726
Cash and cash equivalents at end of year (Note A)	**929,650**	2,055,990

Notes to the consolidated statement of cash flows

	2016 RM'000	2015 RM'000
A. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash and bank balances	**205,168**	290,024
Deposits with licensed banks	**478,258**	776,657
Fixed income trust funds	**286,934**	1,016,477
Bank overdrafts (Note 35)	**(40,710)**	(27,168)
	929,650	2,055,990
B. Analysis of disposal of shares in a subsidiary		
Decrease in share of net assets in a subsidiary	**-**	39,155
Surplus on disposal of shares in a subsidiary	**-**	112,477
Cash inflow on disposal of shares in a subsidiary	**-**	151,632

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

STATEMENT OF CASH FLOWS OF THE COMPANY

For The Year Ended 30 September 2016

	2016 RM'000	2015 RM'000
Cash flows from operating activities		
Profit before taxation	**1,196,381**	1,069,961
Adjustments for:		
Depreciation of property, plant and equipment	**32,078**	34,657
Amortisation of leasehold land	**3,099**	3,099
Amortisation of prepaid lease payments	**21**	21
Property, plant and equipment written off	**797**	114
Gain on disposal of property, plant and equipment	**(245)**	(210)
Surplus on government acquisition of land	**(40,701)**	(21,393)
Surplus on disposal of land	**(819,659)**	(2,414)
Surplus on disposal of shares in a subsidiary	**-**	(111,863)
Impairment in value of investment in a subsidiary	**-**	9,100
Impairment of advances to subsidiaries	**22,547**	-
Deficit on liquidation of a subsidiary	**-**	18
Retirement benefits provision	**1,818**	2,215
Realised foreign exchange loss/(gain)	**5,370**	(83,704)
Unrealised foreign exchange translation loss/(gain)	**95,024**	(224,569)
Net change in fair value of derivatives measured at fair value	**620**	12,782
Finance costs	**113,813**	71,345
Dividend income	**(295,759)**	(422,245)
Interest income	**(54,659)**	(51,987)
Operating profit before working capital changes	**260,545**	284,927
Working capital changes:		
Inventories	**9,116**	(5,982)
Trade and other receivables	**(21,765)**	(9,980)
Trade and other payables	**(78,848)**	(4,107)
Cash generated from operations	**169,048**	264,858
Interest paid	**(104,000)**	(65,590)
Tax paid	**(42,770)**	(61,088)
Retirement benefits paid	**(1,076)**	(1,092)
Net cash generated from operating activities	**21,202**	137,088
Cash flows from investing activities		
Purchase of property, plant and equipment	**(18,204)**	(29,143)
Property, plant and equipment transferred from subsidiaries	**-**	(520)
Subscription of shares in subsidiaries	**(1,267,682)**	(431,284)
Proceeds from disposal of property, plant and equipment	**301**	496
Compensation from government on land acquired	**41,552**	24,236
Payment of real property gains tax	**(42,230)**	-
Proceeds from disposal of land	**873,651**	2,427
Proceeds from disposal of shares in a subsidiary	**-**	151,632
Proceeds from distribution by a liquidated subsidiary	**880**	-
Redemption of redeemable preference shares by subsidiaries	**9,200**	1,211
Loan repayments from/(to) subsidiaries	**228,843**	(62,566)
Increase in short term funds	**(841,492)**	-
Dividends received from subsidiaries	**249,567**	382,578
Dividends received from associates	**6,050**	5,676
Dividends received from investments	**40,459**	28,765
Interest received	**53,513**	49,989
Net cash (used in)/generated from investing activities	**(665,592)**	123,497

STATEMENT OF CASH FLOWS OF THE COMPANY
For The Year Ended 30 September 2016

	2016 RM'000	2015 RM'000
Cash flows from financing activities		
Issuance of Islamic medium term notes	**500,000**	1,100,000
Drawdown of short term borrowings	**400,000**	-
Repayment of short term borrowings	**(400,000)**	(300,000)
Dividends paid to shareholders of the Company	**(479,235)**	(585,731)
Net cash generated from financing activities	**20,765**	214,269
Net (decrease)/increase in cash and cash equivalents	**(623,625)**	474,854
Cash and cash equivalents at beginning of year	**827,481**	352,627
Cash and cash equivalents at end of year (Note A)	**203,856**	827,481

Note to the statement of cash flows

A. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016 RM'000	2015 RM'000
Cash and bank balances	**3,085**	1,588
Deposits with licensed banks	**54,075**	55,452
Fixed income trust funds	**146,696**	770,441
	203,856	827,481

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

1. CORPORATE INFORMATION

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

The consolidated financial statements as at and for the year ended 30 September 2016 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, 1965 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 and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been applied by the Group.

FRS and amendments to FRSs effective for annual periods beginning on or after 1 January 2016
- FRS 14 *Regulatory Deferral Accounts*
- Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 7 *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 10 *Consolidated Financial Statements*, FRS 12 *Disclosure of Interests in Other Entities* and FRS 128 *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 11 *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 101 *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to FRS 116 *Property, Plant and Equipment* and FRS 138 *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 119 *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to FRS 127 *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to FRS 134 *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

Amendments to FRSs effective for annual periods beginning on or after 1 January 2017
- 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 effective for annual periods beginning on or after 1 January 2018
- FRS 9 *Financial Instruments (2014)*

Amendments to FRSs effective for 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 plans to apply the abovementioned FRS and amendments to FRSs:
- from the annual period beginning on 1 October 2016 for those FRS and amendments to FRSs that are effective for annual periods beginning on or after 1 January 2016, except for Amendments to FRS 10 *Consolidated Financial Statements*, FRS 12 *Disclosure of Interests in Other Entities* and FRS 128 *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception* which are not applicable to the Group
- from the annual period beginning on 1 October 2017 for those amendments to FRSs that are effective for annual periods beginning on or after 1 January 2017

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

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 period beginning on 1 October 2018. In relation to this, the FRS which is effective for annual period beginning on or after 1 January 2018 will not be applicable to the Group.

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

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

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

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

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

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

- Notes 12 to 14 and Notes 16 to 21 - Measurement of the recoverable amounts of cash-generating units
- Note 18 - Impairment on 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.

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

(c) Acquisitions of non-controlling interests

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

(d) Goodwill

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

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

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

(e) Loss of control

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

(f) Associates

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

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

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

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

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

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

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

(g) Joint ventures

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

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

(h) Non-controlling interests

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

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 33⅓% per annum
Buildings, factories and mills	-	2% to 25% per annum
Employees' quarters	-	10% per annum
Effluent ponds, roads and bridges	-	10% to 20% per annum

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

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

3.4 Leases

(a) Operating leases

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

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

(b) Prepaid lease payments

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

3.5 Biological assets

(a) Plantation development expenditure

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

(b) Growing crops and livestock

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

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

3.6 Replanting expenditure

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

3.7 Property development

(a) Land held for property development

Land held for property development shall be classified as non-current asset where no development 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.

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

(b) Property development costs

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

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

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

3.8 Financial assets

Financial assets are recognised in the 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) 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.

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

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

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

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

3.12 Inventories

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

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

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

3.13 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.

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) or financial liabilities that are specifically designated into this category upon initial recognition.

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

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

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

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

3.17 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 plan

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

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

(ii) Subsidiaries in Indonesia provide for retirement benefits for eligible employees on unfunded defined benefit basis in accordance with the Labour Law in Indonesia. 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. 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 but is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.21 Revenue

(a) Goods sold

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

(b) Services

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

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

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

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

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

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

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

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

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

3.22 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.

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	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Sale of goods				
Palm products	**8,345,079**	6,976,697	**785,095**	791,764
Rubber	**109,991**	109,550	**115,773**	115,269
Manufacturing	**7,738,841**	6,241,324	**-**	-
Property development	**110,693**	123,275	**-**	-
Others	**74,834**	69,367	**636**	208
	16,379,438	13,520,213	**901,504**	907,241
Rendering of services	**3,830**	3,932	**-**	-
Interest income from financial assets not at fair value through profit or loss	**56,449**	43,302	**54,659**	51,987
Dividend income (Note 8)	**66,093**	82,544	**295,759**	422,245
	16,505,810	13,649,991	**1,251,922**	1,381,473

5. OPERATING PROFIT

	Group		Company	
	2016	2015	**2016**	2015
	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	**830**	812*	**240**	250
under/(over)-provision in prior year	**-**	34*	**(10)**	-
audit related work	**132**	179	**132**	140
non-audit work	**33**	39*	**4**	56
- Overseas affiliates of KPMG				
current year	**371**	335*	**-**	-
under-provision in prior year	**11**	71*	**-**	-
non-audit work	**-**	26*	**-**	-
- other auditors				
current year	**2,013**	1,798	**-**	-
under-provision in prior year	**9**	9	**-**	-
audit related work	**19**	16	**-**	-
non-audit work	**34**	23	**-**	-
Taxation services paid to KPMG Tax Services	**792**	894	**43**	70
Hire of plant and machinery	**20,694**	18,121	**-**	-
Rent on land and buildings	**9,994**	8,026	**1,225**	1,111

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Operating lease rentals				
- land and buildings	**10,939**	10,853	**-**	-
- plant and machinery	**1,443**	1,020	**-**	-
Amortisation of leasehold land (Note 12)	**3,092**	3,079	**3,099**	3,099
Amortisation of prepaid lease payments (Note 13)	**6,974**	6,501	**21**	21
Amortisation of biological assets (Note 14)	**57,556**	48,502	**-**	-
Amortisation of intangible assets (Note 17)	**4,650**	3,843	**-**	-
Depreciation of property, plant and equipment (Note 12)	**376,582**	325,770	**32,078**	34,657
Impairment of				
- leasehold land (Note 12)	**8,096**	-	**-**	-
- goodwill (Note 16)	**952**	-	**-**	-
- trade receivables (Note 25)	**707**	9,339	**-**	-
- advances to subsidiaries	**-**	-	**22,547**	-
Impairment in value of				
- investment in a subsidiary (Note 18)	**-**	-	**-**	9,100
- available-for-sale investments (Note 21)	**1,548**	1,396	**-**	-
Replanting expenditure	**64,155**	59,213	**41,634**	40,039
Property, plant and equipment written off	**5,346**	2,821	**797**	114
Biological assets written off (Note 14)	**70**	-	**-**	-
Personnel expenses (excluding key management personnel)				
- salary	**990,566**	854,095	**223,896**	221,232
- employer's statutory contributions	**95,324**	75,965	**16,077**	16,207
- defined contribution plans	**6,037**	5,352	**-**	-
Research and development expenditure	**24,026**	18,534	**13,218**	11,254
Retirement benefits provision (Note 34)	**38,938**	28,620	**1,818**	2,215
Write down of inventories	**17,315**	31,561	**712**	16,176
Reversal of impairment of trade receivables (Note 25)	**(2,942)**	-	**-**	-
Write back of inventories	**(11,086)**	(10,944)	**-**	-
Amortisation of deferred income (Note 33)	**(6,397)**	(5,522)	**-**	-
Gain on disposal of property, plant and equipment	**(2,587)**	(5,589)	**(245)**	(210)
Surplus on government acquisition of land	**(40,701)**	(23,731)	**(40,701)**	(21,393)
Surplus on disposal of land	**(496,542)**	(13,011)	**(819,659)**	(2,414)
Surplus on disposal of shares in a subsidiary	**-**	-	**-**	(111,863)
Surplus on deemed disposal of a subsidiary (Note 42)	**-**	(12,266)	**-**	-
Surplus on disposal of available-for-sale investments	**(1,790)**	(2,180)	**-**	-
Deficit on liquidation of a subsidiary	**-**	-	**-**	18
Release of inter-company interest capitalised on deemed disposal of a subsidiary	**-**	(12,639)	**-**	-
Net (gain)/loss in foreign exchange	**(15,754)**	(61,085)	**100,262**	(311,518)
Rental income from land and buildings	**(2,081)**	(1,774)	**(999)**	(1,047)
Gain on redemption of fixed income trust funds	**(401)**	(1,239)	**(40)**	(1,043)
Distribution by a liquidated subsidiary	**-**	-	**(880)**	-

* These figures have been reclassified to conform with current year's presentation.

6. FINANCE COSTS

	Group		Company	
	2016	2015	**2016**	2015
	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	**8,428**	17,179	**-**	12,804
Overdraft and other interest	**36,984**	28,787	**1,449**	-
	45,412	45,966	**1,449**	12,804
Profit payment on Islamic medium term notes	**112,364**	58,541	**112,364**	58,541
	157,776	104,507	**113,813**	71,345

7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Short term benefits				
Directors' remuneration				
Fees provided	**1,649**	1,450	**1,593**	1,450
Other emoluments	**11,678**	10,676	**11,678**	10,620
Benefits-in-kind	**186**	173	**186**	173
	13,513	12,299	**13,457**	12,243

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	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Gross dividends from:				
Available-for-sale investments				
Investment in shares quoted in Malaysia	**992**	1,368	**-**	-
Investment in shares quoted outside Malaysia	**33,411**	69,560	**12,010**	27,041
Investment in unquoted shares	**377**	942	**377**	942
Fixed income trust funds	**31,313**	10,674	**27,532**	4,818
Unquoted subsidiaries	**-**	-	**249,567**	383,552
Unquoted associates	**-**	-	**6,273**	5,892
	66,093	82,544	**295,759**	422,245

9. TAX EXPENSE

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Components of tax expense				
Current tax expense				
Malaysian taxation	**143,088**	169,232	**38,214**	50,120
Overseas taxation	**115,010**	95,780	**1,362**	5,885
	258,098	265,012	**39,576**	56,005
Deferred tax				
Relating to origination and reversal of temporary differences	**2,683**	(26,074)	**(1,178)**	(2,522)
Relating to revaluation of biological assets	**(268,037)**	-	**-**	-
Relating to changes in tax rate	**535**	(1,976)	**-**	(28)
(Over)/Under-provision in respect of previous years	**(8,884)**	7,520	**-**	-
	(273,703)	(20,530)	**(1,178)**	(2,550)
	(15,605)	244,482	**38,398**	53,455
Final tax on revaluation of biological assets	**32,534**	-	**-**	-
Under/(Over)-provision of tax expense in respect of previous years				
Malaysian taxation	**533**	(4,821)	**542**	(4,226)
Overseas taxation	**11,682**	10,899	**-**	-
	12,215	6,078	**542**	(4,226)
	29,144	250,560	**38,940**	49,229

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Reconciliation of effective tax expense				
Profit before taxation	**1,712,284**	1,134,598	**1,196,381**	1,069,961
Taxation at Malaysian income tax rate of 24% (2015: 25%)	**410,948**	283,650	**287,131**	267,490
Effect of different tax rates in foreign jurisdictions	**871**	(2,588)	**-**	(4,056)
Withholding tax on foreign dividend and interest income	**23,565**	37,242	**1,362**	3,181
Expenses not deductible for tax purposes	**48,879**	46,879	**44,166**	8,656
Final tax on revaluation of biological assets	**32,534**	-	**-**	-
Tax exempt and non-taxable income	**(222,478)**	(133,775)	**(291,089)**	(218,975)
Tax incentives	**(7,675)**	(4,449)	**(3,172)**	(2,813)
Deferred tax assets not recognised during the year	**15,710**	12,811	**-**	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(11,303)**	(4,688)	**-**	-
Tax effect on associates' and joint ventures' results	**(1,200)**	(325)	**-**	-
Recognition of deferred tax (assets)/liabilities not taken up previously	**(333)**	2,000	**-**	-
Deferred tax assets on revaluation of biological assets	**(268,037)**	-	**-**	-
Under/(Over)-provision of tax expense in respect of previous years	**12,215**	6,078	**542**	(4,226)
(Over)/Under-provision of deferred tax in respect of previous years	**(8,884)**	7,520	**-**	-
Effect of changes in tax rates on deferred tax	**535**	(1,976)	**-**	(28)
Others	**3,797**	2,181	**-**	-
Tax expense	**29,144**	250,560	**38,940**	49,229

With effect from year of assessment 2016, the tax rates of the Group and of the Company have been reduced to 24% from 25% due to the change in Malaysian corporate tax rate that was announced during the Malaysian Budget 2014.

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 have 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 have 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 RM1,592,191,000 (2015: RM869,912,000) for the Group and RM1,157,441,000 (2015: RM1,020,732,000) for the Company by the weighted average number of 1,064,965,692 (2015: 1,064,965,692) shares of the Company in issue during the year.

11. DIVIDENDS

	Group and Company	
	2016	2015
	RM'000	RM'000
Dividends recognised in the current year are:		
Final single tier dividend of 30 sen per share for the financial year ended 30 September 2015 (2015: single tier dividend of 40 sen per share)	**319,490**	425,986
Interim single tier dividend of 15 sen per share for the financial year ended 30 September 2016 (2015: single tier dividend of 15 sen per share)	**159,745**	159,745
	479,235	585,731

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

A final single tier dividend of 35 sen (2015: 30 sen) per share amounting to RM372,738,000 (2015: RM319,490,000) has been recommended by the Directors in respect of the financial year ended 30 September 2016 and subject to shareholders' approval at the forthcoming Annual General Meeting. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold Land RM'000	Long Term Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Capital Work-In-Progress RM'000	Total RM'000
Cost/Valuation								
At 1 October 2014	738,005	251,027	983,506	3,358,501	346,439	314,880	454,437	6,446,795
Reclassification	-	-	91,260	232,700	5,146	18,066	(347,172)	-
Additions	26,458	-	62,737	155,699	23,959	35,450	425,698	730,001
Disposal	(642)	(255)	(7,360)	(6,016)	(4,213)	(672)	-	(19,158)
Deemed disposal of a subsidiary	-	-	(48,899)	(82,918)	(1,381)	(2,295)	-	(135,493)
Release of inter-company interest capitalised on deemed disposal of a subsidiary	-	-	-	12,885	-	-	-	12,885
Written off	-	-	(1,443)	(1,897)	(8,331)	(1,369)	(1,047)	(14,087)
Currency translation differences	40,671	2,160	88,822	264,539	22,381	24,720	31,014	474,307
At 30 September 2015	**804,492**	**252,932**	**1,168,623**	**3,933,493**	**384,000**	**388,780**	**562,930**	**7,495,250**
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**
Disposal	**(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**
Accumulated depreciation/amortisation and impairment losses								
At 1 October 2014								
Accumulated depreciation/amortisation	-	56,561	411,689	1,257,973	258,889	188,548	-	2,173,660
Accumulated impairment losses	-	-	3,228	47,113	-	2,580	-	52,921
	-	56,561	414,917	1,305,086	258,889	191,128	-	2,226,581
Depreciation/Amortisation charge	-	3,109	62,143	205,660	37,770	31,971	-	340,653
Disposal	-	(17)	(7,355)	(4,455)	(3,344)	(609)	-	(15,780)
Deemed disposal of a subsidiary	-	-	(5,753)	(8,723)	(700)	(837)	-	(16,013)
Release of inter-company interest capitalised on deemed disposal of a subsidiary	-	-	-	246	-	-	-	246
Written off	-	-	(1,030)	(711)	(8,329)	(1,196)	-	(11,266)
Currency translation differences	-	161	29,232	90,903	16,026	16,782	-	153,104
At 30 September 2015								
Accumulated depreciation/amortisation	**-**	**59,814**	**488,495**	**1,540,637**	**300,312**	**234,541**	**-**	**2,623,799**
Accumulated impairment losses	**-**	**-**	**3,659**	**47,369**	**-**	**2,698**	**-**	**53,726**
	-	**59,814**	**492,154**	**1,588,006**	**300,312**	**237,239**	**-**	**2,677,525**
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**
Disposal	**-**	**-**	**(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**
Carrying amounts								
At 1 October 2014	738,005	194,466	568,589	2,053,415	87,550	123,752	454,437	4,220,214
At 30 September 2015	804,492	193,118	676,469	2,345,487	83,688	151,541	562,930	4,817,725
At 30 September 2016	**847,330**	**181,197**	**753,720**	**2,840,876**	**72,808**	**165,648**	**205,120**	**5,066,699**

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 2015								
Cost	721,361	144,888	1,168,541	3,933,493	384,000	388,780	562,930	7,303,993
Valuation	83,131	108,044	82	-	-	-	-	191,257
	804,492	252,932	1,168,623	3,933,493	384,000	388,780	562,930	7,495,250
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**

	2016 RM'000	2015 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	**376,582**	325,770
Amortisation of leasehold land	**3,092**	3,079
	379,674	328,849
Capitalised in biological assets	**8,052**	11,804
	387,726	340,653

The impairment loss of the Group amounting to RM8,096,000 (2015: Nil) was due to the cessation of a subsidiary's operations during the financial year. The impairment was included in other operating expenses.

Impairment testing

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

Key assumptions used in the value in use calculations are:

(i) the pre-tax discount rates which are the weighted average cost of capital used ranged from 7.2% to 12.1% (2015: 8.1% to 13.8%);

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

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

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

Company	Freehold Land RM'000	Long Term Leasehold Land RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Capital Work-In-Progress RM'000	Total RM'000
Cost/Valuation								
At 1 October 2014	787,258	239,662	159,849	223,354	83,159	69,039	6,209	1,568,530
Additions	890	-	4,585	4,950	7,861	4,274	6,583	29,143
Reclassification	-	-	3,048	132	-	-	(3,180)	-
Transfer	-	-	504	3,639	27	74	-	4,244
Disposal	(1,100)	(731)	-	-	(979)	(21)	-	(2,831)
Written off	-	-	(194)	(708)	(2,530)	(292)	(47)	(3,771)
At 30 September 2015	**787,048**	**238,931**	**167,792**	**231,367**	**87,538**	**73,074**	**9,565**	**1,595,315**
Additions	**-**	**-**	**3,562**	**3,584**	**5,095**	**1,943**	**4,020**	**18,204**
Reclassification	**-**	**-**	**5,415**	**5,556**	**-**	**50**	**(11,021)**	**-**
Disposal	**(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**
Accumulated depreciation/amortisation								
At 1 October 2014	-	22,933	105,909	151,393	68,581	48,130	-	396,946
Depreciation/Amortisation charge	-	3,099	6,459	15,057	6,853	6,288	-	37,756
Transfer	-	-	214	3,459	(24)	75	-	3,724
Disposal	-	(32)	-	-	(694)	(20)	-	(746)
Written off	-	-	(188)	(665)	(2,528)	(276)	-	(3,657)
At 30 September 2015	**-**	**26,000**	**112,394**	**169,244**	**72,188**	**54,197**	**-**	**434,023**
Depreciation/Amortisation charge	**-**	**3,099**	**6,575**	**12,861**	**7,236**	**5,406**	**-**	**35,177**
Disposal	**-**	**-**	**(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**
Carrying amounts								
At 1 October 2014	787,258	216,729	53,940	71,961	14,578	20,909	6,209	1,171,584
At 30 September 2015	787,048	212,931	55,398	62,123	15,350	18,877	9,565	1,161,292
At 30 September 2016	**782,834**	**209,832**	**57,586**	**57,606**	**13,154**	**15,460**	**2,563**	**1,139,035**
Property, plant and equipment are included at cost or valuation as follows:								
At 30 September 2015								
Cost	710,493	193,486	167,792	231,367	87,538	73,074	9,565	1,473,315
Valuation	76,555	45,445	-	-	-	-	-	122,000
	787,048	238,931	167,792	231,367	87,538	73,074	9,565	1,595,315
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**

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

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

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

The Group has availed itself to the transitional provision when the MASB first issued FRS 116₂₀₀₄ *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	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Freehold land	**20,025**	21,578	**18,031**	19,637
Leasehold land	**26,596**	27,021	**5,046**	5,140
	46,621	48,599	**23,077**	24,777

Certain property, plant and equipment of the Group with a total carrying amount of RM116,799,000 (2015: RM94,599,000) as at end of the current financial year were charged to banks as security for borrowings (Note 35).

The details of the properties held by the Group are shown on pages 168 to 174.

13. PREPAID LEASE PAYMENTS

	2016			2015		
	Long Term Leasehold Land RM'000	**Short Term Leasehold Land RM'000**	**Total RM'000**	Long Term Leasehold Land RM'000	Short Term Leasehold Land RM'000	Total RM'000
Group						
Cost						
At beginning of the year	**31,894**	**316,892**	**348,786**	31,894	274,595	306,489
Additions	**14,732**	**11,792**	**26,524**	-	23,652	23,652
Deemed disposal of a subsidiary	**-**	**-**	**-**	-	(419)	(419)
Currency translation differences	**-**	**2,121**	**2,121**	-	19,064	19,064
At end of the year	**46,626**	**330,805**	**377,431**	31,894	316,892	348,786
Accumulated amortisation and impairment losses						
At beginning of the year						
Accumulated amortisation	**4,024**	**39,448**	**43,472**	3,606	31,856	35,462
Accumulated impairment losses	**-**	**19,759**	**19,759**	-	19,759	19,759
	4,024	**59,207**	**63,231**	3,606	51,615	55,221
Amortisation charge	**582**	**6,392**	**6,974**	418	6,083	6,501
Deemed disposal of a subsidiary	**-**	**-**	**-**	-	(395)	(395)
Currency translation differences	**2**	**156**	**158**	-	1,904	1,904
At end 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
At end of the year	**4,608**	**65,755**	**70,363**	4,024	59,207	63,231
Carrying amounts	**42,018**	**265,050**	**307,068**	27,870	257,685	285,555

	2016 Short Term Leasehold Land RM'000	2015 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	**741**	720
Amortisation charge	**21**	21
At end of the year	**762**	741
Carrying amounts	**742**	763

The Memorandum of Transfer of a long term leasehold land in favour of a subsidiary, KLK Bioenergy Sdn Bhd with carrying amount of RM2,961,000 (2015: RM3,012,000), 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 168 to 174.

14. BIOLOGICAL ASSETS

	Group		Company	
	2016 **RM'000**	2015 RM'000	**2016** **RM'000**	2015 RM'000
Plantation development expenditure (included under non-current assets)				
Cost/Valuation				
At beginning of the year	**2,677,293**	2,302,798	**726,336**	727,393
Additions	**175,853**	210,176	**-**	-
Transfer to plasma plantation project	**-**	(3,780)	**-**	-
Disposal	**(8,182)**	(800)	**(8,182)**	(1,057)
Written off	**(70)**	-	**-**	-
Currency translation differences	**62,485**	168,899	**-**	-
At end of the year	**2,907,379**	2,677,293	**718,154**	726,336
Accumulated amortisation				
At beginning of the year	**285,006**	221,737	**-**	-
Amortisation charge	**57,556**	48,502	**-**	-
Currency translation differences	**16,639**	14,767	**-**	-
At end of the year	**359,201**	285,006	**-**	-
Carrying amounts	**2,548,178**	2,392,287	**718,154**	726,336
Biological assets are included at cost or valuation as follows:				
Cost	**2,668,685**	2,430,458	**515,859**	515,901
Valuation	**238,694**	246,835	**202,295**	210,435
	2,907,379	2,677,293	**718,154**	726,336

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

The Group has availed itself to the transitional provision when the MASB first issued FRS 116_{2004} *Property, Plant and Equipment* in 2000, and accordingly, the carrying amounts of these revalued biological assets have been retained on the basis of these valuations as though they have never been revalued. The carrying amounts of revalued biological assets of the Group and of the Company, had these assets been carried at cost less accumulated amortisation were RM108,492,000 (2015: RM112,621,000) and RM72,502,000 (2015: RM76,631,000) respectively.

	Group 2016 RM'000	Group 2015 RM'000
Biological assets (included under current assets)		
At net realisable value		
Growing crops	**40,170**	28,603
Livestock	**3,527**	3,996
	43,697	32,599

15. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2016 RM'000	Group 2015 RM'000
Freehold land at cost		
At beginning of the year	**190,810**	191,347
Additions	**883,076**	6
Disposal	**-**	(543)
At end of the year	**1,073,886**	190,810
Development expenditure at cost		
At beginning of the year	**35,543**	26,579
Additions	**20,883**	8,969
Disposal	**-**	(5)
At end of the year	**56,426**	35,543
Total	**1,130,312**	226,353

The details of the land held for property development by the Group are shown on page 173.

16. GOODWILL ON CONSOLIDATION

	Group 2016 RM'000	Group 2015 RM'000
Cost		
At beginning of the year	**330,137**	286,969
Impairment loss (Note 5)	**(952)**	-
Currency translation differences	**(7,524)**	43,168
At end of the year	**321,661**	330,137

Impairment of goodwill in the financial year was due to the cessation of a subsidiary's operations during the financial year and was included in other operating expenses.

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

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

17. INTANGIBLE ASSETS

	Group 2016 RM'000	Group 2015 RM'000
Cost		
At beginning of the year	**59,515**	46,198
Additions	**5,333**	871
Currency translation differences	**(3,080)**	12,446
At end of the year	**61,768**	59,515
Accumulated amortisation and impairment losses		
At beginning of the year		
Accumulated amortisation	**36,936**	24,908
Accumulated impairment losses	**7,282**	6,052
	44,218	30,960
Amortisation charge	**4,650**	3,843
Currency translation differences	**(2,176)**	9,415
At end of the year		
Accumulated amortisation	**39,543**	36,936
Accumulated impairment losses	**7,149**	7,282
	46,692	44,218
Carrying amounts	**15,076**	15,297

The amortisation of intangible assets amounting to RM4,650,000 (2015: RM3,843,000) 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 2016 RM'000	Company 2015 RM'000
Investments in subsidiaries		
Unquoted shares at cost	**4,146,251**	2,887,769
Impairment in value of investments		
At beginning of the year	**(88,373)**	(79,273)
Impairment loss	**-**	(9,100)
At end of the year	**(88,373)**	(88,373)
	4,057,878	2,799,396
Capital contribution to subsidiaries	**504,371**	622,303
Impairment in capital contribution		
At beginning of the year	**(73,853)**	(55,649)
Currency translation differences	**4,258**	(18,204)
At end of the year	**(69,595)**	(73,853)
	434,776	548,450
Total investments in subsidiaries	**4,492,654**	3,347,846

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

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

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

Details of the subsidiaries are shown in Note 42.

Amounts owing by subsidiaries

	Company	
	2016	2015
	RM'000	RM'000
Non-current assets	**1,282,763**	933,621
Current assets	**139,501**	754,106
	1,422,264	1,687,727

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 RM1,282,763,000 (2015: RM830,152,000) under non-current assets and RM95,840,000 (2015: RM646,672,000) under current assets which are subject to interest charge ranging from 1.8% to 7.0% (2015: 2.0% to 7.0%) per annum.

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

19. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Shares at cost				
In unquoted corporations	**80,820**	82,511	**25,725**	25,725
Post-acquisition reserves	**57,983**	53,399	**-**	-
	138,803	135,910	**25,725**	25,725
Amount owing by an associate	**-**	18,583	**-**	-
	138,803	154,493	**25,725**	25,725

The Group does not have any associate which is individually material to the Group as at 30 September 2016 and 30 September 2015.

	Group	
	2016	2015
	RM'000	RM'000
Summary of financial information of associates:		
Non-current assets	**972,199**	146,588
Current assets	**366,315**	428,091
Non-current liabilities	**(17,599)**	(28,380)
Current liabilities	**(180,137)**	(233,520)
Revenue	**567,622**	549,204
(Loss)/Profit for the year	**(8,612)**	24,217

In previous financial year, the amount owing by an associate, denominated in United States Dollar, was advanced by an overseas subsidiary which was incorporated in British Virgin Islands. This amount was non-trade, unsecured with no fixed term of repayment and non-interest bearing.

Details of the associates are shown in Note 42.

20. INVESTMENTS IN JOINT VENTURES

	Group	
	2016	2015
	RM'000	RM'000
Shares at cost		
In unquoted corporations	**59,257**	4,817
Post-acquisition reserves	**(25,740)**	(14,975)
	33,517	(10,158)
Amounts owing by joint ventures	**139,867**	154,816
	173,384	144,658

Rainbow State Ltd, a previous associate of the Group, became a joint venture of the Group during the year after the increase in the Group's shareholdings in this company as disclosed in Note 42.

The Group does not have any joint venture which is individually material to the Group as at 30 September 2016 and 30 September 2015.

	Group 2016 RM'000	Group 2015 RM'000
Summary of financial information of joint ventures:		
Non-current assets	**181,552**	145,752
Current assets	**316,196**	254,969
Non-current liabilities	**(227,926)**	(310,661)
Current liabilities	**(202,787)**	(110,377)
Revenue	**883,014**	689,761
Profit/(Loss) for the year	**8,273**	(28,501)

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	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Shares at cost				
In unquoted corporations	**30,847**	33,222	**359**	359
Shares at fair value				
In Malaysia quoted corporations	**33,726**	33,280	**-**	-
In overseas quoted corporations	**1,549,897**	1,720,977	**503,197**	574,816
	1,583,623	1,754,257	**503,197**	574,816
	1,614,470	1,787,479	**503,556**	575,175
Impairment in value of investments				
At beginning of the year	**(5,837)**	(4,751)	**-**	-
Impairment loss	**(1,548)**	(1,396)	**-**	-
Reversal of impairment	**485**	310	**-**	-
At end of the year	**(6,900)**	(5,837)	**-**	-
	1,607,570	1,781,642	**503,556**	575,175
Market value of shares				
In quoted corporations	**1,576,723**	1,748,420	**503,197**	574,816

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% (2015: 8%) per annum.

23. DEFERRED TAXATION

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

	Liabilities		Assets		Net	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000	**2016 RM'000**	2015 RM'000
Group						
Property, plant and equipment						
Capital allowances	**(59,203)**	206,369	**(15,519)**	(16,453)	**(74,722)**	189,916
Revaluation	**94,238**	105,108	**-**	-	**94,238**	105,108
Unutilised tax losses	**-**	-	**(132,536)**	(110,356)	**(132,536)**	(110,356)
Derivative financial instruments	**2,809**	-	**-**	(8,533)	**2,809**	(8,533)
Other items	**6,977**	4,915	**(96,020)**	(70,609)	**(89,043)**	(65,694)
Tax liabilities/(assets)	**44,821**	316,392	**(244,075)**	(205,951)	**(199,254)**	110,441
Set off of tax	**210,155**	(58,438)	**(210,155)**	58,438	**-**	-
Net tax liabilities/(assets)	**254,976**	257,954	**(454,230)**	(147,513)	**(199,254)**	110,441

	Liabilities		Assets		Net	
	2016	2015	**2016**	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Company						
Property, plant and equipment						
Capital allowances	**7,998**	10,620	**-**	-	**7,998**	10,620
Revaluation	**3,350**	3,350	**-**	-	**3,350**	3,350
Other items	**-**	-	**(11,035)**	(12,479)	**(11,035)**	(12,479)
Tax liabilities/(assets)	**11,348**	13,970	**(11,035)**	(12,479)	**313**	1,491
Set off of tax	**(11,035)**	(12,479)	**11,035**	12,479	**-**	-
Net tax liabilities	**313**	1,491	**-**	-	**313**	1,491

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

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

	Property, Plant and Equipment		Other Taxable	Unutilised	Unabsorbed	Derivatives	Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Tax Losses	Capital Allowances	Financial Instruments	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
At 1 October 2014	203,933	101,947	1,314	(85,358)	(16,042)	(1,196)	(76,416)	128,182
Recognised in profit or loss	(2,079)	(3,917)	3,308	(18,731)	(373)	(7,190)	2,908	(26,074)
Recognised in equity	-	-	-	-	-	-	(3,111)	(3,111)
Deemed disposal of a subsidiary	1,473	-	-	10,039	-	-	202	11,714
Changes in tax rate	(3,613)	631	-	306	300	(145)	545	(1,976)
Under/(Over)-provision in respect of previous years	88	-	(399)	(5,812)	256	-	13,387	7,520
Currency translation differences	6,567	6,447	692	(10,800)	(594)	(2)	(8,124)	(5,814)
At 30 September 2015	**206,369**	**105,108**	**4,915**	**(110,356)**	**(16,453)**	**(8,533)**	**(70,609)**	**110,441**
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)**

	Property, Plant and Equipment		Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000
Company				
At 1 October 2014	10,950	3,350	(10,259)	4,041
Recognised in profit or loss	110	-	(2,632)	(2,522)
Change in tax rate	(440)	-	412	(28)
At 30 September 2015	**10,620**	**3,350**	**(12,479)**	**1,491**
Recognised in profit or loss	**(2,622)**	**-**	**1,444**	**(1,178)**
At 30 September 2016	**7,998**	**3,350**	**(11,035)**	**313**

	Group	
	2016	2015
	RM'000	RM'000
No deferred tax assets/(liabilities) have been recognised for the following items:		
Unabsorbed capital allowances	**297,323**	171,661
Deductible temporary differences	**357**	6,682
Unutilised tax losses	**277,279**	302,640
Property, plant and equipment	**(571,306)**	(450,086)
	3,653	30,897

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 RM243,079,000 (2015: RM239,731,000) do not expire under current tax legislation.

	Group	
	2016	2015
	RM'000	RM'000
Unutilised tax losses of RM34,200,000 (2015: RM62,909,000) will expire as follows under the respective tax legislation of countries in which certain subsidiaries domicile:		
Year of expiry		
2016	**-**	29,649
2017	**11,506**	12,837
2018	**2,192**	-
2019	**4,238**	3,404
2020	**16,264**	17,019
	34,200	62,909

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 RM808,841,000 (2015: RM736,348,000) 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	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Inventories of produce	**1,155,821**	963,656	**25,192**	32,691
Developed property held for sale	**11,802**	8,619	**-**	-
Stores and materials	**473,350**	505,010	**14,025**	14,557
	1,640,973	1,477,285	**39,217**	47,248
At net realisable value				
Inventories of produce	**254,891**	126,336	**3,398**	4,483
Stores and materials	**2,245**	10,189	**-**	-
	257,136	136,525	**3,398**	4,483
	1,898,109	1,613,810	**42,615**	51,731

Inventories recognised in cost of sales of the Group and of the Company were RM13,666,809,000 (2015: RM11,097,781,000) and RM513,429,000 (2015: RM491,463,000) respectively.

25. TRADE RECEIVABLES

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**1,490,114**	1,721,430	**48,975**	29,057
Allowance for impairment losses	**(19,843)**	(23,476)	**-**	-
	1,470,271	1,697,954	**48,975**	29,057
Accrued billings	**-**	13,471	**-**	-
	1,470,271	1,711,425	**48,975**	29,057

Included in the trade receivables are amounts owing by related parties of RM137,499,000 (2015: RM29,264,000).

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				
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**
2015				
Not past due	1,549,961	-	-	1,549,961
Past due 1 - 30 days	111,030	-	-	111,030
Past due 31 - 60 days	17,009	-	-	17,009
Past due 61 - 90 days	8,615	-	-	8,615
Past due 91 - 120 days	1,471	44	-	1,427
Past due more than 120 days	33,344	23,432	-	9,912
	1,721,430	23,476	-	1,697,954
Company				
2016				
Not past due	**48,975**	**-**	**-**	**48,975**
Past due 1 - 30 days	**-**	**-**	**-**	**-**
	48,975	**-**	**-**	**48,975**
2015				
Not past due	28,934	-	-	28,934
Past due 1 - 30 days	123	-	-	123
	29,057	-	-	29,057

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

	Group	
	2016 RM'000	2015 RM'000
At beginning of the year	**23,476**	9,572
Impairment losses	**707**	9,339
Reversal of impairment losses	**(2,942)**	-
Impairment losses written off	**-**	(101)
Currency translation differences	**(1,398)**	4,666
At end of the year	**19,843**	23,476

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

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

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

The Group's normal trade credit term ranges from 7 to 120 (2015: 7 to 120) days. Other credit terms are assessed and approved on a case-by-case basis.

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Other receivables	**381,100**	287,187	**41,682**	53,501
Indirect tax receivables	**198,173**	206,024	**-**	-
Advance payment for purchase of assets in Emery	**-**	199,236	**-**	-
Prepayments	**94,519**	137,561	**1,913**	1,612
Deposit for acquisition of land for property development	**-**	87,120	**-**	-
Refundable deposits	**21,553**	22,595	**506**	501
	695,345	939,723	**44,101**	55,614

On 27 May 2015, the Company via its wholly-owned subsidiary, KLK Emmerich GmbH, entered into a conditional Asset Purchase Agreement with Emery Oleochemical GmbH ("Emery") to acquire, for cash, Emery's oleochemical assets and business in Holthausen, Dusseldorf, Germany at a purchase price of Euro39.8 million. An advance was paid for the purchase of assets in Emery amounted to RM199,236,000 as at 30 September 2015. This transaction was completed on 1 October 2015.

27. PROPERTY DEVELOPMENT COSTS

	Group	
	2016	2015
	RM'000	RM'000
Property development costs comprise:		
Land costs	**11,083**	11,083
Development costs	**123,502**	59,069
	134,585	70,152
Costs incurred during the year		
Development costs	**98,136**	64,433
	232,721	134,585
Costs recognised as an expense in profit or loss:		
Previous years	**(74,621)**	(15,836)
Current year	**(71,926)**	(58,785)
Transfer to inventories	**(2,711)**	-
	83,463	59,964

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			
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)**
2015			
Forward foreign exchange contracts	(874,878)	2,987	(134,891)
Commodities future contracts	4,221	312,720	(221,588)
Total derivative financial instruments		315,707	(356,479)

	Contract/Notional Amount Net long/(short) RM'000	Assets RM'000	Liabilities RM'000
Company			
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)**
2015			
Forward foreign exchange contracts	(26,314)	-	(4,022)
Commodities future contracts	(60,616)	-	(8,760)
Total derivative financial instruments		-	(12,782)

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	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Deposits with licensed banks	**194,520**	-	**6,301**	-
Fixed income trust funds, at fair value through profit or loss	**835,191**	-	**835,191**	-
	1,029,711	-	**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	
	2016	2015	**2016**	2015
Deposits with licensed banks	**1.25% to 7.75%**	-	**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	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Maturities above 3 months to 1 year				
Deposits with licensed banks	**194,520**	-	**6,301**	-
Fixed income trust funds	**835,191**	-	**835,191**	-
	1,029,711	-	**841,492**	-

Deposit with licensed bank of the Group amounting to RM18,261,000 (2015: Nil) as at 30 September 2016 has been pledged for a banking facility granted to an outside party for the purpose of the "Kredit Koperasi Primer untuk Anggotanya" scheme in Indonesia.

30. CASH AND CASH EQUIVALENTS

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Deposits with licensed banks	**478,258**	776,657	**54,075**	55,452
Fixed income trust funds, at fair value through profit or loss	**286,934**	1,016,477	**146,696**	770,441
Cash and bank balances	**205,168**	290,024	**3,085**	1,588
	970,360	2,083,158	**203,856**	827,481

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 is RM16,041,000 (2015: RM13,415,000) 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 2016	Group 2015	Company 2016	Company 2015
Deposits with licensed banks	**0.01% to 9.00%**	0.01% to 9.25%	**0.45% to 2.85%**	0.01% to 3.10%
Fixed income trust funds	**3.17% to 4.00%**	3.62% to 3.92%	**3.17% to 4.00%**	3.62% to 3.92%

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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Maturities of 3 months or below				
Deposits with licensed banks	**478,258**	776,657	**54,075**	55,452
Fixed income trust funds	**286,934**	1,016,477	**146,696**	770,441
	765,192	1,793,134	**200,771**	825,893

Deposit with licensed bank of the Group amounted to RM17,329,000 as at end of previous reporting date had been pledged for a banking facility granted to an outside party for the purpose of the "Kredit Koperasi Primer untuk Anggotanya" scheme in Indonesia.

31. SHARE CAPITAL

	Group and Company 2016 Number of Shares	2016 RM'000	2015 Number of Shares	2015 RM'000
Shares of RM1 each				
Authorised				
At 1 October and 30 September	**5,000,000,000**	**5,000,000**	5,000,000,000	5,000,000
Issued and fully paid				
At 1 October and 30 September	**1,067,504,692**	**1,067,505**	1,067,504,692	1,067,505

Of the total 1,067,504,692 issued and fully paid shares, 2,539,000 (2015: 2,539,000) are held as treasury shares by the Company. As at 30 September 2016, the number of outstanding shares in issue and fully paid is 1,064,965,692 (2015: 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 17 February 2016. 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 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-distributable				
Capital reserve	**204,048**	204,048	**-**	-
Revaluation reserve	**78,725**	79,067	**33,869**	34,211
Exchange fluctuation reserve	**442,630**	533,068	**-**	-
Capital redemption reserve	**62,007**	59,840	**285**	285
Fair value reserve	**702,441**	878,724	**424,759**	496,378
Retained earnings – cost of treasury shares	**13,447**	13,447	**13,447**	13,447
	1,503,298	1,768,194	**472,360**	544,321
Distributable				
Capital reserve	**818,480**	815,211	**1,087,296**	1,087,296
Retained earnings	**7,068,733**	6,028,944	**3,644,444**	2,965,896
	7,887,213	6,844,155	**4,731,740**	4,053,192
	9,390,511	8,612,349	**5,204,100**	4,597,513

Included under the non-distributable reserves is an amount of RM13,447,000 (2015: 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 (2015: 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 2016 RM'000	Group 2015 RM'000
Government grants		
At cost		
At beginning of the year	**132,601**	109,362
Received during the year	**11,741**	17,121
Currency translation differences	**(519)**	6,118
At end of the year	**143,823**	132,601
Accumulated amortisation		
At beginning of the year	**12,719**	2,910
Amortisation charge	**6,397**	5,522
Currency translation differences	**(286)**	4,287
At end of the year	**18,830**	12,719
Carrying amounts	**124,993**	119,882
Deferred income is disclosed under:		
Non-current liabilities	**118,665**	113,154
Current liabilities	**6,328**	6,728
	124,993	119,882

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	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Present value of funded obligations	**240,890**	234,374	**-**	-
Fair value of plan assets	**(201,634)**	(210,706)	**-**	-
	39,256	23,668	**-**	-
Unfunded obligations	**456,638**	332,895	**24,148**	23,406
Present value of net obligations	**495,894**	356,563	**24,148**	23,406

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 2016.

(iv) A subsidiary in Switzerland, Kolb Distribution Ltd, makes contributions to a funded defined benefit plan that provides pension benefits for employees upon retirement. The assets of the plan are held as a segregated fund and administered by trustees.

This funded defined benefit obligation is determined by an independent qualified actuary on an annual basis. The last actuarial valuation was on 30 June 2016 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 2016. The plan assets are stated at their market value as at 30 September 2016.

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 RM18,853,000 in contributions to be paid to the defined benefit plans in the next financial year.

Movement in Net Defined Benefit Liabilities	Present Value of Funded Obligations RM'000	Unfunded Obligations RM'000	Fair Value of Plan Assets RM'000	Present Value of Net Obligations RM'000
Group				
At 1 October 2014	154,791	272,043	(145,171)	281,663
Included in profit or loss				
Service cost	6,575	27,378	-	33,953
Past service cost	(5,506)	-	-	(5,506)
Interest cost/(income)	2,889	-	(2,716)	173
	3,958	27,378	(2,716)	28,620
Included in other comprehensive income				
Remeasurement loss				
Actuarial loss from:				
- Financial assumptions	11,804	3,731	-	15,535
- Experience assumptions	2,351	585	-	2,936
Return on plan assets excluding interest income	-	-	631	631
	14,155	4,316	631	19,102
Other				
Contribution paid by employer	-	(17,180)	(7,850)	(25,030)
Employee contributions	5,592	-	(5,592)	-
Benefits paid	3,701	-	(3,701)	-
Deemed disposal of a subsidiary	-	(206)	-	(206)
Currency translation differences	52,177	46,544	(46,307)	52,414
At 30 September 2015	**234,374**	**332,895**	**(210,706)**	**356,563**
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**

On 1 January 2015, new regulations became effective in Switzerland which mainly enacted reduction of the conversion rates and increase of the annual savings contributions for the defined benefit plan in Switzerland. A past service credit was recognised in the profit or loss.

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 loss of RM61,382,000 (2015: loss RM15,991,000) recognised in the other comprehensive income is net of deferred tax of RM22,671,000 (2015: RM3,111,000) (Note 23).

	Group 2016 RM'000	Group 2015 RM'000
Plan assets		
Plan assets comprise:		
Equity funds quoted in Switzerland	**60,228**	60,416
Equity funds quoted in the United States of America	**8,334**	7,981
Bond funds quoted in Switzerland	**91,162**	99,032
Real estate funds quoted in Switzerland	**34,684**	36,146
Cash and cash equivalents	**5,612**	4,411
Other assets	**1,614**	2,720
	201,634	210,706

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 2016 RM'000	Company 2015 RM'000
Unfunded obligations		
Movement in the unfunded defined benefit obligations		
At beginning of the year	**23,406**	22,283
Benefits paid	**(1,076)**	(1,092)
Expense recognised in profit or loss		
Service cost	**1,818**	2,215
At end of the year	**24,148**	23,406

	Group 2016 %	Group 2015 %
Actuarial Assumptions		
Principal actuarial assumptions of the funded plan operated by the subsidiary in Switzerland (expressed as weighted averages):		
Discount rates	**0.3**	1.0
Future salary increases	**1.5**	1.5
Principal assumptions of the unfunded plan used by plantations subsidiaries in Indonesia:		
Discount rate	**8.8**	9.0
Future salary increases	**6.0 to 7.0**	4.5 to 7.0
Principal actuarial assumptions of the unfunded plan operated by the subsidiary in Germany:		
Discount rate	**1.1**	2.2
Future salary increase	**2.5**	2.5
Future pension increase	**1.8**	1.8

As at end of the reporting period, the weighted average duration of the funded defined benefit obligation was 16.7 years (2015: 15.4 years).

Sensitivity analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Group Defined Benefit Obligation	
	Increase RM'000	**Decrease RM'000**
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)**
2015		
Discount rate (0.25% movement)	(16,271)	17,524
Future salary growth (0.25% movement)	2,932	(2,847)
Life expectancy (1 year movement)	18,027	(18,085)

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	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Non-Current				
Secured				
Term loan	**11,424**	1,286	**-**	-
Unsecured				
Term loans	**356,384**	279,935	**-**	-
Islamic medium term notes	**2,600,000**	2,400,000	**2,600,000**	2,400,000
	2,956,384	2,679,935	**2,600,000**	2,400,000
	2,967,808	2,681,221	**2,600,000**	2,400,000
Current				
Secured				
Term loan	**7,899**	1,001	**-**	-
Unsecured				
Bank overdrafts	**40,710**	27,168	**-**	-
Term loans	**82,459**	186,623	**-**	-
Export credit refinancing	**287,125**	135,920	**-**	-
Bankers' acceptance	**433,741**	554,717	**-**	-
Revolving credit	**126,934**	193,918	**-**	-
Trade financing	**293,354**	813,493	**-**	-
Islamic medium term notes	**300,000**	-	**300,000**	-
	1,564,323	1,911,839	**300,000**	-
	1,572,222	1,912,840	**300,000**	-
Total borrowings	**4,540,030**	4,594,061`	**2,900,000**	2,400,000

(a) During the financial year ended 30 September 2012, the Company had issued RM300 million 5 years Sukuk Ijarah Islamic Medium Term Notes under the RM300 million Sukuk Ijarah Islamic Commercial Paper ("ICP") and Medium Term Notes ("IMTN") Programme ("1st Programme") at par with a profit of 3.88% per annum.

Salient features of the 1st Programme are as follows:

- Total outstanding nominal value of the ICP and IMTN (collectively known as "Notes") shall not exceed RM300 million.
- The tenure of the 1st Programme is up to 5 years from the date of the first issuance of any Notes under the 1st Programme.
- The ICP will be issued at a discount to the nominal value and has a maturity of either 1, 2, 3, 6, 9 or 12 months and on condition that the maturity dates of the ICP do not exceed the tenure of the 1st Programme. There will not be profit payable on the ICP issued under the 1st Programme in view that they are issued at a discount.

- The IMTN may be issued at a discount or at par to the nominal value and has a maturity of more than 1 year and up to 5 years and on condition that the maturity dates of the IMTN do not exceed the tenure of the 1st Programme. The IMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. The profit is payable semi-annually in arrears from the date of issue of the IMTN with the last profit payment to be made on the maturity dates.
- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the 1st Programme.

The RM300 million IMTN under the 1st Programme was redeemed in October 2016 and this amount was reclassified to current liabilities as at 30 September 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, the Company has 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 RM116,799,000 (2015: RM94,599,000) as at 30 September 2016.

(e) Certain unsecured term loans, bank overdrafts and revolving credit are supported by corporate guarantees of RM610.6 million (2015: RM682.6 million) issued by the Company. The bank overdraft facilities are renewable annually.

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

	Group		Company	
	2016	2015	**2016**	2015
Bank overdrafts	**0.33% to 0.34%**	0.60% to 1.94%	**-**	-
Term loans	**1.12% to 2.86%**	1.12% to 4.65%	**-**	4.65%
Trade financing	**0.66% to 1.67%**	0.63% to 1.02%	**-**	-
Export credit refinancing	**3.40% to 3.80%**	3.60% to 3.80%	**-**	-
Bankers' acceptance	**3.04% to 4.30%**	3.37% to 4.59%	**-**	-
Revolving credit	**1.00% to 4.53%**	1.00% to 2.55%	**4.53%**	-
Islamic medium term notes	**3.88% to 4.65%**	3.88% to 4.58%	**3.88% to 4.65%**	3.88% to 4.58%

(g) An amount of RM760,224,000 (2015: RM1,474,500,000) 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	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Trade payables	**643,876**	713,581	**10,545**	5,883
Progress billings	**13,283**	80	**-**	-
	657,159	713,661	**10,545**	5,883

The normal trade credit terms granted to the Group ranging from 7 to 90 (2015: 7 to 90) days.

37. OTHER PAYABLES

	Group		Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Other payables	**390,909**	444,388	**49,847**	134,997
Accruals	**286,348**	215,544	**54,212**	42,051
Indirect tax payables	**7,758**	44,268	**1,748**	2,456
	685,015	704,200	**105,807**	179,504

Included under other payables of the Group and of the Company as at 30 September 2015 was an amount of RM87,120,000 being deposit received from an associate for the purchase of land from the Company. This transaction was completed on 1 October 2015.

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	
	2016	2015
	RM'000	RM'000
Sale of goods to subsidiaries	**143,829**	171,044
Purchase of goods from subsidiaries	**9,461**	11,458
Commission received from a subsidiary	**1,853**	1,846
Interest received from subsidiaries	**52,071**	50,109
Rental received from a subsidiary	**600**	600
Management fees paid to subsidiaries	**5,811**	5,729
License fees paid to subsidiaries	**11,446**	12,978

(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	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
(i) Transactions with associates and joint ventures				
Sale of goods	**5,029**	3,301	**-**	-
Purchase of goods	**874,566**	3,563	**2,136**	3,193
Service charges paid	**2,414**	3,350	**953**	950
Research and development services paid	**13,218**	11,254	**13,218**	11,254
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest				
Sale of goods				
PT Satu Sembilan Delapan	**22,011**	21,751	**-**	-
Siam Taiko Marketing Co Ltd	**3,592**	2,149	**-**	-
Taiko Marketing Sdn Bhd	**5,503**	5,612	**-**	-
Taiko Marketing (Singapore) Pte Ltd	**4,939**	2,975	**-**	-
Storage tanks rental received				
Taiko Marketing Sdn Bhd	**3,077**	2,826	**-**	-
Barge rental received				
PT Satu Sembilan Delapan	**347**	2,351	**-**	-
Purchase of goods				
Borneo Taiko Clay Sdn Bhd	**4,776**	4,228	**-**	-
Bukit Katho Estate Sdn Bhd	**3,336**	3,061	**3,336**	3,061
Kampar Rubber & Tin Co Sdn Bhd	**7,531**	8,617	**7,531**	8,617
Kekal & Deras Sdn Bhd	**1,312**	1,335	**1,312**	1,335
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	**2,153**	2,709	**-**	-
Malay Rubber Plantations (M) Sdn Bhd	**5,042**	6,382	**5,042**	6,382
P.T. Agro Makmur Abadi	**53,334**	69,984	**-**	-
P.T. Bumi Karyatama Raharja	**1,931**	-	**-**	-
P.T. Safari Riau	**28,350**	31,670	**-**	-
P.T. Satu Sembilan Delapan	**55,525**	66,162	**-**	-
P.T. Taiko Persada Indoprima	**-**	4,554	**-**	-
Taiko Clay Marketing Sdn Bhd	**1,663**	1,915	**-**	-
Taiko Drum Industries Sdn Bhd	**3,339**	2,603	**37**	91
Taiko Fertiliser Marketing Sdn Bhd	**16**	5,728	**16**	571
Taiko Marketing Sdn Bhd	**27,406**	30,194	**-**	-
Yayasan Perak-Wan Yuen Sdn Bhd	**118**	458	**118**	458
Rental of office paid				
Batu Kawan Holdings Sdn Bhd	**4,261**	3,828	**1,369**	1,151
Management fees paid				
Farming Management Services Pty Ltd	**1,832**	1,597	**-**	-
Aircraft operating expenses and management services paid				
Smooth Route Sdn Bhd	**1,641**	1,508	**1,641**	1,508
Supply of contract labour and engineering works				
K7 Engineering Sdn Bhd	**3,436**	3,146	**-**	-

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
(iii) Transactions between subsidiaries and non-controlling interests				
Sale of goods				
Mitsubishi Corporation	**195,152**	86,846	**-**	-
Mitsui & Co Ltd	**314,023**	224,549	**-**	-
Tejana Trading & Management Services Sdn Bhd	**4,830**	2,344	**-**	-
Purchase of goods				
P.T. Eka Dura Indonesia	**23,243**	-	**-**	-
P.T. Letawa	**43,980**	-	**-**	-
P.T. Tanjung Sarana Lestari	**1,220,434**	-	**-**	-

39. CAPITAL COMMITMENTS

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Capital expenditure				
Approved and contracted	**251,874**	191,494	**51,616**	1,165
Approved but not contracted	**626,106**	919,924	**28,724**	48,398
	877,980	1,111,418	**80,340**	49,563
Acquisition of shares in a company				
Approved and contracted	**1,336**	1,268	**-**	-
Acquisition of land for property development				
Approved and contracted	**-**	784,080	**-**	-

40. LEASE COMMITMENTS

	Group 2016 RM'000	Group 2015 RM'000
Lease as a lessee		
Total future minimum lease payments under non-cancellable operating leases are as follows:		
Less than 1 year	**6,395**	9,830
Between 1 and 5 years	**47,636**	54,779
More than 5 years	**116,752**	131,734
	170,783	196,343

41. CONTINGENT LIABILITIES – UNSECURED

(a) The Company has an unsecured contingent liability of RM610.6 million (2015: RM682.6 million) in respect of corporate guarantees given to certain banks for credit facilities utilised by certain subsidiaries at 30 September 2016.

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

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 2016	2015	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

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2016	2015	Principal Activities
PLANTATIONS					
SINGAPORE					
Collingwood Plantations Pte Ltd †	Singapore	Singapore	**51**	51	Investment holding
KLK Agro Plantations Pte Ltd †	Singapore	Singapore	**100**	100	Investment holding
Taiko Cambodia Rubber Pte Ltd †	Singapore	Singapore	**100**	100	Investment holding
Taiko Plantations Pte Ltd †	Singapore	Singapore	**100**	100	Management of plantations
PAPUA NEW GUINEA					
Ang Agro Forest Management Ltd †	Papua New Guinea	Papua New Guinea	**51**	51	Plantation
Kubahi Marine Services Ltd †	Papua New Guinea	Papua New Guinea	**51**	51	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

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2016	2015	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					
Dr. W. Kolb AG †	Switzerland	Switzerland	**100**	100	Manufacturing of non-ionic surfactants and esters
Kolb Distribution Ltd †	Switzerland	Switzerland	**100**	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb Netherlands BV †	Netherlands	Netherlands	**100**	100	Manufacturing of non-ionic surfactants and esters
Kolb Distribution BV †	Netherlands	Netherlands	**100**	100	Distribution of non-ionic surfactants and esters
Kolb France SARL †	France	France	**100**	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb Deutschland GmbH †	Germany	Germany	**100**	100	Distribution of non-ionic surfactants and esters
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
SOAP					
KLK Overseas Investments Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
Standard Soap Company Ltd (In Members' Voluntary Liquidation)	England	England	**-**	100	Liquidated

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2016	2015	Principal Activities
MANUFACTURING					
NUTRACEUTICAL, COSMETOCEUTICAL & PHARMACEUTICAL PRODUCTS					
Davos Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Sales of pharmaceutical and bio-pharmaceutical intermediates and fine chemicals and investment holding
Biogene Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Research collaboration and investment holding
Centros Life Science Pte Ltd †	Singapore	Singapore	**100**	100	Sales of pharmaceutical and bio-pharmaceutical intermediates fine chemicals
STORAGE & DISTRIBUTION					
Stolthaven (Westport) Sdn Bhd	Malaysia	Malaysia	**51**	51	Storing and distribution of bulk liquid
PROPERTIES					
Colville Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-K Holiday Bungalows Sdn Bhd	Malaysia	Malaysia	**100**	100	Operating holiday bungalows
KL-Kepong Complex Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Country Homes Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Property Development Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
KL-Kepong Property Management Sdn Bhd	Malaysia	Malaysia	**100**	100	Property management 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**	-	Dormant
KLK Park Homes Sdn Bhd	Malaysia	Malaysia	**100**	-	Dormant
KLK Retail Centre Sdn Bhd	Malaysia	Malaysia	**100**	-	Dormant
KLK Security Services Sdn Bhd	Malaysia	Malaysia	**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
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

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Effective Ownership Interest and Voting Interest 2016	2015	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	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 2016	2015	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
Rainbow State Ltd	British Virgin Islands	**-***	25.0	Owning and operating of aircraft
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***	-	Owning and operating of aircraft

* On 2 August 2016, KLK Overseas Investments Ltd ("KLKOI"), a wholly-owned subsidiary of the Company, acquired an additional 25% equity interest in Rainbow State Ltd ("Rainbow"), an associate. Subsequent to the said acquisition, KLKOI's shareholdings in Rainbow increased to 50% and KLKOI has rights to the net assets of Rainbow. Accordingly, the Group's investment in Rainbow has been classified as a joint venture.

(b) Acquisitions and disposals of subsidiaries

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.

2015

Purchase of shares from non-controlling interest

In January 2015, KL-Kepong Plantation Holdings Sdn Bhd ("KLKPH"), a wholly-owned subsidiary of the Company, acquired an additional 5% equity interest that it did not already own in PT Kreasijaya Adhikarya ("PT Kreasijaya"). Upon the completion of the acquisition of shares, PT Kreasijaya became a wholly-owned subsidiary of KLKPH.

The effect of the acquisition of 5% equity interest in PT Kreasijaya on the financial position of the Group was summarised below:

	RM'000
Consideration paid	94
Less: Net liabilities acquired from non-controlling interest	(1,577)
Effect of changes in shareholdings in PT Kreasijaya	1,671

Deemed disposal of a subsidiary

KLKPH had on 10 November 2014 entered into a Joint Venture Agreement with PT Astra Agro Lestari Tbk ("PT Astra Agro"), whereby PT Astra Agro would be a 50% shareholder in PT Kreasijaya through the subscription of new shares in PT Kreasijaya.

The subscription of 50% new shares in PT Kreasijaya by PT Astra Agro was completed in January 2015 and PT Kreasijaya had ceased to be a subsidiary of the Group. It is now a joint venture of the Group.

The dilution of the Group's equity interest to 50% with a loss of control in PT Kreasijaya was considered as a deemed disposal of a subsidiary and the surplus on disposal was recognised in profit or loss.

The effect of the deemed disposal of PT Kreasijaya on the financial position of the Group was summarised below:

	RM'000
Property, plant and equipment	119,480
Prepaid lease payments	24
Deferred tax assets	11,714
Inventories	60,691
Trade and other receivables	81,023
Cash and cash equivalents	56,491
Trade and other payables	(318,764)
Derivative financial liabilities	(819)
Provision for retirement benefits	(206)
Total identifiable net assets	9,634
Less: Share of total identifiable net assets by PT Astra Agro	4,817
Group's share of total identifiable net assets after new issue of shares	4,817
Less: Group's share of total identifiable net liabilities before new issue of shares	(31,551)
Accretion in share of total identifiable net assets	36,368
Less: Cost of subscription of new shares	19,783
	16,585
Foreign exchange reserve reclassified to profit or loss	(4,319)
Surplus on deemed disposal of a subsidiary	12,266

Cost of subscription of new shares	19,783
Cash and cash equivalents	56,491
Less: Cash from issuance of new shares	(41,185)
Cash outflow on deemed disposal of a subsidiary	35,089

The dilution of the Group's equity interest in PT Kreasijaya was to leverage on synergies from both parties expertise. The Group will bring in its downstream expertise and PT Astra Agro will provide local market insight to supply sourcing as well as significant supply of good quality raw materials.

Disposal of shares in a subsidiary without loss of control
The Company had on 8 January 2015 together with its wholly-owned subsidiary, KLK Premier Capital Ltd ("KLKPCL") entered into a Share Purchase Agreement with Mitsui & Co Ltd, a company incorporated in Japan ("Mitsui"), for the Company to dispose a 20% equity interest in KLKPCL to Mitsui. KLKPCL owns 100% equity interest in Taiko Palm-Oleo (Zhangjiagang) Co Ltd ("TPOZ").

The disposal of shares was completed on 16 April 2015. The Group's effective shareholdings in KLKPCL and TPOZ was reduced to 80%.

The effect of changes in the equity interest in KLKPCL and TPOZ was summarised below:

	RM'000
Proceeds from disposal of shares	151,632
Less: Decrease in share of net assets in KLKPCL and TPOZ	39,155
Effect of changes in shareholdings in KLKPCL and TPOZ	112,477

The disposal of shares in KLKPCL and TPOZ allows the Company to leverage on Mitsui's business and marketing relationship in the People's Republic of China and the technological expertise in oleochemical downstream manufacturing activities.

(c) Material non-controlling interests
As at 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.

As at 30 September 2015, the Group did not have any subsidiary which had non-controlling interests that were individually material to the Group.

	2016	2015
Non controlling interests' percentage of ownership interest and voting interest in Scope Energy	**40%**	40%

	2016 RM'000	2015 RM'000
Carrying amount of non-controlling interest in Scope Energy	**360,400**	35,319
Profit allocated to non-controlling interest in Scope Energy	**281**	16

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

	2016 RM'000	2015 RM'000
(i) Summarised statement of financial position as at 30 September:		
Non-current assets	**883,590**	-
Current assets	**17,421**	88,662
Current liabilities	**(10)**	(364)
Net assets	**901,001**	88,298
(ii) Summarised statement of comprehensive income for the year ended 30 September:		
Dividend and interest income	**599**	39
Profit for the year	**703**	39
Total comprehensive income	**703**	39
(iii) Summarised cash flows for the year ended 30 September:		
Cash flows from operating activities	**87,082**	(340)
Cash flows from investing activities	**(883,036)**	39
Cash flows from financing activities	**812,000**	344
Net increase in cash and cash equivalents	**16,046**	43

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.

(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
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 profits/(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**

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2015							
Revenue							
Sale to external customers	7,086,247	6,241,324	123,275	125,846	73,299	-	13,649,991
Inter-segment sales	696,380	26	-	190,341	14,738	(901,485)	-
Total revenue	7,782,627	6,241,350	123,275	316,187	88,037	(901,485)	13,649,991
Results							
Operating results	780,327	218,912	49,448	70,714	14,987	-	1,134,388
Interest income	587	3,997	132	73,089	580	(35,083)	43,302
Finance costs	(4,401)	(37,760)	-	(77,508)	(19,921)	35,083	(104,507)
Share of profits/(loss) of equity accounted associates, net of tax	4,541	114	11,582	-	(4,355)	-	11,882
Share of loss of an equity accounted joint venture, net of tax	(14,250)	-	-	-	-	-	(14,250)
Segment results	766,804	185,263	61,162	66,295	(8,709)	-	1,070,815
Corporate income							63,783
Profit before taxation							1,134,598
Tax expense							(250,560)
Profit for the year							884,038
Assets							
Operating assets	6,436,286	6,389,884	450,441	3,053,744	446,717	-	16,777,072
Associates	61,826	5,755	68,466	-	18,446	-	154,493
Joint venture	144,658	-	-	-	-	-	144,658
Segment assets	6,642,770	6,395,639	518,907	3,053,744	465,163	-	17,076,223
Unallocated assets							183,392
Total assets							17,259,615
Liabilities							
Segment liabilities	2,167,840	2,216,412	24,744	2,426,765	9,085	-	6,844,846
Unallocated liabilities							286,659
Total liabilities							7,131,505
Other information							
Depreciation of property, plant and equipment	149,882	165,724	854	221	9,089	-	325,770
Amortisation of leasehold land	2,820	231	-	28	-	-	3,079
Amortisation of prepaid lease payments	5,654	847	-	-	-	-	6,501
Amortisation of biological assets	48,502	-	-	-	-	-	48,502
Non-cash expenses							
Property, plant and equipment written off	1,439	1,382	-	-	-	-	2,821
Retirement benefits provision	20,896	7,724	-	-	-	-	28,620
Amortisation of intangible assets	-	3,843	-	-	-	-	3,843

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
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**
2015						
Capital expenditure	444,425	462,424	2,174	213	54,593	963,829
Land held for property development	-	-	8,975	-	-	8,975
Intangible assets	-	871	-	-	-	871
	444,425	463,295	11,149	213	54,593	973,675

(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

	2016 RM'000	2015 RM'000
Malaysia	**2,242,078**	1,971,249
Far East	**4,686,690**	3,944,472
Middle East	**256,448**	212,514
South East Asia	**3,557,706**	2,607,684
Southern Asia	**1,094,233**	1,078,958
Europe	**3,790,710**	3,104,295
North America	**328,238**	349,376
South America	**101,724**	78,761
Australia	**96,202**	103,093
Africa	**122,926**	89,605
Others	**228,855**	109,984
	16,505,810	13,649,991

(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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Malaysia	**4,587,204**	3,711,086	**159,537**	285,596
Indonesia	**2,385,759**	2,171,878	**265,576**	303,990
Australia	**405,191**	339,700	**70,893**	54,593
People's Republic of China	**400,692**	398,620	**69,042**	139,110
Europe	**1,220,294**	1,070,493	**292,586**	106,275
Liberia	**348,257**	318,554	**55,905**	73,748
Others	**41,597**	57,023	**376**	517
	9,388,994	8,067,354	**913,915**	963,829

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

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					
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**
2015					
Financial assets					
Available-for-sale investments	1,781,642	-	-	1,781,642	-
Trade receivables	1,711,425	1,711,425	-	-	-
Other receivables, net of prepayments	973,852	973,852	-	-	-
Derivative financial assets	315,707	-	315,707	-	-
Fixed income trust funds	1,016,477	-	1,016,477	-	-
Cash, deposits and bank balances	1,066,681	1,066,681	-	-	-
	6,865,784	3,751,958	1,332,184	1,781,642	-
Financial liabilities					
Borrowings	4,594,061	-	-	-	4,594,061
Trade payables	713,661	-	-	-	713,661
Other payables	704,200	-	-	-	704,200
Derivative financial liabilities	356,479	-	356,479	-	-
	6,368,401	-	356,479	-	6,011,922
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**	**-**	**-**	**-**
Amount 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**
Amount owing to subsidiaries	**184,661**	**-**	**-**	**-**	**184,661**
Derivative financial liabilities	**3,128**	**-**	**3,128**	**-**	**-**
	3,204,141	**-**	**3,128**	**-**	**3,201,013**

	Carrying Amounts RM'000	L&R RM'000	FVTPL RM'000	AFS RM'000	FL RM'000
Company					
2015					
Financial assets					
Available-for-sale investments	575,175	-	-	575,175	-
Trade receivables	29,057	29,057	-	-	-
Other receivables, net of prepayments	54,002	54,002	-	-	-
Amount owing by subsidiaries	1,687,727	1,687,727	-	-	-
Fixed income trust funds	770,441	-	770,441	-	-
Cash, deposits and bank balances	57,040	57,040	-	-	-
	3,173,442	1,827,826	770,441	575,175	-
Financial liabilities					
Borrowings	2,400,000	-	-	-	2,400,000
Trade payables	5,883	-	-	-	5,883
Other payables	179,504	-	-	-	179,504
Amount owing to subsidiaries	211,179	-	-	-	211,179
Derivative financial liabilities	12,782	-	12,782	-	-
	2,809,348	-	12,782	-	2,796,566

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Net (losses)/gains on:				
Financial instruments at fair value through profit or loss	**(93,599)**	(60,007)	**-**	-
Available-for-sale investments				
- recognised in other comprehensive income	**(174,557)**	669,592	**(71,619)**	288,644
- reclassified from equity to profit or loss	**1,726**	1,466	**-**	-
	(172,831)	671,058	**(71,619)**	288,644
Loans and receivables	**47,869**	160,385	**-**	-
Financial liabilities measured at amortised cost	**(129,758)**	(170,030)	**-**	-
	(348,319)	601,406	**(71,619)**	288,644

(c) Financial risk management

The Group has exposure to the following risks from the use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

(d) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and investment securities and derivative assets used for hedging. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due the agreed credit periods, which are deemed to have higher credit risk, are monitored individually.

None of the receivables are secured by financial guarantees given by banks, shareholders or directors of the customers.

The exposure of credit risk for trade receivables as at end of the reporting period by business segment was:

	Group		**Company**	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Plantation	**422,996**	771,410	**48,975**	29,057
Manufacturing	**995,418**	884,850	**-**	-
Property development	**48,173**	46,469	**-**	-
Others	**3,684**	8,696	**-**	-
	1,470,271	1,711,425	**48,975**	29,057

(ii) Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group invested in both domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

(iii) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an on-going basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(iv) Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current loans to subsidiaries are not overdue.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains sufficient levels of cash or cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and prudently balances its portfolio with some short and long term funding so as to achieve overall cost effectiveness.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at end of the reporting period based on undiscounted contractual payments:

	Carrying Amounts RM'000	Contractual Interest/ Coupon Rate	Contractual Cash Flows RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
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**
2015							
Borrowings	4,594,061	0.60% to 4.58%	5,389,206	1,920,249	580,298	466,343	2,422,316
Trade payables	713,661	-	713,661	713,661	-	-	-
Other payables	704,200	-	704,200	704,200	-	-	-
Derivative financial liabilities	356,479	-	356,479	356,479	-	-	-
	6,368,401		7,163,546	3,694,589	580,298	466,343	2,422,316
Company							
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**
2015							
Borrowings	2,400,000	3.88% to 4.58%	3,186,175	102,020	390,699	271,140	2,422,316
Trade payables	5,883	-	5,883	5,883	-	-	-
Other payables	179,504	-	179,504	179,504	-	-	-
Derivative financial liabilities	12,782	-	12,782	12,782	-	-	-
Amounts owing to subsidiaries	211,179	-	211,179	211,179	-	-	-
	2,809,348		3,595,523	511,368	390,699	271,140	2,422,316

(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.

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**
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**
2015						
Trade and other receivables	366,399	19,377	247,986	2,729	9,120	21,046
Cash and cash equivalents	178,641	10,431	36,490	23,844	15,296	1
Borrowings	(266,798)	(26,637)	(4,941)	-	-	-
Trade and other payables	(58,681)	(220)	(110,110)	-	(378)	-
Forward exchange contracts	(110,977)	-	(23,563)	-	-	-
Exposure in the statement of financial position	108,584	2,951	145,862	26,573	24,038	21,047

	Denominated in foreign currencies					
	USD	**GBP**	**Euro**	**AUD**	**SGD**	**PGK**
Company	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
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**
2015						
Trade and other receivables	6,876	5,407	-	-	-	-
Cash and cash equivalents	11,417	59	34	46	11,969	-
Amounts owing by subsidiaries	484,763	249,377	172,179	165,052	2,249	34,520
Forward exchange contracts	(4,022)	-	-	-	-	-
Exposure in the statement of financial position	499,034	254,843	172,213	165,098	14,218	34,520

Currency risk sensitivity analysis

The sensitivities of the Group's profit after tax and equity to the possible change in the following foreign currencies against the respective functional currencies of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

A 5% strengthening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2016		2015	
	Profit/(Loss)	**Equity**	Profit/(Loss)	Equity
	RM'000	**RM'000**	RM'000	RM'000
Group				
Functional currency/Foreign currency				
RM/GBP	**(248)**	**(25,160)**	(315)	(28,741)
RM/Euro	**13,591**	**-**	12,597	-
RM/USD	**27,589**	**-**	30,801	-
RM/SGD	**(743)**	**(1,780)**	(725)	(5,250)
RM/Rp	**(1,192)**	**-**	(1,052)	-
CHF/Euro	**(5,969)**	**-**	(6,037)	-
Rmb/USD	**944**	**-**	(1,902)	-
Euro/USD	**(8,628)**	**-**	(7,550)	-
Rp/USD	**4,938**	**-**	9,190	-
USD/GBP	**(604)**	**(41,158)**	559	(47,016)
USD/AUD	**(1,073)**	**-**	(981)	-
USD/HKD	**-**	**-**	-	(556)
USD/RM	**(2,131)**	**-**	(2,299)	-
Company				
Functional currency/Foreign currency				
RM/GBP	**(10,598)**	**(25,160)**	(12,674)	(28,741)
RM/Euro	**(8,146)**	**-**	(8,610)	-
RM/USD	**(30,736)**	**-**	(35,976)	-
RM/SGD	**(645)**	**-**	(561)	-
RM/AUD	**(12,163)**	**-**	(8,254)	-
RM/PGK	**(430)**	**-**	(1,726)	-

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 in interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		**Company**	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Fixed rate instruments				
Financial assets	**1,794,903**	1,793,134	**1,042,263**	825,893
Financial liabilities	**(3,779,806)**	(3,119,561)	**(2,900,000)**	(2,400,000)
	(1,984,903)	(1,326,427)	**(1,857,737)**	(1,574,107)
Floating rate instruments				
Financial assets	**107,976**	133,938	**-**	-
Financial liabilities	**(760,224)**	(1,474,500)	**-**	-
	(652,248)	(1,340,562)	**-**	-

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.

	2016		2015	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
Floating rate instruments				
Increase by 50 basis points	**(2,822)**	**-**	(4,969)	-
Decrease by 50 basis points	**2,822**	**-**	4,969	-

As the Company did not have any floating rate instruments as at 30 September 2016 and 30 September 2015, 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 RM78,542,000 (2015: RM79,121,000) and RM25,160,000 (2015: RM28,741,000) 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:

	2016		2015	
	Profit/(Loss) RM'000	**Equity RM'000**	Profit/(Loss) RM'000	Equity RM'000
Group				
5% increase in commodities prices	**(23,925)**	**-**	2,614	-
5% decrease in commodities prices	**23,925**	**-**	(2,614)	-
Company				
5% increase in commodities prices	**(1,159)**	**-**	(3,471)	-
5% decrease in commodities prices	**1,159**	**-**	3,471	-

(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 approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

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

	2016		2015	
	Carrying Amounts RM'000	**Fair Value RM'000**	Carrying Amounts RM'000	Fair Value RM'000
Group				
Investments in quoted shares	**1,576,723**	**1,576,723**	1,748,420	1,748,420
Fixed income trust funds	**1,122,125**	**1,122,125**	1,016,477	1,016,477
Derivative financial instruments				
Forward foreign exchange contracts	**(24,124)**	**(24,124)**	(131,904)	(131,904)
Commodities future contracts	**(75,208)**	**(75,208)**	91,132	91,132
Other receivable - advance to plasma plantation projects	**205,195**	**205,195**	171,690	171,690
Borrowings	**(4,540,030)**	**(4,540,030)**	(4,594,061)	(4,594,061)
Company				
Investments in quoted shares	**503,197**	**503,197**	574,816	574,816
Fixed income trust funds	**981,887**	**981,887**	770,441	770,441
Amount owing by subsidiaries	**1,422,264**	**1,422,264**	1,687,727	1,687,727
Derivative financial instruments				
Forward foreign exchange contracts	**(631)**	**(631)**	(4,022)	(4,022)
Commodities future contracts	**11**	**11**	(8,760)	(8,760)
Borrowings	**(2,900,000)**	**(2,900,000)**	(2,400,000)	(2,400,000)
Amount owing to subsidiaries	**(184,661)**	**(184,661)**	(211,179)	(211,179)

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 is based on the net assets value of the funds at the end of the reporting period.

Derivatives

The fair value of forward foreign exchange contracts and commodities future contracts is based on their quoted price at the end of the reporting period.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The interest rates used by the Group and the Company to discount estimated cash flows to determine the fair value of borrowings were 0.33% to 4.65% (2015: 0.60% to 4.58%) and 3.88% to 4.65% (2015: 3.88% to 4.58%) respectively.

(h) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2016				
Investments in quoted shares	**1,576,723**	**-**	**-**	**1,576,723**
Fixed income trust funds	**-**	**1,122,125**	**-**	**1,122,125**
Derivative financial instruments				
Forward foreign exchange contracts	**-**	**(24,124)**	**-**	**(24,124)**
Commodities future contracts	**(75,208)**	**-**	**-**	**(75,208)**
	1,501,515	**1,098,001**	**-**	**2,599,516**
2015				
Investments in quoted shares	1,748,420	-	-	1,748,420
Fixed income trust funds	-	1,016,477	-	1,016,477
Derivative financial instruments				
Forward foreign exchange contracts	-	(131,904)	-	(131,904)
Commodities future contracts	91,132	-	-	91,132
	1,839,552	884,573	-	2,724,125
Company				
2016				
Investments in quoted shares	**503,197**	**-**	**-**	**503,197**
Fixed income trust funds	**-**	**981,887**	**-**	**981,887**
Derivative financial instruments				
Forward foreign exchange contracts	**-**	**(631)**	**-**	**(631)**
Commodities future contracts	**11**	**-**	**-**	**11**
	503,208	**981,256**	**-**	**1,484,464**
2015				
Investments in quoted shares	574,816	-	-	574,816
Fixed income trust funds	-	770,441	-	770,441
Derivative financial instruments				
Forward foreign exchange contracts	-	(4,022)	-	(4,022)
Commodities future contracts	(8,760)	-	-	(8,760)
	566,056	766,419	-	1,332,475

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	
	2016 RM'000	2015 RM'000
Total borrowings (Note 35)	**4,540,030**	4,594,061
Less: Short term funds (Note 29)	**(1,029,711)**	-
Less: Cash and cash equivalents (Note 30)	**(970,360)**	(2,083,158)
Net debt	**2,539,959**	2,510,903
Total equity	**11,288,026**	10,128,110*
Net debt-to-equity ratio	**0.23**	0.25*

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

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. EVENT SUBSEQUENT TO REPORTING DATE

On 25 October 2016, the Company made an announcement to the Alternative Investment Market of the London Stock Exchange ("AIM") that it intended to make a cash offer, via its wholly-owned subsidiary, KL-Kepong International Ltd ("KLKI"), to acquire the entire issued and paid-up capital of M.P. Evans Group PLC ("MP Evans"), a company listed on AIM ("Initial Offer") by way of a takeover offer under the UK City Code on Takeovers and Mergers, at a price of 640 pence per MP Evans Share.

Further thereto, on 15 November 2016, the Company announced that it would increase its Initial Offer ("Increased Offer") to a final price of 740 pence per MP Evans Share ("Increased Offer Consideration").

The principal activity of MP Evans is the ownership, management and development of sustainable oil palm estates in Indonesia. Its segments include plantations (predominantly oil palm) in Indonesia (with a residual balance in Malaysia) and property development in Malaysia.

The Increased Offer Consideration values the entire issued and to be issued share capital of MP Evans at approximately GBP415.4 million. The cash consideration payable pursuant to the Increased Offer will be financed through a loan facility provided by The Hongkong and Shanghai Banking Corporation Limited and the Company's internal cash resources.

The Company believes there to be strategic merit in synergizing the operations of MP Evans with the Company's from a geographical and capabilities perspective.

The Increased Offer will not have any effect on the Company's share capital nor the shareholdings of the Company's substantial shareholders.

On the assumption that KLKI receives valid acceptances in respect of, or otherwise acquires, all MP Evans Shares, the effect of the Increased Offer on the net assets, earnings, gearing, gearing ratio and net gearing ratio of the Group for the financial year ending 30 September 2017 will be as follows:-

(i) Net assets – no material effect;

(ii) Earnings – no material effect;

(iii) Gearing – expected to increase from approximately RM4.6 billion to RM6.9 billion;

(iv) Gearing ratio – expected to increase from 0.43 to 0.65; and

(v) Net gearing ratio – expected to increase from 0.23 to 0.45.

The Increased Offer is solely conditional upon valid acceptances being received in respect of MP Evans Shares which carry in aggregate more than 50 percent of the voting rights then normally exercisable at a general meeting of MP Evans ("the Condition").

Subject to the satisfaction of the Condition, completion of the Increased Offer is expected to occur in December 2016.

47. AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors on 8 December 2016.

48. 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	
	2016 RM'000	2015 RM'000	**2016 RM'000**	2015 RM'000
Total retained earnings of the Company and its subsidiaries				
Realised	**7,679,586**	6,517,336	**3,529,225**	2,746,772
Unrealised	**637,076**	322,501	**128,666**	232,571
	8,316,662	6,839,837	**3,657,891**	2,979,343
Total share of retained earnings from associates				
Realised	**68,658**	73,795	**-**	-
Unrealised	**238**	287	**-**	-
	68,896	74,082	**-**	-
Total share of (accumulated loss)/retained earnings from joint ventures				
Realised	**(28,105)**	(24,856)	**-**	-
Unrealised	**10,214**	10,606	**-**	-
	(17,891)	(14,250)	**-**	-
	8,367,667	6,899,669	**3,657,891**	2,979,343
Consolidation adjustments	**(1,285,487)**	(857,278)	**-**	-
Total retained earnings at 30 September	**7,082,180**	6,042,391	**3,657,891**	2,979,343

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

In the opinion of the Directors, the financial statements set out on pages 88 to 157 are drawn up in accordance with the Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2016 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 48 on page 158 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 2016

STATUTORY DECLARATION

I, Fan Chee Kum, being the officer primarily responsible for the financial management of Kuala Lumpur Kepong Berhad, do solemnly and sincerely declare that the financial statements set out on pages 88 to 158 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 2016.)

FAN CHEE KUM

Before me:

CHONG TAT CHEONG
Commissioner for Oaths
Ipoh, Perak Darul Ridzuan,
Malaysia.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KUALA LUMPUR KEPONG BERHAD

Report on the Financial Statements

We have audited the financial statements of Kuala Lumpur Kepong Berhad, which comprise the statements of financial position as at 30 September 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 88 to 157.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 30 September 2016 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 to the financial statements. We have also considered the unaudited financial statements of subsidiaries identified in Note 42 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities
Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 48 on page 158 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards in Malaysia. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matter
This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF-0758
Chartered Accountants

CHEW BENG HONG
Partner
Approval Number: 2920/02/18(J)
Chartered Accountant

Ipoh
8 December 2016

GROUP PROPERTIES & SHAREHOLDINGS

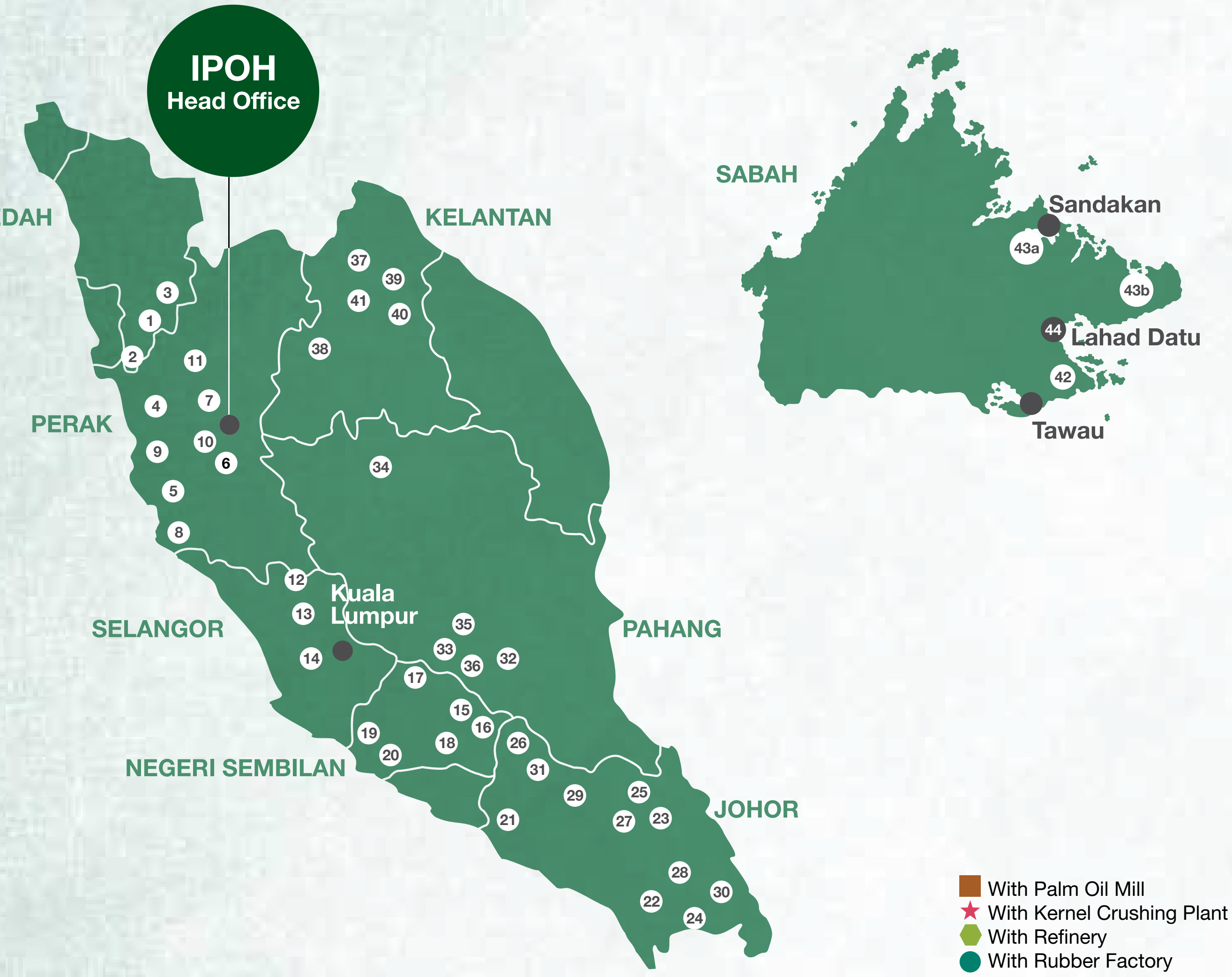
LOCATION OF THE GROUP'S OPERATIONS

As at 30 September 2016

LOCATION OF THE GROUP'S OPERATIONS
As at 30 September 2016

LOCATION OF THE GROUP'S PLANTATION OPERATIONS

As at 30 September 2016



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 ★ ⬢

LOCATION OF THE GROUP'S PLANTATION OPERATIONS

As at 30 September 2016

INDONESIA

Belitung
45. Alam Karya Sejahtera
46 Parit Sembada ■
47. Steelindo Wahana Perkasa ■ ★ ⬢

Sumatra
Riau Region
48. Mandau ■ ★ ⬢
49. Nilo ■ ■
50. Sekarbumi Alamlestari ■

51. **Sumatra Utara Region**
Basilam
Bekiun
Bukit Lawang
Gohor Lama ■
Maryke
Padang Brahrang
Tanjung Beringin
Tanjung Keliling

Kalimantan Tengah
52. Karya Makmur Abadi ■
53. Menteng Jaya Sawit Perdana
54. Mulia Agro Permai ■

Kalimantan Timur
55. Anugrah Surya Mandiri
56. Hutan Hijau Mas ■
57. Jabontara Eka Karsa ■
58. Malindomas Perkebunan

LIBERIA

59. Butaw Estate
60. Palm Bay Estate

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 Kulim	Freehold	–	2,959	Oil palm and rubber estate	–	50,428	1986 1992
Ladang Batu Lintang Serdang	Freehold	–	1,808	Oil palm estate and palm oil mill	 30	28,119	1986
Ladang Buntar Serdang	Freehold	–	547	Oil palm estate	–	13,798	1986
Perak							
Ladang Lekir Manjung	Freehold	–	3,311	Oil palm estate	–	176,147	2008
Ladang Changkat Chermin Manjung	Leasehold	2080	2,530	Oil palm estate and palm oil mill	 33	106,757	2008
Ladang Raja Hitam Manjung	Freehold	–	1,497	Oil palm estate	–	79,151	2008
Ladang Subur Batu Kurau	Freehold	–	1,290	Oil palm estate	–	14,644	1986
Ladang Glenealy Parit	Freehold	–	1,059	Oil palm and rubber estate	–	14,978	1992
Ladang Serapoh Parit	Freehold	–	936	Oil palm and rubber estate	–	9,241	1979* 1992
Ladang Kuala Kangsar Padang Rengas	Freehold Leasehold	– 2896	510 333	Oil palm and rubber estate	–	6,269	1979*
Ladang Allagar Trong	Freehold Leasehold	– 2908	549 256	Oil palm estate	–	12,907	1986
Selangor							
Ladang Changkat Asa Hulu Selangor	Freehold	–	1,541	Oil palm and rubber estate, palm oil mill and rubber factory	 36 41	17,397	1979*
Ladang Tuan Mee Sungai Buloh	Freehold	–	1,488	Oil palm estate and palm oil mill	 43	17,460	1979*
Ladang Kerling Kerling	Freehold	–	1,222	Oil palm and rubber estate	–	53,891	1979* 1985 2002
Negeri Sembilan							
Ladang Ayer Hitam Bahau	Freehold	–	2,640	Oil palm estate	–	38,733	1985
Ladang Batang Jelai Rompin	Freehold	–	2,149	Oil palm and rubber estate	–	32,550	1985
Ladang Jeram Padang Bahau	Freehold	–	2,114	Oil palm and rubber estate, palm oil mill and rubber factory	 27 27	35,353	1985
Ladang Kombok Rantau	Freehold	–	1,910	Oil palm and rubber estate	–	32,010	1985
Ladang Ulu Pedas Pedas	Freehold	–	922	Oil palm estate	–	17,496	1985

* *Year of last revaluation*

PLANTATIONS

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
Ladang Gunong Pertanian Simpang Durian	Leasehold	2077	686	Oil palm estate	–	9,405	1985
Johor							
Ladang Landak Paloh	Leasehold	2068 and 2078	4,451	Oil palm estate	–	40,934	1979*
Ladang Kekayaan Paloh	Leasehold	2068 and 2078	4,436	Oil palm estate and palm oil mill	10	60,708	1979*
Ladang Voules Segamat	Freehold	–	2,969	Oil palm and rubber estate and rubber factory	43	25,452	1979*
Ladang Paloh Paloh	Freehold	–	2,003	Oil palm estate and palm oil mill	44	31,243	1979*
Ladang Fraser Kulai	Freehold	–	1,915	Oil palm estate	–	22,324	1979*
Ladang New Pogoh Segamat	Freehold	–	1,545	Oil palm and rubber estate	–	14,066	1979*
Ladang Sungei Penggeli Bandar Tenggara	Leased property	2087	942	Oil palm estate	–	9,529	1988
Ladang Ban Heng Pagoh, Muar	Freehold	–	631	Oil palm estate	–	8,204	1979*
Ladang Sungai Bekok Bekok	Freehold	–	625	Oil palm estate	–	8,094	1979*
Ladang See Sun Renggam	Freehold	–	589	Oil palm estate	–	9,855	1984
KL-Kepong Edible Oils Pasir Gudang	Leasehold	2045	5	Refinery	33	1,859	1985
Pahang							
Ladang Sungei Kawang Lanchang	Freehold	–	1,889	Oil palm and rubber estate	–	14,934	1979*
Ladang Renjok Bentong	Freehold	–	1,578	Oil palm and rubber estate	–	15,947	1979*
Ladang Tuan Bentong	Freehold Leasehold	– 2030 and 2057	910 443	Oil palm and rubber estate	–	10,046	1979*
Ladang Selborne Padang Tengku, Kuala Lipis	Freehold	–	1,258	Rubber estate and rubber factory	47	16,544	1992
Ladang Kemasul Mengkarak	Freehold	–	459	Rubber estate	–	1,007	1983
Kelantan							
Ladang Kuala Gris Kuala Krai	Freehold	–	2,429	Rubber estate and rubber factory	16	30,497	1992
Ladang Kerilla Tanah Merah	Freehold	–	2,176	Oil palm and rubber estate and rubber factory	41	27,449	1992
Ladang Pasir Gajah Kuala Krai	Freehold Leasehold	– 2907	952 1,155	Oil palm estate and palm oil mill	35	21,965	1981*

* *Year of last revaluation*

PROPERTIES HELD BY THE GROUP

At 30 September 2016

PLANTATIONS

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
Ladang Sungai Sokor Tanah Merah	Freehold	–	1,603	Oil palm and rubber estate	–	17,164	1992
Ladang Kuala Hau Machang	Freehold Leasehold	– 2326	305 242	Rubber estate	–	3,137	1980*
Sabah							
Tawau Region							
Ladang Jatika	Leasehold	Between 2068 and 2083	3,508	Oil palm estate	–	46,252	1991
Ladang Sigalong	Leasehold	Between 2063 and 2079	2,864	Oil palm estate	–	25,969	1983
Ladang Pangeran	Leasehold	Between 2063 and 2080	2,855	Oil palm estate and palm oil mill	 15	41,530	1983
Ladang Sri Kunak	Leasehold	Between 2063 and 2076	2,770	Oil palm estate	–	33,535	1983
Ladang Pang Burong	Leasehold	Between 2063 and 2080	2,548	Oil palm estate	–	32,628	1983
Ladang Pinang	Leasehold	Between 2068 and 2085	2,420	Oil palm estate	–	36,530	1983
Ladang Tundong	Leasehold	Between 2063 and 2073	2,155	Oil palm estate and palm oil mills	 29 & 33	25,038	1983
Ladang Ringlet	Leasehold	Between 2065 and 2081	1,834	Oil palm estate	–	15,143	1989
Lahad Datu Region							
Ladang Tungku	Leasehold	2085	3,418	Oil palm estate	–	27,765	1991*
Ladang Bornion	Leasehold	2078	3,233	Oil palm estate and palm oil mill	 18	37,949	1992
Ladang Bukit Tabin	Leasehold	2079	2,916	Oil palm estate	–	34,762	1993
Ladang Segar Usaha	Leasehold	2077	2,792	Oil palm estate	–	31,607	1990*
Ladang Rimmer	Leasehold	2085	2,730	Oil palm estate and palm oil mill	 20	24,912	1991*
Ladang Sungai Silabukan	Leasehold	2079	2,654	Oil palm estate	–	31,753	1993
Ladang Lungmanis	Leasehold	2085	1,656	Oil palm estate and palm oil mill	 16	16,711	1991*
KLK Premier Oils	Leasehold	2066	4	Kernel crushing plant and refinery	13 9	13,108	1998
	Leasehold	2912	2	PKC warehouse	7	5,541	2007

INDONESIA

Belitung

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
Kebun Steelindo Wahana Perkasa	Hak Guna Usaha	2020	14,065	Oil palm estate, palm oil mill, refinery and kernel crushing plant	 17 3 3	45,457	1994
Kebun Parit Sembada	Hak Guna Usaha	2020	3,990	Oil palm estate and palm oil mill	 9	12,370	2003

* *Year of last revaluation*

PLANTATIONS

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
Kebun Alam Karya Sejahtera	Izin Lokasi	–	2,336	Oil palm estate	–	63,499	2010
Sumatra							
Riau Region							
Kebun Mandau	Hak Guna Usaha	Between 2020 and 2075	14,799	Oil palm estate, palm oil mill, kernel crushing plant and refinery	13 9 3	171,492	1996
Kebun Nilo	Hak Guna Usaha	2083	12,860	Oil palm estate and palm oil mills	14 & 5	91,166	1996
	Izin Lokasi	–	1,400	Oil palm estate		12,341	2005
Kebun Sekarbumi Alamlestari	Hak Guna Usaha	2049	6,200	Oil palm estate and palm oil mill	20	73,258	2009
Utara Region							
** PT Langkat Nusantara Kepong	Leased property	2039	21,359	Oil palm estate and palm oil mill	2	290,639	2009
Kalimantan Timur							
Kebun Jabontara Eka Karsa Berau	Hak Guna Usaha	2033	14,086	Oil palm estate and palm oil mill	1	240,121	2006
Kebun Malindomas Perkebunan Berau	Hak Guna Usaha	2043	7,971	Oil palm estate	–	130,501	2007
Kebun Hutan Hijau Mas Berau	Hak Guna Usaha	2029 and 2043	7,317	Oil palm estate and palm oil mill	8	115,655	2007 2009
Kebun Anugrah Surya Mandiri Berau	Hak Guna Usaha	2048	2,682	Oil palm estate	–	6,988	2012
Kalimantan Tengah							
Kebun Karya Makmur Abadi Mentaya Hulu	Izin Lokasi	–	13,148	Oil palm estate and palm oil mill	1	276,344	2007
Kebun Mulia Agro Permai Baamang	Hak Guna Usaha	2040	9,056	Oil palm estate and palm oil mill	3	218,926	2006
Kebun Menteng Jaya Sawit Perdana, Mentaya Hilir Utara	Izin Lokasi	–	5,893	Oil palm estate	–	49,010	2007
LIBERIA							
Palm Bay Estate Grand Bassa County	Leasehold	2057	13,007	Oil palm estate	–	222,945	2013
Butaw Estate Sinoe County	Leasehold	2057	8,011	Oil palm estate	–	98,921	2013

** *PT Langkat Nusantara Kepong operates on the property owned by the joint venture partner, PT Perkebunan Nusantara II.*

PROPERTIES HELD BY THE GROUP

At 30 September 2016

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 & 10	39,915	2004
Palm-Oleo Rawang, Selangor	Freehold	–	15	Oleochemicals, soap noodles and industrial amides factories	20 & 25	14,345	1991 1994
Palm-Oleo (Klang) Klang, Selangor	Leased property	2088	7	Oleochemicals factory	25 & 35	29,462	2007
B.K.B. Hevea Products Ipoh, Perak	Leasehold	2089	5	Parquet factory	22	3,508	1994
KL-Kepong Rubber Products Ipoh, Perak	Freehold	–	3	Rubber gloves factory	32	15,807	2012
KLK Bioenergy Shah Alam, Selangor	Leasehold	2074	1	Biodiesel plant	31	3,333	2009
INDONESIA							
PT KLK Dumai Dumai Timur, Riau	Leased property	2031	12,876 sq m	Oleochemicals factory	2	24,110	2011
BELGIUM							
KLK Tensachem SA Liege	Freehold	–	10	Surfactant factory	9 to 86	16,330	2014
CHINA							
Taiko Palm-Oleo (Zhangjiagang) Zhangjiagang City, Jiangsu	Leasehold	2054	20	Oleochemicals factory	11	41,518	2004
Shanghai Jinshan Jingwei Chemical, Jinshan, Shanghai	Leasehold	2052	2	Oleochemicals factory	11	3,940	2008
GERMANY							
KLK Emmerich Emmerich Am Rhein	Freehold	–	21	Oleochemicals factory	23 & 63	18,488	2010
KLK Emmerich Dusseldorf	Leasehold	2104	6	Oleochemicals factory	11 & 106	43,820	2015
NETHERLANDS							
Dr. W. Kolb Netherlands BV Moerdijk	Freehold	–	8	Ethoxylation factory	23	78,648	2007
SWITZERLAND							
Dr. W. Kolb AG Hedingen	Freehold	–	2	Ethoxylation factory	16 & 52	73,283	2007

Titled area is in hectares except otherwise indicated.

PROPERTY

Location	Tenure	Year of Expiry	Titled Area#	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	–	16,314	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	–	141,421	2004
Palermo Corporation Bagan Samak, Kedah	Freehold	–	351	Property development operating as oil palm estate	–	12,997	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

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, Indonesia	Hak Guna Bangunan	2035	20	Bulking installation and jetty	7 & 11 10	9,351	2005
Stolthaven (Westport) Klang, Selangor, Malaysia	Leased property	2024	12	Bulking installation	2 & 19	15,469	2006 2014
PT Hutan Hijau Mas Berau, Kalimantan Timur Indonesia	Hak Pakai	2035	8	Jetty	2	1,707	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	31	3,933 1,603	1983 2000
Kelkay Bulking Installation Port Klang, Selangor, Malaysia	Leased property	2013	3,351 sq m	Bulking installation	41	408	1975 2014
27, Kelso Place Kensington, London United Kingdom	Freehold	–	489 sq m	Office building	135	30,064	2001

Titled area is in hectares except otherwise indicated.
* *Year of last revaluation*

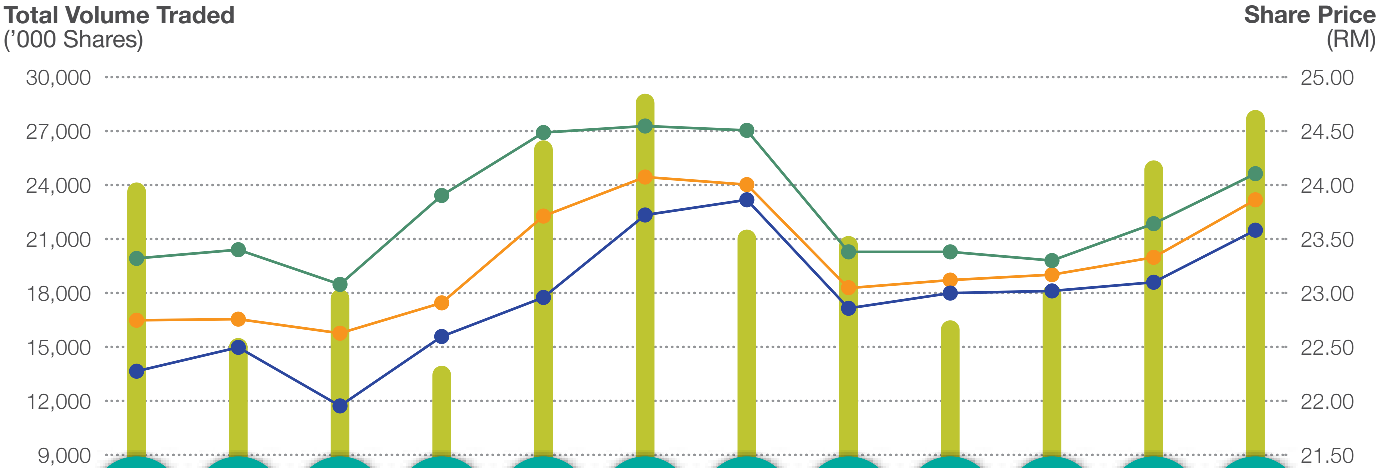
PROPERTIES HELD BY THE GROUP
At 30 September 2016

OTHERS

Location	Tenure	Year of Expiry	Titled Area#	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
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	9	193	2007
Chilimony Farm Northampton, Western Australia	Freehold	–	16,189	Cereal farm	–	92,003	2012 2013
Wyunga Farm Dandaragan, Western Australia	Freehold	–	14,418	Cereal and cattle farm	–	109,542	2013 2014 2016
Erregulla Farm Mingenew, Western Australia	Freehold	–	5,290	Cereal and sheep farm	–	4,598	1989*
Warrening Gully Farm Williams, Western Australia	Freehold	–	5,119	Cereal and sheep farm	–	30,997	1989* 2014
Jonlorrie Farm York, Western Australia	Freehold	–	4,927	Cereal and sheep farm	–	76,439	2013 2014 2015
Tatchbrook Farm Arthur River, Western Australia	Freehold	–	3,406	Cereal and sheep farm	–	34,389	2015 2016

Titled area is in hectares except otherwise indicated.
* *Year of last revaluation*

SHARE PRICE & VOLUME TRADED



	OCT 2015	NOV 2015	DEC 2015	JAN 2016	FEB 2016	MAR 2016	APR 2016	MAY 2016	JUN 2016	JUL 2016	AUG 2016	SEP 2016
Highest Price (RM)	23.32	23.40	23.08	23.90	24.48	24.54	24.50	23.38	23.38	23.30	23.64	24.10
Lowest Price (RM)	22.28	22.50	21.96	22.60	22.96	23.72	23.86	22.86	23.00	23.02	23.10	23.58
Average Closing Price (RM)	22.75	22.76	22.63	22.91	23.71	24.07	24.00	23.05	23.12	23.17	23.33	23.86
Total Volume ('000 Shares)	24,116	15,482	18,192	13,942	26,454	29,043	21,500	21,143	16,403	18,455	25,071	28,152

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

SHAREHOLDING STATISTICS

As at 1 December 2016

Authorised Share Capital – RM5,000,000,000
Issued and Fully Paid-Up Capital – RM1,067,504,692 (including 2,539,000 treasury shares)
Class of Shares – Shares of RM1 each

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	136	3,362	0.00
100 to 1,000	1,174	758,421	0.07
1,001 to 10,000	2,578	10,038,230	0.94
10,001 to 100,000	1,170	38,394,838	3.61
100,001 to less than 5% of issued shares	348	367,502,226	34.51
5% and above of issued shares	2	648,268,615	60.87
TOTAL	**5,408**	**1,064,965,692**	**100.00**

THIRTY LARGEST REGISTERED HOLDERS

	Name	No. of Shares	% of Issued Share Capital#
1.	Batu Kawan Berhad	495,901,527	46.57
2.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	152,367,088	14.31
3.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	38,589,558	3.62
4.	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera	29,619,700	2.78
5.	Kumpulan Wang Persaraan (Diperbadankan)	17,816,300	1.67
6.	AmanahRaya Trustees Berhad – Amanah Saham Wawasan 2020	14,000,000	1.31
7.	Cartaban Nominees (Asing) Sdn Bhd – Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	10,759,736	1.01
8.	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	9,804,400	0.92
9.	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	9,119,012	0.86
10.	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	8,903,986	0.84
11.	Cartaban Nominees (Asing) Sdn Bhd – GIC Private Limited for Government of Singapore (C)	7,747,800	0.73
12.	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Equity Fund	7,088,750	0.67
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 Malaysia	6,922,500	0.65
15.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	6,500,000	0.61
16.	AMSEC Nominees (Tempatan) Sdn Bhd – AMTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT–CIMB–DALI)	6,224,500	0.58
17.	AmanahRaya Trustees Berhad – Public Islamic Dividend Fund	5,444,400	0.51
18.	AmanahRaya Trustees Berhad – AS 1Malaysia	4,604,800	0.43
19.	AmanahRaya Trustees Berhad – Public Islamic Select Enterprises Fund	3,913,700	0.37

	Name	No. of Shares	% of Issued Share Capital#
20.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt AN for AIA Bhd	3,337,500	0.31
21.	Pertubuhan Keselamatan Sosial	3,321,880	0.31
22.	AmanahRaya Trustees Berhad – Amanah Saham Bumiputera 2	3,242,300	0.30
23.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (AFFIN-HWG)	3,123,100	0.29
24.	Yeoh Chin Hin Investments Sdn Berhad	3,058,500	0.29
25.	AmanahRaya Trustees Berhad – Public Islamic Sector Select Fund	3,057,100	0.29
26.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	2,626,100	0.25
27.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (CIMB PRIN)	2,491,100	0.23
28.	Citigroup Nominees (Asing) Sdn Bhd – Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	2,442,310	0.23
29.	Malaysia Nominees (Tempatan) Sendirian Berhad – Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	2,425,100	0.23
30.	Citigroup Nominees (Asing) Sdn Bhd – UBS AG	2,414,609	0.23
	Total	**873,867,356**	**82.06**

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	Deemed	Total	% of Issued Share Capital#
1.	Batu Kawan Berhad	495,901,527	–	495,901,527	46.57
2.	Employees Provident Fund Board	162,817,688[a]	–	162,817,688	15.29
3.	Wan Hin Investments Sdn Berhad	448,500	495,901,527[b]	496,350,027	46.61
4.	Tan Sri Dato' Seri Lee Oi Hian	72,000	496,350,027[b]	496,422,027	46.61
5.	Dato' Lee Hau Hian	83,250	496,350,027[b]	496,433,277	46.61
6.	Grateful Blessings Foundation	–	496,350,027[b]	496,350,027	46.61
7.	Grateful Blessings Inc	–	496,350,027[b]	496,350,027	46.61
8.	Di-Yi Sdn Bhd	–	496,350,027[b]	496,350,027	46.61
9.	High Quest Anstalt	–	496,350,027[b]	496,350,027	46.61
10.	Cubic Crystal Corporation	–	496,350,027[b]	496,350,027	46.61
11.	High Quest Holdings Sdn Bhd	–	496,350,027[b]	496,350,027	46.61

Notes:
Calculated based on 1,064,965,692 shares, which do not include 2,539,000 treasury shares.
a Includes those held through Citigroup Nominees (Tempatan) Sdn Bhd.
b Grateful Blessings Foundation ("GBF") (founded by Tan Sri Dato' Seri Lee Oi Hian), Grateful Blessings Inc (whose entire issued and paid-up capital is held by GBF), High Quest Anstalt ("HQA") (founded by Dato' Lee Hau Hian) and Cubic Crystal Corporation (whose entire issued and paid-up capital is held by HQA) who are substantial shareholders of Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd respectively, which in turn are substantial shareholders of Wan Hin Investments Sdn Berhad (which is a substantial shareholder of Batu Kawan Berhad). Accordingly all these parties are also substantial shareholders of the Company by virtue of their deemed interests.

DIRECTORS' SHAREHOLDINGS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

	Name of Directors	Direct	% of Issued Share Capital#	Deemed	% of Issued Share Capital#
	Shares in the Company				
1.	R. M. Alias	337,500	0.03	1,000	*
2.	Tan Sri Dato' Seri Lee Oi Hian	72,000	0.01	496,350,027[a]	46.61
3.	Dato' Lee Hau Hian	83,250	0.01	496,350,027[a]	46.61
4.	Dato' Yeoh Eng Khoon	335,000	0.03	3,189,850[b]	0.30
5.	Roy Lim Kiam Chye	4,750	*	–	–
6.	Kwok Kian Hai	–	–	–	–
7.	Tan Sri Azlan Bin Mohd Zainol	–	–	–	–
8.	Quah Poh Keat	–	–	–	–
	Shares in the holding company, Batu Kawan Berhad				
1.	Tan Sri Dato' Seri Lee Oi Hian	854,355	0.21	207,038,934[c]	51.11
2.	Dato' Lee Hau Hian	1,425,530	0.35	205,842,209[d]	50.81
3.	Dato' Yeoh Eng Khoon	315,000	0.08	15,391,000[b]	3.80

Notes:
- # Calculated based on 1,064,965,692 shares, which do not include 2,539,000 treasury shares.
- * Less than 0.01%.
- a Deemed interest through Grateful Blessings Foundation ("GBF") (founded by Tan Sri Dato' Seri Lee Oi Hian), Grateful Blessings Inc (whose entire issued and paid-up capital is held by GBF), High Quest Anstalt ("HQA") (founded by Dato' Lee Hau Hian) and Cubic Crystal Corporation (whose entire issued and paid-up capital is held by HQA) who are substantial shareholders of Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd respectively, which in turn are substantial shareholders of Wan Hin Investments Sdn Berhad (which is a substantial shareholder of Batu Kawan Berhad).
- b Deemed interest through the shares held by his spouse and/or children and Yeoh Chin Hin Investments Sdn Bhd.
- c Deemed interest through the shares held by his children, Arusha Enterprise Sdn Bhd, Di-Yi Sdn Bhd via Grateful Blessings Inc [whose entire issued and paid-up capital is held by GBF (founded by Tan Sri Dato' Seri Lee Oi Hian)], Malay-Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Congleton Holdings Sdn Bhd.
- d Deemed interest through the shares held by his child, Arusha Enterprise Sdn Bhd, High Quest Holdings Sdn Bhd via Cubic Crystal Corporation [whose entire issued and paid-up capital is held by HQA (founded by Dato' Lee Hau Hian)], Malay-Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Cengal Emas Sdn Bhd.

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

Other than as disclosed above, none of the other Directors have any interest in the shares of its related corporations.

VOTING RIGHTS OF SHAREHOLDERS

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he is the holder.

Notice is hereby given that the Forty-Fourth Annual General Meeting of the Company will be held at the Registered Office, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia on Wednesday, 15 February 2017 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 2016 and the Directors' and Auditors' reports thereon. **(Please refer to Note 3)**

2. To approve the payment of a final single tier dividend of 35 sen per share. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire by rotation in accordance with Article 91(A) of the Company's Articles of Association:

   (i) Dato' Lee Hau Hian **(Ordinary Resolution 2)**

   (ii) Dato' Yeoh Eng Khoon **(Ordinary Resolution 3)**

4. To re-elect Quah Poh Keat who retires in accordance with Article 91(E) of the Company's Articles of Association. **(Ordinary Resolution 4)**

5. To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint the following as Directors of the Company and to hold office until the next Annual General Meeting of the Company:

   (i) R. M. Alias **(Ordinary Resolution 5)**

   (ii) Kwok Kian Hai **(Ordinary Resolution 6)**

6. To approve Directors' fees for the year ended 30 September 2016 amounting to RM1,593,388 (2015: RM1,450,801). **(Ordinary Resolution 7)**

7. 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:

8. **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 of RM1.00 each in the Company ("Authority to Buy Back Shares") as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad ("Bursa Malaysia") upon such terms and conditions as the Directors may deem fit and expedient in the best 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 10% of the issued and paid-up share capital of the Company and that the maximum funds to be allocated for the Authority to Buy Back Shares shall not exceed the latest audited retained profits of the Company AND THAT the Directors may resolve to cancel the shares so purchased and/or retain the shares so purchased as treasury shares which may be distributed as dividends to the shareholders of the Company and/or resold on Bursa Malaysia and/or cancelled;

AND THAT the Directors be and are hereby empowered to do all such acts and things to give full effect to the Authority to Buy Back Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Authority shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia or any other relevant authority."

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS** **(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 Annexure of Part B of the Company's Circular to Shareholders dated 30 December 2016 ("the Mandate");

AND THAT the Directors be and are hereby empowered to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give full effect to the Mandate, with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT the Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting)."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

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

Ipoh, Perak
Malaysia.

30 December 2016

Notes:

(1) Members Entitled to Attend

Only members whose names appear on the Register of Members and General Meeting Record of Depositors as at 9 February 2017 will be entitled to attend, speak and vote at the meeting.

(2) Appointment of Proxy

(a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(b) Where the proxy form is executed by a corporation, it must be either under its seal or under the hand of its officer or attorney duly authorised.

(c) If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.

(d) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.

(f) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(g) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed and authorised must be deposited at the Registered Office of the Company not less than 48 hours before the time set for the meeting.

(h) 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.

(3) Agenda 1

This item is meant for discussion only as under Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association, the Audited Financial Statements are to be laid at the AGM and do not require a formal approval of the shareholders. Hence, this matter will not be put forward for voting.

(4) Dividend Entitlement and Payment

The final single tier dividend, if approved, will be paid to the shareholders on 14 March 2017. The entitlement date for the dividend shall be 22 February 2017.

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

(a) Shares deposited into the Depositor's securities account before 12.30 p.m. on 20 February 2017 in respect of shares which are exempted from mandatory deposit;

(b) Shares transferred into the Depositor's securities account before 4.00 p.m. on 22 February 2017 in respect of transfers; and

(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

(5) Special Business

(a) Proposed Renewal of Authority to Buy Back Shares

Ordinary Resolution 9 proposed under Item 8 of the Agenda, if passed, is to give authority to the Company to buy back the Company's own shares through Bursa Malaysia Securities Berhad at any time within the time period stipulated by utilising the funds allocated out of the audited retained profits of the Company.

(b) Proposed Shareholders' Mandate

Ordinary Resolution 10 proposed under Item 9 of the Agenda, if passed, will enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of business which are necessary for the Group's day-to-day operations and on normal commercial terms not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders of the Company.

The procurement of the Proposed Shareholders' Mandate would reduce substantially administrative time, effort and expenses associated with the convening of separate general meetings to seek shareholders' approval as and when potential Recurrent Related Party Transactions arise.

The authority given for Ordinary Resolutions 9 and 10 mentioned above unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. Further information on Ordinary Resolutions 9 and 10 is set out in the Circular to Shareholders of the Company dated 30 December 2016 which is despatched together with the Company's Annual Report 2016.

NOTIS MESYUARAT

Adalah dimaklumkan bahawa Mesyuarat Agung Tahunan Syarikat yang Ke-Empat Puluh Empat akan diadakan di Pejabat Berdaftar, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia pada hari Rabu, 15 Februari 2017 pada pukul 11.00 pagi untuk tujuan-tujuan berikut:

AGENDA

Sebagai Urusan Biasa

1. Untuk menerima Penyata Kewangan bagi tahun berakhir 30 September 2016 berserta laporan Pengarah dan Juruaudit. **(Sila rujuk Nota 3)**

2. Untuk meluluskan pembayaran dividen satu peringkat akhir sebanyak 35 sen sesaham. **(Resolusi Biasa 1)**

3. Untuk mencalonkan semula para Pengarah berikut yang bersara mengikut giliran menurut Artikel 91(A) Tataurusan Pertubuhan Syarikat:

   (i) Dato' Lee Hau Hian **(Resolusi Biasa 2)**

   (ii) Dato' Yeoh Eng Khoon **(Resolusi Biasa 3)**

4. Untuk mencalonkan semula Quah Poh Keat yang bersara menurut Artikel 91(E) Tataurusan Pertubuhan Syarikat. **(Resolusi Biasa 4)**

5. Untuk mempertimbangkan dan jika difikirkan sesuai, meluluskan resolusi menurut Seksyen 129(6) Akta Syarikat, 1965 bagi mencalonkan semula para Pengarah yang berikut untuk memegang jawatan sehingga Mesyuarat Agung Tahunan Syarikat yang berikutnya:

   (i) R. M. Alias **(Resolusi Biasa 5)**

   (ii) Kwok Kian Hai **(Resolusi Biasa 6)**

6. Untuk menetapkan dan meluluskan yuran para Pengarah bagi tahun berakhir 30 September 2016 berjumlah RM1,593,388 (2015: RM1,450,801). **(Resolusi Biasa 7)**

7. Untuk melantik semula Juruaudit dan memberi kuasa kepada para Pengarah untuk menetapkan bayaran mereka. **(Resolusi Biasa 8)**

Sebagai Urusan Khas

Untuk mempertimbangkan dan jika difikirkan sesuai, meluluskan Resolusi-Resolusi berikut:

8. **CADANGAN PEMBAHARUAN KUASA UNTUK SYARIKAT MEMBELI BALIK SAHAM SYARIKAT** **(Resolusi Biasa 9)**

   "BAHAWA kuasa diberikan kepada Syarikat untuk membeli balik bilangan agregat saham bernilai RM1.00 sesaham dalam Syarikat ("Kuasa untuk Membeli Balik Saham") sepertimana yang ditentukan oleh para Pengarah dari semasa ke semasa melalui Bursa Malaysia Securities Berhad ("Bursa Malaysia") berdasarkan terma dan syarat yang dianggap wajar oleh para Pengarah dan dilakukan demi kepentingan Syarikat dengan syarat pada masa pembelian bilangan agregat saham yang dibeli dan/atau dipegang oleh Syarikat sebagai saham perbendaharaan menurut resolusi ini adalah dihadkan supaya tidak melebihi 10% daripada modal saham Syarikat yang telah diterbitkan dan berbayar dan dana maksimum yang diperuntukkan kepada Kuasa untuk Membeli Balik Saham tidak boleh melebihi keuntungan tersimpan Syarikat yang terkini dan telah diaudit;

DAN BAHAWA para Pengarah diberikan kuasa untuk membatalkan saham yang dibeli dan/atau mengekalkan saham yang dibeli sebagai saham perbendaharaan yang boleh diagihkan sebagai dividen kepada para pemegang saham Syarikat dan/atau dijual semula di Bursa Malaysia dan/atau dibatalkan; DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa sepenuhnya untuk melaksanakan semua tindakan dan perkara yang sedemikian bagi Kuasa untuk Membeli Balik Saham, termasuk mematuhi sebarang syarat, pengubahsuaian, penilaian semula, variasi dan/atau pindaan (jika ada) sepertimana yang dikenakan oleh pihak-pihak berkuasa yang berkenaan; DAN BAHAWA Kuasa tersebut akan bermula selepas resolusi biasa ini diluluskan dan akan tamat pada masa penutupan Mesyuarat Agung Tahunan ("MAT") Syarikat yang berikutnya, berikutan kelulusan resolusi biasa ini atau penamatan tempoh di mana MAT yang berikutnya sepatutnya diadakan mengikut syarat undang-undang (melainkan ditarik balik lebih awal atau diubah melalui resolusi biasa pemegang saham Syarikat dalam mesyuarat agung), namun tidak boleh menggugat penyempurnaan pembelian oleh Syarikat sebelum tarikh akhir yang dinyatakan dan, dalam apa jua keadaan, menurut peruntukan garis panduan yang dikeluarkan oleh Bursa Malaysia atau pihak berkuasa lain yang berkenaan."

9. **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 Lampiran Bahagian B Surat Pekeliling Syarikat kepada Pemegang Saham bertarikh 30 Disember 2016 ("Mandat");

DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa untuk melaksanakan semua tindakan dan perkara (termasuk menandatangani semua dokumen yang diperlukan) yang dianggap perlu atau penting bagi melaksanakan sepenuhnya Mandat, termasuk mematuhi apa-apa syarat, pengubahsuaian, penilaian semula, variasi dan/atau pindaan (jika ada) sepertimana yang dikenakan oleh pihak-pihak berkuasa yang berkenaan; DAN BAHAWA Mandat tersebut akan bermula selepas kelulusan resolusi biasa ini dan akan tamat pada masa penutupan Mesyuarat Agung Tahunan ("MAT") Syarikat yang berikutnya, berikutan kelulusan resolusi biasa ini atau penamatan tempoh di mana MAT yang berikutnya sepatutnya diadakan mengikut undang-undang, tetapi tidak dilanjutkan sepertimana yang dibenarkan menurut Seksyen 143(2) Akta Syarikat, 1965 (melainkan ditarik balik lebih awal atau diubah melalui resolusi biasa pemegang saham Syarikat dalam mesyuarat agung)."

10. Untuk melaksanakan sebarang urusan lain yang mana notis sewajarnya telah diberikan menurut Akta Syarikat, 1965.

Dengan Perintah Lembaga Pengarah
YAP MIOW KIEN
FAN CHEE KUM
Setiausaha Syarikat

Ipoh, Perak
Malaysia.

30 Disember 2016

Nota:

(1) Ahli-ahli yang Layak Hadir

Hanya ahli-ahli yang namanya tercatat dalam Daftar Ahli dan Rekod Penyimpan Mesyuarat Agung pada 9 Februari 2017 berhak untuk hadir, bersuara dan mengundi di dalam mesyuarat.

(2) Pelantikan Proksi

(a) Ahli Syarikat yang layak untuk hadir dan mengundi pada mesyuarat ini berhak melantik seorang proksi untuk hadir dan mengundi bagi pihaknya. Seseorang proksi mungkin tetapi tidak semestinya ahli Syarikat dan peruntukan-peruntukan Seksyen 149 (1)(a) dan (b) Akta Syarikat, 1965 tidak diguna pakai oleh Syarikat. Seseorang ahli tidak boleh melantik lebih daripada dua (2) proksi untuk menghadiri mesyuarat yang sama. Sekiranya ahli melantik dua (2) proksi, pelantikan tersebut dianggap tidak sah melainkan ahli telah menetapkan bahagian pegangannya yang akan diwakili oleh setiap proksi.

(b) Pelantikan proksi yang dilaksanakan oleh ahli korporat harus ditandatangani di bawah meteri atau ditandatangani oleh pegawainya atau peguam yang dikuasai.

(c) Sekiranya seseorang ahli telah melantik proksi untuk menghadiri mesyuarat agung tetapi akhirnya memilih untuk menghadiri sendiri, pelantikan proksi tersebut akan dianggap batal dan tidak sah dalam mesyuarat tersebut dan proksi itu juga tidak layak untuk menghadiri mesyuarat tersebut.

(d) Bagi nomini yang sah sebagai ahli Syarikat sepertimana yang didefinisikan dalam Akta Perindustrian Sekuriti (Depositori Pusat) 1991 (“SICDA”), beliau adalah layak melantik tidak melebihi dua (2) proksi bagi setiap akaun sekuriti yang dipegangnya dalam saham biasa Syarikat, dalam unit berdasarkan kredit akaun sekuriti tersebut.

(e) Bagi nomini yang sah berkecualian sebagai ahli Syarikat yang memegang saham biasa dalam Syarikat bagi beberapa pihak pemilik benefisial dalam satu (1) akaun sekuriti (“akaun omnibus”), tiada had proksi yang boleh dilantik bagi setiap akaun omnibus yang dipegang. Nomini yang sah berkecualian merujuk kepada nomini yang sah yang didefinisikan di bawah SICDA yang dikecualikan daripada mematuhi peruntukan Subseksyen 25A(1) SICDA.

(f) Di mana ahli atau nomini yang sah melantik dua (2) proksi, atau di mana nomini yang sah berkecualian melantik dua (2) atau lebih proksi, bahagian pegangan saham yang diwakili oleh setiap proksi hendaklah ditetapkan dalam instrumen pelantikan proksi tersebut.

(g) Instrumen pelantikan proksi dan kuasa peguam atau kuasa lain (jika ada) yang ditandatangani dan diiktiraf oleh kuasa perwakilan atau pihak berkuasa yang lain (jika ada) harus disampaikan ke Pejabat Berdaftar Syarikat dalam tempoh tidak kurang dari 48 jam sebelum waktu yang ditetapkan untuk mesyuarat.

(h) Menurut Perenggan 8.29A(1) Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad, semua resolusi yang terkandung di dalam Notis harus dilaksanakan dengan pengundian.

(3) Agenda 1

Perkara ini bertujuan untuk perbincangan sahaja sepertimana Seksyen 169(1) Akta Syarikat, 1965 dan Tataurusan Pertubuhan Syarikat, Penyata Kewangan yang Diaudit akan dibentangkan di Mesyuarat Agung Tahunan dan tidak memerlukan kelulusan rasmi para pemegang saham. Oleh yang demikian, perkara ini tidak akan dibentangkan untuk undian.

(4) Pengagihan dan Pembayaran Dividen

Pengagihan dan Pembayaran Dividen satu peringkat akhir, jika diluluskan, akan dibayar pada 14 Mac 2017 kepada semua pemegang saham. Tarikh kelayakan untuk menerima dividen adalah pada 22 Februari 2017.

Seseorang Pendeposit di Bursa Malaysia Depository Sdn Bhd akan layak untuk menerima dividen hanya jika:

(a) Saham yang didepositkan ke dalam akaun sekuriti Penyimpan sebelum 12.30 petang pada 20 Februari 2017 adalah berkenaan saham yang dikecualikan dari deposit mandatori;

(b) Saham yang dipindahkan ke akaun sekuriti Pendeposit sebelum 4.00 petang pada 22 Februari 2017 adalah berkaitan pemindahan; dan

(c) Saham yang dibeli di Bursa Malaysia Securities Berhad berdasarkan keperluan dan kelayakan menurut Undang-Undang Bursa Malaysia Securities Berhad.

(5) Urusan Khas

(a) Cadangan Pembaharuan Kuasa Beli Balik Saham

Resolusi Biasa 9 yang dicadangkan di bawah Perkara 8 Agenda, jika diluluskan, adalah untuk memberi kuasa kepada Syarikat untuk membeli balik saham Syarikat melalui Bursa Malaysia Securities Berhad pada bila-bila masa dalam tempoh yang ditetapkan dengan menggunakan dana yang diperuntukkan daripada keuntungan tersimpan Syarikat yang telah diaudit.

(b) Cadangan Mandat Pemegang Saham

Resolusi Biasa 10 yang dicadangkan di bawah Perkara 9 Agenda, jika diluluskan, akan membolehkan Kumpulan melakukan Transaksi Pihak Berkaitan yang berulangan yang melibatkan pendapatan atau perdagangan dalam urusan perniagaan biasa yang diperlukan untuk operasi harian Kumpulan dan dilakukan mengikut terma-terma komersial biasa yang tidak melebihkan pihak yang berkaitan berbanding dengan yang biasanya tersedia ada untuk pihak umum dan tidak menggugat kepentingan pemegang saham minoriti Syarikat.

Pemerolehan Mandat Pemegang Saham yang dicadangkan dijangka berupaya mengurangkan masa, usaha dan perbelanjaan pentadbiran yang sering dikaitkan dengan mesyuarat agung yang berasingan untuk memperolehi kelulusan pemegang saham apabila ketimbuhan Transaksi Pihak Berkaitan yang berulangan.

Kuasa yang diberikan untuk Resolusi Biasa 9 dan 10 yang dinyatakan di atas, melainkan ditarik balik atau diubah pada mesyuarat agung, akan tamat pada penutupan MAT Syarikat yang berikutnya. Maklumat lanjut mengenai Resolusi Biasa 9 dan 10 dapat diperolehi dalam Surat Pekeliling kepada Pemegang Saham Syarikat bertarikh 30 Disember 2016 yang dihantar bersama dengan Laporan Tahunan Syarikat 2016.

PROXY FORM

KUALA LUMPUR KEPONG BERHAD (15043-V)

No. of Shares Held	CDS Account No.	Tel. No.

I/We ....
(Full Name in Block Letters)

NRIC/Passport/Company No. ....

of ....
being (a) member(s) of KUALA LUMPUR KEPONG BERHAD hereby appoint

.... NRIC/Passport No. ....
(Full Name in Block Letters)

*and/or .... NRIC/Passport No. ....
(Full Name in Block Letters)

or failing him THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at its Registered Office, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak on Wednesday, 15 February 2017 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	Dato' Lee Hau Hian		
3	Dato' Yeoh Eng Khoon		
4	Re-election of Quah Poh Keat pursuant to Article 91(E) of the Company's Articles of Association.		
	Re-appointment of Directors pursuant to Section 129(6) of the Companies Act, 1965:		
5	R. M. Alias		
6	Kwok Kian Hai		
7	Payment of Directors' fees		
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		

* Please delete if inapplicable.

* Please indicate with a tick (√) how you wish your vote to be cast

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:	
	Percentage (%)
Proxy 1	
Proxy 2	

....
Signature of Shareholder/Common Seal

Date: ....

Notes:

(a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Sections 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(b) Where this proxy form is executed by a corporation, it must be either under its seal or under the hand of its officer or attorney duly authorised.

(c) If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.

(d) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.

(f) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(g) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed and authorised must be deposited at the Registered Office of the Company not less than 48 hours before the time set for the meeting.

(h) Only members whose names appear on the Register of Members and General Meeting Record of Depositors as at 9 February 2017 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.

FOLD HERE

FOLD HERE

AFFIX
STAMP HERE

THE COMPANY SECRETARIES
KUALA LUMPUR KEPONG BERHAD
WISMA TAIKO
1 JALAN S.P. SEENIVASAGAM
30000 IPOH, PERAK
MALAYSIA

FOLD HERE

Plantations

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)
Mile 40, Tawau-Semporna Highway
91000 Tawau
Sabah, Malaysia
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
Tel : +62 21 6531 0746
Fax : +62 21 6531 0749
Email : jakarta.ho@klk.co.id

Main Office (Liberia)
Big-Joe Town, Lower Harlandsville
Buchanan City, Grand Bassa County
Republic of Liberia
Tel : +231 8803 86594
Email : sn@epoil.co.uk

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1 Jalan PJU 7/6, Mutiara Damansara
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Selangor, Malaysia
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Fax : +603-7726 2868
Email : info@klkland.com.my

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Selangor, Malaysia
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Fax : +603-7725 9858
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48020 Rawang
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KSP Manufacturing Sdn Bhd
Palmamide Sdn Bhd
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48020 Rawang
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KL-Kepong Oleomas Sdn Bhd
25 Jalan Sungai Pinang 5/18
Seksyen 5, Fasa 2D
Taman Perindustrian Pulau Indah
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Selangor, Malaysia
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