Annual Report **2010**

KUALA LUMPUR KEPONG BERHAD

(15043-V)

Corporate Profile

KUALA LUMPUR KEPONG BERHAD ("KLK"), a company incorporated in Malaysia, employs under its Group more than 25,000 employees worldwide. It is listed on the Main Market of Bursa Malaysia Securities Berhad and has a market capitalisation of approximately RM18.1 billion as at 30 September 2010.

Started as a plantation company more than 100 years ago, plantations (oil palm and rubber) still lead as KLK's core business activity. The Group has a plantation land bank of more than 250,000 hectares in Malaysia (Peninsular and Sabah) and Indonesia (Belitung, Sumatra and Kalimantan). Since the 1990s, the Group has diversified into resource-based manufacturing (oleochemicals, derivatives and specialty chemicals), property development and retailing (personal care products, toiletries and fine foods) with a worldwide operational and retailing presence.

38th Annual General Meeting

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

Date : 23 February 2011
Time : 12.00 noon

Contents

Financial Calendar

Financial Year End	30 September 2010
Announcement Of Results	
First Quarter	**24 February 2010**
Second Quarter	**26 May 2010**
Third Quarter	**18 August 2010**
Fourth Quarter	**29 November 2010**
Published Annual Report And Financial Statements	
Notice of Annual General Meeting	**23 December 2010**
38th Annual General Meeting	**23 February 2011**
Dividends	
Interim	
Announcement	**26 May 2010**
Entitlement Date	**16 July 2010**
Payment Date	**9 August 2010**
Final	
Announcement	**29 November 2010**
Entitlement Date	**24 February 2011**
Payment Date	**17 March 2011**

Corporate Information

Board of Directors

R. M. Alias
Chairman

Dato' Lee Hau Hian

Datuk Abdul Rahman bin Mohd. Ramli

Roy Lim Kiam Chye
Executive Director

YM Tengku Robert Hamzah
(Retired on 24 February 2010)

Tan Sri Dato' Seri Lee Oi Hian
Chief Executive Officer

Tan Sri Dato' Thong Yaw Hong

Dato' Yeoh Eng Khoon

Kwok Kian Hai

Company Secretaries

Yap Miow Kien
Fan Chee Kum

Auditors

KPMG

Place of Incorporation and Domicile

In Malaysia as a public limited liability company

Registered Office / Principal Place of Business

Wisma Taiko
1 Jalan S.P. Seenivasagam
30000 Ipoh
Perak, Malaysia
Tel : +605-241 7844
Fax : +605-253 5018
Website : www.klk.com.my

Share Registrars

Symphony Share Registrars Sdn Bhd
55 Medan Ipoh 1A
Medan Ipoh Bistari
31400 Ipoh
Perak, Malaysia
Tel : +605-547 4833
Fax : +605-547 4363

Principal Bankers

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

Stock Exchange Listing

Bursa Malaysia Securities Berhad
Main Market
Listed since 1974

Board of Directors

1. **R. M. ALIAS**
   Chairman
   Independent Non-Executive Director

2. **TAN SRI DATO' SERI LEE OI HIAN**
   Chief Executive Officer
   Executive Director

3. **ROY LIM KIAM CHYE**
   Executive Director

4. **DATO' LEE HAU HIAN**
   Non-Independent Non-Executive Director

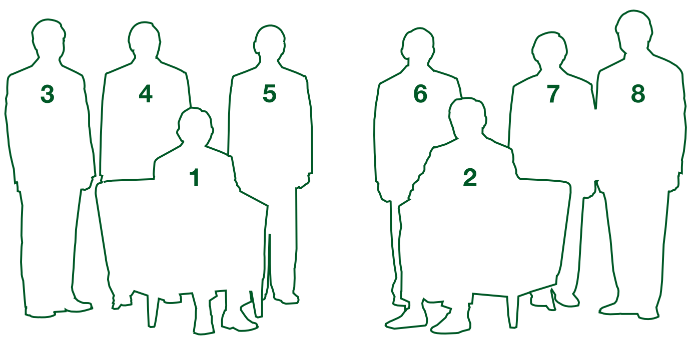
5. **TAN SRI DATO' THONG YAW HONG**
   Independent Non-Executive Director

Board of Directors

6. **DATUK ABDUL RAHMAN BIN MOHD. RAMLI**
   Independent Non-Executive Director

7. **DATO' YEOH ENG KHOON**
   Independent Non-Executive Director

8. **KWOK KIAN HAI**
   Independent Non-Executive Director



Profile of Directors

R. M. ALIAS
Chairman
Independent Non-Executive Director
Aged 78, Malaysian

Joined the Board on 1 July 1978 and has been the Chairman of KLK since 2008. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee of the Board.

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 Programme at Harvard Business School, US.

His directorships in other listed companies include Batu Kawan Berhad and Cerebos Pacific Limited (Singapore). He is also a trustee of Tan Sri Lee Loy Seng Foundation and Yayasan KLK.

He has no family relationship with any director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He has attended all the five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer
Executive Director
Aged 59, Malaysian

Joined the Board on 1 February 1985 and is the CEO of KLK. He is also Chairman of Batu Kawan Berhad. He also serves as a trustee of several charitable organisations. He was formerly the Chairman of the Malaysian Palm Oil Council.

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

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

Dato' Lee Hau Hian who is also a Director of KLK is his brother. Tan Sri Dato' Seri Lee is deemed connected to Batu Kawan Berhad, one of the substantial shareholders of KLK. He is deemed interested in various related party transactions with the KLK Group. He has attended four (4) out of five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

Profile of Directors

DATO' LEE HAU HIAN
Non-Independent Non-Executive Director
Aged 57, Malaysian

Joined the Board on 20 December 1993. He is a member of the Nomination Committee and the Remuneration Committee of the Board.

Dato' Lee is the Managing Director of Batu Kawan Berhad and a director of Yule Catto & Co. plc. He is the President of The Perak Chinese Maternity Association. Besides serving as a director of Yayasan De La Salle and See Sen Chemical Berhad, he is also a trustee of Tan Sri Lee Loy Seng Foundation and Yayasan KLK.

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

He is the brother of Tan Sri Dato' Seri Lee Oi Hian who is the CEO of KLK and is deemed a connected party to Batu Kawan Berhad, a substantial shareholder of KLK. He is deemed interested in various related party transactions with the KLK Group. He has attended all the five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

DATUK ABDUL RAHMAN BIN MOHD. RAMLI
Independent Non-Executive Director
Aged 71, Malaysian

Joined the Board on 11 September 1999. He serves as a member of the Audit Committee of the Board. He is a member of the Institute of Chartered Accountants in Australia, the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

Datuk Abdul Rahman was General Manager of United Asian Bank Berhad, Group Managing Director of Pernas Sime Darby Berhad and Group Chief Executive of Golden Hope Plantations Berhad prior to joining the KLK Board. He is currently a Board member of DRB-HICOM Berhad, a public company listed on the Main Market of Bursa Malaysia.

He has no family relationship with any director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He has attended all the five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

Profile of Directors

TAN SRI DATO' THONG YAW HONG
Independent Non-Executive Director
Aged 80, Malaysian

Joined the Board on 8 March 1995. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Board. He is a Fellow of the Institute of Bankers Malaysia.

Tan Sri Thong is the Co-Chairman of Public Bank Berhad and Public Mutual Berhad, Chairman of Berjaya Sports Toto Bhd and Malaysia Property Incorporated. His directorships in other public companies are Batu Kawan Berhad, Glenealy Plantations (Malaya) Bhd, HHB Holdings Bhd, Malaysian South-South Corporation Bhd, Public Islamic Bank Berhad, Public Investment Bank Bhd and LPI Capital Berhad. Among his many other appointments, he had served in the Economic Planning Unit in the Prime Minister's Department since 1957 and became its Director-General from 1971 to 1978 and served as Secretary-General, Ministry of Finance from 1979 until his retirement in 1986. He was formerly the Chairman of the Employees Provident Fund Board. He currently serves as a member on the Boards of Trustees of Program Pertukaran Fellowship Perdana Menteri Malaysia, Tun Razak Foundation, Malaysian Institute of Economic Research and Yayasan Wah Seong. He is also a member of the Working Group of the Executive Committee for the National Implementation Task Force, and a member of the Investment Committee for the Unit Trust Funds managed by Public Mutual Berhad.

He graduated with a Bachelor of Arts (Honours) degree in Economics from University of Malaya and a Masters degree in Public Administration from Harvard University and has attended the Advanced Management Programme from Harvard Business School. Tan Sri was the Pro-Chancellor of Universiti Putra Malaysia till June 2006. On 17 September 2006, he was conferred the Honorary Doctorate of Economics by Universiti Putra Malaysia.

He has no family relationship with any director/major shareholder of KLK. He is deemed interested in transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He has attended all the five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

Profile of Directors

DATO' YEOH ENG KHOON
Independent Non-Executive Director
Aged 63, Malaysian

Was appointed to the Board on 24 February 2005. He is the Chairman of the Audit Committee of the Board.

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

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

He has no family relationship with any director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He has attended all the five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

ROY LIM KIAM CHYE
Executive Director
Aged 60, Malaysian

Was appointed to 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 Programme from Harvard Business School and Advanced Management Programme from INSEAD.

Mr. Lim is the KLK Group Plantations Director. He has been with the KLK Group since 1975. Prior to his current position, he was the Marketing Director overseeing commodities trading for the plantations division. He is also a council member of the Malaysian Agricultural Producers Association and Malaysian Palm Oil Association.

He has no family relationship with any director/major shareholder of KLK. He has no personal interest in any transactions involving the KLK Group carried out in the ordinary course of business. He has attended all the five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

Profile of Directors

KWOK KIAN HAI
Independent Non-Executive Director
Aged 66, Singaporean

Joined the Board on 27 May 2009. During the year, he was appointed as a member of the Audit Committee of the Board.

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

He was a Managing Director of a Sime Darby unit before joining Kuok Group as General Manager of Pasir Gudang Edible Oil. He served as 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 Malaysian Palm Oil Council and a Board member of Palm Oil Refiners Association of Malaysia ("PORAM") for 15 years. He also previously served as Chairman of PORAM.

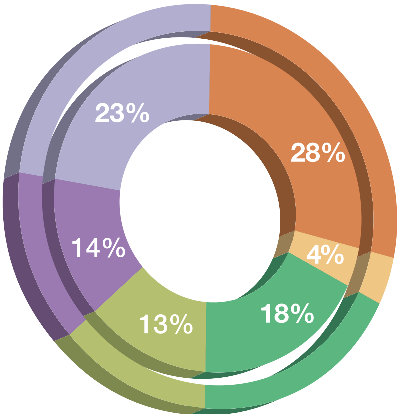
He has no family relationship with any director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He has attended all the five (5) Board of Directors' meetings held in the financial year ended 30 September 2010.

Note: None of the Directors of KLK has been convicted of any offence.

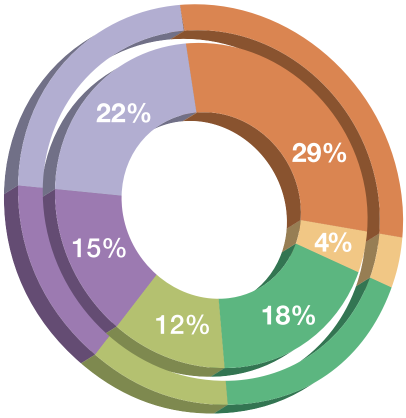
Simplified Group Assets & Liabilities

At 30 September 2010

TOTAL ASSETS



2010

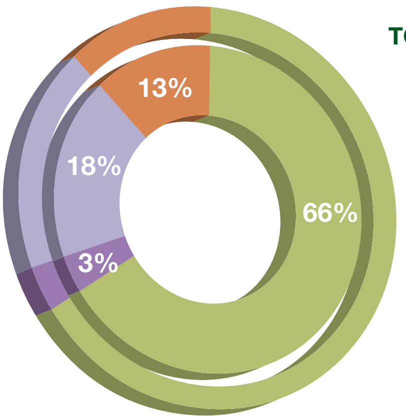


2009

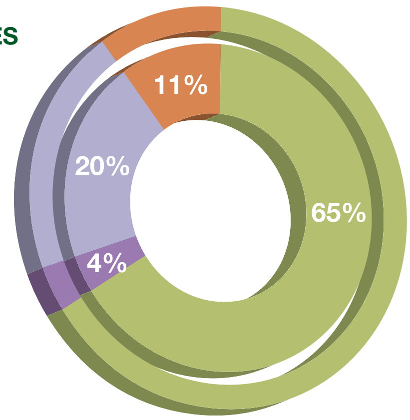
2010	RM Million
Property, Plant and Equipment	2,569
Prepaid Lease Payments	355
Biological Assets	1,672
Other Non-Current Assets	1,172
Cash and Cash Equivalents	1,255
Other Current Assets	2,140

2009	RM Million
Property, Plant and Equipment	2,488
Prepaid Lease Payments	357
Biological Assets	1,576
Other Non-Current Assets	1,031
Cash and Cash Equivalents	1,292
Other Current Assets	1,860

TOTAL EQUITY & LIABILITIES



2010



2009

2010	RM Million
Shareholders' Funds	6,005
Minority Interests	320
Borrowings	1,687
Other Liabilities	1,151

2009	RM Million
Shareholders' Funds	5,634
Minority Interests	309
Borrowings	1,750
Other Liabilities	911

Group Highlights

Financial		2010	2009	2008	2007	2006
Revenue	(RM'000)	7,490,626	6,658,308	7,855,425	5,067,627	3,916,649
Profit:						
before taxation	(RM'000)	1,382,832	887,362	1,445,481	886,458	588,554
attributable to equity holders of the Company	(RM'000)	1,012,340	612,500	1,040,653	694,154	436,230
Earnings per share	(sen)	95.06	57.51	97.72	65.18	40.96
Dividend per share:						
gross	(sen)	60.0	40.0	70.0	50.0	33.3
net	(sen)	60.0	40.0	54.9	36.9	24.3
Net tangible assets	(RM'000)	5,683,265	5,305,482	5,243,498	4,609,566	4,370,513
Net tangible assets per share	(RM)	5.34	4.98	4.92	4.33	4.10

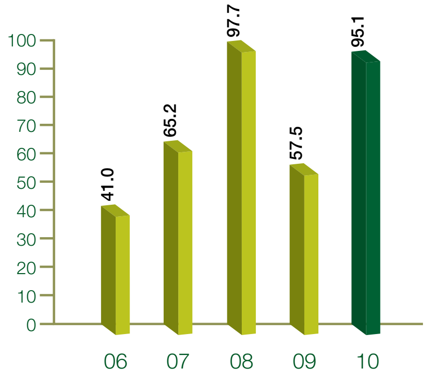
Key Corporate Ratios	2010	2009	2008	2007	2006
Dividend Yield^	3.5%	2.9%	7.3%	3.8%	4.6%
Dividend Payout Ratio†	63.1%	69.5%	56.1%	56.6%	59.2%
Return on Equity#	16.9%	10.9%	18.8%	14.1%	9.7%
Return on Total Assets@	11.0%	7.1%	12.2%	9.9%	7.7%
Net Debts to Equity~	7.2%	8.1%	11.2%	11.5%	-

^ Based on Gross Dividend expressed as a percentage of KLK Share Price as at 30 September
† Based on Net Dividend expressed as a percentage of Basic Earnings Per Share
# Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Equity attributable to Equity Holders
@ Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Assets
~ Based on Net Debts (being Total Borrowings less Cash and Cash Equivalents) expressed as a percentage of Total Equity attributable to Equity Holders

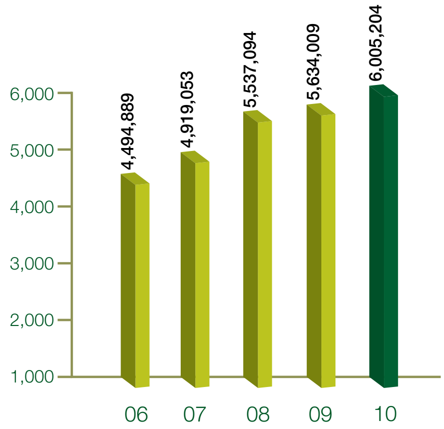
Production		2010	2009	2008	2007	2006
Fresh Fruit Bunches	(mt)	3,176,106	2,859,929	2,803,792	2,360,061	2,422,487
Rubber	('000 kgs)	23,005	22,381	21,958	22,942	24,257

Quarterly Financial		Year 2010	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	(RM'000)	7,490,626	2,014,641	1,826,968	1,901,301	1,747,716
Operating profit	(RM'000)	1,403,702	438,824	323,195	300,348	341,335
Profit before taxation	(RM'000)	1,382,832	433,287	320,611	299,464	329,470
Profit attributable to equity holders of the Company	(RM'000)	1,012,340	311,045	243,541	215,938	241,816
Earnings per share						
- basic	(sen)	95.06	29.21	22.87	20.28	22.70
Dividend per share						
- gross	(sen)	60	45	-	15	-

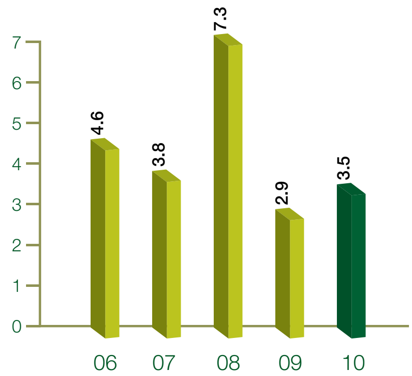
Financial Highlights



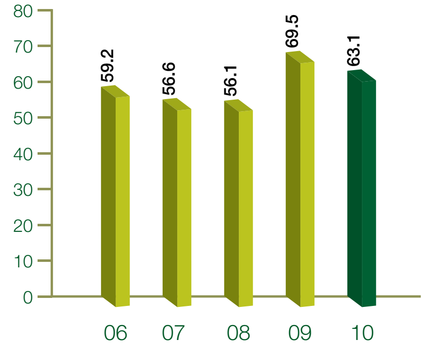
Earnings Per Share
(sen)



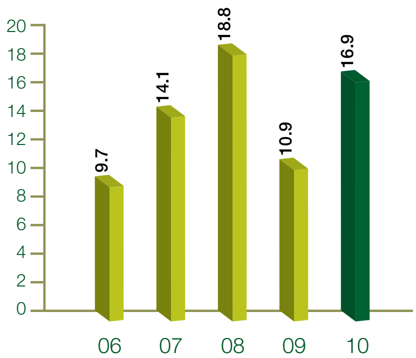
Shareholders' Funds
(RM'000)



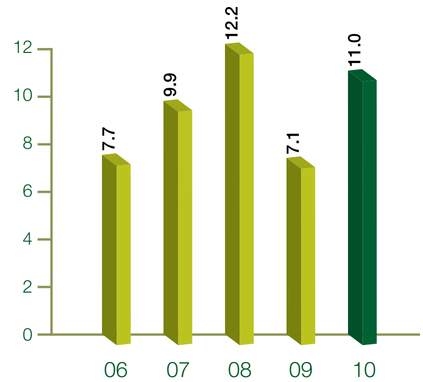
Dividend Yield
(percentage)



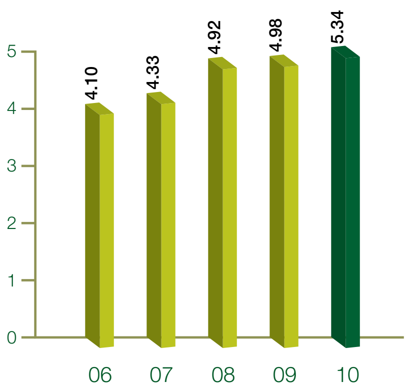
Dividend Payout Ratio
(percentage)



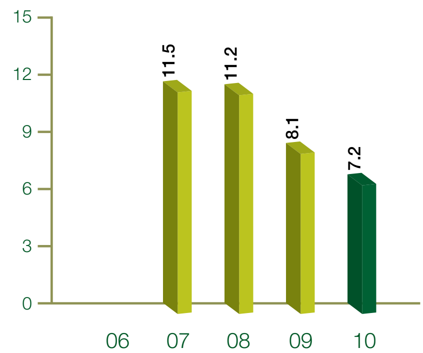
Return on Equity
(percentage)



Return on Total Assets
(percentage)



Net Tangible Assets Per Share
(RM)



Net Debts to Equity
(percentage)

5-Year Plantation Statistics

		2010	2009	2008	2007	2006
OIL PALM						
FFB Production						
– own estates	(mt)	3,176,106	2,859,929	2,803,792	2,360,061	2,422,487
– sold	(mt)	77,875	73,997	126,285	68,748	62,104
– purchased	(mt)	734,864	893,143	861,076	851,981	1,016,033
– total processed	(mt)	3,833,095	3,679,075	3,538,583	3,143,294	3,376,416
Yield per mature hectare	(mt FFB)	22.40	22.87	24.66	22.25	24.15
Profit per mature hectare						
(before replanting expenditure)	(RM)	7,061	7,326	10,684	5,790	3,599
Average selling prices:						
Refined palm products	(RM/mt ex-refinery)	2,517	2,174	3,296	2,147	1,478
Crude palm oil	(RM/mt ex-mill)	2,402	2,309	2,913	1,929	1,401
Palm kernel oil	(RM/mt ex-mill)	2,810	2,167	3,597	2,175	1,899
Palm kernel cake	(RM/mt ex-mill)	187	192	445	259	160
Palm kernels	(RM/mt ex-mill)	1,291	1,181	1,714	1,131	872
FFB	(RM/mt)	511	433	670	465	285
RUBBER						
Production						
– own estates	('000 kgs)	23,005	22,381	21,958	22,942	24,257
– sold	('000 kgs)	-	49	-	-	-
– purchased	('000 kgs)	2,416	2,764	4,699	5,285	7,050
– total processed	('000 kgs)	25,421	25,096	26,657	28,227	31,307
Yield per mature hectare	(kgs)	1,233	1,367	1,394	1,450	1,499
Profit per mature hectare						
(before replanting expenditure)	(RM)	6,718	3,467	7,059	6,070	6,696
Average selling price						
(net of cess)	(sen/kg)	980	683	893	786	761
PLANTED AREA						
(weighted average hectares):						
OIL PALM						
Mature		141,819	125,041	113,708	106,076	100,308
Immature		38,732	29,457	29,476	29,010	23,079
RUBBER						
Mature		18,662	16,369	15,753	15,819	16,179
Immature		5,405	4,140	3,798	3,799	3,748
TOTAL PLANTED AREA		204,618	175,007	162,735	154,704	143,314

5-Year Financial Statistics

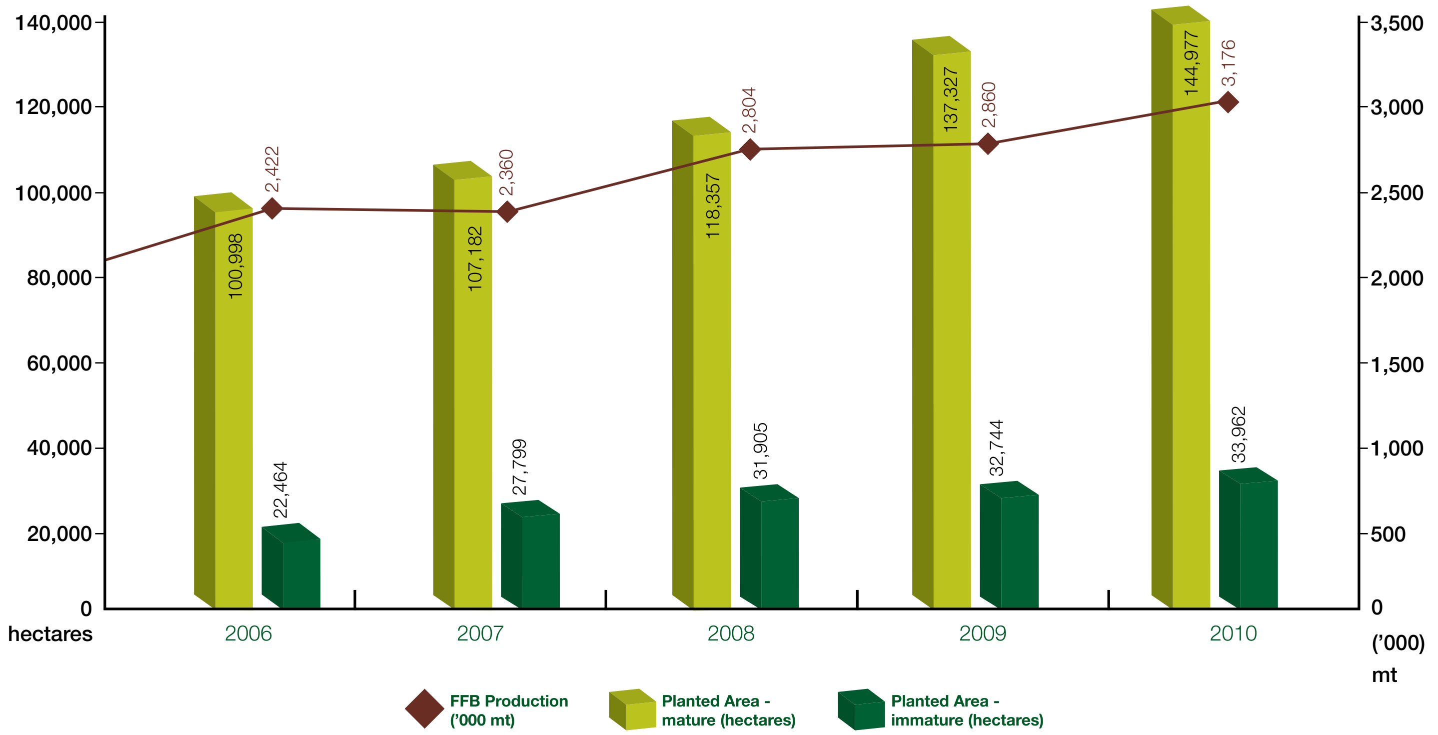
	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
REVENUE					
Palm products	3,280,031	3,212,982	3,564,120	1,956,142	1,580,038
Rubber	256,143	163,893	236,150	208,725	224,385
Manufacturing	3,246,973	2,585,788	3,222,971	2,014,487	1,231,692
Retailing	614,325	605,180	703,504	775,118	764,891
Property development	30,123	30,804	42,164	63,868	63,664
Investment income	40,584	37,958	65,691	43,185	42,974
Other income	22,447	21,703	20,825	6,102	9,005
	7,490,626	6,658,308	7,855,425	5,067,627	3,916,649
GROUP PROFIT					
Palm products	996,240	906,830	1,223,256	582,862	357,546
Rubber	116,055	48,280	105,367	94,749	101,354
Manufacturing	137,699	35,597	117,142	61,623	12,700
Retailing	31,161	(77,514)	(4,259)	14,354	(12,047)
Property development	3,788	10,340	11,750	12,095	23,220
Investment holding	19,252	10,636	30,402	30,246	26,353
Interest income	24,178	25,159	32,370	12,558	16,299
Finance costs	(58,271)	(68,769)	(64,200)	(36,139)	(14,215)
Others	2,315	697	1,265	1,551	16,159
Share of results of associates	37,401	34,555	42,232	31,899	18,060
Corporate	73,014	(38,449)	(49,844)	80,660	43,125
Profit before taxation	1,382,832	887,362	1,445,481	886,458	588,554
Tax expense	(315,562)	(244,751)	(355,976)	(172,009)	(148,568)
Profit for the year	1,067,270	642,611	1,089,505	714,449	439,986
Attributable to:					
Equity holders of the Company	1,012,340	612,500	1,040,653	694,154	436,230
Minority interests	54,930	30,111	48,852	20,295	3,756
	1,067,270	642,611	1,089,505	714,449	439,986
ASSETS					
Property, plant and equipment	2,569,226	2,487,800	2,372,018	2,093,208	1,582,213
Investment properties	4,463	5,086	5,137	5,188	5,241
Prepaid lease payments	354,537	357,441	347,725	242,809	214,639
Biological assets	1,672,395	1,575,878	1,426,545	1,189,512	1,136,557
Land held for property development	229,419	195,790	195,378	194,735	194,305
Goodwill on consolidation	289,529	296,950	255,940	264,698	101,061
Intangible assets	32,410	31,577	37,656	44,789	23,315
Investment in associates	199,361	210,379	258,495	172,455	141,341
Other investments	349,300	244,452	288,770	438,705	449,178
Other receivable	46,808	37,057	23,567	20,099	17,560
Deferred tax assets	21,022	9,833	6,888	11,634	7,232
Current assets	3,395,061	3,152,088	3,292,125	2,325,460	1,820,118
Total assets	9,163,531	8,604,331	8,510,244	7,003,292	5,692,760

5-Year Financial Statistics

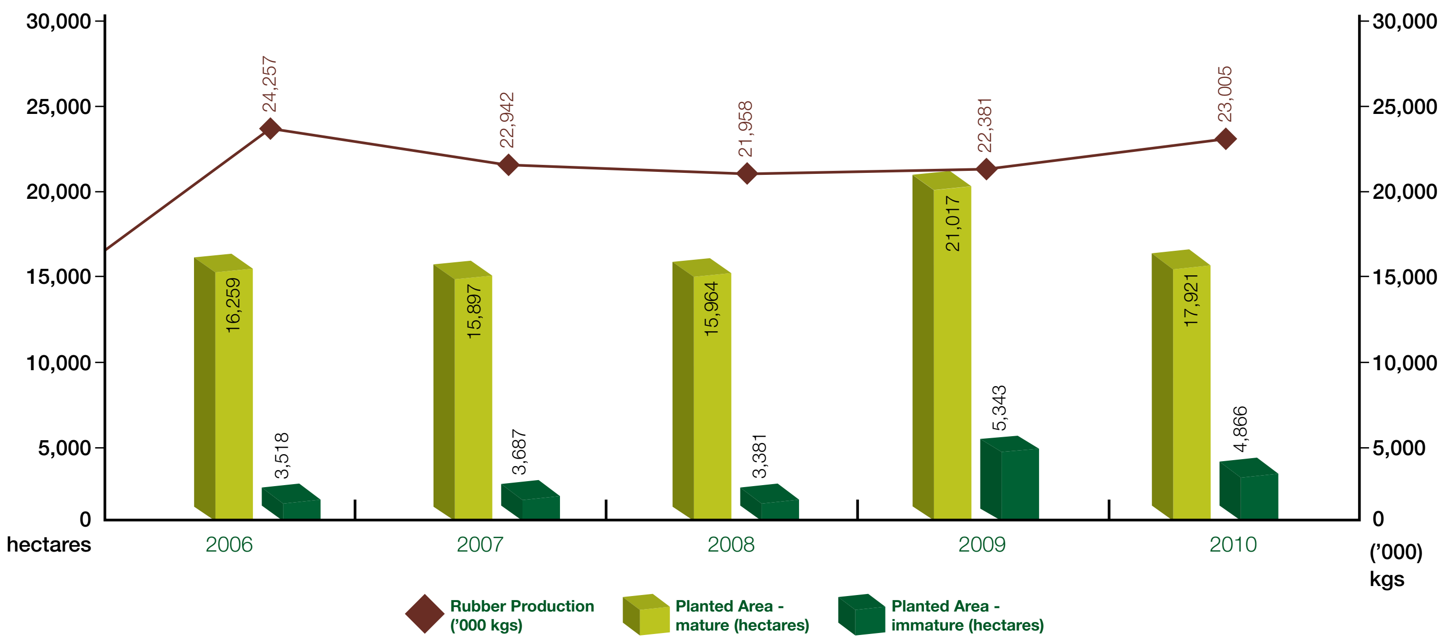
	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
EQUITY					
Share capital	1,067,505	1,067,505	1,067,505	1,067,505	712,516
Reserves	4,951,146	4,579,951	4,483,036	3,864,995	3,795,820
Cost of treasury shares	(13,447)	(13,447)	(13,447)	(13,447)	(13,447)
Total equity attributable to equity holders of the Company	6,005,204	5,634,009	5,537,094	4,919,053	4,494,889
Minority interests	320,145	308,760	202,913	176,159	168,795
Total equity	6,325,349	5,942,769	5,740,007	5,095,212	4,663,684
LIABILITIES					
Deferred tax liabilities	241,989	251,072	220,278	195,218	186,911
Provision for retirement benefits	219,378	44,165	27,136	32,951	40,809
Borrowings	1,107,089	1,122,726	920,844	566,893	98,578
Obligations under finance leases	-	-	-	-	28
Current liabilities	1,269,726	1,243,599	1,601,979	1,113,018	702,750
Total liabilities	2,838,182	2,661,562	2,770,237	1,908,080	1,029,076
Total equity and liabilities	9,163,531	8,604,331	8,510,244	7,003,292	5,692,760
SHAREHOLDERS' EARNINGS AND DIVIDENDS					
Earnings per share – sen	95.06	57.51	97.72	65.18	40.96
Share price at 30 September – RM	17.00	13.80	9.60	13.20	7.25
Gross dividend rate – sen	60.0	40.0	70.0	50.0	33.3
Dividend yield at 30 September	3.5%	2.9%	7.3%	3.8%	4.6%
P/E ratio at 30 September	17.9	24.0	9.8	20.3	17.7

Area Statement

	Age in Years	2010 Hectares	2010 % Under Crop	2010 % of Total Planted Area	2009 Hectares	2009 % Under Crop	2009 % of Total Planted Area
OIL PALM	4 to 9	50,706	28		48,017	28	
	10 to 18	75,006	42		69,801	41	
	19 and above	19,265	11		19,509	12	
	Mature	144,977	81	72	137,327	81	70
	Immature	33,962	19	17	32,744	19	17
	Total	178,939	100	89	170,071	100	87
RUBBER	6 to 10	2,195	10		2,859	11	
	11 to 15	3,541	16		3,827	14	
	16 to 20	8,468	37		10,491	40	
	21 and above	3,717	16		3,840	15	
	Mature	17,921	79	9	21,017	80	10
	Immature	4,866	21	2	5,343	20	3
	Total	22,787	100	11	26,360	100	13
TOTAL PLANTED		201,726		100	196,431		100
Plantable Reserves		29,377			31,316		
Conservation Areas		8,884			8,547		
Dispute Areas		4,643			2,578		
Building Sites, etc.		6,566			6,883		
GRAND TOTAL		251,196			245,755		



Oil Palm Planted Area/FFB Production



Rubber Planted Area/Rubber Production

Chairman's Statement

Chairman's Statement

We began financial year 2010 on a cautious note, mindful that although the financial crisis was subsiding due in part to stimulus packages implemented by governments worldwide, the spectre of a double-dip was still lurking in the background. Events this past year have proven that this was the right approach as recovery in the global economy has been fragile, with unemployment in the developed countries remaining high.

Nevertheless, commodity prices and in particular that of crude palm oil and rubber, have been resilient in the face of uninspiring global economic indicators. The commodities market has also been helped by the growth in demand from China, India and other Asian countries. KLK's financial year 2010 results have therefore bounced back strongly and the Group has turned in a net profit of RM1.01 billion, which is 65.3% up from the previous year. These results are a reflection of the improved performances across almost all divisions. They are also in line with market expectations, given that commodity prices have held up well and the global economy is gradually recovering.

Dividends

Consistent with our stronger overall performance, the Board is recommending a final single tier dividend of 45 sen per share. Upon this recommendation being approved by shareholders at the Annual General Meeting, this will, together with the earlier interim single tier dividend of 15 sen per share already paid, amount to a total payout of RM639.0 million equivalent to 63% of net profit for the year.

KLK will continue to pursue a dividend practice that recognises the need to achieve a balance between providing reasonable returns to shareholders whilst conserving funds for new investment opportunities critical to long term growth.

Plantations

For the year under review, the Group's Plantations Division contributed 81% of its pre-tax profit, underpinning the strong performance of the Group. Group fresh fruit bunches ("FFB") production had continued to increase from 2.86 million mt to 3.18 million mt, a double-digit growth of approximately 11%. This increase was due mostly to new fields coming into maturity mainly in Indonesia. We are encouraged that FFB yield per hectare held up at 22.40 mt with only a marginal decrease, despite the industry's tight labour situation and the dilutive effect of our Medan joint venture. Our oil extraction rate remained flat at 21.13%, and this is an area which we will continue to work on improving. For the year under review, the average price achieved for crude palm oil was RM2,402 per mt ex-mill and RM1,291 per mt ex-mill for palm kernels. These prices are higher than those of the last financial year and we believe that with the overall recovery of commodity prices, the average prices for next year will improve further.

Chairman's Statement

On the sustainability front, we are pleased to inform that our GSSB Complex in Lahad Datu, Sabah, was awarded the RSPO Certificate of Sustainability in July 2010. This follows on the heels of the certification of our KDC Complex in Tawau, Sabah, earlier in 2009. Following the certification of KLK's entire Sabah operations, we now have the capacity to produce close to 180,000 mt of certified sustainable palm oil annually.

The year under review saw the imposition by the Indonesian government of a two-year moratorium on deforestation commencing January 2011, as a follow-up to its conservation agreement with Norway. However, existing plantation investment projects already approved by the Indonesian government are unlikely to be affected by the Oslo agreement.

Manufacturing

Our Oleochemicals Division recorded a pre-tax profit of RM183 million for financial year 2010, a 68% increase over that of last year. This was mainly due to the stabilisation of the financial markets and improved business confidence, which in turn encouraged companies to resume production and re-stock inventories. With the completion of our expansion projects, in particular the methyl ester/methyl ester sulfonate project in Port Klang and the ester plant in Shah Alam, the immediate challenge is to expedite sales realisation of the additional capacities brought online as a result thereof. Notwithstanding the completion of the methyl ester sulfonate plant, there are still some commissioning problems to be resolved.

The year also saw KLK expanding its oleochemical footprint in Europe. The acquisition of Croda's oleochemical assets in Emmerich, Germany increases our overall manufacturing capacity of fatty acids and glycerine. In addition, the site will serve as a strategically located business and distribution hub which is close to key customers and raw material supply routes.

The other manufacturing operations suffered losses and continue to be a challenge although we have made progress in reducing our losses.

Retail

We are pleased to inform that the Retail Division has turned from a loss before tax of US$22.7 million, to a pre-tax profit of US$8.4 million. Despite this improvement, operating conditions will continue to be challenging due to the fragile economies, particularly of the US and Europe, which account for more than half of retail sales. Nevertheless, we are confident that the turnaround will be sustainable due to the strong growth in Asia and we will continue with efforts to expand our market in this region.

Corporate Responsibility

KLK is committed to improve community well-being as part of its efforts to develop human capital and support the sustainability of our business operations.

Towards this end, we continue to participate in the *KKPA (Kredit Koperasi Primer)* or Primary Co-operative Members Loan Scheme, whereby KLK assists in the development of oil palm plantations for the benefit of communities in the vicinity of its operations in Indonesia. KLK's support of the *KKPA* Scheme has over the years given the local people a share of the development in their own region by providing better infrastructure and sustainable incomes, resulting in their enjoyment of a better quality of life.

I am therefore happy to announce that KLK's corporate responsibility initiatives have been recognised and that we are this year's recipient of the Merit Award in the *"Malaysian Business – CIMA Enterprise Governance Awards 2010 (CSR category)".*

Chairman's Statement

Strategic Outlook

Despite the improved outlook, we remain guarded against a downturn in the Western economies and possible bubbles in the Asian region which may undermine the strength and sustainability of a global recovery. We shall therefore press on with those prudent measures adopted in the past year, but at the same time explore opportunities to expand and enhance our businesses in terms of size, profitability and value.

We project a double-digit growth in FFB production based on the expectation of recovery of palms from last year's biological stress, and increased contributions from rising yields of young fields as well as harvest from new fields. We also have in place measures to keep costs at their current levels. These, together with an assumption of firm commodity prices, and barring unforeseen circumstances, give us the confidence to project better earnings and profits for the next financial year, as well as embark on major capital expenditure projects and replanting to support growth in new areas.

Acknowledgement

On behalf of the Board, I take this opportunity to thank our shareholders as well as our management, staff, customers, business partners, bankers and all stakeholders for their continued support to the Group.

Kenyataan Pengerusi

Kita melangkah ke tahun kewangan 2010 dengan penuh berhati-hati, menyedari bahawa walaupun krisis kewangan semakin reda, sebahagiannya hasil daripada pakej rangsangan yang telah dilaksanakan oleh kerajaan-kerajaan di seluruh dunia, namun fenomena krisis kewangan berkembar yang mungkin melanda masih mengancam kestabilan ekonomi dunia. Peristiwa-peristiwa yang berlaku pada tahun ini membuktikan bahawa pendekatan ini merupakan suatu langkah yang tepat memandangkan pemulihan ekonomi global masih agak perlahan dengan kadar pengangguran yang masih kekal tinggi di negara-negara maju.

Walau bagaimanapun, harga komoditi khususnya bagi minyak sawit mentah dan getah telah mampu bertahan dalam keadaan petunjuk ekonomi global yang tidak begitu menggalakkan. Pasaran komoditi juga telah dikukuhkan oleh pertumbuhan permintaan dari China, India dan negara-negara Asia lain. Justeru itu, keputusan bagi tahun kewangan 2010 KLK telah melonjak dan kembali mantap dengan Kumpulan memperolehi keuntungan bersih sebanyak RM1.01 bilion, meningkat sebanyak 65.3% daripada tahun lepas. Keputusan tersebut menggambarkan peningkatan prestasi hampir di semua bahagian. Ia juga sejajar dengan jangkaan pasaran, memandangkan keteguhan harga komoditi dan keadaan ekonomi global yang kian beransur pulih.

Dividen

Berikutan prestasi keseluruhan kita yang lebih kukuh, Lembaga Pengarah mengesyorkan satu dividen akhir satu peringkat sebanyak 45 sen sesaham. Apabila cadangan ini diluluskan oleh para pemegang saham pada Mesyuarat Agung Tahunan, berserta dengan dividen interim satu peringkat sebanyak 15 sen sesaham yang sudah pun dibayar, jumlah keseluruhan dividen yang dibayar akan berjumlah RM639.0 juta bersamaan dengan 63% daripada keuntungan bersih bagi tahun ini.

KLK akan terus melaksanakan amalan dividen yang memperakui perlunya mencapai keseimbangan antara penyediaan pulangan yang sewajarnya kepada para pemegang saham sambil, pada masa yang sama, mengekalkan dana untuk pelaburan dalam peluang-peluang baru yang penting untuk pertumbuhan jangka panjang.

Perladangan

Bagi tahun yang ditinjau, sumbangan sebanyak 81% daripada keuntungan sebelum cukai Kumpulan oleh Bahagian Perladangan menggambarkan hasil prestasi kukuh Kumpulan. Pengeluaran buah tandan segar (“BTS”) Kumpulan terus mencatat pertumbuhan dua digit sebanyak kira-kira 11% iaitu meningkat daripada 2.86 juta tm kepada 3.18 juta tm. Sebahagian besar pertumbuhan ini adalah hasil ladang-ladang baharu yang semakin matang terutamanya di Indonesia. Kita berbangga hasil BTS setiap hektar mengukuh pada 22.40 tm dengan hanya mencatat penurunan kecil, dalam keadaan tenaga buruh yang agak meruncing yang dihadapi oleh industri dan kesan kecairan daripada usahasama Medan kita. Kadar perahan minyak pula kekal sekata pada 21.13% dan kita akan terus berusaha untuk mempertingkatkan bidang tersebut. Bagi tahun yang ditinjau, harga purata dicapai bagi minyak sawit mentah adalah sebanyak RM2,402 setiap tm selepas dikilang dan RM1,291 setiap tm selepas dikilang bagi isirung sawit. Harga-harga tersebut adalah lebih tinggi berbanding yang dicapai pada tahun kewangan sebelumnya dan kita percaya bahawa dengan pemulihan menyeluruh dalam harga komoditi ini, harga purata bagi tahun berikutnya akan terus bertambah baik.

Dari sudut kemampanan, kita berasa sungguh sukacita untuk melaporkan bahawa Kompleks GSSB kita di Lahad Datu, Sabah telah dianugerahkan dengan Sijil Kemampanan RSPO pada bulan Julai 2010. Penganugerahan ini diperolehi sebaik selepas pensijilan Kompleks KDC kita di Tawau, Sabah pada awal 2009. Berikutan pensijilan keseluruhan operasi KLK di Sabah ini, kita kini memiliki kapasiti untuk mengeluarkan hampir 180,000 tm minyak sawit mampan setiap tahun.

Tahun yang ditinjau menyaksikan penguatkuasaan pembekuan pembukaan hutan selama dua tahun oleh kerajaan Indonesia mulai Januari 2011 yang merupakan tindakan susulan daripada perjanjian pemuliharaannya dengan Norway. Bagaimanapun, projek-projek pelaburan perladangan sedia ada yang telah diluluskan oleh kerajaan Indonesia tidak terjejas oleh perjanjian Oslo berkenaan.

Perkilangan

Bahagian Oleokimia kita mencatat keuntungan sebelum cukai sebanyak RM183 juta bagi tahun kewangan 2010, meningkat sebanyak 68% berbanding tahun lepas. Ini disebabkan terutamanya oleh kestabilan pasaran kewangan dan peningkatan keyakinan perniagaan yang sebaliknya telah menggalakkan syarikat-syarikat untuk meneruskan pengeluaran dan menambah

Kenyataan Pengerusi

inventori simpanan. Dengan penyelesaian projek-projek pengembangan, khususnya projek metil ester/metil ester sulfat di Pelabuhan Klang dan loji ester di Shah Alam, cabaran terdekat yang perlu dihadapi adalah untuk mempercepatkan realisasi jualan bagi kapasiti tambahan yang terhasil daripada penyelesaian projek-projek tersebut. Selain daripada penyiapan loji metil ester sulfat berkenaan, masih ada lagi beberapa masalah pentauliahan yang perlu diselesaikan.

Tahun ini turut menyaksikan KLK mengembangkan penerokaan oleokimianya di Eropah. Pengambilalihan aset-aset oleo kimia milik Croda di Emmerich, Jerman telah meningkatkan keseluruhan kapasiti perkilangan asid lemak dan gliserin kita. Di samping itu, tapak tersebut juga akan berperanan sebagai pusat perniagaan dan pengedaran berlokasi strategik yang hampir dengan para pelanggan utama dan laluan bekalan bahan mentah.

Operasi-operasi perkilangan lain telah menghadapi kerugian dan terus berhadapan dengan cabaran walaupun kita berjaya mencatatkan kemajuan dalam usaha mengurangkan kerugian kita.

Peruncitan

Kita dengan sukacita memaklumkan bahawa Bahagian Peruncitan telah pulih daripada menanggung kerugian operasi berjumlah US$22.7 juta kepada keuntungan sebelum cukai sebanyak US$8.4 juta. Walaupun berjaya mencatatkan peningkatan, namun operasi akan terus berada dalam keadaan mencabar disebabkan oleh ketidakstabilan ekonomi, khususnya di AS dan Eropah yang meliputi lebih separuh daripada jualan peruncitan. Namun begitu, kita yakin bahawa pemulihan akan terus mengukuh hasil daripada pertumbuhan teguh di Asia dan kita juga akan meneruskan usaha untuk meluaskan pasaran di rantau ini.

Tanggungjawab Korporat

KLK komited untuk memperbaiki kehidupan komuniti yang merupakan sebahagian daripada usahanya untuk membangunkan modal insan dan menyokong kemampanan operasi perniagaan kita.

Bagi mencapai hasrat ini, kita akan terus menyertai Skim KKPA (Kredit Koperasi Primer) atau Pinjaman Ahli Koperasi Primer di mana KLK membantu dalam pembangunan ladang-ladang kelapa sawit untuk faedah komuniti di sekitar operasinya di Indonesia. Sokongan KLK terhadap Skim KKPA selama ini telah memberi peluang kepada masyarakat setempat untuk turut menikmati pembangunan di wilayah mereka melalui penyediaan infrastruktur yang lebih baik dan pendapatan yang lebih lumayan, justeru, membolehkan mereka menikmati kehidupan yang lebih berkualiti.

Saya dengan ini berasa sungguh berbesar hati untuk mengumumkan bahawa inisiatif tanggungjawab korporat KLK telah mendapat pengiktirafan di mana pada tahun ini, kita adalah penerima Anugerah Merit dalam *"Malaysian Business – CIMA Enterprise Governance Awards 2010 (Kategori CSR)".*

Tinjauan Masa Depan Strategik

Sungguhpun unjuran masa depan yang semakin baik, kita akan terus berjaga-jaga terhadap kemungkinan krisis ekonomi di negara-negara Barat dan gelembung ekonomi di rantau Asia yang boleh menjejaskan keteguhan dan kemampanan pemulihan di peringkat global. Justeru, kita akan terus melaksanakan langkah-langkah berhemah yang telah diterima pakai pada tahun lepas, namun pada masa yang sama, akan terus menerokai peluang untuk mengembang dan mempertingkatkan perniagaan kita dari segi saiz, tahap keuntungan dan nilai.

Kita mengunjurkan pertumbuhan dua angka dalam pengeluaran berasaskan BTS berdasarkan jangkaan pemulihan pokok kelapa sawit daripada tekanan biologi yang dihadapi pada tahun lepas dan sumbangan yang lebih tinggi daripada peningkatan hasil ladang-ladang muda serta pungutan hasil dari ladang-ladang baharu. Kita juga telah menyediakan langkah-langkah untuk mengekalkan kos di tahap masa kini. Kesemua ini, berserta dengan andaian harga komoditi yang mantap, tanpa peristiwa di luar jangkaan, memberi keyakinan kepada kita untuk mengunjurkan pendapatan dan keuntungan yang lebih baik bagi tahun kewangan akan datang, serta memulakan projek-projek perbelanjaan modal besar dan penanaman semula secara besar-besaran bagi menyokong pertumbuhan dalam bidang-bidang baharu.

Penghargaan

Bagi pihak Lembaga Pengarah, saya ingin mengambil peluang ini untuk mengucapkan ribuan terima kasih kepada para pemegang saham kita serta pihak pengurusan, kakitangan, pelanggan, rakan kongsi perniagaan, jurubank dan semua pemegang kepentingan kita di atas sokongan berterusan mereka kepada Kumpulan.

CEO's Review of Operations

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer

CEO's Review of Operations

KLK Group's net profit for financial year 2010 of RM1.01 billion has regained most of the ground that it lost during the global economic crisis of 2008/2009. Although we are just short of 2008's historical high of RM1.04 billion, this year's net profit reflects the improved performance of almost all divisions across the Group. Coupled with the current buoyant commodity prices and increased global demand, we expect the current financial year's results to be even more stellar.

The global economic turbulence had highlighted the old adage that there are opportunities in every crisis. This is true provided we look hard enough and place ourselves in the position to take advantage when the opportunity presents itself. In the last financial year, KLK saw the opportunity to expand its oleochemical operations in Europe in the form of Croda's 150,000 mt per annum fatty acids and glycerine plant. The plant which is located along the Rhine at Emmerich, Germany, will be transformed into the business and distribution hub for KLK's oleochemicals division in Europe.

Management will continue to scour for opportunities which maximise shareholder value whilst minimising potential adverse effects on cash flows, and consistent with the practices within the Group's risk management framework.

Plantations

The prices of the three main commodities under the Group's stable benefited from the recovery of the global economy and were higher compared to the year before. Crude Palm Oil ("CPO") prices languished in the RM2,250 per mt region during Oct-Dec 2009 but improved with the turn of the year to trade mostly around RM2,500 per mt before closing on a high note just above RM2,700 per mt by September 2010. Robust demand, less than expected improvement in production and low stocks were the supportive factors. Rubber prices also climbed steadily particularly tyre grades, underpinned by strong demand and low production due to inclement weather, and SMR10 prices closed the year at about RM11/kilo. Riding on these favourable prices, Plantations Division delivered a profit before tax of RM1.12 billion which was 16% higher than the year before on the back of a turnover of RM3.54 billion.

Oil Palm

The oil palm sector contributed RM1 billion accounting for 89% of the total profit from estate operations. The Group achieved an average price of RM2,402 per mt ex-mill for CPO and RM1,291 per mt ex-mill for palm kernels. These prices were subjected to some dilution by our growing production in Indonesia where selling prices were trimmed by the export duty.

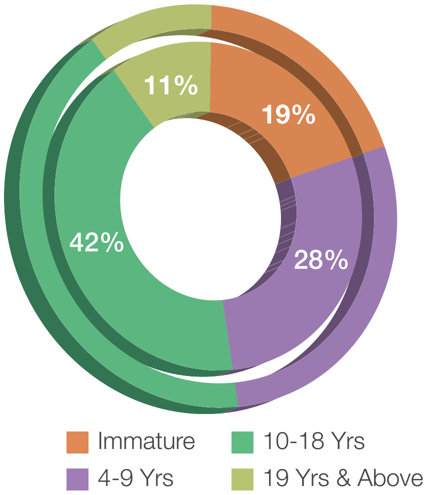
CEO's Review of Operations

The average profit per hectare for oil palm was RM7,061. The full potential has yet to be realised given the ongoing replanting and rehabilitation work in our joint venture operations in North Sumatra and the young fields in Kalimantan Timur. Whilst the former would need a longer time to benefit from the improved agronomic inputs, the latter has shown encouraging rise in yields and is fast filling up the capacity of our new Berau palm oil mill commissioned in May 2009. No doubt, Kalimantan Timur will emerge as an important contributor to profits going forward.

The age profile of our palms will continue to show a reasonable area of immature and new fields as the Group has yet to complete planting the three properties in Kalimantan Tengah and two recently acquired ones in Belitung Island. On top of these, the conversion of rubber to oil palm in North Sumatra would add further to the immature areas.

OIL PALM AGE PROFILE AT 30 SEPTEMBER 2010

PALM AGE (YRS)	AGE PROFILE (HA)	PERCENTAGE
Immature	33,962	19%
4-9	50,706	28%
10-18	75,006	42%
19 & Above	19,265	11%
TOTAL	**178,939**	**100%**



The Group's fresh fruit bunches ("FFB") production was 11% higher at 3.18 million mt and was mainly boosted by the new areas in Indonesia. Although certain matured areas in Sabah and Belitung did show some improvement in yield, generally the recovery from the biological stress suffered since last year was slow. Consequently, the FFB yield per hectare declined marginally to 22.40 mt per ha, impacted by the dilution of young fields in Kalimantan and low yields in North Sumatra.

Our oil extraction rate ("OER") was flat at 21.13%, with the consolation that above 21% has been set as the minimum threshold the last two years. Much work remains to be done for further improvement in OER. The culture and practice of 'walking the fields' are being reinforced at ground level so that estates also take ownership of the OER. The FFB yield per ha and OER supported a CPO yield per hectare of 4.73 mt.

The well controlled ex-estate cost of production of FFB declined by 6% to RM158 per mt ex-estate, despite encountering high costs and lower yields of new fields and rehabilitation areas in Indonesia. Our CPO cost of production dropped to RM961 per mt from RM985 per mt previously.

The processing sector which included refining and kernel crushing operations improved on their previous year results by registering a profit of RM29 million despite encountering tough trading and tight margins.

CEO's Review of Operations

Rubber

True to its ability to bounce back, rubber's contribution to profit more than doubled to RM120 million against that of RM51 million last year. The average profit per ha for rubber was RM6,718. The key was the high selling price as yield per ha had declined to 1,233 kg/ha and consequently cost had increased to 400 sen/kg. Aside from inclement weather affecting rubber production, the weak output of our operations in North Sumatra was another contributing factor to the lower yields. Most of these low productivity areas will be replanted to oil palms.

Research & Development

The Group's highly regarded research associate, Applied Agricultural Resources Sdn. Bhd. ("AAR") provided invaluable agronomic services as well as supplied high yielding planting materials viz: the AA Hybrida and AA Vitroa ramets. The tissue culture laboratory which churned out about 0.5 million ramets is now ISO 9001:2000 certified and has the capacity to produce more. The encouraging results of AA Hybrida has prompted AAR to set up a new seed production facility in Sabah to eventually produce up to 5 million semi-clonal AA Hybrida.

Arising from their collaboration with Tropical Peat Research Laboratory and Hokkaido University, AAR has identified the possibility of using nitrogen fixing and P solubilising bacteria growing in surface sterilised roots of oil palms to improve the N and P use efficiency of oil palms in our plantations.

Further modifications of the remote controlled helicopter have enabled us to capture clearer images for feasibility studies, evaluation of palm health, assessing roads and drainage and other agro management issues. The possibility of generating digital elevation model and 3-D images from aerial photography is being explored. The team have used advance spatio-temporal methods to determine the relationship between cultural practices and the pattern of ganoderma infection of oil palm over time showing that field drains seemed to provide a temporary natural barrier to ganoderma infection, slowing the spread of the disease in the field.

Projects

Our maturing new fields in Indonesia have necessitated the building of four new palm oil mills in Indonesia to cope with the impending crop. At the same time, two older ones in Peninsular Malaysia are being upgraded with the latest technology. These projects will flow into the next financial year.

A clean development mechanism project to capture methane and other gases from the effluent of two palm oil mills in Sabah has been completed and was at the commissioning stage at the end of the financial year under review, whilst that for two other mills in Riau, Indonesia has been registered by the United Nations and is about to be implemented.

On the drawing board are other value added projects such as a kernel crushing plant in Belitung Island, a hexane plant to extract oil from fibre in Johor, a jetty in Kalimantan Timur and a bulking installation in Kalimantan Tengah.

CEO's Review of Operations

In spite of these numerous projects weighing in the hands of our production and engineering division, they managed to deliver on time a new palm kernel cake warehouse in Lahad Datu to ease the storage at our kernel crushing plant.

Corporate Responsibility

In line with the need to be sustainable in our operations we have continued to pursue RSPO certification of our CPO production which inter alia, entails best practices, care of the environment as well as managing the social aspects. On 6 July 2010, our complex in Lahad Datu, Sabah became the second region to be certified by the RSPO covering 20,399 ha and three palm oil mills. With this and our earlier certification in the Tawau region, our entire operations in Sabah have been certified, making available close to 180,000 mt of certified sustainable palm oil in the market. Supply chain traceability via our refinery in Sabah may now be implemented. We are now shifting our certification targets to other clusters i.e. in Johor and Belitung Island, Indonesia.

Notwithstanding our corporate contributions to various social and charitable organisations, we have focused on "charities at home" i.e. improving the lives of our employees. In this respect, new and improved designs in workers' housing which adopt a community concept, have been rolled-out and will be implemented in stages starting with 19 X 2 units in Ladang Lekir in Perak. This will be augmented by the provision of clean and treated water in estates where the quality is still lacking.

MANUFACTURING

Oleochemicals

Despite a slow start to financial year 2010, the KLK Oleo Group performance began to pick up pace by the middle of the year. The Group ended financial year 2010 with a profit before tax of RM183 million, against RM109 million in the previous year, an improvement amidst a challenging economic landscape. However, there are still many challenges that if overcome, can lead to better results ahead.

During the financial year, prices of palm kernel oil, a key raw material for oleochemical products, continued to trade at a huge premium to coconut oil, posing stiff competition to our palm kernel-based offerings. Performance was also impacted by soft glycerine prices stemming from the surge of biodiesel glycerine in the market. Despite the tough market conditions, our fatty acids business continued to grow, with supply to our downstream businesses allowing us to further capitalise on the integration value chain. Fatty alcohol sales remained resilient despite stiff competition from synthetic alcohol from petrochemical sources.

Soap sales also performed satisfactorily with successful penetration into the emerging economies of Africa and South Asia. Demand is expected to be bullish with the growing world population and increasing hygiene awareness in the developing countries. Our ethylene-bis-stearamide (EBS) unit performed strongly during the year, with significant market share gained in Asia. EBS is used in ABS plastics, used mostly in the automobile industry followed by the high-end toys and home appliances industries.

CEO's Review of Operations

With the completion of our methyl ester sulfonates and esters projects, the immediate challenge for the Business is to expedite the commissioning of these plants and the new formulations. Methyl ester sulfonates will be our green offering of an alternative surfactant to the daily-use chemicals industry. Oleo-based MES is an environmentally friendly surfactant, as it is made from renewable natural-based raw material, has excellent biodegradability, improved calcium hardness tolerance as well as good detergency. Our new ester plant in Klang is expected to offer not only more capacity to the market in the new financial year, but increased flexibility in meeting customers' need for a wider range of esters. This will further strengthen our foothold in the specialty oleochemical business, especially in the cosmetics & toiletries and food & lubricants industries.

We have also added on fatty acids and glycerine capacity via our newly acquired operating unit at Emmerich in Germany. This acquisition fits well with KLK's plan to expand our oleochemical presence in Europe and underscores our commitment to our customers in Europe.

Still on Europe, our Swiss-based specialty chemicals division under Kolb Group performed significantly better, both in terms of financial and production volume, for financial year 2010. These improvements were based on several factors, amongst them :

- a relatively fast recovery in the European Surfactants industry;
- a near capacity utilisation of our plants, including the 3rd reactor in Moerdijk, Holland;
- strong cost discipline and innovation.

During the financial year, the business units "Custom Manufacturing" and "Specifications Chemicals" were merged into one group, now known as "Specialty Surfactants" due to the certain overlapping of customers. The other group "Paper Chemicals" also improved its contributions resulting from increased volumes. Our huge portfolio of products were both further streamlined to gain operational efficiencies and improve customer service. Yet Kolb continues to focus on new products to increase our position in selected markets. Through enhancing our reputation combined with a more simplified approach to market, we believe Kolb will continue to do well.

Others

The year under review has been a challenging one for the non-oleochemical businesses. Nevertheless, our rubber gloves company continued to make a small profit before tax despite high latex prices, the recent sovereign debts crisis in the EU and tightening of credit in the US. Our focus is to restructure these companies to drastically cut losses incurred.

Our parquet business is still performing unsatisfactorily, incurring a loss of RM16.9 million. The challenge is to ramp up capacity and increase market penetration, as our strong currency has impacted our margins.

Our tocotrienol business continues to suffer losses whilst we implement the re-structuring of its operations. Whilst progress in R&D on tocotrienols on cancer is progressing well resulting in successful patents in Singapore being approved, the markets demand is still low.

CEO's Review of Operations

RETAILING AND PROPERTIES

Crabtree & Evelyn

We are pleased that our global brand has turnaround to produce a profit of US$8.4 million. Operating results improved significantly by US$16.7 million over last year, the improvement mainly contributed by our buoyant Asian operations and North America after the restructuring exercise. Whilst all operating regions have improved their results, there are still challenges in the Western markets. Total sales increased by 9.7% to US$185.9 million.

An exercise to make more explicit and refresh our brand positioning has been completed. The Brand book, with our rich heritage and inspiration, now provides a blueprint for creative direction, new products development, customer communication. This brand positioning has been rolled out to all our staff globally to deliver a focused and consistent brand message to everyone.

A new store design concept has been conceived and implemented in Asia, with favourable feedback. This new design comprises story telling elements, which visually narrates our brand story and heritage. Our new store is a relaxing sanctuary from the bustle of daily life, offering customers an in-store shopping environment and indulging on their senses of fragrance, touch, taste, sight and sound.

The brand successfully launched a new floral fragrance line "IRIS" in September 2010 and a full year cadence of new products is in the pipeline. This gives us optimism for the future. Complementing these new launches will be a compelling range of Christmas home fragrances and beautifully packaged gifts at well affordable propositions.

Properties

Desa Coalfields, Sungai Buloh

The Desa Coalfields development was completed in 2010. Todate, more than 2,000 units of mixed residential and commercial properties have been sold and completed and Desa Coalfields is now home to more than 10,000 residents. Completed amenities include a primary school, kindergartens, playgrounds, surau, a community hall and a police beat base. This project has generated a profit before tax of RM110 million, since its inception.

CEO's Review of Operations

Bandar Seri Coalfields, Lot 851 Mukim Ijok, Daerah Kuala Selangor

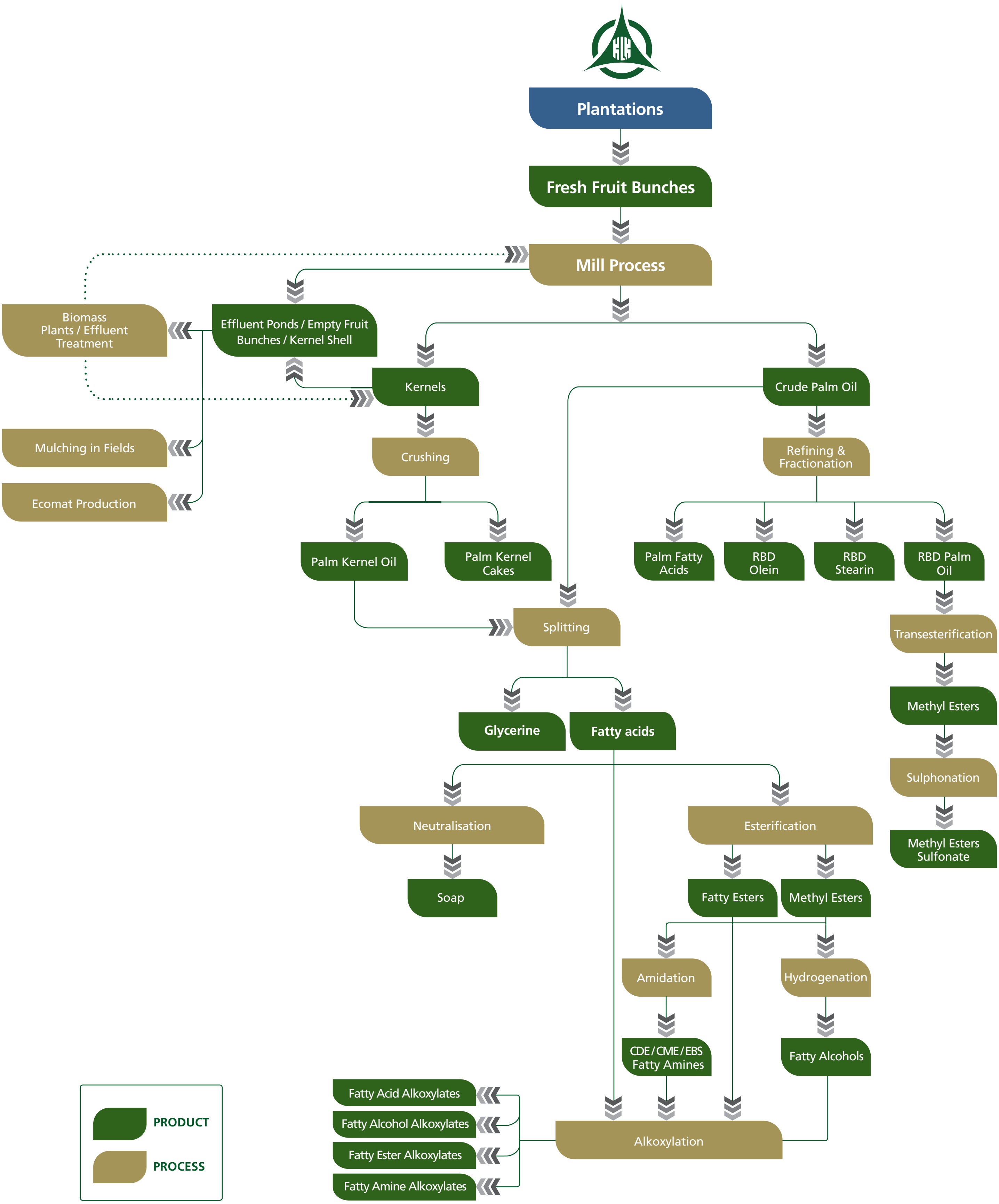
This will be a new 405.1 hectare (1,001 acres) township development comprising of more than 6,000 units of low density mixed residential and commercial property types to cater to a wider segment of buyers with varied affordability levels and offer more choices for selection. A key feature besides the full complement of amenities will be the 50 acres green lung designed to be lifestyle from a crowded city.

Earthworks for Phase 1 which have commenced are expected to be completed by end 2010. The initial launch of Phase 1, which consists of more than 900 units of double storey terrace houses, semi-detached houses, medium cost double storey terrace houses and double storey shop offices will commence from the first quarter of 2011 with an estimated Gross Development value of RM350 million.

Kumpulan Sierramas (M) Sdn Bhd / Sierramas Resort Homes, Sungai Buloh

The latest development, The Garden Manor, was launched in the earlier part of 2010 and all units have been sold todate. Construction of this phase is ongoing and handing over is scheduled towards the end of 2012.

Integrated Business Value Chain



Corporate Responsibility

"THE CASE FOR DOING GOOD"

Our commitment to corporate responsibility initiatives stems from the belief that social and environmental performance can help create long-term value for shareholders and other stakeholders, i.e. we can be profitable and increase social value at the same time, whilst leaving a legacy that does not compromise future generations. Yet social responsibility is not a programme that has a beginning and an end. Acting responsibly is an ongoing commitment and one that has the whole-hearted support of the Board and our employees.

In recognition of the Group's commitment to corporate responsibility initiatives, KLK was the recipient of the Merit Award in the "Malaysian Business-CIMA Enterprise Governance Awards 2010 (CSR Category)".

Commitment to Sustainable Business Operations

Responsible Business Practices

At KLK, the focus is on *discretionary* business practices and investments that improve community well-being and protect the environment. We are not referring here to business practices that are mandated by law, but to a *voluntary* commitment a company makes in choosing and implementing these practices and making these contributions. Employees are a valuable corporate asset. And so too is the environment as we all live on the same planet and there is no option to migrate.

As a responsible Company, we understand that businesses cannot afford to merely chase economic benefits, without considering the impact of their operations on their stakeholders and the community at large. KLK's field practices have long been in line with the global need for sustainability. Our by-products and agricultural residues from our palm oil mills (such as empty fruit bunches, decanter waste, treated palm oil mill effluent, etc.) which were regarded as wastes in the past, are fully utilised by our estates for improving our soil, and to provide moisture conservation with some reduction of inorganic fertiliser inputs.

Studies have also shown that our palm oil mill effluent ponds are significant contributors of carbon emissions. As such, we have implemented clean technology projects which seek to trap and utilise methane from the effluent ponds in an effort to reduce greenhouse gases and ease global warming. Whilst these measures have helped us to reduce some of our operational expenditure, we derive greater pride in knowing that these initiatives play a part in reducing KLK's carbon footprints.

Apart from the above, a zero-burning policy continues to be enforced in all our replanting and new planting activities to prevent smoke pollution and CO2 emissions so as to maintain the air quality of surrounding areas. We have also minimised soil losses by adopting good replanting techniques even though such efforts have increased operational expenditure. Applied Agricultural Resources, our research & development arm, continues to be a mainstay in advising and guiding the Group towards sustainable agricultural practices.

Corporate Responsibility

As part of our efforts toward reducing the environmental impact from our oleochemical operations, better efficiency in the use of electricity, water and chemicals are a major focus for cost reduction. This is a continuous practice of our operations and as a result thereof, there has been significant reduction in the amount of organic load from processing plants to effluent treatment plants. The installation of economiser units at thermal oil heaters and new boilers which run on excess process gas (instead of natural gas) have also resulted in sizable energy savings for our plants. The installation of an on-site nitrogen generator, the first of its kind in our Oleochemicals Division, will pave the way for other sites to follow on such cost saving measures.

The Group will continue to invest in energy conservation projects which contribute to its bottom-line and create value for stakeholders.

Occupational Safety & Health

The KLK Group has been on the Occupational Safety and Health journey for some years now, and we as a Group has moved from a state of statutory compliance to rules and regulations to a state where we continuously strive for improvements.

The Occupational Safety and Health of our employees has now become a very critical component of our plantations operations.

To better reach out to our employees, we have developed an internal communication tool through our internally produced newsletter "Talking Safety @ KLK" that is distributed to all our plantations operations. This is a vehicle to carry messages of our senior management to the employees as well as to share best practices within the Group.

Our Occupational Safety and Health performances are closely monitored on for each operating centre within our plantation operations, guided by our Occupational Safety and Health Department.

During the year under review, our qualified personnel conducted various trainings for the diverse categories of employees within our operations, from the formal classroom trainings at the KLK Training School, Ipoh to the practical site training sessions, to reach out to all employees.

We continuously review and upgrade our training material to meet the training needs of the various groups of employees, and to meet the increasing standards and requirements of NIOSH.

We have conducted 100% audits of all our operating centres. Our audit specifications and guidelines have been internally developed and are industry specific. Visitor and contractor health and safety procedures have been implemented to ensure that the safety of third parties is given equal importance as for our employees.

Our Occupational Safety and Health practices have been aligned with the requirements of the Principles and Criteria of RSPO. These standards have been used for the RSPO certification in Sabah and are now being rolled out to our operations in Peninsular and Indonesia.

Corporate Responsibility

For the future, we are looking towards empowering all operating centres with more direct responsibility and accountability for Occupational Safety and Health matters.

Over at our Oleochemicals Division, we have developed Transportation Security Guidelines to improve security during movement of our raw materials, intermediates and products. Procedures such as Security Standing Instructions (SSI) have also been developed and deployed to improve internal site security operations. To enhance contractor safety performance, Contractor SSHE Guidelines have been established for attachment with the tender bid document. This forms the basis for Contractors' safety inductions prior to doing work at our sites.

Palm-Oleo Sdn. Bhd., our oleochemicals subsidiary, obtained the coveted ISO14001 certification: Environment Management System, and OHSAS 18001 certification: Occupational Health and Safety Management System this financial year. These certifications are a recognition of KLK's high standards in areas such as compliance with relevant legislation, prevention of accidents, promotion of good health and improvements in environmental performance. Increasingly, our customers globally require such certification as a pre-requisite to the supply of our products and we are confident that the certification will help in the growth of our business.

Roundtable on Sustainable Palm Oil

As a company which prides itself on being a responsible food producer and is committed to upholding the 3Ps (i.e. People, Planet and Profits) as part of our operations, we take cognisance of the growing awareness of and demand for responsibly produced goods.

As a result of the growing "Green" trend, global economic dynamics have become increasingly sensitive to the requirement for sustainable practices. The Roundtable on Sustainable Palm Oil or "RSPO" is an initiative created by organisations carrying out their activities in and around the entire supply chain for palm oil to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders. As a founding member of the RSPO, KLK is committed to the growth and production of sustainable palm oil based on the 8 principles and 39 criteria formulated by the RSPO ("P&C") to regulate the production of sustainable palm oil. The P&C are a global standard that covers amongst others, Legal Compliance, Transparency, Best Agricultural Practices, Occupational Safety and Health elements, Environmental Protection, Biodiversity Enhancement and Social Commitment.

Certification of oil palm growers who meet the strict RSPO's P&C will enhance the global acceptance of palm oil as food, fuel and feedstock. KLK has been working actively towards achieving RSPO certification of its oil palm operations and to this end, our employees are given appropriate training and preparation for the certification process.

Corporate Responsibility

The Lahad Datu Complex in Sabah, which covers 20,400 hectares and 3 palm oil mills, was awarded the RSPO Certificate of Sustainability on 6 July 2010. This follows on the heels of the certification of our Tawau Complex comprising 20,800 hectares and 3 palm oil mills, earlier in 2009. Following the certification of KLK's entire Sabah operations, we now have the capacity to produce approximately 180,000 mt of certified sustainable palm oil annually and supply chain traceability via our refinery in Sabah may now be implemented.

Based on the experience in Sabah, an RSPO certification template has been developed which now forms the basis of the certification exercise in all other KLK operating centres. KLK is committed to full certification of all its operating centres in Malaysia by 2013, and in Indonesia by 2014. We are confident that the integration of the RSPO's P&C in our operations will enhance the economic sustainability of the Company's assets.

Human Capital Development

We place significant importance on human capital development as our employees are our greatest asset. This development is achieved through the implementation of various initiatives such as building university relationships, encouraging workplace diversity, training and promoting employee welfare. The ultimate aim of these initiatives is the unity of all employees in striving for a common objective, i.e. the success of the Company in terms of economic, social and environmental development.

Employee and Community Welfare

Various activities were carried out this financial year to foster better ties with our employees and to improve their quality of life. Examples include but are not limited to medical health screening and awareness programmes, recognition of educational excellence for employee's children and social gatherings for relaxation and long-service awards. We also promote healthy lifestyles and team cohesiveness by sponsoring free courts, nets and consumables for our employees to participate in sporting activities. We also nurture a cordial relationship with various employee unions in order to protect employees' wellbeing and guarantee us their support, which will in turn lead towards the attainment of our business goals.

In terms of housing and amenities, continuous efforts are made to beautify plantation workers' quarters by conducting repainting and refurbishing works. We have embarked on a programme in Peninsular and Indonesia to build new housing with improved and practical layouts to uplift the quality of life of our employees. This will be augmented by the provision of clean and treated water in estates which still do not have them.

Our Plantations Division in Indonesia participates in the *KKPA* (*Kredit Koperasi Primer*) or Primary Co-operative Members Loan Scheme, whereby KLK assists in the development of oil palm plantations for the benefit of communities in the vicinity of its operations. Local residents selected to participate in the Scheme become members of a co-operative, which co-operative partners with KLK to develop the Scheme on land allocated by the local government. KLK's role in the Scheme is to provide initial financing to the co-operative at below commercial rates, and to manage the Scheme until the borrowings are repaid. *KKPA* Scheme plantations are developed and maintained at the same high standards as for all KLK estates. The *KKPA* Schemes supported by KLK have over the years provided employment opportunities and a sustainable income to co-operative members, resulting in their enjoyment of a better quality of life.

Corporate Responsibility

Training and Leadership Development

The key to a competent and committed workforce lies in efforts to provide continuous learning and development opportunities for all levels of employees. To achieve this aim, we organise orientation and induction programmes for newly recruited planters and engineers at KLK's Training Centre in Ipoh. Potential leaders are carefully groomed and to this end, the KLK Management Academy organises relevant courses to nurture promising employees for future leadership roles. Over at our Manufacturing Division, we have recently launched the Supervisor Centre of Excellence (SCOE) programme, with the aim to provide a platform for training and developing the potential of our existing supervisors. Regardless of the type of training, all employees are grounded in the KLK core values of honesty, integrity and hard work.

Field days are also organised for various levels of employees to provide hands-on and on-the-job training as part of KLK's initiative to create an engaged workforce that will deliver business excellence. We believe in developing promising employees in disciplines other than their own so as to broaden their career progression opportunities. Such cross-discipline development also provides KLK a reservoir of future leaders with the knowledge and competency to operate across business functions.

Building University Relationships

The Group fosters relationships with local universities by participating in their career fairs and talks, to attract graduates with good leadership calibre to fill various job vacancies in line with its succession plans. During the period under review, the Group has participated in career talks organised by University Tunku Abdul Rahman. We also arranged for familiarisation visits by the university to various operating centres for better mutual understanding of our business value chain and to facilitate the selection of suitable undergraduates to undergo internship.

Practical training is provided by KLK to undergraduates with an aim to attract them to join the Group upon completion of their degree programmes. In addition to this, Yayasan KLK awards scholarships to qualified and deserving students who upon graduation, provide the talent pipeline of the Group.

Workplace Diversity

KLK is 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. These practices are grounded in our belief that the basic human rights and good corporate governance will improve the quality of life of our stakeholders, be they employees, their families, contractors or customers.

Corporate Responsibility

Corporate Philanthropy

Corporate philanthropy is a direct contribution to a charity or cause, most often in the form of cash grants and donations. One of the major causes supported by KLK is education, as it creates a sustainable future for the individual and has a long-term impact on the community at large.

Yayasan KLK ("Yayasan"), an educational foundation set up by KLK to enable needy and deserving Malaysians to continue their tertiary education locally, supports up to 40 scholarships per annum in the fields of accounting, law, engineering (mechanical), agricultural, biotechnology and chemistry. 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, suitable scholars are given opportunities to take up employment in the KLK Group, which in turn helps ensure a supply of trained workforce for the Group.

Financial support is also granted to schools for various purposes such as upgrading educational support facilities, school magazine publications and student stage productions. In respect of individual and industry development and learning, KLK made financial contributions to the Malaysian Palm Oil Council and the Asian Strategy & Leadership Incorporated.

Long-term relationships have been developed with non-profit organisations such as New Horizon and Persatuan Daybreak, which support the disabled. In addition to donations which contribute to the operating budgets of such organisations, our employees are also encouraged to volunteer their time and expertise to good causes. Over in the US, our retailing division under Crabtree & Evelyn has adopted families through the local school systems, and provides meals, clothing and monetary donations to assist with each family's needs. Crabtree & Evelyn has also been committed to Horizons for Homeless Children and helped to raise over US$1,000,000 for this worthwhile cause over the past decade.

KLK also gives financial aid to several foundations which assist the economically and physically disadvantaged. In this financial year, KLK contributed to amongst others, the Yayasan Sultan Idris Shah, Yayasan Diraja Sultan Mizan, Tabung PDK Baiduri and the Badan Amal dan Kasih Selangor. Donations were also given to victims of natural disasters such as the Pakistan floods.

Corporate Calendar

6
November 2009

KLK was the recipient of a Merit Award in the "Malaysian Business - CIMA Enterprise Governance Awards 2009".

9-12
November 2009

KLK participated in discussions and formulating strategies aimed at enhancing the sustainable development of the industry at the 7th Roundtable on Sustainable Palm Oil and the International Palm Oil Congress or PIPOC 2009.

6
December 2009

Palm-Oleo Sdn Bhd received the OHSAS 18001:2007 for an occupational health and safety management system and ISO 14001:2004 certification for Environmental Performance Management Standard.

Corporate Calendar

6
February 2010

Opening ceremony for Berau Palm Oil Mill located in Kalimantan Timur, Indonesia. This modern mill has the capacity to process 30,000 tonnes of FFB a month.

24
February 2010

KLK's 37th Annual General Meeting was held at its Corporate Head Office, Wisma Taiko, Ipoh, Perak, Malaysia.

6
March 2010

The Minister of Plantation Industries & Commodities, Tan Sri Bernard Dompok visited KLK's operating centres in Pekanbaru, Sumatra, Indonesia.

Corporate Calendar

8-10
March 2010

KLK participated in the 21st Palm and Lauric Oils Conference & Exhibition Price Outlook 2010 (POC 2010) hosted by Bursa Malaysia.

2
April 2010

Delegates from the Employees Provident Fund Board, a substantial shareholder of KLK, visited KLK's Corporate Head Office at Wisma Taiko in Ipoh, Perak, Malaysia.

13-15
April 2010

KLK Oleo and Kolb, subsidiaries of KLK participated in the In-Cosmetics Paris 2010 Conference held in Paris.

Corporate Calendar

7
May 2010

KLK acquired Uniqema GmbH & Co. KG which owns an oleochemicals (fatty acids and glycerine) plant in Emmerich, Germany.

27
May 2010

PT Adei Plantation & Industry's Kebun Nilo Palm Oil Mill in Riau, Sumatra, Indonesia received a National Award for Zero Accidents for Year 2007 to Year 2009 from the Federal Government of the Republic of Indonesia.

3
June 2010

Kolb Netherlands based in Klundert, the Netherlands, a wholly-owned subsidiary which manufactures nonionic surfactants and esters received the "Responsible Care Award 2010" from the Netherlands Chemical Industry Association ("VNCI"). This award is for an innovative heat saving technology which was the result of extensive research.

Corporate Calendar

5 June 2010

KLK Director/CEO, YBhg. Tan Sri Dato' Seri Lee Oi Hian was conferred the P.S.M. award carrying the title of "Tan Sri" in conjunction with the Yang Di-Pertuan Agong's birthday.

CERTIFICATE

Field of attention:

RSPO

CERTIFICATE N°: CU- RSPO-815394

Issued to

KUALA LUMPUR KEPONGBERHAD - GOLDEN SPHERE SDN BHD.

GOLDEN SPHERE SDN BHD
P.O.BOX 60999, 91118 LAHAD DATU, SABAH,
MALAYSIA
(www.klk.com.my)

Control Union Certifications (CU) declares to have inspected the processing unit(s)/mills and supply base(s) of the above-mentioned licensee, and have found them in accordance with the standards mentioned below. This certificate covers the processing unit(s)/mills and supply base(s) as mentioned in the authenticated annex of this certificate.

Standards

The 2008 Malaysian National Interpretation of the Roundtable on Sustainable Palm Oil (RSPO) Principles and Criteria for Sustainable Palm Oil Production, and the accompanying indicators and guidance.

This certificate is in force until further notice, provided that the above-mentioned licensee continues meeting the conditions as laid down in the licensee contract with CU. Based on the annual inspections that CU performs, this certificate is updated and kept in force.

Valid until 06-07-2015

Date of certification:
06-07-2010
Place and date of issue:
Zwolle, 20-07-10
Certificate nr: C813184CU-RSPO-01.2010

Declared by:
G. Stegeman
Certifier
On behalf of the Managing Director

Control Union Certifications

RSPO

6 July 2010

The Certification Body, Control Union Certification of Netherlands awarded the "Roundtable on Sustainable Palm Oil" Certificate of Sustainability to Golden Sphere Sdn Bhd, a wholly-owned subsidiary operating in Lahad Datu, Sabah, Malaysia.

Group Companies

At 30 September 2010

Plantations

63% Bornion Estate Sdn Bhd
100% Draw Fields Sdn Bhd
100% Fajar Palmkel Sdn Bhd
100% Gocoa Sdn Bhd
100% Golden Complex Sdn Bhd
- **92%** P.T. Malindomas Perkebunan

100% Golden Peak Development Sdn Bhd
100% Golden Sphere Sdn Bhd
100% Golden Yield Sdn Bhd
100% Kalumpang Estates Sdn Bhd
100% KL-Kepong Edible Oils Sdn Bhd
100% KL-Kepong Plantation Holdings Sdn Bhd
- **100%** Double Jump Ltd
- **100%** Gunong Pertanian Sdn Bhd
- **100%** Jasachem Sdn Bhd
  - **90%** P.T. Karya Makmur Abadi
- **100%** Parit Perak Plantations Sdn Bhd (In Members' Voluntary Liquidation)
- **100%** Pinji Horticulture Sdn Bhd (In Members' Voluntary Liquidation)
- **95%** P.T. ADEI Plantation & Industry
- **92%** P.T. Hutan Hijau Mas
- **95%** P.T. Jabontara Eka Karsa
- **100%** P.T. KLK Agriservindo
- **95%** P.T. Kreasijaya Adhikarya
- **60%** P.T. Langkat Nusantara Kepong
- **80%** P.T. Menteng Jaya Sawit Perdana
- **90%** P.T. Mulia Agro Permai
- **65%** P.T. Sekarbumi Alamlestari
  - **95%** P.T. Alam Karya Sejahtera AKS@
- **95%** P.T. Steelindo Wahana Perkasa
  - **95%** P.T. Parit Sembada@@
- **100%** Sy Kho Trading Plantation Sdn Bhd
  - **100%** Sunshine Plantation Sdn Bhd (In Members' Voluntary Liquidation)
- **100%** Tri-Force Element Inc

@ *Group's effective shareholding 62%*
@@ *Group's effective shareholding 90%*

100% KL-Kepong (Sabah) Sdn Bhd
100% KLK (Mauritius) International Ltd (In Members' Voluntary Liquidation)
85% KLK Premier Oils Sdn Bhd
100% Kulumpang Development Corporation Sdn Bhd
100% Ladang Finari Sdn Bhd
100% Ladang Perbadanan-Fima Bhd
100% Ladang Sumundu (Sabah) Sdn Bhd
100% Masawit Plantation Sdn Bhd (In Members' Voluntary Liquidation)
100% Richinstock Sawmill Sdn Bhd
100% Rubber Fibreboards Sdn Bhd
100% Sabah Cocoa Sdn Bhd
70% Sabah Holdings Corporation Sdn Bhd
100% Selit Plantations (Sabah) Sdn Bhd
100% Susuki Sdn Bhd
- **100%** Axe Why Zed Sdn Bhd
- **100%** Bandar Merchants Sdn Bhd
- **100%** Segar Usaha Sdn Bhd
- **100%** Syarikat Budibumi Sdn Bhd

100% Syarikat Swee Keong (Sabah) Sdn Bhd
100% Taiko Plantations Sdn Bhd
- **100%** Taiko Plantations Pte Ltd (formerly known as Taiko Plantations (Singapore) Pte Ltd)

100% The Kuala Pertang Syndicate Ltd
100% The Shanghai Kelantan Rubber Estates (1925) Ltd
- **100%** K.H. Syndicate Ltd (In Members' Voluntary Liquidation)

51% Uni-Agro Multi Plantations Sdn Bhd
100% Verdant Plantations Ltd (In Members' Voluntary Liquidation)
55% Voray Holdings Ltd
- **60%** Hubei Zhong Chang Vegetable Oil Co Ltd*
- **50%** Tianjin Voray Bulking Installation Co Ltd**

* *Group's effective shareholding 33%*
** *Group's effective shareholding 37%*

Properties

100% KL-K Holiday Bungalows Sdn Bhd
100% KL-Kepong Property Holdings Sdn Bhd
- **100%** Austerfield Corporation Sdn Bhd
- **100%** Betatechnic Sdn Bhd
- **100%** Brecon Holdings Sdn Bhd
- **100%** Colville Holdings Sdn Bhd
- **100%** KL-Kepong Complex Sdn Bhd
- **100%** KL-Kepong Country Homes Sdn Bhd
- **100%** KL-Kepong Property Development Sdn Bhd
- **100%** KL-Kepong Property Management Sdn Bhd
- **80%** Kompleks Tanjong Malim Sdn Bhd
- **100%** Palermo Corporation Sdn Bhd

Associated Companies

50% Applied Agricultural Resources Sdn Bhd
40% Barry Callebaut Malaysia Sdn Bhd
25% Beijing King Voray Edible Oil Co Ltd***
50% Esterol Sdn Bhd
50% Kumpulan Sierramas (M) Sdn Bhd
38% Malaysia Pakistan Venture Sdn Bhd
30% MAPAK Edible Oils (Private) Ltd
30% MEO Trading Sdn Bhd
40% Milljet Sdn Bhd (In Creditors' Liquidation)
31% Pearl River Tyre (Holdings) Ltd
23% Phytopharma Co Ltd
25% Rainbow State Ltd

*** *Group's effective shareholding 14%*

Group Companies

At 30 September 2010

Retailing

- 100% CE Holdings Ltd
  - 100% Crabtree & Evelyn Holdings Ltd
    - 100% C&E Canada, Inc
    - 100% Crabtree & Evelyn Australia Pty Ltd
    - 100% Crabtree & Evelyn Europe BV
      - 100% Crabtree & Evelyn Deutschland GmbH
        - 100% Crabtree & Evelyn Austria GmbH
    - 100% Crabtree & Evelyn Ltd
    - 100% Crabtree & Evelyn (Overseas) Ltd
      - 100% Crabtree & Evelyn London S A
    - 100% Crabtree & Evelyn (Hong Kong) Ltd
    - 100% Crabtree & Evelyn (Malaysia) Sdn Bhd
    - 100% Crabtree & Evelyn (Singapore) Pte Ltd
    - 100% Quillspur Ltd
  - 100% Premier Procurement Ltd
    - 100% Crabtree & Evelyn Trading Ltd
- 100% Crabtree Global Resourcing Sdn Bhd

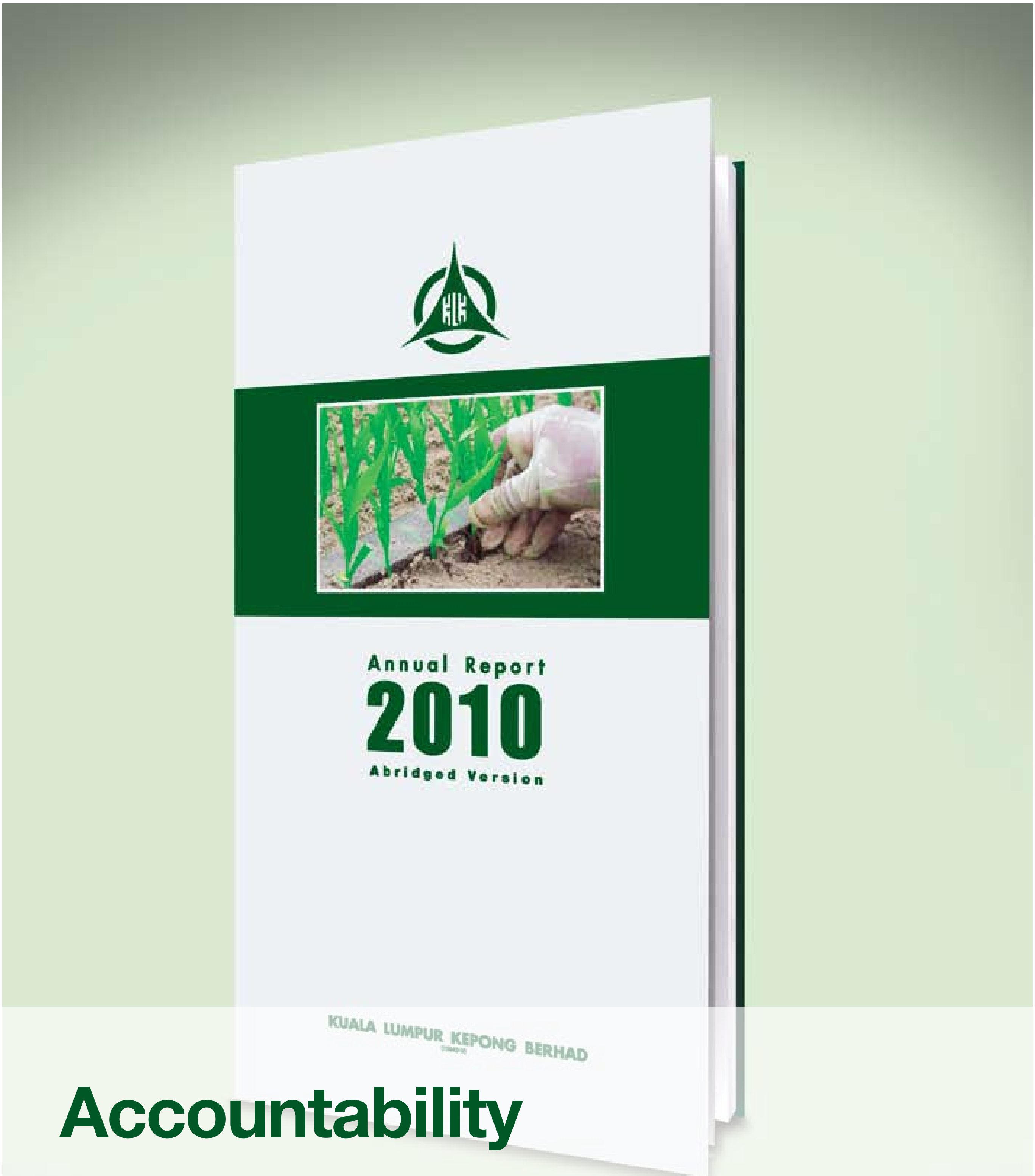
Investment Holding & Others

- 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) Ltd
- 100% KLK Capital Resources (L) Ltd
- 100% KLK Farms Pty Ltd
- 100% KLKI Holdings Ltd
  - 100% Crabtree & Evelyn Shop Ltd
  - 100% Kuala Lumpur-Kepong Investments Ltd
- 100% Ortona Enterprise Sdn Bhd

Manufacturing

- 100% Capital Glogalaxy Sdn Bhd
- 100% Davos Life Science Pte Ltd
  - 100% Biogene Life Science Pte Ltd
  - 100% Centros Life Science Pte Ltd
  - 100% Davos Life Science Marketing Pte Ltd
  - 100% Helix Life Science Pte Ltd
- 100% Davos Life Science Sdn Bhd (formerly known as KL-Kepong Nutrients Sdn Bhd)
- 100% Dr. W. Kolb Holding AG
  - 100% Dr. W. Kolb AG
  - 100% Dr. W. Kolb Deutschland GmbH
  - 100% Dr. W. Kolb Netherlands BV
  - 100% Kolb Asia Pte Ltd
  - 100% Kolb Distribution AG
  - 100% Kolb Distribution BV
  - 100% Kolb France SARL
  - 100% Kolb Italia Srl
- 100% KL-Kepong Industrial Holdings Sdn Bhd
  - 100% B.K.B. Hevea Products Sdn Bhd
    - 100% B.K.B. Flooring Sdn Bhd
  - 100% KL-Kepong Rubber Products Sdn Bhd
    - 100% Masif Latex Products Sdn Bhd
  - 100% KSP Manufacturing Sdn Bhd*****
  - 88% Palmamide Sdn Bhd
  - 80% Palm-Oleo Sdn Bhd
    - 100% Palm-Oleo (Klang) Sdn Bhd****
- 100% KL-Kepong Oleomas Sdn Bhd*****
  - 100% KLK Bioenergy Sdn Bhd*****
- 100% KLK Emmerich GmbH (formerly known as Rheinsee 311. V V GmbH)
- 100% KLK Overseas Investments Ltd
  - 100% B.K.B. Europa SARL
  - 100% KLK Oleo Europe GmbH
  - 100% Standard Soap Company Ltd
    - 100% Premier Soap Company Ltd
- 100% KLK Premier Capital Ltd
  - 100% Taiko Palm-Oleo (Zhangjiagang) Co Ltd
- 100% Shanghai Jinshan Jingwei Chemical Co Ltd
  - 100% KLK Oleo (Shanghai) Co Ltd
- 51% Stolthaven (Westport) Sdn Bhd

**** *Group's effective shareholding 80%*
***** *Group's effective shareholding 96%*



Accountability

Statement on Corporate Governance

(Pursuant to Paragraph 15.25 of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

Corporate governance is the way power is exercised over a corporate entity. At KLK, corporate governance is a form of self-regulation intended to ensure that the policies and operations within the Company are implemented and conducted with a view towards enhancing corporate accountability, sustainability and long term business prosperity to safeguard the interests of all stakeholders.

The Board is pleased to present the following statement which outlines how the KLK Group has applied the principles set out in the Malaysian Code on Corporate Governance ("the Code") and generally complied with the best practices set out in the Code.

Board of Directors and its Committees

Board Composition And Balance

The structure and processes of the Board of Directors is central to corporate governance. The Board has overall responsibility for the proper conduct of the company's business and provides entrepreneurial leadership to ensure that the Group's objectives and performance targets are met.

The Board currently has eight members, comprising two Executive Directors and six Non-Executive Directors, five of whom are Independent. One of the Executive Directors is the CEO and the role of Chairman is held by an Independent Non-Executive Director. This board composition is in compliance with the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements.

The Directors collectively, have wide and varied technical, financial and commercial experience which facilitate thorough and considered Board and Committee deliberations. The Board continually evaluates its requirements for an appropriate mix of skills and experience to ensure its composition remains optimal for the effective discharge of its duties and responsibilities. A brief profile and status of each Director is presented on pages 6 to 10.

Board Duties and Responsibilities

In addition to statutory and fiduciary duties, the Board is further tasked with reviewing the strategies, performance and resources of the Group and evaluating these against their budgets and targets in an ever changing environment. 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.

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 which have been approved by the Board. The Board, through the Audit Committee, addresses and monitors the principal risks affecting or that may affect the Group's operations and the measures that could be taken to mitigate such risks.

Term of Appointment

In accordance with the Articles of Association, one third of the Directors are required to retire by rotation at each Annual General Meeting ("AGM") subject to the retirement of all Directors at least once in every 3 years. The Directors due to retire by rotation at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolutions 3 and 4 on page 145).

Directors over seventy years old are required to seek re-appointment annually in accordance with the Companies Act, 1965. Directors seeking re-appointment at the forthcoming AGM are shown in the Notice of Meeting (Ordinary Resolutions 5 to 7 on page 145).

Statement on Corporate Governance

Board Meetings

The Board meets on a scheduled basis and has a formal schedule of matters reserved for its meetings. Additional meetings may be convened 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.

During the financial year ended 30 September 2010, five Board meetings were held. The following are the details of attendance of each Director:

	Number of Meetings Attended
R. M. Alias	5/5
Tan Sri Dato' Seri Lee Oi Hian	4/5
Dato' Lee Hau Hian	5/5
Tan Sri Dato' Thong Yaw Hong	5/5
Datuk Abdul Rahman bin Mohd. Ramli	5/5
Dato' Yeoh Eng Khoon	5/5
Roy Lim Kiam Chye	5/5
Kwok Kian Hai	5/5

Supply of Information to Board Members

Board meetings are structured with a pre-set agenda which encompasses all aspects of matters under discussion. This is to enable the Directors to review both qualitative and quantitative factors so that informed decisions are made. Board papers for the Agenda are circulated to the Directors well before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting.

Monthly reports on the financial performance of the Company and 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 deliberation.

Directors have unrestricted direct access to Senior Management and the services of the Company Secretaries who advise the Board on compliance issues and ensure that the Company's policies and procedures are followed. In the furtherance of its duties, the Board may where necessary, obtain independent professional advice on specific matters, at the Company's expense.

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 on the Group's various operations which would assist the Board to make effective decisions relating to the Group. For the year under review, Directors visited, amongst others, the plantation operating centres in Indonesia and manufacturing operations and estates throughout the Peninsular and in Singapore.

Statement on Corporate Governance

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 and solicitors are organised from time to time to update Directors and Senior Management on relevant statutory and regulatory requirements.

For the year under review, all Directors attended an in-house seminar on "Developments in Corporate Governance" by KPMG. Directors also attended various appropriate seminars and courses to keep abreast with general economic, industry and technical developments as well as changes in legislation and regulations affecting the Group's operations.

Conferences, Seminars and Training Programmes attended by Directors

- Lunch Talk by KPMG - Developments in Corporate Governance
- MPOB - 7th Roundtable on Sustainable Palm Oil and the International Palm Oil Congress or PIPOC 2009
- CIMB & Credit Suisse - "Malaysia, Gateway to Asean" Investor Conference held in New York
- ACCCIM - 1 Malaysia Economic Conference
- Bursa Malaysia - Palm & Lauric Oil Conference 2010
- MPOC - International Palm Oil Sustainability Conference 2010
- Bursa Malaysia - The Challenges of Implementing FRS 139
- PWC - The Effects of FRS 139 and FRS 7
- Columbus Circle - Improving Risk Committee Performance
- Bursa Malaysia - Focus Group for Board of Director - Bursa Malaysia's Upcoming CR Guide & Web-portal
- Booz & Co. - Cut Costs, Grow Stronger
- KPMG - Audit Committee Institute Roundtable Discussion titled Going Forward: Risk & Reform - Implications for Audit Committee Oversight
- Tax Review Panel, Ministry of Finance and Customs Advisor - Briefing on Goods & Services Tax
- Securities Commission & Bursa Malaysia - Corporate Governance Week
- Dr James Fry (LMC International, UK) - The Outlook for Palm Oil Prices in the Context of the Wider Vegetable Oil and Biodiesel Markets

Directors' Remuneration

The Company pays its Non-Executive Directors annual fees which were last revised in 2008 and are approved annually by the shareholders. The Non-Executive Directors are paid a meeting allowance for each Board meeting they attend. Similarly, members to 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.

Statement on Corporate Governance

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 2010 are presented in the table below:

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

	Fees RM'000	Ex-Gratia Payment RM'000	Salaries RM'000	Bonus RM'000	Benefits-In-Kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors	-	-	1,665	2,669	91	780	5,205
Non-Executive Directors	1,216	350	-	-	23	41	1,630

(b) The number of Directors of the Company whose total remuneration falls within the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM150,001 to RM200,000	-	5
RM300,001 to RM350,000	-	1
RM400,001 to RM450,000	-	1*
RM1,300,001 to RM1,350,000	1	-
RM3,850,001 to RM3,900,000	1	-

** Director retired on 24 February 2010*

Details of the Directors' remuneration are set out in applicable bands of RM50,000 which comply with Bursa Malaysia Main Market Listing Requirements. Whilst the Code has prescribed for individual disclosure of directors' remuneration packages, the Board is of the view that transparency and accountability aspects of Corporate Governance in respect of the Directors' remuneration are appropriately and adequately addressed by the band disclosure method adopted by the Board.

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

Board Committees

- **Audit Committee** (established in 1993)
  The composition and terms of reference of this Committee together with its report are presented on pages 57 to 61 of the Annual Report.

- **Nomination Committee** (established in 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.

  Re-appointment and re-election of Directors at the AGM are recommended by this Committee to the Board for its approval.

Statement on Corporate Governance

The Board's Nomination Committee comprises three Non-Executive Directors, the majority of whom are Independent. The members are:

Tan Sri Dato' Thong Yaw Hong (Chairman) - Independent Non-Executive Director

R. M. Alias - Independent Non-Executive Director

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

The Committee meets when necessary. For the financial year ended 30 September 2010, the Committee held two meetings.

- **Remuneration Committee** *(established in 1994)*
  This Committee's primary responsibility is to structure and review the remuneration policy for the plantations sector and the manufacturing sector 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 Remuneration Committee, the majority of whom are Independent Non-Executive Directors, are as follows:

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

  Tan Sri Dato' Thong Yaw Hong - Independent Non-Executive Director

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

  The Committee meets when necessary. For the financial year ended 30 September 2010, the Committee held two meetings.

Relations with Shareholders and Investors

KLK values good communications with shareholders and investors. Its commitment, both in principle and practice, is to maximise transparency consistent with good governance but 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. The Board encourages shareholders' active participation at the Company's AGM and endeavours to ensure all Board Members, Senior Management and the Group's External Auditors are in attendance to respond to shareholders' enquiries. At the AGM, the Board presents the progress and performance of the Group and shareholders present are given the opportunity to present their views or to seek more information. Resolutions tabled and passed at the Meeting are released to Bursa Malaysia on the same day to enable the public to know the outcome.

Corporate Disclosure Policy

The Company is 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. In this respect, the Company follows the Corporate Disclosure Guide and Best Practices as proposed by Bursa Malaysia.

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 newspapers and copies of the full announcement are supplied to shareholders and members of the public upon request. Interested parties may also obtain the full financial results and the Company's announcements from the Company's website at www.klk.com.my and also the Bursa Malaysia's website.

Statement on Corporate Governance

Investor Relations

The Board recognises the importance of keeping shareholders and investors informed of the Group's businesses and corporate developments. The Board's primary contact with major shareholders is via the CEO and the Group Financial Controller, who have regular dialogues with institutional investors and deliver presentations to analysts periodically.

For the financial year ended 30 September 2010, the Company also participated in, amongst others "Malaysia, Gateway to Asean" Investor Conference held in New York organised by CIMB & Credit Suisse and the Palm & Lauric Oil Conference 2010 organised by Bursa Malaysia where potential investors and members of the public can obtain information on the Group's businesses and performance. Management has held and/or attended 63 meetings including tele-conferencing and 5 roadshows with both local and foreign investors and analysts.

The Company's website, www.klk.com.my also serves as a forum to communicate with shareholders and investors and to provide information on the Group's business activities.

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Tan Sri Dato' Thong Yaw Hong, as the Senior Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretaries for information on the Company.

Accountability and Audit

Financial Reporting

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

Internal Controls

The Group's Statement on Internal Control is set out on pages 55 and 56.

Relationship With The Auditors

The role of the Audit Committee in relation to both the external and internal auditors is elaborated on pages 59 and 60.

Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 to present financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and their results and cash flows for that year. In respect of the financial statements for the financial year ended 30 September 2010, the Directors have:

- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- stated whether 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 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.

This Statement on Corporate Governance was approved by the Board of Directors on 29 November 2010.

Statement on Internal Control

Introduction

The Board of Directors of Kuala Lumpur Kepong Berhad ("the Board") is pleased to provide the following Statement on Internal Control pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board is committed to fulfilling its responsibility of maintaining a sound system of internal control in the Group in accordance with the Malaysian Code on Corporate Governance.

Set out below is the Board's Statement on Internal Control which outlines the nature and state of internal control of the Group during the year.

Board Responsibility

The Board affirms its overall responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework, including systems for compliance with applicable laws, regulations, rules, directives and guidelines, as well as reviewing its adequacy and integrity.

The Board also recognises that a sound system of internal control can only reduce but not eliminate the possibility of poor judgement in decision making, human error, control process being deliberately circumvented by employees, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, the system could therefore provide only reasonable but not absolute assurance against failing to achieve business objectives or all material misstatement, operational failures, fraud, losses or breaches of laws or regulations.

Key Components of Internal Control Environment

Risk management framework

The Board recognises that having a formal risk management framework in place is essential to ensure proper management of the risks that may impede the achievement of the Group's goals and objectives.

A formal risk management framework has been in place since 2002 to ensure that structured and consistent approaches and methods are practised in the on-going process of identifying, assessing, managing and monitoring the principal risks that affect the attainment of the Group's business objectives and goals across its local and overseas operating units. The Board is supported by the Group Risk Management Committee ("GRMC"), headed by the 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 on-going processes are co-ordinated by the Internal Audit Division in conjunction with all the business heads within the Group and periodic reporting to the GRMC.

Board meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The CEO leads the presentation of board papers and provides comprehensive explanation of 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.

Statement on Internal Control

Organisational structure with formally defined responsibility lines and delegation of authority

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

Performance management framework

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

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

Operational policies and procedures

The documented policies and procedures form an integral part of the internal control system to safeguard shareholders' investment and 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, who reports directly to the Audit Committee, conducts reviews on the systems of internal control and the effectiveness of the processes that are in place to identify, manage and report risks. The routine reviews are being conducted on units under the Group's major core activities.

Strength in Internal Control

Continuous Management efforts are in place to strengthen the internal controls systems. Given the effective monitoring on a consistently strong internal control systems of the Group, there was no material misstatements and losses incurred during the year under review.

Audit Committee Report

Members

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

Datuk Abdul Rahman bin Mohd. Ramli
(Independent Non-Executive Director and MIA member)

Kwok Kian Hai
(Independent Non-Executive Director)
Appointed on 24 February 2010

YM Tengku Robert Hamzah
(Independent Non-Executive Director)
Retired on 24 February 2010

Terms of Reference

The Audit Committee ("Committee") was established in 1993 to serve as a Committee of the Board of Directors ("Board"). In performing their duties and discharging their responsibilities, the Committee is guided by the terms of reference set out below:

Composition of the Committee

- The Committee must be composed of not fewer than 3 members;
- All the Committee members must be non-executive directors, with a majority of the members being independent directors;
- All the Committee members should be financially literate;
- At least one member of the Committee:

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

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

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

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

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

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

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

Audit Committee Report

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

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

- No alternate director shall be appointed as a member of the Committee; and
- The Chairman, who shall be elected by the members of the Committee, must be an independent non-executive director.

Review of the Committee

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

Duties and Responsibilities

The duties of the Committee shall include the following:

- Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for Kuala Lumpur Kepong Berhad (the "Company") and all its subsidiaries (the "Group").
- Maintain through regularly scheduled meetings, a direct line of communication between the Board and the External Auditors and Internal Auditors.
- Propose, monitor and ensure an adequate system of risk management for Management to safeguard the Group's assets and operations.
- Act upon the Board's request to investigate and report on any issues or concerns with regard to the Management of the Group.
- To report promptly to Bursa Malaysia on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirements.

Authority

- The Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
- The Committee shall have full and unrestricted access to all information and documents pertaining to the Group as well as direct communication to the internal and external auditors and senior management of the Group.
- The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.
- The Committee is authorised to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees, whenever deemed necessary.

Audit Committee Report

Financial Procedures and Financial Reporting

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

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

Related Party Transactions

To monitor any related party transactions that may arise within the Company or the Group.

External Audit

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

Internal Audit

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

Meetings

The Committee shall meet at least four times annually and additional meetings may be called at any time at the Chairman's discretion. An agenda shall be sent to all members of the Committee and any persons that may be invited to attend. The External and Internal Auditors and other members of senior management will be invited to attend these meetings upon invitation by the Chairman of the Committee. The Company Secretary shall be the Secretary of the Committee.

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

Audit Committee Report

During the financial year, the Committee convened five meetings. A record of the attendance at these meetings is as follows:

	Number of Meetings Attended
Dato' Yeoh Eng Khoon	5/5
Datuk Abdul Rahman bin Mohd. Ramli	5/5
Kwok Kian Hai *(appointed on 24 February 2010)*	2/2
YM Tengku Robert Hamzah *(retired on 24 February 2010)*	3/3

The Committee also met with the external auditors without executive board members present, twice in the financial year under review.

Internal Audit Function

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

The Group has an adequate resourced IAD which reports directly to the Committee and is independent of the activities they audit. There is also in place an audit charter that defines the organisation status, functions and responsibilities of the IAD.

The IAD conducts regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. This provides reasonable assurance that such systems would continue to operate satisfactorily and effectively in the Company and the Group. In addition, the IAD also conducts investigations and special reviews at the request of Management.

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

In 2009/2010, a total of 136 audits and reviews were carried out spanning the Group's operations. The total cost incurred for the internal audit function for the financial year ended 30 September 2010 was RM2.52 million.

Summary of Activities for the Financial Year

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 30 September 2010 in the discharge of its functions and duties:

- Reviewed the quarterly financial statements and Annual Report of the Group before presentation for the Board's approval, focusing particularly on:
  - changes in or implementation of major accounting policy;
  - significant and unusual events;
  - the going concern assumption; and
  - compliance with accounting standards and other legal requirements.

Audit Committee Report

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

- Reviewed with the External Auditors their audit plan and scope of work prior to commencement of audit.

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

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

- Considered the appointment of External Auditors and their request for increase in audit fees.

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

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

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

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

Training Attended by the Committee

For the year under review, the Committee attended the following seminars and courses:

1. Bursa Malaysia - The Challenges of Implementing FRS 139.

2. PWC - The Effects of FRS 139 and FRS 7.

3. Columbus Circle - Improving Risk Committee Performance.

4. Lunch Talk by KPMG - Developments in Corporate Governance.

Additional Compliance Information

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

Utilisation of Proceeds Raised from Corporate Proposals

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

Share Buy-Back

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

Options and Convertible Securities

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

Depository Receipt Programme

KLK has a Depository Receipt Programme (Level 1) in the US, sponsored by JPMorgan Chase Bank ("JPM"). JPM has appointed Malayan Banking Berhad as the sole custodian of KLK shares for the Depository Receipt Programme. 759,000 shares representing 0.07% of KLK's issued and paid-up capital (excluding treasury shares) are registered under the Depository Receipt Programme (Level 1) for the financial year ended 30 September 2010.

Sanctions and/or Penalties

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

Non-Audit Fees

The amount of non-audit fees paid to the External Auditors during the financial year under review is RM219,000.

Variation in Results

There was no material variance between the financial results for the financial year ended 30 September 2010 and the unaudited results previously announced by the Company.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year under review.

Material Contracts

Material contracts entered into by the Company and its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 36 to the financial statements under "Related Party Transactions" on pages 111 and 112.

Financial Statements

Report of the Directors

The Directors of Kuala Lumpur Kepong Berhad have pleasure in submitting their Report together with the audited financial statements of the Group consisting of the Company and its subsidiaries, and of the Company for the year ended 30 September 2010.

PRINCIPAL ACTIVITIES

The Company carries on the business of producing and processing palm products and natural rubber on its plantations. The Group's subsidiaries and associates are involved in the business of plantation, manufacturing, retailing, property development and investment holding. There have been no significant changes in the nature of these activities during the year ended 30 September 2010.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	1,382,832	726,539
Tax expense	(315,562)	(71,549)
Profit for the year	1,067,270	654,990
Attributable to:		
Equity holders of the Company	1,012,340	654,990
Minority interests	54,930	-
	1,067,270	654,990

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 RM319,489,000 in respect of the year ended 30 September 2009 was paid on 17 March 2010, 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 2010 was paid on 9 August 2010.

The Directors recommend the payment of a final single tier dividend of 45 sen per share amounting to RM479,235,000 for the year ended 30 September 2010 which, subject to approval at the forthcoming Annual General Meeting ("AGM") of the Company, will be paid on 17 March 2011 to shareholders on the Company's register of members at the close of business on 24 February 2011.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in 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 24 February 2010. 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.

Report of the Directors

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are shown on page 3.

In accordance with the Company's Articles of Association, Tan Sri Dato' Seri Lee Oi Hian and Roy Lim Kiam Chye retire by rotation from the Board at the forthcoming AGM, and being eligible, offer themselves for re-election.

Tan Sri Dato' Thong Yaw Hong, R. M. Alias and Datuk Abdul Rahman bin Mohd. Ramli retire from the Board at the forthcoming AGM pursuant to Section 129(2) of the Companies Act, 1965, and resolutions will be proposed for their re-appointments as Directors under the provision of Section 129(6) of the said Act to hold office until the conclusion of the following AGM of the Company.

DIRECTORS' SHAREHOLDINGS

Details of the Directors' shareholdings in the Company of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Shares of RM1 each				% of Issued Share Capital#
Name	**Balance at 1.10.2009**	**Bought**	**Sold**	**Balance at 30.9.2010**	
R. M. Alias					
- held directly	337,500	-	-	337,500	0.03
- deemed interested[1]	4,500	-	-	4,500	- *
Tan Sri Dato' Seri Lee Oi Hian					
- held directly	72,000	-	-	72,000	0.01
- deemed interested[2]	496,350,027	-	-	496,350,027	46.61
Dato' Lee Hau Hian					
- held directly	83,250	-	-	83,250	0.01
- deemed interested[2]	496,350,027	-	-	496,350,027	46.61
Tan Sri Dato' Thong Yaw Hong					
- held directly	105,000	-	-	105,000	0.01
- deemed interested[3]	75,000	-	-	75,000	0.01
Dato' Yeoh Eng Khoon					
- held directly	335,000	-	-	335,000	0.03
- deemed interested[4]	3,176,850	13,000	-	3,189,850	0.30
Roy Lim Kiam Chye					
- held directly	4,750	-	-	4,750	- *
- deemed interested	-	-	-	-	-

Notes:

1 Deemed interested through his child's shareholdings.
2 Deemed interested through Batu Kawan Berhad and Wan Hin Investments Sdn Bhd.
3 Deemed interested through his spouse's shareholdings.
4 Deemed interested through Yeoh Chin Hin Investments Sdn Bhd, and shareholdings of his spouse and children.

* Less than 0.01%.
\# Based on 1,064,965,692 shares excluding 2,539,000 treasury shares.

Other than the abovementioned Directors, no other Director in office during the year held any shares in the Company.

There were no changes notified by the Directors in any of their direct or deemed interests in the share capital of the Company between 30 September 2010 and 1 December 2010.

By virtue of their deemed interests in the shares of the Company, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are deemed to have an interest in the shares of the subsidiaries of the Company to the extent of the Company's interest in the respective subsidiaries as disclosed under Note 40 on the financial statements.

No other Director in office has any beneficial interest in the shares of related corporations of the Company during the financial year.

Report of the Directors

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), by reason of a contract made by the Company or a related company with a 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 36 on 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 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) all current assets have been stated at the lower of cost and net realisable value.

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

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

(ii) that would render the values 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 which 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, except for the write back of impairment in value of investments and net surplus on liquidation of subsidiaries as disclosed under Note 5 on the financial statements, the results of the operations of the Group and of the Company for the financial year ended 30 September 2010 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor have any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Details of events subsequent to balance sheet date are disclosed in Note 43 on the financial statements.

Report of the Directors

AUDITORS
The retiring auditors, Messrs. KPMG, have indicated their willingness to accept re-appointment.

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

R. M. ALIAS
(Chairman)

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

10 December 2010

Income Statements

For The Year Ended 30 September 2010

		Group		Company	
	Note	**2010 RM'000**	2009 RM'000	**2010 RM'000**	2009 RM'000
Revenue	4	**7,490,626**	6,658,308	**1,168,631**	1,317,251
Cost of sales		**(5,307,619)**	(4,709,643)	**(372,805)**	(449,769)
Gross profit		**2,183,007**	1,948,665	**795,826**	867,482
Other operating income		**186,063**	63,948	**67,547**	13,092
Distribution costs		**(460,746)**	(378,431)	**(7,695)**	(8,312)
Administration expenses		**(377,120)**	(489,576)	**(52,162)**	(39,211)
Other operating expenses		**(127,502)**	(223,030)	**(38,247)**	(55,028)
Operating profit	5	**1,403,702**	921,576	**765,269**	778,023
Finance costs	6	**(58,271)**	(68,769)	**(38,730)**	(39,905)
Share of results of associates		**37,401**	34,555	**-**	-
Profit before taxation		**1,382,832**	887,362	**726,539**	738,118
Tax expense	9	**(315,562)**	(244,751)	**(71,549)**	(60,802)
Profit for the year		**1,067,270**	642,611	**654,990**	677,316
Attributable to:					
Equity holders of the Company		**1,012,340**	612,500	**654,990**	677,316
Minority interests		**54,930**	30,111	**-**	-
		1,067,270	642,611	**654,990**	677,316
		Sen	Sen	**Sen**	Sen
Earnings per share	10	**95.1**	57.5	**61.5**	63.6

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

Balance Sheets

At 30 September 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Assets					
Property, plant and equipment	12	**2,569,226**	2,487,800	**267,663**	250,020
Investment properties	13	**4,463**	5,086	**-**	-
Prepaid lease payments	14	**354,537**	357,441	**34,734**	24,422
Biological assets	15	**1,672,395**	1,575,878	**453,286**	433,651
Land held for property development	16	**229,419**	195,790	**-**	-
Goodwill on consolidation	17	**289,529**	296,950	**-**	-
Intangible assets	18	**32,410**	31,577	**-**	-
Investment in subsidiaries	19	**-**	-	**2,144,083**	2,096,765
Investment in associates	20	**199,361**	210,379	**20,676**	20,676
Other investments	21	**349,300**	244,452	**79,089**	79,089
Other receivable	22	**46,808**	37,057	**-**	-
Deferred tax assets	23	**21,022**	9,833	**-**	-
Total non-current assets		**5,768,470**	5,452,243	**2,999,531**	2,904,623
Inventories	24	**1,287,939**	882,050	**25,865**	33,612
Biological assets	15	**3,759**	4,260	**-**	-
Trade receivables	25	**584,646**	628,133	**26,619**	38,940
Other receivables, deposits and prepayments	26	**227,142**	263,996	**22,714**	20,198
Amount owing by subsidiaries	19	**-**	-	**1,647,306**	1,887,165
Tax recoverable		**20,309**	19,302	**-**	-
Property development costs	27	**3,316**	18,735	**-**	-
Assets held for sale	28	**12,845**	43,131	**-**	-
Cash and cash equivalents	29	**1,255,105**	1,292,481	**718,706**	762,971
Total current assets		**3,395,061**	3,152,088	**2,441,210**	2,742,886
Total assets		**9,163,531**	8,604,331	**5,440,741**	5,647,509
Equity					
Share capital	30	**1,067,505**	1,067,505	**1,067,505**	1,067,505
Reserves	31	**4,951,146**	4,579,951	**2,722,574**	2,546,818
		6,018,651	5,647,456	**3,790,079**	3,614,323
Less: Cost of treasury shares		**(13,447)**	(13,447)	**(13,447)**	(13,447)
Total equity attributable to equity holders of the Company		**6,005,204**	5,634,009	**3,776,632**	3,600,876
Minority interests		**320,145**	308,760	**-**	-
Total equity		**6,325,349**	5,942,769	**3,776,632**	3,600,876
Liabilities					
Deferred tax liabilities	23	**241,989**	251,072	**2,337**	1,272
Provision for retirement benefits	32	**219,378**	44,165	**13,327**	11,521
Borrowings	33	**1,107,089**	1,122,726	**851,900**	903,900
Total non-current liabilities		**1,568,456**	1,417,963	**867,564**	916,693
Trade payables	34	**266,075**	281,481	**4,227**	4,483
Other payables	35	**353,832**	292,181	**59,332**	53,064
Amount owing to subsidiaries	19	**-**	-	**666,090**	832,169
Borrowings	33	**579,612**	627,427	**52,000**	226,350
Tax payable		**70,207**	42,510	**14,896**	13,874
Total current liabilities		**1,269,726**	1,243,599	**796,545**	1,129,940
Total liabilities		**2,838,182**	2,661,562	**1,664,109**	2,046,633
Total equity and liabilities		**9,163,531**	8,604,331	**5,440,741**	5,647,509

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

Consolidated Statement of Changes in Equity

For The Year Ended 30 September 2010

	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	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000	Minority Interests RM'000	Total Equity RM'000
At 1 October 2008	1,067,505	875,952	49,759	27,714	151,628	3,377,983	(13,447)	5,537,094	202,913	5,740,007
Acquisitions through business combinations	-	-	-	-	-	-	-	-	65,631	65,631
Issue of redeemable preference shares to minority shareholders	-	-	-	-	-	-	-	-	15,000	15,000
Disposal of shares to minority shareholders	-	-	-	-	-	-	-	-	7,624	7,624
Revaluation on acquisition of a subsidiary	-	-	31,362	-	-	-	-	31,362	-	31,362
Transfer from retained earnings to capital reserve	-	3,874	-	-	-	(3,874)	-	-	-	-
Actuarial loss on defined benefit plan	-	-	-	-	-	(17,163)	-	(17,163)	-	(17,163)
Currency translation differences	-	305	-	1	42,614	(285)	-	42,635	6,147	48,782
Net gain/(loss) not recognised in the income statement	-	4,179	31,362	1	42,614	(21,322)	-	56,834	94,402	151,236
Profit for the year	-	-	-	-	-	612,500	-	612,500	30,111	642,611
Total recognised income and expenses for the year	-	4,179	31,362	1	42,614	591,178	-	669,334	124,513	793,847
Dividends paid										
- 2008 final	-	-	-	-	-	(465,922)	-	(465,922)	-	(465,922)
- 2009 interim	-	-	-	-	-	(106,497)	-	(106,497)	-	(106,497)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(18,666)	(18,666)
At 30 September 2009	**1,067,505**	**880,131**	**81,121**	**27,715**	**194,242**	**3,396,742**	**(13,447)**	**5,634,009**	**308,760**	**5,942,769**
Acquisitions through business combinations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**315**	**315**
Acquisition of shares from minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,723)**	**(5,723)**
Redemption of redeemable preference shares	**-**	**-**	**-**	**129**	**-**	**(129)**	**-**	**-**	**(3,000)**	**(3,000)**
Bonus issue capitalised from post-acquisition reserve	**-**	**137,417**	**-**	**-**	**-**	**(137,417)**	**-**	**-**	**-**	**-**
Transfer from retained earnings to capital reserve	**-**	**785**	**-**	**-**	**-**	**(785)**	**-**	**-**	**-**	**-**
Actuarial loss on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**(11,360)**	**-**	**(11,360)**	**-**	**(11,360)**
Currency translation differences	**-**	**(472)**	**-**	**(3)**	**(149,808)**	**(268)**	**-**	**(150,551)**	**(6,977)**	**(157,528)**
Net gain/(loss) not recognised in the income statement	**-**	**137,730**	**-**	**126**	**(149,808)**	**(149,959)**	**-**	**(161,911)**	**(15,385)**	**(177,296)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,012,340**	**-**	**1,012,340**	**54,930**	**1,067,270**
Total recognised income and expenses for the year	**-**	**137,730**	**-**	**126**	**(149,808)**	**862,381**	**-**	**850,429**	**39,545**	**889,974**
Dividends paid										
- 2009 final	**-**	**-**	**-**	**-**	**-**	**(319,489)**	**-**	**(319,489)**	**-**	**(319,489)**
- 2010 interim	**-**	**-**	**-**	**-**	**-**	**(159,745)**	**-**	**(159,745)**	**-**	**(159,745)**
Dividends paid to minority shareholders	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(28,160)**	**(28,160)**
At 30 September 2010	**1,067,505**	**1,017,861**	**81,121**	**27,841**	**44,434**	**3,779,889**	**(13,447)**	**6,005,204**	**320,145**	**6,325,349**
	Note 30	Note 31								

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

Statement of Changes in Equity of the Company

For The Year Ended 30 September 2010

	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Total RM'000
At 1 October 2008	1,067,505	1,087,296	36,265	285	1,318,075	(13,447)	3,495,979
Profit for the year/Total recognised income for the year	-	-	-	-	677,316	-	677,316
Dividends paid							
- 2008 final	-	-	-	-	(465,922)	-	(465,922)
- 2009 interim	-	-	-	-	(106,497)	-	(106,497)
At 30 September 2009	**1,067,505**	**1,087,296**	**36,265**	**285**	**1,422,972**	**(13,447)**	**3,600,876**
Profit for the year/Total recognised income for the year	**-**	**-**	**-**	**-**	**654,990**	**-**	**654,990**
Dividends paid							
- 2009 final	**-**	**-**	**-**	**-**	**(319,489)**	**-**	**(319,489)**
- 2010 interim	**-**	**-**	**-**	**-**	**(159,745)**	**-**	**(159,745)**
At 30 September 2010	**1,067,505**	**1,087,296**	**36,265**	**285**	**1,598,728**	**(13,447)**	**3,776,632**
	Note 30	←	Note 31		→		

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

Consolidated Cash Flow Statement

For The Year Ended 30 September 2010

	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before taxation	**1,382,832**	887,362
Adjustments for:		
Depreciation of property, plant and equipment	**191,372**	180,570
Amortisation of prepaid lease payments	**7,242**	6,883
Amortisation of intangible assets	**3,695**	3,978
Depreciation of investment properties	**38**	51
Amortisation of biological assets	**29,400**	14,029
Impairment of property, plant and equipment	**5,797**	37,609
Impairment of intangible assets	**41**	1,985
Impairment of goodwill	**4,041**	-
Property, plant and equipment written off	**2,666**	2,446
Intangible assets written off	**-**	21
(Gain)/Loss on disposal of property, plant and equipment	**(4,379)**	5,713
Surplus arising from government acquisition of land	**(557)**	(5,470)
Surplus arising from sale of land	**(1,659)**	-
Surplus arising from disposal of investment property	**(1,228)**	-
Surplus on sale of investments	**(2,704)**	(8,185)
Surplus on sale of subsidiaries	**-**	(9,912)
Surplus on sale of shares in a subsidiary	**-**	(5,306)
Deficit on liquidation of subsidiaries	**9,905**	-
Impairment in value of investment	**211**	9,600
Impairment in value of investment in an associate	**-**	13,551
Write back of impairment in value of investment	**(110,400)**	-
Distribution by a liquidated investee company	**-**	(15)
Retirement benefits provision	**14,474**	4,405
Finance costs	**58,271**	68,769
Dividend income	**(16,406)**	(12,799)
Interest income	**(24,178)**	(25,159)
Exchange loss	**658**	1,039
Share of results of associates	**(37,401)**	(34,555)
Operating profit before working capital changes	**1,511,731**	1,136,610
Working capital changes:		
Property development costs	**15,419**	908
Inventories	**(401,655)**	348,879
Biological assets	**501**	(613)
Trade and other receivables	**19,698**	24,210
Trade and other payables	**5,658**	(79,709)
Cash generated from operations	**1,151,352**	1,430,285
Interest paid	**(57,989)**	(68,349)
Tax paid	**(295,795)**	(336,793)
Retirement benefits paid	**(13,696)**	(4,664)
Net cash generated from operating activities	**783,872**	1,020,479

Consolidated Cash Flow Statement

For The Year Ended 30 September 2010

	2010 RM'000	2009 RM'000
Cash flows from investing activities		
Purchase of property, plant and equipment	**(231,306)**	(319,751)
Purchase of leasehold land	**(6,232)**	(5,564)
Plantation development expenditure	**(117,559)**	(96,694)
Property development expenditure	**(33,629)**	(33)
Purchase of subsidiaries, net of cash acquired (Note B)	**16,519**	18,528
Sale of subsidiaries, net of cash disposed (Note C)	**-**	8,858
Sale of shares in a subsidiary	**-**	12,930
Subscription of shares in an associate	**-**	(1,500)
Purchase of shares from minority shareholders	**(12,430)**	-
Purchase of investments	**(8,721)**	(9,184)
Purchase of intangible assets	**(7,059)**	-
Proceeds from sale of property, plant and equipment	**7,743**	2,296
Compensation from government on land acquired	**591**	23,914
Proceeds from disposal of investment property	**1,813**	-
Proceeds from sale of land	**30,834**	-
Proceeds from distribution by a liquidated investee company	**-**	15
Proceeds from sale of investments	**12,682**	52,464
Repayment from/(Loan to) an associate	**1,722**	(12,008)
Dividends received from associates	**44,716**	24,179
Dividends received from investments	**12,760**	18,056
Interest received	**23,782**	24,931
Net cash used in investing activities	**(263,774)**	(258,563)
Cash flows from financing activities		
Term loans received	**153,891**	641,837
Repayment of term loans	**(342,262)**	(276,853)
Drawdown/(Repayment) of short term borrowings	**149,848**	(404,012)
Dividends paid to shareholders of the Company	**(479,234)**	(572,419)
Dividends paid to minority shareholders	**(28,160)**	(18,666)
Issue of redeemable preference shares to minority shareholders	**-**	15,000
Redemption of redeemable preference shares from minority shareholders	**(3,000)**	-
Increase in other receivable	**(9,751)**	(13,490)
Net cash used in financing activities	**(558,668)**	(628,603)
Net (decrease)/increase in cash and cash equivalents	**(38,570)**	133,313
Cash and cash equivalents at beginning of year	**1,259,452**	1,141,364
Cash and cash equivalents at end of year (Note A)	**1,220,882**	1,274,677

Notes on the consolidated cash flow statement

A. Cash and cash equivalents

	2010 RM'000	2009 RM'000
Cash and cash equivalents consist of:		
Cash and bank balances	**225,141**	177,007
Deposits with licensed banks	**299,602**	611,480
Fixed income trust funds	**730,362**	503,994
Bank overdrafts	**(34,223)**	(17,804)
Cash and cash equivalents	**1,220,882**	1,274,677
Currency translation differences on opening balances	**-**	(15,225)
Cash and cash equivalents as restated	**1,220,882**	1,259,452

Consolidated Cash Flow Statement

For The Year Ended 30 September 2010

	2010 RM'000	2009 RM'000
B. Analysis of acquisition of subsidiaries		
The fair values of assets and liabilities of subsidiaries acquired were as follows:		
Property, plant and equipment	**132,942**	51,395
Prepaid lease payments	**1,650**	9,404
Biological assets	**28,620**	82,530
Net current assets	**3,438**	77,818
Borrowings	**-**	(14,194)
Deferred tax assets/(liabilities)	**2,712**	(21,780)
Provision for retirement benefits	**(152,890)**	-
Net identifiable assets and liabilities	**16,472**	185,173
Minority interests	**(315)**	(65,631)
Revaluation reserve relating to previously held interest	**-**	(31,362)
	16,157	88,180
Goodwill on acquisition	**388**	28,902
Total purchase price	**16,545**	117,082
Transfer from associate	**-**	(50,574)
Purchase price satisfied by cash	**16,545**	66,508
Less: Cash and cash equivalents of subsidiaries acquired	**(33,064)**	(85,036)
Cash inflow on acquisition of subsidiaries	**(16,519)**	(18,528)
C. Analysis of disposal of subsidiaries		
The assets and liabilities of subsidiaries disposed were as follows:		
Property, plant and equipment	**-**	80
Net current liabilities	**-**	(804)
	-	(724)
Surplus on sale of subsidiaries	**-**	9,912
Total sale consideration	**-**	9,188
Less: Cash and cash equivalents of subsidiaries disposed	**-**	(330)
Cash inflow on disposal of subsidiaries	**-**	8,858

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

Cash Flow Statement of the Company

For The Year Ended 30 September 2010

	2010 RM'000	2009 RM'000
Cash flows from operating activities		
Profit before taxation	**726,539**	738,118
Adjustments for:		
Depreciation of property, plant and equipment	**19,148**	17,690
Amortisation of prepaid lease payments	**472**	388
Property, plant and equipment written off	**146**	13
Gain on disposal of property, plant and equipment	**(181)**	(116)
Advances to subsidiary written off	**-**	17,397
Surplus arising from government acquisition of land	**(557)**	(2,835)
Surplus arising from sale of land	**(1,657)**	-
Surplus on sale of shares in a subsidiary	**-**	(9,930)
Impairment in value of investment in a subsidiary	**3,641**	3,661
Distribution by a liquidated investee company	**-**	(15)
Net surplus on liquidation of subsidiaries	**(82,908)**	-
Retirement benefits provision	**3,999**	1,208
Realised foreign exchange (gain)/loss	**(11,805)**	4,464
Unrealised foreign exchange translation loss	**41,546**	4,306
Finance costs	**38,730**	39,905
Dividend income	**(345,119)**	(437,038)
Interest income	**(28,275)**	(24,059)
Operating profit before working capital changes	**363,719**	353,157
Working capital changes:		
Inventories	**7,747**	42,476
Trade and other receivables	**10,922**	(16,686)
Trade and other payables	**6,075**	(17,885)
Cash generated from operations	**388,463**	361,062
Interest paid	**(38,793)**	(40,035)
Tax paid	**(62,753)**	(55,675)
Retirement benefits paid	**(3,508)**	(1,958)
Net cash generated from operating activities	**283,409**	263,394
Cash flows from investing activities		
Purchase of property, plant and equipment	**(23,134)**	(21,859)
Property, plant and equipment transferred from subsidiaries	**(13,809)**	(531)
Leasehold land transferred from subsidiaries	**(10,800)**	-
Plantation development expenditure transferred from subsidiaries	**(19,670)**	-
Purchase of shares in subsidiaries	**(3,761)**	-
Subscription of shares in subsidiaries	**(124,564)**	(467,690)
Subscription of shares in an associate	**-**	(1,500)
Proceeds from sales of property, plant and equipment	**181**	121
Compensation from government on land acquired	**592**	21,193
Proceeds from sale of land	**1,679**	-
Proceeds from sale of shares in a subsidiary	**-**	12,930
Proceeds from distribution by a liquidated investee company	**-**	15
Redemption of redeemable preference shares by subsidiaries	**18,348**	67,134
Loan repayment from subsidiaries	**183,649**	168,590
Dividends received from subsidiaries	**320,583**	429,472
Dividends received from associates	**6,153**	1,619
Dividends received from investments	**9,783**	14,630
Interest received	**28,807**	22,843
Net cash generated from investing activities	**374,037**	246,967

Cash Flow Statement of the Company

For The Year Ended 30 September 2010

	2010 RM'000	2009 RM'000
Cash flows from financing activities		
Term loan received	**-**	455,900
Repayment of term loans	**(222,477)**	(235,900)
Dividends paid to shareholders of the Company	**(479,234)**	(572,419)
Net cash used in financing activities	**(701,711)**	(352,419)
Net (decrease)/increase in cash and cash equivalents	**(44,265)**	157,942
Cash and cash equivalents at beginning of year	**762,971**	605,029
Cash and cash equivalents at end of year (Note A)	**718,706**	762,971

Note on the cash flow statement

A. Cash and cash equivalents

Cash and cash equivalents consist of:

	2010 RM'000	2009 RM'000
Cash and bank balances	**6,319**	4,582
Deposits with licensed banks	**58,087**	370,780
Fixed income trust funds	**654,300**	387,609
	718,706	762,971

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

Notes on 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 2010 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. The financial statements of the Company as at and for the year ended 30 September 2010 do not include other entities.

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 40.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

(a) New FRS applied

On 1 October 2009, the Group applied FRS 8, *Operating Segments* issued by the Malaysian Accounting Standards Board ("MASB") which is relevant to the Group and became effective for annual periods beginning on or after 1 July 2009.

FRS 8 replaces FRS 114_{2004}, *Segment Reporting*, and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance.

Prior to application of FRS 8, the segment reporting of the Group was based on a primary reporting format of business segments and a secondary reporting format of geographical segments. With the adoption of FRS 8, the Group's segment reporting has been changed to operating segments based on the segment information provided to Chief Executive Officer and the Board of Directors.

The application of FRS 8 does not have any significant impact on the Group's financial statements.

(b) New FRSs, amendments and interpretations not applied

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the MASB but are not yet effective for the Group and the Company.

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - *Puttable Financial Instruments and Obligations Arising on Liquidation*
  - *Separation of Compound Instruments*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  - *Reclassification of Financial Assets*
  - *Collective Assessment of Impairment for Banking Institutions*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*

Notes on the Financial Statements

- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

Amendments to FRS effective for annual periods beginning on or after 1 March 2010
- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 2, *Share-based Payment: Group Cash-settled Share-based Payment Transactions*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2010)*"

Interpretation and amendments effective for annual periods beginning on or after 1 July 2011
- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- *Prepayments of a Minimum Funding Requirement* (Amendments to IC Interpretation 14)

FRS and Interpretation effective for annual periods beginning on or after 1 January 2012
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- FRS 124, *Related Party Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 October 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2010, 1 March 2010 and 1 July 2010, except for FRS 4, 123, Amendments to FRS 2, 101, IC Interpretation 12, 13, 17 which are not applicable to the Group and the Company;

- from the annual period beginning 1 October 2011 for those amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011 and 1 July 2011, except for Amendments to FRS 2, IC Interpretation 18, 19 which are not applicable to the Group and the Company; and

- from the annual period beginning 1 October 2012 for those standard or interpretation that will be effective for annual periods beginning on or after 1 January 2012.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any material financial impacts to the current and prior periods' financial statements upon their first application.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

The initial applications of the other standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and of the Company, except for the initial application of amendments to FRS 117, *Leases*, which will be applied retrospectively.

Notes on the Financial Statements

Amendments to FRS 117, *Leases* clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in reclassification of lease of land amounting to RM354,537,000 of the Group and RM34,734,000 of the Company as at 30 September 2010 from prepaid lease payments to property, plant and equipment.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention except as disclosed in the notes on the financial statements.

2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia, which is the Group's and Company's functional currency. All financial information presented in Ringgit Malaysia 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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:

- Note 13 - Valuation of investment properties
- Note 12, 14 and Note 17 to 21 - Measurement of the recoverable amounts of cash-generating units
- Note 23 - Recognition of unutilised tax losses and capital allowances
- Note 32 and 39 - Provision for retirement benefits and contingencies
- Note 40 - Business combinations

3. SIGNIFICANT ACCOUNTING POLICIES

Summarised below are the significant accounting policies of the Group and of the Company. The accounting policies adopted are consistent with those adopted in previous years, unless otherwise stated.

3.1 Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases.

Intragroup transactions and balances and any unrealised income and expenses arising from intra-group transactions, are eliminated in full on consolidation.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

Minority interests at the balance sheet date, being the portion of the net identifiable assets/net assets (excluding goodwill) of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated

Notes on the Financial Statements

income statement as an allocation of the total profit or loss for the year between minority interests and the equity holders of the Company.

Where losses applicable to the minority shareholders exceed the minority interests in the equity of a subsidiary, the excess, and any further losses applicable to the minority shareholders, are charged against the Group's interest except to the extent that the minority shareholders have a binding obligation to, and are able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the purchase method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. 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.

(b) Goodwill

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

For acquisitions prior to the adoption of FRS 3, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair values of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

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

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

(c) 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 included in a disposal group that is classified as held for sale. The consolidated financial statements include the Group's share of the profit or loss of the equity accounted 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. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest including any long term investments is reduced to nil, 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 investee.

Notes on the Financial Statements

In the Company's separate financial statements, investments in associates are stated at cost less any impairment losses, unless the investment is classified as held for sales.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

3.2 Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Company and the subsidiaries at exchange rates at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rates at balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the functional currency at exchange rates ruling on the transaction dates. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Foreign currency differences arising on translation are recognised in the income statement.

(b) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than Ringgit Malaysia, including goodwill and fair value adjustments arising on acquisition, are translated into Ringgit Malaysia at the exchange rates at balance sheet date except for goodwill and fair value adjustments arising from business combinations before 1 January 2006 which are reported using the exchange rates at the dates of acquisitions. The income and expenses of the foreign operations are translated to Ringgit Malaysia at the average exchange rates for the year.

All resulting exchange differences are recognised in the Exchange Fluctuation Reserve. On disposal of a foreign operation, the cumulative amount of the exchange differences in the Exchange Fluctuation Reserve are recognised in the consolidated income statement as part of the gain or loss on disposal.

(c) Net investment in a foreign operation

Exchange differences arising from a monetary item that in substance forms part of the Company's net investment in a foreign operation are recognised in the income statement of the Company or the individual financial statements of the foreign operation, as appropriate.

Such exchange differences are reclassified to Exchange Fluctuation Reserve in the consolidated financial statements. On disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in the consolidated income statement when the gain or loss on disposal is recognised.

The closing exchange rates of the main currencies in the Group used in the translation of foreign currency monetary assets and liabilities, and the financial statements of foreign operations are as follows:

			2010	2009
Pound Sterling	GBP	1 to	**RM4.8828**	RM5.5520
United States Dollar	USD	1 to	**RM3.0887**	RM3.4870
Australian Dollar	AUD	1 to	**RM2.9965**	RM3.0438
Hong Kong Dollar	HKD	1 to	**RM0.3982**	RM0.4499
Chinese Renminbi	Rmb	1 to	**RM0.4625**	RM0.5115
Indonesian Rupiah	Rp	100 to	**RM0.0340**	RM0.0359
Singapore Dollar	SGD	1 to	**RM2.3470**	RM2.4590
Euro	Euro	1 to	**RM4.2043**	RM5.0881
Swiss Franc	CHF	1 to	**RM3.1644**	RM3.3680
Canadian Dollar	CAD	1 to	**RM3.0018**	RM3.2120

3.3 Property, plant and equipment

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation 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-

Notes on the Financial Statements

constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced parts is derecognised to profit and loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

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 property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

Depreciation is recognised in the income statement on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The principal depreciation rates are as follows:

Palm oil mill machinery	-	10% per annum
Plant and machinery	-	4% to 33⅓% per annum
Motor vehicles	-	10% to 33⅓% per annum
Furniture, fittings and equipment	-	5% to 33⅓% per annum
Buildings, factories and mills	-	2% to 20% per annum
Employees' quarters	-	10% per annum
Effluent ponds, roads and bridges	-	5% to 10% per annum

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

3.4 Leases

(a) Operating lease

Leases are classified as operating leases where the Group does not assume substantially all the risks and rewards of the ownership and the leased assets are not recognised on the Group's balance sheet.

Operating lease rentals are charged to the income statement on a straight line basis over the period of lease.

(b) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payments made on entering into or acquiring a leasehold land, except for leasehold land classified as investment property, are accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided.

3.5 Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and any impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 3.3.

Notes on the Financial Statements

Depreciation is charged to the income statement on a straight line basis over the estimated useful lives of 40 to 50 years for buildings. Freehold land is not depreciated.

An investment property is derecognised when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any difference between the net disposal proceeds and the carrying amount is recognised in income statement in the period in which the item is derecognised.

The fair value of the Group's investment property is determined by a professional valuer.

3.6 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 and is not amortised other than those short land leases held in Indonesia where the plantation development expenditure are amortised over the shorter of the life of the lease and the estimated productive lifespan of the biological assets.

(b) Growing crops and livestock

Growing crops are measured at the lower of cost and net realisable value. Cost includes cost of seed, fertiliser and sprays.

Livestock (sheep) is measured at net realisable value.

3.7 Replanting expenditure

Replanting expenditure is charged to the income statement in the year in which the expenditure is incurred.

3.8 Capitalisation of borrowing costs

Borrowing costs, net of any investment income on the temporary investment of the specific borrowings, incurred on capital work-in-progress are capitalised. Exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs, are also capitalised. Capitalisation of borrowing costs ceases when the assets are substantially ready for their intended use.

3.9 Property development

(a) Land held for property development

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the Group's normal operating cycle of 2 to 3 years. Such land is classified as non-current asset and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 2 to 3 years.

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. Where the Group had previously recorded the land at revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 *Property Development Activities*.

(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 not recognised as expenses are recognised as assets and are stated at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is shown as accrued billings under trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is shown as progress billings under trade payables.

3.10 Investments in equity securities

Other investments are recognised initially at purchase price plus attributable transaction cost.

Notes on the Financial Statements

Subsequent to initial recognition, other investments are stated at cost and unless the market value is lower than cost on a portfolio basis, an allowance is set aside for diminution in value. Cost is determined on the weighted average basis while market value is determined based on quoted market values.

Where in the opinion of the Directors, there is a decline other than temporary in value of non-current equity securities other than investment in subsidiaries and associates, the impairment in value is recognised as an expense in the financial year in which the decline is identified.

Profits and losses arising from the disposal of investments held on a long term basis are included in the income statement.

3.11 Intangible assets

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

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

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

3.12 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 cost to sell.

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 the income statements. Gains are not recognised in excess of any cumulative impairment loss.

3.13 Inventories

Inventories of produce are measured at the lower of cost and net realisable value. Cost includes cost of materials, direct labour and an appropriate proportion of fixed and variable production overheads, where applicable, and is determined on a weighted average basis.

Stores and materials are valued at the lower of cost and net realisable value. Cost includes cost of purchase plus incidentals in bringing the inventories into store and is determined on the weighted average basis.

Inventories of completed development properties are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and other related development costs.

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.

3.14 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with licensed banks and fixed income trust funds which have an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

3.15 Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Notes on the Financial Statements

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

3.16 Impairment of assets

The carrying amount of assets, other than inventories, biological assets, deferred tax assets and assets held for sale are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, 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, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, 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. 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 groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of 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 each reporting date 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. 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 the income statement in the year in which the reversals are recognised unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statements.

3.17 Payables

Borrowings, trade and other payables are stated at cost. These are recognised when there is contractual obligation to deliver cash or another financial asset to another entity.

3.18 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 (tax 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 balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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 each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes on the Financial Statements

3.19 Employee benefits

(a) Defined contribution plans

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

(b) Unfunded defined benefit plan

(i) The Group and the Company provide 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 year end, the length of service to-date 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 and the Company. Accordingly, no further disclosure as required by the standard is made.

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

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

Service and interest cost are recognised immediately in profit and loss account. Actuarial gains and losses are recognised in the statement of equity.

(c) Funded defined benefit plan

A subsidiary in England and a subsidiary in Switzerland operate their defined benefit pension schemes for employees. The assets of the schemes are held separately from those of the subsidiaries.

The current service and interest cost and the expected return on assets are shown as a net amount in the income statement. Actuarial gains and losses are recognised immediately in the statement of changes in equity.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Pension scheme deficits are recognised in full on the balance sheet, net of related deferred tax.

(d) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the income statement in the period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.20 Buy back of share capital

When share capital is bought back and held as treasury shares, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity.

3.21 Derivative financial instruments

The Group uses forward foreign exchange contracts to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities. These instruments are not recognised in the financial statements.

Notes on the Financial Statements

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

3.22 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 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.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

3.23 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions or vice-versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

3.24 Revenue recognition

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of discounts and returns. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the economic benefits associated with the transaction will flow to the Group, the cost incurred or to be incurred in respect of the transaction can be measured reliably and there is no continuing management involvement with the goods.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of performance of services at the balance sheet date.

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 to-date that reflect work performed bear to the estimated total property development costs. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

Dividend income from subsidiaries, associates and other investments are recognised when the rights to receive payment are established. Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

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

3.25 Research and development expenditure

All general research and development expenditure is charged to the income statement in the year in which the expenditure is incurred.

3.26 Finance costs

All interest and other costs incurred in connection with borrowings, other than that capitalised in accordance with Note 3.8, are expensed as incurred.

3.27 Segment reporting

In the previous years, a segment was a distinguishable component of the Group that was engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which was subject to risks and rewards that were different from those of other segments.

Following the adoption of FRS 8, *Operating Segments*, an operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating 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 assess its performance, and for which discrete financial information is available.

Notes on the Financial Statements

4. REVENUE

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Sale of goods				
Palm products	**3,280,031**	3,212,982	**613,448**	717,278
Rubber	**256,143**	163,893	**180,513**	137,475
Manufacturing	**3,246,973**	2,585,788	**-**	-
Retailing	**614,325**	605,180	**-**	-
Property development	**30,123**	30,804	**-**	-
Others	**20,658**	19,306	**1,276**	1,401
	7,448,253	6,617,953	**795,237**	856,154
Rendering of services	**1,789**	2,397	**-**	-
Interest income	**24,178**	25,159	**28,275**	24,059
Dividend income (Note 8)	**16,406**	12,799	**345,119**	437,038
	7,490,626	6,658,308	**1,168,631**	1,317,251

5. OPERATING PROFIT

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Operating profit is arrived at after charging and (crediting) the following:				
Auditors' remuneration				
- Company auditors				
current year	**590**	601	**120**	120
under-provision in prior year	**-**	4	**-**	-
non-audit work	**38**	6	**38**	6
- other auditors				
current year	**2,819**	2,237	**-**	-
under-provision in prior year	**19**	50	**-**	-
non-audit work	**181**	104	**-**	-
Hire of plant and machinery	**18,270**	19,524	**-**	-
Rent on land and buildings	**7,592**	6,825	**887**	808
Operating lease rentals				
- land and buildings	**85,198**	109,505	**-**	-
- plant and machinery	**2,489**	1,863	**-**	-
Amortisation of prepaid lease payments (Note 14)	**7,242**	6,883	**472**	388
Amortisation of biological assets (Note 15)	**29,400**	14,029	**-**	-
Amortisation of intangible assets (Note 18)	**3,695**	3,978	**-**	-
Depreciation of property, plant and equipment (Note 12)	**191,372**	180,570	**19,148**	17,690
Depreciation of investment properties (Note 13)	**38**	51	**-**	-
Impairment of				
- property, plant and equipment (Note 12)	**5,797**	37,609	**-**	-
- goodwill (Note 17)	**4,041**	-	**-**	-
- intangible assets (Note 18)	**41**	1,985	**-**	-
Impairment in value of				
- investment in a subsidiary (Note 19)	**-**	-	**3,641**	3,661
- investment in an associate (Note 20)	**-**	13,551	**-**	-
- investment (Note 21)	**211**	9,600	**-**	-
Replanting expenditure	**56,882**	56,783	**26,532**	26,090
Intangible assets written off (Note 18)	**-**	21	**-**	-
Property, plant and equipment written off	**2,666**	2,446	**146**	13
(Write back of)/Allowance for doubtful debts	**(1,024)**	868	**-**	-
Personnel expenses (excluding key management personnel)				
- salary	**639,819**	600,600	**127,915**	116,738
- employer's statutory contributions	**51,044**	46,893	**9,242**	5,061
- defined contribution plans	**3,378**	2,808	**-**	-
Research and development expenditure	**12,156**	12,088	**5,698**	5,435
Retirement benefits provision	**14,474**	4,405	**3,999**	1,208
Write down of inventories	**17,130**	87,668	**898**	2,351

Notes on the Financial Statements

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Write back of inventories	**(4,445)**	(3,452)	**-**	-
Write back of impairment in value of investment (Note 21)	**(110,400)**	-	**-**	-
Advances to subsidiary written off	**-**	-	**-**	17,397
Direct operating expenses of investment properties				
- did not generate rental income	**7**	7	**-**	-
- generated rental income	**73**	74	**-**	-
(Gain)/Loss on disposal of property, plant and equipment	**(4,379)**	5,713	**(181)**	(116)
Surplus arising from government acquisition of land	**(557)**	(5,470)	**(557)**	(2,835)
Surplus arising from disposal of land	**(1,659)**	-	**(1,657)**	-
Surplus arising from disposal of investment property	**(1,228)**	-	**-**	-
Surplus on sale of investments	**(2,704)**	(8,185)	**-**	-
Surplus on sale of subsidiaries	**-**	(9,912)	**-**	-
Surplus on sale of shares in a subsidiary	**-**	(5,306)	**-**	(9,930)
Net deficit/(surplus) on liquidation of subsidiaries	**9,905**	-	**(82,908)**	-
Net (gain)/loss in foreign exchange	**(24,636)**	67,103	**28,318**	6,977
Rental income from land and buildings	**(770)**	(688)	**(894)**	(245)
Rental income from investment properties	**(251)**	(284)	**-**	-
Gain on redemption of fixed income trust funds	**(3,396)**	(1,712)	**(3,191)**	(1,533)
Distribution by a liquidated investee company	**-**	(15)	**-**	(15)

6. FINANCE COSTS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Term loans interest	**29,057**	29,785	**18,297**	13,476
Islamic medium term notes profit	**20,433**	20,400	**20,433**	20,400
Overdraft and other interest	**8,781**	18,584	**-**	6,029
	58,271	68,769	**38,730**	39,905

7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Short term benefits				
Directors' remuneration				
Fees provided	**1,216**	1,044	**1,166**	926
Other emoluments	**5,505**	4,349	**5,505**	4,307
Benefits-in-kind	**114**	141	**114**	141
	6,835	5,534	**6,785**	5,374

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.

Notes on the Financial Statements

8. DIVIDEND INCOME

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Gross dividends from other investments				
Shares quoted in Malaysia	**1,546**	1,584	**-**	-
Shares quoted outside Malaysia	**2,966**	-	**2,753**	-
Unquoted shares	**2,117**	1,902	**1,883**	1,883
Fixed income trust funds	**9,777**	9,313	**8,371**	7,619
Gross dividends from unquoted subsidiaries	**-**	-	**324,150**	425,737
Gross dividends from unquoted associates	**-**	-	**7,962**	1,799
	16,406	12,799	**345,119**	437,038

9. TAX EXPENSE

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Components of tax expense				
Current tax expense				
Malaysian taxation	**192,257**	164,568	**69,500**	59,100
Overseas taxation	**133,888**	75,579	**984**	272
	326,145	240,147	**70,484**	59,372
Deferred tax				
Relating to origination and reversal of temporary differences	**(11,619)**	4,428	**1,065**	1,430
Relating to changes in tax rates	**-**	901	**-**	-
	(11,619)	5,329	**1,065**	1,430
	314,526	245,476	**71,549**	60,802
(Over)/Under-provision in respect of previous years				
Malaysian taxation	**(1,210)**	(684)	**-**	-
Overseas taxation	**2,246**	(41)	**-**	-
	1,036	(725)	**-**	-
	315,562	244,751	**71,549**	60,802
Reconciliation of effective tax expense				
Profit before taxation	**1,382,832**	887,362	**726,539**	738,118
Taxation at Malaysian income tax rate of 25% (2009: 25%)	**345,708**	221,841	**181,635**	184,530
Effect of different tax rates in foreign jurisdictions	**(3,586)**	(4,589)	**(763)**	(408)
Withholding tax on foreign dividend income	**25,831**	4,179	**-**	-
Expenses not deductible for tax purposes	**29,234**	37,209	**17,316**	11,144
Tax exempt income	**(48,734)**	(9,768)	**(103,469)**	(111,360)
Tax incentives	**(29,816)**	(26,543)	**(23,170)**	(23,104)
Deferred tax assets not recognised during the year	**9,136**	36,088	**-**	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	**(7,797)**	(3,870)	**-**	-
Effect of changes in tax rates on deferred tax	**-**	901	**-**	-
Tax effect on associates' results	**(9,350)**	(8,639)	**-**	-
Recognition of deferred tax assets not taken up previously	**(310)**	(80)	**-**	-
Under/(Over)-provision in respect of previous years	**1,036**	(725)	**-**	-
Others	**4,210**	(1,253)	**-**	-
Tax expense	**315,562**	244,751	**71,549**	60,802

The Company has elected for single tier company income tax system. Hence, the Company will be 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 RM1,012,340,000 (2009: RM612,500,000) for the Group and RM654,990,000 (2009: RM677,316,000) for the Company by the weighted average number of 1,064,965,692 (2009: 1,064,965,692) shares of the Company in issue during the year.

Notes on the Financial Statements

11. DIVIDENDS

	Group and Company 2010 RM'000	2009 RM'000
Final single tier dividend of 30 sen per share for the financial year ended 30 September 2009	**319,489**	-
Final dividend for the financial year ended 30 September 2008		
- 45 sen gross per share less 25% income tax	**-**	359,426
- 10 sen per share tax exempt	**-**	106,496
Interim single tier dividend of 15 sen per share for the financial year ended 30 September 2010 (2009: single tier dividend of 10 sen per share)	**159,745**	106,497
	479,234	572,419

Dividends are paid on the number of outstanding shares in issue and fully paid of 1,064,965,692 (2009: 1,064,965,692).

A final single tier dividend of 45 sen per share amounting to RM479,235,000 has been recommended by the Directors in respect of the financial year ended 30 September 2010 (2009: single tier dividend of 30 sen per share amounting to RM319,489,000) and subject to approval at the forthcoming Annual General Meeting.

The proposed final dividend has not been accounted for in the financial statements which is in compliance with FRS 110 *Events After Balance Sheet Date*.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold 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 2008	555,065	745,727	1,763,651	202,067	194,835	178,331	3,639,676
Reclassification	-	17,078	83,918	3,077	2,200	(106,273)	-
Additions	-	19,076	56,883	25,519	12,088	206,185	319,751
Acquisitions through business combinations	-	7,633	40,203	3,078	431	50	51,395
Disposal of a subsidiary	-	(872)	(133)	(10)	-	-	(1,015)
Transfer to land held for property development	(462)	-	-	-	-	-	(462)
Transfer to assets held for sale	(28,000)	-	-	-	-	-	(28,000)
Disposal	(128)	(24,510)	(20,669)	(3,085)	(2,458)	-	(50,850)
Written off	-	(328)	(14,537)	(1,795)	(1,158)	-	(17,818)
Currency translation differences	4,472	(3,721)	7,057	342	1,499	(335)	9,314
At 30 September 2009	**530,947**	**760,083**	**1,916,373**	**229,193**	**207,437**	**277,958**	**3,921,991**
Reclassification	**-**	**9,107**	**224,808**	**4,202**	**(5,653)**	**(232,464)**	**-**
Additions	**-**	**19,562**	**47,436**	**24,607**	**21,625**	**121,832**	**235,062**
Acquisitions through business combinations	**6,201**	**12,956**	**106,261**	**1,232**	**6,216**	**76**	**132,942**
Disposal	**(6)**	**(11,576)**	**(8,081)**	**(2,561)**	**(168)**	**(3,468)**	**(25,860)**
Written off	**-**	**(2,860)**	**(17,510)**	**(1,286)**	**(3,013)**	**-**	**(24,669)**
Currency translation differences	**(8,118)**	**(36,520)**	**(65,654)**	**(5,268)**	**(4,164)**	**(3,929)**	**(123,653)**
At 30 September 2010	**529,024**	**750,752**	**2,203,633**	**250,119**	**222,280**	**160,005**	**4,115,813**

Notes on the Financial Statements

Group	Freehold 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
Accumulated depreciation and impairment losses							
At 1 October 2008							
Accumulated depreciation	-	301,858	669,173	144,543	78,387	-	1,193,961
Accumulated impairment losses	-	26,003	37,183	-	10,511	-	73,697
	-	327,861	706,356	144,543	88,898	-	1,267,658
Reclassification	-	(164)	(9,208)	(1)	9,373	-	-
Depreciation charge	-	35,000	109,074	23,890	18,659	-	186,623
Impairment losses	-	8,246	19,983	-	6,157	3,223	37,609
Disposal of a subsidiary	-	(809)	(115)	(11)	-	-	(935)
Disposal	-	(21,324)	(17,903)	(2,620)	(1,215)	-	(43,062)
Written off	-	(288)	(12,236)	(1,773)	(1,075)	-	(15,372)
Currency translation differences	-	(2,646)	2,103	1,187	970	56	1,670
At 30 September 2009							
Accumulated depreciation	**-**	**311,444**	**750,892**	**165,215**	**95,582**	**-**	**1,323,133**
Accumulated impairment losses	**-**	**34,432**	**47,162**	**-**	**26,185**	**3,279**	**111,058**
	-	**345,876**	**798,054**	**165,215**	**121,767**	**3,279**	**1,434,191**
Reclassification	**-**	**(504)**	**13,284**	**(67)**	**(12,713)**	**-**	**-**
Depreciation charge	**-**	**34,424**	**122,393**	**26,736**	**18,424**	**-**	**201,977**
Impairment losses	**-**	**1,120**	**4,677**	**-**	**-**	**-**	**5,797**
Disposal	**-**	**(10,007)**	**(7,595)**	**(1,651)**	**(130)**	**(2,903)**	**(22,286)**
Written off	**-**	**(2,494)**	**(15,902)**	**(1,178)**	**(2,429)**	**-**	**(22,003)**
Currency translation differences	**-**	**(15,792)**	**(28,166)**	**(3,547)**	**(3,208)**	**(376)**	**(51,089)**
At 30 September 2010							
Accumulated depreciation	**-**	**320,992**	**830,259**	**185,508**	**105,605**	**-**	**1,442,364**
Accumulated impairment losses	**-**	**31,631**	**56,486**	**-**	**16,106**	**-**	**104,223**
	-	**352,623**	**886,745**	**185,508**	**121,711**	**-**	**1,546,587**
Carrying amounts							
At 1 October 2008	555,065	417,866	1,057,295	57,524	105,937	178,331	2,372,018
At 30 September 2009	530,947	414,207	1,118,319	63,978	85,670	274,679	2,487,800
At 30 September 2010	**529,024**	**398,129**	**1,316,888**	**64,611**	**100,569**	**160,005**	**2,569,226**
Property, plant and equipment are included at cost or valuation as follows:							
At 30 September 2009							
Cost	447,661	760,001	1,916,373	229,193	207,432	277,958	3,838,618
Valuation	83,286	82	-	-	5	-	83,373
	530,947	760,083	1,916,373	229,193	207,437	277,958	3,921,991
At 30 September 2010							
Cost	**445,844**	**750,670**	**2,203,633**	**250,119**	**222,275**	**160,005**	**4,032,546**
Valuation	**83,180**	**82**	**-**	**-**	**5**	**-**	**83,267**
	529,024	**750,752**	**2,203,633**	**250,119**	**222,280**	**160,005**	**4,115,813**

	2010 RM'000	2009 RM'000
Depreciation charge for the year is allocated as follows:		
Income statement (Note 5)	**191,372**	180,570
Biological assets	**6,849**	6,053
Capital work-in-progress	**3,756**	-
	201,977	186,623

Notes on the Financial Statements

	2010 RM'000	2009 RM'000
Impairment losses comprise:		
Under-performance of certain subsidiaries' operations	**5,443**	26,627
Under-performance of certain retail stores	**354**	10,982
	5,797	37,609
The impairment losses are allocated as follows:		
Cost of sales	**-**	23,075
Distribution costs	**-**	20
Administration expenses	**354**	14,231
Other operating expenses	**5,443**	283
	5,797	37,609

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 to ten years.

Key assumptions used in the value-in-use calculations are:

(i) the pre-tax discount rates used ranged from 1.3% to 9.0%;

(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	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 2008	147,488	92,603	126,236	50,768	43,670	2,144	462,909
Additions	-	2,718	10,314	5,883	1,894	1,050	21,859
Transfer	-	2	340	1,015	51	(431)	977
Disposal	(127)	-	(195)	(1,123)	(5)	-	(1,450)
Written off	-	(169)	(354)	(989)	(109)	-	(1,621)
At 30 September 2009	**147,361**	**95,154**	**136,341**	**55,554**	**45,501**	**2,763**	**482,674**
Additions	**-**	**2,064**	**6,846**	**3,693**	**2,819**	**7,712**	**23,134**
Transfer	**7,989**	**13,487**	**13,300**	**3,228**	**1,617**	**(1,877)**	**37,744**
Disposal	**(6)**	**-**	**(943)**	**(797)**	**-**	**-**	**(1,746)**
Written off	**-**	**(1,928)**	**(13,805)**	**(403)**	**(1,538)**	**-**	**(17,674)**
At 30 September 2010	**155,344**	**108,777**	**141,739**	**61,275**	**48,399**	**8,598**	**524,132**
Accumulated depreciation							
At 1 October 2008	-	69,563	85,098	40,853	21,930	-	217,444
Depreciation charge	-	2,295	7,134	5,163	3,098	-	17,690
Transfer	-	-	(23)	469	-	-	446
Disposal	-	-	(194)	(1,121)	(3)	-	(1,318)
Written off	-	(168)	(343)	(988)	(109)	-	(1,608)
At 30 September 2009	**-**	**71,690**	**91,672**	**44,376**	**24,916**	**-**	**232,654**
Depreciation charge	**-**	**2,504**	**8,092**	**5,381**	**3,171**	**-**	**19,148**
Transfer	**-**	**10,397**	**9,635**	**2,735**	**1,168**	**-**	**23,935**
Disposal	**-**	**-**	**(943)**	**(797)**	**-**	**-**	**(1,740)**
Written off	**-**	**(1,924)**	**(13,720)**	**(403)**	**(1,481)**	**-**	**(17,528)**
At 30 September 2010	**-**	**82,667**	**94,736**	**51,292**	**27,774**	**-**	**256,469**

Notes on the Financial Statements

Company	Freehold 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
Carrying amounts							
At 1 October 2008	147,488	23,040	41,138	9,915	21,740	2,144	245,465
At 30 September 2009	147,361	23,464	44,669	11,178	20,585	2,763	250,020
At 30 September 2010	**155,344**	**26,110**	**47,003**	**9,983**	**20,625**	**8,598**	**267,663**
Property, plant and equipment are included at cost or valuation as follows:							
At 30 September 2009							
Cost	75,423	95,154	136,341	55,554	45,501	2,763	410,736
Valuation	71,938	-	-	-	-	-	71,938
	147,361	95,154	136,341	55,554	45,501	2,763	482,674
At 30 September 2010							
Cost	**78,540**	**108,777**	**141,739**	**61,275**	**48,399**	**8,598**	**447,328**
Valuation	**76,804**	**-**	**-**	**-**	**-**	**-**	**76,804**
	155,344	**108,777**	**141,739**	**61,275**	**48,399**	**8,598**	**524,132**

Certain freehold 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. Freehold land which belonged to certain subsidiaries previously, were transferred to the Company during the financial year and these land 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. 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, equipment and fittings of a subsidiary had been revalued by the Directors on 28 February 1966.

The Group has availed itself to the transitional provision when the MASB first issued FRS 116 *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 valuation as though they have never been revalued. The carrying amounts of revalued freehold land of the Group and of the Company, had these assets been carried at cost less accumulated depreciation were RM21,617,000 (2009: RM21,648,000) and RM19,735,000 (2009 : RM19,737,000) respectively.

Certain property, plant and equipment of the Group with a total carrying amount of RM61,956,000 (2009: RM88,282,000) are charged to banks as security for borrowings (Note 33).

The details of the properties held by the Group are shown on pages 134 to 141.

13. INVESTMENT PROPERTIES

	2010			2009		
	Freehold Land RM'000	**Building RM'000**	**Total RM'000**	Freehold Land RM'000	Building RM'000	Total RM'000
Group						
Cost						
At beginning of the year	**3,069**	**2,411**	**5,480**	3,069	2,411	5,480
Disposal	**(239)**	**(511)**	**(750)**	-	-	-
At end of the year	**2,830**	**1,900**	**4,730**	3,069	2,411	5,480
Accumulated depreciation						
At beginning of the year	**-**	**394**	**394**	-	343	343
Depreciation charge	**-**	**38**	**38**	-	51	51
Disposal	**-**	**(165)**	**(165)**	-	-	-
At end of the year	**-**	**267**	**267**	-	394	394
Carrying amounts	**2,830**	**1,633**	**4,463**	3,069	2,017	5,086

Notes on the Financial Statements

The investment property of a subsidiary is a commercial property and is leased to a related party. The tenancy agreement is renewable every year. The fair value of this property has been determined by a professional valuer to be approximately RM7,500,000 (2009: RM5,800,000).

The investment property of another subsidiary was a residential property which had been disposed off during the financial year.

The details of the property held by the Group are shown on page 138.

14. PREPAID LEASE PAYMENTS

	2010			2009		
	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	**271,805**	**147,452**	**419,257**	267,970	134,615	402,585
Additions	**576**	**5,656**	**6,232**	472	5,092	5,564
Acquisitions through business combinations	**1,650**	**-**	**1,650**	3,327	6,077	9,404
Disposal	**(16)**	**-**	**(16)**	-	-	-
Currency translation differences	**(422)**	**(4,026)**	**(4,448)**	36	1,668	1,704
At end of the year	**273,593**	**149,082**	**422,675**	271,805	147,452	419,257
Accumulated amortisation and impairment loss						
At beginning of the year						
Accumulated amortisation	**43,393**	**17,400**	**60,793**	40,700	13,150	53,850
Accumulated impairment loss	**-**	**1,023**	**1,023**	-	1,010	1,010
	43,393	**18,423**	**61,816**	40,700	14,160	54,860
Amortisation charge	**3,490**	**3,752**	**7,242**	2,695	4,188	6,883
Currency translation differences	**(11)**	**(909)**	**(920)**	(2)	75	73
At end of the year						
Accumulated amortisation	**46,872**	**20,341**	**67,213**	43,393	17,400	60,793
Accumulated impairment loss	**-**	**925**	**925**	-	1,023	1,023
	46,872	**21,266**	**68,138**	43,393	18,423	61,816
Carrying amounts	**226,721**	**127,816**	**354,537**	228,412	129,029	357,441
Company						
Cost						
At beginning of the year	**34,374**	**1,504**	**35,878**	34,374	1,504	35,878
Transfer from subsidiaries	**12,692**	**-**	**12,692**	-	-	-
Disposal	**(16)**	**-**	**(16)**	-	-	-
At end of the year	**47,050**	**1,504**	**48,554**	34,374	1,504	35,878
Accumulated amortisation						
At beginning of the year	**10,842**	**614**	**11,456**	10,475	593	11,068
Transfer from subsidiaries	**1,892**	**-**	**1,892**	-	-	-
Amortisation charge	**451**	**21**	**472**	367	21	388
At end of the year	**13,185**	**635**	**13,820**	10,842	614	11,456
Carrying amounts	**33,865**	**869**	**34,734**	23,532	890	24,422

The Memorandum of Transfer of a long term leasehold land in favour of a subsidiary, KLK Bioenergy Sdn Bhd with carrying amount of RM3,268,000 (2009: RM3,319,000), was presented for registration at the relevant land registry. This matter is now pending issuance of the original document of the title from the said relevant land registry.

Notes on the Financial Statements

The title deed of a long term leasehold land with carrying amount of RM21,577,000 (2009: RM21,857,000) belonging to another subsidiary, Palm-Oleo (Klang) Sdn Bhd, is with the relevant authorities and is in the process of being registered in the name of the subsidiary.

Certain prepaid lease payments 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. 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 17, *Leases* in 2006.

Certain prepaid lease payments of the Group with carrying amount of RM2,830,000 (2009: RM3,314,000) are charged to the bank as security for borrowings (Note 33).

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 134 to 141.

15. BIOLOGICAL ASSETS

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Plantation development expenditure (included under non-current assets)				
Cost/Valuation				
At beginning of the year	**1,656,415**	1,492,915	**433,651**	433,913
Additions	**124,408**	102,747	**-**	-
Transfer	**-**	-	**19,670**	-
Acquisitions through business combinations	**28,620**	82,530	**-**	-
Disposal	**(35)**	(262)	**(35)**	(262)
Transfer from/(to) assets held for sale	**1,133**	(15,131)	**-**	-
Currency translation differences	**(24,894)**	(6,384)	**-**	-
At end of the year	**1,785,647**	1,656,415	**453,286**	433,651
Accumulated amortisation				
At beginning of the year	**80,537**	66,370	**-**	-
Amortisation charge	**29,400**	14,029	**-**	-
Currency translation differences	**3,315**	138	**-**	-
At end of the year	**113,252**	80,537	**-**	-
Carrying amounts	**1,672,395**	1,575,878	**453,286**	433,651
Biological assets are included at cost or valuation as follows:				
Cost	**1,538,226**	1,408,966	**242,264**	237,568
Valuation	**247,421**	247,449	**211,022**	196,083
	1,785,647	1,656,415	**453,286**	433,651

The biological assets 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 revaluations of its property, plant and equipment.

The Group has availed itself to the transitional provision when the MASB first issued FRS 116 *Property, Plant and Equipment* in 2000, and accordingly, the carrying amounts of these revalued biological assets have been retained on the basis of these valuation as though they have never been revalued. The carrying amounts of revalued biological assets of the Group and of the Company, had these assets been carried at cost less accumulated amortisation were RM112,905,000 (2009: RM112,925,000) and RM76,915,000 (2009: RM75,912,000) respectively.

Notes on the Financial Statements

	Group 2010 RM'000	2009 RM'000
Biological assets (included under current assets)		
At net realisable value		
Growing crops	**2,574**	2,990
Livestock	**1,185**	1,270
	3,759	4,260

16. LAND HELD FOR PROPERTY DEVELOPMENT

	Group 2010 RM'000	2009 RM'000
Freehold land at cost		
At beginning of the year	**187,538**	187,138
Additions	**-**	21
Transfer from property, plant and equipment	**-**	462
Disposal	**-**	(83)
At end of the year	**187,538**	187,538
Development expenditure at cost		
At beginning of the year	**8,252**	8,240
Additions	**33,629**	12
At end of the year	**41,881**	8,252
Total	**229,419**	195,790

The details of the land held for property development by the Group are shown on page 138.

17. GOODWILL ON CONSOLIDATION

	Group 2010 RM'000	2009 RM'000
Cost		
At beginning of the year	**296,950**	255,940
Arising from acquisitions through business combinations	**388**	28,902
Arising from acquisition of shares from minority shareholders	**6,707**	-
Arising from reduction in tax rates	**-**	(58)
Impairment of goodwill (Note 5)	**(4,041)**	-
Currency translation differences	**(10,475)**	12,166
At end of the year	**289,529**	296,950

Impairment of goodwill arose from the under-performance of certain subsidiaries' operations and was included in other operating expenses.

Impairment testing

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

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

Notes on the Financial Statements

18. INTANGIBLE ASSETS

	Group 2010 RM'000	Group 2009 RM'000
Cost		
At beginning of the year	**55,793**	56,582
Additions	**7,059**	-
Written off	**-**	(21)
Currency translation differences	**(4,503)**	(768)
At end of the year	**58,349**	55,793
Accumulated amortisation and impairment losses		
At beginning of the year		
Accumulated amortisation	**18,865**	15,654
Accumulated impairment losses	**5,351**	3,272
	24,216	18,926
Amortisation charge	**3,695**	3,978
Impairment losses	**41**	1,985
Currency translation differences	**(2,013)**	(673)
At end of the year		
Accumulated amortisation	**20,794**	18,865
Accumulated impairment losses	**5,145**	5,351
	25,939	24,216
Carrying amounts	**32,410**	31,577
The amortisation is allocated as follows:		
Administration expenses	**3,650**	3,818
Other operating expenses	**45**	160
	3,695	3,978

These assets consist mainly of trade marks, patent and licences.

The impairment loss of RM41,000 (2009: RM1,985,000) arose from the under-performance of a subsidiary's operations and was included in administration expenses (2009: other operating expenses).

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

19. INVESTMENT IN SUBSIDIARIES AND AMOUNT OWING BY/TO SUBSIDIARIES

	Company 2010 RM'000	Company 2009 RM'000
Investment in subsidiaries		
Unquoted shares at cost	**2,218,794**	2,167,835
Impairment in value of investment		
At beginning of the year	**71,070**	67,409
Impairment during the year	**3,641**	3,661
At end of the year	**74,711**	71,070
	2,144,083	2,096,765

The unquoted shares at cost is stated net of write down on cost of investment amounting to RM24,378,000 for certain wholly-owned subsidiaries which will be liquidated by way of members' voluntary liquidation.

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

Details of the subsidiaries are shown in Note 40.

Notes on the Financial Statements

Amount owing by subsidiaries
Amount owing by subsidiaries are trade and non-trade, unsecured with no fixed terms of repayment and non-interest bearing except for a total amount of RM609,195,000 (2009: RM597,192,000) owing by subsidiaries which is subject to interest charge ranging from 1.0% to 8.0% (2009: 1.0% to 8.0%) per annum.

	Company	
	2010 RM'000	2009 RM'000
Amount owing by subsidiaries denominated in currencies other than the functional currency are as follows:		
United States Dollar	**432,985**	394,617
Pound Sterling	**3,501**	10,913
Australian Dollar	**15,144**	14,222

Amount owing to subsidiaries
Amount owing to subsidiaries are trade and non-trade, unsecured with no fixed terms of repayment and non-interest bearing.

	Company	
	2010 RM'000	2009 RM'000
Amount owing to subsidiaries denominated in currency other than the functional currency is as follows:		
United States Dollar	**2,824**	160,350

20. INVESTMENT IN ASSOCIATES

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Shares at cost				
In overseas quoted corporation	**37,839**	37,839	**-**	-
In unquoted corporations	**78,083**	79,643	**20,676**	20,676
	115,922	117,482	**20,676**	20,676
Post-acquisition reserves	**101,453**	109,189	**-**	-
	217,375	226,671	**20,676**	20,676
Impairment in value of investment				
At beginning of the year	**(31,114)**	(17,563)	**-**	-
Impairment during the year	**-**	(13,551)	**-**	-
At end of the year	**(31,114)**	(31,114)	**-**	-
	186,261	195,557	**20,676**	20,676
Amount owing by an associate	**13,100**	14,822	**-**	-
	199,361	210,379	**20,676**	20,676
Market value of shares				
In overseas quoted corporation	**25,298**	14,435	**-**	-

The assessment for the impairment in value of investment in quoted associates is based on the market value at year end.

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

	Group	
	2010 RM'000	2009 RM'000
Interest in associates represented by:		
Share of net assets other than goodwill	**177,167**	186,463
Goodwill on acquisition	**9,094**	9,094
	186,261	195,557

Notes on the Financial Statements

	Group 2010 RM'000	Group 2009 RM'000
Summary of financial information of associates:		
Total assets	**1,050,129**	1,001,005
Total liabilities	**471,235**	503,961
Revenue	**1,734,885**	1,657,291
Profit for the year	**95,637**	63,078

Details of the associates are shown in Note 40.

21. OTHER INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Shares at cost				
In Malaysia quoted corporations	**33,417**	34,195	**-**	-
In overseas quoted corporations	**315,182**	319,697	**78,437**	78,437
In unquoted corporations	**7,128**	7,403	**7,079**	7,079
	355,727	361,295	**85,516**	85,516
Impairment in value of investments				
At beginning of the year	**(116,843)**	(107,243)	**(6,427)**	(6,427)
Impairment during the year	**(211)**	(9,600)	**-**	-
Disposal	**229**	-	**-**	-
Write back during the year	**110,400**	-	**-**	-
Currency translation differences	**(2)**	-	**-**	-
At end of the year	**(6,427)**	(116,843)	**(6,427)**	(6,427)
	349,300	244,452	**79,089**	79,089
Market value of shares				
In quoted corporations	**372,177**	249,980	**300,561**	193,345

The assessment for the impairment in value of quoted other investments is based on the market value at year end.

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% (2009: 8%) per annum.

In the previous year, the advances to plasma plantation projects were disclosed in "Other receivables, deposits and prepayments" under current assets.

23. DEFERRED TAXATION

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

	Liabilities		Assets		Net	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000	**2010 RM'000**	2009 RM'000
Group						
Property, plant and equipment						
Capital allowances	**187,042**	188,865	**(15,759)**	(13,641)	**171,283**	175,224
Revaluation	**97,199**	87,985	**-**	-	**97,199**	87,985
Unutilised tax losses	**-**	-	**(12,316)**	(9,159)	**(12,316)**	(9,159)
Other items	**2,362**	2,495	**(37,561)**	(15,306)	**(35,199)**	(12,811)
Tax liabilities/(assets)	**286,603**	279,345	**(65,636)**	(38,106)	**220,967**	241,239
Set off of tax	**(44,614)**	(28,273)	**44,614**	28,273	**-**	-
Net tax liabilities/(assets)	**241,989**	251,072	**(21,022)**	(9,833)	**220,967**	241,239

Notes on the Financial Statements

	Liabilities		Assets		Net	
	2010	2009	**2010**	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000	**RM'000**	RM'000
Company						
Property, plant and equipment						
Capital allowances	**8,648**	6,387	**-**	-	**8,648**	6,387
Revaluation	**1,296**	1,296	**-**	-	**1,296**	1,296
Other items	**-**	-	**(7,607)**	(6,411)	**(7,607)**	(6,411)
Tax liabilities/(assets)	**9,944**	7,683	**(7,607)**	(6,411)	**2,337**	1,272
Set off of tax	**(7,607)**	(6,411)	**7,607**	6,411	**-**	-
Net tax liabilities	**2,337**	1,272	**-**	-	**2,337**	1,272

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	Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Tax Losses	Capital Allowances	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 1 October 2008	195,501	63,794	5,309	(15,142)	(15,581)	(20,491)	213,390
Acquisitions through business combinations	-	21,780	-	-	-	-	21,780
Recognised in income statement	(7,447)	2,469	(2,716)	5,820	1,523	4,779	4,428
Reduction in tax rate	(172)	-	(1)	266	473	335	901
Adjustment to goodwill	-	(58)	-	-	-	-	(58)
Currency translation differences	983	-	(97)	(103)	(56)	71	798
At 30 September 2009	**188,865**	**87,985**	**2,495**	**(9,159)**	**(13,641)**	**(15,306)**	**241,239**
Acquisitions through business combinations	**-**	**12,002**	**-**	**(8)**	**-**	**(14,706)**	**(2,712)**
Recognised in income statement	**83**	**(3,534)**	**(95)**	**(3,708)**	**(2,184)**	**(2,181)**	**(11,619)**
Temporary difference on defined benefit obligations	**-**	**-**	**-**	**-**	**-**	**(5,036)**	**(5,036)**
Currency translation differences	**(1,906)**	**746**	**(38)**	**559**	**66**	**(332)**	**(905)**
At 30 September 2010	**187,042**	**97,199**	**2,362**	**(12,316)**	**(15,759)**	**(37,561)**	**220,967**

	Property, Plant and Equipment		Other Deductible	
	Capital Allowances	Revaluation	Temporary Differences	Total
	RM'000	RM'000	RM'000	RM'000
Company				
At 1 October 2008	6,071	1,296	(7,525)	(158)
Recognised in income statement	316	-	1,114	1,430
At 30 September 2009	**6,387**	**1,296**	**(6,411)**	**1,272**
Recognised in income statement	**2,261**	**-**	**(1,196)**	**1,065**
At 30 September 2010	**8,648**	**1,296**	**(7,607)**	**2,337**

Notes on the Financial Statements

	Group	
	2010	2009
	RM'000	RM'000
No deferred tax assets have been recognised for the following items:		
Unabsorbed capital allowances	**138,504**	121,064
Deductible temporary differences	**41,479**	49,918
Unutilised tax losses	**356,493**	332,428
	536,476	503,410

The above unabsorbed capital allowances, deductible temporary differences and unutilised tax losses (up to RM279,998,000 (2009: RM235,916,000)) do not expire under current tax legislation.

	Group	
	2010	2009
	RM'000	RM'000
Unutilised tax losses of RM76,495,000 (2009: RM96,512,000) will expire as follows:		
Year of expiry		
2010	**-**	2,641
2011	**25,136**	11,458
2012	**3,715**	4,177
2013	**36,552**	646
2014	**5,541**	59,952
2015	**-**	7,925
2016	**3,943**	9,713
2017	**1,608**	-
	76,495	96,512

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.

The Group has tax losses carried forward of RM405,490,000 (2009: RM366,464,000) 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	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Inventories of produce	**644,497**	415,764	**17,114**	18,501
Developed property held for sale	**6,558**	2,911	**-**	-
Stores and materials	**557,172**	386,260	**8,751**	14,607
	1,208,227	804,935	**25,865**	33,108
At net realisable value				
Inventories of produce	**71,661**	77,107	**-**	504
Stores and materials	**8,051**	8	**-**	-
	1,287,939	882,050	**25,865**	33,612

Inventories recognised in cost of sales of the Group and of the Company were RM5,131,956,000 (2009: RM4,453,514,000) and RM355,561,000 (2009: RM430,516,000) respectively.

25. TRADE RECEIVABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**581,818**	628,133	**26,619**	38,940
Accrued billings	**2,828**	-	**-**	-
	584,646	628,133	**26,619**	38,940

Notes on the Financial Statements

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Significant trade receivables denominated in currencies other than the functional currency are as follows:				
Pound Sterling	**30,162**	29,697	**-**	-
United States Dollar	**244,255**	261,850	**5,940**	6,759
Hong Kong Dollar	**6,057**	2,922	**-**	-
Chinese Renminbi	**30,559**	33,180	**-**	-
Euro	**197,310**	163,690	**-**	-
Indonesian Rupiah	**304**	30,120	**-**	-

The Group's normal trade credit term ranges from 7 to 90 (2009: 7 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Other receivables	**181,532**	221,915	**21,155**	18,960
Prepayments	**40,052**	30,767	**1,125**	1,102
Refundable deposits	**5,558**	11,314	**434**	136
	227,142	263,996	**22,714**	20,198
Significant other receivables, deposits and prepayments denominated in currencies other than the functional currency are as follows:				
Pound Sterling	**13,278**	9,322	**2,478**	-
United States Dollar	**12,177**	11,700	**-**	-
Chinese Renminbi	**12,872**	20,703	**-**	-
Indonesian Rupiah	**92,696**	122,967	**-**	-
Euro	**19,441**	13,536	**-**	-
Swiss Franc	**6,104**	4,941	**-**	-

27. PROPERTY DEVELOPMENT COSTS

	Group	
	2010	2009
	RM'000	RM'000
Property development costs comprise:		
Land costs	**4,000**	9,162
Development costs	**58,684**	152,498
	62,684	161,660
Costs incurred during the year		
Development costs	**10,436**	15,880
	73,120	177,540
Costs recognised as an expense in the income statement		
Previous years	**(50,859)**	(139,215)
Current year	**(15,190)**	(16,788)
Transfer to inventories	**(3,755)**	(2,802)
	3,316	18,735

28. ASSETS HELD FOR SALE

On 15 January 2009, Ladang Perbadanan-Fima Bhd ("LPF"), a wholly-owned subsidiary, entered into 3 Sale and Purchase Agreements ("SPAs") with a third party, for the proposed disposal of 7 parcels of adjoining freehold land totalling 2,000 acres (equivalent to 809.4 hectares). As at 30 September 2009, the freehold land and the related biological assets were reclassified as assets held for sale.

On 26 May 2010, one of the SPAs in respect of disposal of 5 parcels of adjoining freehold land totalling 1,388.3 acres (equivalent to 561.8 hectares) have been completed. The disposal of the remaining 2 parcels totalling 611.7 acres (equivalent to 247.6 hectares) has yet to be completed as the Conditions Precedent as set out in the SPAs has yet to be fulfilled. Extension for completion is granted until 14 April 2011.

Notes on the Financial Statements

Assets reclassified as held for sale are as follows:

	Group	
	2010	2009
	RM'000	RM'000
Freehold land		
Balance at 1 October	**28,000**	-
Transferred from property, plant and equipment (Note 12)	**-**	28,000
Disposal during the year	**(19,436)**	-
Balance at 30 September	**8,564**	28,000
Biological assets		
Balance at 1 October	**15,131**	-
Transferred (to)/from biological assets (Note 15)	**(1,133)**	15,131
Disposal during the year	**(9,717)**	-
Balance at 30 September	**4,281**	15,131
Total assets held for sale	**12,845**	43,131

The Government has re-introduced Real Property Gains Tax ("RPGT") in the Malaysian Budget 2010, where it states that 5% RPGT is to be imposed on gains arising from the disposals of chargeable assets regardless of the holding period of the chargeable assets with effect from 1 January 2010. However, the Government has announced that with effect from 1 January 2010, chargeable gains from the disposals of chargeable assets will be exempted from RPGT if the assets are held for more than 5 years. Since the land disposed by LPF is held for more than 5 years, therefore, RPGT is not applicable to LPF.

29. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**299,602**	611,480	**58,087**	370,780
Fixed income trust funds	**730,362**	503,994	**654,300**	387,609
Cash and bank balances	**225,141**	177,007	**6,319**	4,582
	1,255,105	1,292,481	**718,706**	762,971

Included in the Group's cash and bank balances is RM45,574,000 (2009: RM58,304,000), the utilisation of which 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 balance sheet dates were as follows:

	Group		Company	
	2010	2009	**2010**	2009
Deposits with licensed banks	**0.02% to 9.70%**	0.05% to 9.70%	**0.22% to 2.10%**	1.45% to 2.40%
Fixed income trust funds	**2.52% to 2.97%**	1.77% to 2.17%	**2.52% to 2.97%**	1.88% to 2.17%

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

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Within one year				
Deposits with licensed banks	**279,008**	593,530	**58,087**	370,780
Fixed income trust funds	**730,362**	503,994	**654,300**	387,609
	1,009,370	1,097,524	**712,387**	758,389
More than five years				
Deposits with licensed bank	**20,594**	17,950	**-**	-
	1,029,964	1,115,474	**712,387**	758,389

Notes on the Financial Statements

Deposits placed for more than five years have been pledged for a banking facility granted to an outside party for the purpose of the "Kredit Koperasi Primer untuk Anggotanya" scheme in Indonesia.

30. SHARE CAPITAL

	Group and Company			
	2010 Number of Shares	**2010 RM'000**	2009 Number of Shares	2009 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 (2009: 2,539,000) are held as treasury shares by the Company. As at 30 September 2010, the number of outstanding shares in issue and fully paid is 1,064,965,692 (2009: 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 24 February 2010. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the buy back plan can be applied in the best interests of the Company and its shareholders.

31. RESERVES

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Non-distributable				
Capital reserve	**204,048**	66,631	**-**	-
Revaluation reserve	**81,121**	81,121	**36,265**	36,265
Exchange fluctuation reserve	**44,434**	194,242	**-**	-
Capital redemption reserve	**27,841**	27,715	**285**	285
Retained earnings – cost of treasury shares	**13,447**	13,447	**13,447**	13,447
	370,891	383,156	**49,997**	49,997
Distributable				
Capital reserve	**813,813**	813,500	**1,087,296**	1,087,296
Retained earnings	**3,766,442**	3,383,295	**1,585,281**	1,409,525
	4,580,255	4,196,795	**2,672,577**	2,496,821
	4,951,146	4,579,951	**2,722,574**	2,546,818

Included under the non-distributable reserves is an amount of RM13,447,000 (2009: 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 share of associates' capital reserve and 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, which represented the fair value adjustments on acquisition of a subsidiary, relating to previously held interest.

32. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Present value of funded obligations	**180,992**	170,044	**-**	-
Fair value of plan assets	**(168,108)**	(153,936)	**-**	-
	12,884	16,108	**-**	-
Unfunded obligations	**206,494**	28,057	**13,327**	11,521
Present value of net obligations	**219,378**	44,165	**13,327**	11,521

Notes on the Financial Statements

Liability for funded defined benefit obligations

(i) A subsidiary in England operates a defined benefit plan that provides pension benefits for employees upon retirement. This plan was closed to new entrants with effect from 1 March 2002 and the assets of the plan are held as a segregated fund and administered by trustees.

The contributions to the funded defined benefit plan is determined by an independent qualified actuary on the basis of triennial valuation, using the projected unit credit method. The last actuarial valuation was on 6 April 2008 and was subsequently updated to take into consideration of the requirements of FRS 119 in order to assess the liabilities of the scheme as at 30 September 2010. Scheme assets are stated at their market value at 30 September 2010.

(ii) A subsidiary in Switzerland makes contributions to a 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, using the projected unit credit method. The last actuarial valuation was on 30 June 2010 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 2010. The plan assets are stated at their market value as at 30 September 2010.

The comparatives for the fair values of the funded plan assets and funded obligations below have included the defined benefit plan of the subsidiary in Switzerland to conform with current year's presentation.

	Group	
	2010	2009
	RM'000	RM'000
Fair values of the funded plan assets are:		
Equities	**43,834**	41,615
Bonds	**95,760**	81,122
Other assets	**28,514**	31,199
	168,108	153,936
Funded obligations		
Movement in the present value of the funded defined benefit obligations		
Defined benefit obligations at 1 October	**170,044**	147,163
Service cost	**4,501**	327
Interest cost	**6,619**	3,150
Employee contributions	**3,354**	283
Benefits deposited/(paid) by the plan	**766**	(2,043)
Actuarial losses	**3,521**	20,042
Exchange translation differences	**(7,813)**	1,122
Defined benefit obligations at 30 September	**180,992**	170,044
Movement in the fair value of plan assets		
Fair value of plan assets at 1 October	**153,936**	146,408
Contributions paid into the plan	**6,170**	1,960
Employee contributions	**3,354**	283
Benefits deposited/(paid) by the plan	**766**	(2,043)
Expected return on plan assets	**6,233**	3,289
Actuarial gains	**3,485**	2,879
Exchange translation differences	**(5,836)**	1,160
Fair value of plan assets at 30 September	**168,108**	153,936

Notes on the Financial Statements

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Unfunded obligations				
Movement in the unfunded defined benefit obligations				
At 1 October	**28,057**	26,381	**11,521**	12,271
Acquisition through business combination	**152,890**	-	**-**	-
Transfer from subsidiaries	**-**	-	**1,315**	-
Benefits paid	**(7,526)**	(2,704)	**(3,508)**	(1,958)
Expense recognised in the income statement	**9,587**	4,217	**3,999**	1,208
Actuarial loss	**16,360**	-	**-**	-
Exchange translation differences	**7,126**	163	**-**	-
At 30 September	**206,494**	28,057	**13,327**	11,521
Expense recognised in income statements:				
Current service cost	**12,060**	4,544	**3,999**	1,208
Interest cost	**8,647**	3,150	**-**	-
Expected return on plan assets	**(6,233)**	(3,289)	**-**	-
	14,474	4,405	**3,999**	1,208
The expense/(income) is recognised in the following line items in income statements:				
Cost of sales	**3,605**	452	**1,350**	(5)
Administration expenses	**8,364**	3,797	**2,649**	1,213
Distribution expenses	**1,299**	-	**-**	-
Other operating expenses	**1,206**	156	**-**	-
	14,474	4,405	**3,999**	1,208

	Group	
	2010	2009
	RM'000	RM'000
Actual return on funded plan assets	**7,045**	(13,874)

	Group	
	2010	2009
	%	%
Principal actuarial assumptions of the funded plans (expressed as weighted averages):		
Discount rates	**2.8 to 5.0**	3.3 to 5.5
Expected return on plan assets	**3.8 to 5.1**	3.8 to 5.6
Future salary increases	**1.5 to 4.0**	2.0 to 4.2
Future pensions increases	**3.0**	3.3
Principal assumptions of the unfunded plan using the projected unit credit method by plantations subsidiaries in Indonesia:		
Discount rates	**10.5**	10.0
Future salary increases	**3.5 to 5.0**	5.0
Principal actuarial assumptions of the unfunded plan operated by the subsidiary in Germany:		
Discount rates	**4.2**	-
Future salary increase	**2.8**	-
Future pension increases	**2.0**	-

	2010	2009	2008	2007	2006
Group	**RM'000**	RM'000	RM'000	RM'000	RM'000
Historical information					
Present value of the funded defined benefit obligations	**180,992**	170,044	49,714	73,009	76,405
Fair value of plan assets	**(168,108)**	(153,936)	(48,959)	(61,337)	(52,608)
Deficit in the plan	**12,884**	16,108	755	11,672	23,797

Notes on the Financial Statements

33. BORROWINGS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Current				
Secured				
Bank overdrafts	**8,750**	-	**-**	-
Term loans	**1,719**	1,901	**-**	-
Revolving credit	**36,850**	45,802	**-**	-
	47,319	47,703	**-**	-
Unsecured				
Bank overdrafts	**25,473**	17,804	**-**	-
Trade financing	**-**	376	**-**	-
Term loans	**178,483**	378,702	**52,000**	226,350
Export credit refinancing	**79,385**	-	**-**	-
Bankers' acceptance	**116,708**	123,711	**-**	-
Revolving credit	**132,244**	59,131	**-**	-
	532,293	579,724	**52,000**	226,350
	579,612	627,427	**52,000**	226,350
Non-Current				
Term loans				
Secured	**2,575**	4,749	**-**	-
Unsecured	**604,514**	617,977	**351,900**	403,900
Islamic medium term notes (unsecured)	**500,000**	500,000	**500,000**	500,000
	1,107,089	1,122,726	**851,900**	903,900

(a) The Company has issued RM500 million 5 years Sukuk Ijarah Islamic Medium Term Notes under the RM500 million Sukuk Ijarah Islamic Commercial Paper ("ICP") and Medium Term Notes ("IMTN") Programme ("Programme") at par with profit rates ranging from 4.0% to 4.2% (2009: 4.0% to 4.2%) per annum.

Salient features of the Programme are as follows:

- Total outstanding nominal value of the ICP and IMTN (collectively known as "Notes") shall not exceed RM500 million.
- The tenure of the Programme is up to 5 years from the date of the first issuance of any Notes under the Programme.
- The ICP will be issued at a discount to the nominal value and has a maturity of 1, 2, 3, 6, 9 or 12 months. There will not be profit payable on the ICP issued under the Programme in view that they are issued at a discount.
- The IMTN may be issued at a discount and/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 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 Programme.

(b) Certain borrowings of the Group are secured by way of floating charges on the following assets:

	Group 2010 RM'000	Group 2009 RM'000
Property, plant and equipment (Note 12)	**61,956**	88,282
Prepaid lease payments (Note 14)	**2,830**	3,314
	64,786	91,596

(c) Certain unsecured term loans and bank overdrafts are supported by corporate guarantees of RM321.0 million (2009: RM310.9 million) issued by the Company. The bank overdraft facilities are renewable annually.

Notes on the Financial Statements

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

	Group		Company	
	2010	2009	**2010**	2009
Bank overdrafts	**2.25% to 6.50%**	2.50% to 7.25%	**-**	-
Term loans	**0.55% to 7.74%**	0.79% to 7.71%	**0.55% to 4.65%**	0.79% to 4.65%
Trade financing	**1.88% to 2.15%**	2.10% to 2.40%	**-**	-
Export credit refinancing	**2.48% to 3.50%**	2.50% to 3.75%	**-**	-
Bankers' acceptance	**2.31% to 3.50%**	2.08% to 3.75%	**-**	-
Revolving credit	**1.23% to 5.59%**	1.10% to 6.30%	**-**	2.50% to 4.22%
Islamic medium term notes	**4.00% to 4.20%**	4.00% to 4.20%	**4.00% to 4.20%**	4.00% to 4.20%

An amount of RM856,200,000 (2009: RM896,653,000) of the Group and RM103,900,000 (2009: RM330,250,000) of the Company consists of floating rate borrowings which interest rates reprice within a year.

(e) Analysis of repayments of borrowings:

Group	**Year of maturity**	**Carrying amount RM'000**	**Less than 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**More than 5 years RM'000**
2010								
Secured								
Bank overdraft								
Denominated in Euro	**2011**	**8,750**	**8,750**	**-**	**-**	**-**	**-**	**-**
Term loans								
Denominated in Rmb	**2011 – 2013**	**4,294**	**1,719**	**1,719**	**856**	**-**	**-**	**-**
Revolving credit								
Denominated in Euro	**2011**	**21,028**	**21,028**	**-**	**-**	**-**	**-**	**-**
Denominated in CHF	**2011**	**15,822**	**15,822**	**-**	**-**	**-**	**-**	**-**
Unsecured								
Bank overdrafts								
Denominated in GBP	**2011**	**8,468**	**8,468**	**-**	**-**	**-**	**-**	**-**
Denominated in HKD	**2011**	**3,957**	**3,957**	**-**	**-**	**-**	**-**	**-**
Denominated in CAD	**2011**	**11,261**	**11,261**	**-**	**-**	**-**	**-**	**-**
Denominated in USD	**2011**	**1,787**	**1,787**	**-**	**-**	**-**	**-**	**-**
Term loans								
Denominated in USD	**2011 – 2016**	**91,551**	**20,703**	**16,639**	**5,936**	**8,030**	**28,661**	**11,582**
Denominated in GBP	**2011 – 2012**	**24,617**	**24,576**	**41**	**-**	**-**	**-**	**-**
Denominated in Rmb	**2011**	**50,875**	**50,875**	**-**	**-**	**-**	**-**	**-**
Denominated in Euro	**2013**	**84,086**	**-**	**-**	**84,086**	**-**	**-**	**-**
Denominated in AUD	**2011**	**5,992**	**5,992**	**-**	**-**	**-**	**-**	**-**
Denominated in CAD	**2011**	**417**	**417**	**-**	**-**	**-**	**-**	**-**
Denominated in RM	**2011 – 2015**	**525,459**	**75,920**	**89,580**	**29,971**	**323,720**	**6,268**	**-**
Export credit refinancing								
Denominated in RM	**2011**	**79,385**	**79,385**	**-**	**-**	**-**	**-**	**-**
Bankers' acceptance								
Denominated in RM	**2011**	**116,708**	**116,708**	**-**	**-**	**-**	**-**	**-**
Revolving credit								
Denominated in USD	**2011**	**72,585**	**72,585**	**-**	**-**	**-**	**-**	**-**
Denominated in Rmb	**2011**	**9,250**	**9,250**	**-**	**-**	**-**	**-**	**-**
Denominated in Euro	**2011**	**40,916**	**40,916**	**-**	**-**	**-**	**-**	**-**
Denominated in CHF	**2011**	**9,493**	**9,493**	**-**	**-**	**-**	**-**	**-**
Islamic medium term notes								
Denominated in RM	**2012**	**500,000**	**-**	**500,000**	**-**	**-**	**-**	**-**
		1,686,701	**579,612**	**607,979**	**120,849**	**331,750**	**34,929**	**11,582**

Notes on the Financial Statements

Group	**Year of maturity**	**Carrying amount RM'000**	**Less than 1 year RM'000**	**1 – 2 years RM'000**	**2 – 3 years RM'000**	**3 – 4 years RM'000**	**4 – 5 years RM'000**	**More than 5 years RM'000**
2009								
Secured								
Term loans								
Denominated in Rmb	2010 – 2013	6,650	1,901	1,901	1,901	947	-	-
Revolving credit								
Denominated in Euro	2010	45,802	45,802	-	-	-	-	-
Unsecured								
Bank overdrafts								
Denominated in GBP	2010	10,657	10,657	-	-	-	-	-
Denominated in HKD	2010	4,058	4,058	-	-	-	-	-
Denominated in CAD	2010	3,089	3,089	-	-	-	-	-
Term loans								
Denominated in USD	2010 – 2016	289,186	199,953	23,333	18,744	6,662	8,999	31,495
Denominated in GBP	2010 – 2011	28,181	27,941	240	-	-	-	-
Denominated in Rmb	2010	76,725	76,725	-	-	-	-	-
Denominated in RM	2010 – 2015	602,587	74,083	79,045	89,580	29,972	318,139	11,768
Bankers' acceptance								
Denominated in RM	2010	123,711	123,711	-	-	-	-	-
Revolving credit								
Denominated in USD	2010	48,901	48,901	-	-	-	-	-
Denominated in Rmb	2010	10,230	10,230	-	-	-	-	-
Trade financing								
Denominated in Euro	2010	376	376	-	-	-	-	-
Islamic medium term notes								
Denominated in RM	2012	500,000	-	-	500,000	-	-	-
		1,750,153	627,427	104,519	610,225	37,581	327,138	43,263
Company								
2010								
Unsecured								
Term loans								
Denominated in RM	**2011 – 2014**	**403,900**	**52,000**	**51,900**	**-**	**300,000**	**-**	**-**
Islamic medium term notes								
Denominated in RM	**2012**	**500,000**	**-**	**500,000**	**-**	**-**	**-**	**-**
		903,900	**52,000**	**551,900**	**-**	**300,000**	**-**	**-**
2009								
Unsecured								
Term loans								
Denominated in USD	2010	174,350	174,350	-	-	-	-	-
Denominated in RM	2010 – 2014	455,900	52,000	52,000	51,900	-	300,000	-
Islamic medium term notes								
Denominated in RM	2012	500,000	-	-	500,000	-	-	-
		1,130,250	226,350	52,000	551,900	-	300,000	-

34. TRADE PAYABLES

	Group		**Company**	
	2010 RM'000	2009 RM'000	**2010 RM'000**	2009 RM'000
Trade payables	**266,075**	259,790	**4,227**	4,483
Progress billings	**-**	21,691	**-**	-
	266,075	281,481	**4,227**	4,483

Notes on the Financial Statements

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Significant trade payables denominated in currencies other than the functional currency are as follows:				
Pound Sterling	**15,273**	16,582	**-**	-
United States Dollar	**28,843**	34,015	**-**	-
Chinese Renminbi	**23,074**	21,342	**-**	-
Indonesian Rupiah	**12,391**	8,532	**-**	-
Euro	**66,205**	72,069	**-**	-
Swiss Franc	**4,152**	5,357	**-**	-

The normal trade credit terms granted to the Group ranging from 7 to 90 (2009: 7 to 90) days.

35. OTHER PAYABLES

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
Other payables	**184,837**	158,249	**27,854**	26,851
Accruals	**168,995**	133,932	**31,478**	26,213
	353,832	292,181	**59,332**	53,064
Significant other payables and accruals denominated in currencies other than the functional currency are as follows:				
Pound Sterling	**16,751**	15,230	**-**	-
United States Dollar	**21,788**	28,749	**-**	-
Chinese Renminbi	**23,041**	19,191	**-**	-
Indonesian Rupiah	**65,622**	43,690	**-**	-
Euro	**38,485**	15,351	**-**	-
Swiss Franc	**12,603**	9,331	**-**	-

36. 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	
	2010	2009
	RM'000	RM'000
Purchases from subsidiaries	**26,580**	56,025
Sales to subsidiaries	**104,242**	137,016
Commission received from a subsidiary	**1,758**	1,672
Interest received from subsidiaries	**23,728**	18,355
Rental received from a subsidiary	**450**	-
Management fees paid to subsidiaries	**4,297**	4,425
Rental paid to subsidiaries	**195**	780
License fees paid to subsidiaries	**11,861**	14,283

(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). The related party transactions described below were carried out on terms and conditions not more materially different from those obtainable in transactions with unrelated parties.

	Group		Company	
	2010	2009	**2010**	2009
	RM'000	RM'000	**RM'000**	RM'000
(i) Transactions with associates				
Sale of goods	**5,901**	6,631	**1,274**	1,397
Purchase of goods	**6,665**	6,277	**6,118**	4,071
Service charges paid	**1,969**	1,853	**619**	591
Research and development services paid	**5,698**	5,435	**5,698**	5,435

Notes on the Financial Statements

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest				
Sale of goods				
Siam Taiko Marketing Co Ltd	**1,805**	1,449	**-**	-
Taiko Marketing Sdn Bhd	**1,041**	1,978	**-**	-
Taiko International Trade (Shanghai) Co Ltd	**2,589**	45,874	**-**	-
Taiko Marketing (Singapore) Pte Ltd	**3,365**	2,761	**-**	-
Project management fees received				
Batu Kawan Holdings Sdn Bhd	**46**	1,002	**-**	-
Storage tanks rental received				
Taiko Marketing Sdn Bhd	**2,575**	1,797	**-**	-
Sales commission paid				
Taiko International Trade (Shanghai) Co Ltd	**152**	4,697	**-**	-
Purchase of goods				
Borneo Taiko Clay Sdn Bhd	**3,704**	2,662	**-**	-
Bukit Katho Estate Sdn Bhd	**6,821**	4,974	**6,821**	4,974
Kampar Rubber & Tin Co Sdn Bhd	**12,713**	10,459	**12,713**	10,163
Kekal & Deras Sdn Bhd	**2,287**	1,713	**2,287**	1,662
Malay Rubber Plantations (M) Sdn Bhd	**11,392**	9,673	**11,392**	9,503
P.T. Agro Makmur Abadi	**24,103**	13,061	**-**	-
P.T. Safari Riau	**13,489**	10,189	**-**	-
P.T. Satu Sembilan Delapan	**9,727**	-	**-**	-
P.T. Taiko Persada Indoprima	**18,556**	19,850	**-**	-
Taiko Clay Marketing Sdn Bhd	**1,120**	1,428	**-**	-
Taiko Drum Industries Sdn Bhd	**1,860**	388	**20**	28
Taiko Fertiliser Marketing Sdn Bhd	**34,713**	-	**12,580**	-
Taiko International Trade (Shanghai) Co Ltd	**18**	1,340	**-**	-
Taiko Marketing Sdn Bhd	**13,843**	44,714	**260**	7,632
Yayasan Perak-Wan Yuen Sdn Bhd	**1,593**	946	**1,593**	946

37. CAPITAL COMMITMENTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Capital expenditure				
Approved and contracted for	**44,535**	218,375	**1,083**	1,142
Approved but not contracted for	**619,787**	301,544	**49,546**	29,543
	664,322	519,919	**50,629**	30,685
Acquisitions of shares in subsidiaries				
Approved and contracted for	**-**	5,445	**-**	-

38. LEASE COMMITMENTS

	Group 2010 RM'000	Group 2009 RM'000
Lease as a lessee		
Total future minimum lease payments under non-cancellable operating leases are as follows:		
Less than 1 year	**50,091**	71,048
Between 1 and 5 years	**187,356**	230,300
More than 5 years	**175,033**	219,924
	412,480	521,272

Notes on the Financial Statements

The majority of the overseas subsidiaries' leases of land and buildings are subject to rent review periods ranging between one and five years.

Lease as a lessor
The Group leases out its investment properties under operating leases.

	Group	
	2010 **RM'000**	2009 RM'000
Total future minimum lease payments under non-cancellable leases are as follows:		
Less than 1 year	**122**	128

39. CONTINGENT LIABILITIES – UNSECURED

(a) The Company has an unsecured contingent liability of RM321.0 million (2009: RM310.9 million) in respect of corporate guarantees given to certain banks for credit facilities utilised by certain subsidiaries at 30 September 2010.

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

40. SUBSIDIARIES AND ASSOCIATES

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

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest 2010	2009	Principal Activities
PLANTATIONS					
PENINSULAR MALAYSIA					
Gunong Pertanian Sdn Bhd	Malaysia	Malaysia	**100**	100	Plantation
Kulumpang Development Corporation Sdn Bhd	Malaysia	Malaysia	**100**	100	Plantation
Ladang Perbadanan-Fima Bhd	Malaysia	Malaysia	**100**	100	Plantation
The Kuala Pertang Syndicate Ltd †	England	Malaysia	**100**	100	Plantation
The Shanghai Kelantan Rubber Estates (1925) Ltd †	Hong Kong	Malaysia	**100**	100	Plantation
Uni-Agro Multi Plantations Sdn Bhd	Malaysia	Malaysia	**51**	51	Plantation
KL-Kepong Edible Oils Sdn Bhd	Malaysia	Malaysia	**100**	100	Refining of palm products
Draw Fields Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
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
Voray Holdings Ltd †	Hong Kong	Malaysia	**55**	55	Investment holding
Taiko Plantations Sdn Bhd †	Malaysia	Malaysia	**100**	100	Management of plantations
Rubber Fibreboards Sdn Bhd	Malaysia	Malaysia	**100**	100	Manufacturing of fibre mat
K. H. Syndicate Ltd † (In Members' Voluntary Liquidation)	England	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
Sabah Holdings Corporation Sdn Bhd †	Malaysia	Malaysia	**70**	70	Investment holding
Susuki Sdn Bhd †	Malaysia	Malaysia	**100**	100	Investment holding
Axe Why Zed Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
Bandar Merchants Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant

Notes on the Financial Statements

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest 2010	2009	Principal Activities
PLANTATIONS					
SABAH					
Fajar Palmkel Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Gocoa Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Golden Peak Development Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Golden Sphere Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
Golden Yield Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Kalumpang Estates Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Ladang Finari Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Ladang Sumundu (Sabah) Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Masawit Plantation Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant
Parit Perak Plantations Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant
Pinji Horticulture Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant
Richinstock Sawmill Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
Segar Usaha Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
Selit Plantations (Sabah) Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Sunshine Plantation Sdn Bhd (In Members' Voluntary Liquidation)	Malaysia	Malaysia	**100**	100	Dormant
Sy Kho Trading Plantation Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
Syarikat Budibumi Sdn Bhd †	Malaysia	Malaysia	**100**	100	Dormant
Syarikat Swee Keong (Sabah) Sdn Bhd	Malaysia	Malaysia	**100**	100	Dormant
INDONESIA					
P.T. ADEI Plantation and Industry †	Indonesia	Indonesia	**95**	95	Plantation
P.T. Alam Karya Sejahtera AKS †	Indonesia	Indonesia	**62**	-	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. Malindomas Perkebunan †	Indonesia	Indonesia	**92**	92	Plantation
P.T. Menteng Jaya Sawit Perdana †	Indonesia	Indonesia	**80**	80	Plantation
P.T. Mulia Agro Permai †	Indonesia	Indonesia	**90**	90	Plantation
P.T. Parit Sembada †	Indonesia	Indonesia	**90**	90	Plantation
P.T. Steelindo Wahana Perkasa †	Indonesia	Indonesia	**95**	95	Plantation
P.T. Sekarbumi Alamlestari †	Indonesia	Indonesia	**65**	65	Plantation
P.T. Langkat Nusantara Kepong †	Indonesia	Indonesia	**60**	60	Plantation
P.T. KLK Agriservindo †	Indonesia	Indonesia	**100**	100	Management of plantations
P.T. Kreasijaya Adhikarya †	Indonesia	Indonesia	**95**	95	Bulking Installation
SINGAPORE					
Taiko Plantations Pte Ltd † (Formerly known as Taiko Plantations (Singapore) Pte Ltd)	Singapore	Singapore	**100**	100	Management of plantations
PEOPLE'S REPUBLIC OF CHINA					
Hubei Zhong Chang Vegetable Oil Co Ltd †	People's Republic of China	People's Republic of China	**33**	33	Edible oil refining
Tianjin Voray Bulking Installation Co Ltd †	People's Republic of China	People's Republic of China	**37**	37	Bulking installation

Notes on the Financial Statements

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest 2010	2009	Principal Activities
PLANTATIONS					
REPUBLIC OF MAURITIUS					
KLK (Mauritius) International Ltd * (In Members' Voluntary Liquidation)	Republic of Mauritius	Republic of Mauritius	**100**	100	Dormant
Verdant Plantations Ltd * (In Members' Voluntary Liquidation)	Republic of Mauritius	Republic of Mauritius	**100**	100	Dormant
BRITISH VIRGIN ISLANDS					
Double Jump Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
Tri-Force Element Inc ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
MANUFACTURING					
OLEOCHEMICALS					
Palm-Oleo Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of oleochemicals
Palm-Oleo (Klang) Sdn Bhd	Malaysia	Malaysia	**80**	80	Manufacturing of oleochemicals
KSP Manufacturing Sdn Bhd	Malaysia	Malaysia	**96**	96	Manufacturing of soap noodles
Palmamide Sdn Bhd	Malaysia	Malaysia	**88**	88	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 (Formerly known as KL-Kepong Nutrients Sdn Bhd)	Malaysia	Malaysia	**100**	100	Manufacturing of palm oil fatty acids products
KLK Bioenergy Sdn Bhd	Malaysia	Malaysia	**96**	96	Manufacturing of methyl esters
KLK Emmerich GmbH (Formerly known as Rheinsee 311. V V GmbH)	Germany	Germany	**100**	-	Manufacturing of fatty acids and glycerine
Taiko Palm-Oleo (Zhangjiagang) Co Ltd †	People's Republic of China	People's Republic of China	**100**	90	Manufacturing of fatty acids, glycerine and soap noodles and soap bars
Shanghai Jinshan Jingwei Chemical Co Ltd †	People's Republic of China	People's Republic of China	**100**	100	Manufacturing of detergents, auxiliary materials for detergents and cosmetics and investment holding
Capital Glogalaxy Sdn Bhd	Malaysia	Malaysia	**100**	100	Trading in commodities
KLK Oleo Europe GmbH †	Germany	Germany	**100**	100	Trading and distribution of oleochemicals
KLK Oleo (Shanghai) Co Ltd †	People's Republic of China	People's Republic of China	**100**	100	Trading and distribution of oleochemicals
KL-Kepong Industrial Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
KLK Premier Capital Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
NON-IONIC SURFACTANTS AND ESTERS					
Dr. W. Kolb Holding AG †	Switzerland	Switzerland	**100**	100	Investment holding
Dr. W. Kolb AG †	Switzerland	Switzerland	**100**	100	Manufacturing of non-ionic surfactants and esters

Notes on the Financial Statements

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest 2010	2009	Principal Activities
MANUFACTURING					
NON-IONIC SURFACTANTS AND ESTERS					
Kolb Distribution AG †	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 Italia Srl †	Italy	Italy	**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
Kolb Asia Pte Ltd †	Singapore	Singapore	**100**	100	Dormant
GLOVE PRODUCTS					
Masif Latex Products Sdn Bhd †	Malaysia	Malaysia	**100**	100	Manufacturing of household latex gloves
KL-Kepong Rubber 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. Europa SARL ††	France	France	**100**	100	Marketing of wood based 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 †	England	England	**100**	100	Manufacturing of toiletries
Premier Soap Company Ltd †	England	England	**100**	100	Dormant
NUTRACEUTICAL, COSMETOCEUTICAL & PHARMACEUTICAL PRODUCTS					
Davos Life Science Pte Ltd †	Singapore	Singapore	**100**	51	Manufacturing of nutraceutical, cosmetoceutical and pharmaceutical products
Biogene Life Science Pte Ltd †	Singapore	Singapore	**100**	51	Investment holding
Centros Life Science Pte Ltd †	Singapore	Singapore	**100**	51	Manufacturing of pharmaceutical and bio-pharmaceutical intermediates
Davos Life Science Marketing Pte Ltd †	Singapore	Singapore	**100**	51	Sales and marketing
Helix Life Science Pte Ltd †	Singapore	Singapore	**100**	51	Research and experimental development on plant micronutrients
STORAGE & DISTRIBUTION					
Stolthaven (Westport) Sdn Bhd	Malaysia	Malaysia	**51**	51	Storing and distribution of bulk liquid

Notes on the Financial Statements

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest 2010	2009	Principal Activities
RETAILING					
Crabtree & Evelyn Holdings Ltd †	England	England	**100**	100	Investment holding
Crabtree & Evelyn (Overseas) Ltd †	England	England	**100**	100	Retailing and distribution of toiletries
Crabtree & Evelyn Trading Ltd †	England	England	**100**	100	Manufacturing of toiletries
Premier Procurement Ltd †	England	England	**100**	100	Investment holding
Quillspur Ltd †	England	England	**100**	100	Investment holding
Crabtree & Evelyn Austria GmbH †	Austria	Austria	**100**	100	Retailing of toiletries
Crabtree & Evelyn Deutschland GmbH †	Germany	Germany	**100**	100	Retailing and distribution of toiletries
Crabtree & Evelyn Europe BV †	Netherlands	Netherlands	**100**	100	Investment holding
Crabtree & Evelyn London SA †	France	France	**100**	100	Retailing of toiletries
Crabtree & Evelyn Ltd †	United States of America	United States of America	**100**	100	Manufacturing, retailing and distribution of toiletries
C&E Canada, Inc †	Canada	Canada	**100**	100	Retailing and distribution of toiletries
Crabtree & Evelyn Australia Pty Ltd †	Australia	Australia	**100**	100	Distribution of toiletries
Crabtree & Evelyn (Hong Kong) Ltd †	Hong Kong	Hong Kong	**100**	100	Retailing and distribution of toiletries
CE Holdings Ltd †	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
Crabtree & Evelyn (Singapore) Pte Ltd †	Singapore	Singapore	**100**	100	Retailing and distribution of toiletries
Crabtree Global Resourcing Sdn Bhd	Malaysia	Malaysia	**100**	100	General trading
Crabtree & Evelyn (Malaysia) Sdn Bhd	Malaysia	Malaysia	**100**	100	Retailing of toiletries
PROPERTIES					
Austerfield Corporation Sdn Bhd	Malaysia	Malaysia	**100**	100	Investment holding
Betatechnic Sdn Bhd	Malaysia	Malaysia	**100**	100	Property development
Brecon Holdings Sdn Bhd	Malaysia	Malaysia	**100**	100	Renting out of storage and office space
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
KL-Kepong Property Holdings 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
LPF Properties Sdn Bhd	Malaysia	Malaysia	**-**	100	Dissolved
INVESTMENT HOLDING					
Ablington Holdings 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

Notes on the Financial Statements

Subsidiaries	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest 2010	2009	Principal Activities
INVESTMENT HOLDING					
KL-Kepong International Ltd ††	Cayman Islands	Cayman Islands	**100**	100	Investment holding
KLKI Holdings Ltd †	England	England	**100**	100	Investment holding
Kuala Lumpur-Kepong Investments Ltd †	England	Malaysia	**100**	100	Investment holding
Kersten Holdings Ltd ††	British Virgin Islands	British Virgin Islands	**100**	100	Investment holding
OTHERS					
Crabtree & Evelyn Shop Ltd †	England	England	**100**	100	Manufacturing of jams
KLK Farms Pty Ltd #	Australia	Australia	**100**	100	Cereal and sheep farming
KLK Assurance (Labuan) Ltd †	Malaysia	Malaysia	**100**	100	Offshore captive insurance
KLK Capital Resources (L) Ltd	Malaysia	Malaysia	**100**	100	Raise financing by issuance of bonds

† Companies not audited by KPMG

\# Companies audited by overseas firms of KPMG International

†† These companies are not required to be audited in the country of incorporation. The results of these companies are consolidated based on the unaudited financial statements.

* Companies were dissolved subsequent to year end.

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	Group's Percentage Interest 2010	2009	Principal Activities
Applied Agricultural Resources Sdn Bhd	Malaysia	**50.0**	50.0	Agronomic service and research
Barry Callebaut Malaysia Sdn Bhd	Malaysia	**40.0**	40.0	Manufacturing of cocoa products
Beijing King Voray Edible Oil Co Ltd	People's Republic of China	**13.8**	13.8	Inactive
Esterol Sdn Bhd	Malaysia	**50.0**	50.0	Manufacturing of food esters
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
Milljet Sdn Bhd (In Creditors' Liquidation)	Malaysia	**40.0**	40.0	Dormant
Pearl River Tyre (Holdings) Ltd	British Virgin Islands	**30.5**	30.5	Investment holding and manufacturing of tyres
Phytopharma Co Ltd	Japan	**22.8**	22.8	Import, export and distribution of herbal medicine and raw materials thereof, raw materials of pharmaceutical products and cosmetic products
Rainbow State Ltd	British Virgin Islands	**25.0**	25.0	Owning and operating of aircraft

Notes on the Financial Statements

(b) Acquisition of subsidiaries

Subsidiaries acquired during the year ended 30 September 2010 were as follows:

Subsidiaries Acquired	**Purchase Consideration RM'000**	**Group's Percentage Interest**	**Effective Acquisition Date**
P.T. Alam Karya Sejahtera AKS	10,703	62	31 January 2010
KLK Emmerich GmbH	5,842	100	1 July 2010

The total purchase consideration of RM16,545,000 was satisfied by cash. The acquisitions were accounted for using the purchase method of accounting.

The above acquisitions had the following effects on the Group's assets and liabilities on acquisition dates:

	Pre-acquisition Carrying Amount RM'000	**Fair Value Adjustments RM'000**	**Recognised Values on Acquisition RM'000**
(i) P.T. Alam Karya Sejahtera AKS			
Property, plant and equipment	1,788	-	1,788
Prepaid lease payments	1,650	-	1,650
Biological assets	28,620	-	28,620
Deferred tax assets	8	-	8
Inventories	387	-	387
Trade and other receivables	2,098	-	2,098
Cash and cash equivalents	507	-	507
Trade and other payables	(24,021)	-	(24,021)
Provision for retirement benefits	(407)	-	(407)
Net identifiable assets and liabilities	10,630	-	10,630
Less: Minority interests			(315)
			10,315
Goodwill on acquisition			388
Total purchase price satisfied by cash			10,703
Less: Cash and cash equivalents of a subsidiary acquired			(507)
Cash outflow on acquisition of a subsidiary			10,196
(ii) KLK Emmerich GmbH			
Property, plant and equipment	92,439	38,715	131,154
Deferred tax assets	-	2,704	2,704
Inventories	3,848	-	3,848
Trade and other receivables	3,556	-	3,556
Cash and cash equivalents	32,557	-	32,557
Trade and other payables	(15,385)	-	(15,385)
Tax payable	(109)	-	(109)
Provision for retirement benefits	(105,047)	(47,436)	(152,483)
Net identifiable assets and liabilities/Total purchase price satisfied by cash	11,859	(6,017)	5,842
Less: Cash and cash equivalents of a subsidiary acquired			(32,557)
Cash inflow on acquisition of a subsidiary			(26,715)

Notes on the Financial Statements

In the post acquisition period to 30 September 2010, these subsidiaries contributed a net loss for the year of RM3,219,000 to the consolidated profit for the year as follows:

	Net Loss for the year RM'000
P.T. Alam Karya Sejahtera AKS	(37)
KLK Emmerich GmbH	(3,182)
Total	(3,219)

If the acquisitions had occurred on 1 October 2009, the Group's revenue and profit for the year would have been RM7,595,754,000 and RM1,061,239,000 respectively.

41. SEGMENT INFORMATION – GROUP

The Group has 5 reportable segments which are the Group's strategic business units. The strategic business units offer different products and are managed separately as they require different technology and marketing strategies. The Group's Chief Executive Officer reviews internal management reports of each of the strategic business units on a monthly basis.

The reportable segments are summarised below:

Plantation	Cultivation and processing of palm and rubber products and refining of palm products
Manufacturing	Manufacturing of oleochemicals, soap noodles, industrial amides, fatty amines, cationic surfactants, rubber gloves, parquet flooring products, nutraceutical, cosmetoceutical, pharmaceutical products, non-ionic surfactants and esters, biofuel and storing and distribution of bulk liquid
Retailing	Retailing and distribution of toiletries
Property development	Development of residential and commercial properties
Investment holding	Deposits, fixed income trust funds, investment in quoted and unquoted corporations and freehold investment properties
Others	Cereal and sheep farming, management services, money lending and raise financing by issuance of bonds

The accounting policies of the reportable segments are the same as described in note 3.27.

Inter-segment pricing is determined based on arm's length basis 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.

Notes on the Financial Statements

(a) Business segment

	Plantation RM'000	Manufacturing RM'000	Retailing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2010								
Revenue								
Sale to external customers	3,536,174	3,246,973	614,325	30,123	40,584	22,447	-	7,490,626
Inter-segment sales	278,091	15,471	-	-	10,902	20,968	(325,432)	-
Total revenue	3,814,265	3,262,444	614,325	30,123	51,486	43,415	(325,432)	7,490,626
Results								
Operating results	1,112,295	137,699	31,161	3,788	19,252	2,315	-	1,306,510
Interest income	93	1,712	165	751	31,698	661	(10,902)	24,178
Finance costs	(785)	(18,957)	(3,568)	-	(44,726)	(1,137)	10,902	(58,271)
Share of results of associates	13,016	23,646	-	1,126	-	(387)	-	37,401
Segment results	1,124,619	144,100	27,758	5,665	6,224	1,452	-	1,309,818
Corporate income								73,014
Profit before taxation								1,382,832
Tax expense								(315,562)
Profit for the year								1,067,270
Assets								
Operating assets	3,687,379	3,084,392	422,688	344,744	1,316,179	67,457	-	8,922,839
Associates	53,927	120,686	-	12,009	-	12,739	-	199,361
Segment assets	3,741,306	3,205,078	422,688	356,753	1,316,179	80,196	-	9,122,200
Unallocated assets								41,331
Total assets								9,163,531
Liabilities								
Segment liabilities	316,582	1,196,559	101,112	4,673	903,908	3,152	-	2,525,986
Unallocated liabilities								312,196
Total liabilities								2,838,182
Other information								
Depreciation of property, plant and equipment	85,157	90,183	14,469	193	-	1,370	-	191,372
Amortisation of prepaid lease payments	6,417	800	-	-	-	25	-	7,242
Amortisation of biological assets	29,400	-	-	-	-	-	-	29,400
Non-cash expenses								
Property, plant and equipment written off	174	2,276	-	152	-	64	-	2,666
Retirement benefits provision	7,466	7,008	-	-	-	-	-	14,474
Amortisation of intangible assets	-	2,740	955	-	-	-	-	3,695
Impairment of								
- property, plant and equipment	-	5,444	353	-	-	-	-	5,797
- intangible assets	-	41	-	-	-	-	-	41
- goodwill	-	4,041	-	-	-	-	-	4,041
- investment	-	-	-	-	-	211	-	211
Write back of impairment in value of investment (included under corporate income)	-	-	-	-	-	-	-	(110,400)

Notes on the Financial Statements

	Plantation RM'000	Manufacturing RM'000	Retailing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2009								
Revenue								
Sale to external customers	3,376,875	2,585,788	605,180	30,804	37,958	21,703	-	6,658,308
Inter-segment sales	203,518	13,370	46	-	12,651	24,163	(253,748)	-
Total revenue	3,580,393	2,599,158	605,226	30,804	50,609	45,866	(253,748)	6,658,308
Results - restated								
Operating results	955,110	35,597	(77,514)	10,340	10,636	697	-	934,866
Interest income	93	1,843	232	850	34,274	518	(12,651)	25,159
Finance costs	(775)	(24,790)	(3,621)	-	(51,312)	(922)	12,651	(68,769)
Share of results of associates	13,883	18,313	-	2,359	-	-	-	34,555
Segment results	968,311	30,963	(80,903)	13,549	(6,402)	293	-	925,811
Corporate expense								(38,449)
Profit before taxation								887,362
Tax expense								(244,751)
Profit for the year								642,611
Assets - restated								
Operating assets	3,744,372	2,591,601	350,142	352,882	1,257,653	68,167	-	8,364,817
Associates	48,651	121,993	-	24,946	-	14,789	-	210,379
Segment assets	3,793,023	2,713,594	350,142	377,828	1,257,653	82,956	-	8,575,196
Unallocated assets								29,135
Total assets								8,604,331
Liabilities – restated								
Segment liabilities	302,173	800,764	106,082	26,688	1,130,416	1,857	-	2,367,980
Unallocated liabilities								293,582
Total liabilities								2,661,562
Other information								
Depreciation of property, plant and equipment	77,105	83,809	18,345	119	-	1,192	-	180,570
Amortisation of prepaid lease payments	6,083	773	-	-	-	27	-	6,883
Amortisation of biological assets	14,029	-	-	-	-	-	-	14,029
Non-cash expenses								
Property, plant and equipment written off	98	2,345	-	3	-	-	-	2,446
Retirement benefits provision	4,217	188	-	-	-	-	-	4,405
Amortisation of intangible assets	-	2,932	1,046	-	-	-	-	3,978
Impairment of								
- property, plant and equipment	3,223	23,405	10,981	-	-	-	-	37,609
- intangible assets	-	1,985	-	-	-	-	-	1,985
Impairment in value of investment (included under corporate expenses)	-	-	-	-	-	-	-	9,600
Impairment in value of investment in an associate (included under corporate expenses)	-	-	-	-	-	-	-	13,551

Notes on the Financial Statements

Additions to non-current assets, other than financial instruments and deferred tax assets, are as follows:

	Plantation RM'000	Manufacturing RM'000	Retailing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Total RM'000
2010							
Capital expenditure	**236,735**	**116,455**	**10,894**	**8**	**53**	**1,557**	**365,702**
Land held for property development	**-**	**-**	**-**	**33,629**	**-**	**-**	**33,629**
Goodwill on consolidation	**388**	**6,707**	**-**	**-**	**-**	**-**	**7,095**
Intangible assets	**-**	**7,059**	**-**	**-**	**-**	**-**	**7,059**
	237,123	**130,221**	**10,894**	**33,637**	**53**	**1,557**	**413,485**
2009							
Capital expenditure	211,350	201,964	11,901	134	56	2,657	428,062
Land held for property development	-	-	-	33	-	-	33
Goodwill on consolidation	28,777	125	-	-	-	-	28,902
	240,127	202,089	11,901	167	56	2,657	456,997

(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 deferred tax assets.

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

	2010 RM'000	2009 RM'000
Malaysia	**1,617,549**	1,418,696
Far East	**1,427,003**	1,492,649
Middle East	**78,936**	70,745
South East Asia	**1,329,992**	1,076,502
Southern Asia	**523,194**	463,415
Europe	**1,790,857**	1,356,864
North America	**508,510**	567,060
South America	**29,409**	25,171
Australia	**90,891**	80,448
Africa	**90,476**	57,200
Others	**3,809**	49,558
	7,490,626	6,658,308

(ii) Non-current assets other than financial instruments and deferred tax assets and additions to capital expenditure by geographical location of assets

	Non-current Assets		Additions to Capital Expenditure	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Malaysia	**3,085,707**	3,030,329	**128,188**	196,015
Indonesia	**1,150,609**	1,055,466	**187,833**	168,654
Australia	**30,717**	32,001	**2,663**	6,338
People's Republic of China	**212,762**	239,930	**7,018**	15,519
Europe	**587,151**	493,756	**36,541**	37,581
America	**32,864**	41,910	**2,517**	2,496
Others	**52,169**	57,130	**942**	1,459
	5,151,979	4,950,522	**365,702**	428,062

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

Notes on the Financial Statements

42. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to optimise the value creation for shareholders and ensuring that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity, credit, price fluctuation and market risks. The Group operates within clearly defined guidelines and it is the Group's policy not to engage in speculative transactions.

The main areas of financial risks faced by the Group are as follows:

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates to deposits with licensed banks, fixed income trust funds and cash and cash equivalents and bank borrowings. Short term borrowings are utilised for working capital purposes while long term borrowings are taken for capital expenditure.

(ii) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly, Indonesian Rupiah, United States Dollar, Pound Sterling, Chinese Renminbi, Euro and Swiss Franc. The Group maintains a natural hedge by borrowing in the currency where the business unit operates. Foreign exchange exposures are hedged through forward foreign exchange contracts.

(iii) Liquidity risk

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.

(iv) Credit 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.

The Group does not have any significant exposure to any individual customer or counterparty, nor does it have any major concentration of credit risk related to any financial instruments.

(v) Price fluctuation risk

The Group is exposed to price fluctuation risk on commodities mainly of palm oil and rubber. The Group mitigates its risk to the price volatility through hedging in the futures market and where deemed prudent, selling forward in the physical market.

(vi) Market risk

The Group's principal exposure to market risk arises mainly from changes in equity prices. The Group does not use derivative financial instruments to manage equity risk. The risk of loss in value is minimised via thorough analysis before making the investments and continuous monitoring of the performance and risk of the investments made. The Group manages disposal of its investments to optimise returns on realisation. Gains or losses on disposal are recognised in the income statement. Equity investments classified as non-current assets are held for long-term. Changes in market values of long-term investments, except where an impairment occurs or a permanent loss in value can be foreseen, do not affect the carrying amounts of the investments.

(b) Fair values

(i) Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short-term borrowings, the carrying amounts approximate fair values due to the relatively short-term nature of these financial instruments.

Notes on the Financial Statements

The aggregate fair values of other financial assets and liabilities carried on the balance sheet as at 30 September are shown below:

	Note	2010 Carrying Amounts RM'000	2010 Fair Values RM'000	2009 Carrying Amounts RM'000	2009 Fair Values RM'000
Group					
Financial assets					
Other investments					
Quoted corporations	21	**348,599**	**372,177**	243,476	249,980
Unquoted corporations	21	**701**	*****	976	*
Financial liabilities					
Term loans (non-current)					
Secured	33	**2,575**	**2,575**	4,749	4,749
Unsecured	33	**604,514**	**605,162**	617,977	618,910
Islamic medium term notes					
Unsecured	33	**500,000**	**508,256**	500,000	508,256
Company					
Financial assets					
Other investments					
Quoted corporation	21	**78,437**	**300,561**	78,437	193,345
Unquoted corporations	21	**652**	*****	652	*
Financial liabilities					
Term loan (non-current)					
Unsecured	33	**351,900**	**353,047**	403,900	405,047
Islamic medium term notes					
Unsecured	33	**500,000**	**508,256**	500,000	508,256

The fair value of quoted shares is their quoted bid price at the balance sheet date.

* It is not practical to estimate the fair value of the Group's and Company's investments in unquoted corporations because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

(ii) Unrecognised financial instruments
The valuation of financial instruments not recognised in the balance sheets reflects their current market rates at the balance sheet date.

(a) The contracted amount and fair value of financial instruments not recognised in the balance sheets are:

	2010 Contracted Amounts RM'000	2010 Fair Values RM'000	2009 Contracted Amounts RM'000	2009 Fair Values RM'000
Group				
Commodity future contracts				
Sale contracts	**5,933**	**(84)**	56,083	886
Forward foreign exchange contracts				
Sale contracts	**865,918**	**12,019**	759,627	9,718
Purchase contracts	**34,613**	**(982)**	33,927	(727)
Company				
Forward foreign exchange contracts				
Sale contracts	**47,960**	**2,156**	37,143	408
Purchase contracts	**-**	**-**	7,145	13

Notes on the Financial Statements

(b) KL-Kepong Industrial Holdings Sdn Bhd ("KLKIH"), a subsidiary of the Company and Barry Callebaut Group ("BCG") had on 31 March 2008 entered into a Joint Venture Agreement which stipulates the manner in which Barry Callebaut Malaysia Sdn Bhd ("BCM"), an associate, shall be managed and the way in which KLKIH and BCG shall exercise their rights as shareholders of BCM.

Under the Joint Venture Agreement:

- KLKIH may exercise a put option to require BCG to acquire the remaining 40% shares in BCM held by KLKIH for RM117.7 million which is inclusive of BCM's working capital; and

- BCG may also exercise a call option to require KLKIH to sell the remaining 40% shares in BCM held by KLKIH based on the value of 9 times of the audited average EBITDA of the 3 financial years prior to the exercise of the call option plus cash minus all interest bearing debts at that point of time.

Both the put option and call option may be exercised by KLKIH and BCG respectively between the second anniversary and fifth anniversary starting from 30 April 2008.

43. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

(a) The following wholly-owned subsidiaries of the Company, which have become dormant following the completion of a Group internal restructuring exercise, will be wound up by way of a members' voluntary winding-up:
(i) Selit Plantations (Sabah) Sdn Bhd
(ii) Kalumpang Estates Sdn Bhd
(iii) The Shanghai Kelantan Rubber Estates (1925) Ltd

The aforesaid members' voluntary winding-up will not have any effect on the share capital and shareholding structure of the Company nor have any material operational and financial impact on the net assets, earnings and gearing of the Group for the financial year ending 30 September 2011.

(b) PT Steelindo Wahana Perkasa ("SWP"), a subsidiary of the Company, and Tjong Hasan Agus Salim and Tjhang Ardy Fadrinata (collectively, "Vendors"), have on 21 October 2010 mutually agreed to terminate 2 agreements in respect of the acquisition of 94% and 1% equity stakes respectively in PT Bumi Makmur Sejahtera Jaya ("BMS") with immediate effect ("Termination"). The rationale for the Termination is in order for the Company to streamline the Group's investments in Indonesian plantations under a Malaysian subsidiary, KL-Kepong Plantation Holdings Sdn Bhd ("KLKPH").

The Termination will not have any impact on the earnings and net assets of the Group for the current financial year ending 30 September 2011.

(c) Following the Termination, KLKPH has on 21 October 2010 entered into 2 conditional agreements ("the SPAs") with the Vendors (in place of SWP) to acquire 95% equity stakes in BMS for a total cash purchase consideration of Rp25.5 billion (equivalent to approximately RM8.8 million). The proposed acquisition will result in BMS becoming a subsidiary of the Company.

BMS currently holds 2 Certificates of Izin Lokasi for 2 lands measuring approximately 7,177 hectares in total ("the Land") which it intends to develop into oil palm plantations in due course. The Land is adjacent to the Group's existing plantations in Belitung.

The proposed acquisition is expected to be completed in the first quarter of calendar year 2012 subject to the fulfillment of all conditions precedent stated in the SPAs.

The proposed acquisition will not have any effect on the share capital and shareholding structure of the Company nor have any effect on the net assets, earnings and gearing of the Group for the current financial year ending 30 September 2011.

(d) KLKPH has on 1 November 2010 entered into 2 conditional agreements ("SPAs") with Abdul Halim Najar and Teddy Wiradi Jaya to acquire 90% and 5% equity stakes respectively in PT Anugrah Surya Mandiri ("ASM") for a total cash purchase consideration of Rp13.6 billion (equivalent to approximately RM4.7 million). The proposed acquisition will result in ASM becoming a subsidiary of the Company.

ASM is a limited liability company incorporated in the Republic of Indonesia and has an issued and fully paid-up share capital of Rp150 billion comprising 300 ordinary shares of Rp500,000/- each.

Notes on the Financial Statements

ASM currently holds a Certificate of Izin Lokasi for land measuring approximately 3,700 hectares ("the Land") which it intends to develop into oil palm plantations in due course. The Land is adjacent to one of the Group's plantations in Kalimantan Timur.

The proposed acquisition is expected to be completed in the first quarter of calendar year 2012 subject to the fulfillment of all conditions precedent stated in the SPAs.

The proposed acquisition will not have any effect on the share capital and shareholding structure of the Company nor have any effect on the net assets, earnings and gearing of the Group for the current financial year ending 30 September 2011.

44. AUTHORISATION FOR ISSUE

The financial statements were approved and authorised for issue by the Board of Directors on 10 December 2010.

Directors' Statement

In the opinion of the Directors, the financial statements set out on pages 68 to 127 are drawn up in accordance with the Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2010 and of their financial performance and cash flows for the year then ended.

On Behalf of the Board

R. M. ALIAS
(Chairman)

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

10 December 2010

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 68 to 127 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Ipoh in the)
State of Perak Darul Ridzuan this)
10th day of December 2010.)

FAN CHEE KUM

Before me:

WONG CHIN @ WONG YOON CHIN
Commissioner for Oaths
Ipoh, Perak Darul Ridzuan,
Malaysia.

Report of the Auditors

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

Report on the Financial Statements

We have audited the financial statements of Kuala Lumpur Kepong Berhad, which comprise the balance sheets as at 30 September 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 68 to 127.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 Company's preparation and fair presentation of the financial statements 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 Company'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 have been properly drawn up in accordance with Financial Reporting Standards and the 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 of 30 September 2010 and of their financial performance and cash flows for the year then ended.

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 40 on the financial statements. We have also considered the unaudited financial statements of subsidiaries identified in Note 40 on 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 Matters

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: 2920/02/12 (J)
Chartered Accountant

Ipoh
10 December 2010

Group Properties & Shareholdings

Location of the Group's Plantation Operations

At 30 September 2010

MALAYSIA

KEDAH	Hectares
1 Pelam	2,526
2 Batu Lintang ◆	2,017
3 Ghim Khoon	773
PERAK	
4 Lekir	3,579
5 Changkat Chermin ◆	2,540
6 Raja Hitam	1,490
7 Subur	1,290
8 Glenealy	1,063
9 Serapoh	936
10 Kuala Kangsar	843
11 Allagar	805
SELANGOR	
12 Tuan Mee ◆	1,556
13 Changkat Asa ◆ ●	1,544
14 Kerling	619
15 Sungai Gapi	603
NEGERI SEMBILAN	
16 Ayer Hitam	2,640
17 Batang Jelai	2,162
18 Jeram Padang ◆ ●	2,114
19 Kombok	1,915
20 Ulu Pedas	923
21 Gunong Pertanian	686
JOHOR	
22 Landak	4,451
23 Kekayaan ◆	4,436
24 Voules ●	2,977
25 Fraser	2,932
26 Paloh ◆	2,029
27 New Pogoh	1,560
28 Sungei Penggeli	951
29 Sungai Bekok	636
30 Ban Heng	631
31 See Sun	589
32 KLK Edible Oils ★	5
PAHANG	
33 Sungei Kawang	1,890
34 Renjok	1,579
35 Tuan	1,353
36 Selborne ●	1,282
37 Kemasul	459
KELANTAN	
38 Pasir Gajah ◆	2,654
39 Kuala Gris ●	2,429
40 Kerilla ●	2,191
41 Sungai Sokor	1,603
TOTAL	**69,261**

Location of the Group's Plantation Operations

At 30 September 2010

GEOGRAPHICAL DISTRIBUTION

Peninsular Malaysia	Sabah	Indonesia	TOTAL
69,261 ha 28%	40,359 ha 16%	139,126 ha 56%	248,746 ha 100%

LEGEND

- ◆ With Palm Oil Mill
- ▲ With Kernel Crushing Plant
- ● With Rubber Factory
- ★ With Refinery

MALAYSIA

SABAH	Hectares
(42) KDC Complex	
Jatika	3,508
Sigalong	2,864
Pangeran ◆	2,855
Sri Kunak	2,770
Pang Burong	2,548
Pinang	2,420
Tundong ◆◆	2,155
Ringlet	1,834
(43) GSSB Complex	
(43A) Bornion ◆	3,233
Segar Usaha	2,792
(43B) Tungku	3,418
Bukit Tabin	2,916
Rimmer ◆	2,730
Sungai Silabukan	2,654
Lungmanis ◆	1,656
(44) KLK Premier Oils ▲★	6
TOTAL	**40,359**

INDONESIA

BELITUNG	Hectares
(45) Steelindo Wahana Perkasa ◆	14,065
(46) Alam Karya Sejahtera	6,012
(47) Parit Sembada ◆	3,990
SUMATRA	
(48) Mandau ◆●▲	14,799
(49) Nilo ◆	14,660
(50) Gohor Lama ◆●	7,463
(51) Sekarbumi Alamlestari ◆	6,200
(52) Padang Brahrang ◆	5,003
(53) Bukit Lawang	3,355
(54) Tanjung Keliling ●	3,315
(55) Basilam	2,337
KALIMANTAN TIMUR	
(56) Jabontara Eka Karsa	14,086
(57) Malindomas Perkebunan	7,971
(58) Hutan Hijau Mas ◆	7,288
KALIMANTAN TENGAH	
(59) Karya Makmur Abadi	13,127
(60) Mulia Agro Permai	9,056
(61) Menteng Jaya Sawit Perdana	6,399
TOTAL	**139,126**

Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
PLANTATIONS ***PENINSULAR MALAYSIA***							
Ladang Landak Paloh, Johor	Leasehold	2068 and 2078	4,451	Oil palm estate	-	41,665	1979*
Ladang Kekayaan Paloh, Johor	Leasehold	2068 and 2078	4,436	Oil palm estate and palm oil mill	4	63,274	1979*
Ladang Lekir Manjung, Perak	Freehold	-	3,579	Oil palm estate	-	185,708	2008
Ladang Voules Segamat, Johor	Freehold	-	2,977	Oil palm and rubber estate and rubber factory	37	25,503	1979*
Ladang Fraser Kulai, Johor	Freehold	-	2,932	Oil palm estate	-	33,793	1979*
Ladang Pasir Gajah Kuala Krai, Kelantan	Freehold Leasehold	- 2326 and 2907	1,256 1,398	Oil palm and rubber estate and palm oil mill	29	24,413	1981* 1980*
Ladang Ayer Hitam Bahau, Negeri Sembilan	Freehold	-	2,640	Oil palm estate	-	38,621	1985
Ladang Changkat Chermin Manjung, Perak	Leasehold	2080	2,540	Oil palm estate and palm oil mill	27	112,123	2008
Ladang Pelam Kulim, Kedah	Freehold	-	2,526	Oil palm and rubber estate	-	39,394	1992
Ladang Kuala Gris Kuala Krai, Kelantan	Freehold	-	2,429	Rubber estate and rubber factory	10	30,224	1992
Ladang Kerilla Tanah Merah, Kelantan	Freehold	-	2,191	Oil palm and rubber estate and rubber factory	35	27,085	1992
Ladang Batang Jelai Rompin, Negeri Sembilan	Freehold	-	2,162	Oil palm and rubber estate	-	32,914	1985
Ladang Jeram Padang Bahau, Negeri Sembilan	Freehold	-	2,114	Oil palm and rubber estate, palm oil mill and rubber factory	21 21	31,238	1985
Ladang Paloh Paloh, Johor	Freehold	-	2,029	Oil palm estate and palm oil mill	38	28,423	1979*
Ladang Batu Lintang Serdang, Kedah	Freehold	-	2,017	Oil palm estate and palm oil mill	24	32,945	1986
Ladang Kombok Rantau, Negeri Sembilan	Freehold	-	1,915	Oil palm and rubber estate	-	32,215	1985
Ladang Sungei Kawang Lanchang, Pahang	Freehold	-	1,890	Oil palm and rubber estate	-	14,895	1979*
Ladang Sungai Sokor Tanah Merah, Kelantan	Freehold	-	1,603	Oil palm and rubber estate	-	16,840	1992
Ladang Renjok Bentong, Pahang	Freehold	-	1,579	Oil palm and rubber estate	-	16,010	1979*

* Year of last revaluation.

Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
Ladang New Pogoh Segamat, Johor	Freehold	-	1,560	Oil palm and rubber estate	-	14,512	1979*
Ladang Tuan Mee Sungai Buloh, Selangor	Freehold	-	1,556	Oil palm estate and palm oil mill	 37	16,710	1979*
Ladang Changkat Asa Tanjong Malim, Perak	Freehold	-	1,544	Oil palm and rubber estate, palm oil mill and rubber factory	 30 35	17,121	1979*
Ladang Raja Hitam Manjung, Perak	Freehold	-	1,490	Oil palm estate	-	77,577	2008
Ladang Tuan Bentong, Pahang	Freehold Leasehold	- Between 2030 and 2057	910 443	Oil palm and rubber estate	-	10,255	1979*
Ladang Subur Batu Kurau, Perak	Freehold	-	1,290	Oil palm estate	-	14,572	1986
Ladang Selborne Padang Tengku, Kuala Lipis Pahang	Freehold	-	1,282	Rubber estate and rubber factory	 41	16,592	1992
Ladang Glenealy Parit, Perak	Freehold	-	1,063	Oil palm and rubber estate	-	14,800	1992
Ladang Sungei Penggeli Bandar Tenggara, Johor	Leased property	2087	951	Oil palm estate	-	8,753	1988
Ladang Serapoh Parit, Perak	Freehold	-	936	Oil palm and rubber estate	-	9,284	1979* 1992
Ladang Ulu Pedas Pedas, Negeri Sembilan	Freehold	-	923	Oil palm and rubber estate	-	17,495	1985
Ladang Kuala Kangsar Padang Rengas, Perak	Freehold Leasehold	- 2896	510 333	Oil palm and rubber estate	-	5,925	1979*
Ladang Allagar Trong, Perak	Freehold Leasehold	- 2908	549 256	Oil palm estate	-	12,684	1986
Ladang Ghim Khoon Serdang, Kedah	Freehold	-	773	Oil palm estate	-	18,925	1986
Ladang Gunong Pertanian Simpang Durian Negeri Sembilan	Leasehold	2077	686	Oil palm estate	-	9,853	1985
Ladang Sungai Bekok Bekok, Johor	Freehold	-	636	Oil palm estate	-	8,237	1979*
Ladang Ban Heng Pagoh, Muar, Johor	Freehold	-	631	Oil palm estate	-	8,126	1979*
Ladang Kerling Kerling, Selangor	Freehold	-	619	Oil palm and rubber estate	-	47,699	2002
Ladang Sungai Gapi Serendah, Selangor	Freehold	-	603	Oil palm estate	-	5,785	1979* 1985

* Year of last revaluation.

Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
Ladang See Sun Renggam, Johor	Freehold	-	589	Oil palm estate	-	10,057	1984
Ladang Kemasul Mengkarak, Pahang	Freehold	-	459	Rubber estate	-	1,000	1983
KL-Kepong Edible Oils Pasir Gudang, Johor	Leasehold	2045	5	Refinery	27	1,017	1985
			69,261				
SABAH							
Ladang Jatika Tawau	Leasehold	Between 2068 and 2083	3,508	Oil palm estate	-	47,066	1991
Ladang Tungku Lahad Datu	Leasehold	2085	3,418	Oil palm estate	-	26,448	1991*
Ladang Bornion Kinabatangan	Leasehold	2078	3,233	Oil palm estate and palm oil mill	12	37,029	1992
Ladang Bukit Tabin Lahad Datu	Leasehold	2079	2,916	Oil palm estate	-	32,709	1993
Ladang Sigalong Tawau	Leasehold	Between 2063 and 2079	2,864	Oil palm estate	-	26,736	1983
Ladang Pangeran Tawau	Leasehold	Between 2063 and 2080	2,855	Oil palm estate and palm oil mill	9	43,176	1983
Ladang Segar Usaha Kinabatangan	Leasehold	2077	2,792	Oil palm estate	-	31,657	1990*
Ladang Sri Kunak Tawau	Leasehold	Between 2063 and 2076	2,770	Oil palm estate	-	34,380	1983
Ladang Rimmer Lahad Datu	Leasehold	2085	2,730	Oil palm estate and palm oil mill	14	24,121	1991*
Ladang Sungai Silabukan Lahad Datu	Leasehold	2079	2,654	Oil palm estate	-	29,647	1993
Ladang Pang Burong Tawau	Leasehold	Between 2063 and 2080	2,548	Oil palm estate	-	32,480	1983
Ladang Pinang Tawau	Leasehold	Between 2067 and 2085	2,420	Oil palm estate	-	37,463	1983
Ladang Tundong Tawau	Leasehold	Between 2063 and 2073	2,155	Oil palm estate and palm oil mills	23 & 27	23,583	1983
Ladang Ringlet Tawau	Leasehold	Between 2067 and 2080	1,834	Oil palm estate	-	15,628	1989
Ladang Lungmanis Lahad Datu	Leasehold	2085	1,656	Oil palm estate and palm oil mill	10	15,533	1991*
KLK Premier Oils Lahad Datu	Leasehold	2066	4	Kernel crushing plant and refinery	7 3	19,745	1998
	Leasehold	2912	2	PKC warehouse	1	2,365	2007
			40,359				

* Year of last revaluation.

Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area Hectares	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition
INDONESIA							
Kebun Mandau Riau, Sumatra	Hak Guna Usaha	Between 2020 and 2075	14,799	Oil palm and rubber estate, palm oil mill, rubber factory and kernel crushing plant	 7 11 3	98,238	1996
Kebun Nilo Riau, Sumatra	Hak Guna Usaha	2083	12,860	Oil palm estate and palm oil mill	 8	110,185	1996
	Izin Lokasi	-	1,800			19,974	2005
Kebun Jabontara Eka Karsa Berau, Kalimantan Timur	Hak Guna Usaha	2033	14,086	Oil palm estate	-	42,168	2006
Kebun Steelindo Wahana Perkasa, Belitung	Hak Guna Usaha	2020	14,065	Oil palm estate and palm oil mill	 11	34,478	1994
Kebun Karya Makmur Abadi Mentaya Hulu Kalimantan Tengah	Izin Lokasi	-	13,127	Oil palm estate	-	49,105	2007
Kebun Mulia Agro Permai Baamang, Kalimantan Tengah	Hak Guna Usaha	2040	9,056	Oil palm estate	-	90,131	2006
Kebun Malindomas Perkebunan Berau, Kalimantan Timur	Hak Guna Usaha	2043	7,971	Oil palm estate	-	125,543	2007
Kebun Gohor Lama Langkat, Sumatra Utara	Leased property	2039	7,463	Oil palm and rubber estate, palm oil mill and rubber factory	 32 36	1,508	2009
Kebun Hutan Hijau Mas Berau, Kalimantan Timur	Hak Guna Usaha	2043	7,288	Oil palm estate and palm oil mill	 2	106,560	2007
Kebun Menteng Jaya Sawit Perdana, Mentaya Hilir Utara Kalimantan Tengah	Izin Lokasi	-	6,399	Oil palm estate	-	30,639	2007
Kebun Sekarbumi Alamlestari Riau, Sumatra	Hak Guna Usaha	2049	6,200	Oil palm estate and palm oil mill	 14	93,176	2009
Kebun Alam Karya Sejahtera Belitung	Izin Lokasi	-	6,012	Oil palm estate	-	42,361	2010
Kebun Padang Brahrang Langkat, Sumatra Utara	Leased property	2039	5,003	Oil palm estate and palm oil mill	 26	2,878	2009
Kebun Parit Sembada Belitung	Hak Guna Usaha	2020	3,990	Oil palm estate and palm oil mill	 3	31,127	2003
Kebun Bukit Lawang Langkat, Sumatra Utara	Leased property	2039	3,355	Oil palm and rubber estate	-	8,050	2009
Kebun Tanjung Keliling Langkat, Sumatra Utara	Leased property	2039	3,315	Oil palm and rubber estate and rubber factory	 36	1,766	2009
Kebun Basilam Langkat, Sumatra Utara	Leased property	2039	2,337	Oil palm and rubber estate	-	1,455	2009
			139,126				

Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area #	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition
OTHER OPERATIONS							
MALAYSIA							
KL-Kepong Oleomas Klang, Selangor	Leasehold	2097	19	Oleochemicals factory	1 & 4	44,229	2004
Stolthaven (Westport) Klang, Selangor	Leased property	2024	11	Bulking installation	13	15,455	2006
Palm-Oleo Rawang, Selangor	Freehold	-	8	Oleochemicals factory	19	5,561	1991
Palm-Oleo (Klang) Klang, Selangor	Leased property	2088	7	Oleochemicals factory	19 & 29	34,765	2007
B.K.B. Hevea Products Ipoh, Perak	Leasehold	2089	5	Parquet factory	16	6,500	1994
Masif Latex Products Lahat, Perak	Freehold	-	4	Rubber gloves factory	21	5,641	1995
KSP Manufacturing Rawang, Selangor	Freehold	-	4	Soap noodles factory	14	4,778	1994
Palmamide Rawang, Selangor	Freehold	-	3	Industrial amides factory	14	3,812	1994
KLK Bioenergy Shah Alam, Selangor	Leasehold	2074	1	Biodiesel plant	25	3,857	2009
			62				
KL-Kepong Country Homes Ijok, Selangor	Freehold Leasehold	- 2082	1,072 10	Property development	-	61,615	1979
Colville Holdings Setul, Negeri Sembilan	Freehold	-	422	Property development	-	10,428	1985
KL-Kepong Property Development Gombak, Selangor	Freehold	-	403	Property development	-	133,225	2004
Palermo Corporation Bagan Samak, Kedah	Freehold	-	353	Property development	-	13,042	1986
Kompleks Tanjong Malim Tanjong Malim, Perak	Freehold	-	182	Property development	-	7,819	1979
KL-Kepong Complex Sungai Buloh, Selangor	Freehold	-	8	Property development	-	2,806	1979
			2,450				
Tinagat Tawau, Sabah	Leasehold	Between 2921 and 2928	2	Town Office and warehouse	17	1,145	1992
Wisma Taiko 1, Jalan S.P. Seenivasagam Ipoh, Perak	Freehold Leasehold	- 2892	2,984 sq m 2,408 sq m	Head Office building	25	4,919 1,599	1983 2000
Brecon Holdings Bandar Glenmarie, Selangor	Freehold	-	3,903 sq m	Office building^	15	4,463	2004

Titled area is in hectares except otherwise indicated.
^ Investment property.

Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area #	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition
10, Persiaran Gopeng Satu Ipoh, Perak	Freehold	-	1,843 sq m	Office building	36	68	2008
10, Jalan Kelab Golf Ipoh, Perak	Freehold	-	9,990 sq m	Training school	81	1	1981
Annexe & Brunwells Port Dickson, Negeri Sembilan	Freehold	-	13,339 sq m	Holiday bungalows	62	28	1972
Bunge & Arundel Fraser's Hill, Pahang	Leasehold	Between 2025 and 2026	8,981 sq m	Holiday bungalows	61	106	1972
5B, Jalan Tun Dr Ismail Ipoh, Perak	Leasehold	2893	2,849 sq m	Residential bungalow	44	1	1978
3, Jalan Taman U Thant Kuala Lumpur	Freehold	-	2,092 sq m	Residential bungalow	48	1	1974
Lot 20, Jalan Tengah Nipah Taman Executive Lahad Datu, Sabah	Leasehold	2032	1,105 sq m	Residential bungalow	6	157	2004
7, Persiaran Zarib 11A Taman Pinji Mewah Lahat, Perak	Leasehold	2092	626 sq m	Residential bungalow	8	109	2003
Lot 17, Jalan Silam Bandar Sri Perdana Lahad Datu, Sabah	Leasehold	2908	457 sq m	Residential semi-detached house	6	84	2004
Lot 18, Jalan Silam Bandar Sri Perdana Lahad Datu, Sabah	Leasehold	2908	456 sq m	Residential semi-detached house	6	84	2004
Lot 19, Jalan Silam Bandar Sri Perdana Lahad Datu, Sabah	Leasehold	2908	455 sq m	Residential semi-detached house	6	84	2004
Lot 20, Jalan Silam Bandar Sri Perdana Lahad Datu, Sabah	Leasehold	2908	454 sq m	Residential semi-detached house	6	84	2004
Jalan Caldwell Ipoh, Perak	Leasehold	2103	6,070 sq m	Vacant lot	-	1,947	2008
A33, Lembah Beringin Homestead, Selangor	Freehold	-	4,318 sq m	Bungalow lot	-	285	1994
			8				
INDONESIA							
SWP Bulking Installation Belitung	Hak Guna Bangunan	2035	20	Bulking installation and jetty	1 & 5 4	12,442	2005
Kaltim Regional Complex Berau, Kalimantan Timur	Hak Guna Bangunan	2026	7,050 sq m	Office and housing complex	1	2,170	2006
3, 5, 6 & 7, Block C, Ruko Puri Mutiara, Sunter Agung Tanjung Priok, Jakarta Utara	Hak Guna Bangunan	2027	300 sq m	Office building	3	1,783	2007

Titled area is in hectares except otherwise indicated.

Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area #	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition/ Last Revaluation
INDONESIA							
A23, Golf View Spring Hill Golf Residences Pademangan, Jakarta Utara	Leasehold	2032	153 sq m	Residential bungalow	2	618	2007
25W, Tower Blue Marine Mediterania Lagoon Residences Kemayoran, Jakarta Pusat	Leasehold	2022	107 sq m	Residential apartment	4	161	2007
15K, Tower Blue Marine Mediterania Lagoon Residences Kemayoran, Jakarta Pusat	Leasehold	2022	100 sq m	Residential apartment	4	174	2008
17Q, Tower Blue Marine Mediterania Lagoon Residences Kemayoran, Jakarta Pusat	Leasehold	2022	100 sq m	Residential apartment	4	147	2007
18P, Tower Blue Marine Mediterania Lagoon Residences Kemayoran, Jakarta Pusat	Leasehold	2022	100 sq m	Residential apartment	4	146	2007
			21				
AUSTRALIA							
Erregulla Farm Mingenew, Western Australia	Freehold	-	5,290	Sheep and cereal farm	-	3,936	1989*
Warrening Gully Farm Williams, Western Australia	Freehold	-	3,089	Sheep and cereal farm	-	6,472	1989*
42-46, Fairchild Street Heatherton, Victoria	Freehold	-	6,856 sq m	Office and warehouse building	7	11,387	2004
			8,380				
PEOPLE'S REPUBLIC OF CHINA							
Taiko Palm-Oleo (Zhangjiagang) Zhangjiagang City, Jiangsu	Leasehold	2054	20	Oleochemicals factory	5	24,033	2004
Dingong Miao Baisha Zhou, Wuchang, Wuhan	Leasehold	2044	3	Refinery	15	8,671	1995
Shanghai Jinshan Jingwei Chemical Tinglin Town, Jinshan, Shanghai	Leasehold	2052	2	Oleochemicals factory	5	8,288	2008
Nanjiang Port Area Tianjin	Leasehold	2045	2	Bulking installation	14	5,795	1997
9, Cuiyan East Road TEDA, Tianjin	Leasehold	2041	143 sq m	Residential apartment	16	22	1996
4B2, No. 344, Changhan Xintun Wuchang District, Wuhan	Leasehold	2064	115 sq m	Residential apartment	15	62	1995
3B3, No. 344, Changhan Xintun Wuchang District, Wuhan	Leasehold	2064	102 sq m	Residential apartment	15	59	1995
3B4, No. 344, Changhan Xintun Wuchang District, Wuhan	Leasehold	2064	88 sq m	Residential apartment	15	52	1995
			27				
GERMANY							
KLK Emmerich Emmerich Am Rhein	Freehold	-	21	Oleochemicals factory	17 to 57	19,714	2010

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

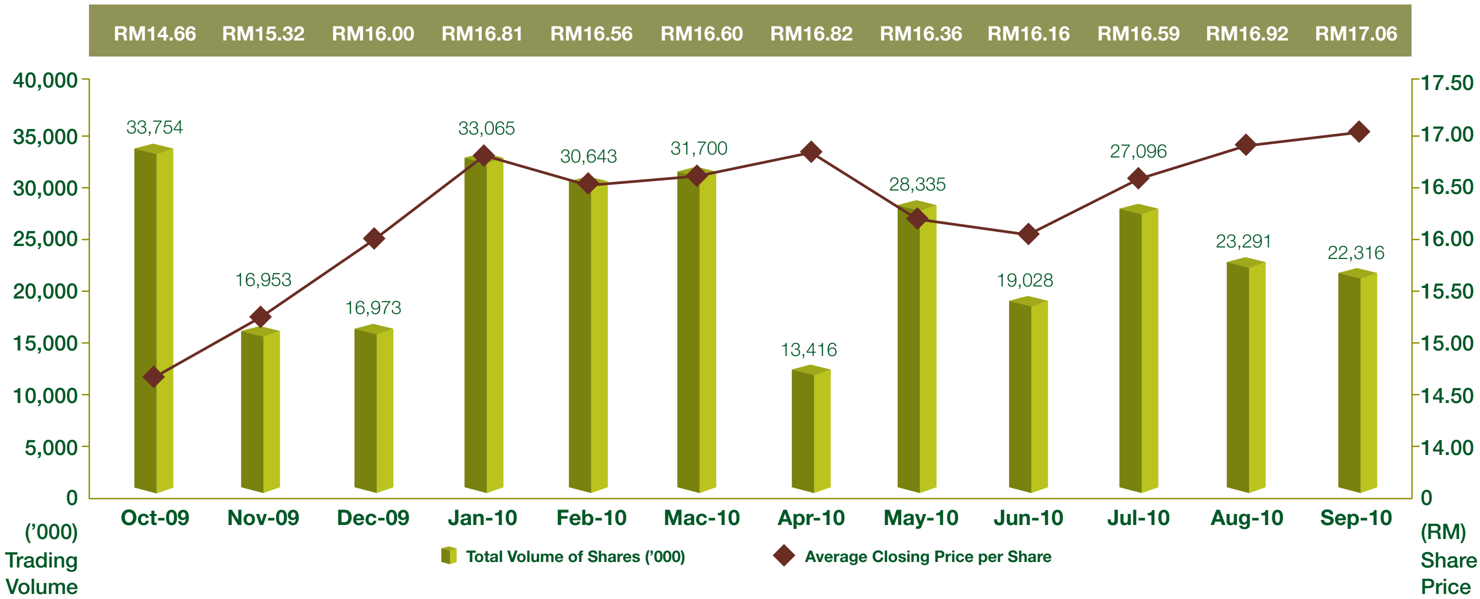
Properties Held by the Group

At 30 September 2010

Location	Tenure	Year of Expiry	Titled Area #	Description	Age of Buildings Years	Carrying Amounts RM'000	Year of Acquisition
NETHERLANDS							
Dr. W. Kolb Netherlands BV Westelijke, Randweg, Klundert Moerdijk	Freehold	-	5	Non-ionic surfactants and esters factory	17	44,023	2007
			3	Vacant land	-	14,768	2007
			8				
SWITZERLAND							
Dr. W. Kolb AG Maienbrunnenstrasse, Hedingen	Freehold	-	2	Non-ionic surfactants and esters factory	10 to 46	56,288	2007
UNITED KINGDOM							
Pontyclun Wales	Freehold	-	2	Toiletries factory	47	7,881	1995
Standard Soap Ashby-de-la Zouch Leicestershire	Freehold	-	2	Soap factory	45	5,951	1995
27, Kelso Place Kensington, London	Freehold	-	400 sq m	Office building	129	21,889	2001
52, Kingston House East London	Leasehold	2204	132 sq m	Residential apartment	54	4,485	2001
			4				
UNITED STATES							
Woodstock Connecticut	Freehold	-	16	Office and toiletries factory	27	10,681	1996
Group Total			259,745				

Titled area is in hectares except otherwise indicated.

Share Price and Volume Traded



Changes in Share Capital

Date of allotment	No. of Shares allotted	Par value RM	Type of issue/Consideration	Cumulative issued and paid-up share capital RM
06.07.73	2	1.00	Subscribers' shares	2
01.10.73	147,500,374	1.00	Issue of shares under a scheme of reconstruction	147,500,376
26.05.76	5,000,000	1.00	Allotment of shares to the minority shareholders of Kepong Plantations Bhd ("KPB") in exchange for their shareholdings in KPB	152,500,376
10.05.78	15,000,000	1.00	Bumiputera issue at RM1.15 per share	167,500,376
30.04.81	167,500,376	1.00	Bonus issue of 1 for 1	335,000,752
31.03.84	43,000,000	1.00	Bumiputera issue at RM1.70 per share	378,000,752
17.11.86	43,900,000	1.00	Bumiputera issue at RM1.80 per share	421,900,752
19.03.87	1,800,000	1.00	Special issue of shares to KLK Group's employees at RM1.80 per share	423,700,752
15.08.92	51,500,000	1.00	Issue of shares to Batu Kawan Berhad ("BKB") at RM3.60 per share in satisfaction for the acquisition of BKB's plantation assets and two wholly-owned subsidiaries	475,200,752
02.04.96	237,600,376	1.00	Bonus issue of 1 for 2	712,801,128
29.10.98 & 30.10.98	(285,000)	1.00	Shares bought back and cancelled	712,516,128
08.03.07	354,988,564	1.00	Bonus issue of 1 for 2	1,067,504,692

Shareholding Statistics

At 1 December 2010

Authorised share capital	–	RM5,000,000,000
Issued & fully paid-up capital	–	RM1,067,504,692
Class of shares	–	Shares of RM1 each

Breakdown of Shareholdings

Size Of Shareholdings	No. Of Shareholders	No. Of Shares	% Of Issued Share Capital#
Less than 100	119	3,312	0.00
100 to 1,000	1,288	932,262	0.09
1,001 to 10,000	3,177	12,584,229	1.18
10,001 to 100,000	1,307	42,287,990	3.97
100,001 to less than 5% of issued shares	416	409,431,922	38.45
5% and above of issued shares	2	599,725,977	56.31
TOTAL	6,309	1,064,965,692	100.00

Thirty Largest Shareholders as in the Register of Members and the Record of Depositors:-

	Name	No. Of Shares	% Of Issued Share Capital#
1.	Batu Kawan Bhd	486,154,077	45.65
2.	Employees Provident Fund Board	113,571,900	10.66
3.	Lembaga Kemajuan Tanah Persekutuan (FELDA)	47,139,558	4.43
4.	AmanahRaya Trustees Bhd – Skim Amanah Saham Bumiputera	16,856,100	1.58
5.	Cartaban Nominees (Asing) Sdn Bhd – Exempt AN for State Street Bank & Trust Company (West CLT OD67)	13,910,136	1.31
6.	Valuecap Sdn Bhd	13,490,700	1.27
7.	Malaysia Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Bhd (Par 1)	11,425,500	1.07
8.	AmanahRaya Trustees Bhd – Amanah Saham Wawasan 2020	10,378,800	0.97
9.	Cartaban Nominees (Asing) Sdn Bhd – State Street London Fund FSIB for First State Asia Pacific Leaders Fund	10,325,000	0.97
10.	Batu Kawan Bhd	9,747,450	0.92
11.	HSBC Nominees (Asing) Sdn Bhd – BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	7,164,371	0.67
12.	HSBC Nominees (Asing) Sdn Bhd – BNY Brussels for Market Vectors – Agribusiness ETF	6,654,170	0.62
13.	AmanahRaya Trustees Bhd – Amanah Saham Malaysia	6,400,000	0.60
14.	Kumpulan Wang Persaraan (Diperbadankan)	6,082,200	0.57
15.	Cartaban Nominees (Asing) Sdn Bhd – BBH (LUX) SCA for Fidelity Funds South East Asia	5,581,600	0.52
16.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt AN for Prudential Fund Management Bhd	5,401,300	0.51
17.	Cartaban Nominees (Asing) Sdn Bhd – Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	5,247,850	0.49
18.	AmanahRaya Trustees Bhd – AS 1Malaysia	5,089,800	0.48
19.	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	4,958,400	0.47
20.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (Nomura)	4,900,000	0.46
21.	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	4,406,448	0.41
22.	Pertubuhan Keselamatan Sosial	4,051,800	0.38
23.	Amsec Nominees (Tempatan) Sdn Bhd – Amtrustee Bhd for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	4,051,200	0.38
24.	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for JPMorgan Chase Bank, National Association (BVI)	3,900,000	0.37
25.	Permodalan Nasional Bhd	3,391,000	0.32

Shareholding Statistics

At 1 December 2010

	Name	No. Of Shares	% Of Issued Share Capital#
26.	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for JPMorgan Chase Bank, National Association (Norges BK Lend)	3,356,300	0.32
27.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (PHEIM)	3,195,000	0.30
28.	Citigroup Nominees (Asing) Sdn Bhd – Exempt AN for OCBC Securities Pte Ltd (Client A/c – NR)	3,178,700	0.30
29.	HSBC Nominees (Asing) Sdn Bhd – Exempt AN for JPMorgan Chase Bank, National Association (Deka Intl S.A.)	3,102,500	0.29
30.	Yeoh Chin Hin Investments Sdn Bhd	3,058,500	0.29
		826,170,360	77.58

\# Calculated based on 1,064,965,692 shares, which do not include the 2,539,000 treasury shares.

Substantial Shareholders

The substantial shareholders of the Company are as follows:-

		Number Of Shares			
	Name	Direct	Deemed Interested	Total	% Of Issued Share Capital#
1.	Batu Kawan Bhd *	495,901,527	-	495,901,527	46.57
2.	Employees Provident Fund Board (KWSP) **	129,558,650	-	129,558,650	12.17

* Wan Hin Investments Sdn Bhd group of companies are substantial shareholders of Batu Kawan Bhd and by virtue of Section 6A of the Companies Act, 1965, are also deemed substantial shareholders of the Company. Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are substantial shareholders of Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd respectively, which in turn are substantial shareholders of Wan Hin Investments Sdn Bhd and accordingly all these parties are also deemed substantial shareholders of the Company by virtue of their deemed interests. Their shareholdings in the Company are as follows:-

	Number Of Shares			
Name	Direct	Deemed Interested	Total	% Of Issued Share Capital#
Tan Sri Dato' Seri Lee Oi Hian	72,000	496,350,027	496,422,027	46.61
Dato' Lee Hau Hian	83,250	496,350,027	496,433,277	46.61
Di-Yi Sdn Bhd	-	496,350,027	496,350,027	46.61
High Quest Holdings Sdn Bhd	-	496,350,027	496,350,027	46.61
Wan Hin Investments Sdn Bhd and group	448,500	495,901,527	496,350,027	46.61

** Includes those held through various nominee companies and portfolio managers.

\# Calculated based on 1,064,965,692 shares, which do not include the 2,539,000 treasury shares.

Voting Rights of Shareholders

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

Notice of Meeting

Notice is hereby given that the Thirty-eighth 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, 23 February 2011 at 12.00 noon for the following purposes:

1. To receive and consider the financial statements for the year ended 30 September 2010 and the Directors' and Auditors' reports thereon. **(Ordinary Resolution 1)**

2. To approve the payment of a final single tier dividend of 45 sen per share. **(Ordinary Resolution 2)**

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

   (i) Tan Sri Dato' Seri Lee Oi Hian **(Ordinary Resolution 3)**
   (ii) Mr. Roy Lim Kiam Chye **(Ordinary Resolution 4)**

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

   (i) Tan Sri Dato' Thong Yaw Hong **(Ordinary Resolution 5)**
   (ii) R. M. Alias **(Ordinary Resolution 6)**
   (iii) Datuk Abdul Rahman bin Mohd. Ramli **(Ordinary Resolution 7)**

5. To fix and approve Directors' fees for the year ended 30 September 2010 amounting to RM1,165,466. (2009: RM925,753) **(Ordinary Resolution 8)**

6. To re-appoint Auditors and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 9)**

7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following Resolutions:

   (i) PROPOSED AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY OF AN AGGREGATE NUMBER OF SHARES NOT EXCEEDING 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY **(Ordinary Resolution 10)**

   "THAT authority be given to the Company to buy back an aggregate number of shares of RM1.00 each in the Company ("Authority to Buy Back Shares") as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad ("Bursa Malaysia") upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that at the time of purchase, the aggregate number of shares purchased 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;

   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

Notice of Meeting

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."

(ii) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS **(Ordinary Resolution 11)**

"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 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 23 December 2010 ("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 such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting)."

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

Ipoh, Perak
Malaysia

23 December 2010

Notice of Meeting

Notes

Appointment of Proxy

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

(2) 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. Faxed or emailed copies of the duly executed proxy form are not acceptable.

General Meeting Record of Depositors

For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 49(8)(B) of the Articles of Association of the Company and Paragraph 7.16(2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, a Record of Depositors as of 16 February 2011 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.

Dividend Entitlement and Payment

The final single tier dividend, if approved, will be paid on 17 March 2011 to all shareholders on the Register of Members as at 24 February 2011.

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

(i) Shares deposited into the Depositor's securities account before 12.30 p.m. on 22 February 2011 in respect of shares which are exempted from Mandatory Deposit;

(ii) Shares transferred into the Depositor's securities account before 4.00 p.m. on 24 February 2011 in respect of transfers; and

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

Special Business

(i) Proposed Authority to Buy Back Shares

Ordinary Resolution 10 proposed under Item 7(i) 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.

(ii) Proposed Shareholders' Mandate

Ordinary Resolution 11 proposed under Item 7(ii) 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 required for the Group's day-to-day operations and made 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 10 and 11 mentioned above unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. Further information is set out in the Circular to Shareholders of the Company dated 23 December 2010 which is despatched together with the Company's 2010 Annual Report.

(A proxy form is enclosed with this Annual Report.)

Notis Mesyuarat

Notis dengan ini diberi bahawa Mesyuarat Agung Tahunan Syarikat Ketiga Puluh Lapan akan diadakan di Pejabat Berdaftar, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak, Malaysia pada hari Rabu, 23 Februari 2011 pada pukul 12.00 tengahari untuk tujuan-tujuan berikut:

1. Untuk menerima dan mempertimbangkan penyata kewangan bagi tahun berakhir 30 September 2010 dan laporan Pengarah serta Juruaudit mengenainya. **(Resolusi Biasa 1)**

2. Untuk meluluskan pembayaran dividen akhir satu peringkat sebanyak 45 sen sesaham. **(Resolusi Biasa 2)**

3. Untuk memilih semula Pengarah-pengarah berikut yang bersara secara giliran selaras dengan Artikel 91(A) Tataurusan Pertubuhan Syarikat:

   (i) Tan Sri Dato' Seri Lee Oi Hian **(Resolusi Biasa 3)**
   (ii) Encik Roy Lim Kiam Chye **(Resolusi Biasa 4)**

4. Untuk mempertimbangkan dan, jika difikirkan sesuai, meluluskan satu resolusi menurut Seksyen 129(6) Akta Syarikat, 1965 untuk melantik semula Pengarah Syarikat berikut dan untuk memegang jawatan sehingga Mesyuarat Agung Tahunan Syarikat yang akan datang:

   (i) Tan Sri Dato' Thong Yaw Hong **(Resolusi Biasa 5)**
   (ii) R. M. Alias **(Resolusi Biasa 6)**
   (iii) Datuk Abdul Rahman bin Mohd. Ramli **(Resolusi Biasa 7)**

5. Untuk menetap dan meluluskan yuran Pengarah bagi tahun berakhir 30 September 2010 berjumlah RM1,165,466. (2009: RM925,753) **(Resolusi Biasa 8)**

6. Untuk melantik semula Juruaudit dan untuk memberi kuasa kepada para Pengarah bagi menetapkan imbuhan mereka. **(Resolusi Biasa 9)**

7. Sebagai URUSAN KHAS, untuk mempertimbangkan dan, jika difikirkan sesuai, meluluskan Resolusi-resolusi berikut:

   (i) CADANGAN KUASA UNTUK MEMBELI BALIK SAHAMNYA SENDIRI OLEH SYARIKAT DALAM BILANGAN AGREGAT SAHAM TIDAK MELEBIHI 10% DARIPADA MODAL SAHAM DITERBIT DAN BERBAYAR SYARIKAT **(Resolusi Biasa 10)**

   "BAHAWA, kuasa dengan ini diberi kepada Syarikat untuk membeli balik suatu bilangan agregat saham berharga RM1.00 sesaham dalam Syarikat ("Kuasa untuk Membeli Balik Saham") seperti yang mungkin ditentukan oleh para Pengarah dari semasa ke semasa melalui Bursa Malaysia Securities Berhad ("Bursa Malaysia") atas terma dan syarat tertentu sebagaimana yang difikirkan sesuai dan wajar oleh para Pengarah demi kepentingan Syarikat dengan syarat bahawa pada masa pembelian tersebut, bilangan agregat saham yang dibeli menurut resolusi ini tidak melebihi 10% daripada modal saham diterbit dan berbayar Syarikat dan bahawa dana maksimum yang akan diperuntukkan bagi Kuasa untuk Membeli Balik Saham ini hendaklah tidak melebihi keuntungan tersimpan beraudit terkini Syarikat DAN BAHAWA para Pengarah boleh memutuskan untuk membatalkan saham-saham yang dibeli tersebut dan/atau menyimpan saham yang dibeli tersebut sebagai saham perbendaharaan;

   DAN BAHAWA, para Pengarah adalah dan dengan ini diberi kuasa untuk mengambil segala tindakan dan melakukan semua perkara untuk memberi kesan sepenuhnya kepada Kuasa untuk Membeli Balik Saham ini dengan kuasa penuh untuk menyetujui sebarang syarat, modifikasi, penilaian semula, pengubahan dan/atau pindaan (jika ada) sebagaimana yang mungkin dikenakan oleh pihak-pihak berkuasa yang berkaitan DAN BAHAWA, Kuasa tersebut hendaklah berkuatkuasa sebaik sahaja resolusi biasa

Notis Mesyuarat

ini diluluskan dan akan luput apabila tamat Mesyuarat Agung Tahunan ("MAT") Syarikat selepas resolusi biasa ini diluluskan atau tamatnya tempoh di mana MAT berikutnya dikehendaki diadakan mengikut undang-undang (melainkan dibatal atau diubah terlebih dahulu oleh resolusi biasa pemegang saham Syarikat dalam mesyuarat agung) tetapi tidak sehingga menjejaskan penyelesaian pembelian oleh Syarikat sebelum tarikh luput yang dinyatakan tadi dan, dalam apa jua keadaan, selaras dengan peruntukan garis panduan yang dikeluarkan oleh Bursa Malaysia atau mana-mana pihak berkuasa lain yang berkaitan."

(ii) CADANGAN MANDAT PEMEGANG SAHAM BAGI URUSNIAGA PIHAK BERKAITAN YANG BERULANG **(Resolusi Biasa 11)**

"BAHAWA, kelulusan dengan ini diberi kepada Syarikat dan/atau syarikat-syarikat subsidiarinya untuk memeterai urusniaga berulang berbentuk hasil atau perdagangan dengan pihak berkaitan yang perlu untuk operasi harian Syarikat dan/atau syarikat subsidiarinya dan dilaksanakan dalam perjalanan biasa perniagaan atas terma komersial biasa yang tidak lebih memihak kepada pihak berkaitan berbanding yang secara amnya tersedia kepada umum dan tidak menjejaskan para pemegang saham minoriti sebagaimana yang ditetapkan dalam Lampiran Bahagian B Pekeliling Syarikat kepada Pemegang Saham bertarikh 23 Disember 2010 ("Mandat");

DAN BAHAWA, para Pengarah adalah dan dengan ini diberi kuasa untuk mengambil segala tindakan dan melakukan semua perkara (termasuk melaksanakan semua dokumen yang mungkin diperlukan) seperti yang mereka mungkin fikirkan wajar atau perlu untuk memberi kesan sepenuhnya kepada Mandat, dengan kuasa penuh untuk menyetujui sebarang syarat, modifikasi, penilaian semula, pengubahan dan/atau pindaan (jika ada) sebagaimana yang mungkin dikenakan oleh pihak berkuasa yang berkaitan DAN BAHAWA, Mandat tersebut hendaklah berkuatkuasa sebaik resolusi biasa ini diluluskan dan akan luput apabila tamat Mesyuarat Agung Tahunan ("MAT") Syarikat selepas resolusi biasa ini diluluskan atau tamatnya tempoh di mana MAT berikutnya dikehendaki diadakan mengikut undang-undang tetapi hendaklah tidak berlanjutan sehingga pelanjutan yang mungkin dibenarkan menurut Seksyen 143(2) Akta Syarikat, 1965 (melainkan dibatal atau diubah terlebih dahulu oleh resolusi biasa pemegang saham Syarikat dalam mesyuarat agung)."

Atas Arahan Lembaga Pengarah
YAP MIOW KIEN
FAN CHEE KUM
Setiausaha Syarikat

Ipoh, Perak
Malaysia

23 Disember 2010

Notis Mesyuarat

Nota

Pelantikan Proksi

(1) Seorang ahli Syarikat yang layak untuk hadir dan mengundi pada mesyuarat tersebut berhak melantik tidak lebih daripada dua proksi untuk mengundi bagi pihaknya. Seorang proksi boleh tetapi tidak semestinya ahli Syarikat dan peruntukan Seksyen 149(1)(b) Akta Syarikat, 1965 tidak diguna pakai. Jika seseorang ahli melantik dua proksi, pelantikan tersebut adalah tidak sah melainkan beliau menyatakan bahagian pegangan beliau yang akan diwakili oleh setiap proksi.

(2) Suratcara pelantikan proksi dan kuasa peguam atau kuasa lain (jika ada) yang ditandatangani dan diberi kuasa mesti sampai di Pejabat Berdaftar Syarikat tidak lewat dari 48 jam sebelum masa yang ditetapkan untuk mesyuarat diadakan. Salinan faks atau emel bagi borang proksi yang telah dilaksana tidak diterima.

Rekod Pendeposit Mesyuarat Agung

Bagi tujuan menentukan siapa yang berhak untuk menghadiri mesyuarat ini, Syarikat akan meminta Bursa Malaysia Depository Sdn Bhd menyediakan untuk Syarikat menurut Artikel 49(8)(B) Tataurusan Pertubuhan Syarikat dan Perenggan 7.16(2) Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad, satu Rekod Pendeposit pada 16 Februari 2011 dan Pendeposit yang namanya terkandung di dalam Rekod Pendeposit tersebut adalah layak untuk menghadiri mesyuarat ini.

Kelayakan dan Pembayaran Dividen

Dividen akhir satu peringkat tersebut, jika diluluskan, akan dibayar pada 17 Mac 2011 kepada semua pemegang saham yang tersenarai dalam Daftar Ahli pada 24 Februari 2011.

Seorang Pendeposit dengan Bursa Malaysia Depository Sdn Bhd akan layak untuk mendapat dividen hanya berhubung:

(i) Saham yang dideposit ke dalam akaun sekuriti Pendeposit sebelum pukul 12.30 petang pada 22 Februari 2011 berhubung saham yang dikecualikan daripada Deposit Mandatori;

(ii) Saham yang dipindahkan ke dalam akaun sekuriti Pendeposit sebelum pukul 4.00 petang pada 24 Februari 2011 berhubung pindahan; dan

(iii) Saham yang dibeli di Bursa Malaysia Securities Berhad pada asas kelayakan menurut Peraturan Bursa Malaysia Securities Berhad.

Urusan Khas

(i) Cadangan Kuasa untuk Membeli Balik Saham

Resolusi Biasa 10 yang dicadangkan di bawah Perkara 7(i) Agenda, jika diluluskan, adalah untuk memberi kuasa kepada Syarikat untuk membeli balik saham sendiri Syarikat melalui Bursa Malaysia Securities Berhad pada bila-bila masa dalam tempoh yang telah ditetapkan dengan menggunakan dana yang diperuntukkan daripada keuntungan tersimpan beraudit Syarikat.

(ii) Cadangan Mandat Pemegang Saham

Resolusi Biasa 11 yang dicadangkan di bawah Perkara 7(ii) Agenda, jika diluluskan, akan membolehkan Kumpulan untuk memeterai Urusniaga Pihak Berkaitan Berulang yang Berbentuk Hasil atau Perdagangan dalam perjalanan biasa perniagaan yang perlu untuk operasi harian Kumpulan dan dilaksanakan atas terma komersial biasa dan tidak lebih memihak kepada pihak-pihak berkaitan berbanding yang secara amnya tersedia kepada umum dan tidak menjejaskan kepentingan pemegang saham minoriti Syarikat.

Penyertaan Cadangan Mandat Pemegang Saham ini akan mengurangkan dengan ketara masa, usaha dan perbelanjaan pentadbiran yang dikaitkan dengan mengadakan mesyuarat agung secara berasingan untuk mendapatkan kelulusan pemegang saham apabila Urusniaga Pihak Berkaitan yang Berulang yang berpotensi timbul.

Kuasa yang diberikan bagi Resolusi Biasa 10 dan 11 yang dinyatakan di atas akan luput apabila berakhirnya Mesyuarat Agung Tahunan Syarikat yang akan datang, melainkan jika ia dibatalkan atau diubah pada sebuah mesyuarat agung. Maklumat lanjut disediakan dalam Pekeliling kepada Pemegang Saham Syarikat bertarikh 23 Disember 2010 yang dihantar bersama-sama dengan Laporan Tahunan 2010 Syarikat.

(Sebuah borang proksi disertakan bersama dengan Laporan Tahunan ini.)

Directory

PLANTATIONS

Head Office
Wisma Taiko
1 Jalan S.P. Seenivasagam
30000 Ipoh
Perak
Malaysia
Tel : +605-241 7844
Fax : +605-253 5018
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 (Jakarta)
Komplek Ruko Puri Mutiara
Blok C3, C5, C6, C7
Sunter Griya
Jakarta Utara 14350
Indonesia
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Fax : +62 21-6531 0749
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PROPERTIES

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OLEOCHEMICALS

Group Manufacturing Corporate Office
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Mutiara Damansara
47810 Petaling Jaya
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Fax : +603-7725 9858

Palm-Oleo Sdn Bhd
KSP Manufacturing Sdn Bhd
Palmamide Sdn Bhd
Lot 1245, Kundang Industrial Estate
48020 Rawang
Selangor
Malaysia

Palm-Oleo
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Fax : +603-6034 1279

KSP & Palmamide
Tel : +603-6034 1218
Fax : +603-6034 3090

Email : enquiry@klkoleo.com.my
Website : www.klkoleo.com.my

KL-Kepong Oleomas Sdn Bhd
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Seksyen 5, Fasa 2D
Taman Perindustrian Pulau Indah
42920 Pelabuhan Klang
Selangor
Malaysia
Tel : +603-3101 2633
Fax : +603-3101 3299
Email : enquiry@klkoleo.com.my
Website : www.klkoleo.com.my

Palm-Oleo (Klang) Sdn Bhd
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Bukit Raja Industrial Estate
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Website : www.klkoleo.com.my

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Fax : +41 44 762 4600
Email : info@kolb.ch
Website : www.kolb.ch

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Steintor 9, 46446 Emmerich am Rhein
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Fax : +49 0 2822 72 276
Email : enquiry@klkoleo.com.my
Website : www.klkoleo.com.my

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Fax : +49 4101 5886 20

KLK Oleo (Shanghai) Co Ltd
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People's Republic Of China
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Fax : +86 21 6250 6723
Email : enquiry@klkoleo.com.cn

RETAILING

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CT 06281
United States of America
Tel : +1 860 928 2761
Fax : +1 860 928 0732
Website : www.crabtree-evelyn.com

Crabtree & Evelyn (Overseas) Ltd
27 Kelso Place
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United Kingdom
Tel : +44-2073 6104 99
Fax : +44-2073 6104 98
Website : www.crabtree-evelyn.co.uk

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Proxy Form

KUALA LUMPUR KEPONG BERHAD (15043-V)

No. of Shares Held	CDS Account No.	Tel. No.	Fax 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)

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 Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak on Wednesday, 23 February 2011 at 12.00 noon and at any adjournment thereof, and to vote as indicated below:

Resolution	Relating to:	For	Against
1	Receiving of the Report and Financial Statements		
2	Declaration of Final Single Tier Dividend		
	Re-election of Directors pursuant to Article 91(A) of the Company's Articles of Association:		
3	Tan Sri Dato' Seri Lee Oi Hian		
4	Mr. Roy Lim Kiam Chye		
	Re-appointment of Directors pursuant to Section 129(6), Companies Act, 1965:		
5	Tan Sri Dato' Thong Yaw Hong		
6	R. M. Alias		
7	Datuk Abdul Rahman bin Mohd. Ramli		
8	Directors' fees		
9	Re-appointment and Remuneration of Auditors		
10	Proposed Authority to Buy Back Shares		
11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions		

Please indicate with a tick (✓) how you wish your vote to be cast

____
Signature/Common Seal of Shareholder

Date : ____________________

Notes:

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

b. 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. **Faxed or emailed copies of the duly executed proxy form are not acceptable.**

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

d. The proxy will vote or abstain at his discretion if no indication is given on the proxy form.

e. A member will not be allowed to attend the meeting together with a proxy appointed by him.

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AFFIX
STAMP HERE

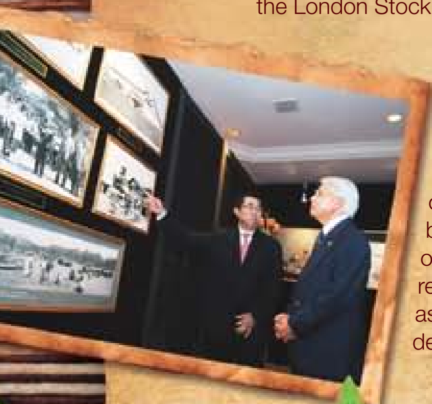
THE COMPANY SECRETARIES
KUALA LUMPUR KEPONG BERHAD
WISMA TAIKO
1 JALAN S.P. SEENIVASAGAM
30000 IPOH, PERAK
MALAYSIA.

Fold here

A Glimpse of KLK'S HISTORY

KUALA LUMPUR KEPONG BERHAD ("KLK") can trace its history to 1906 when The Kuala Lumpur Rubber Company Limited ("KLRC") was incorporated in England with an issued capital of £180,000 to purchase 640 hectares of land planted mainly with rubber and coffee. KLRC shares were listed on the London Stock Exchange in 1907. As a result of the acquisition of Kepong Rubber Estates Limited, Kepong Plantations Berhad and a number of other plantation companies, the Company's name was changed to Kuala Lumpur-Kepong Amalgamated Limited ("KLKA") in 1961. By the 1960's, the Company's land bank had increased to approximately 30,000 hectares, with rubber and oil palm as its main crops.

As the central control, management and principal business operations of KLKA had been in Malaysia since 1970, the late Y. Bhg. Tan Sri Dato' Seri Lee Loy Seng decided in 1973 to embark on a Scheme of Reconstruction to transfer its undertakings and assets to a Malaysian incorporated company. KLK was incorporated on 6 July 1973 to take over all the assets and liabilities of KLKA by a share exchange scheme of 4 KLK shares of RM1 each for every KLKA share of 10p each. Subsequently, KLK shares were listed on the stock exchanges of London, Singapore and Kuala Lumpur. The listing on the Stock Exchange of Singapore ceased on 1 January 1990 in compliance with a national policy. Due to the negligible trading volume of KLK shares on the London Stock Exchange, KLK withdrew its listing on the London Stock Exchange on 1 May 2005.



The KLK Group expanded its plantation business to Sabah in the 1980s and to Indonesia from the 1990s, increasing its plantation land bank to more than 250,000 hectares currently. The Group's plantation business is supported by 22 palm oil mills, 9 rubber factories, 2 palm oil refineries and 2 kernel crushing plants as well as a well-regarded research and development arm.

From the 1990s, the KLK Group moved downstream into resource-based manufacturing, such as oleochemicals and its derivatives and specialty chemicals. The Group's manufacturing operations also expanded through joint-ventures and acquisitions in Malaysia, Pakistan, the People's Republic of China, Switzerland, the Netherlands and Germany. This vertical integration of KLK's plantation business would have a cushioning effect to the uncertain fluctuations in world commodity prices.

The 1990s also saw the Group capitalising on the strategic location of its land bank in the Peninsular by branching into property development. KLK has also ventured into the retailing business through Crabtree & Evelyn, which specialises in the manufacture and sale of premium quality personal care products, toiletries and fine foods and owns retailing outlets worldwide.

The market price of KLK shares has increased steadily over the years from about RM1.50 per share in January 1976 to RM17 per share as at the close of the financial year ended 30 September 2010. Within the same period, there were 3 bonus issues. As such, a shareholder who had purchased 1,000 KLK shares at RM1.50 per share in January 1976 would see his shareholding increase to 4,500 shares (after the bonus issues) and his initial investment of RM1,500 worth RM76,500 on 30 September 2010, a 51-fold increase in capital appreciation over a span of 34 years.

KUALA LUMPUR KEPONG BERHAD
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