



Annual Report

2003

KUALA LUMPUR KEPONG BERHAD

(15043-V)

CORPORATE MISSION

To offer quality products and services at competitive prices.

To be a good and responsible corporate citizen.

CORPORATE OBJECTIVES

To earn a fair return on investments.

To maintain steady dividend payments and adequate dividend cover.

To sustain growth through re-investment of retained profits.

To maintain a high standard of business ethics and practices.

To fulfil our social responsibilities in the community in which we operate.

A BRIEF HISTORY

Kuala Lumpur Kepong Berhad

("KLK"), a leading Malaysian plantation company, traces its origin back to 1906 when The Kuala Lumpur Rubber Company, Limited ("KLR") was set up in London to oversee some 600 hectares of rubber plantation, including some coffee, planted in Malaya, as it was known then.

KLR in 1960 changed its name to Kuala Lumpur-Kepong Amalgamated Limited ("KLKA") and in 1973 under a scheme of reconstruction, KLKA went into liquidation with KLK taking over assets and liabilities of KLKA. The move to bring its domicile back to Malaysia was initiated by KLK's Founder Chairman, the late Tan Sri Dato' Seri Lee Loy Seng.

From a base of 23,100 hectares then of rubber, oil palm and cocoa plantations, the KLK Group has since expanded to over 150,000 hectares located in Peninsular Malaysia, Sabah and Indonesia making KLK one of the leading plantation groups in Malaysia.

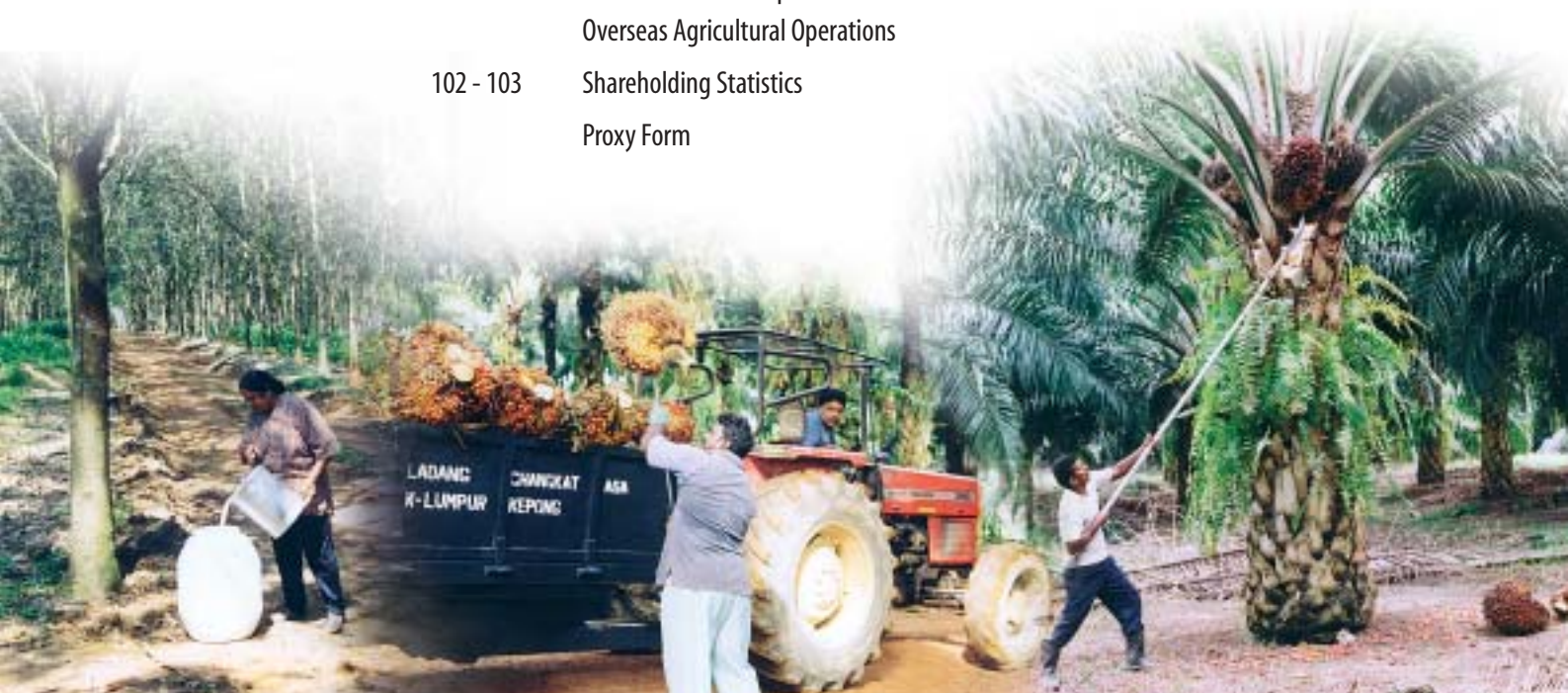
Plantations remain KLK's core business. In recognition of the need to cushion the effects of fluctuating commodity prices, the KLK Group had in the 1990s expanded downstream into resource-based manufacturing including cocoa processing, rubber products, the manufacture of fatty acids, glycerine and derivatives. With Malaysian joint-venture partners, KLK has vegetable oil operations in Pakistan and the People's Republic of China. KLK's major associated company, the UK based Yule Catto & Co. plc, continues to expand on its speciality chemicals, and pharmaceutical intermediates businesses worldwide. Capitalising on the strategic location of its land bank in Peninsular Malaysia, KLK has also ventured into property development. Through the acquisition of Crabtree & Evelyn in 1996, the Group is now involved in the manufacturing and retailing of an international speciality brand involved in personal care products, toiletries, home fragrances and fine foods worldwide.



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NOTICE OF MEETING

Notice is hereby given that the **Thirty-first Annual General Meeting** of the Company will be held at the registered office, Wisma Taiko, 1 Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 18 February, 2004 at 12.30 p.m. for the following purposes:

1. To receive and consider the financial statements for the year ended 30 September, 2003 and the Directors' and Auditors' reports thereon. (ORDINARY RESOLUTION 1)
2. To sanction the payment of a final dividend of 9 sen per share less 28% Malaysian Income Tax and a special dividend of 10 sen per share less 28% Malaysian Income Tax. (ORDINARY RESOLUTION 2)
3. To re-elect Dato' Lee Hau Hian as a Director. (ORDINARY RESOLUTION 3)
4. To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint the following as Directors of the Company and to hold office until the next Annual General Meeting of the Company:
 - (i) Yeoh Chin Hin (ORDINARY RESOLUTION 4)
 - (ii) Charles Letts (ORDINARY RESOLUTION 5)
 - (iii) Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman (ORDINARY RESOLUTION 6)
 - (iv) Tan Sri Dato' Thong Yaw Hong (ORDINARY RESOLUTION 7)
 - (v) R. M. Alias (ORDINARY RESOLUTION 8)
5. To fix and approve Directors' fees for the year ended 30 September, 2003 amounting to RM646,000 (2002: RM526,000). (ORDINARY RESOLUTION 9)
6. To appoint Auditors and to authorise the Directors to fix their remuneration. (ORDINARY RESOLUTION 10)
7. To transact any other ordinary business of the Company.

By Order of the Board
J. C. LIM
FAN CHEE KUM
Company Secretaries

Ipoh, Perak Darul Ridzuan,
Malaysia.

6 January, 2004

NOTES

- (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 need not be a member of the Company.
- (2) The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time set for the meeting.
- (3) For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Malaysian Central Depository Sdn Bhd to make available to the Company pursuant to Article 49(8)(B) of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as of 9 February, 2004 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.
- (4) The final and special dividends, if approved, will be paid on 15 March, 2004 to all shareholders on the Register of Members as at 19 February, 2004. A Depositor with the Malaysian Central Depository shall qualify for entitlement to the dividends only in respect of:
 - (i) Shares deposited into the Depositor's securities account before 12.30 p.m. on 17 February, 2004 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 19 February, 2004 in respect of transfers; and
 - (iii) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.Registrable transfers received by the Company's Branch Registrar in United Kingdom on or before 19 February, 2004 will be registered for entitlements to the dividend payments.
- (5) Profiles of the Directors (together with their attendance in Board Meetings) standing for re-election or re-appointment as Directors of the Company for Resolutions 3 to 8 are shown on pages 6 to 9 of the 2003 Annual Report and Financial Statements.

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

NOTIS MESYUARAT

Dengan ini diberitahu bahawa **Mesyuarat Agung Tahunan Syarikat Ketiga Puluh Satu** akan diadakan di pejabat berdaftar, Wisma Taiko, 1 Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia pada hari Rabu, 18 Februari, 2004 pukul 12.30 tengahari untuk tujuan-tujuan berikut:

1. Menerima dan menimbang penyata kewangan bagi tahun berakhir 30 September, 2003, dan laporan para Pengarah dan Juruaudit berkaitan dengannya. (RESOLUSI BIASA 1)
2. Meluluskan pembayaran dividen akhir sebanyak 9 sen sesaham tolak 28% Cukai Pendapatan Malaysia dan dividen khas sebanyak 10 sen sesaham tolak 28% Cukai Pendapatan Malaysia. (RESOLUSI BIASA 2)
3. Melantik semula Dato' Lee Hau Hian sebagai Pengarah. (RESOLUSI BIASA 3)
4. Menimbang dan, sekiranya wajar, meluluskan resolusi selaras dengan Seksyen 129(6), Akta Syarikat, 1965 untuk melantik semula Pengarah-pengarah Syarikat berikut bagi tempoh perkhidmatan sehingga Mesyuarat Agung Tahunan Syarikat akan datang:
 - (i) Yeoh Chin Hin (RESOLUSI BIASA 4)
 - (ii) Charles Letts (RESOLUSI BIASA 5)
 - (iii) Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman (RESOLUSI BIASA 6)
 - (iv) Tan Sri Dato' Thong Yaw Hong (RESOLUSI BIASA 7)
 - (v) R. M. Alias (RESOLUSI BIASA 8)
5. Menetapkan dan meluluskan yuran para Pengarah bagi tahun berakhir 30 September, 2003 sebanyak RM646,000 (2002: RM526,000). (RESOLUSI BIASA 9)
6. Melantik Juruaudit dan memberi kuasa kepada para Pengarah untuk menetapkan bayaran mereka. (RESOLUSI BIASA 10)
7. Menguruskan sebarang urusan biasa Syarikat.

Dengan Perintah Lembaga Pengarah
J. C. LIM
FAN CHEE KUM
Setiausaha Syarikat

Ipoh, Perak Darul Ridzuan,
Malaysia.

6 Januari, 2004.

NOTA

- (1) Seorang ahli Syarikat yang berhak menghadiri dan mengundi adalah berhak melantik tidak lebih daripada dua orang proksi untuk mengundi bagi pihaknya. Seseorang proksi tidak semestinya seorang ahli Syarikat.
- (2) Suratcara perlantikan seseorang proksi perlu sampai di pejabat berdaftar Syarikat tidak lewat dari 48 jam sebelum masa mula mesyuarat.
- (3) Bagi tujuan menentukan hak kehadiran dalam mesyuarat ini, Syarikat akan menuntut daripada Depositori Pusat Malaysia Sdn Bhd selaras dengan Artikel 49(8)(B), Tataurusans Persatuan Syarikat dan Seksyen 34(1) Akta Industri Sekuriti (Depositori Pusat) 1991, supaya memperoleh Rekod Pendeposit pada 9 Februari, 2004 dan nama Pendeposit yang tercatat dalam Rekod Pendeposit ini berhak menghadiri mesyuarat ini.
- (4) Dividen akhir dan dividen khas, jika diluluskan, akan dibayar pada 15 Mac, 2004 kepada semua pemegang saham dalam Daftar Ahli pada 19 Februari, 2004. Pendeposit Depositori Pusat Malaysia hanya layak menerima hak dividen berhubung dengan perkara berikut:
 - (i) Saham-saham yang didepositkan ke dalam akaun sekuriti Pendeposit sebelum 12.30 tengahari pada 17 Februari, 2004 bagi saham-saham yang dikecualikan daripada Deposit Mandatori;
 - (ii) Saham-saham yang dipindahkan ke akaun sekuriti Pendeposit sebelum pukul 4.00 petang pada 19 Februari, 2004 bagi pindahan; dan
 - (iii) Saham-saham yang dibeli dalam Bursa Saham Kuala Lumpur berasaskan hak kelayakan menurut Peraturan-peraturan Bursa Saham Kuala Lumpur. Pindahan yang boleh didaftar dan diterima oleh Pendaftar Cawangan Syarikat di United Kingdom pada atau sebelum 19 Februari, 2004 akan didaftarkan untuk kelayakan menerima bayaran dividen.
- (5) Profil (termasuk kedatangan dalam Mesyuarat Lembaga) para Pengarah yang layak diundi atau dilantik semula sebagai Pengarah Syarikat dalam Resolusi 3 ke 8 seperti terkandung dalam halaman 6 ke 9 Laporan Tahunan dan Penyata Kewangan 2003.

(Borang proksi dilampirkan bersama Laporan Tahunan dan Penyata Kewangan ini.)

GROUP HIGHLIGHTS

FINANCIAL FINANCIAL

		2003	2002	2001	2000	1999
Revenue	(RM'000)	3,473,531	2,469,071	2,041,614	2,224,096	2,404,255
Profit:						
before taxation	(RM'000)	568,911	347,119	106,559	290,079	399,326
after taxation and minority interests	(RM'000)	394,688	255,073	67,183	204,456	354,782
Earnings per share	(sen)	55.6	35.9	9.5	28.8	49.9
Dividend per share:						
gross	(sen)	25.0	20.0	15.0	20.0	20.0
net	(sen)	18.0	14.4	10.8	14.4	14.4
Net tangible asset	(RM'000)	3,696,625	3,341,784	3,194,986	3,247,336	3,209,763
Net tangible asset per share	(RM)	5.21	4.71	4.50	4.57	4.52

PRODUCTION PRODUCTION

		2003	2002	2001	2000	1999
Fresh Fruit Bunches	(tonnes)	1,925,953	1,766,762	1,604,385	1,392,674	1,271,165
Rubber	('000 kgs)	24,755	23,782	23,646	24,727	26,900

CORPORATE INFORMATION

BOARD OF DIRECTORS	<p>Dato' Lee Oi Hian – <i>Chairman / CEO</i> Yeoh Chin Hin Charles Letts YM Tengku Robert Hamzah R. M. Alias Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman Ong Beng Kee – <i>Executive Director (resigned on 30 September, 2003)</i> Dato' Lee Hau Hian Tan Sri Dato' Thong Yaw Hong Dato' Lee Soon Hian – <i>Executive Director</i> Datuk Abdul Rahman bin Mohd. Ramli Yeoh Eng Khoon (<i>Alternate to Yeoh Chin Hin</i>)</p>
COMPANY SECRETARIES	<p>J. C. Lim Fan Chee Kum</p>
AUDITORS	<p>KPMG</p>
PLACE OF INCORPORATION AND DOMICILE	<p>In Malaysia as a public limited liability company</p>
PRINCIPAL REGISTRAR AND REGISTERED OFFICE	<p>Kuala Lumpur Kepong Berhad, Wisma Taiko, 1, Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia. Tel: 605-2417844 Fax: 605-2535018 Web: www.klk.com.my</p>
BRANCH REGISTRAR	<p>M. P. Evans (UK) Ltd., 3, Clanricarde Gardens, Tunbridge Wells, Kent TN1 1HQ, England. Tel: 01892-516333 Fax: 01892-518639</p>
PRINCIPAL BANKERS	<p>Malayan Banking Berhad HSBC Bank Malaysia Berhad Public Bank Berhad RHB Bank Berhad Citibank N.A.</p>
STOCK EXCHANGE LISTINGS	<p>Kuala Lumpur Stock Exchange London Stock Exchange</p>

PROFILES OF DIRECTORS



DATO' LEE OI HIAN

Chairman / CEO

Malaysian, aged 52, joined the Board on 1 February, 1985 and is the Chairman/CEO of KLK. He is also Chairman of Batu Kawan Berhad and a director of Yule Catto & Co. plc which is listed on the London Stock Exchange. He is the current Chairman of the Malaysian Palm Oil Promotion Council.

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

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.

Dato' Lee Hau Hian and Dato' Lee Soon Hian who are also Directors of KLK are his brothers. He is deemed connected to Batu Kawan Berhad, one of the substantial shareholders of KLK. He is deemed interested in various related parties transactions with the KLK Group. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



YEOH CHIN HIN

Non-Independent /
Non-Executive

Malaysian, aged 83, Non-Independent Non-Executive Director, joined the Board on 6 July, 1973 as one of the founder Directors. He is a member of the Remuneration Committee and Nomination Committee of the Board.

He is also a director of Batu Kawan Berhad. He previously served as a director of United Malayan Banking Corporation Bhd. for 20 years.

He is the father of Yeoh Eng Khoon, an Alternate Director in KLK. Save as disclosed he has no other family relationship with any other 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 attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



CHARLES LETTS

Independent /
Non-Executive

British, aged 85, Independent Non-Executive Director, joined the Board on 6 July, 1973 as one of the founder Directors.

After serving in the British Armed Forces during World War II and thereafter in the British Foreign Office, was a main Board Director of Jardine Matheson & Co. Ltd. for 15 years then set up his own business. Thereafter he held directorships and advisory posts in companies covering a wide range of industries in various countries including Batu Kawan Berhad. These interests included acquiring the various companies which eventually developed into KLK and its associates.

Originally served as Honorary Consul for Brazil in Singapore and now as Honorary Consul for Portugal in Singapore.

He has no family relationship with any other 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 attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

profiles of directors



**YM TENGKU
ROBERT HAMZAH**

Independent / Non-Executive

Malaysian, aged 64, Independent Non-Executive Director, joined the Board on 1 May, 1976. He was appointed the Chairman of the Audit Committee of the Board during the year.

He is also a director of Batu Kawan Berhad. An architect by profession, graduated from the AA School of Architecture and a member of Persatuan Arkitek Malaysia and Lembaga Arkitek Malaysia. He is a partner of T.R. Hamzah & Yeang Sdn. Bhd. since 1976.

He has no family relationship with any other 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 attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



R.M. ALIAS

Independent /
Non-Executive

Malaysian, aged 71, Independent Non-Executive Director, has served on the Board since 1 July, 1978. He is the Chairman of the Remuneration Committee of the Board.

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

He held various posts while in the Malaysian Government Service and his last post prior to retirement in July, 2001 was the Group Chairman of Felda. He was previously the Chairman of Malaysia International Shipping Corporation Berhad. He is also a director of six (6) other listed companies, namely Batu Kawan Berhad, Kumpulan Guthrie Berhad, Malayan Banking Berhad, Sime Darby Berhad, Highlands and Lowlands Berhad and Cerebos Pacific Limited (Singapore).

He has no family relationship with any other 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 attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



**MAJ-GEN (R)
DATO' SERI DR.
MAHMOOD
SULAIMAN**

Independent /
Non-Executive

Malaysian, aged 75, Independent Non-Executive Director, joined the Board on 1 July, 1978. He is a member of the Remuneration Committee. During the year he was appointed as a member of the Audit Committee.

He graduated from the Royal Military Academy, Sandhurst, UK; the School of Infantry Warminster, UK; the Defence Services Staff College, Wellington, India; the School of Infantry, Mhow, India and the Joint Services Staff College, Latimer, UK. He obtained his Masters and Doctorate in Business Administration from the Pacific Western University, USA.

He had previously served in various staff and command appointments in the Malaysian Armed Forces till his early retirement in 1977 as General Officer Commanding-in-Chief (1972-1977). Upon his retirement from the military, he had previously held directorships in various public listed companies as well as running his own family business.

He has no family relationship with any other director/major shareholder of KLK and does not have any conflict of interest with KLK. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

profiles of directors



DATO' LEE HAU HIAN

Non-Independent /
Non-Executive

Malaysian, aged 50, Non-Independent Non-Executive Director, joined the Board on 20 December, 1993. He is a member of the Nomination Committee of the Board.

Dato' Lee is the Managing Director of Batu Kawan Berhad and a director of HeiTech Padu Berhad and Yule Catto & Co. plc. He is the President of the Perak Chinese Maternity Association and the Treasurer of the Perak Entrepreneurial Skills & Development Centre.

He graduated with a Bachelor of Science (Economics) degree from the London School of Economics and has a MBA degree from Stanford University, California.

He is the brother of Dato' Lee Oi Hian and Dato' Lee Soon Hian who are also Directors of KLK and is deemed a connected party to Batu Kawan Berhad, a substantial shareholder of KLK. He is deemed interested in various related parties transactions with the KLK Group. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



**TAN SRI DATO'
THONG YAW HONG**

Independent /
Non-Executive

Malaysian, aged 73, Independent Non-Executive Director, joined the Board on 8 March, 1994. He is a member of the Nomination Committee of the Board.

Tan Sri Thong is the Co-Chairman of Public Bank Berhad, Chairman of Public Finance Berhad, Berjaya Land Berhad and Berjaya Sports Toto Bhd. He is also a director of Batu Kawan Berhad, Glenealy Plantations (Malaya) Bhd, Malaysia Mining Corporation Bhd, HHB Holdings Bhd, Malaysian South-South Corporation Bhd, Berjaya General Insurance Bhd, KTM Bhd and Public Merchant Bank Bhd. 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 and the Malaysian Institute of Economic Research. He is also a member of the Working Group of the Executive Committee for the National Economic Action Council.

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 Program from Harvard Business School. In June, 1998, he was appointed a Pro-Chancellor of Universiti Putra Malaysia.

He has no family relationship with any other 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 four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



DATO' LEE SOON HIAN

Executive Director

Malaysian, aged 46, Executive Director, joined the Board on 17 February, 1998. He is also a director of Batu Kawan Berhad and See Sen Chemical Berhad.

He has wide experience in manufacturing and property development.

profiles of directors

He is the brother of Dato' Lee Oi Hian and Dato' Lee Hau Hian who are also Directors of KLK and is deemed a connected party to Batu Kawan Berhad, a substantial shareholder of KLK. He is deemed interested in various related parties transactions with the KLK Group. He has attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

He retires by rotation from the Board at the forthcoming Annual General Meeting but will not seek re-election.



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

Malaysian, aged 64, Non-Independent Non-Executive Director, joined the Board on 11 September, 1999. He is 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 Pemas Sime Darby Berhad and Group Chief Executive of Golden Hope Plantations Berhad prior to joining the KLK Board. He is currently the Chairman of Johore Tenggara Oil Palm Berhad and a Board member of Malayan Banking Berhad, both of which are public listed companies and Chairman of Takaful Nasional Sdn. Bhd. He is also a director of Mayban Finance Berhad and Malaysia National Insurance Berhad.

He is a nominee director of Permodalan Nasional Berhad, a major shareholder of KLK. Save as disclosed he has no other family relationship with any other 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 four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



YEOH ENG KHOON
Alternate Director
to Yeoh Chin Hin

Malaysian, aged 56, was appointed as an Alternate Director (Non-Independent Non-Executive) to Yeoh Chin Hin on 20 December, 1993. He obtained a degree of Bachelor of Arts (Honours) 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 is also the alternate director in Batu Kawan Berhad and a director in See Sen Chemical Berhad. He has previous work experience in banking, manufacturing and the retail business. He is currently the legal consultant to the KLK Group.

He is the son of Yeoh Chin Hin who is a Director of KLK. Save as disclosed he has no other family relationship with any other 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. As an Alternate Director, he only attends Board Meetings in the absence of Yeoh Chin Hin. He has not been convicted of any offence.

CORPORATE CALENDAR



7-10 October, 2002 KLK participated in the Oils and Fats International Congress 2002 held at the Putra World Trade Centre, Kuala Lumpur.

15 October, 2002 KLK's wholly-owned subsidiary, KL-Kepong Industrial Holdings Sdn Bhd, acquired a new subsidiary, namely, Elvissa Corporation Sdn Bhd (now known as KL-Kepong Oleomas Sdn Bhd) for warehousing and manufacturing activities.

16-28 October, 2002 Training of internal auditors for operating centres in Sabah and Indonesia in Head Office, Wisma Taiko, Ipoh. **1**

21-27 October, 2002 Senior Management of the Group participated in the Leadership and Team Building Workshop conducted by Professor Kim Wolf and Professor Toby Canto from the Asian Institute of Management, Manila, Philippines. **2**

27 November, 2002 Announcement of the Group's 4th Quarter Results together with the final and special dividends for the year ended 30 September, 2002.

20 February, 2003 The Company's 30th Annual General Meeting was held at its Corporate Head Office, Wisma Taiko, Ipoh. **3**

Announcement of the Group's 1st Quarter Results for the period ended 31 December, 2002.

11 March, 2003 KLK was awarded the Merit Award (Main Board – Plantation) by The Kuala Lumpur Stock Exchange for the Corporate Awards 2002, for outstanding corporate conduct among public listed companies. **4**

20 March, 2003 Payment of a final dividend of 9 sen per share and special dividend of 5 sen per share, less 28% income tax for the financial year ended 30 September, 2002.

4 April, 2003 KLK's wholly-owned subsidiary, KLK Overseas Investments Limited, incorporated a new subsidiary, namely, B.K.B. Europa SARL in France for marketing wood-based products.

12 April, 2003 KLK participated in the Float and Fireworks Display Fiesta held in conjunction with the 53rd birthday celebrations of the DYMM Al-Sultan of Kelantan. **5**

20-27 April, 2003 KLK participated in the Minggu Saham Amanah Malaysia 2003 organised by Permodalan Nasional Berhad held in Kuala Lumpur. **6**

1 May, 2003 Successful commissioning of the 45 tn/hr Palm Oil Mill in Kebun Nilo, Sumatra, Indonesia. **7**

16 May, 2003 Announcement of the Group's 2nd Quarter Results together with the interim dividend for the year ending 30 September, 2003.



6



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11

6 June, 2003 Visit by YB Datuk Dr Fong Chan Onn, Minister of Human Resources and YB Dato' Seri S. Samy Vellu, Minister of Works to Ladang Jeram Padang in relation to the ceremony to witness the handing over of the joint agreement on plantation wages. **8**

18 June, 2003 KLK's wholly-owned subsidiary, KL-Kepong Cocoa Products Sdn Bhd, acquired a new subsidiary, namely, Wigan Corporation Sdn Bhd (now known as Selbourne Food Services Sdn Bhd) for the manufacture, packaging and distribution of chocolate and other related products.

24 June, 2003 KLK was awarded the Certificate of Appreciation for its participation in the Serenti Drug Rehabilitation Centre's Programme on Job Placements. **9**

15 July, 2003 KLK launched its website, www.klk.com.my, where shareholders, investors and the public can obtain news, announcements and other information on KLK. **10**

11 August, 2003 Payment of an interim dividend of 6 sen per share, less 28% income tax for the financial year ending 30 September, 2003.

15 August, 2003 KLK's wholly-owned subsidiary, Crabtree & Evelyn Holdings Ltd, disposed off its entire 60.8% interest in the Mexican joint venture company, Ecemex. Following this disposal, Ecemex ceased to be a subsidiary of the KLK Group. However, Ecemex continues to be a licenced distributor.

18 August, 2003 Announcement of the Group's 3rd Quarter Results for the period ended 30 June, 2003.

28 August, 2003 KLK's wholly-owned subsidiary, Crabtree & Evelyn Holdings Ltd, acquired the remaining 30% interest in the Philippines joint venture company, Crabtree & Evelyn Philippines Inc. Following this acquisition, Crabtree & Evelyn Philippines Inc becomes a wholly-owned subsidiary of the KLK Group.

8-9 September, 2003 KLK co-sponsored The Perak Economic Summit organised by the Asian Strategy & Leadership Institute which was held in Ipoh and graced by the Raja Muda of Perak Darul Ridzuan, HRH Raja Nazrin Shah ibni Sultan Azlan Muhibbuddin Shah who delivered the keynote address. **11**

17 September, 2003 The Group announced the incorporation of a new subsidiary, namely, KLK Premier Capital Limited in the British Virgin Islands as an investment holding company.

30 September, 2003 Mr Ong Beng Kee retired as an Executive Director of KLK, after having served for more than 27 years with the KLK Group.

PLANTATIONS

Bornion Estate Sdn Bhd
63% (Plantation)

Fajar Palmkel Sdn Berhad
100% (Kernel crushing)

Gocoa Sdn Bhd
100% (Plantation)

Golden Peak Development Sdn Bhd
100% (Plantation)

Golden Sphere Sdn Bhd
100% (Plantation)

Golden Yield Sdn Bhd
100% (Plantation)

Kalumpang Estates Sdn Berhad
100% (Plantation)

KL-Kepong (Sabah) Sdn Bhd
100% (Milling & refining of palm products)

KL-Kepong Edible Oils Sdn Bhd
100% (Refining of palm products)

KL-Kepong Plantation Holdings Sdn Bhd
100% (Investment holding)

Gunong Pertanian Sdn Bhd
100% (Plantation)

Parit Perak Plantations Sdn Bhd
100% (Plantation)

Pinji Horticulture Sdn Bhd
100% (Plantation)

P.T. ADEI Plantation & Industry
95% (Plantation)

P.T. KLK Agriservindo
100% (Management of plantations)

P.T. Kreasijaya Adhikarya
95% (Dormant)

P.T. Steelindo Wahana Perkasa
95% (Plantation)

Sy Kho Trading Plantation Sdn Bhd
100% (Plantation)

Sunshine Plantation Sdn Bhd
100% (Plantation)

KLK (Mauritius) International Ltd.
100% (Investment holding)

P.T. Parit Sembada
95% (Plantation)

Kulumpang Development Corporation Sdn Berhad 100% (Plantation)

Ladang Finari Sdn Bhd
100% (Plantation)

Ladang Sumundu (Sabah) Sdn Berhad
100% (Plantation)

Leluasa Untung Sdn Bhd
100% (Dormant)

Masawit Plantation Sdn Bhd
100% (Plantation)

Richinstock Sawmill Sdn Bhd
100% (Plantation)

Sabah Cocoa Sdn Bhd
100% (Plantation)

Sabah Holdings Corporation Sdn Bhd
70% (Investment holding)

Selit Plantations (Sabah) Sdn Bhd
100% (Plantation)

Sri Kunak Plantation Sdn Berhad
100% (Plantation)

Susuki Sdn Bhd
100% (Investment holding)

Axe Why Zed Sdn Bhd
100% (Plantation)

Bandar Merchants Sdn Bhd
100% (Plantation)

Segar Usaha Sdn Bhd
100% (Plantation)

Syarikat Budibumi Sdn Bhd
100% (Plantation)

Syarikat Swee Keong (Sabah) Sdn Bhd
100% (Plantation)

Taiko Plantations Sdn Berhad
100% (Management of plantations)

The Kuala Pertang Syndicate Limited
100% (Plantation)

The Shanghai Kelantan Rubber Estates (1925) Limited 100% (Plantation)

K.H. Syndicate Limited
100% (Plantation)

Uni-Agro Multi Plantations Sdn Bhd
51% (Plantation)

Verdant Plantations Ltd
100% (Investment holding)



GROUP COMPANIES

RETAILING

CE Holdings Limited
100% (Investment holding)

Crabtree & Evelyn Holdings Limited
100% (Investment holding)

Crabtree & Evelyn Australia Pty Limited 100% (Distribution of toiletries)

C&E Canada, Inc
100% (Retailing & distribution of toiletries)

Crabtree & Evelyn Ltd
100% (Retailing & distribution of toiletries)

Crabtree & Evelyn Europe B.V.
100% (Investment holding)

Crabtree & Evelyn Deutschland GmbH 100% (Retailing & distribution of toiletries)

Crabtree & Evelyn Austria GmbH 100% (Retailing of toiletries)

Crabtree & Evelyn Industrie S.A.
100% (Inactive)

Crabtree & Evelyn (Overseas) Limited 100% (Distribution of toiletries)

Crabtree & Evelyn London S.A.
100% (Retailing of toiletries)

Crabtree & Evelyn London Limited 100% (Dormant)

Scarborough and Company Limited 100% (Dormant)

Crabtree & Evelyn (Hong Kong) Limited 100% (Retailing & distribution of toiletries)

Crabtree & Evelyn (Malaysia) Sdn Bhd 100% (Retailing of toiletries)

Crabtree & Evelyn Philippines, Inc 100% (Retailing & distribution of toiletries)

Crabtree & Evelyn (Singapore) Pte Ltd 100% (Retailing & distribution of toiletries)

Quillspur Limited
100% (Investment holding)

Premier Procurement Limited
100% (Investment holding)

Acc-Enhance Sdn Bhd
100% (General trading)

Crabtree & Evelyn Trading Limited
100% (Manufacturing of toiletries)

Crabtree & Evelyn Shop Limited 100% (Manufacturing of jams)

Windham Toiletries Limited
100% (Inactive)

Windham Manufacturing Limited 100% (Manufacturing of toiletries)

MANUFACTURING

KL-Kepong Industrial Holdings Sdn Bhd
100% (Investment holding)

B.K.B. Hevea Products Sdn Bhd
100% (Manufacturing of
parquet flooring products)

B.K.B. Flooring Sdn Bhd
100% (Marketing of
parquet flooring products)

KL-Kepong Cocoa Products Sdn Bhd
100% (Manufacturing of cocoa products)

Selbourne Food Services Sdn Bhd
(formerly known as
Wigan Corporation Sdn Bhd)
100% (Manufacturing, packing and
distribution of chocolate products)

KL-Kepong Oleomas Sdn Bhd
(formerly known as
Elvissa Corporation Sdn Bhd)
100% (Warehousing and manufacturing)

KL-Kepong Rubber Products Sdn Bhd
100% (Manufacturing of
latex examination gloves)

Masif Latex Products Sdn Bhd
100% (Manufacturing of
household latex gloves)

KSP Manufacturing Sdn Bhd
96% (Manufacturing of soap noodles)

Palmamide Sdn Bhd
88% (Manufacturing of industrial amides)

Palm-Oleo Sdn Bhd
80% (Manufacturing of oleochemicals)

Jasachem Sdn Bhd
100% (Investment holding)

KLK Overseas Investments Limited
100% (Investment holding)

B.K.B. Europa SARL
100% (Marketing of
wood based products)

Standard Soap Company Limited
100% (Manufacturing of toiletries)

Beauty Basics Limited
100% (Dormant)

De Muth Limited
100% (Dormant)

KLK Cosmetics Limited
100% (Dormant)

**Personality Beauty Products
Limited** 100% (Dormant)

Premier Soap Company Limited
100% (Dormant)

Zenithpeak Limited
100% (Dormant)

KLK Premier Capital Limited
100% (Investment holding)

Voray Holdings Limited
55% (Investment holding)

**Hubei Zhong Chang Vegetable Oil
Company Limited***
60% (Edible oil refining)

**Tianjin Voray Bulking Installation
Co. Ltd**** 50.1% (Bulking installation)

* KLK Group's effective shareholding 33%

** KLK Group's effective shareholding 37%

PROPERTIES

KL-K Holiday Bungalows Sdn Berhad
100% (Operating holiday bungalows)

KL-Kepong Property Holdings Sdn Bhd
100% (Investment holding)

Austerfield Corporation Sdn Bhd
100% (Investment holding)

Betatechnic Sdn Bhd
100% (Property development)

Brecon Holdings Sdn Bhd
100% (Renting out of storage and office space)

Colville Holdings Sdn Bhd
100% (Property development)

KL-Kepong Complex Sdn Bhd
100% (Property development)

KL-Kepong Country Homes Sdn Bhd
100% (Property development)

**KL-Kepong Property Development
Sdn Bhd** 100% (Property development)

**KL-Kepong Property Management
Sdn Bhd** 100% (Property management)

Kompleks Tanjung Malim Sdn Bhd
80% (Property development)

Palermo Corporation Sdn Bhd
100% (Property development)

INVESTMENT HOLDING & OTHERS

Kepong Plantations Berhad
100% (In members' voluntary liquidation)

KL-Kepong Equity Holdings Sdn Bhd
100% (Investment holding)

Ablington Holdings Sdn Bhd
100% (Investment holding)

KL-Kepong International Ltd
100% (Investment holding)

Quarry Lane Sdn Bhd
100% (Investment holding)

KLK Assurance (Labuan) Limited
100% (Offshore captive insurance)

KLK Farms Pty Limited
100% (Cereal & sheep farming)

KLKI Holdings Limited
100% (Investment holding)

**Kuala Lumpur-Kepong Investments
Limited** 100% (Investment holding)

Ortona Enterprise Sdn Bhd
100% (Money lending)

Rubber Fibreboards Sdn Bhd
100% (Dormant)

ASSOCIATED COMPANIES

Applied Agricultural Research Sdn Bhd
50% (Agronomic service & research)

Beijing King Voray Edible Oil Co. Ltd ***
25% (Edible oil refining)

Esterol Sdn Bhd
50% (Manufacturing of food esters)

Kumpulan Sierramas (M) Sdn Bhd
33% (Property development)

Malaysia Pakistan Venture Sdn Bhd
25% (Investment holding)

Pearl River Tyre (Holdings) Limited
31% (Investment holding &
manufacturing of tyres)

PT Sekarbumi Alamlestari
48% (Plantation)

Tawau Bulking Installation Sdn Bhd
49% (Bulking installation)

Yule Catto & Co. plc
22% (Manufacturing & distribution of
speciality & fine chemicals)

*** KLK Group's effective shareholding 14%

‘ Utmost in your Board’s decision making is the preservation and enhancement of shareholders’ value through sound business strategies and strong corporate governance. ’

‘ Dalam penentuan keputusan oleh Lembaga, keutamaan diberi kepada pemeliharaan dan penambahan nilai pemegang saham melalui strategi urusniaga bijak dan urustadbir korporat yang teguh. ’



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of the KLK Group for the financial year ended 30 September, 2003.

The year under review saw vastly improved results not only from our major divisions of plantations and manufacturing but also from our associate, Yule Catto. Turnover increased by 40.7% to RM3.47 billion, against RM2.47 billion last year. Net profit jumped 54.7% to RM394.7 million and earnings per share likewise, rose substantially from 35.9 sen to 55.6 sen.

In view of the excellent results achieved, your Board has recommended a special dividend of 10 sen per share less tax in addition to the year-end recommendation of 9 sen per share less tax. Added to the 6 sen per share less tax paid as interim, the total dividend payment for the year will be 25 sen per share less tax, involving a total payment of RM127.8 million.

As expected, our Plantations Division was the leading profit contributor with a record pre-tax profit of RM360.1 million, followed by Manufacturing at RM102.5 million and Yule Catto at RM66.4 million.

Buoyant CPO prices and higher FFB crop production accounted for the record plantations profit. It is gratifying to note that our substantial investment and perseverance during the early difficult years of establishing our plantations in Indonesia are beginning to show results. With an extensive area of young palms in bearing and more lined up for harvesting amidst a backdrop of an improving economy and social order, this regional complex is increasingly becoming an important contributor to the Group.

PENYATA PENERUSI

Saya, bagi pihak Lembaga Pengarah, dengan sukacitanya membentangkan Laporan Tahunan Kumpulan KLK bagi tahun kewangan berakhir 30 September, 2003.

Tinjauan tahun ini telah menunjukkan keputusan yang bertambah baik bukan sahaja daripada bahagian utama di perladangan dan perkilangan tetapi juga daripada syarikat sekutu, Yule Catto. Perolehan Kumpulan bertambah 40.7% kepada RM3.47 bilion, berbanding RM2.47 bilion tahun lepas. Keuntungan bersih melonjak 54.7% kepada RM394.7 juta disertai dengan pendapatan sesaham yang meningkat ketara dari 35.9 sen ke 55.6 sen.

Memandangkan pencapaian keputusan yang begitu cemerlang, Lembaga anda telah mengesyorkan dividen khas sebanyak 10 sen sesaham tolak cukai, di samping syor akhir tahun sebanyak 9 sen sesaham tolak cukai. Tambahan kepada 6 sen sesaham tolak cukai dibayar sebagai interim, jumlah dividen yang dibayar untuk tahun ini ialah sebanyak 25 sen sesaham tolak cukai. Ini melibatkan pembayaran sejumlah RM127.8 juta.

Seperti yang dijangkakan, Bahagian Perladangan menerajui sumbangan kepada keuntungan dengan pencapaian rekod bagi keuntungan sebelum cukai sebanyak RM360.1 juta, diikuti Perkilangan sebanyak RM102.5 juta dan Yule Catto sebanyak RM66.4 juta.

Harga minyak sawit mentah yang kekal tinggi dan hasil buah tandan basah yang lebih baik membawa kepada keuntungan cemerlang ini. Adalah menyenangkan hati melihat permulaan hasil daripada usaha pelaburan yang besar dan ketabahan dalam beberapa tahun awal yang rumit semasa mendirikan ladang-ladang di Indonesia. Kawasan luas yang terdiri daripada pokok sawit muda dalam peringkat berbuah dan lebih lagi yang akan dituai, di samping ekonomi dan keadaan sosial yang bertambah baik, menjadikan kompleks rantau ini satu penyumbang penting kepada Kumpulan.

chairman's statement

Our oleochemical group has done well even though faced with the rising costs of raw materials, namely; palm products, due to the timely expansion of plant capacity which in turn helped to gain greater market share.

Encouraged by the good response to the initial launch of our residential property project in Sungei Buloh, located within the popular Klang Valley region, your Group has signed up to purchase, subject to the relevant approvals, an adjoining land area of 995.5 acres, from which it has planned to grow property development into another core business.

Our major associate, Yule Catto, has performed exceptionally well this year, especially its pharmaceutical division which specialises in the manufacture of the active ingredients for the ulcer drug, omeprazole, although new entrants into the same field have increased competition somewhat. At Crabtree & Evelyn, our international retailing division of personal care products, toiletries and home fragrances managed to weather the various unfavourable market environment to retain its profit level.

PROSPECTS

Your Group has continued to invest heavily in the renewal of assets, plant expansion and new plantings during the course of the year and total capital expenditure including that of new plantings amounted to RM178.6 million, all of which were financed internally. With the global economy showing signs of recovery from the Iraq war and the epidemic SARS outbreak, prospects should continue to improve, and given our comfortable cash hoard, we are favourably placed to seize any new opportunities which will generate further growth for our businesses.

Our core business of plantations will continue to be subjected to the volatility of CPO prices, and their current bullishness has got the new financial year to a good start.

penyata pengerusi

Kumpulan oleokimia telah berjaya walaupun menghadapi kenaikan kos bahan mentah, iaitu; bahan sawit, kerana penambahan muatan kilang kena pada masanya yang seterusnya membantu mencapai peningkatan bahagian pasaran.

Respons yang baik terhadap pelancaran projek hartanah perumahan di Sungei Buloh, bertempat di Wilayah Lembah Klang yang popular, telah menggalakkan Kumpulan anda menandatangani pembelian, tertakluk kepada kelulusan pihak berkaitan, sebidang tanah jiran seluas 995.5 ekar, untuk rancangan mengembangkan pembangunan hartanah sebagai satu lagi urusniaga teras.

Syarikat sekutu utama kami, Yule Catto, menunjukkan prestasi yang amat baik tahun ini, terutamanya daripada bahagian farmasetikal yang khusus membuat ramuan aktif kandungan ubat ulser, omeprazole, walaupun tandingan baru telah mula wujud dalam lapangan yang sama untuk memberikan persaingan tambahan. Crabtree & Evelyn, bahagian peruncitan antarabangsa dalam kelengkapan dandanan diri, dan wangian rumah tangga, kekal mempertahankan paras keuntungannya walaupun dalam suasana pasaran yang rumit.

PROSPEK

Kumpulan anda telah meneruskan pelaburan dalam pembaharuan aset, perkembangan kilang dan penanaman baru sepanjang tahun ini dengan perbelanjaan modal, termasuk penanaman baru, berjumlah sebanyak RM178.6 juta, kesemuanya dibiayai sendiri. Memandangkan ekonomi sedunia sedang menunjukkan pemulihan daripada ancaman perang Iraq dan wabak SARS, prospek dijangka bertambah baik. Dengan simpanan tunai terkumpul, kesediaan meragut sebarang peluang baru yang boleh menjanakan kemajuan tambahan dalam urusniaga adalah terjamin.

Urusniaga teras dalam perladangan akan terus dipengaruhi oleh perubahan harga minyak sawit mentah, dan harga semasa yang menaik telah memberikan keputusan kewangan tahun baru yang baik.

chairman's statement

APPRECIATION

Mr Ong Beng Kee retired as Executive Director, but has been retained as a Consultant in specific plantations projects, and to him the Board would like to express its appreciation for his past years' services. His executive functions at Plantations Division have been taken over by Mr Roy Lim Kiam Chye who has served the Group in the Marketing Division the past 28 years.

Dato' Lee Soon Hian has indicated that he will also retire from the Board at the forthcoming AGM in order to pursue his personal and family interests. The Board would, once again record its appreciation to Dato' Lee for the many successes he had achieved in the Group's non-plantations business during his tenure of service.

Last, but not least, I would on behalf of the Board, express our thanks and appreciation to our employees for their positive efforts and to our shareholders for their continued loyal support of the KLK Group.

DATO' LEE OI HIAN

Chairman/CEO

12 December, 2003

penyata pengerusi

PENGHARGAAN

Encik Ong Beng Kee telah bersara sebagai Pengarah Eksekutif, tetapi telah dilantik sebagai pakar perunding dalam projek-projek perladangan tertentu. Lembaga mengucapkan penghargaan atas sumbangan perkhidmatan beliau dalam tahun-tahun lepas. Tugas eksekutif beliau dalam Bahagian Perladangan telah diambil alih oleh Encik Roy Lim Kiam Chye yang telah berkhidmat selama 28 tahun dengan Kumpulan dalam Bahagian Pemasaran.

Dato' Lee Soon Hian telah memaklumkan keinginan bersara daripada Lembaga di Mesyuarat Agung akan datang kerana beliau ingin menumpukan perhatian kepada hal-hal peribadi dan kepentingan keluarga. Lembaga, sekali lagi, merakamkan penghargaan kepada Dato' Lee atas kejayaan-kejayaan beliau dalam urusan Kumpulan di luar bidang perladangan sepanjang perkhidmatan beliau.

Akhirnya, bagi pihak Lembaga Pengarah, saya mengucapkan terima kasih dan penghargaan kami kepada para pekerja atas usaha positif mereka dan kepada para pemegang saham demi sokongan setia yang berterusan kepada Kumpulan KLK.

DATO' LEE OI HIAN

Pengerusi/Ketua Eksekutif

12 Disember, 2003