



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



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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
38 th 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

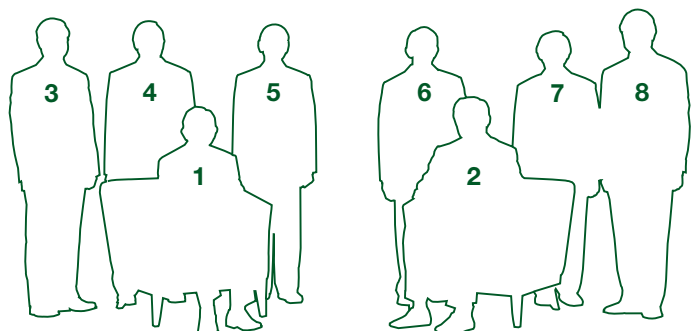
Independent Non-Executive Director

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 all the 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 Pemas 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.

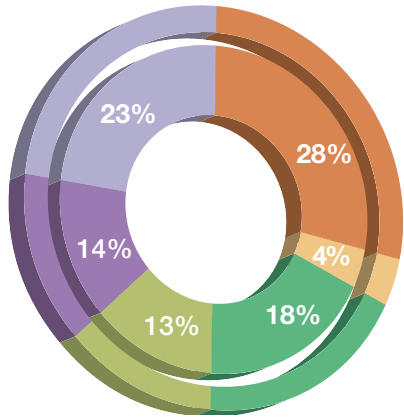
Note: None of the Directors of KLK has been convicted of any offence.





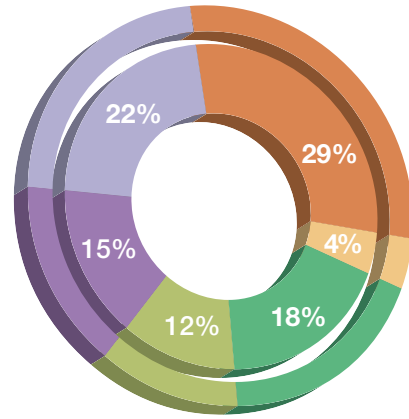
Simplified Group Assets & Liabilities

At 30 September 2010



2010

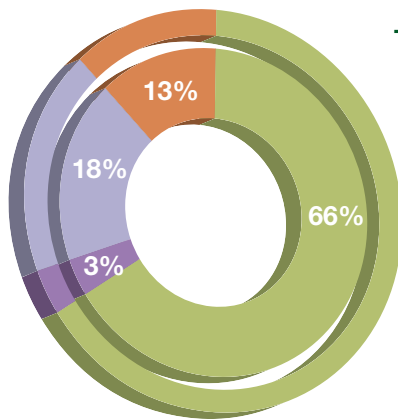
TOTAL ASSETS



2009

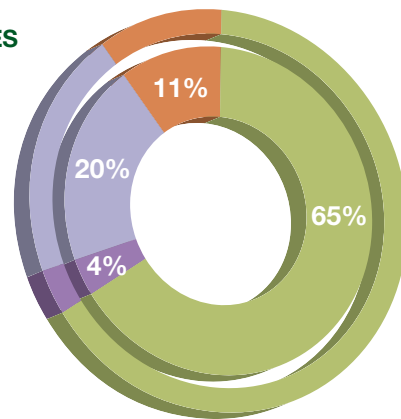
	RM Million
Property, Plant and Equipment	2,569
Prepaid Lease Payments	355
Biological Assets	1,672
Other Non-Current Assets	1,172
Cash and Cash Equivalents	1,255
Other Current Assets	2,140

	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



2010

TOTAL EQUITY & LIABILITIES



2009

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

	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

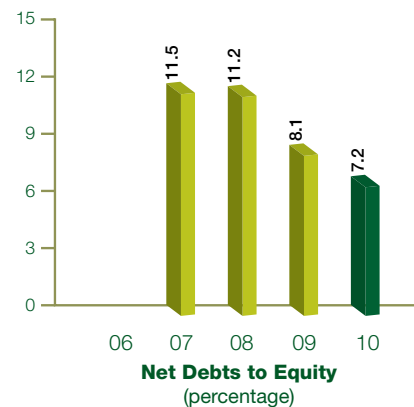
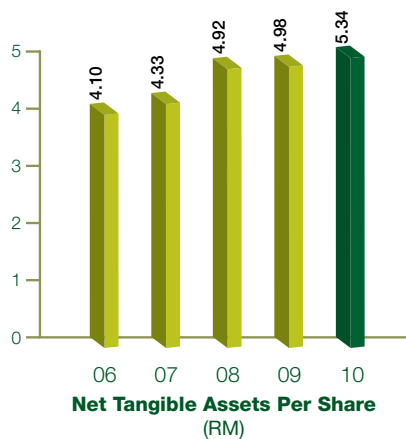
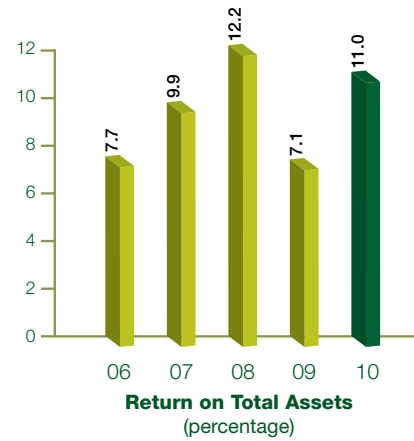
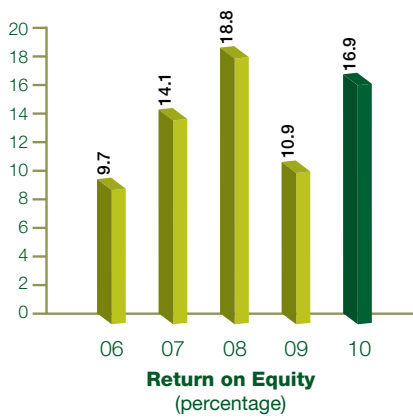
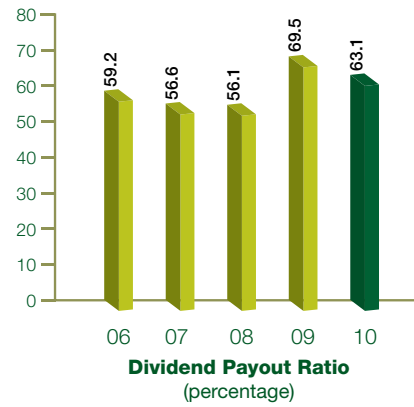
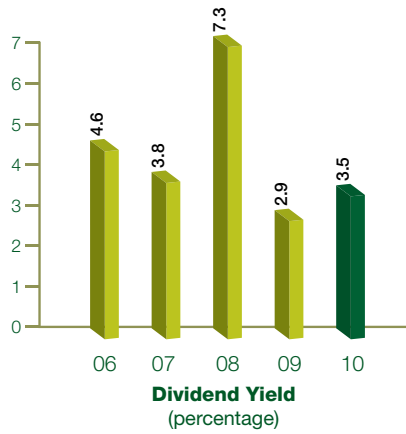
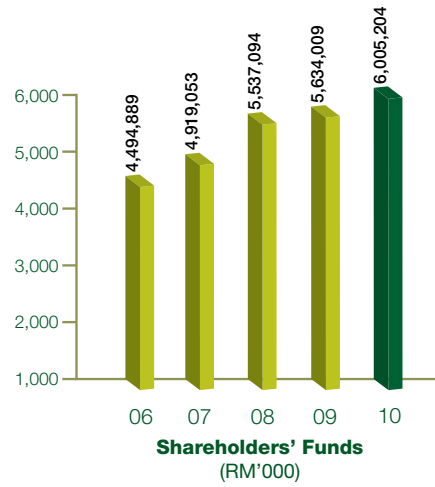
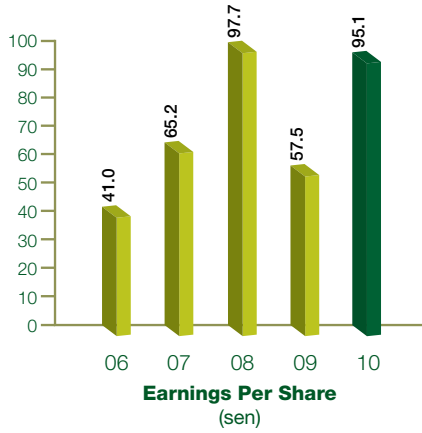
[~] Based on Net Debts (being Total Borrowings less Cash and Cash Equivalents) expressed as a percentage of Total Equity attributable to Equity Holders

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





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

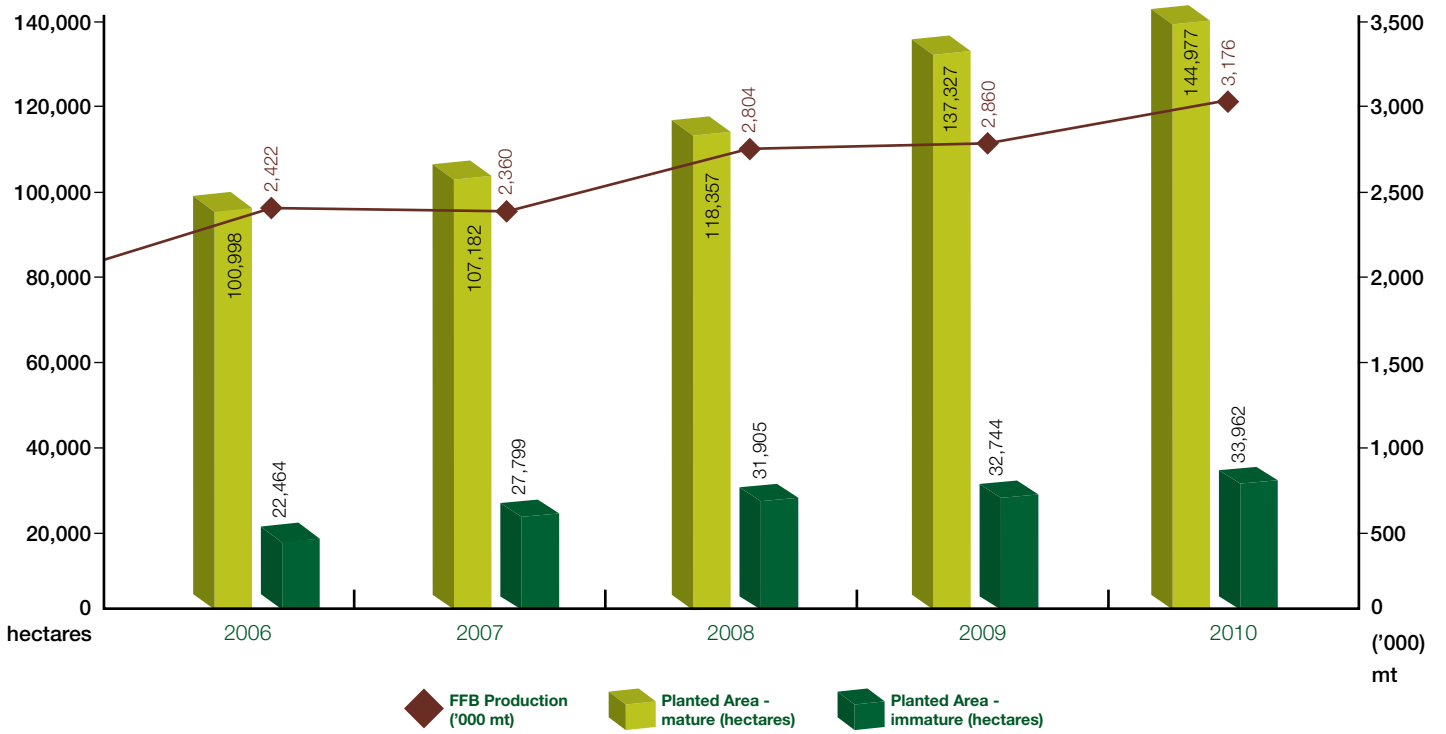


5-Year Financial Statistics

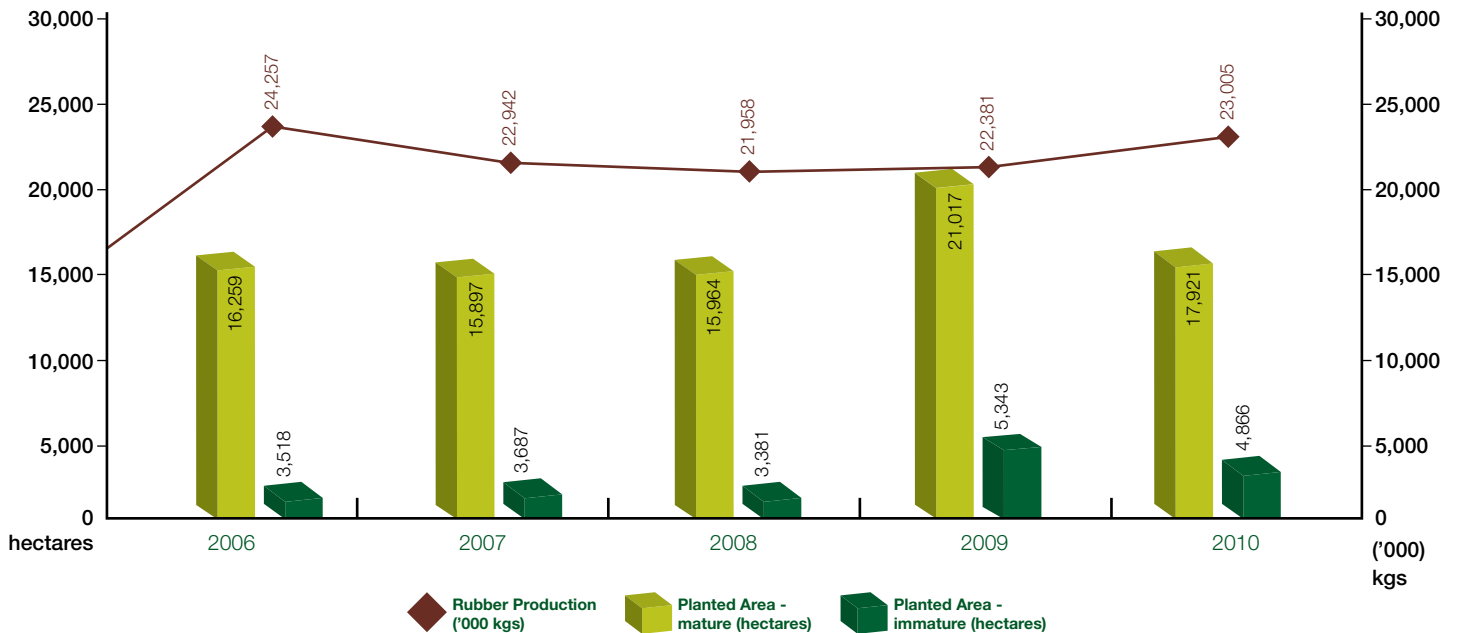
	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
EQUITY					
Share capital	1,067,505	1,067,505	1,067,505	1,067,505	712,516
Reserves	4,951,146	4,579,951	4,483,036	3,864,995	3,795,820
Cost of treasury shares	(13,447)	(13,447)	(13,447)	(13,447)	(13,447)
Total equity attributable to equity holders 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	Hectares	2010		2009	
			% Under Crop	% of Total Planted Area	% Under Crop	% 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
	Immature	33,962	19	17	32,744	19
	Total	178,939	100	89	170,071	100
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
	Immature	4,866	21	2	5,343	20
	Total	22,787	100	11	26,360	100
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	



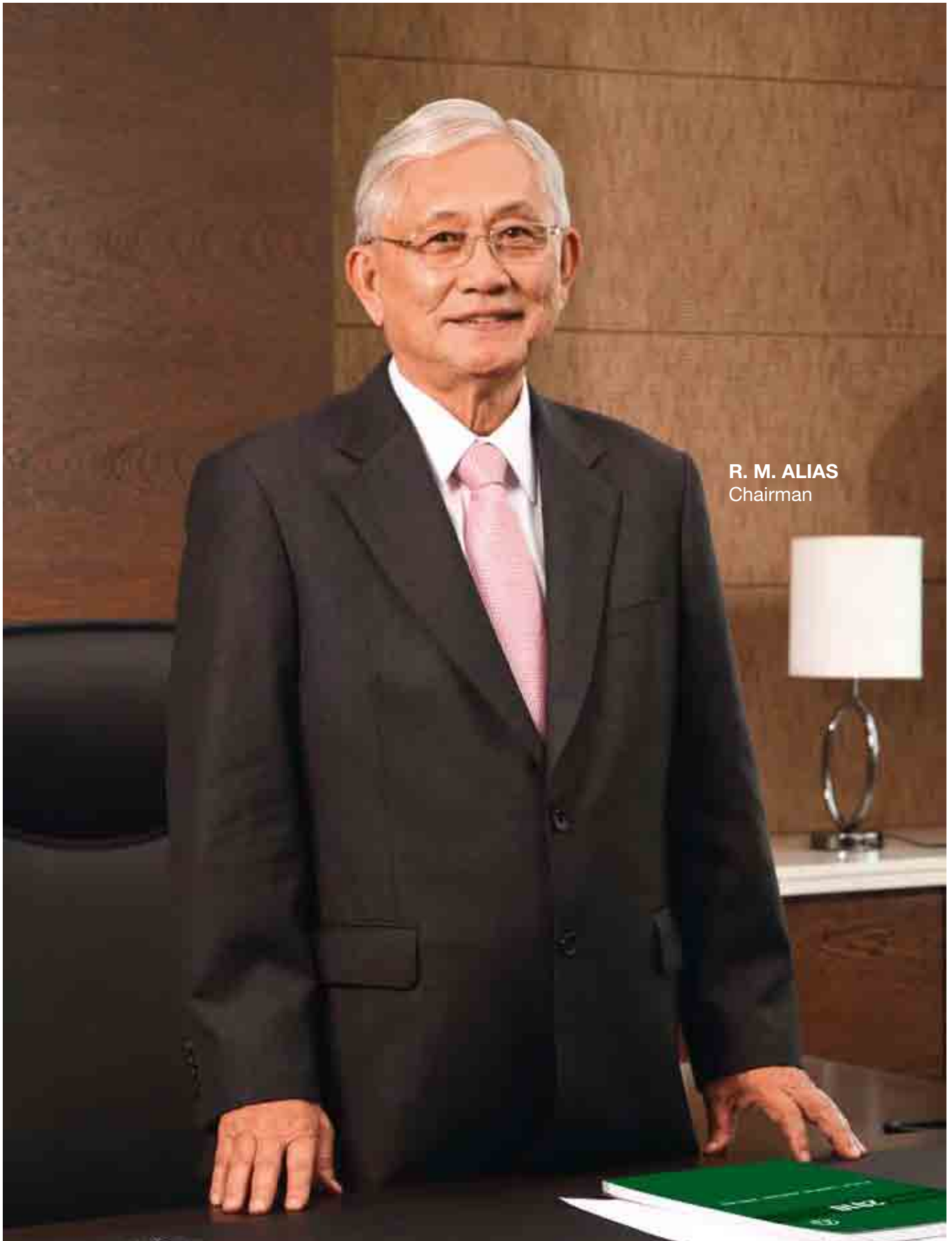
Oil Palm Planted Area/FFB Production



Rubber Planted Area/Rubber Production



Chairman's Statement



R. M. ALIAS
Chairman

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 kemampunan, kita berasa sungguh sukacita untuk melaporkan bahawa Kompleks GSSB kita di Lahad Datu, Sabah telah dianugerahkan dengan Sijil Kemampunan 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 mengukuhkan 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 kemampuan 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 kemampuan 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

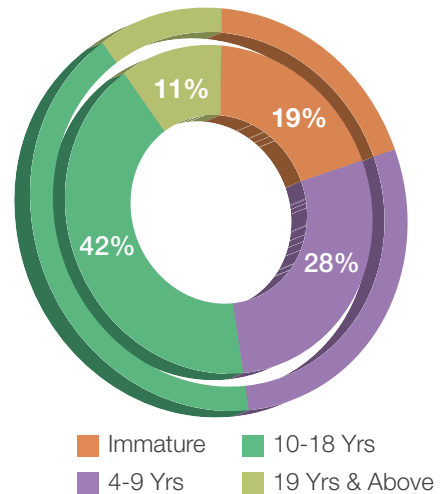


The average profit per hectare for oil palm was RM7,061. The full potential has yet to be realised given the ongoing replanting and rehabilitation work in our joint venture operations in North Sumatra and the young fields in Kalimantan Timur. Whilst the former would need a longer time to benefit from 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 Hybrid 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 Hybrid has prompted AAR to set up a new seed production facility in Sabah to eventually produce up to 5 million semi-clonal AA Hybrid.

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. Today, 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.

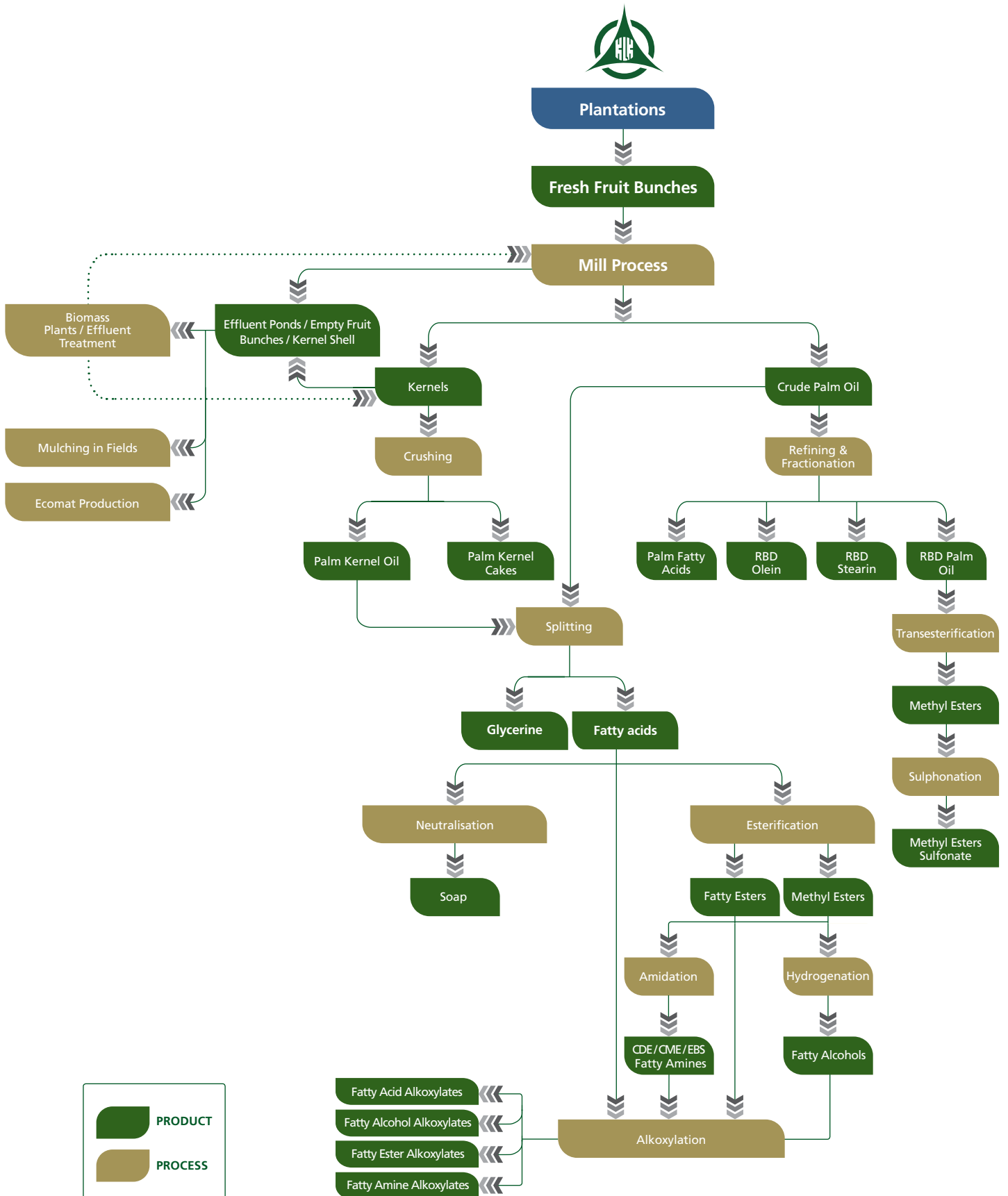
Earthworks for Phase 1 which have commenced are expected to be completed by end 2010. The initial launch of Phase 1, which consists of more than 900 units of double storey terrace houses, semi-detached houses, medium cost double storey terrace houses and double storey shop offices will commence from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

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

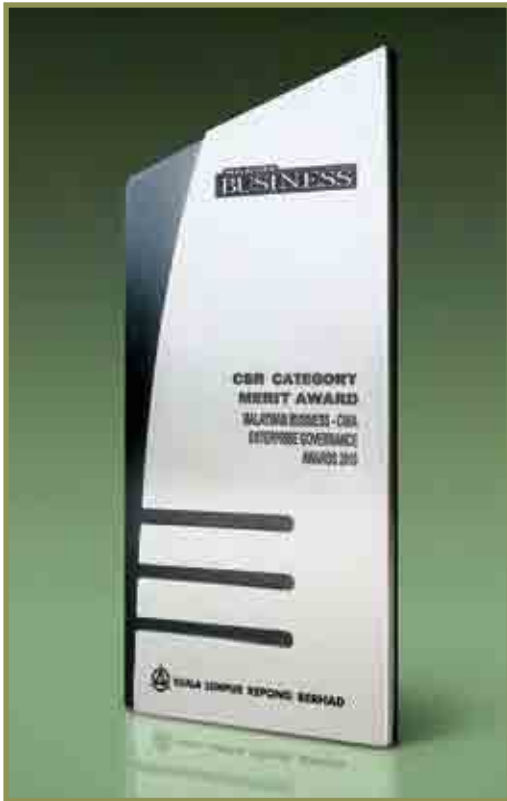
The latest development, The Garden Manor, was launched in the earlier part of 2010 and all units have been sold to date. Construction of this phase is ongoing and handing over is scheduled towards the end of 2012.



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 unigema 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.



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% KL-Kepong (Sabah) Sdn Bhd
100% Draw Fields Sdn Bhd	100% KLK (Mauritius) International Ltd (In Members' Voluntary Liquidation)
100% Fajar Palmkel Sdn Bhd	85% KLK Premier Oils Sdn Bhd
100% Gocoa Sdn Bhd	100% Kulumpang Development Corporation Sdn Bhd
100% Golden Complex Sdn Bhd	100% Ladang Finari Sdn Bhd
└─ 92% P.T. Malindomas Perkebunan	100% Ladang Perbadanan-Fima Bhd
100% Golden Peak Development Sdn Bhd	100% Ladang Sumundu (Sabah) Sdn Bhd
100% Golden Sphere Sdn Bhd	100% Masawit Plantation Sdn Bhd (In Members' Voluntary Liquidation)
100% Golden Yield Sdn Bhd	100% Richinstock Sawmill Sdn Bhd
100% Kalumpang Estates Sdn Bhd	100% Rubber Fibreboards Sdn Bhd
100% KL-Kepong Edible Oils Sdn Bhd	100% Sabah Cocoa Sdn Bhd
100% KL-Kepong Plantation Holdings Sdn Bhd	70% Sabah Holdings Corporation Sdn Bhd
└─ 100% Double Jump Ltd	100% Selit Plantations (Sabah) Sdn Bhd
└─ 100% Gunong Pertanian Sdn Bhd	100% Susuki Sdn Bhd
└─ 100% Jasachem Sdn Bhd	└─ 100% Axe Why Zed Sdn Bhd
└─ 90% P.T. Karya Makmur Abadi	└─ 100% Bandar Merchants Sdn Bhd
100% Parit Perak Plantations Sdn Bhd (In Members' Voluntary Liquidation)	└─ 100% Segar Usaha Sdn Bhd
100% Pinji Horticulture Sdn Bhd (In Members' Voluntary Liquidation)	└─ 100% Syarikat Budibumi Sdn Bhd
95% P.T. ADEI Plantation & Industry	100% Syarikat Swee Keong (Sabah) Sdn Bhd
92% P.T. Hutan Hijau Mas	100% Taiko Plantations Sdn Bhd
95% P.T. Jabontara Eka Karsa	└─ 100% Taiko Plantations Pte Ltd (formerly known as Taiko Plantations (Singapore) Pte Ltd)
100% P.T. KLK Agriservindo	100% The Kuala Pertang Syndicate Ltd
95% P.T. Kreasijaya Adhikarya	100% The Shanghai Kelantan Rubber Estates (1925) Ltd
60% P.T. Langkat Nusantara Kepong	└─ 100% K.H. Syndicate Ltd (In Members' Voluntary Liquidation)
80% P.T. Menteng Jaya Sawit Perdana	51% Uni-Agro Multi Plantations Sdn Bhd
90% P.T. Mulia Agro Permai	100% Verdant Plantations Ltd (In Members' Voluntary Liquidation)
65% P.T. Sekarbumi Alamlestari	55% Voray Holdings Ltd
└─ 95% P.T. Alam Karya Sejahtera AKS@	└─ 60% Hubei Zhong Chang Vegetable Oil Co Ltd*
95% P.T. Steelindo Wahana Perkasa	└─ 50% Tianjin Voray Bulking Installation Co Ltd**
└─ 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%

* 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%