

# **BATU KAWAN BERHAD**

196501000504 (6292-U)  
(Incorporated in Malaysia)

**Interim Financial Report  
for the First Quarter ended 31 December 2020**

Directors are pleased to announce the unaudited financial results of the Group for the first quarter ended 31 December 2020.

## Condensed Consolidated Statement of Profit or Loss For the First Quarter ended 31 December 2020

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			3 months ended		
	31 December			31 December		
	2020	2019	+ / (-)	2020	2019	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	4,436,065	4,206,104	5.5	4,436,065	4,206,104	5.5
Operating expenses	(4,027,811)	(3,955,926)	1.8	(4,027,811)	(3,955,926)	1.8
Other operating income	165,176	105,353	56.8	165,176	105,353	56.8
Finance costs	(63,298)	(68,571)	(7.7)	(63,298)	(68,571)	(7.7)
Share of results of associates	5,003	3,003	66.6	5,003	3,003	66.6
Share of results of joint ventures	9,815	3,789	159.0	9,815	3,789	159.0
<b>Profit before taxation</b>	<b>524,950</b>	<b>293,752</b>	<b>78.7</b>	<b>524,950</b>	<b>293,752</b>	<b>78.7</b>
Income tax expense	(92,510)	(76,365)	21.1	(92,510)	(76,365)	21.1
<b>NET PROFIT FOR THE PERIOD</b>	<b>432,440</b>	<b>217,387</b>	<b>98.9</b>	<b>432,440</b>	<b>217,387</b>	<b>98.9</b>
Profit attributable to:						
Equity holders of the Company	191,351	103,432	85.0	191,351	103,432	85.0
Non-controlling interests	241,089	113,955	111.6	241,089	113,955	111.6
	432,440	217,387	98.9	432,440	217,387	98.9
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	48.2	26.4		48.2	26.4	
Diluted	Not applicable	Not applicable		Not applicable	Not applicable	

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## Condensed Consolidated Statement of Other Comprehensive Income For the First Quarter ended 31 December 2020

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Net profit for the period</b>	<b>432,440</b>	<b>217,387</b>	<b>432,440</b>	<b>217,387</b>
<b>Other comprehensive income that will be reclassified subsequently to profit or loss</b>				
Currency translation differences	70,283	13,463	70,283	13,463
<b>Other comprehensive income that will not be reclassified subsequently to profit or loss</b>				
Net change in fair value of equity instruments	55,649	47,897	55,649	47,897
<b>Total other comprehensive income for the period</b>	<b>125,932</b>	<b>61,360</b>	<b>125,932</b>	<b>61,360</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>558,372</b>	<b>278,747</b>	<b>558,372</b>	<b>278,747</b>
Total comprehensive income attributable to:				
Equity holders of the Company	259,669	133,412	259,669	133,412
Non-controlling interests	298,703	145,335	298,703	145,335
	<b>558,372</b>	<b>278,747</b>	<b>558,372</b>	<b>278,747</b>

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2020.

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2020**

(The figures have not been audited.)

	At 31 December 2020 <u>RM'000</u>	At 30 September 2020 <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	8,332,980	7,975,054
Right-of-use assets	905,233	874,561
Investment property	53,470	46,531
Inventories	1,096,179	1,096,046
Goodwill on consolidation	567,931	354,637
Intangible assets	26,864	22,324
Investments in associates	1,576,264	1,569,081
Investments in joint ventures	285,032	279,190
Other investments	676,622	622,439
Other receivable	241,778	235,671
Deferred tax assets	387,891	378,389
	<u>14,150,244</u>	<u>13,453,923</u>
<b>Current assets</b>		
Inventories	2,183,337	2,022,895
Biological assets	96,575	129,052
Trade and other receivables	2,415,081	2,225,439
Contract assets	15,444	10,276
Tax recoverable	65,566	61,296
Other investments	34,479	173,886
Derivative financial assets	124,386	98,309
Short term funds	658,870	919,994
Cash and cash equivalents	3,784,261	3,239,756
	<u>9,377,999</u>	<u>8,880,903</u>
<b>TOTAL ASSETS</b>	<u><b>23,528,243</b></u>	<u><b>22,334,826</b></u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with  
the Annual Report for the year ended 30 September 2020.

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2020**

(The figures have not been audited.)

	At 31 December 2020 <u>RM'000</u>	At 30 September 2020 <u>RM'000</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	1,422,172	1,264,389
Contract liabilities	119,555	87,821
Deferred income	8,420	8,419
Lease liabilities	30,035	29,682
Borrowings	1,532,377	1,310,848
Tax payable	66,088	40,479
Derivative financial liabilities	138,096	97,635
Dividend payable	357,996	-
	<u>3,674,739</u>	<u>2,839,273</u>
<b>Net current assets</b>	<b><u>5,703,260</u></b>	<b><u>6,041,630</u></b>
<b>Non-current liabilities</b>		
Other payables	15	15
Deferred tax liabilities	481,608	470,666
Lease liabilities	130,891	128,317
Deferred income	104,548	106,564
Provision for retirement benefits	566,247	558,270
Borrowings	5,652,190	5,610,442
	<u>6,935,499</u>	<u>6,874,274</u>
<b>Total liabilities</b>	<b><u>10,610,238</u></b>	<b><u>9,713,547</u></b>
<b>Net assets</b>	<b><u>12,918,005</u></b>	<b><u>12,621,279</u></b>
<b>Equity attributable to owners of the Company</b>		
Share capital	507,587	507,587
Treasury shares	(49,632)	(23,957)
Reserves	5,494,416	5,393,300
	<u>5,952,371</u>	<u>5,876,930</u>
Non-controlling interests	6,965,634	6,744,349
<b>Total equity</b>	<b><u>12,918,005</u></b>	<b><u>12,621,279</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>23,528,243</u></b>	<b><u>22,334,826</u></b>
Net assets per share attributable to equity holders of the Company (RM)	15.02	14.77

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## Condensed Consolidated Statement of Changes in Equity For the First Quarter ended 31 December 2020

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Non-controlling interested	Total equity	
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>At 1 October 2020</b>	507,587	(23,957)	771,417	(25,443)	525,067	4,122,259	5,876,930	6,744,349	12,621,279
Total comprehensive income/(loss) for the year	-	-	171	32,247	36,039	191,212	259,669	298,703	558,372
Transactions with owners:									
Issuance of shares to non-controlling interest	-	-	-	-	-	-	-	289	289
Redemption of redeemable preference shares	-	-	3,301	-	-	(3,301)	-	-	-
Acquisition through business combination	-	-	-	-	-	-	-	134,024	134,024
Shares buy back	-	(25,675)	-	-	-	-	(25,675)	-	(25,675)
Dividend payable - FY2020 final	-	-	-	-	-	(158,553)	(158,553)	-	(158,553)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(12,288)	(12,288)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	(199,443)	(199,443)
	-	(25,675)	3,301	-	-	(161,854)	(184,228)	(77,418)	(261,646)
<b>At 31 December 2020</b>	507,587	(49,632)	774,889	6,804	561,106	4,151,617	5,952,371	6,965,634	12,918,005

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## Condensed Consolidated Statement of Changes in Equity For the First Quarter ended 31 December 2020

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Non- controlling interests	Total equity	
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			RM'000
<b>At 1 October 2019</b>	435,951	(623,059)	658,546	(24,664)	540,171	4,676,028	5,662,973	6,457,280	12,120,253
Total comprehensive income/(loss) for the year	-	-	180	7,883	22,097	103,252	133,412	145,335	278,747
Transactions with owners:									
Shares buy back	-	(3,005)	-	-	-	-	(3,005)	-	(3,005)
Dividend payable - FY2019 final	-	-	-	-	-	(176,560)	(176,560)	-	(176,560)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	(197,714)	(197,714)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(4,973)	(4,973)
	-	(3,005)	-	-	-	(176,560)	(179,565)	(202,687)	(382,252)
<b>At 31 December 2019</b>	435,951	(626,064)	658,726	(16,781)	562,268	4,602,720	5,616,820	6,399,928	12,016,748

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## Condensed Consolidated Statement of Cash Flows As at 31 December 2020

(The figures have not been audited.)

	3 months ended 31 December	
	2020	2019
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	524,950	293,752
Adjustments for:		
Non-cash items	112,120	173,908
Non-operating items	37,256	25,364
Operating cash flows before changes in working capital	674,326	493,024
Changes in working capital		
Net change in current assets	(226,714)	(61,907)
Net change in current liabilities	90,284	(156,792)
Cash flows generated from operations	537,896	274,325
Interest received	1,318	1,529
Interest paid	(31,864)	(36,715)
Tax paid	(60,478)	(55,624)
Retirement benefits paid	(7,477)	(11,630)
<b>Net cash flows generated from operating activities</b>	<b>439,395</b>	<b>171,885</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(183,442)	(163,003)
Purchase of right-of-use assets	(1,152)	-
Payments of prepaid lease	-	(1,668)
Property development expenditure	(133)	(2,752)
Addition to investment property	(7)	-
Purchase of shares in a subsidiary	(209,262)	-
Subscription of shares in joint ventures	(2,403)	(1,068)
Purchase of other investments	(233,950)	(3,567)
Purchase of intangible assets	(232)	(127)
Proceeds from disposal of property, plant and equipment	3,021	2,452
Proceeds from disposal of other investments	388,902	46,263
Repayment from associates	2,403	1,139
Advance to joint ventures	-	(2,136)
Advance to other receivables	(1,188)	(10,939)
Decrease/(Increase) in short term funds	260,182	(245,223)
Dividends received from investments	11,480	12,476
Dividends received from associates	24,556	-
Dividends received from joint ventures	7,134	11,746
Interest received	19,244	12,725
<b>Net cash flows generated from/(used in) investing activities</b>	<b>85,153</b>	<b>(343,682)</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2020.



## Condensed Consolidated Statement of Cash Flows As at 31 December 2020

(The figures have not been audited.)

	3 months ended 31 December	
	2020	2019
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Drawdown/(Repayment) of term loans	45,839	(6,049)
Lease payments	(6,140)	(5,601)
Net drawdown of short term borrowings	5,405	19,414
Dividends paid to non-controlling interests	(12,288)	(4,973)
Shares buy back	(25,675)	(3,005)
Increase in other receivables	2,068	5,721
<b>Net cash flows generated from financing activities</b>	<b>9,209</b>	<b>5,507</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	533,757	(166,290)
Effects of exchange rate changes	2,055	(4,905)
Cash and cash equivalents at 1 October	3,110,551	2,196,611
<b>Cash and cash equivalents at 31 December</b>	<b>3,646,363</b>	<b>2,025,416</b>
Cash and cash equivalents at 31 December is represented by:		
Cash and cash equivalents	3,784,261	2,155,014
Borrowings - Bank overdraft	(137,898)	(129,598)
	<b>3,646,363</b>	<b>2,025,416</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2020.

## Notes to Interim Financial Report

### A. Explanatory Notes as required by Malaysian Financial Reporting Standard (“MFRS”) 134

#### A1. Statement of compliance

The interim financial report is unaudited and has been prepared in compliance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad’s (“Bursa Securities”) Main Market Listing Requirements.

#### A2. Accounting policies

The Interim Financial Report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 September 2020. The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the year ended 30 September 2020 except for the adoption of the following standards, interpretation and amendments to MFRSs:

##### ***MFRS, Interpretation and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2020***

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 *Definition of a Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

##### ***MFRS, Interpretation and Amendments to MFRSs effective for annual periods beginning on or after 17 August 2020***

- Amendments to MFRS 4 *Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS*

The application of these amendments to MFRSs has no significant effect to the financial statements of the Group.

#### A3. Seasonal and cyclical operations

The Group’s plantation operations are affected by seasonal crop production, weather conditions and fluctuations in commodity prices.

#### A4. Unusual items

There were no items affecting the assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidence.

#### A5. Material changes in estimates

There were no significant changes in the amounts of estimates reported in prior interim periods or prior financial years that have a material effect in the current interim period.

#### A6. Issuance and repayment of debt and equity securities

There were no issuances and repayments of debt securities, share buybacks, share cancellations or resale of treasury shares for the financial year to-date except for share buybacks of 1,506,500 shares in the Company from the open market. The average price paid for the shares repurchased was RM17.01 per share and the total consideration paid, including transaction costs, was RM25,675,069. The shares bought back were financed by internally generated funds and held as treasury shares.

#### A7. Dividends paid

No dividend has been paid during the current quarter ended 31 December 2020 (31 December 2019: Nil).

**A8. Segment information**

Segment information is presented in respect of the Group's reportable segments which are based on the Group's management and internal reporting structure.

a) Segment revenue and results

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>3 months ended</b>						
<b>31 December 2020</b>						
Revenue						
External revenue	1,809,467	2,430,918	53,431	142,249	-	4,436,065
Inter-segment revenue	330,619	-	-	254,851	(585,470)	-
Total revenue	<u>2,140,086</u>	<u>2,430,918</u>	<u>53,431</u>	<u>397,100</u>	<u>(585,470)</u>	<u>4,436,065</u>
Results						
Operating results	295,223	159,321	19,920	106,046	(7,080)	573,430
Finance costs	(2,132)	(11,740)	1	(56,507)	7,080	(63,298)
Share of results of associates	1,360	412	2,267	964	-	5,003
Share of results of joint ventures	9,327	-	-	488	-	9,815
Segment results	<u>303,778</u>	<u>147,993</u>	<u>22,188</u>	<u>50,991</u>	<u>-</u>	<u>524,950</u>
Profit before taxation						<u>524,950</u>
<b>3 months ended</b>						
<b>31 December 2019</b>						
Revenue						
External revenue	2,014,096	2,028,486	52,221	111,301	-	4,206,104
Inter-segment revenue	223,229	10	-	104,597	(327,836)	-
Total revenue	<u>2,237,325</u>	<u>2,028,496</u>	<u>52,221</u>	<u>215,898</u>	<u>(327,836)</u>	<u>4,206,104</u>
Results						
Operating results	173,263	112,347	12,895	66,956	(9,930)	355,531
Finance costs	(4,410)	(13,689)	(31)	(60,371)	9,930	(68,571)
Share of results of associates	1,961	301	711	30	-	3,003
Share of results of joint ventures	(1,075)	-	-	4,864	-	3,789
Segment results	<u>169,739</u>	<u>98,959</u>	<u>13,575</u>	<u>11,479</u>	<u>-</u>	<u>293,752</u>
Profit before taxation						<u>293,752</u>

b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2020</b>					
Operating assets	7,156,026	7,948,175	1,605,027	4,504,262	21,213,490
Associates	84,173	26,055	61,337	1,404,699	1,576,264
Joint ventures	147,858	-	-	137,174	285,032
Segment assets	<u>7,388,057</u>	<u>7,974,230</u>	<u>1,666,364</u>	<u>6,046,135</u>	<u>23,074,786</u>
Tax assets					453,457
Total assets					<u>23,528,243</u>
<b>At 30 September 2020</b>					
Operating assets	6,996,540	7,084,729	1,555,064	4,410,537	20,046,870
Associates	82,814	12,617	69,070	1,404,580	1,569,081
Joint ventures	142,784	-	-	136,406	279,190
Segment assets	<u>7,222,138</u>	<u>7,097,346</u>	<u>1,624,134</u>	<u>5,951,523</u>	<u>21,895,141</u>
Tax assets					439,685
Total assets					<u>22,334,826</u>

c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 December 2020</b>					
Segment liabilities	1,543,153	2,580,921	123,112	5,457,360	9,704,546
Tax liabilities					547,696
Dividend payable					357,996
Total liabilities					<u>10,610,238</u>
<b>At 30 September 2020</b>					
Segment liabilities	1,437,971	2,275,882	123,742	5,364,807	9,202,402
Tax liabilities					511,145
Total liabilities					<u>9,713,547</u>

**A9. Material events subsequent to end of period**

In the interval between the end of the reporting period and the date of this report, no material events have arisen which have not been reflected in the interim report except for the following:

- Following the placement of 3,140,000,000 new ordinary shares on 12 January 2021 by an associate, Equatorial Palm Oil Plc ("EPO"), the Group's equity interest in EPO decreased from 49.1% to 6.23%. Thereafter, EPO will become a simple investment of the Group. The dilution of the Group's equity interest in EPO is not expected to have any material impact on the issued share capital, net asset, gearing, substantial shareholdings and earnings of the Group for the financial year ending 30 September 2021.
- The proposed acquisition of 95% equity interest in PT Applied Agricultural Resources Indonesia ("AARI") by the Group's sub-subsidiary, KL-Kepong Plantation Holdings Sdn Bhd was completed on 29 January 2021. Following the completion, AARI is now a sub-subsidiary of the Group.

#### **A10. Changes in composition of the Group**

There were no other changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings and discontinued operations during the current quarter review except for the following:

On 11 December 2020, the Company had completed the acquisition of 94,449,487 ordinary shares in Chemical Company of Malaysia Berhad ("CCM"), representing 56.32% equity interest in CCM for a total consideration of RM292,793,409.70 ("Acquisition"). Following the completion of the Acquisition, the Company's shareholding in CCM has increased from 5,716,600 ordinary shares representing 3.41% equity interest to 100,166,087 ordinary shares representing 59.73% equity interest in CCM. Accordingly, CCM is now a subsidiary of the Company. The effect of the business combination has been reflected in this report using the latest available financial information of CCM as at 31 December 2020. All the income and expenses prior to this date would be accounted for as pre-acquisition reserve.

Thereafter, on 28 December 2020, the Company made an unconditional mandatory take-over offer for the remaining shares in CCM not already owned by the Company at an offer price of RM3.10 per CCM share pursuant to the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia. Upon the closing of the mandatory take-over offer on 2 February 2021 ("Closing Date"), the Company held 162,864,270 ordinary shares comprising a 97.12% equity interest in CCM. In accordance with Paragraph 16.02(3) of the Listing Requirements, Bursa Securities had suspended the trading of the CCM Shares on the Main Market of Bursa Securities upon the expiry of 5 market days from the Closing Date of the general offer on 10 February 2021. Thereafter, CCM was delisted from the Official List on the Main Market of Bursa Securities on 19 February 2021. On 5 February 2021, the Company also served the compulsory acquisition notice under Section 222(1) of the Capital Markets and Services Act 2007 to all dissenting shareholders notifying them of the Company's intention to compulsorily acquire all the remaining CCM Shares held by the dissenting shareholders.

The acquisition represents an opportunity for the Company to acquire an established chemicals and polymers manufacturer, which is complementary to the Group and is expected to strengthen the Group's existing business activities in the chemical sector with additional product portfolio and an increased regional market presence. The acquisition was funded by a combination of the Company's existing cash reserves and bank borrowings and will not have any material effect on the net assets, earnings and gearings of the Group for the financial year ending 30 September 2021.

#### **A11. Changes in contingent liabilities and contingent assets**

There were no material changes in the contingent liabilities or contingent assets since the last annual financial statements for the year ended 30 September 2020.

#### **A12. Capital commitments**

At the end of the reporting year, the Group's capital commitments were as follows:

	<b>At 31 December 2020 RM'000</b>	<b>At 30 September 2020 RM'000</b>
<b>Capital expenditure</b>		
Approved and contracted	327,286	323,620
Approved but not contracted	1,041,397	1,398,149
	<u>1,368,683</u>	<u>1,721,769</u>
<b>Acquisition of shares in sub-subsidiaries</b>		
Approved and contracted	740,260	765,196
	<u>740,260</u>	<u>765,196</u>
<b>Joint venture</b>		
Share of capital commitment of a joint venture	54,756	80,887
	<u>54,756</u>	<u>80,887</u>

**A13. Significant Related Party Transactions**

The significant related party transactions set out below were carried out in the normal course of business and on terms and conditions not more materially different from those obtainable in transactions with unrelated

	<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	
	<b>31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
a) Transactions with associates and joint ventures:		
Sales of goods	87,035	58,058
Purchase of goods	376,408	305,217
Service charges paid	643	513
Research and development services paid	3,515	3,560
b) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest:		
<b>Sales of goods</b>		
Chlor-Al Chemical Pte Ltd	147	2,387
Taiko Marketing (S) Pte Ltd	164	566
Taiko Marketing Sdn Bhd	52,242	63,007
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	1,010	992
<b>Purchases of goods</b>		
Borneo Taiko Clay Sdn Bhd	838	562
Bukit Katho Estate Sdn Bhd	1,521	1,145
Kampar Rubber & Tin Co Sdn Bhd	2,072	1,139
Malay Rubber Plantations (M) Sdn Bhd	2,141	1,460
PT Agro Makmur Abadi	26,564	16,375
PT Java Taiko Mineralindo	-	1,982
PT Safari Riau	11,620	8,945
Taiko Drum Industries Sdn Bhd	647	564
Taiko Marketing (S) Pte Ltd	6,528	4,526
Taiko Marketing Sdn Bhd	4,809	9,232
c) Transactions between subsidiaries and their non-controlling interests:		
<b>Sales of goods</b>		
Mitsubishi Corporation	-	10,535
Mitsui & Co Ltd	53,478	50,359
<b>Purchases of goods</b>		
Mitsubishi Gas Chemical Singapore Pte Ltd	2,509	3,768
PT Eka Dura Indonesia	-	12,341
PT Tanjung Sarana Lestari	386,748	398,946

**B. Explanatory Notes as required by the Bursa Securities' Listing Requirements**

**B1. Detailed analysis of performance**

**1<sup>st</sup> Quarter FY2021 vs 1<sup>st</sup> Quarter FY2020**

	<b>Quarter Ended</b>		<b>Changes %</b>
	<b>31 December</b>		
	<b>2020</b>	<b>2019</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	4,436,065	4,206,104	5.5
Segment results:			
Plantation	304,633	169,738	79.5
Manufacturing	149,595	98,959	51.2
Property development	22,901	13,575	68.7
Investment holding/Others	47,821	11,480	(316.6)
Profit before taxation	524,950	293,752	78.7

The Group's revenue for the current quarter was 5.5% higher at RM4,436.07 million (1Q2020: RM4,206.10 million) while the Group's profit before taxation was 78.7% higher at RM524.95 million (1Q2020: RM293.75 million). Comments on the respective business segments are as follows:

**Plantation's** profit was significantly higher by 79.5% to RM304.63 million (1Q2020: RM169.74 million) with higher CPO and PK selling prices, despite 10.2% lower in revenue at RM1,809.47 million (1Q2020: RM2,014.10 million) from lower CPO sales volume, and higher unrealised loss of RM39.02 million (1Q2020: RM27.25 million unrealised loss) arising from fair value changes on outstanding derivative contracts.

**Manufacturing** reported 51.2% higher profit of RM149.60 million (1Q2020: RM98.96 million) with 19.8% increase in revenue to RM2,430.92 million (1Q2020: RM2,028.49 million). The Oleochemical division registered a 66.9% higher current quarter's profit of RM129.22 million (1Q2020: RM77.42 million) from improved profits mainly contributed by Europe and China operations through better margins and sales volume, coupled with higher unrealised gain arising from fair value changes on outstanding derivatives contracts of RM12.56 million (1Q2020: RM4.72 million unrealised loss). The Industrial Chemical division posted a 31.3% lower profit at RM13.80 million (1Q2020: RM20.10 million) impacted by lower selling prices and sales volume of caustic soda.

**Property Development's** profit was 68.7% at RM22.90 million (1Q2020: RM13.58 million) with 2.3% higher revenue of RM53.43 million (1Q2020: RM52.22 million) from recognition of profits from projects with better margins.

**Investment Holdings/Others'** result mainly accounted for unrealised foreign currency exchange translation gain of RM51.06 million (1Q2020: RM26.25 million unrealised gain) on inter-company loans denominated in foreign currencies and Farming sector which posted a substantial increase in profit to RM47.14 million (1Q2020: RM8.12 million) from this harvest season with improved yield and higher cropped area, with better rainfall.

**B2. Comparison of current quarter's results to the preceding quarter**  
**1<sup>st</sup> Quarter FY2021 vs 4<sup>th</sup> Quarter FY2020**

	<b>Quarter Ended</b>		<b>Changes %</b>
	<b>31</b>	<b>30</b>	
	<b>December 2020</b>	<b>September 2020</b>	
	<b>RM'000</b>	<b>RM'000</b>	
Revenue	4,436,065	4,116,154	7.8
Segment results:			
Plantation	304,633	193,653	57.3
Manufacturing	149,595	130,677	14.5
Property development	22,901	29,743	(23.0)
Investment holding/Others	47,821	(24,231)	297.4
Profit before taxation	524,950	329,842	59.2

For the current quarter, the Group's profit before taxation was 59.2% higher at RM524.95 million as compared to RM329.84 million reported in the preceding quarter with a 7.8% higher revenue at RM4,436.07 million (4Q2020: RM4,116.15 million). Comments on the respective business segments are as follows:

**Plantation** recorded 57.3% higher profit of RM304.63 million (4Q2020: RM193.65 million) with 6.6% higher revenue at RM1,809.47 million (4Q2020: RM1,697.25 million) from stronger CPO and PK selling prices and unrealised foreign currency exchange translation gain of RM10.32 million (4Q2020: RM8.10 million unrealised loss) on an Indonesian subsidiary's USD loan. The increase in profit was offset by lower fair value gain of RM3.89 million (4Q2020: RM21.53 million gain) on unharvested FFB valuation and higher unrealised loss of RM39.02 million (4Q2020: RM27.18 million unrealised loss) arising from fair value changes on outstanding derivative contracts.

**Manufacturing's** profit was 14.5% higher at RM149.60 million (4Q2020: RM130.68 million) with a 5.6% higher revenue of RM2,430.92 million (4Q2020: RM2,303.06 million). The Oleochemical division recorded a higher profit of RM129.22 million (4Q2020: RM118.75 million) from higher sales volume. China operations had shown stronger performance from higher revenue with improved profit margins despite lower unrealised gain of RM12.56 million (4Q2020: RM17.91 million unrealised gain) arising from fair value changes on outstanding derivative contracts. The Industrial Chemical division posted a 17.9% higher profit at RM13.80 million (4Q2020: RM11.70 million) from higher sales volume of caustic soda.

**Property Development** recorded a decrease of 23.0% in profit to RM22.90 million (4Q2020: RM29.74 million) with 24.3% lower revenue of RM53.43 million (4Q2020: RM70.54 million).

**Investment Holdings/Others'** result mainly accounted for unrealised foreign currency exchange translation gain of RM51.06 million (4Q2020: RM54.32 million unrealised loss) on inter-company loans denominated in foreign currencies and Farming sector posted a profit of RM47.14 million (4Q2020: RM8.30 million loss). The previous quarter recognised a RM82.70 million surplus arising from sale of plantation land and government acquisitions and a RM21.15 million surplus on deemed disposal of a subsidiary.



**B3. Current year's prospects**

In view of current buoyant CPO and PK prices, the Group's Plantation segment profit will improve for the financial year 2021.

The Group Oleochemical division's performance has so far been satisfactory notwithstanding a challenging year, while the Group's Industrial Chemical division's performance has been impacted by lower caustic soda's selling prices but expects to improve.

Overall, the Group's profit will be higher for the financial year 2021.

**B4. Variance of actual profit from forecast profit**

The Group did not issue any forecast profit or profit guarantee during the current financial year to-date.

**B5. Income tax expense**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	30,647	28,793	30,647	28,793
Overseas taxation	68,677	41,949	68,677	41,949
	99,324	70,742	99,324	70,742
(Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	(309)	-	(309)	-
Overseas taxation	934	1,146	934	1,146
	625	1,146	625	1,146
Deferred tax				
Origination and reversal of temporary differences	(8,342)	(4,213)	(8,342)	(4,213)
Under provision in respect of previous years	903	8,690	903	8,690
	(7,439)	4,477	(7,439)	4,477
	92,510	76,365	92,510	76,365

**Reconciliation of effective taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	524,950	293,752	524,950	293,752
Taxation at Malaysia income tax rate of 24% (FY2019: 24%)	125,988	70,500	125,988	70,500
Effect of difference tax rates in foreign jurisdiction	(11,878)	(4,313)	(11,878)	(4,313)
Withholding tax on foreign dividend and interest income	3,498	5,804	3,498	5,804
Expenses not deductible for tax purposes	14,057	22,936	14,057	22,936
Tax exempt and non-taxable income	(19,601)	(23,482)	(19,601)	(23,482)
Tax incentives	(966)	(854)	(966)	(854)
Deferred tax (liabilities)/assets not recognised during the period	(4)	1,009	(4)	1,009
Recognised of previously unrecognised tax losses and unabsorbed capital allowances	(17,830)	(4,882)	(17,830)	(4,882)
Tax effect on associates' and joint ventures' results	(3,556)	(1,631)	(3,556)	(1,631)
Under provision of previous years tax expenses	625	1,146	625	1,146
Under provision of previous years deferred tax	903	8,690	903	8,690
Others	1,274	1,442	1,274	1,442
Tax expense	92,510	76,365	92,510	76,365

**B6. Status of corporate proposals**

There were no corporate proposals announced.

**B7. Group borrowings**

As at the end of the reporting period, the Group's borrowings were as follows:

	At 31 December 2020								
	Long Term		Short Term		Total Borrowings				
	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination			
	'000	RM'000	'000	RM'000	'000	RM'000			
<u>Secured</u>									
Term Loans	Euro	4,502	22,122	Euro	1,249	6,138	Euro	5,751	28,260
<u>Unsecured</u>									
Bank overdraft	-	-	-	Euro	28,065	137,898	Euro	28,065	137,898
Revolving credit	-	-	-	Euro	26,000	127,751	Euro	26,000	127,751
	-	-	-	AUD	6,800	21,048	AUD	6,800	21,048
	-	-	-	Rp	129,406,208	37,049	Rp	129,406,208	37,049
	-	-	-	GBP	39,000	214,539	GBP	39,000	214,539
	-	-	-	-	-	25,000	-	-	25,000
Trade financing	-	-	-	USD	38,649	155,465	USD	38,649	155,465
	-	-	-	-	-	376,265	-	-	376,265
Term loans	USD	68,500	276,148	USD	20,000	80,537	USD	88,500	356,685
	Euro	40,000	196,637	Euro	10,000	49,181	Euro	50,000	245,818
	-	-	57,283	-	-	119,847	-	-	177,130
Bankers' acceptance Islamic medium term notes	-	-	-	-	-	181,659	-	-	181,659
	-	-	5,100,000	-	-	-	-	-	5,100,000
<b>Total</b>			<b>5,652,190</b>			<b>1,532,377</b>			<b>7,184,567</b>

	At 31 December 2019								
	Long Term		Short Term		Total Borrowings				
	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination	Foreign Denomination	RM Denomination			
	'000	RM'000	'000	RM'000	'000	RM'000			
<u>Secured</u>									
Term Loans	Euro	5,751	26,392	Euro	1,240	5,688	Euro	6,991	32,080
Bankers' acceptance	-	-	-	-	-	11,153	-	-	11,153
<u>Unsecured</u>									
Bank overdraft	-	-	-	Euro	28,242	129,598	Euro	28,242	129,598
Revolving credit	-	-	-	Euro	5,000	22,944	Euro	5,000	22,944
	-	-	-	Rp	111,820,490	32,965	Rp	111,820,490	32,965
	-	-	-	Rmb	40,000	23,512	Rmb	40,000	23,512
	-	-	-	USD	3,400	13,913	USD	3,400	13,913
	-	-	-	GBP	45,000	244,372	GBP	45,000	244,372
	-	-	-	AUD	2,000	5,747	AUD	2,000	5,747
Trade financing	-	-	-	USD	70,561	288,735	USD	70,561	288,735
	-	-	-	-	-	165,527	-	-	165,527
Term loans	USD	75,000	307,171	-	-	-	USD	75,000	307,171
	Euro	50,000	229,464	Euro	25,500	117,018	Euro	75,500	346,482
Export credit refinancing	-	-	-	-	-	3,339	-	-	3,339
Bankers' acceptance Islamic medium term notes	-	-	-	-	-	319,406	-	-	319,406
	-	-	5,100,000	-	-	-	-	-	5,100,000
<b>Total</b>			<b>5,663,027</b>			<b>1,383,917</b>			<b>7,046,944</b>

Exchange Rates Applied	At 31 December	
	2020	2019
USD / RM	4.0225	4.0920
Euro / RM	4.9135	4.5888
Rp1,000/RM	0.2863	0.2948
RMB/RM	0.6163	0.5878
GBP/RM	5.5010	5.4305
AUD/RM	3.0953	2.8734

**B8. Derivative financial instruments**

The Group has entered into forward foreign exchange contracts as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign exchange on receipts and payments.

The commodity future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

As at 31 December 2020, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	<b>Contract / Notional value Net long/(short) RM'000</b>	<b>Fair value Net gains/(losses) RM'000</b>
a) Forward foreign exchange contracts:		
- Less than 1 year	(1,497,663)	26,449
- 1 year to 3 years	-	-
- More than 3 years	-	-
	<hr/>	<hr/>
b) Commodity futures contracts:		
- Less than 1 year	(2,907)	(40,160)
- 1 year to 3 years	-	-
- More than 3 years	-	-
	<hr/>	<hr/>

Derivative financial instruments are recognised at fair value on contract dates and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

For the current quarter ended 31 December 2020, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Since the previous financial year, there have been no changes to the Group's risk management objectives, policies and processes.

**B9. Fair value changes of financial liabilities**

The Group does not have any financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

**B10. Material Litigation**

There was no pending material litigation as at the date of this report.

**B11. Dividend**

a) The Directors do not recommend the payment of dividend for the first quarter ended 31 December 2020 (31 December 2019: Nil).

b) Total dividend for the current financial year to-date is Nil (31 December 2019: Nil).

**B12. Earnings Per Share**

*Basic earnings per share*

The earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of shares of the Company in issue during the period.

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Net profit for the period attributable to equity holders of the Company (RM'000)	191,351	103,432	191,351	103,432
Weighted average number of shares ('000)	397,246	392,394	397,246	392,394
Earnings per share (sen)	48.2	26.4	48.2	26.4

**B13. Audit report of preceding annual financial statements**

The auditors' report on the financial statements for the year ended 30 September 2020 was not subject to any qualifications.

**B14. Condensed Consolidated Statement of Profit or Loss**

Profit before taxation for the period is arrived at after charging/(crediting) the following items:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31 December</b>		<b>31 December</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Interest income	(16,215)	(36,061)	(16,215)	(36,061)
Dividend income	(9,827)	(7,135)	(9,827)	(7,135)
Other income	(165,176)	(105,353)	(165,176)	(105,353)
Interest expense	63,298	68,571	63,298	68,571
Depreciation and amortisation	160,441	163,189	160,441	163,189
Provision for and write off/(write back) of receivables	1,582	(25)	1,582	(25)
(Write back)/Provision for and write-off of inventories	(5,580)	2,621	(5,580)	2,621
Loss/(Surplus) on disposal of quoted or unquoted investment	21	(19)	21	(19)
Surplus on disposal of land	(294)	(304)	(294)	(304)
Foreign exchange gain	(76,864)	(27,315)	(76,864)	(27,315)
(Gain)/Loss on derivatives	(13,157)	39,661	(13,157)	39,661
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG  
YAP MIOW KIEN  
CHIEW CINDY  
Company Secretaries

25 February 2021