

BATU KAWAN BERHAD

196501000504 (6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
for the First Quarter ended 31 December 2022**

Directors are pleased to announce the unaudited financial results of the Group for the first quarter ended 31 December 2022.

Condensed Consolidated Statement of Profit or Loss For the First Quarter ended 31 December 2022

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			3 months ended		
	31 December			31 December		
	2022	2021	+ / (-)	2022	2021	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	6,988,313	7,100,886	(1.6)	6,988,313	7,100,886	(1.6)
Operating expenses	(6,550,910)	(6,173,520)	6.1	(6,550,910)	(6,173,520)	6.1
Other operating income	294,983	148,606	98.5	294,983	148,606	98.5
Finance costs	(110,368)	(82,673)	33.5	(110,368)	(82,673)	33.5
Net (impairment losses)/ reversal of impairment on financial assets	(534)	6,558	N/M	(534)	6,558	N/M
Share of results of associates	2,395	4,921	(51.3)	2,395	4,921	(51.3)
Share of results of joint ventures	9,142	16,202	(43.6)	9,142	16,202	(43.6)
Profit before taxation	633,021	1,020,980	(38.0)	633,021	1,020,980	(38.0)
Taxation	(125,624)	(296,383)	(57.6)	(125,624)	(296,383)	(57.6)
NET PROFIT FOR THE PERIOD	507,397	724,597	(30.0)	507,397	724,597	(30.0)
Profit attributable to:						
Equity holders of the Company	235,304	330,729	(28.9)	235,304	330,729	(28.9)
Non-controlling interests	272,093	393,868	(30.9)	272,093	393,868	(30.9)
	507,397	724,597	(30.0)	507,397	724,597	(30.0)
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	59.8	83.8		59.8	83.8	
Diluted	N/A	N/A		N/A	N/A	

N/M - Not meaningful

N/A - 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 2022.

Condensed Consolidated Statement of Other Comprehensive Income For the First Quarter ended 31 December 2022

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	507,397	724,597	507,397	724,597
Other comprehensive loss that will be reclassified subsequently to profit or loss				
Currency translation differences	(287,479)	(16,978)	(287,479)	(16,978)
Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instrument	(9,046)	43,323	(9,046)	43,323
Total other comprehensive (loss)/income for the period	(296,525)	26,345	(296,525)	26,345
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	210,872	750,942	210,872	750,942
Total comprehensive income attributable to:				
Equity holders of the Company	109,218	358,050	109,218	358,050
Non-controlling interests	101,654	392,892	101,654	392,892
	210,872	750,942	210,872	750,942

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Report for the year ended 30 September 2022.

**Condensed Consolidated Statement of Financial Position
As at 31 December 2022**

(The figures have not been audited.)

	At 31 December 2022	At 30 September 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	12,436,911	12,613,544
Right-of-use assets	1,368,620	1,401,384
Investment property	6,878	6,881
Inventories	1,992,459	1,991,597
Goodwill on consolidation	445,935	446,181
Intangible assets	93,646	100,193
Investments in associates	2,443,353	2,381,817
Investments in joint ventures	370,697	424,316
Other investments	787,914	782,365
Other receivable	408,086	428,863
Deferred tax assets	315,277	334,887
	<u>20,669,776</u>	<u>20,912,028</u>
Current assets		
Inventories	3,808,248	4,141,014
Biological assets	155,782	211,912
Trade and other receivables	3,295,394	2,937,027
Contract assets	98,946	83,186
Tax recoverable	99,345	61,192
Derivative financial assets	152,453	545,729
Short term funds	294,598	267,937
Cash and cash equivalents	3,507,661	3,201,583
	<u>11,511,617</u>	<u>11,449,580</u>
TOTAL ASSETS	<u>32,181,393</u>	<u>32,361,608</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2022.

Condensed Consolidated Statement of Financial Position
As at 31 December 2022

(The figures have not been audited.)

	At 31 December 2022	At 30 September 2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	2,025,783	2,232,372
Contract liabilities	164,177	142,625
Deferred income	8,639	8,628
Lease liabilities	23,993	25,630
Borrowings	3,060,337	2,682,318
Tax payable	136,379	157,557
Derivative financial liabilities	76,360	544,316
Dividend payable	804,875	-
	<u>6,300,543</u>	<u>5,793,446</u>
Net current assets	<u>5,211,074</u>	<u>5,656,134</u>
Non-current liabilities		
Deferred tax liabilities	1,166,380	1,167,024
Lease liabilities	152,419	158,527
Deferred income	88,045	90,149
Provision for retirement benefits	490,899	496,646
Borrowings	7,652,924	7,724,349
	<u>9,550,667</u>	<u>9,636,695</u>
Total liabilities	<u>15,851,210</u>	<u>15,430,141</u>
Net assets	<u>16,330,183</u>	<u>16,931,467</u>
Equity attributable to owners of the Company		
Share capital	507,587	507,587
Reserves	7,024,174	7,268,999
	<u>7,531,761</u>	<u>7,776,586</u>
Less: Cost of treasury shares	(113,109)	(109,400)
Total equity attributable to equity holders of the Company	<u>7,418,652</u>	<u>7,667,186</u>
Non-controlling interests	8,911,531	9,264,281
Total equity	<u>16,330,183</u>	<u>16,931,467</u>
TOTAL EQUITY AND LIABILITIES	<u>32,181,393</u>	<u>32,361,608</u>
Net assets per share attributable to equity holders of the Company (RM)	18.86	19.48

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Report for the year ended 30 September 2022.

Condensed Consolidated Statement of Changes in Equity For the First Quarter ended 31 December 2022

(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	Other reserve	Retained earnings			Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 October 2022	507,587	(109,400)	934,853	181,402	579,179	-	5,573,565	7,667,186	9,264,281	16,931,467
Total comprehensive income/(loss) for the period	-	-	2,558	(119,153)	(4,555)	-	230,368	109,218	101,654	210,872
Transactions with owners:										
Purchase of shares from non-controlling interests	-	-	-	-	-	-	-	-	(51)	(51)
Shares buy back	-	(3,709)	-	-	-	-	-	(3,709)	-	(3,709)
Dividend payable - FY2022 final	-	-	-	-	-	-	(354,043)	(354,043)	-	(354,043)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(3,521)	(3,521)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(450,832)	(450,832)
	-	(3,709)	-	-	-	-	(354,043)	(357,752)	(454,404)	(812,156)
At 31 December 2022	507,587	(113,109)	937,411	62,249	574,624	-	5,449,890	7,418,652	8,911,531	16,330,183

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2022.

Condensed Consolidated Statement of Changes in Equity For the First Quarter ended 31 December 2022

(The figures have not been audited.)

	← Attributable to equity holders of the Company →							Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve	Exchange fluctuation reserve	Fair value reserve	Other reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 October 2021	507,587	(83,334)	886,552	38,659	615,771	(443,155)	4,808,204	6,330,284	8,621,107	14,951,391
Total comprehensive income for the period	-	-	34,927	(3,186)	(27,967)	-	354,276	358,050	392,892	750,942
Transactions with owners:										
Purchase of shares from non-controlling interests	-	-	-	-	-	381,453	(12,252)	369,201	(420,099)	(50,898)
Effect of changes in shareholdings in subsidiaries	-	-	-	(1,215)	-	-	(24,249)	(25,464)	(40,812)	(66,276)
Acquisition through business combination	-	-	-	-	-	-	-	-	213,187	213,187
Shares buy back	-	(10,058)	-	-	-	-	-	(10,058)	-	(10,058)
Dividend payable - FY2021 final	-	-	-	-	-	-	(354,723)	(354,723)	-	(354,723)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(77,888)	(77,888)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(450,616)	(450,616)
	-	(10,058)	-	(1,215)	-	381,453	(391,224)	(21,044)	(776,228)	(797,272)
At 31 December 2021	507,587	(93,392)	921,479	34,258	587,804	(61,702)	4,771,256	6,667,290	8,237,771	14,905,061

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Report for the year ended 30 September 2022.

Condensed Consolidated Statement of Cash Flows As at 31 December 2022

(The figures have not been audited.)

	3 months ended 31 December	
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	633,021	1,020,980
Adjustments for:		
Non-cash items	212,061	198,235
Non-operating items	75,524	58,188
Operating cash flows before changes in working capital	920,606	1,277,403
Changes in working capital		
Net change in current assets	(20,881)	(31,075)
Net change in current liabilities	(228,217)	(7,661)
Cash flows generated from operations	671,508	1,238,667
Interest received	2,508	1,535
Interest paid	(53,565)	(42,449)
Tax paid	(171,508)	(244,354)
Retirement benefits paid	(11,102)	(9,601)
Net cash flows generated from operating activities	437,841	943,798
Cash flows from investing activities		
Purchase of property, plant and equipment	(338,381)	(335,153)
Purchase of right-of-use assets	(2,929)	(3,491)
Property development expenditure	(862)	(4,887)
Purchase of shares in subsidiaries, net of cash	-	(303,834)
Purchase of additional shares in a subsidiary	-	(62,736)
Purchase of shares in an associate	(16,050)	(247,911)
Purchase of shares in joint ventures	(2,179)	(17,519)
Purchase of shares from non-controlling interests	(51)	(850,759)
Purchase of other investments	(99,190)	(1)
Purchase of intangible assets	(176)	(137)
Proceeds from disposal of property, plant and equipment	1,463	2,488
Compensation from government on land acquired	42,036	3,451
Proceeds from disposal of other investments	-	67,360
Repayment from/(Advance to) joint ventures	47,012	(8,345)
Advances to investee companies	(756)	(14,849)
Net (placement)/withdrawal of short term funds	(29,166)	66,790
(Increase)/Decrease in other receivables	(3,938)	55,354
Dividends received	11,037	67,485
Interest received	14,675	10,268
Net cash flows used in investing activities	(377,455)	(1,576,426)

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2022.

Condensed Consolidated Statement of Cash Flows As at 31 December 2022

(The figures have not been audited.)

	3 months ended 31 December	
	2022	2021
	RM'000	RM'000
Cash flows from financing activities		
Drawdown of term loans	115,086	213,931
Repayment of term loans	(139,767)	(170,563)
Lease payments	(4,976)	(5,797)
Net drawdown of short term borrowings	318,304	465,100
Dividends paid to non-controlling interests	(3,521)	(77,888)
Shares buy back	(3,709)	(10,058)
Net cash flows generated from financing activities	281,417	414,725
Net increase/(decrease) in cash and cash equivalents	341,803	(217,903)
Effects of exchange rate changes	(60,315)	(3,313)
Cash and cash equivalents at beginning of year	3,031,289	3,405,994
Cash and cash equivalents at end of period	3,312,777	3,184,778
Cash and cash equivalents at 31 December is represented by:		
Deposits with licensed banks	981,469	984,209
Money market funds	1,353,541	573,008
Cash and bank balances	1,172,651	1,807,546
Bank overdrafts	(194,884)	(179,985)
	3,312,777	3,184,778

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Report for the year ended 30 September 2022.

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 2022. 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 2022 except for the adoption of the following standards, interpretation and amendments to MFRSs:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022

- *Annual Improvements to MFRS Standards 2018 - 2020*
- *Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)*
- *Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)*
- *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)*

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 180,900 shares in the Company from the open market. The average price paid for the shares repurchased was RM20.46 per share and the total consideration paid, including transaction costs, was RM3,708,788. 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 2022 (31 December 2021: 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
3 months ended						
31 December 2022						
Revenue						
External revenue	997,577	5,766,299	30,955	193,482	-	6,988,313
Inter-segment revenue	390,048	8,816	-	75,158	(474,022)	-
Total revenue	1,387,625	5,775,115	30,955	268,640	(474,022)	6,988,313
Results						
Operating results	342,881	319,182	9,646	71,589	(11,446)	731,852
Finance costs	(5,068)	(31,408)	(481)	(84,857)	11,446	(110,368)
Share of results of associates	536	1,874	(51)	36	-	2,395
Share of results of joint ventures	-	4,707	-	4,435	-	9,142
Segment results	338,349	294,355	9,114	(8,797)	-	633,021
Profit before taxation						633,021

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended						
31 December 2021						
Revenue						
External revenue	1,152,917	5,736,004	56,017	155,948	-	7,100,886
Inter-segment revenue	417,100	5,794	-	683,273	(1,106,167)	-
Total revenue	1,570,017	5,741,798	56,017	839,221	(1,106,167)	7,100,886
Results						
Operating results	627,311	373,059	17,236	72,105	(7,181)	1,082,530
Finance costs	(5,197)	(13,966)	-	(70,691)	7,181	(82,673)
Share of results of associates	1,469	948	1,590	914	-	4,921
Share of results of joint ventures	-	13,208	-	2,994	-	16,202
Segment results	623,583	373,249	18,826	5,322	-	1,020,980
Profit before taxation						1,020,980

b) Segment assets

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2022					
Operating assets	10,938,203	11,430,969	2,677,119	3,906,430	28,952,721
Associates	31,939	91,916	10,273	2,309,225	2,443,353
Joint ventures	-	149,132	-	221,565	370,697
Segment assets	<u>10,970,142</u>	<u>11,672,017</u>	<u>2,687,392</u>	<u>6,437,220</u>	<u>31,766,771</u>
Tax assets					414,622
Total assets					<u>32,181,393</u>
At 30 September 2022					
Operating assets	11,398,863	11,374,534	2,665,744	3,720,255	29,159,396
Associates	31,403	92,022	10,323	2,248,069	2,381,817
Joint ventures	-	215,962	-	208,354	424,316
Segment assets	<u>11,430,266</u>	<u>11,682,518</u>	<u>2,676,067</u>	<u>6,176,678</u>	<u>31,965,529</u>
Tax assets					396,079
Total assets					<u>32,361,608</u>

c) Segment liabilities

	Plantation	Manufacturing	Property Development	Investment Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2022					
Segment liabilities	1,450,057	4,060,352	186,358	8,046,809	13,743,576
Tax liabilities					1,302,759
Dividend payable					804,875
Total liabilities					<u>15,851,210</u>
At 30 September 2022					
Segment liabilities	1,401,752	4,482,483	187,452	8,033,873	14,105,560
Tax liabilities					1,324,581
Total liabilities					<u>15,430,141</u>

A9. Material Event Subsequent to Reporting Date

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.

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 under review.

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 2022.

A12. Capital commitments

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

	At 31 December 2022 RM'000	At 30 September 2022 RM'000
Capital expenditure		
Approved and contracted	1,061,368	835,989
Approved but not contracted	1,591,746	2,119,389
	<u>2,653,114</u>	<u>2,955,378</u>
Joint venture		
Share of capital commitment of a joint venture	<u>12,960</u>	<u>14,784</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

	3 months ended 31 December	
	2022 RM'000	2021 RM'000
a) Transactions with associates and joint ventures:		
Sales of goods	230,496	123,126
Purchase of goods	496,618	647,114
Service charges paid	354	401
Research and development services paid	<u>2,130</u>	<u>3,356</u>

	3 months ended	
	31 December	
	2022	2021
	RM'000	RM'000
b) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest:		
Sales of goods		
Chlor-Al Chemical Pte Ltd	5,120	3,316
Taiko Acid Works Sdn Bhd	3,007	2,690
Taiko Marketing (S) Pte Ltd	463	1,263
Taiko Marketing Sdn Bhd	64,945	80,136
Storage tanks rental received		
Taiko Marketing Sdn Bhd	1,123	1,125
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	1,733	1,063
Bukit Katho Estate Sdn Bhd	2,289	2,765
Kampar Rubber & Tin Co Sdn Bhd	3,063	3,745
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	3,113	1,005
Malay Rubber Plantations (M) Sdn Bhd	3,724	3,348
PT Agro Makmur Abadi	21,768	20,207
PT Java Taiko Mineralindo	123	1,159
PT Safari Riau	12,918	14,314
Taiko Clay Marketing Sdn Bhd	1,893	1,038
Taiko Drum Industries Sdn Bhd	513	1,064
Taiko Marketing (S) Pte Ltd	11,425	3,894
Taiko Marketing Sdn Bhd	16,847	13,958
Management fees paid		
Farming Management Services Pty Ltd	712	1,013
c) Transactions between subsidiaries and their non-controlling interests:		
Sales of goods		
Mitsui & Co Ltd	131,531	92,047
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	-	6,246
PT Kimia Tirta Utama	22,430	-
PT Sawit Asahan Indah	2,553	-
PT Tanjung Bina Lestari	3,426	-
PT Tanjung Sarana Lestari	352,520	541,951

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

B1. Detailed analysis of performance

1st Quarter FY2023 vs 1st Quarter FY2022

	Quarter Ended		Changes %
	31 December		
	2022	2021	
	RM'000	RM'000	
Revenue	6,988,313	7,100,886	(1.6)
Segment results:			
Plantation	338,349	623,583	(45.7)
Manufacturing	294,355	373,249	(21.1)
Property development	9,114	18,826	(51.6)
Investment holding/Others	(8,797)	5,322	(265.3)
Profit before taxation	633,021	1,020,980	(38.0)

The Group's pre-tax profit for the current quarter was 38.0% lower at RM633.02 million (1Q2022: RM1,020.98 million) whilst revenue was marginally lower at RM6.99 billion (1Q2022: RM7.10 billion). Comments on the respective business segments are as follows:

Notwithstanding higher CPO and PK sales volume, **Plantation's** profit was 45.7% lower at RM338.35 million (1Q2022: RM623.58 million) affected by lower CPO and PK selling prices, higher CPO production costs, a net loss of RM70.10 million (1Q2022: RM16.70 million gain) from fair value changes on outstanding derivative contracts and lower fair value gain of RM6.64 million (1Q2022: RM17.69 million gain) on valuation of unharvested fresh fruit bunches.

Manufacturing's profit dipped 21.1% to RM294.36 million (1Q2022: RM373.25 million) while revenue was flat at RM5.77 billion (1Q2022: RM5.74 billion) mainly due to lower profit contribution from Oleochemical division which was partially moderated by higher profit from refineries and kernel crushing operations. Industrial Chemical division's profit was 22.1% lower at RM41.50 million (1Q2022: RM53.30 million) from lower sales volume and higher production costs.

Property Development's profit decreased 51.6% to RM9.11 million (1Q2022: RM18.83 million) on 44.7% lower revenue at RM30.96 million (1Q2022: RM56.02 million).

Investment Holdings/Others' result had accounted for higher unrealised foreign currency exchange translation loss of RM45.33 million (1Q2022: RM4.21 million loss) on inter-company loans denominated in foreign currencies, moderated by RM42.69 million surplus (1Q2022: RM4.29 million surplus) on sale of land and government acquisition. Farming sector recorded a better profit at RM62.74 million (1Q2022: RM59.68 million) from higher crop production and better average selling prices for all crops sold.

B2. Comparison of current quarter's results to the preceding quarter
1st Quarter FY2023 vs 4th Quarter FY2022

	Quarter Ended		Changes %
	31 December 2022 RM'000	30 September 2022 RM'000	
Revenue	6,988,313	7,218,613	(3.2)
Segment results:			
Plantation	338,349	515,031	(34.3)
Manufacturing	294,355	201,772	45.9
Property development	9,114	18,929	(51.9)
Investment holding/Others	(8,797)	20,070	(143.8)
Profit before taxation	633,021	755,802	(16.2)

For the current quarter, the Group's pre-tax profit decreased 16.2% to RM633.02 million as compared to RM755.80 million reported in the preceding quarter, with 3.2% lower revenue at RM6.99 billion (4Q2022: RM7.22 billion). Comments on the respective business segments are as follows:

Plantation recorded 34.3% lower profit of RM338.35 million (4Q2022: RM515.03 million) from lower CPO and PK selling prices, higher CPO production cost and a RM70.10 million loss (4Q2022: RM107.80 million gain) from fair value changes on outstanding derivative contracts. However, the decrease in profit was partially moderated by increase in CPO and PK sales volumes and a RM6.64 million fair value gain (4Q2022: RM10.38 million loss) on valuation of unharvested fresh fruit bunches.

Notwithstanding 6.4% lower revenue at RM5.77 billion (4Q2022: RM6.16 billion), **Manufacturing's** profit surged 45.9% to RM294.36 million (4Q2022: RM201.77 million) mainly due to higher profit contributions from Oleochemical division, refineries and kernel crushing operations, while Industrial Chemical division's profit increased 10.1% to RM41.50 million (4Q2022: RM37.70 million) from higher caustic soda selling prices and sales volume.

Property Development recorded 51.9% lower profit at RM9.11 million (4Q2022: RM18.93 million) on 36.5% lower revenue of RM30.96 million (4Q2022: RM48.77 million).

Investment Holdings/Others' result mainly accounted for unrealised foreign currency exchange translation loss of RM45.33 million (4Q2022: RM1.48 million gain) on inter-company loans denominated in foreign currencies, but moderated by RM42.69 million surplus (4Q2022: RM1.44 million surplus) on sale of land and government acquisition. Farming sector recorded profit at RM62.74 million (4Q2022: RM6.40 million loss) from current harvested crops. Previous quarter had recognised a share of equity profit amounted to RM104.53 million from an overseas associate, Synthomer plc.

B3. Current year's prospects

For financial year 2023, the Group's Plantation financial performance is expected to soften, affected by weaker CPO prices and escalated input costs, notwithstanding that global vegetable oils demand are likely to remain strong due to lingering geopolitics situation. Focus will be on productivity and yield improvement initiatives with on-going replanting of the older aged plantings.

The Group's Manufacturing segment expects headwinds for financial year 2023 due to weaker consumer demand amidst global recessionary fears. The Oleochemical division remains focused on on-going operational efficiency initiatives to ensure delivering consistent quality and sustainable products to the market. The Group Industrial Chemical division will continue its plant upgrading works for financial year 2023.

In view of commodities price movements, escalated production costs and continuing uncertainties in the global economies, the Group expects its financial performance for the current financial year to be subdued compared to the previous financial year.

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. Taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	52,240	92,696	52,240	92,696
Overseas taxation	54,462	189,588	54,462	189,588
	<u>106,702</u>	<u>282,284</u>	<u>106,702</u>	<u>282,284</u>
(Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	(1,402)	4,327	(1,402)	4,327
Overseas taxation	15,529	4,834	15,529	4,834
	<u>14,127</u>	<u>9,161</u>	<u>14,127</u>	<u>9,161</u>
Deferred tax				
Origination and reversal of temporary differences	16,289	659	16,289	659
respect of previous years	(11,494)	4,279	(11,494)	4,279
	<u>4,795</u>	<u>4,938</u>	<u>4,795</u>	<u>4,938</u>
	<u>125,624</u>	<u>296,383</u>	<u>125,624</u>	<u>296,383</u>

Reconciliation of effective taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		3 months ended 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	633,021	1,020,980	633,021	1,020,980
Taxation at Malaysia income tax rate of 24% (FY2022: 24%)	151,925	245,035	151,925	245,035
Effect of different tax rates in foreign jurisdiction	(11,648)	(5,114)	(11,648)	(5,114)
Withholding tax on foreign dividend and interest income	4,423	71,238	4,423	71,238
Expenses not deductible for tax purposes	31,858	26,392	31,858	26,392
Tax exempt and non-taxable income	(29,949)	(16,958)	(29,949)	(16,958)
Tax incentives	(2,424)	(2,564)	(2,424)	(2,564)
Deferred tax assets not recognised during the period	656	34	656	34
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(20,716)	(30,203)	(20,716)	(30,203)
Tax effect on associates' and joint ventures' results	(2,769)	(5,071)	(2,769)	(5,071)
Under provision of tax expense in respect of previous years	14,127	9,161	14,127	9,161
(Over)/Under provision of deferred tax in respect of previous years	(11,494)	4,279	(11,494)	4,279
Others	1,635	154	1,635	154
Tax expense	125,624	296,383	125,624	296,383

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 2022								
	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	1,869	8,812	Euro	1,269	5,985	Euro	3,138	14,797
Banker's Acceptance		-	-	USD	1,582	6,956	USD	1,582	6,956
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	41,332	194,884	Euro	41,332	194,884
Revolving credit		-	-	Euro	45,000	212,180	Euro	45,000	212,180
		-	-	AUD	23,000	69,037	AUD	23,000	69,037
		-	-	GBP	27,000	143,899	GBP	27,000	143,899
		-	-		-	61,300		-	61,300
Trade financing		-	-	USD	72,009	317,200	USD	72,009	317,200
		-	-		-	533,692		-	533,692
Term loans	USD	42,650	187,969	USD	46,550	205,403	USD	89,200	393,372
	Euro	30,000	141,453	Euro	29,000	136,855	Euro	59,000	278,308
		-	-	RMB	103,000	65,776	RMB	103,000	65,776
		-	1,214,690		-	3,492		-	1,218,182
Banker's acceptance		-	-		-	595,178		-	595,178
Islamic medium term notes		-	6,100,000		-	500,000		-	6,600,000
Total		-	7,652,924		-	3,060,337		-	10,713,261

	At 31 December 2021								
	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	3,244	15,364	Euro	1,259	5,962	Euro	4,503	21,326
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	37,998	179,985	Euro	37,998	179,985
Revolving credit		-	-	Euro	45,000	213,151	Euro	45,000	213,151
		-	-	Rp	30,000,000	8,769	Rp	30,000,000	8,769
		-	-	AUD	25,000	75,625	AUD	25,000	75,625
		-	-	USD	50,000	210,639	USD	50,000	210,639
		-	-	GBP	44,178	249,038	GBP	44,178	249,038
		-	-		-	260,000		-	260,000
Trade financing		-	-	USD	73,911	307,915	USD	73,911	307,915
		-	-		-	512,217		-	512,217
Term loans	USD	111,050	463,085	USD	46,175	192,527	USD	157,225	655,612
	Euro	30,000	142,129	Euro	43,500	206,178	Euro	73,500	348,307
	JPY	3,148,320	114,010	JPY	524,720	19,002	JPY	3,673,040	133,012
	Rp	5,000,000	1,461	Rp	14,405,294	4,211	RMB	19,405,294	5,672
		-	1,307,740		-	29,237		-	1,336,977
Banker's acceptance		-	-		-	558,078		-	558,078
Islamic medium term notes		-	4,100,000		-	1,000,000		-	5,100,000
Total		-	6,143,789		-	4,032,534		-	10,176,323

Exchange Rates Applied	At 31 December	
	2022	2021
USD / RM	4.4050	4.1660
Euro / RM	4.7151	4.7367
Rp1,000/RM	0.2830	0.2923
RMB/RM	0.6386	0.6554
GBP/RM	5.3296	5.6371
AUD/RM	3.0016	3.0250
JPY100/RM	3.3594	3.6196

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 2022, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	Contract / Notional value Net long/(short)	Fair value Net gains/(losses)
	RM'000	RM'000
a) Forward foreign exchange contracts:		
- Less than 1 year	(1,963,355)	26,765
b) Commodity futures contracts:		
- Less than 1 year	(306,917)	49,328

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 period ended 31 December 2022, 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 2022 (31 December 2021: Nil).
- b) Total dividend for the current financial year to-date is Nil (31 December 2021: 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.

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2022	2021	2022	2021
Net profit for the period attributable to equity holders of the Company (RM'000)	235,304	330,729	235,304	330,729
Weighted average number of shares ('000)	393,506	394,440	393,506	394,440
Earnings per share (sen)	59.8	83.8	59.8	83.8

B13. Audit report of preceding annual financial statements

The auditors' report on the financial statements for the year ended 30 September 2022 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:

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(23,295)	(13,092)	(23,295)	(13,092)
Dividend income	(11,549)	(11,392)	(11,549)	(11,392)
Other income	(294,983)	(148,606)	(294,983)	(148,606)
Interest expense	110,368	82,673	110,368	82,673
Depreciation and amortisation	259,453	244,384	259,453	244,384
Provision for and write-off of receivables	1,178	14	1,178	14
(Write back)/Provision for and write-off of inventories	(9,233)	45,980	(9,233)	45,980
Surplus on disposal of land	(807)	(836)	(807)	(836)
Surplus arising from government acquisition of land	(41,882)	(3,451)	(41,882)	(3,451)
Foreign exchange loss/(gain)	149,222	(8,092)	149,222	(8,092)
Gain on derivatives	(10,639)	(80,966)	(10,639)	(80,966)
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG

YAP MIOW KIEN

CHIEW CINDY

Company Secretaries

22 February 2023