

BATU KAWAN BERHAD

196501000504 (6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
for the Third Quarter ended 30 June 2023**

Directors are pleased to announce the unaudited financial results of the Group for the third quarter ended 30 June 2023.

Condensed Consolidated Statement of Profit or Loss For the Third Quarter ended 30 June 2023

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			9 months ended		
	30 June			30 June		
	2023	2022	+ / (-)	2023	2022	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5,350,795	7,249,852	(26.2)	18,649,870	21,005,316	(11.2)
Operating expenses	(5,216,328)	(6,426,461)	(18.8)	(17,626,699)	(18,477,233)	(4.6)
Other operating income	102,710	86,623	18.6	564,400	369,940	52.6
Finance costs	(111,884)	(108,317)	3.3	(332,306)	(280,840)	18.3
Net (impairment losses)/reversals of impairment on financial assets	(42)	740	N/M	354	24,843	(98.6)
Share of results of associates	2,086	2,280	(8.5)	(152,884)	33,339	N/M
Share of results of joint ventures	(9,336)	2,796	N/M	(9,766)	13,911	N/M
Profit before taxation	118,001	807,513	(85.4)	1,092,969	2,689,276	(59.4)
Taxation	31,898	(158,032)	N/M	(174,359)	(645,360)	(73.0)
NET PROFIT FOR THE PERIOD	149,899	649,481	(76.9)	918,610	2,043,916	(55.1)
Profit attributable to:						
Equity holders of the Company	82,808	304,296	(72.8)	438,164	951,561	(54.0)
Non-controlling interests	67,091	345,185	(80.6)	480,446	1,092,355	(56.0)
	149,899	649,481	(76.9)	918,610	2,043,916	(55.1)
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	21.0	77.2		111.4	241.5	
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 Third Quarter ended 30 June 2023

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 June		30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the period	149,899	649,481	918,610	2,043,916
Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss				
Currency translation differences	631,847	36,995	591,370	13,508
Share of other comprehensive (loss)/income in associates	(25)	(654)	42,382	22,485
	<u>631,822</u>	<u>36,341</u>	<u>633,752</u>	<u>35,993</u>
Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instrument	(131,366)	(118,480)	(84,951)	73,886
Share of other comprehensive (loss)/ income in associates	-	-	(21,153)	19,544
Share of other comprehensive loss in joint ventures	(18)	-	(18)	-
	<u>(131,384)</u>	<u>(118,480)</u>	<u>(106,122)</u>	<u>93,430</u>
Total other comprehensive income/(loss) for the period	500,438	(82,139)	527,630	129,423
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	650,337	567,342	1,446,240	2,173,339
Total comprehensive income attributable to:				
Equity holders of the Company	318,873	266,112	695,906	1,025,913
Non-controlling interests	331,464	301,230	750,334	1,147,426
	<u>650,337</u>	<u>567,342</u>	<u>1,446,240</u>	<u>2,173,339</u>

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 30 June 2023

(The figures have not been audited.)

	At 30 June 2023	At 30 September 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	13,348,054	12,613,544
Right-of-use assets	1,397,098	1,401,384
Investment property	6,843	6,881
Inventories	2,012,250	1,991,597
Goodwill on consolidation	489,459	446,181
Intangible assets	81,359	100,193
Investments in associates	2,436,724	2,381,817
Investments in joint ventures	270,906	424,316
Other investments	807,497	782,365
Other receivables	466,861	428,863
Deferred tax assets	387,793	334,887
Derivative financial assets	1,565	-
	<u>21,706,409</u>	<u>20,912,028</u>
Current assets		
Inventories	3,281,977	4,141,014
Biological assets	181,406	211,912
Trade and other receivables	3,106,938	2,937,027
Contract assets	113,278	83,186
Tax recoverable	257,328	61,192
Derivative financial assets	78,000	545,729
Short term funds	23,293	267,937
Cash and cash equivalents	3,066,335	3,201,583
	<u>10,108,555</u>	<u>11,449,580</u>
TOTAL ASSETS	<u>31,814,964</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 30 June 2023

(The figures have not been audited.)

	At 30 June 2023	At 30 September 2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	2,110,067	2,232,372
Contract liabilities	188,466	142,625
Deferred income	8,664	8,628
Lease liabilities	24,981	25,630
Borrowings	2,243,131	2,682,318
Tax payable	60,550	157,557
Derivative financial liabilities	124,717	544,316
Dividend payable	191,440	-
	4,952,016	5,793,446
Net current assets	5,156,539	5,656,134
Non-current liabilities		
Deferred tax liabilities	1,121,989	1,167,024
Lease liabilities	154,371	158,527
Deferred income	83,833	90,149
Provision for retirement benefits	551,086	496,646
Borrowings	7,642,518	7,724,349
	9,553,797	9,636,695
Total liabilities	14,505,813	15,430,141
Net assets	17,309,151	16,931,467
Equity attributable to owners of the Company		
Share capital	507,587	507,587
Reserves	7,531,192	7,268,999
	8,038,779	7,776,586
Less: Cost of treasury shares	(113,109)	(109,400)
Total equity attributable to equity holders of the Company	7,925,670	7,667,186
Non-controlling interests	9,383,481	9,264,281
Total equity	17,309,151	16,931,467
TOTAL EQUITY AND LIABILITIES	31,814,964	32,361,608
Net assets per share attributable to equity holders of the Company (RM)	20.15	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 Third Quarter ended 30 June 2023

(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	-	-	7,076	306,796	(41,995)	-	424,029	695,906	750,334	1,446,240
Transactions with owners:										
Effect of changes in shareholdings in subsidiaries	-	-	(206)	(55)	(99)	-	(634)	(994)	(12,260)	(13,254)
Acquisition through business combination	-	-	-	-	-	-	-	-	13,179	13,179
Shares buy back	-	(6,105)	-	-	-	-	-	(6,105)	2,396	(3,709)
Employees' share grant scheme	-	2,396	-	-	-	-	-	2,396	3,433	5,829
Dividend paid - FY2022 final	-	-	-	-	-	-	(354,043)	(354,043)	-	(354,043)
Dividend payable - FY2023 interim	-	-	-	-	-	-	(78,676)	(78,676)	-	(78,676)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(525,118)	(525,118)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(112,764)	(112,764)
	-	(3,709)	(206)	(55)	(99)	-	(433,353)	(437,422)	(631,134)	(1,068,556)
At 30 June 2023	507,587	(113,109)	941,723	488,143	537,085	-	5,564,241	7,925,670	9,383,481	17,309,151

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 Third Quarter ended 30 June 2023

(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	-	-	41,743	19,437	(13,182)	-	977,915	1,025,913	1,147,426	2,173,339
Transactions with owners:										
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	10	10
Purchase of shares from non-controlling interests	-	-	-	5	-	385,831	(14,323)	371,513	(449,334)	(77,821)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	(6,400)	(6,400)
Effect of changes in shareholdings in subsidiaries	-	-	(193)	(1,108)	(108)	-	(31,547)	(32,956)	(45,855)	(78,811)
Acquisition through business combination	-	-	-	-	-	-	-	-	213,189	213,189
Expiry of unconditional mandatory takeover offer on acquisition of a subsidiary	-	-	-	-	-	60,149	-	60,149	65,866	126,015
Surplus on capital reduction	-	-	(2,243)	-	-	-	2,243	-	-	-
Shares buy back	-	(26,066)	-	-	-	-	-	(26,066)	-	(26,066)
Employees' share grant scheme	-	-	-	-	-	-	-	-	5,859	5,859
Dividend paid - FY2021 final	-	-	-	-	-	-	(354,688)	(354,688)	-	(354,688)
Dividend payable - FY2022 Interim	-	-	-	-	-	-	(78,712)	(78,712)	-	(78,712)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(592,617)	(592,617)
Dividends payable to non-controlling interests	-	-	-	-	-	-	-	-	(112,708)	(112,708)
	-	(26,066)	(2,436)	(1,103)	(108)	445,980	(477,027)	(60,760)	(921,990)	(982,750)
At 30 June 2022	507,587	(109,400)	925,859	56,993	602,481	2,825	5,309,092	7,295,437	8,846,543	16,141,980

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 30 June 2023

(The figures have not been audited.)

	9 months ended 30 June	
	2023	2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,092,969	2,689,276
Adjustments for:		
Non-cash items	958,427	938,456
Non-operating items	218,109	196,622
Operating cash flows before changes in working capital	2,269,505	3,824,354
Changes in working capital		
Net change in current assets	1,150,076	(1,699,094)
Net change in current liabilities	(310,195)	285,695
Cash flows generated from operations	3,109,386	2,410,955
Interest received	14,478	5,803
Interest paid	(291,397)	(209,966)
Tax paid	(572,303)	(697,180)
Retirement benefits paid	(35,714)	(38,669)
Net cash flows generated from operating activities	2,224,450	1,470,943
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,145,856)	(904,313)
Purchase of right-of-use assets	(12,640)	(11,905)
Property development expenditure	(20,653)	(7,750)
Purchase of shares in a subsidiary, net of cash	(106,650)	(303,834)
Purchase of shares in an associate	(17,885)	(305,956)
Purchase of shares in joint ventures	(8,262)	(23,296)
Purchase of shares from non-controlling interests	(12,127)	(962,123)
Purchase of other investments	(137,100)	(26,446)
Purchase of intangible assets	(548)	(625)
Proceeds from disposal of property, plant and equipment	8,139	9,198
Compensation from government on land acquired	42,372	4,123
Proceeds from disposal of other investments	104,528	67,894
Repayment from/(Advances to) joint ventures	140,203	(12,540)
Repayment from/(Advances to) investee companies	3,066	(28,706)
Net withdrawal/(placement) of short term funds	245,108	(159,245)
(Increase)/Decrease in other receivables	(13,702)	67,395
Dividends received	49,383	118,777
Interest received	49,901	27,646
Net cash flows used in investing activities	(832,723)	(2,451,706)

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 30 June 2023

(The figures have not been audited.)

	9 months ended 30 June	
	2023	2022
	RM'000	RM'000
Cash flows from financing activities		
Issuance of Islamic Medium Term Notes	-	2,500,000
Drawdown of term loans	166,670	813,383
Repayment of Islamic Medium Term Notes	(500,000)	-
Repayment of term loans	(503,608)	(993,552)
Lease payments	(26,286)	(21,687)
Net drawdown/(repayment) of short term borrowings	351,780	(394,686)
Dividends paid to shareholders of the Company	(354,043)	(354,688)
Dividends paid to non-controlling interests	(525,118)	(592,617)
Shares buy back	(3,709)	(26,066)
Capital reduction paid to a non-controlling interest	(1,127)	-
Redemption of redeemable preference shares from non-controlling interests	-	(6,400)
Issuance of shares to non-controlling interests	-	10
Net cash flows (used in)/generated from financing activities	(1,395,441)	923,697
Net decrease in cash and cash equivalents	(3,714)	(57,066)
Effects of exchange rate changes	38,760	25,736
Cash and cash equivalents at beginning of year	3,031,289	3,405,994
Cash and cash equivalents at end of period	3,066,335	3,374,664
Cash and cash equivalents at 30 June is represented by:		
Deposits with licensed banks	890,207	1,662,568
Money market funds	982,297	522,636
Cash and bank balances	1,193,831	1,379,293
Bank overdrafts	-	(189,833)
	3,066,335	3,374,664

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

	9 months ended 30 June	
	2023 RM'000	2022 RM'000
Dividends proposed in financial year ("FY") 2022, paid in FY 2023: Final 90 sen per share single tier	354,043	-
Dividends proposed in FY 2021, paid in FY 2022: Final 90 sen per share single tier	-	354,688
	354,043	354,688

Dividend was paid on the number of outstanding shares in issue and fully paid of 393,380,963 (2022: 394,097,363).

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
9 months ended 30 June 2023						
Revenue						
External revenue	2,600,274	15,601,734	150,095	297,767	-	18,649,870
Inter-segment revenue	1,298,919	25,393	-	877,163	(2,201,475)	-
Total revenue	3,899,193	15,627,127	150,095	1,174,930	(2,201,475)	18,649,870
Results						
Operating results	761,313	588,470	49,177	225,965	(37,000)	1,587,925
Finance costs	(14,602)	(102,547)	(1,685)	(250,472)	37,000	(332,306)
Share of results of associates	2,955	8,939	(30)	(164,748)	-	(152,884)
Share of results of joint ventures	-	(16,453)	-	6,687	-	(9,766)
Segment results	749,666	478,409	47,462	(182,568)	-	1,092,969
Profit before taxation						1,092,969

	Investment					
	Plantation	Manufacturing	Property Development	Holding/ Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended						
30 June 2022						
Revenue						
External revenue	3,234,321	17,378,851	146,427	245,717	-	21,005,316
Inter-segment revenue	1,326,742	36,028	-	1,224,666	(2,587,436)	-
Total revenue	4,561,063	17,414,879	146,427	1,470,383	(2,587,436)	21,005,316
Results						
Operating results	1,668,540	1,112,621	51,377	118,674	(28,346)	2,922,866
Finance costs	(12,162)	(55,671)	(458)	(240,895)	28,346	(280,840)
Share of results of associates	4,897	14,164	1,734	12,544	-	33,339
Share of results of joint ventures	-	6,654	-	7,257	-	13,911
Segment results	1,661,275	1,077,768	52,653	(102,420)	-	2,689,276
Profit before taxation						2,689,276

b) Segment assets

	Investment				
	Plantation	Manufacturing	Property Development	Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2023					
Operating assets	11,442,965	11,245,241	2,769,158	3,004,849	28,462,213
Associates	27,358	86,138	7,793	2,315,435	2,436,724
Joint ventures	-	91,735	-	179,171	270,906
Segment assets	11,470,323	11,423,114	2,776,951	5,499,455	31,169,843
Tax assets					645,121
Total assets					31,814,964
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	11,430,266	11,682,518	2,676,067	6,176,678	31,965,529
Tax assets					396,079
Total assets					32,361,608

c) Segment liabilities

	Investment				
	Plantation	Manufacturing	Property Development	Holding/ Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2023					
Segment liabilities	1,441,519	3,815,528	233,493	7,641,294	13,131,834
Tax liabilities					1,182,539
Dividend payable					191,440
Total liabilities					14,505,813
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					15,430,141

A9. Material Event Subsequent to Reporting Date

On 24 August 2023, the Company's subsidiary, Kuala Lumpur Kepong Berhad ("KLK"), entered into a strategic collaboration agreement with Boustead Holdings Berhad ("BHB") and Lembaga Tabung Angkatan Tentera ("LTAT") in relation to Boustead Plantation Berhad ("BPLANT"), which includes:

- (i) Proposed acquisition by KLK of a total of 739,199,966 ordinary shares in BPLANT, representing 33% and 1 share of the total issued shares of BPLANT from BHB for a cash consideration of RM1.146 billion or RM1.55 per BPLANT share ("Proposed Acquisition");
- (ii) Proposed mandatory take-over offer to acquire all the remaining BPLANT shares not already owned by KLK, BHB and LTAT (collectively, the "Joint Offerors") resulting from the Proposed Acquisition at a cash offer price of RM1.55 per BPLANT share ("Proposed Offer"); and
- (iii) Enhancing the operational efficiencies and crude palm oil yields of the plantations of BPLANT over the long term.

The proposed strategic collaboration is expected to strengthen the existing co-operation between KLK and BHB and further provide the KLK Group the long-term growth strategy for its plantation business.

The Proposed Acquisition and Proposed Offer will not have any effect on the Company's shareholding in KLK as they do not involve any issuance of new ordinary shares in KLK.

Barring any unforeseen circumstances, assuming the Proposed Acquisition and Proposed Offer is completed in the 4th quarter of 2023, the proposed strategic collaboration is expected to enhance the earnings and earnings per share of the Group for the financial year ending 30 September 2024.

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 30 June 2023	At 30 September 2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted	996,443	835,989
Approved but not contracted	1,179,705	2,119,389
	<u>2,176,148</u>	<u>2,955,378</u>
Joint venture		
Share of capital commitment of a joint venture	75,690	14,784
	<u>75,690</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 parties.

	Cumulative Quarter 9 months ended 30 June	
	2023 RM'000	2022 RM'000
a) Transactions with associates and joint ventures:		
Sales of goods	500,429	522,078
Purchase of goods	1,346,078	1,554,389
Service charges paid	1,774	1,038
Research and development services paid	13,057	10,468
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	22,973	11,160
Siam Taiko Marketing Co Ltd	900	3,393
Taiko Acid Works Sdn Bhd	7,820	8,307
Taiko Marketing (S) Pte Ltd	1,035	1,929
Taiko Marketing Sdn Bhd	182,106	241,217
Storage tanks rental received		
Taiko Marketing Sdn Bhd	3,435	3,413
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	4,855	2,803
Bukit Katho Estate Sdn Bhd	6,120	9,178
Kampar Rubber & Tin Co Sdn Bhd	8,800	12,095
Kekal & Deras Sdn Bhd	1,936	3,162
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	6,017	3,488
Malay Rubber Plantations (M) Sdn Bhd	10,399	14,792
PT Agro Makmur Abadi	59,537	92,080
PT Java Taiko Mineralindo	1,665	2,372
PT Safari Riau	29,818	43,164
Taiko Acid Works Sdn Bhd	2,154	691
Taiko Clay Marketing Sdn Bhd	5,217	2,858
Taiko Drum Industries Sdn Bhd	1,235	2,718
Taiko Marketing (S) Pte Ltd	40,917	21,653
Taiko Marketing Sdn Bhd	43,881	46,059
Management fees paid		
Farming Management Services Pty Ltd	2,141	2,455
Handling Charges paid		
Taiko Marketing Sdn Bhd	1,921	-
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	1,470	1,385
c) Transactions between subsidiaries and their non-controlling interests:		
Sales of goods		
Mitsui & Co Ltd	352,354	339,778
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	-	10,738
PT Tanjung Bina Lestari	10,393	-
PT Kimia Tirta Utama	23,254	-
PT Sawit Asahan Indah	2,645	-
PT Tanjung Bina Lestari	10,393	-
PT Tanjung Sarana Lestari	1,053,159	1,119,884

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

B1. Detailed analysis of performance

3rd Quarter FY2023 vs 3rd Quarter FY2022

	Quarter Ended		Changes %
	30 June		
	2023	2022	
	RM'000	RM'000	
Revenue	5,350,795	7,249,852	(26.2)
Segment results:			
Plantation	119,643	602,338	(80.1)
Manufacturing	(35,536)	266,829	N/M
Property development	19,490	17,637	10.5
Investment holding/Others	14,404	(79,291)	N/M
Profit before taxation	118,001	807,513	(85.4)

N/M - not meaningful

The Group's pre-tax profit for the current quarter was 85.4% lower at RM118.00 million (3Q2022: RM807.51 million) from a 26.2% lower revenue at RM5.35 billion (3Q2022: RM7.25 billion). Comments on the respective business segments are as follows:

Notwithstanding higher CPO volumes and a lower fair value loss of RM15.51 million (3Q2022: RM58.25 million loss) on unharvested fresh fruit bunches valuation, **Plantation's** profit was 80.1% lower at RM119.64 million (3Q2022: RM602.34 million) mainly due to lower CPO and PK selling prices, higher CPO production costs and a net loss of RM8.71 million (3Q2022: RM96.89 million net unrealised gain) from fair value changes on outstanding derivative contracts.

Manufacturing segment reported a loss of RM35.54 million (3Q2022: RM266.83 million profit) on the back of 26.1% lower revenue at RM4.52 billion (3Q2022: RM6.12 billion) mainly due to loss incurred in the Oleochemical division arising from eroded demand and profit margin; but moderated by the Industrial Chemical division's profit of RM39.40 million, a 32.2% lower than corresponding quarter of RM58.10 million from lower selling prices and higher production costs, despite higher sales volume.

Property Development's profit increased 10.5% to RM19.49 million (3Q2022: RM17.64 million) on 15.1% higher revenue at RM61.60 million (3Q2022: RM53.51 million).

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation gain of RM64.02 million (3Q2022: RM5.87 million loss) on inter-company loans and bank deposits denominated in foreign currencies, and lower interest expenses arising from drop in borrowings.

Todate 3rd Quarter FY2023 vs Totdate 3rd Quarter FY2022

	Todate Ended		Changes
	30 June		
	2023	2022	
	RM'000	RM'000	%
Revenue	18,649,870	21,005,316	(11.2)
Segment results:			
Plantation	749,667	1,661,275	(54.9)
Manufacturing	478,409	1,077,768	(55.6)
Property development	47,462	52,653	(9.9)
Investment holding/Others	(182,569)	(102,420)	N/M
Profit before taxation	1,092,969	2,689,276	(59.4)

N/M - not meaningful

The Group's pre-tax profit dropped by 59.4% to RM1.09 billion (Todate 3Q2022: RM2.69 billion) while revenue was 11.2% lower at RM18.65 billion (Todate 3Q2022: RM21.01 billion). Comments on the business segments are as follows:

Despite higher CPO and PK sales volumes, **Plantation's** profit slipped 54.9% to RM749.67 million (Todate 3Q2022: RM1.66 billion) on the back of lower revenue at RM2.60 billion (Todate 3Q2022: RM3.23 billion) mainly due to lower CPO and PK selling prices, higher CPO production cost, higher net loss of RM89.14 million (Todate 3Q2022: RM50.88 million net gain) from fair value changes on outstanding derivative contracts, and a RM24.65 million fair value loss (Todate 3Q2022: RM7.38 million loss) on unharvested fresh fruit bunches valuation.

Manufacturing reported 55.6% lower profit of RM478.41 million (Todate 3Q2022: RM1.08 billion) with 10.2% decrease in revenue to RM15.60 billion (Todate 3Q2022: RM17.38 billion) mainly due to lower profit contributions from Oleochemical division which was partially mitigated by higher profit from refineries and kernel crushing operations. Industrial Chemical division's profit was 32.3% lower at RM116.00 million (Todate 3Q2022: RM171.40 million) due to lower sales volumes and higher production costs.

Despite of a marginal increase in revenue to RM150.10 million (Todate 3Q2022: RM146.43 million), **Property Development's** profit was 9.9% lower at RM47.46 million (Todate 3Q2022: RM52.65 million) due to recognition of development profits from a newly launched phase with lower gross margin.

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation gain of RM37.63 million (Todate 3Q2022: RM1.37 million loss) on inter-company loans denominated in foreign currencies and a surplus of RM48.61 million (Todate 3Q2022: RM6.30 million) on sale of land and government acquisition. This segment's result was also affected by a share of equity loss of RM169.66 million (Todate 3Q2022: RM10.13 million profit) in 2Q2023 from an overseas associate, Synthomer plc which was mainly caused by non-operating charges incurred on impairment loss of a business division, amortisation of acquired intangibles, restructuring and site closure costs.

B2. Comparison of current quarter's results to the preceding quarter
2nd Quarter FY2023 vs 1st Quarter FY2023

	Quarter Ended		Changes
	30	31	
	June	March	
	2023	2023	%
	RM'000	RM'000	
Revenue	<u>5,350,795</u>	<u>6,310,762</u>	(15.2)
Segment results:			
Plantation	119,643	291,675	(59.0)
Manufacturing	(35,536)	219,590	N/M
Property development	19,490	18,858	3.4
Investment holding/Others	<u>14,404</u>	<u>(188,176)</u>	N/M
Profit before taxation	<u>118,001</u>	<u>341,947</u>	(65.5)

N/M - not meaningful

For the current quarter, the Group's pre-tax profit decreased by 65.5% to RM118.00 million as compared to RM341.95 million reported in the preceding quarter, with 15.2% lower revenue at RM5.35 billion (2Q2023: RM6.31 billion). Comments on the respective business segments are as follows:

Plantation recorded 59.0% lower profit of RM119.64 million (2Q2023: RM291.68 million) mainly from lower selling prices and sales volume in CPO and PK, coupled with higher CPO production cost.

Manufacturing segment recorded a loss of RM35.54 million (2Q2023: RM219.59 million profit) on 14.9% lower revenue at RM4.52 billion (2Q2023: RM5.31 billion) mainly due to losses registered by Oleochemical division, refineries and kernel crushing operations; but moderated by the Industrial Chemical division's profit of RM39.40 million (2Q2023: RM35.10 million), a 12.3% higher than preceding quarter, from higher sales volume and lower production costs.

Property Development's profit increased 3.4% to RM19.49 million (2Q2023: RM18.86 million) on 7.1% higher revenue of RM61.60 million (2Q2023: RM57.54 million).

Included in **Investment Holdings/Others** was unrealised foreign currency exchange translation gain of RM64.02 million (2Q2023: RM35.97 million gain) on inter-company loans and bank deposits denominated in foreign currencies. The preceding quarter has accounted for a share of equity loss of RM169.66 million from an overseas associate, Synthomer plc which was mainly caused by non-operating charges incurred on impairment loss of a business division, amortisation of acquired intangibles, restructuring and site closure costs.

B3. Current year's prospects

Crude palm oil ("CPO") prices recovered in recent weeks to near RM4,000 per tonne on El-Nino fears and alongside rising oilseeds prices. Market sentiments in the coming months will depend on weather conditions as El-Nino advances. Despite higher FFB production, the Group's Plantation results are significantly lower compared to the same period last year due to lower prices and higher production costs, with increased input costs from fertilisers, chemicals and energy.

The Group's Manufacturing segment, particularly Oleochemical's businesses in Europe and China, remain challenged with weakness in consumer demand. The Group's Industrial Chemical division also faces product price declines, and higher energy and raw materials costs.

Overall, the Group's financial performance is expected to be significantly lower for the financial year 2023 compared to the previous financial year. However, the result of the 4th quarter is expected to be better.

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 30 June		9 months ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	44,134	106,101	145,141	286,516
Overseas taxation	27,887	91,864	145,294	394,122
	<u>72,021</u>	<u>197,965</u>	<u>290,435</u>	<u>680,638</u>
(Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	(45,804)	(32,060)	(47,206)	(27,905)
Overseas taxation	2,912	2,254	18,964	20,812
	<u>(42,892)</u>	<u>(29,806)</u>	<u>(28,242)</u>	<u>(7,093)</u>
Deferred tax				
Origination and reversal of temporary differences	(59,405)	(34,044)	(74,661)	(46,908)
(Over)/Under provision in respect of previous years	(1,622)	23,917	(13,173)	18,723
	<u>(61,027)</u>	<u>(10,127)</u>	<u>(87,834)</u>	<u>(28,185)</u>
	<u>(31,898)</u>	<u>158,032</u>	<u>174,359</u>	<u>645,360</u>

Reconciliation of effective taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 June		9 months ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	118,001	807,513	1,092,969	2,689,276
Taxation at Malaysia income tax rate of 24% (FY2022: 24%)	28,321	193,803	262,313	645,426
Effect of different tax rates in foreign jurisdiction	(4,379)	(36,173)	(28,764)	(54,797)
Withholding tax on foreign dividend and interest income	13,730	3,990	26,346	87,206
Expenses not deductible for tax purposes	18,743	17,790	62,645	56,328
Tax exempt and non-taxable income	(45,698)	(16,897)	(131,688)	(45,557)
Tax incentives	(9,967)	(6,533)	(14,249)	(11,792)
Deferred tax assets not recognised during the period	8,224	2,825	8,224	2,873
Reversal/(Utilisation) of previously unrecognised tax losses and unabsorbed capital allowances	6,540	(12,284)	(8,244)	(58,528)
Expiry of tax losses	-	4,020	-	4,020
Tax effect on associates' and joint ventures' results	1,740	(1,274)	39,036	(11,396)
Recognition of deferred tax assets not taken up previously	-	(4,393)	-	(4,393)
Over provision of tax expense in respect of previous years	(42,892)	(29,806)	(28,242)	(7,093)
(Over)/Under provision of deferred tax in respect of previous years	(1,622)	23,917	(13,173)	18,723
Prosperity tax	-	21,731	-	21,731
Others	(4,638)	(2,684)	155	2,609
Tax expense	(31,898)	158,032	174,359	645,360

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 30 June 2023								
	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	1,987	10,121	Euro	1,490	7,589	Euro	3,477	17,710
<u>Unsecured</u>									
Revolving credit		-	-	Euro	80,000	407,456	Euro	80,000	407,456
		-	-	AUD	12,000	37,343	AUD	12,000	37,343
		-	-	GBP	17,000	100,818	GBP	17,000	100,818
		-	-	USD	8,200	38,182	USD	8,200	38,182
		-	-			91,950			91,950
Trade financing		-	-	USD	28,302	132,102	USD	28,302	132,102
		-	-			873,585			873,585
Term loans	USD	30,000	140,025	USD	40,500	189,063	USD	70,500	329,088
	Euro	35,244	179,504	Euro	2,911	14,827	Euro	38,155	194,331
		-	1,212,868			3,299			1,216,167
Export Credit Refinancing		-	-			618			618
Banker's acceptance		-	-			346,299			346,299
Islamic medium term notes		-	6,100,000			-			6,100,000
Total		-	7,642,518		-	2,243,131		-	9,885,649

	At 30 June 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	2,611	12,062	Euro	1,263	5,839	Euro	3,874	17,901
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	41,084	189,833	Euro	41,084	189,833
Revolving credit		-	-	Euro	40,000	184,824	Euro	40,000	184,824
		-	-	AUD	14,000	42,592	AUD	14,000	42,592
		-	-	GBP	15,000	80,505	GBP	15,000	80,505
		-	-			51,650			51,650
Trade financing		-	-	USD	73,699	324,827	USD	73,699	324,827
		-	-			434,742			434,742
Term loans	USD	70,350	309,599	USD	59,000	259,696	USD	129,350	569,295
		-	-	Euro	73,500	338,925	Euro	73,500	338,925
	JPY	1,574,160	50,790	JPY	1,049,440	33,860	JPY	2,623,600	84,650
		-	-	RMB	84,000	55,272	RMB	84,000	55,272
		-	1,216,396			11,909			1,228,305
Banker's acceptance		-	-			413,441			413,441
Islamic medium term notes		-	6,100,000			1,500,000			7,600,000
Total		-	7,688,847		-	3,927,915		-	11,616,762

Exchange Rates Applied	At 30 June	
	2023	2022
USD / RM	4.6675	4.4075
Euro / RM	5.0932	4.6206
Rp1,000/RM	0.3113	0.2959
RMB/RM	0.6436	0.6580
GBP/RM	5.9305	5.3670
AUD/RM	3.1119	3.0423
JPY100/RM	3.2338	3.2469

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.

The interest rate swap contracts are entered into to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments.

The commodity swap contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movement in the methane gas futures.

As at 30 June 2023, the values and maturity analysis of the outstanding derivatives of the Group are as follows:

	Contract / Notional value Net long/(short) RM'000	Fair value Net gains/(losses) RM'000
a) Forward foreign exchange contracts:		
- Less than 1 year	(1,386,341)	(32,350)
b) Commodity futures contracts:		
- Less than 1 year	(580,232)	(14,986)
c) Interest rate swap contracts		
- Less than 1 year	9,262	284
- 1 year to 3 years	12,987	569
- more than 3 years	5,792	996
d) Commodity swap contracts:		
- Less than 1 year	1,653	335

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 30 June 2023, 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 any dividend for the quarter ended 30 June 2023.

An interim single tier dividend of 20 sen per share (2022: 20 sen) was declared by the Directors on 24 May 2023 and was paid on 3 August 2023.

b) Total dividend for the current financial year to-date is single tier dividend of 20 sen per share (2022: 20 sen).

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		9 months ended	
	30 June		30 June	
	2023	2022	2023	2022
Net profit for the period attributable to equity holders of the Company (RM'000)	82,808	304,296	438,164	951,561
Weighted average number of shares ('000)	393,423	394,056	393,423	394,056
Earnings per share (sen)	21.0	77.2	111.4	241.5

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		9 months ended	
	30 June		30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(25,171)	(20,465)	(73,944)	(49,154)
Dividend income	(24,774)	(18,950)	(40,254)	(35,065)
Other income	(35,680)	(4,683)	(170,292)	(73,885)
Interest expense	111,884	108,317	332,306	280,840
Depreciation and amortisation	266,758	255,036	785,514	769,863
Provision for and write-off of receivables	20	2	1,203	16
Provision for and write-off of inventories	46,638	125,701	12,441	210,942
Surplus on disposal of land	(3,767)	(864)	(6,391)	(2,254)
Surplus arising from government acquisition of land	(336)	(570)	(42,218)	(4,049)
Impairment of property, plant and equipment	-	11,205	-	11,205
Foreign exchange (gain)/loss	(27,340)	1,585	61,632	(47,571)
Loss/(Gain) on derivatives	36,611	(17,333)	(37,754)	(87,464)
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG

YAP MIOW KIEN

CHIEW CINDY

Company Secretaries

24 Aug 2023