

BATU KAWAN BERHAD

196501000504 (6292-U)
(Incorporated in Malaysia)

**Interim Financial Report
for the year ended 30 September 2023**

Directors are pleased to announce the unaudited financial results of the Group for the year ended 30 September 2023.

Condensed Consolidated Statement of Profit or Loss For the year ended 30 September 2023

(The figures have not been audited.)

	Individual Quarter			Cumulative Quarter		
	3 months ended			Year ended		
	30 September			30 September		
	2023	2022	+ / (-)	2023	2022	+ / (-)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	6,003,527	7,218,613	(16.8)	24,653,397	28,223,929	(12.7)
Operating expenses	(5,639,969)	(6,636,756)	(15.0)	(23,266,668)	(25,113,989)	(7.4)
Other operating income	13,072	149,950	(91.3)	577,472	519,890	11.1
Finance costs	(108,956)	(116,367)	(6.4)	(441,262)	(397,207)	11.1
Net (impairment losses)/reversals of						
impairment on financial assets	(59,556)	(11,357)	*	(59,202)	13,486	N/M
Share of results of associates	(16,734)	114,964	N/M	(169,618)	148,303	N/M
Share of results of joint ventures	(5,653)	36,755	N/M	(15,419)	50,666	N/M
Profit before taxation	185,731	755,802	(75.4)	1,278,700	3,445,078	(62.9)
Taxation	(18,548)	(215,492)	(91.4)	(192,907)	(860,852)	(77.6)
NET PROFIT FOR THE PERIOD/YEAR	167,183	540,310	(69.1)	1,085,793	2,584,226	(58.0)
Profit attributable to:						
Equity holders of the Company	52,753	222,785	(76.3)	490,917	1,174,346	(58.2)
Non-controlling interests	114,430	317,525	(64.0)	594,876	1,409,880	(57.8)
	167,183	540,310	(69.1)	1,085,793	2,584,226	(58.0)
Earnings per share for profit attributable to equity holders of the Company (sen)						
Basic	13.4	56.6		124.8	298.1	
Diluted	N/A	N/A		N/A	N/A	

* More than 100%

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 year ended 30 September 2023

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		Year ended	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net profit for the period/year	167,183	540,310	1,085,793	2,584,226
Other comprehensive (loss)/income that will be reclassified subsequently to profit or loss				
Currency translation differences	(205,758)	169,319	385,612	182,827
Share of other comprehensive (loss)/income in associates	(83,193)	90,125	(40,811)	112,610
	<u>(288,951)</u>	<u>259,444</u>	<u>344,801</u>	<u>295,437</u>
Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss				
Net change in fair value of equity instrument	34,083	(47,580)	(50,868)	26,306
Share of other comprehensive income/(loss) in associates	6,437	43,876	(14,716)	63,420
Share of other comprehensive loss in joint ventures	-	-	(18)	-
Remeasurement of defined benefit plans	(12,486)	71,573	(12,486)	71,573
	<u>28,034</u>	<u>67,869</u>	<u>(78,088)</u>	<u>161,299</u>
Total other comprehensive (loss)/income for the period/year	(260,917)	327,313	266,713	456,736
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD/YEAR	(93,734)	867,623	1,352,506	3,040,962
Total comprehensive (loss)/ income attributable to:				
Equity holders of the Company	(67,606)	378,629	628,300	1,404,542
Non-controlling interests	(26,128)	488,994	724,206	1,636,420
	<u>(93,734)</u>	<u>867,623</u>	<u>1,352,506</u>	<u>3,040,962</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 September 2023

(The figures have not been audited.)

	At 30 September 2023	At 30 September 2022
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	13,434,647	12,613,544
Right-of-use assets	1,386,506	1,401,384
Investment property	30,372	6,881
Inventories	2,012,424	1,991,597
Goodwill on consolidation	461,665	446,181
Intangible assets	110,144	100,193
Investments in associates	2,317,427	2,381,817
Investments in joint ventures	242,282	424,316
Other investments	922,278	782,365
Other receivables	401,069	428,863
Deferred tax assets	492,716	334,887
Derivative financial assets	1,249	-
	<u>21,812,779</u>	<u>20,912,028</u>
Current assets		
Inventories	3,038,795	4,141,014
Biological assets	222,324	211,912
Trade and other receivables	3,638,516	2,937,027
Contract assets	74,489	83,186
Tax recoverable	236,006	61,192
Derivative financial assets	48,152	545,729
Short term funds	119,415	267,937
Cash and cash equivalents	2,717,057	3,201,583
	<u>10,094,754</u>	<u>11,449,580</u>
TOTAL ASSETS	<u>31,907,533</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 September 2023

(The figures have not been audited.)

	At 30 September 2023	At 30 September 2022
	RM'000	RM'000
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	2,088,432	2,232,372
Contract liabilities	135,224	142,625
Deferred income	8,656	8,628
Lease liabilities	28,306	25,630
Borrowings	2,894,693	2,682,318
Tax payable	42,022	157,557
Derivative financial liabilities	62,165	544,316
	5,259,498	5,793,446
Net current assets	4,835,256	5,656,134
Non-current liabilities		
Deferred tax liabilities	1,146,043	1,167,024
Lease liabilities	155,219	158,527
Deferred income	81,633	90,149
Provision for retirement benefits	552,739	496,646
Derivative financial liabilities	21	-
Borrowings	7,514,568	7,724,349
	9,450,223	9,636,695
Total liabilities	14,709,721	15,430,141
Net assets	17,197,812	16,931,467
Equity attributable to owners of the Company		
Share capital	507,587	507,587
Reserves	7,459,437	7,268,999
	7,967,024	7,776,586
Less: Cost of treasury shares	(113,109)	(109,400)
Total equity attributable to equity holders of the Company	7,853,915	7,667,186
Non-controlling interests	9,343,897	9,264,281
Total equity	17,197,812	16,931,467
TOTAL EQUITY AND LIABILITIES	31,907,533	32,361,608
Net assets per share attributable to equity holders of the Company (RM)	19.97	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 year ended 30 September 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	Retained earnings			Total
	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	-	-	6,107	171,593	(26,032)	476,632	628,300	724,206	1,352,506
Transactions with owners:									
Effect of changes in shareholdings in subsidiaries	-	-	(206)	(55)	(99)	(4,783)	(5,143)	(15,664)	(20,807)
Acquisition through business combination	-	-	-	-	-	-	-	15,927	15,927
Shares buy back	-	(3,709)	-	-	-	-	(3,709)	-	(3,709)
Employees' share grant scheme	-	-	-	-	-	-	-	5,830	5,830
Dividend paid - FY2022 final	-	-	-	-	-	(354,043)	(354,043)	-	(354,043)
Dividend paid - FY2023 interim	-	-	-	-	-	(78,676)	(78,676)	-	(78,676)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(650,683)	(650,683)
	-	(3,709)	(206)	(55)	(99)	(437,502)	(441,571)	(644,590)	(1,086,161)
At 30 September 2023	507,587	(113,109)	940,754	352,940	553,048	5,612,695	7,853,915	9,343,897	17,197,812

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 year ended 30 September 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	-	-	48,794	142,883	(36,484)	-	1,249,349	1,404,542	1,636,420	3,040,962
Transactions with owners:										
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	10	10
Purchase of shares from non-controlling interests	-	-	-	(683)	-	383,633	(13,054)	369,896	(482,887)	(112,991)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	(6,400)	(6,400)
Effect of changes in shareholdings in subsidiaries	-	-	(493)	543	(108)	-	(37,534)	(37,592)	(41,486)	(79,078)
Acquisition through business combination	-	-	-	-	-	-	-	-	213,189	213,189
Expiry of unconditional mandatory takeover offer on acquisition of a subsidiary	-	-	-	-	-	59,522	-	59,522	66,068	125,590
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	-	-	-	-	-	-	-	-	(747,599)	(747,599)
	-	(26,066)	(493)	(140)	(108)	443,155	(483,988)	(67,640)	(993,246)	(1,060,886)
At 30 September 2022	507,587	(109,400)	934,853	181,402	579,179	-	5,573,565	7,667,186	9,264,281	16,931,467

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 September 2023

(The figures have not been audited.)

	Year ended 30 September	
	2023	2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	1,278,700	3,445,078
Adjustments for:		
Non-cash items	1,336,259	1,161,739
Non-operating items	298,101	286,005
Operating cash flows before changes in working capital	2,913,060	4,892,822
Changes in working capital		
Net change in current assets	755,925	(929,981)
Net change in current liabilities	(307,278)	304,421
Cash flows generated from operations	3,361,707	4,267,262
Interest received	17,286	9,110
Interest paid	(456,503)	(399,473)
Tax paid	(682,005)	(943,738)
Retirement benefits paid	(52,723)	(52,042)
Net cash flows generated from operating activities	2,187,762	2,881,119
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,661,377)	(1,308,506)
Purchase of right-of-use assets	(14,695)	(15,470)
Property development expenditure	(20,827)	(8,695)
Purchase of shares in a subsidiary, net of cash	(108,892)	(303,834)
Purchase of additional shares in a subsidiary	-	(75,270)
Purchase of shares in associates	(21,324)	(479,062)
Purchase of shares in joint ventures	(9,630)	(26,023)
Purchase of shares from non-controlling interests	(19,954)	(922,449)
Purchase of other investments	(244,494)	(27,823)
Purchase of investment property	(23,503)	-
Purchase of intangible assets	(1,755)	(1,151)
Proceeds from disposal of property, plant and equipment	9,382	11,568
Proceeds from disposal of a business line	79,334	-
Compensation from government on land acquired	42,372	4,123
Proceeds from disposal of subsidiaries	-	1,964
Proceeds from disposal of other investments	104,528	67,875
Repayment from/(Advances to) joint ventures	174,114	(12,767)
Repayment from/(Advances to) investee companies	5,970	(29,423)
Net withdrawal of short term funds	148,833	3,982
(Increase)/Decrease in other receivables	(15,436)	44,298
Dividends received	57,540	245,181
Interest received	65,609	45,718
Net cash flows used in investing activities	(1,454,205)	(2,785,764)

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 September 2023

(The figures have not been audited.)

	Year ended 30 September	
	2023	2022
	RM'000	RM'000
Cash flows from financing activities		
Issuance of Islamic Medium Term Notes	-	2,500,000
Drawdown of term loans	238,240	1,060,638
Repayment of Islamic Medium Term Notes	(500,000)	(1,000,000)
Repayment of term loans	(534,607)	(1,549,663)
Lease payments	(32,600)	(26,803)
Net drawdown/(repayment) of short term borrowings	768,845	(302,217)
Dividends paid to shareholders of the Company	(432,719)	(433,400)
Dividends paid to non-controlling interests	(650,683)	(747,599)
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 financing activities	(1,148,360)	(531,500)
Net decrease in cash and cash equivalents	(414,803)	(436,145)
Effects of exchange rate changes	16,442	61,440
Cash and cash equivalents at beginning of year	3,031,289	3,405,994
Cash and cash equivalents at end of year	2,632,928	3,031,289
Cash and cash equivalents at 30 September is represented by:		
Deposits with licensed banks	674,654	1,350,479
Money market funds	656,498	926,914
Cash and bank balances	1,385,905	924,190
Bank overdrafts	(84,129)	(170,294)
	2,632,928	3,031,289

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

	Year ended 30 September	
	2023 RM'000	2022 RM'000
Interim 20 sen per share single tier (2022: 20 sen per share single tier)	78,676	78,712
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
	432,719	433,400

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

Interim dividend were paid on the number of outstanding shares in issue and fully paid of 393,380,963 (2022: 393,561,863).

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
Year ended						
30 September 2023						
Revenue						
External revenue	3,535,092	20,563,847	218,106	336,352	-	24,653,397
Inter-segment revenue	1,709,605	31,555	-	1,136,645	(2,877,805)	-
Total revenue	5,244,697	20,595,402	218,106	1,472,997	(2,877,805)	24,653,397
Results						
Operating results	1,190,529	531,880	64,694	167,442	(49,546)	1,904,999
Finance costs	(19,469)	(136,686)	(2,430)	(332,223)	49,546	(441,262)
Share of results of associates	4,649	19,696	(18)	(193,945)	-	(169,618)
Share of results of joint ventures	-	(20,600)	-	5,181	-	(15,419)
Segment results	1,175,709	394,290	62,246	(353,545)	-	1,278,700
Profit before taxation						1,278,700

	Investment					Consolidated
	Plantation	Manufacturing	Property Development	Holding/ Others	Elimination	
Year ended	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 September 2022						
Revenue						
External revenue	4,208,665	23,538,268	195,199	281,797	-	28,223,929
Inter-segment revenue	1,835,403	41,582	-	1,263,705	(3,140,690)	-
Total revenue	6,044,068	23,579,850	195,199	1,545,502	(3,140,690)	28,223,929
Results						
Operating results	2,188,520	1,300,496	70,263	126,319	(42,282)	3,643,316
Finance costs	(17,685)	(85,216)	(815)	(335,773)	42,282	(397,207)
Share of results of associates	5,471	21,941	2,134	118,757	-	148,303
Share of results of joint ventures	-	42,319	-	8,347	-	50,666
Segment results	2,176,306	1,279,540	71,582	(82,350)	-	3,445,078
Profit before taxation						3,445,078

b) Segment assets

	Investment					Consolidated
	Plantation	Manufacturing	Property Development	Holding/ Others	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2023						
Operating assets		11,685,333	11,470,924	2,716,803	2,746,042	28,619,102
Associates		29,052	99,630	7,805	2,180,940	2,317,427
Joint ventures		-	66,063	-	176,219	242,282
Segment assets		11,714,385	11,636,617	2,724,608	5,103,201	31,178,811
Tax assets						728,722
Total assets						31,907,533
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					Consolidated
	Plantation	Manufacturing	Property Development	Holding/ Others	RM'000	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 30 September 2023						
Segment liabilities		1,309,944	4,298,902	274,633	7,638,177	13,521,656
Tax liabilities						1,188,065
Total liabilities						14,709,721
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

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

On 28 August 2023, the Company's sub-subsidiary, KLK Plantations and Trading Pte Ltd (formerly known as Taiko Plantations Pte Ltd) had completed the acquisition of 5% equity interest in PT Parit Sembada ("PS") for a cash consideration of RM7.6 million. On completion of the acquisition, the Group's effective shareholding in PS had increased from 42.95% to 45.33%.

This acquisition will not have any material effect on the Company's share capital, the shareholdings of the Company's substantial shareholders, the net assets and the gearing of the Group nor the earnings of the Group for the financial year ended 30 September 2023.

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 year, the Group's capital commitments were as follows:

	At 30 September 2023 RM'000	At 30 September 2022 RM'000
Capital expenditure		
Approved and contracted	1,018,306	835,989
Approved but not contracted	1,579,127	2,119,389
	<u>2,597,433</u>	<u>2,955,378</u>
Joint venture		
Share of capital commitment of a joint venture	31,194	14,784

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.

	Year ended 30 September	
	2023 RM'000	2022 RM'000
a) Transactions with associates and joint ventures:		
Sales of goods	599,597	721,594
Sales of electricity	1,225	1,267
Purchase of goods	1,738,845	2,152,219
Service charges paid	1,944	1,510
Research and development services paid	16,857	15,803

	Year ended 30 September	
	2023 RM'000	2022 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	31,467	18,115
Siam Taiko Marketing Co Ltd	1,406	4,855
Taiko Acid Works Sdn Bhd	10,453	10,628
Taiko Marketing (S) Pte Ltd	1,035	2,075
Taiko Marketing Sdn Bhd	232,064	312,861
Storage tanks rental received		
Taiko Marketing Sdn Bhd	4,563	4,450
Purchases of goods		
Borneo Taiko Clay Sdn Bhd	6,117	3,931
Bukit Katho Estate Sdn Bhd	8,261	11,314
Chlor-Al Chemical Pte Ltd	7,419	-
Kampar Rubber & Tin Co Sdn Bhd	12,239	15,309
Kekal & Deras Sdn Bhd	2,607	4,057
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	10,624	4,210
Malay Rubber Plantations (M) Sdn Bhd	14,114	18,746
PT Agro Makmur Abadi	85,275	118,036
PT Bumi Karyatama Raharja	1,007	-
PT Java Taiko Mineralindo	2,586	3,604
PT Safari Riau	44,312	55,444
Taiko Acid Works Sdn Bhd	2,472	1,008
Taiko Clay Marketing Sdn Bhd	6,881	4,057
Taiko Drum Industries Sdn Bhd	2,031	3,458
Taiko Marketing (S) Pte Ltd	40,804	42,510
Taiko Marketing Sdn Bhd	54,391	64,775
Management fees paid		
Farming Management Services Pty Ltd	3,609	3,951
Handling Charges paid		
Taiko Marketing Sdn Bhd	1,940	618
Aircraft operating expenses and management services paid		
Smooth Route Sdn Bhd	2,068	1,666
c) Transactions between subsidiaries and their non-controlling interests:		
Sales of goods		
Mitsui & Co Ltd	440,834	458,878
Purchases of goods		
Mitsubishi Gas Chemical Singapore Pte Ltd	-	10,738
PT Tanjung Bina Lestari	10,468	-
PT Kimia Tirta Utama	23,423	-
PT Sawit Asahan Indah	2,664	-
PT Tanjung Sarana Lestari	1,480,509	1,531,111
Rental of land		
PT Perkebunan Nusantara II	32,259	37,768

A14. Significant Event

On 24 August 2023, the Company's subsidiary, Kuala Lumpur Kepong Berhad ("KLK"), entered into a strategic collaboration agreement ("SCA") 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 resulting from the Proposed Acquisition at a cash offer price of RM1.55 per BPLANT share; and

(iii) Enhancing the operational efficiencies and crude palm oil yields of the plantations of BPLANT over the long term.

On 4 October 2023, KLK has been informed that the condition precedent under the SCA was not satisfied on the cut-off date of 6 October 2023 and accordingly, the parties to the SCA have agreed not to proceed with the proposed strategic collaboration and the SCA was terminated with effect on 4 October 2023.

The termination of the SCA is not expected to have any material effect on the earnings, earnings per share, net assets and net assets per share of the KLK Group for the financial year ending 30 September 2024.

B1. Detailed analysis of performance

4th Quarter FY2023 vs 4th Quarter FY2022

	Quarter Ended		Changes %
	30 September		
	2023	2022	
	RM'000	RM'000	
Revenue	6,003,527	7,218,613	(16.8)
Segment results:			
Plantation	426,042	515,031	(17.3)
Manufacturing	(84,119)	201,772	N/M
Property development	14,784	18,929	(21.9)
Investment holding/Others	(170,976)	20,070	N/M
Profit before taxation	185,731	755,802	(75.4)

N/M - not meaningful

The Group's pre-tax profit for the current quarter was 75.4% lower at RM185.73 million (4Q2022: RM755.80 million) from a 16.8% lower revenue at RM6.00 billion (4Q2022: RM7.22 billion). Comments on the respective business segments are as follows:

Plantation's profit was 17.3% lower at RM426.04 million (4Q2022: RM515.03 million) mainly due to lower CPO and PK selling prices and CPO sales volume, coupled with lesser unrealised gain of RM7.23 million (4Q2022: RM107.47 million net gain) from fair value changes on outstanding derivatives contracts and provision for impairment of plasma receivables of RM60.50 million (4Q2022: Nil). However, the decrease in profit was partially mitigated by higher PK sales volume, lower CPO production cost and fair value gain of RM34.77 million (4Q2022: RM10.38 million loss) on unharvested fresh fruit bunches valuation.

Manufacturing segment reported a loss of RM84.12 million (4Q2022: RM201.77 million profit) on the back of 19.4% lower revenue at RM4.96 billion (4Q2022: RM6.16 billion) mainly due to loss incurred in the Oleochemical division from eroded profit margin and RM70.61 million one-time restructuring cost incurred by Europe operations, coupled with lower profit contribution from the refineries and kernel crushing operations. Industrial Chemical division's profit was 48.0% lower at RM19.60 million (4Q2022: RM37.70 million) from lower selling prices and higher production costs, despite higher sales volume.

Notwithstanding 39.4% higher revenue at RM68.01 million (4Q2022: RM48.77 million), **Property Development's** profit slipped 21.9% to RM14.78 million (4Q2022: RM18.93 million) mainly due to recognition of development profits from phases with lower gross margin.

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation loss of RM52.25 million (4Q2022: RM1.32 million gain) on inter-company loans denominated in foreign currencies and Farming sector recorded higher loss of RM12.01 million (4Q2022: RM6.44 million loss). This segment's result was also affected by a share of equity loss of RM24.61 million (4Q2022: RM104.53 million profit) from an overseas associate, Synthomer plc which was mainly due to its poorer performance.

FY2023 vs FY2022

	Todate Ended		Changes %
	30 September		
	2023	2022	
	RM'000	RM'000	
Revenue	24,653,397	28,223,929	(12.7)
Segment results:			
Plantation	1,175,709	2,176,306	(46.0)
Manufacturing	394,290	1,279,540	(69.2)
Property development	62,246	71,582	(13.0)
Investment holding/Others	(353,545)	(82,350)	*
Profit before taxation	1,278,700	3,445,078	(62.9)

* More than 100%

The Group's pre-tax profit dropped by 62.9% to RM1.28 billion (Todate 4Q2022: RM3.45 billion) while revenue was 12.7% lower at RM24.65 billion (Todate 4Q2022: RM28.22 billion). Comments on the business segments are as follows:

Despite higher CPO and PK sales volumes and fair value gain of RM10.12 million (Todate 4Q2022: RM17.75 million loss) on unharvested fresh fruit bunches valuation, **Plantation's** profit slipped 46.0% to RM1.18 billion (Todate 4Q2022: RM2.18 billion) on the back of lower revenue at RM3.54 billion (Todate 4Q2022: RM4.21 billion) mainly due to lower CPO and PK selling prices, higher CPO production cost, net loss of RM81.91 million (Todate 4Q2022: RM158.69 million net gain) from fair value changes on outstanding derivative contracts and provision for impairment of plasma receivables of RM60.50 million (Todate 4Q2022: Nil).

Manufacturing reported 69.2% lower profit of RM394.29 million (Todate 4Q2022: RM1.28 billion) with 12.6% decrease in revenue to RM20.56 billion (Todate 4Q2022: RM23.54 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 35.2% lower at RM135.60 million (Todate 4Q2022: RM209.10 million) due to lower sales volumes and selling price, coupled with higher production costs from higher utility rates.

Despite of 11.7% higher revenue at RM218.11 million (Todate 4Q2022: RM195.20 million), **Property Development's** profit was 13.0% lower at RM62.25 million (Todate 4Q2022: RM71.58 million) due to recognition of development profits from phases with lower gross margin.

Included in **Investment Holdings/Others** were unrealised foreign currency exchange translation loss of RM14.51 million (Todate 4Q2022: RM82,000 loss) on inter-company loans denominated in foreign currencies and a surplus of RM52.43 million (Todate 4Q2022: RM7.75 million) on sale of land and government acquisition. This segment's result was also affected by a share of equity loss of RM194.27 million (Todate 4Q2022: RM114.66 million profit) from an overseas associate, Synthomer plc which was mainly caused by its poorer performance coupled with 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
4th Quarter FY2023 vs 3rd Quarter FY2023

	Quarter Ended		Changes %
	30	30	
	September 2023	June 2023	
	RM'000	RM'000	
Revenue	6,003,527	5,350,795	12.2
Segment results:			
Plantation	426,042	119,643	*
Manufacturing	(84,119)	(35,536)	*
Property development	14,784	19,490	(24.1)
Investment holding/Others	(170,976)	14,404	N/M
Profit before taxation	185,731	118,001	57.4

* More than 100%

N/M - not meaningful

For the current quarter, the Group's pre-tax profit increased by 57.4% to RM185.73 million as compared to RM118.00 million reported in the preceding quarter, with 12.2% higher revenue at RM6.00 billion (3Q2023: RM5.35 billion). Comments on the respective business segments are as follows:

Plantation's profit jumped more than 3-fold to RM426.04 million (3Q2023: RM119.64 million) mainly from higher CPO and PK sales volume, lower CPO production cost, unrealised gain of RM7.23 mil (3Q2023: RM8.71 million loss) from fair value changes on outstanding derivatives contracts and RM34.77 million fair value gain (3Q2023: RM15.51 million loss) on unharvested fresh fruit bunches valuation. However, the increase in profit was partially moderated by provision for impairment of plasma receivables of RM60.50 million (3Q2023: Nil) and lower CPO and PK selling prices.

Despite refineries and kernel crushing operations returned to profit, **Manufacturing** segment recorded a higher loss of RM84.12 million (3Q2023: RM35.54 million loss) mainly due to losses registered by Oleochemical division from narrower profit margin and RM70.61 million one-time restructuring cost incurred by the Europe operations. Industrial Chemical division's profit was 50.3% lower at RM19.60 million (3Q2023: RM39.40 million) from lower sales volume and higher production costs.

Property Development's profit decreased 24.1% to RM14.78 million (3Q2023: RM19.49 million) despite 10.4% higher revenue of RM68.01 million (3Q2023: RM61.60 million) attributable to recognition of development profits from phases with lower gross margin.

Included in **Investment Holdings/Others** was unrealised foreign currency exchange translation loss of RM52.25 million (3Q2023: RM62.24 million gain) on inter-company loans denominated in foreign currencies. This segment's result also recorded a share of equity loss of RM24.61 million (3Q2023: Nil) from an overseas associate, Synthomer plc and lower dividend income.

B3. Prospects

Crude palm oil (“CPO”) prices have ranged between RM3,700 and RM4,000 per tonne. Uncertainty about the full impact of El-Nino on production and thus prices, will continue in the new year. However, global oilseeds production are projected to increase in the next season and this will moderate expectations. Other macro-economic uncertainties will continue to make the year challenging.

Current expectations may suggest range-bound prices for palm oil due to subdued demand. Despite the effect of El-Nino in reducing production, the Group's Plantation segment remains focused on improving productivity and yields through various on-the-ground actions.

The Group's Manufacturing segment especially Oleochemical division will remain challenged with weakness in consumer demand and high energy costs impacting particularly its businesses in Europe. In China, there is slower than expected economic recovery and competition from new entrants. Nevertheless, the Oleochemical division expects recovery and reasonable performance improvements in the Asian market. The Group's Industrial Chemical division anticipates some product price erosion with competition from competitors and energy costs expected to remain elevated.

While uncertainties in the global economic environment remain, the Group is cautiously optimistic of its prospects for the financial year 2024.

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		Year ended	
	30 September		30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current tax expenses				
Malaysian taxation	43,453	121,881	188,594	408,397
Overseas taxation	77,741	58,223	223,035	452,345
	<u>121,194</u>	<u>180,104</u>	<u>411,629</u>	<u>860,742</u>
(Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	(62)	(733)	(47,268)	(28,638)
Overseas taxation	(6,503)	5,065	12,461	25,877
	<u>(6,565)</u>	<u>4,332</u>	<u>(34,807)</u>	<u>(2,761)</u>
Deferred tax				
Origination and reversal of temporary differences	(92,343)	49,211	(167,004)	2,303
Relating to changes in tax rates	(33)	-	(33)	-
(Over)/Under provision in respect of previous years	(3,705)	(18,155)	(16,878)	568
	<u>(96,081)</u>	<u>31,056</u>	<u>(183,915)</u>	<u>2,871</u>
	<u>18,548</u>	<u>215,492</u>	<u>192,907</u>	<u>860,852</u>

Reconciliation of effective taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended		Year ended	
	30 September		30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	185,731	755,802	1,278,700	3,445,078
Taxation at Malaysia income tax rate of 24% (FY2022: 24%)	44,575	181,393	306,888	826,819
Effect of different tax rates in foreign jurisdiction	17,075	42,796	(11,689)	(12,001)
Withholding tax on foreign dividend and interest income	3,063	7,515	29,409	94,721
Expenses not deductible for tax purposes	39,118	89,952	101,763	146,280
Tax exempt and non-taxable income	19,341	(28,307)	(112,347)	(73,864)
Tax incentives	(29,609)	(4,308)	(43,858)	(16,100)
Deferred tax assets not recognised during the period	16,229	366	24,453	3,239
Reversal/(Utilisation) of previously unrecognised tax losses and unabsorbed capital allowances	2,357	12,567	(5,887)	(45,961)
Expiry of tax losses	3,569	(349)	3,569	3,671
Tax effect on associates' and joint ventures' results	5,373	(36,356)	44,409	(47,752)
Recognition of deferred tax assets not taken up previously	(94,524)	(64,193)	(94,524)	(68,586)
(Over)/Under provision of tax expense in respect of previous years	(6,565)	4,332	(34,807)	(2,761)
(Over)/Under provision of deferred tax in respect of previous years	(3,705)	(18,155)	(16,878)	568
Effect of changes in tax rates on deferred tax	(33)	-	(33)	-
Prosperity tax	-	21,033	-	42,498
Others	2,284	7,206	2,439	10,081
Tax expense	18,548	215,492	192,907	860,852

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 September 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	1,344	6,670	Euro	1,710	8,488	Euro	3,054	15,158
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	16,949	84,129	Euro	16,949	84,129
Revolving credit		-	-	Euro	80,000	397,104	Euro	80,000	397,104
		-	-	AUD	20,000	60,428	AUD	20,000	60,428
		-	-	GBP	14,000	80,189	GBP	14,000	80,189
	USD	15,225	71,633	USD	13,450	61,578	USD	28,675	133,211
		-	-		-	247,700		-	247,700
Trade financing		-	-	USD	24,291	114,054	USD	24,291	114,054
		-	-		-	1,171,302		-	1,171,302
Term loans	USD	-	-	USD	43,650	204,469	USD	43,650	204,469
	Euro	34,468	171,091	Euro	2,955	14,669	Euro	37,423	185,760
		-	1,165,174		-	123,328		-	1,288,502
Export Credit Refinancing		-	-		-	3,666		-	3,666
Banker's acceptance		-	-	USD	9,686	45,073	USD	9,686	45,073
		-	-		-	278,516		-	278,516
Islamic medium term notes		-	6,100,000		-	-		-	6,100,000
Total		-	7,514,568		-	2,894,693		-	10,409,261

	At 30 September 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	2,293	10,421	Euro	1,266	5,754	Euro	3,559	16,175
<u>Unsecured</u>									
Bank overdraft		-	-	Euro	37,471	170,294	Euro	37,471	170,294
Revolving credit		-	-	Euro	35,000	159,065	Euro	35,000	159,065
		-	-	AUD	25,000	74,238	AUD	25,000	74,238
		-	-	GBP	25,500	131,985	GBP	25,500	131,985
		-	-		-	51,650		-	51,650
Trade financing		-	-	USD	51,205	237,436	USD	51,205	237,436
		-	-		-	691,300		-	691,300
Term loans	USD	56,500	262,099	USD	38,600	179,163	USD	95,100	441,262
	Euro	30,000	136,341	Euro	33,000	148,972	Euro	63,000	285,313
		-	-	RMB	66,000	43,006	RMB	66,000	43,006
		-	1,215,488		-	3,893		-	1,219,381
Banker's acceptance		-	-	USD	1,119	4,998		1,119	4,998
		-	-		-	280,564		-	280,564
Islamic medium term notes		-	6,100,000		-	500,000		-	6,600,000
Total		-	7,724,349		-	2,682,318		-	10,406,667

<u>Exchange Rates Applied</u>	At 30 September	
	2023	2022
USD / RM	4.6953	4.6370
Euro / RM	4.9638	4.5447
Rp1,000/RM	0.3038	0.3045
RMB/RM	0.6431	0.6516
GBP/RM	5.7278	5.1759
AUD/RM	3.0214	2.9695

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 September 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	(1,486,128)	(14,349)
b) Commodity futures contracts:		
- Less than 1 year	(121,199)	88
c) Interest rate swap contracts:		
- Less than 1 year	10,276	457
- 1 year to 3 years	8,456	585
- more than 3 years	6,571	664
d) Commodity swap contracts:		
- Less than 1 year	(6,546)	(209)
- 1 year to 3 years	(370)	(21)

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 year ended 30 September 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 will recommend the payment of a final dividend for the financial year ended 30 September 2023 at a later date.
- b) Total dividend for the current financial year to-date is single tier dividend of 20 sen per share (2022: 110 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		Year ended	
	30 September		30 September	
	2023	2022	2023	2022
Net profit for the period attributable to equity holders of the Company (RM'000)	52,753	222,785	490,917	1,174,346
Weighted average number of shares ('000)	393,412	393,931	393,412	393,931
Earnings per share (sen)	13.4	56.6	124.8	298.1

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		Year ended	
	30 September		30 September	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(23,340)	(23,378)	(97,284)	(72,532)
Dividend income	(5,622)	(3,605)	(45,876)	(38,670)
Other income	(75,627)	(57,249)	(135,479)	(131,134)
Interest expense	108,956	116,367	441,262	397,207
Depreciation and amortisation	276,224	266,560	1,061,738	1,036,423
Provision for and write-off/(write-back) of receivables	59,574	22,419	60,423	(2,409)
Provision for and write-off of inventories	44,975	69,259	57,416	280,201
Surplus on disposal of a business line	(1,683)	-	(76,443)	-
Surplus on disposal of land	(3,821)	(1,444)	(10,212)	(3,698)
Surplus arising from government acquisition of land	-	-	(42,218)	(4,049)
Impairment of property, plant and equipment	27,821	32,108	27,821	43,313
Foreign exchange loss/(gain)	92,130	36,419	153,762	(11,152)
Gain on derivatives	(30,287)	(57,201)	(68,041)	(144,665)
Exceptional items	-	-	-	-

By Order of the Board

GOH SWEE ENG

YAP MIOW KIEN

CHIEW CINDY

Company Secretaries

22 November 2023